



KB Securities Vietnam Joint Stock Company

Interim Financial Statements
for the six-month period ended
30 June 2020



KB Securities Vietnam Joint Stock Company Corporate Information

Establishment and

Operation License No.

10/UBCK-GPHDKD
77/UBCK-GPHDKD

21 February 2019
11 June 2008

The Establishment and Operation License No. 77/UBCK-GPHDKD was initially issued by the State Securities Commission of Vietnam on 11 June 2008. The Company's Establishment and Operation License has been amended several times, the most recent of which is the Amended License No. 10/GPDC-UBCK dated 21 February 2019.

Board of Directors

Mr. Park Chunsoo	Chairman
Mr. Yoon Bob Nyol	Member
Mr. Nguyen Duc Hoan	Member
Mr. Oh Cheol Wu	Member
Mr. Byoung Jo Chun	Member

Board of Management

Mr. Nguyen Duc Hoan	General Director
Mr. Oh Cheol Wu	Deputy General Director
Mr. Shin Jhintaek	Financial Director

Legal Representative

Mr. Park Chunsoo	Chairman of the Board of Directors
Mr. Nguyen Duc Hoan	General Director

Registered Office

G, 2nd and 7th Floors
Sky City Tower
88 Lang Ha, Dong Da District
Hanoi, Vietnam

Auditor

KPMG Limited
Vietnam

KB Securities Vietnam Joint Stock Company Statement of the Board of Management

The Board of Management of KB Securities Vietnam Joint Stock Company (“the Company”) presents this statement and the accompanying interim financial statements of the Company for the six-month period ended 30 June 2020.

The Company’s Board of Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 (“Circular 210”) of the Ministry of Finance on accounting guidance applicable to securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance on amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Company’s Board of Management:

- the interim financial statements set out on pages 5 to 61 give a true and fair view of the financial position of the Company as at 30 June 2020, and of the results of operations, the cash flows and changes in equity of the Company for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 (“Circular 210”) of the Ministry of Finance on accounting guidance applicable to securities companies, Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance on amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to interim financial reporting; and
- at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Company’s Board of Management has, on the date of this statement, authorised the accompanying interim financial statements for issue.

On behalf of the Board of Management



Nguyễn Đức Hoàn
General Director

Hanoi, 14 August 2020



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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders KB Securities Vietnam Joint Stock Company

We have reviewed the accompanying interim financial statements of KB Securities Vietnam Joint Stock Company (“the Company”), which comprise the statement of financial position as at 30 June 2020, the statements of income, cash flows and changes in equity for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Management on 14 August 2020, as set out on pages 5 to 61.

Management’s Responsibility

The Company’s Board of Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 (“Circular 210”) of the Ministry of Finance on accounting guidance applicable to securities companies, Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance on amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to interim financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on these interim financial statements 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*.

A review of interim financial information 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.



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the financial position of KB Securities Vietnam Joint Stock Company as at 30 June 2020 and of its results of operations and its cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 ("Circular 210") of the Ministry of Finance on accounting guidance applicable to securities companies, Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance on amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to interim financial reporting.

Other Matter

The financial statements for the year ended 31 December 2019 and the interim financial statements for the six-month period ended 30 June 2019 of the Company were audited and reviewed by another firm of auditors whose audit report dated 30 March 2020 and review report dated 30 August 2019 expressed an unqualified opinion and conclusion, respectively, on those statements.

KPMG Limited

Vietnam

Review Report No. 20-02-00177-20-1



Wang Toon Kim
Practicing Auditor Registration
Certificate No. 0557-2018-007-1
Deputy General Director

Pham Thi Thuy Linh
Practicing Auditor Registration
Certificate No. 3065-2019-007-1

Hanoi, 14 August 2020

KB Securities Vietnam Joint Stock Company
Statement of financial position as at 30 June 2020

