

**HO CHI MINH CITY SECURITIES CORPORATION**

**REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023**



**HO CHI MINH CITY SECURITIES CORPORATION**

**REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023**

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## HO CHI MINH CITY SECURITIES CORPORATION

### CORPORATE INFORMATION

#### **Business registration certificate**

No. 4103001573 dated 23 April 2003 issued by the Department of Planning and Investment of Ho Chi Minh City.

#### **Establishment and operation licence**

No. 11/UBCK-GPHĐKD dated 29 April 2003 issued by the State Securities Commission. The Establishment and operation licence was amended several times and the latest amendment No. 125/GPĐC-UBCK was issued on 27 December 2022.

#### **Board of Directors**

Mr. Johan Nyvene	Chairperson
Mr. Le Anh Minh	Vice Chairperson
Mr. Le Hoang Anh	Member
Mr. Tran Quoc Tu	Member
Mr. Andrew Colin Vallis	Member
Ms. Nguyen Thi Hoang Lan	Member
Ms. Phan Quynh Anh	Member
	(from 25 April 2023)
Mr. Nguyen Hong Van	Member
	(until 24 April 2023)

#### **Board of Supervision**

Mr. Pham Nghiem Xuan Bac	Chief Supervisor
Ms. Dang Nguyet Minh	Member
Mr. Tran Thai Phuong	Member
	(from 25 April 2023)
Ms. Nguyen Thi Thu Thanh	Member
	(until 24 April 2023)

## HO CHI MINH CITY SECURITIES CORPORATION

### CORPORATE INFORMATION (continued)

<b>Board of Management</b>	Mr. Trinh Hoai Giang	Chief Executive Officer
<b>Chief Executive Officer and Legal Representative</b>	Mr. Trinh Hoai Giang	
<b>Registered office</b>	2-5-6-7-11-12th Floor, AB Tower 76A Le Lai Street, Ben Thanh Ward, District 1 Ho Chi Minh City, Vietnam	
<b>Branch</b>	1 <sup>st</sup> and 2 <sup>nd</sup> Floor, CornerStone Tower, 16 Phan Chu Trinh Street, Phan Chu Trinh Ward, Hoan Kiem District, Ha Noi, Vietnam	
<b>Transaction office</b>	3A and 7 <sup>th</sup> Floor, Sun Red River Tower, 23 Phan Chu Trinh Street, Phan Chu Trinh Ward, Hoan Kiem District, Ha Noi, Vietnam	
<b>Auditor</b>	PwC (Vietnam) Limited	

## HO CHI MINH CITY SECURITIES CORPORATION

### STATEMENT OF THE BOARD OF MANAGEMENT

#### STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE REPORT ON CAPITAL ADEQUACY RATIO

The Board of Management of Ho Chi Minh City Securities Corporation ("the Company") is responsible for preparing the report on capital adequacy ratio as at 30 June 2023 ("the Report") in accordance with Circular 91/2020/TT-BTC issued by the Ministry of Finance on 13 November 2020 ("Circular 91/2020/TT-BTC") and applied interpretations as described in Note 2.1 to the Report.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time the financial position of the Company and which enable the Report to be prepared which comply with the reporting principles set out in Note 3 to the Report. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or errors.

#### APPROVAL OF THE REPORT ON CAPITAL ADEQUACY RATIO

We hereby approve the accompanying report on capital adequacy ratio as set out on pages 6 to 38. The Report was prepared and presented in accordance with Circular 91/2020/TT-BTC and applied interpretations as described in Note 2.1 to the Report.

On behalf of the Board of Management



Trinh Hoai Giang  
Chief Executive Officer

Ho Chi Minh City, Vietnam  
9 August 2023



**INDEPENDENT AUDITOR'S REVIEW REPORT  
ON THE REPORT ON CAPITAL ADEQUACY RATIO  
TO THE SHAREHOLDERS OF HO CHI MINH CITY SECURITIES CORPORATION**

We have reviewed the accompanying report on capital adequacy ratio as at 30 June 2023 ("the Report") of Ho Chi Minh City Securities Corporation ("the Company") which was approved by the Board of Management of the Company on 9 August 2023. The Report includes the report on capital adequacy ratio and explanatory notes including basis of preparation and reporting principles as set out on pages 6 to 38.

**The Board of Management's Responsibility**

The Board of Management of the Company is responsible for the preparation and presentation of the Report in accordance with the requirements of Circular 91/2020/TT-BTC issued by the Ministry of Finance on 13 November 2020 ("Circular 91/2020/TT-BTC") providing guidance on capital adequacy ratio applicable to securities trading institutions and sanctions imposed on non-compliance and applied interpretations as described in Note 2.1 to the Report and for such internal control which the Board of Management determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the Report based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, to the extent these principles may be applied to a review of historical financial information performed by the independent auditor of the entity.

A review of the report on capital adequacy ratio consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the report on capital adequacy ratio as at 30 June 2023 of the Company is not prepared and presented, in all material respects, in accordance with the requirements of Circular 91/2020/TT-BTC and applied interpretations as described in Note 2.1 to the Report.

## Purpose and reporting principles and restriction on use of review report

Without qualifying our conclusion, we draw attention to Note 2.1 to the Report which describes the purpose and reporting principles. The Report is prepared solely to comply with the requirements of Circular 91/2020/TT-BTC on capital adequacy ratio and information disclosure in the securities market. As a result, our review report and the accompanying report on capital adequacy ratio are not suitable for any other purpose.

## Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English version, the Vietnamese version shall take precedence.

## For and on behalf of PwC (Vietnam) Limited



Nguyen Hoang Nam  
Audit Practising Licence No.  
0849-2023-006-1  
Authorised signatory

Report reference number: HCM14172  
Ho Chi Minh City, 9 August 2023

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**Ho Chi Minh City Securities Corporation**  
Ref:

**SOCIALIST REPUBLIC OF VIETNAM**  
**Independence - Freedom - Happiness**

Re: Report on capital adequacy ratio

Ho Chi Minh City, 9 August 2023

**To: The State Securities Commission**

**REPORT ON CAPITAL ADEQUACY RATIO**  
As at 30 June 2023

We undertake that:

- (1) The Report is prepared on the basis of data updated as at the date of the report in accordance with Circular 91/2020/TT-BTC issued by the Ministry of Finance on 13 November 2020 providing guidance on capital adequacy ratio applicable to securities trading institutions and sanctions imposed on non-compliance;
- (2) Matters that may affect the financial position of the Company after the date of this Report are updated in the next reporting period;
- (3) We are fully responsible under the laws for the accuracy and truthfulness of the contents of the Report.

**Chief Financial Officer  
cum Chief Accountant**

Lam Huu Ho

**Head of Internal Control**

Bui Thi Ngoc Thao

**Chief Executive Officer**



Trinh Hoai Giang



HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

I. LIQUID CAPITAL

No.	DESCRIPTION	Liquid capital		
		Liquid capital (VND)	Deduction (VND)	Addition (VND)
		(1)	(2)	(3)
<b>A</b>	<b>Equity</b>			
1	Owners' capital	4,580,523,670,000		
2	Share premium	967,536,880,000		
3	Treasury shares	(12,477,449,008)		
4	Equity component of convertible bonds	-		
5	Owners' other capital	-		
6	Financial assets' revaluation reserve	-		
7	Supplementary capital reserve	277,696,843,214		
8	Financial and operational risk reserve	277,696,843,214		
9	Other equity funds	3,961,374,994		
10	Undistributed post-tax earnings	1,823,755,886,828		
11	Provision for impairments of assets	-		
12	Fixed assets' revaluation reserve	-		
13	Foreign currency translation reserve	-		
14	Convertible bonds			-
15	Revaluation adjustments on financial investments carried at cost		-	-
16	Others (if any)	-		
<b>1A</b>	<b>Subtotal</b>			<b>7,918,694,049,242</b>

The notes on pages 20 to 38 are an integral part of this Report.

HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

I. LIQUID CAPITAL (continued)

No.	DESCRIPTION	Liquid capital		
		Liquid capital (VND)	Deduction (VND)	Addition (VND)
		(1)	(2)	(3)
<b>B</b>	<b>Current assets</b>			
<b>I</b>	<b>Financial assets</b>			
1	Cash and cash equivalents		-	
2	Financial assets at fair value through profit or loss (FVTPL)			
	- Those exposed to position risk			
	- Those excluded from liquid capital		-	
3	Held-to-maturity financial assets (HTM)			
	- Those exposed to position risk			
	- Those excluded from liquid capital		-	
4	Loans			
5	Available-for-sale financial assets (AFS)			
	- Those exposed to position risk			
	- Those excluded from liquid capital		-	
6	Provisions for impairments of financial assets and mortgages			
7	Receivables from disposal of financial assets; dividend and interest receivables			
	- Those due within 90 days			
	- Those due after 90 days		-	
8	Covered warrants not yet issued			
9	Underlying securities designated as hedges against risk from covered warrants issued			-
10	Service related receivables			
	- Those due within 90 days			
	- Those due after 90 days			-
11	Internal receivables			
	- Those due within 90 days			
	- Those due after 90 days			-
12	Receivables from failed trades			
	- Those due within 90 days			
	- Those due after 90 days			-
13	Other receivables			
	- Those due within 90 days			
	- Those due after 90 days		39,559,502,740	
14	Provision for doubtful debts			
<b>II</b>	<b>Other current assets</b>			
1	Advances			
	- Those due within 90 days			
	- Those due after 90 days			-
2	Office tools and supplies			-
3	Short-term prepaid expenses		28,051,003,473	
4	Pledged assets, mortgages, security deposits in short term		176,900,000	
5	Value added tax to be reclaimed			-
6	Tax and other receivables from the State Budget			-
7	Other current assets		7,173,041,960	
8	Provisions for impairments of other current assets			-
<b>1B</b>	<b>Subtotal</b>			<b>74,960,448,173</b>

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HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

I. LIQUID CAPITAL (continued)

No.	DESCRIPTION	Liquid capital		
		Liquid capital (VND)	Deduction (VND)	Addition (VND)
		(1)	(2)	(3)
<b>C</b>	<b>Non-current assets</b>			
<i>I</i>	<b>Non-current financial assets</b>			
1	Long-term receivables		-	
2	Investments			
2.1	Investments held to maturity			
	- Those exposed to position risk			
	- Those excluded from liquid capital		-	
2.2	Investments in subsidiaries		-	
2.3	Other long-term assets		-	
<i>II</i>	<b>Fixed assets</b>		59,657,427,602	
<i>III</i>	<b>Investment properties</b>		-	
<i>IV</i>	<b>Construction in progress</b>		-	
<i>V</i>	<b>Other non-current assets</b>			
1	Pledged assets, mortgages, security deposits in long term		10,514,004,062	
2	Long-term prepaid expenses		81,631,181,495	
3	Deferred income tax assets		2,243,245,000	
4	Deposits in the Settlement Support Fund		20,000,000,000	
5	Other non-current assets		-	
<i>VI</i>	<b>Provisions for impairments of non-current assets</b>			
	Assets on which the auditor expressed a qualified opinion, an adverse opinion, or a disclaimer of opinion but not excluded from liquid capital according to Article 5 of Circular 91/2020/TT-BTC		-	
<b>1C</b>	<b>Subtotal</b>		<b>174,045,858,159</b>	
<b>D</b>	<b>Statutory deposits and collaterals</b>			
1	Statutory deposits			
1.1	Statutory deposits in the Derivatives trading clearing fund		10,000,000,000	
1.2	Statutory deposits for derivatives self-trading activities		29,649,790,100	
1.3	Cash deposits and bank guarantees for issued covered warrants		212,900,000,000	
2	Value of assets used as collateral for liabilities due after 90 days		-	
<b>1D</b>	<b>Subtotal</b>		<b>252,549,790,100</b>	
<b>LIQUID CAPITAL = 1A-1B-1C-1D</b>			<b>7,417,137,952,810</b>	

The notes on pages 20 to 38 are an integral part of this Report.

HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

II. RISK VALUES

A POSITION RISK VALUE

Item		Risk coefficient (%)	Risk exposure (VND)	Risk value (VND)
		(1)	(2)	(3) = (1) x (2)
<b>I.</b>	<b>Cash and cash equivalents, money market instruments</b>			-
1	Cash (VND)	0	2,892,673,730,114	-
2	Cash equivalents	0	-	-
3	Valuable papers, money market instruments, certificates of deposit	0	-	-
<b>II.</b>	<b>Government bonds</b>			<b>31,315,068</b>
4	Zero-coupon government bonds	0	-	-
5	Government bonds with coupons		-	-
5.1	Government bonds, government bonds of OECD countries or bonds guaranteed by the Governments or Central Banks of these countries, bonds issued by international organisations including IBRD, ADB, IADB, AFDB, EIB, EBRD and municipal bonds	3	1,043,835,616	31,315,068
<b>III.</b>	<b>Credit institution bonds</b>			<b>189,304,611,747</b>
6	Credit institution bonds with a remaining maturity period of less than 1 year, including convertible bonds	3	-	-
	Credit institution bonds with a remaining maturity period of 1 to less than 3 years, including convertible bonds	8	-	-
	Credit institution bonds with a remaining maturity period of 3 to less than 5 years, including convertible bonds	10	-	-
	Credit institution bonds with a remaining maturity period of 5 years or more, including convertible bonds	15	1,262,030,744,980	189,304,611,747

HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

II. RISK VALUES (continued)

A POSITION RISK VALUE (continued)

Item	Risk coefficient (%) (1)	Risk exposure (VND) (2)	Risk value (VND) (3) = (1) x (2)
<b>IV. Corporate bonds</b>			-
<b>Corporate listed bonds</b>			-
7 Listed bonds with a remaining maturity period of less than 1 year, including convertible bonds	8	-	-
Listed bonds with a remaining maturity period of 1 to less than 3 years, including convertible bonds	10	-	-
Listed bonds with a remaining maturity period of 3 to less than 5 years, including convertible bonds	15	-	-
Listed bonds with a remaining maturity period of 5 years or more, including convertible bonds	20	-	-
<b>Corporate unlisted bonds</b>			-
8 Unlisted bonds issued by listed companies with a remaining maturity period of less than 1 year, including convertible bonds	15	-	-
Unlisted bonds issued by listed companies with a remaining maturity period of 1 to less than 3 years, including convertible bonds	20	-	-
Unlisted bonds issued by listed companies with a remaining maturity period of 3 to less than 5 years, including convertible bonds	25	-	-
Unlisted bonds issued by listed companies with a remaining maturity period of 5 years or more, including convertible bonds	30	-	-
Unlisted bonds issued by other companies with a remaining maturity period of less than 1 year, including convertible bonds	25	-	-
Unlisted bonds issued by other companies with a remaining maturity period of 1 to less than 3 years, including convertible bonds	30	-	-
Unlisted bonds issued by other companies with a remaining maturity period of 3 to less than 5 years, including convertible bonds	35	-	-
Unlisted bonds issued by other companies with a remaining maturity period of 5 years or more, including convertible bonds	40	-	-
<b>V. Shares</b>			<b>4,561,136,185</b>
9 Ordinary shares, preference shares of entities listed on the Ho Chi Minh City Stock Exchange; open-ended fund certificates	10	45,611,361,850	4,561,136,185
10 Ordinary shares, preference shares of entities listed on the Hanoi Stock Exchange	15	-	-
11 Ordinary shares, preference shares of unlisted public companies, registered for trading on the UPCoM	20	-	-
12 Ordinary shares, preference shares of public companies registered for depositing, but not listed or registered for trading; shares in an Initial Public Offering ("IPO")	30	-	-
13 Shares of other public companies	50	-	-
<b>VI. Fund certificates</b>			<b>10,087,784,600</b>
14 Public funds, including public securities investment companies	10	100,877,846,000	10,087,784,600
15 Member funds, private securities investment companies	30	-	-

The notes on pages 20 to 38 are an integral part of this Report.

HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

II. RISK VALUES (continued)

A POSITION RISK VALUE (continued)

Item		Risk coefficient (%)	Risk exposure (VND)	Risk value (VND)
		(1)	(2)	(3) = (1) x (2)
<b>VII.</b>	<b>Restricted securities</b>			<b>4,541,204</b>
16	Unlisted securities of public interest entities being reminded for delay in information disclosure of audited/reviewed financial statements	30	-	-
17	Warned securities	20	-	-
18	Controlled securities	25	1,964,000	491,000
19	Suspended, restricted securities	40	415,850	166,340
20	Delisted, cancelled securities	80	4,854,830	3,883,864
<b>VIII.</b>	<b>Derivatives</b>			-
21	Share-index future contracts (Note A)	8	-	-
22	Government bond future contracts	3	-	-
<b>IX</b>	<b>Other securities</b>			<b>3,808,252,903</b>
23	Listed shares on foreign stock exchanges with qualified indices	25	-	-
24	Listed shares on foreign stock exchanges without qualified indices	100	-	-
25	Covered warrants listed on the Ho Chi Minh City Stock Exchange	8	-	-
26	Covered warrants listed on the Hanoi Stock Exchange	10	-	-
27	Shares, bonds issued by non-public interest entities which do not have the latest audited financial statements at the preparation date of this report or have audited financial statements with an adverse opinion, a disclaimer of opinion or a qualified opinion.	100		
28	Other shares, capital contributions and securities	80	-	-
29	Covered warrants issued by the Company. (Note B) Formula: Position risk value = Max {(P <sub>0</sub> x Q <sub>0</sub> / k - P <sub>1</sub> x Q <sub>1</sub> ) x R - MD}, 0}			-
30	Securities designated as hedges against risk from issued covered warrants (in case of out-of-the-money covered warrants)	10	37,713,340,000	3,771,334,000
31	Positive difference between the value of underlying securities designated as hedges and the value of underlying securities required to hedge against risk from issued covered warrants		369,189,025	36,918,903
<b>X.</b>	<b>Additional risk value for large exposures (if any) (based on equity after required provisions have been made)</b>			<b>37,860,922,349</b>
	<b>Security code</b>	<b>Additional risk percentage (%)</b>	<b>Risk coefficient (%)</b>	<b>Risk exposure (VND)</b>
	BID121027	20	15	189,304,611,747
<b>TOTAL POSITION RISK VALUE (I+II+III+IV+V+VI+VII+VIII+IX+X)</b>				<b>245,658,564,056</b>

The notes on pages 20 to 38 are an integral part of this Report.

HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

II. RISK VALUES (continued)

A POSITION RISK VALUE (continued)

Note A – Position risk value of share-index futures contracts

	Value VND
Closing trade value (A)	174,410,530,000
Less: Value of shares purchased to fulfil the obligation under future contract (B)	72,780,309,300
Position risk exposure (max{A-B;0})	101,630,220,700
Risk coefficient (r)	8%
Risk value before deducting statutory deposit (C = max{A-B;0}*r)	8,130,417,656
Less: Statutory deposits associated with open positions of the Company (D)	29,649,790,100
<b>Position risk value = max{C-D;0}</b>	<b>-</b>

Note B – Position risk value of covered warrants issued by the Company

	CACB2208	CFPT2213	CFPT2214	CHPG2226	CHPG2227
In-the-money covered warrants as at 30 June 2023					
Underlying securities	ACB	FPT	FPT	HPG	HPG
Average of closing price of underlying securities within 5 days before the calculation date (Po)	22,140	86,520	86,520	25,910	25,910
Quantity of the Company's covered warrants in issue (Qo)	2,910,700	1,681,500	693,400	567,000	382,800
Conversion rate (k)	3.3386	8.5977	8.5977	2	2
Price of underlying securities (P1)	22,050	86,000	86,000	26,150	26,150
Quantity of underlying securities held by the Company to guarantee the fulfilment of its obligation arising from covered warrants issued (Q1)	741,040	132,239	54,531	238,690	161,148
Market risk coefficient (r)	8%	8%	8%	8%	8%
Statutory deposits (MD)	7,000,000,000	9,000,000,000	6,700,000,000	18,000,000,000	17,300,000,000
<b>Position risk value = Max {(Po x Qo / k – P1 x Q1) x r – MD;0}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The notes on pages 20 to 38 are an integral part of this Report.

HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

II. RISK VALUES (continued)

A POSITION RISK VALUE (continued)

Note B – Position risk value of covered warrants issued by the Company (continued)

In-the-money covered warrants as at 30 June 2023	<b>CMBB2214</b>	<b>CMBB2215</b>	<b>CSTB2224</b>	<b>CSTB2225</b>	<b>CTCB2215</b>
Underlying securities	MBB	MBB	STB	STB	TCB
Average of closing price of underlying securities within 5 days before the calculation date (Po)	20,300	20,300	29,690	29,690	32,910
Quantity of the Company's covered warrants in issue (Qo)	3,021,300	5,144,700	4,127,000	9,019,100	1,865,200
Conversion rate (k)	1.9507	1.9507	2	2	4
Price of underlying securities (P1)	20,200	20,200	29,800	29,800	32,350
Quantity of underlying securities held by the Company to guarantee the fulfilment of its obligation arising from covered warrants issued (Q1)	1,220,101	2,077,599	1,899,501	4,151,149	363,277
Market risk coefficient (r)	8%	8%	8%	8%	8%
Statutory deposits (MD)	12,500,000,000	12,000,000,000	20,300,000,000	14,500,000,000	9,000,000,000
<b>Position risk value</b> = Max {(Po x Qo / k – P1 x Q1) x r – MD;0}	-	-	-	-	-
In-the-money covered warrants as at 30 June 2023		<b>CTCB2216</b>	<b>CVIB2201</b>	<b>CCVPB2214</b>	<b>Total</b>
Underlying securities		TCB	VIB	VPB	
Average of closing price of underlying securities within 5 days before the calculation date (Po)		32,910	19,800	20,070	
Quantity of the Company's covered warrants in issue (Qo)		381,500	233,100	9,999,900	
Conversion rate (k)		4	1.5572	4	
Price of underlying securities (P1)		32,350	19,650	19,850	
Quantity of underlying securities held by the Company to guarantee the fulfilment of its obligation arising from covered warrants issued (Q1)		74,303	149,692	1,854,592	
Market risk coefficient (r)		8%	8%	8%	
Statutory deposits (MD)		8,500,000,000	8,500,000,000	8,500,000,000	
<b>Position risk value</b> = Max {(Po x Qo / k – P1 x Q1) x r – MD;0}		-	-	-	-

The notes on pages 20 to 38 are an integral part of this Report.



HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

II. RISK VALUES (continued)

B COUNTERPARTY RISK VALUE

	Risk value VND
Risk value of balances not past due (Note B.1)	145,234,338,579
Risk value of balances past due (Note B.2)	36,500,000
Risk value of particular advances, contracts, and other transactions (Note B.3)	-
Additional risk value for large exposures (Note B.4)	15,957,569,885
<b>Total counterparty risk value</b>	<b>161,228,408,464</b>

1. Risk value of balances not past due

No.	Risk coefficient (%) Category of balance	Risk value (VND)						Total risk value (VND)
		0%	0.8%	3.2%	4.8%	6%	8%	
		(1)	(2)	(3)	(4)	(5)	(6)	
1	Term deposits, certificates of deposits, unsecured loans, receivables from brokerage service and securities trading activities and other receivables bearing counterparty risk	-	1,068,000,289	-	-	141,396,071,983	2,770,266,307	<b>145,234,338,579</b>
2	Financial asset lending (or agreements of similar substance)	-	-	-	-	-	-	-
3	Financial asset borrowing (or agreements of similar substance)	-	-	-	-	-	-	-
4	Reverse repo agreements (or agreements of similar substance)	-	-	-	-	-	-	-
5	Repo agreements (or agreements of similar substance)	-	-	-	-	-	-	-
<b>TOTAL RISK VALUE OF BALANCES NOT PAST DUE</b>								<b>145,234,338,579</b>

The notes on pages 20 to 38 are an integral part of this Report.