Form B01a - CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	30/6/2020 VND	1/1/2020 VND
ASSETS				
A. CURRENT ASSETS (100 = 110 + 130)	100		6,524,130,238,079	5,410,163,195,683
I. Financial assets	110		6,515,435,419,788	5,403,540,259,659
1. Cash and cash equivalents	111	5	19,869,609,326	641,001,776,578
1.1. <i>Cash</i>	111.1		19,869,609,326	641,001,776,578
2. Financial assets at fair value through profit or loss ("FVTPL")	112	7(a)	2,842,250,654,933	1,317,734,651,599
3. Held-to-maturity investments	113	7(c)	1,155,000,000,000	997,000,000,000
4. Loans	114	7(d)	2,339,038,488,679	2,348,961,187,363
5. Available-for-sale financial assets	115	7(b)	897,376,000	897,376,000
6. Allowance for diminution in the value of financial assets and collaterals	116	8	(550,965,657)	(550,965,657)
7. Accounts receivable	117	9	150,357,477,804	89,024,593,365
7.1. <i>Receivables from sale of financial assets</i>	117.1		13,815,600	1,838,224,700
7.2. <i>Receivables and accrued dividends, interest from financial assets</i>	117.2		150,343,662,204	87,186,368,665
7.2.2. <i>Accrued dividends and interest not due</i>	117.4		150,343,662,204	87,186,368,665
8. Prepayments to suppliers	118		1,347,429,950	4,003,658,400
9. Receivables from services provided by the securities company	119	9	4,368,007,151	973,995,674
12. Other receivables	122	9	2,857,341,602	4,493,986,337
II. Other current assets	130		8,694,818,291	6,622,936,024
1. Advances	131		178,200,000	167,950,305
3. Short-term prepaid expenses	133	10(a)	5,383,082,281	3,277,831,959
4. Short-term deposits and collaterals	134	11	3,133,536,010	3,177,153,760

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company
Statement of financial position as at 30 June 2020 (continued)

Form B01a - CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	30/6/2020 VND	1/1/2020 VND
B. LONG-TERM ASSETS (200 = 210 + 220 + 250)	200		66,457,821,651	154,470,494,884
I. Long-term financial assets	210		-	90,000,000,000
2. Investments	212	7(c)	-	90,000,000,000
2.1. Held-to-maturity investments	212.1		-	90,000,000,000
II. Fixed assets	220		30,092,424,661	28,116,343,356
1. Tangible fixed assets	221	12	13,275,405,523	14,040,746,569
- Cost	222		31,072,192,855	29,075,956,855
- Accumulated depreciation	223a		(17,796,787,332)	(15,035,210,286)
3. Intangible fixed assets	227	13	16,817,019,138	14,075,596,787
- Cost	228		31,083,462,915	26,430,922,915
- Accumulated amortisation	229a		(14,266,443,777)	(12,355,326,128)
V. Other long-term assets	250		36,365,396,990	36,354,151,528
1. Long-term deposits and collaterals	251		15,000,000	15,000,000
2. Long-term prepaid expenses	252	10(b)	10,563,035,734	13,064,751,280
4. Deposits at Payment Support Fund	254	14	15,774,400,248	13,274,400,248
5. Other long-term assets	255	15	10,012,961,008	10,000,000,000
TOTAL ASSETS (270 = 100 + 200)	270		6,590,588,059,730	5,564,633,690,567

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company
Statement of financial position as at 30 June 2020 (continued)

Form B01a - CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	30/6/2020 VND	1/1/2020 VND
LIABILITIES (300 = 310 + 340)	300		4,507,458,652,255	3,559,402,876,802
I. Current liabilities	310		4,507,457,756,965	3,559,399,679,123
1. Short-term borrowings and finance lease liabilities	311		4,438,339,628,480	3,283,765,000,000
1.1. <i>Short-term borrowings</i>	312	16	4,438,339,628,480	3,283,765,000,000
6. Payables for securities trading activities	318	17	2,867,779,496	3,057,276,380
8. Accounts payable to suppliers – short-term	320		339,010,169	1,177,504,699
9. Advances from customers – short-term	321		223,000,000	273,000,000
10. Taxes and others payable to the State Treasury	322	18	13,204,094,455	23,108,504,958
11. Payables to employees	323		9,975,552,870	14,671,679,605
12. Employees' benefits payable	324		864,587,947	716,862,260
13. Accrued expenses – short-term	325	19	34,256,449,197	19,555,306,970
17. Other short-term payables	329	20	5,531,908,137	212,963,613,192
19. Bonus and welfare fund	331	21	1,855,746,214	110,931,059
II. Long-term liabilities	340		895,290	3,197,679
14. Deferred tax liabilities	356		895,290	3,197,679
D. EQUITY (400 = 410)	400		2,083,129,407,475	2,005,230,813,765
I. Owners' equity	410		2,083,129,407,475	2,005,230,813,765
1. Capital	411	22	1,675,020,900,000	1,675,020,900,000
1.1. <i>Contributed capital</i>	411.1	22	1,675,020,900,000	1,675,020,900,000
a. <i>Ordinary shares with voting rights</i>	411.1a	22	1,675,020,900,000	1,675,020,900,000
4. Reserve to supplement charter capital	414		9,930,623,462	4,688,585,575
5. Financial and operational risk reserve	415		24,801,043,988	19,559,006,101
7. Retained profits	417		373,376,840,025	305,962,322,089
7.1. <i>Realised profits</i>	417.1		373,397,757,908	306,067,690,970
7.2. <i>Unrealised losses</i>	417.2		(20,917,883)	(105,368,881)
TOTAL LIABILITIES AND EQUITY (440 = 300 + 400)	440		6,590,588,059,730	5,564,633,690,567