## HO CHI MINH CITY SECURITIES CORPORATION

### REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### II. RISK VALUES (continued)

#### B COUNTERPARTY RISK VALUE (continued)

#### 1. Risk value of balances not yet due (continued)

Counterparty risk coefficient by counterparty is determined as follows:

No.	Counterparty	Counterparty risk coefficient
(1)	The Government, Government-guaranteed issuers, Governments and Central Banks of countries in the OECD; People's Committees of provinces and independent municipalities	0%
(2)	Stock exchanges, Vietnam Securities Depository	0.8%
(3)	Credit institutions, financial institutions, securities dealing institutions incorporated in OECD countries with credit ratings meeting other internal requirements of the Company	3.2%
(4)	Credit institutions, financial institutions, securities dealing institutions incorporated outside OECD countries or incorporated in OECD countries not meeting other internal requirements of the Company	4.8%
(5)	Credit institutions, financial institutions, securities dealing institutions, securities investment funds, securities investment companies incorporated and operating in Vietnam	6%
(6)	Other institutions, individuals and parties	8%

#### 2. Risk value of balances past due

Past due period	Risk coefficient (%)	Risk exposure (VND)	Risk value (VND)
0 – 15 days past due	16	-	-
16 – 30 days past due	32	-	-
31 – 60 days past due	48	-	-
Over 60 days past due	100	36,500,000	36,500,000
<b>TOTAL RISK VALUE OF BALANCES PAST DUE</b>			<b>36,500,000</b>

The notes on pages 20 to 38 are an integral part of this Report.

HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

II. RISK VALUES (continued)

B COUNTERPARTY RISK VALUE (continued)

3. Risk value of particular advances, contracts, and other transactions

	Risk coefficient (%)	Risk exposure (VND)	Risk value (VND)
Contracts, transactions, capital usages specified in <i>Note 3.4 (k)</i> ; Receivables from debt trading with business partners other than Vietnam Asset Management Company (VAMC), Vietnam Debt and Asset Trading Corporation (DATC).  Advances accounted for more than 5% of owners' equity with remaining reimbursement period of under 90 days.	100	-	-
<b>TOTAL RISK VALUE OF PARTICULAR ADVANCES, CONTRACTS, AND OTHER TRANSACTIONS</b>			<b>-</b>

4. Additional risk value for large exposures

No.	Counterparty	Additional risk percentage (%)	Risk coefficient (%)	Risk exposure (VND)	Risk value (VND)
1	Vietnam Joint Stock Commercial Bank For Industry and Trade	20%	6%	79,787,849,425	15,957,569,885
<b>TOTAL ADDITIONAL RISK VALUE FOR LARGE EXPOSURES</b>					<b>15,957,569,885</b>

HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

II. RISK VALUES (continued)

C OPERATIONAL RISK VALUE

No.	Item	Risk value VND
I	Total operating expenses incurred in the most recent twelve-month period up to 30 June 2023	2,150,119,768,315
II	Less: Deductions from total operating expenses ( <i>Note C</i> )	628,407,982,580
III	Total adjusted operating expenses (III = I - II)	1,521,711,785,735
IV	<b>25% of Total adjusted operating expenses (IV = 25% x III)</b>	<b>380,427,946,434</b>
V	<b>20% of the minimum required capital applicable to business activities of the Company</b>	<b>180,000,000,000</b>
<b>TOTAL OPERATIONAL RISK VALUE (Max {IV; V})</b>		<b>380,427,946,434</b>

*Note C* – Deductions from total operating expenses

Item	Value VND
Depreciation and amortisation	28,655,406,177
Decrease in revaluation losses of FVTPL financial assets	(18,989,002,416)
Increase in revaluation of covered warrants	(215,837,632)
Provision/(reversal of provision) for impairments of non-current financial assets	-
Provision/(reversal of provision) for doubtful debts	-
Provision/(reversal of provision) for impairments of other current assets	-
Provision/(reversal of provision) for impairments of other non-current assets	-
Provision/(reversal of provision) for impairments of non-current financial assets	-
Interest expense	618,957,416,451
<b>Total deductions from operating expenses</b>	<b>628,407,982,580</b>

The notes on pages 20 to 38 are an integral part of this Report.

HO CHI MINH CITY SECURITIES CORPORATION

REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

III. SUMMARY OF RISK VALUES AND LIQUID CAPITAL

No.	Item	Value VND
1	Total position risk value	245,658,564,056
2	Total counterparty risk value	161,228,408,464
3	Total operational risk value	380,427,946,434
4	<b>Total risk value (4=1+2+3)</b>	<b>787,314,918,954</b>
5	<b>Liquid capital</b>	<b>7,417,137,952,810</b>
6	<b>CAPITAL ADEQUACY RATIO (6=5/4)</b>	<b>942%</b>



Lam Huu Ho  
Chief Financial Officer  
cum Chief Accountant



Bui Thi Ngoc Thao  
Head of Internal Control



Trinh Hoai Giang  
Chief Executive Officer  
9 August 2023

## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 1 GENERAL INFORMATION

Ho Chi Minh City Securities Corporation (“the Company”) is a joint stock company incorporated in Vietnam under the Business registration certificate No. 4103001573 issued by the Department of Planning and Investment of Ho Chi Minh City on 23 April 2003 and the Establishment and operation licence No. 11/UBCK-GPHDKD issued by the State Securities Commission (“SSC”) on 29 April 2003. The Establishment and operation licence was amended several times and the latest amendment No. 125/GPDC-UBCK was issued on 27 December 2022.

The Company’s shares were listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 27/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 20 April 2009 with the ticker symbol of HCM.

The principal activities of the Company include provision of securities brokerage services, margin loans, proprietary securities trading, securities investment consultancy services, corporate finance consultancy services, and underwriting and securities custodian services.

#### 2 BASIS OF PREPARATION

##### 2.1 Applicable regulations and interpretations

The Company’s report on capital adequacy ratio as at 30 June 2023 (“the Report”) is prepared and presented in accordance with Circular 91/2020/TT-BTC issued by the Ministry of Finance on 13 November 2020 (“Circular 91/2020/TT-BTC”) providing guidance on capital adequacy ratio applicable to securities dealing institutions and sanctions imposed on non-compliance and applied interpretations as described below.

The Report is prepared to comply with requirements on capital adequacy ratio and information disclosure in the securities market. As a result, the Report is not suitable for any other purpose.

The Company applied certain interpretations, in the absence of clear guidance of Circular 91/2020/TT-BTC, for the following matters:

No.	Item	The Company’s interpretation
1	Operational Risk value – recurring operating expenses (Item 2 of Article 8)	Recurring operating expenses of securities dealing organisations are determined as total operating expenses charged to profit or loss, less non-cash items during the reporting period.  Accordingly, in addition to those mentioned in Item 2 of Article 8 of Circular 91/2020/TT-BTC, the Company deducts the following non-cash items during the reporting period: <ul style="list-style-type: none"><li>Increases in revalued amount of covered warrants issued by the Company</li></ul>
2	Position risk – Additional risk value for large exposures (Item 5 of Article 9)	Additional risk value for large exposures equals to existing risk value multiplied by additional risk percentage.
3	Counterparty risk – Additional risk value for large exposures (Item 8 of Article 10)	Additional risk value for large exposures equals to existing risk value multiplied by additional risk percentage.

The Report in Vietnamese is the official statutory report on capital adequacy ratio of the Company. The Report in English has been translated from the Vietnamese version.

## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 2 BASIS OF PREPARATION (continued)

##### 2.2 Underlying financial information

The Report is prepared based on the Company's financial information as at 30 June 2023 ("the reporting date" or "the calculation date") and for the six-month period ended 30 June 2023 .

The Report is presented in Vietnamese Dong ("VND").