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company
Statement of financial position as at 30 June 2020 (continued)

Form B01a - CTCK
 (Issued under Circular No. 334/2016/TT-BTC
 dated 27 December 2016 of the Ministry of Finance)

OFF-BALANCE SHEET ITEMS

	Code	Note	30/6/2020 VND	1/1/2020 VND
A. ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER COMMITMENTS				
5.			325	329
6.	005			
6.			167,502,090	167,502,090
8.				
8.				
	008	23(a)	23,150,000	26,340,000
12.				
12.	012	23(b)	336,000,000	336,000,000
B. ASSETS AND PAYABLES ON ASSETS MANAGED UNDER COMMITMENTS WITH CUSTOMERS				
1.				
	021	23(c)	8,858,522,830,000	7,879,470,880,000
a.				
	021.1		7,313,543,860,000	6,867,251,250,000
b.				
	021.2		898,377,080,000	558,186,700,000
c.				
	021.3		378,951,790,000	146,159,790,000
d.				
	021.4		1,500,000,000	-
e.				
	021.5		266,150,100,000	307,873,140,000
2.				
	022	23(d)	44,264,740,000	357,393,090,000
a.				
	022.1		44,264,740,000	86,200,440,000
b.				
	022.2		-	271,192,650,000
7.				
	026	23(e)	922,848,845,707	279,432,874,373
7.1.				
	027		913,770,914,560	260,149,732,689
7.3.				
	029		9,077,931,147	19,283,141,684
a.				
	029.1		6,024,830,941	14,482,155,016
b.				
	029.2		3,053,100,206	4,800,986,668

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company
Statement of financial position as at 30 June 2020 (continued)

Form B01a - CTCK
(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Code	Note	30/6/2020 VND	1/1/2020 VND
8. Payables to investors on deposits for securities transactions managed by the Company	031	23(f)	922,848,845,707	282,142,518,682
8.1. Payables to domestic investors on deposits for securities transactions managed by the Company	031.1		677,695,522,227	261,104,267,731
8.2. Payables to foreign investors on deposits for securities transactions managed by the Company	031.2		245,153,323,480	21,038,250,951

14 August 2020

Prepared by:



Nguyen Thanh Huyen
 Chief Accountant

Approved by:



Nguyen Duc Hoan
 General Director

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company
Statement of income for the six-month period ended 30 June 2020

Form B02a - CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

	Code	Note	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
I. OPERATING REVENUE				
1.1. Gains from financial assets at FVTPL	01		98,896,413,642	25,899,730,432
a. Gains from sales of financial assets at FVTPL	01.1	24(a)	38,942,757,189	5,075,877,317
b. Gains from revaluation of financial assets at FVTPL	01.2	25	1,637,656	(672,708,100)
c. Dividends, interest from financial assets at FVTPL	01.3	26	59,952,018,797	21,496,561,215
1.2. Gains from held-to-maturity investments	02	26	26,798,419,667	20,630,284,930
1.3. Income from loans and receivables	03	26	100,571,427,880	82,589,606,688
1.6. Revenue from securities brokerage service	06	27	44,810,795,983	37,423,245,059
1.7. Revenue from securities underwriting and issuance agency services	07	27	6,622,249,999	10,979,709,091
1.8. Revenue from securities investment consulting services	08	27	887,727,272	-
1.9. Revenue from securities custody service	09	27	3,867,130,883	1,345,613,182
1.10. Revenue from financial consulting services	10	27	113,636,363	2,218,181,818
1.11. Other operating revenue	11	27	793,439,357	347,154,223
Total operating revenue	20		283,361,241,046	181,433,525,423
II. OPERATING EXPENSES				
2.1. Losses from financial assets at FVTPL	21		1,938,200,120	76,007,998
a. Losses from sales of financial assets at FVTPL	21.1	24(b)	1,908,523,048	280,280,621
b. Losses from revaluation of financial assets at FVTPL	21.2	25	29,677,072	(204,272,623)
2.6. Expenses for securities trading	26		49,798	-
2.7. Expenses on securities brokerage service	27	28	59,605,242,077	46,888,251,535
2.10. Expenses on securities custody service	30	28	3,087,926,088	2,009,702,695
2.11. Expenses for financial consulting services	31	28	12,107,641,594	11,702,551,249
Total operating expenses	40		76,739,059,677	60,676,513,477