#### 3 REPORTING PRINCIPLES

##### 3.1 Capital adequacy ratio

The Company's capital adequacy ratio ("CAR") is determined as below:

$$\text{CAR} = \frac{\text{Liquid capital} \times 100\%}{\text{Total risk value}}$$

Where total risk value is the total of position risk value, counterparty risk value and operational risk value.

## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 3 REPORTING PRINCIPLES (continued)

##### 3.2 Liquid capital

According to Circular 91/2020/TT-BTC, liquid capital is owners' equity that can be converted into cash within ninety (90) days, including:

- a) Owners' capital, excluding redeemable preference shares (if any);
- b) Share premium excluding premium from redeemable preference shares (if any);
- c) Equity component of convertible bonds (applicable to securities companies issuing convertible bonds);
- d) Other owners' capital;
- e) Financial assets' revaluation reserve;
- f) Foreign currency translation reserve;
- g) Supplementary capital reserve;
- h) Financial and operational risk reserve;
- i) Other equity funds made in accordance with prevailing regulations;
- j) Undistributed earnings;
- k) Provision for impairments of assets;
- l) Fifty percent (50%) of the upward revaluation of fixed assets in accordance with prevailing regulations (if written up), or excluding all downward revaluation (if written down);
- m) Deductions specified in Note 3.2.1;
- n) Additions specified in Note 3.2.2;
- o) Other equity (if any).

##### 3.2.1 Deductions

The following items are deducted from the Company's liquid capital:

- a) Treasury shares (if any);
- b) Statutory deposits, including:
  - Deposits in cash and securities at the Settlement Fund of the Vietnam Securities Depository Centre;
  - Deposits in cash and securities for speculation activities, proprietary trading activities, market making activities for derivatives;
  - Deposits in cash and custodian bank guarantees for covered warrants issued. If the Company provides collateral assets to obtain bank guarantees for covered warrants, the deduction is the minimum of (i) bank guarantee amount and (ii) value of collateral assets determined in accordance with Note 3.4.4;
- c) Value of assets used as collateral for liabilities of other entities or individuals that are due after ninety (90) days. Asset value is determined according to Circular 91/2020/TT-BTC.
- d) Securities excluded from liquid capital, including:
  - Securities issued by entities related to the Company including: (i) its parent company and its subsidiaries and (ii) subsidiaries of its parent company;
  - Securities suspended from transfer for more than ninety (90) days from the calculation date.



## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 3 REPORTING PRINCIPLES (continued)

##### 3.2 Liquid capital (continued)

###### 3.2.1 Deductions (continued)

- e) Downward revaluation of financial assets carried at cost compared to market value determined in accordance with Circular 91/2020/TT-BTC, except for those excluded from liquid capital;
- f) Non-current assets after applicable reliefs in note (\*) below;
- g) Receivables and advances with remaining maturity above ninety (90) days, prepayments and other current assets (excluding provisions made and contracts, transactions in Note 3.4 (k));
- h) Items on which the auditor expressed a qualified opinion, an adverse opinion or a disclaimer of opinion (if any) in the audited/reviewed financial statements. Items no longer qualified, as confirmed by auditors, are exempted from deduction.

(\*) In determining such deductions, the Company is permitted to take into account the following reliefs:

- Relief on assets used as collaterals for the Company's own obligations is the minimum of (i) their market value determined in accordance with Circular 91/2020/TT-BTC, (ii) their book value and (iii) the remaining value of the obligations;
- Relief on assets collateralised by customers' assets is the minimum of (i) their market value in accordance with Circular 91/2020/TT-BTC and (ii) their book value.

According to Circular 91/2020/TT-BTC, the Company is not required to calculate risk values of assets excluded from liquid capital.

###### 3.2.2 Additions

The following items are added to the Company's liquid capital up to 50% of owners' equity:

- a) Upward revaluation of financial assets carried at cost compared to market value determined in accordance with Circular 91/2020/TT-BTC, except for those excluded from liquid capital as specified in Note 3.2.1;
- b) Debts convertible into equity

Debts convertible into equity classified in either of the two categories below and meeting all criteria listed below:

- Convertible bonds (excluding the equity component included in liquid capital), preference shares with initial preference period of at least five (5) years; or
- Debt instruments with initial term of at least ten (10) years that are only repaid, in any circumstances, after the Company has fully paid off its secured and unsecured debts;

## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 3 REPORTING PRINCIPLES (continued)

##### 3.2 Liquid capital (continued)

###### 3.2.2 Additions (continued)

###### b) Debts convertible into equity (continued)

A debt is considered to be convertible into equity when meeting all of the following criteria:

- It is not secured by the Company's own assets;
- The Company is only permitted to redeem before maturity upon request of the holder, or to repurchase in the secondary market after informing the State Securities Commission as required by Circular 91/2020/TT-BTC;
- The Company is able to delay interest payments to the following year if such interest payments would result in a loss in the Company's statement of comprehensive income;
- In case of liquidation, the holder is only repaid after the Company has fully paid off its secured and unsecured debts;
- Upward adjustment in interest rate must assure that: For fixed interest rates, margin on top of reference interest rate shall only be increased after five (05) years from the issuance date or contract date and only once throughout the subordinate debt's life; For interest rates calculated by a formula, the formula must not be changed and the interest spread (if any) may only be changed once after five (05) years from the issuance date or contract date;
- It is registered as an addition to liquid capital in accordance with Circular 91/2020/TT-BTC.

In determining additions to liquid capital from such debts convertible into equity, the Company is required to reduce these additions according to the following principles:

- During the last five (5) years before maturity/conversion, a 20% discount is applied annually on the initial value;
- During the last four (4) quarters before maturity/conversion into ordinary shares, another 25% discount is applied on the remaining value after the 20% discount applied annually on the initial value.

##### 3.3 Position risk value

Position risk value represents the potential loss due to adverse changes in market value of assets currently owned or to be owned under underwriting commitments.

At the end of trading date, the Company shall determine position risk value of the following groups:

- Group 1: Assets exposed to market risk on net position value;
- Group 2: Undistributed and uncollected securities under firm underwriting commitments during the underwriting period;
- Group 3: The Company's covered warrants in issue;
- Group 4: Future contracts.

Group 1 and Group 2 do not include the following items:

- Treasury shares;
- Those excluded from liquid capital as specified in Note 3.2.1;
- Matured bonds, debt instruments, valuable papers transferable on the money market;
- Securities hedged by put warrants or future contracts;
- Put warrants and put options used to hedge against risk on underlying securities.

## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 3 REPORTING PRINCIPLES (continued)

##### 3.3 Position risk value (continued)

###### 3.3.1 *Assets exposed to market risk on net position value*

###### a) *Scope*

This group includes the following items:

- Securities in the Company's proprietary trading accounts, excluding covered warrants not yet issued (for securities companies) or trading accounts at other firms (for fund management companies, securities companies without a proprietary trading function), entrusted securities and other securities investments. Such securities include those awaiting settlement from the sellers;
- Securities borrowed on behalf of the Company or on behalf of other individuals/institutions;
- Securities received as collateral, then used or lent to third parties by the Company in accordance with prevailing regulations;
- Cash, cash equivalents, transferable instruments, valuable papers owned by the Company;
- Securities under firm underwriting commitments not fully distributed and collected after the deadline of payment to issuers.

###### b) *Position risk value calculation*

Position risk value = Net position of each security x Market value x Market risk coefficient

- Net position of each security at a point of time is the quantity held by the Company at reporting date, adjusted by:
  - Excluding securities lent and securities hedged by put warrants and future contracts;
  - Including securities borrowed in accordance with prevailing regulations.
- Asset valuation principles are specified in Note 3.3.5. Dividends, coupons, rights (if any) or accrued interests on loans, cash equivalents, deposits, valuable papers should be added to asset prices in position risk value calculation.
- Market risk coefficient is determined for each specific asset in accordance with the Appendix II of Circular 91/2020/TT-BTC and presented in section A of Risk Values in the Report.

###### c) *Additional risk value for large exposures*

Position risk of an asset is increased when the Company's long position in that asset is significant, except for Government bonds and Government-guaranteed bonds. Additional position risk value for large exposures is determined as follows:

- Increased by 10% where the total exposure from investment in shares and bonds of an entity accounts for 10% to 15% of the Company's owners' equity;
- Increased by 20% where the total exposure from investment in shares and bonds of an entity accounts for 15% to 25% of the Company's owners' equity;
- Increased by 30% where the total exposure from investment in shares and bonds of an entity exceeds 25% of the Company's owners' equity.

HO CHI MINH CITY SECURITIES CORPORATION

NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

3 REPORTING PRINCIPLES (continued)

3.3 Position risk value (continued)

3.3.2 *Undistributed and uncollected securities under firm underwriting commitments during the underwriting period*

Position risk value of this group is determined as follows:

$$\text{Position risk value} = (Q_o \times P_o - V_c) \times R \times \left[ r + \frac{(P_o - P_1)}{P_o} \times 100\% \right]$$

Where:

- $Q_o$  is the quantity of securities not yet distributed or distributed but uncollected;
- $P_o$  is the underwriting price;
- $V_c$  is the market value of collateral assets (if any), determined in accordance with Note 3.4.4;
- $R$  is the underwriting risk coefficient, determined based on the remaining distribution period according to the agreement, but not exceeding the distribution period permitted by laws, in particular:

	<b>Underwriting risk coefficient</b>
Remaining distribution period	
Above sixty (60) days	20%
From thirty (30) days to sixty (60) days	40%
Below thirty (30) days	60%
Between the end of distribution period to the date of payment to issuer	80%

- $r$  is the market risk coefficient, determined for each specific asset in accordance with the Appendix II of Circular 91/2020/TT-BTC and presented in section A of Risk Values in the Report;
- $P_1$  is the transacted price, determined on the basis specified in Note 3.3.5. In case of initial public offering, initial equitisation auction, bond auction, the transacted price is the most recent book value per share of the issuer, or the opening price (if book value cannot be determined), or par value (for bonds).

After the date of payment to issuer, the Company is required to determine position risk value of undistributed securities in accordance with the requirements specified in Note 3.3.1.

## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 3 REPORTING PRINCIPLES (continued)

##### 3.3 Position risk value (continued)

###### 3.3.3 *The Company's covered warrants in issue*

In-the-money warrant means a call at an exercise price (or exercise index) lower than the market price of the underlying securities (or index), or a put warrant at exercise price (or exercise index) higher than the market price of the underlying securities (or index).

Exercise price is the price at which the warrant holder has the right to buy (a call warrant) or sell (a put warrant) the underlying securities (a stock or ETF certificate) from/to the issuer, or on which the issuer bases to calculate the payout to the warrant holder.

Position risk value of in-the-money warrants is determined as follows:

$$\text{Position risk value} = \text{Max} \{(P_0 \times Q_0 / k - P_1 \times Q_1) \times r - \text{MD}, 0\}$$

Where:

- $P_0$  is the average of closing prices of underlying securities within 5 days before the calculation date;
- $Q_0$  is the quantity of the Company's covered warrants in issue;
- $k$  is the conversion rate; which indicates the number of warrants in need to obtain one (1) unit of underlying security;
- $P_1$  is price of underlying securities determined on the basis specified in Note 3.3.5;
- $Q_1$  is the quantity of underlying securities held by the Company to guarantee the fulfilment of its obligation arising from the covered warrants issued;
- $r$  is the market risk coefficient, determined for each specific asset in accordance with the Appendix II of Circular 91/2020/TT-BTC and presented in section A of Risk Values in the Report;
- MD is the statutory deposits for covered warrants issued;

Underlying securities used in the calculation of position risk value as above must satisfy all of the following criteria:

- They are included in the issue plan, or registered to the State Securities Commission that they are held in the Company's proprietary trading account with the sole purpose of hedging against risk from covered warrants;
- They are underlying securities of the covered warrants.

When the covered warrants issued are out of the money, according to Circular 91/2020/TT-BTC, the Company is not required to calculate position risk value of issued covered warrants. Instead, it is required to calculate position risk value of underlying securities designated as hedges against risk from covered warrants issued.

The Company is required to calculate position risk value of the positive difference between the value of underlying securities designated as hedges and the value of underlying securities needed to hedge against risk from issued covered warrants. The value of underlying securities needed to hedge against risk from issued covered warrants should correspond to the hedged value.

HO CHI MINH CITY SECURITIES CORPORATION

NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

3 REPORTING PRINCIPLES (continued)

3.3 Position risk value (continued)

3.3.4 *Futures contracts*

Position risk value of futures contracts is determined as follows:

$$\text{Position risk value} = \text{Max}\left\{\left(\frac{\text{Closing trade value}}{\text{Closing trade value}} - \frac{\text{Value of hedge portfolios}}{\text{Value of hedge portfolios}}\right) \times \frac{\text{Risk coefficient of future contracts}}{\text{Risk coefficient of future contracts}} - \frac{\text{Statutory deposits}}{\text{Statutory deposits}}, 0\right\}$$

Where:

- Closing trade value = Closing price x Quantity of open positions;
- Quantity of open positions is quantity of derivatives outstanding as at reporting date not yet closed out nor matured;
- Value of hedge portfolio is the value of underlying securities purchased to fulfil the obligation under future contracts;
- Statutory deposits are assets deposited for speculation activities, proprietary trading activities, market making activities for derivatives.

HO CHI MINH CITY SECURITIES CORPORATION

NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

3 REPORTING PRINCIPLES (continued)

3.3 Position risk value (continued)

3.3.5 Asset valuation

Asset valuation is in accordance with Circular 91/2020/TT-BTC, in particular:

No.	Type of asset	Valuation principles
<b>Cash and cash equivalents, money market instruments</b>		
1	Cash in VND	Carrying value at the reporting date
2	Foreign currencies	Amounts equivalent to VND translated at exchange rates quoted by credit institutions licensed to trade foreign currencies at the reporting date
3	Term deposits	Deposit amount plus accrued interest up to the reporting date
4	Treasury bills, banker's acceptances, commercial papers, transferable certificates of deposit, bonds and discounted money market instruments	Purchase price plus accrued interest up to the reporting date
<b>Bonds</b>		
5	Listed bonds	<ul style="list-style-type: none"> <li>- Quoted price of outright transactions on stock exchanges as at the latest trading date prior to the reporting date plus accrued interest (if clean price is quoted);</li> <li>- If the bond is not traded within the two (2) weeks prior to the reporting date, its value is the highest of the followings: <ul style="list-style-type: none"> <li>+ Purchase price plus accrued interest;</li> <li>+ Par value plus accrued interest;</li> <li>+ Price based on the securities dealing entity's internal valuation policy, plus accrued interest.</li> </ul> </li> </ul> <p>In which: Max {Purchase price plus accrued interest, Par value plus accrued interest, Price based on the Company's internal valuation policy, plus accrued interest}.</p>
6	Unlisted bonds	<p>The highest of the followings:</p> <ul style="list-style-type: none"> <li>+ Quoted price on selected bond quotation system (if any) plus accrued interest;</li> <li>+ Purchase price plus accrued interest;</li> <li>+ Par value plus accrued interest;</li> <li>+ Price based on the Company's internal valuation policy, plus accrued interest</li> </ul> <p>In which: Max {quoted price (if any) plus accrued interest, purchase price plus accrued interest, par value plus accrued interest, price based on the Company's internal valuation policy plus accrued interest}.</p> <p>The securities dealing organisations may opt to refer to bond quotation systems (such as Reuters/Bloomberg/VNBF or equivalents) for price reference.</p>

HO CHI MINH CITY SECURITIES CORPORATION

NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

3 REPORTING PRINCIPLES (continued)

3.3 Position risk value (continued)

3.3.5 Asset valuation (continued)

No.	Type of asset	Valuation principles
<b>Shares</b>		
7	Shares listed on the Ho Chi Minh City Stock Exchange	<ul style="list-style-type: none"> <li>- Closing price of the latest trading date prior to the reporting date;</li> <li>- If the share is not traded within the two (2) weeks prior to the reporting date, its value is the highest of the followings:                             <ul style="list-style-type: none"> <li>+ Book value;</li> <li>+ Purchase price;</li> <li>+ Price based on the Company's internal valuation policy.</li> </ul> </li> </ul> <p>In which: Max {book value, purchase price, price based on the Company's internal valuation policy}.</p>
8	Shares listed on the Hanoi Stock Exchange	<ul style="list-style-type: none"> <li>- Closing price of the latest trading date prior to the reporting date;</li> <li>- If the share is not traded within the two (2) weeks prior to the reporting date, its value is the highest of the followings:                             <ul style="list-style-type: none"> <li>+ Book value;</li> <li>+ Purchase price;</li> <li>+ Price based on the Company's internal valuation policy.</li> </ul> </li> </ul> <p>In which: Max {book value, purchase price, price based on the Company's internal valuation policy}.</p>
9	Shares of public companies registered for trading on the UPCoM	<ul style="list-style-type: none"> <li>- Closing price of the latest trading date prior to the reporting date;</li> <li>- If the share is not traded within the two (2) weeks prior to the reporting date, its value is the highest of the followings:                             <ul style="list-style-type: none"> <li>+ Book value;</li> <li>+ Purchase price;</li> <li>+ Price based on the Company's internal valuation policy.</li> </ul> </li> </ul> <p>In which: Max {book value, purchase price, price based on the Company's internal valuation policy}.</p>



HO CHI MINH CITY SECURITIES CORPORATION

NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

3 REPORTING PRINCIPLES (continued)

3.3 Position risk value (continued)

3.3.5 Asset valuation (continued)

No.	Type of asset	Valuation principles
<b>Shares (continued)</b>		
10	Shares that are deposited at Vietnam Securities Depositories ("VSD") but not yet listed or registered for trading	<ul style="list-style-type: none"> <li>- The average of transacted prices quoted by at least three (3) independent securities for the latest trading date prior to the reporting date.</li> <li>- In case the Company cannot obtain quotations from at least three independent securities firms, the shares' value is the highest of:               <ul style="list-style-type: none"> <li>+ Price from quotations;</li> <li>+ Price from the most recent reporting date;</li> <li>+ Book value;</li> <li>+ Purchase price;</li> <li>+ Price based on the Company's internal valuation policy</li> </ul> </li> </ul> <p>In which: Max {price from quotations; price from the most recent reporting date; book value; purchase price; price based on the Company's internal valuation policy}.</p>
11	Suspended, delisted or cancelled securities	<p>The highest of the followings:</p> <ul style="list-style-type: none"> <li>+ Book value;</li> <li>+ Purchase price;</li> <li>+ Price based on the Company's internal valuation policy.</li> </ul> <p>In which: Max {book value; purchase price; price based on the Company's internal valuation policy}.</p>
12	Securities of entities in liquidation or bankruptcy process	80% of the securities' disposal value (value announced by the entities or book value) on the latest balance sheet date prior to the reporting date, or price based on the Company's internal valuation policy.
13	Other equities and investments	<p>The highest of the followings:</p> <ul style="list-style-type: none"> <li>+ Book value;</li> <li>+ Purchase price;</li> <li>+ Price based on the Company's internal valuation policy.</li> </ul> <p>In which: Max {book value; purchase price; price based on the Company's internal valuation policy}.</p>

HO CHI MINH CITY SECURITIES CORPORATION

NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO  
AS AT 30 JUNE 2023

3 REPORTING PRINCIPLES (continued)

3.3 Position risk value (continued)

3.3.5 Asset valuation (continued)

No.	Type of asset	Valuation principles
<b>Fund certificates/shares of securities investment companies</b>		
14	Fund certificates of public closed-end funds/ exchange-traded funds	<ul style="list-style-type: none"> <li>- Closing price of the latest trading date prior to the reporting date;</li> <li>- If the fund certificates/shares are not traded within two (2) weeks prior to the reporting date, its value is the Net asset value ("NAV") per fund certificate at the latest valuation date prior to the reporting date.</li> </ul>
15	Fund units of member funds/ open-ended funds/ privately issued shares of securities investment companies	NAV per capital contribution unit/fund unit/share at the latest valuation date prior to the reporting date.
16	Other assets	Based on the Company's internal valuation policy
<b>Fixed assets</b>		
17	Land use rights	Amount reported by an independent valuer appointed by the Company
18	Buildings, including construction in progress	Amount reported by an independent valuer appointed by the Company/ accumulated cost of construction in progress
19	Machinery and equipment, motor vehicles	Net book value
20	Other fixed assets	Amount reported by an independent valuer appointed by the Company
<b>Other securities</b>		
21	Covered warrants issued by other securities dealing entities	<ul style="list-style-type: none"> <li>- Closing price of the latest trading date prior to the reporting date;</li> <li>- Purchase price (for unlisted covered warrants).</li> </ul>
22	Shares listed on foreign stock exchanges	<ul style="list-style-type: none"> <li>- Price in VND translated at applicable exchange rate at reporting date;</li> <li>- Closing price of the latest trading date prior to the reporting date;</li> <li>- If the share is not traded within two (2) weeks prior to the reporting date, its value is the highest of the followings:                             <ul style="list-style-type: none"> <li>+ Book value;</li> <li>+ Purchase price;</li> <li>+ Price based on the Company's internal valuation policy.</li> </ul> </li> </ul> <p>In which: Max {book value; purchase price; price based on the Company's internal valuation policy}.</p>

Accrued interest is interest accrued from the most recent payment to reporting date.

Book value of a share is based on the most recent audited/reviewed financial statements.

**HO CHI MINH CITY SECURITIES CORPORATION**

**NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO  
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**3 REPORTING PRINCIPLES (continued)**

**3.4 Counterparty risk value**

Counterparty risk value represents the potential loss due to the counterparty's failure to make payment or to transfer assets within the committed period.

At the end of trading date, the Company is required to calculate counterparty risk value on the following balances:

<b>Items bearing counterparty risk</b>	<b>Counterparty risk value</b>
a) Term deposits at credit institutions, certificates of deposit issued by credit institutions; b) Securities borrowing agreements in accordance with prevailing regulations c) Securities repo agreements in accordance with prevailing regulations d) Securities reverse repo agreements in accordance with prevailing regulations; e) Margin lending agreements for listed securities in accordance with prevailing regulations; f) Receivables of clients in securities trading business; g) Other assets bearing counterparty risk.	Counterparty risk value of balances not past due = Counterparty risk exposure x Risk coefficient by counterparty  Counterparty risk value of balances past due = Counterparty risk exposure x Risk coefficient by past due period
h) Balances from co-underwriting contracts with firm underwriting commitment where the Company is the lead underwriter.	Counterparty risk value is determined at 30% of the remaining value of outstanding contracts.
i) Receivables past due, including matured bonds, valuable papers, debt instruments but not yet collected; j) Assets not received after due date for transfer, including securities in proprietary trading and securities of customers in brokerage activities.	Counterparty risk value of balances past due = Counterparty risk exposure x Risk coefficient by past due period
k) Contracts, transactions, capital usages other than those specified in points a, b, c, d, e, f, h above; receivables from debt trading with business partners besides Vietnam Asset Management Company (VAMC), Vietnam Debt and Asset Trading Corporation (DATC)	Counterparty risk value = Counterparty risk exposure x 100%
l) Advances with reimbursement period under 90 days: - Accounting for 0% - 5% of owners' equity at calculation date  - Accounting for more than 5% of owners' equity at calculation date	Counterparty risk value = Counterparty risk exposure x 8% Counterparty risk value = Counterparty risk exposure x 100%

## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 3 REPORTING PRINCIPLES (continued)

##### 3.4 Counterparty risk value (continued)

When the counterparty is assessed as totally insolvent, entire exposure from contracts is deducted from liquid capital.

Counterparty risk coefficient is determined based on type of counterparty and past due period as stipulated in Circular 91/2020/TT-BTC.

##### 3.4.1 Risk coefficient by counterparty

No.	Counterparty	Counterparty risk coefficient
1	The Government, Government-guaranteed issuers, Governments and Central Banks of countries in the OECD; People's Committees of provinces and independent municipalities	0%
2	Stock exchanges, Vietnam securities depository	0.8%
3	Credit institutions, financial institutions, securities dealing institutions incorporated in OECD countries with credit ratings meeting other internal requirements of the Company	3.2%
4	Credit institutions, financial institutions, securities dealing institutions incorporated outside OECD countries or incorporated in OECD countries not meeting other internal requirements of the Company	4.8%
5	Credit institutions, financial institutions, securities dealing institutions, securities investment funds, securities investment companies incorporated and operating in Vietnam	6%
6	Other institutions, individuals and parties	8%

##### 3.4.2 Risk coefficient by past due period

No.	Past due period	Counterparty risk coefficient
1	0 - 15 days after due date of payment/transfer of securities	16%
2	16 - 30 days after due date of payment/transfer of securities	32%
3	31 - 60 days after due date of payment/transfer of securities	48%
4	Over 60 days after due date of payment/transfer of securities	100%

## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 3 REPORTING PRINCIPLES (continued)

#### 3.4 Counterparty risk value (continued)

##### 3.4.3 Counterparty risk exposure

Counterparty risk exposure also include dividends, coupons, rights (if attached to securities), accrued interests on loans and cash deposits, and surcharges (applicable on credit products).

Counterparty risk exposure of receivables past due, matured bonds and debt instruments is par value, plus uncollected interests and related charges, less any amount collected (if any).

Counterparty risk exposure of lendings, margin loans, repo activities and other transactions are defined as follows:

No.	Type of transaction	Counterparty risk exposure
1	Term deposits, certificates of deposit, unsecured loans, contracts, transactions, capital usages in Note 3.4 (k)	Entire balance of term deposits, certificate of deposit, lending balances, contracts values, transactions value including dividends, coupons, preferred rights (for securities) or deposit interest, loan interest, other charges (for credit amounts).
2	Securities lending (or agreements of similar substance)	$\text{Max}\{(\text{Market value of contracts} - \text{Value of collateral assets (if any)}), 0\}$
3	Securities borrowing (or agreements of similar substance)	$\text{Max}\{(\text{Value of collateral assets} - \text{Market value of contracts}), 0\}$
4	Reverse repo agreements (or agreements of similar substance)	$\text{Max}\{(\text{Value of contracts at purchase price} - \text{Market value of contracts} \times (1 - \text{Market risk coefficient})), 0\}$
5	Repo agreements (or agreements of similar substance)	$\text{Max}\{(\text{Market value of contracts} \times (1 - \text{Market risk coefficient}) - \text{Value of contracts at selling price}), 0\}$
6	Margin lending agreements (or agreements of similar substance)	$\text{Max}\{(\text{Loan balance} - \text{Value of collateral assets}), 0\}$

Loan balance include the principal, interest and charges.

If the market price of collateral assets is not observable, they are priced following the Company's internal valuation.

HO CHI MINH CITY SECURITIES CORPORATION

NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO  
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3 REPORTING PRINCIPLES (continued)

3.4 Counterparty risk value (continued)

3.4.3 Counterparty risk exposure (continued)

Counterparty risk exposure of balances related to securities trading is determined as follows:

No.	Period	Counterparty risk exposure
A – Sales (seller is the Company or its customer)		
1	Before due date	0
2	After due date	Market value of contracts (in case market price is lower than transacted price)
		0 (in case market price is higher than transacted price)
B – Purchases (purchaser is the Company or its customer)		
1	Before due date	0
2	After due date	Market value of contracts (in case market price is lower than transacted price)
		0 (in case market price is higher than transacted price)

Due date is determined as follows:

<u>Type of securities/transactions</u>	<u>Due date</u>
Derivatives	According to prevailing regulations applicable to derivatives
Listed shares	T+2
Listed bonds	T+1
Over-the-counter transactions	T+n, in which “n” is subject to contractual agreements

3.4.4 Reliefs on counterparty risk exposure

Except for contracts, transactions as stated in Note 3.4 (k) and Note 3.4 (l), in determining counterparty risk exposure, the Company is permitted to take into account reliefs on the condition that the contracts or agreements meet all of the following criteria:

- The counterparty has collateral assets to secure their obligations, and collateral assets are cash, cash equivalents, valuable papers, transferable money market instruments, listed securities, securities registered for trading on stock exchanges, Government bonds, bonds guaranteed by the Ministry of Finance;
- The Company reserves discretion to control, use or transfer the collateral assets in case of default by the counterparty.

## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 3 REPORTING PRINCIPLES (continued)

#### 3.4 Counterparty risk value (continued)

##### 3.4.4 *Reliefs on counterparty risk exposure (continued)*

The value of collateral assets is determined as below:

$$\text{Value of collateral assets} = \text{Quantity} \times \text{Price} \times (1 - \text{Market risk coefficient})$$

Where:

- Asset valuation determined on the basis specified in Note 3.3.5.
- Market risk coefficient is determined for each specific asset in accordance with the Appendix II of Circular 91/2020/TT-BTC and presented in section A of Risk Values in the Report.

##### 3.4.5 *Bilateral offsetting of counterparty risk exposure*

The Company is permitted to offset counterparty risk exposure bilaterally when:

- The counterparty risks relates to the same counterparty;
- The counterparty risks arise from transactions of similar type;
- The offsetting is agreed by both parties in writing.

##### 3.4.6 *Additional risk value for large exposures*

Additional counterparty risk value for large exposures is determined as follows:

- Increased by 10% where the total exposure of deposits, certificates of deposit, loans, received not past due, securities repo agreements and reverse repo agreements from an entity, an individual or a group of related entities and individuals (if any) accounts for 10% to 15% of the Company's owners' equity;
- Increased by 20% where the total exposure of deposits, certificates of deposit, loans, received not past due, securities repo agreements and reverse repo agreements from an entity, an individual or a group of related entities and individuals (if any) accounts for over 15% to 25% of the Company's owners' equity;
- Increased by 30% where the total exposure of deposits, certificates of deposit, loans, received not past due, securities repo agreements and reverse repo agreements from an entity, an individual or a group of related entities and individuals (if any), or an individual and their related parties (if any) exceeds 25% of the Company's owners' equity.

A group of entities or individuals is considered as related to an entity or an individual (referred to as "related parties") in the contexts described in the Clause 46 of Article 4 of the Securities Law.



## HO CHI MINH CITY SECURITIES CORPORATION

### NOTES TO THE REPORT ON CAPITAL ADEQUACY RATIO AS AT 30 JUNE 2023

#### 3 REPORTING PRINCIPLES (continued)

##### 3.5 Operational risk value

Operational risk value represents the potential loss due to technical failure, system malfunction, deficiencies in control, human errors, insufficient working capital due to unexpected expenses, losses from investment activities, and other objective causes.

Operational risk value of the Company is determined at the highest of the followings:

- 25% of recurring operating expenses of the Company within the most recent twelve-month period up to the reporting date;
- 20% of the minimum required capital applicable to business activities of the Company.

Recurring operating expenses of the Company is determined as total operating expenses charged to the statement of comprehensive income, less the followings:

- Depreciation and amortisation;
- Revaluation loss of financial assets carried at fair value through profit or loss (FVTPL);
- Increase in revalued amount of covered warrant payable;
- Provision or reversal of provision for impairments of short-term financial assets and mortgages;
- Provision or reversal of provision for impairments of long-term financial assets;
- Provision or reversal of provision for impairments of receivables;
- Provision or reversal of provision for impairments of other current assets;
- Provision or reversal of provision for impairments of other long-term assets; and
- Interest expense.

The report on capital adequacy ratio was approved by the Board of Management on 9 August 2023.



Lam Huu Ho  
Chief Financial Officer  
cum Chief Accountant



Bui Thi Ngoc Thao  
Head of Internal Control



Trinh Hoa Giang  
Chief Executive Officer