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company
Statement of income for the six-month period ended 30 June 2020 (continued)

Form B02a - CTCK
(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Code	Note	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
III. FINANCIAL INCOME				
3.1. Realised and unrealised foreign exchange gains	41		981,114	2,348,166
3.2. Dividends and interest income from demand deposits at banks	42	29	1,910,933,326	2,233,459,884
Total financial income	50		1,911,914,440	2,235,808,050
IV. FINANCIAL EXPENSES				
4.1. Realised and unrealised foreign exchange losses	51	30	1,782,000	-
4.2. Interest expense	52	31	99,232,792,127	40,241,496,865
4.5. Other financial expenses	55		674,579,959	421,303,940
Total financial expenses	60		99,909,154,086	40,662,800,805
VI. GENERAL AND ADMINISTRATION EXPENSES				
	62	32	20,487,379,684	15,896,279,336
VII. OPERATING PROFIT (70 = 20 - 40 + 50 - 60 - 62)				
	70		88,137,562,039	66,433,739,855
VIII. OTHER INCOME AND EXPENSES				
8.1. Other income	71		-	-
8.2. Other expenses	72		-	1,509,214,335
Total results of other activities (80 = 71 - 72)	80		-	(1,509,214,335)
IX. TOTAL ACCOUNTING PROFIT BEFORE TAX (90 = 70 + 80)				
	90		88,137,562,039	64,924,525,520
9.1. Realised profit	91		88,167,383,455	65,392,960,997
9.2. Unrealised loss	92		(29,821,416)	(468,435,477)
X. INCOME TAX EXPENSES				
	100	33	8,142,153,174	12,750,567,293
10.1. Income tax expense – current	100.1	33	8,144,455,563	12,885,108,912
10.2. Income tax benefit – deferred	100.2	33	(2,302,389)	(134,541,619)
XI. ACCOUNTING PROFIT AFTER TAX (200 = 90 - 100) (carried forward to next page)				
	200		79,995,408,865	52,173,958,227

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company

Statement of income for the six-month period ended 30 June 2020 (continued)

Form B02a - CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Code	Note	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
XI. ACCOUNTING PROFIT AFTER TAX (200 = 90 - 100) (brought forward from prior page)	200		79,995,408,865	52,173,958,227
XII. OTHER COMPREHENSIVE INCOME	300		-	-
TOTAL COMPREHENSIVE INCOME (400 = 200 + 300)	400		79,995,408,865	52,173,958,227

14 August 2020

Prepared by:



Nguyen Thanh Huyen
Chief Accountant

Approved by:



Nguyen Duc Hoan
General Director

KB Securities Vietnam Joint Stock Company
Statement of cash flows for the six-month period ended 30 June 2020 (Indirect method)
Form B03b – CTCK

(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

	Code	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	88,137,562,039	64,924,525,520
2. Adjustments for	02	838,267,814	4,526,754,221
- Depreciation of fixed assets	03	4,672,694,695	2,907,455,409
- Unrealised foreign exchange loss	05	1,782,000	-
- Interest expense	06	99,232,792,127	40,241,496,865
- Gains from investment activities	07	(1,910,933,326)	(2,233,459,884)
- Accrued interest income	08	(101,158,067,682)	(36,388,738,169)
3. Increase in non - cash expenses	10	29,677,072	(204,272,623)
- Losses/(gains) from revaluation of financial assets at FVTPL	11	29,677,072	(204,272,623)
4. Decrease in non-cash income	18	(1,637,656)	672,708,100
- (Gains)/losses from revaluation of financial assets at FVTPL	19	(1,637,656)	672,708,100
5. Operating profit before changes in working capital	30	(1,858,061,889,001)	(1,958,084,302,625)
- Increase in financial assets at FVTPL	31	(1,524,544,042,750)	(859,765,903,865)
- Increase in held-to-maturity investments	32	(68,000,000,000)	(111,994,520,548)
- Decrease/(increase) in loans	33	9,922,698,684	(932,222,750,742)
- Decrease in receivables from sale of financial assets	35	1,824,409,100	-
- Decrease/(increase) in receivables and accrued dividends, interest from financial assets	36	39,911,707,469	(4,303,140,995)
- (Increase)/decrease in receivables from services provided by the securities company	37	(3,394,011,477)	45,440,800,000
- Decrease/(increase) in other receivables	39	1,634,862,735	(12,484,614,584)
- Increase in other assets	40	176,635,497	(303,389,130)
- Increase/(decrease) in accrued expenses (excluding interest expense)	41	445,500,000	(39,409,847,191)
- (Decrease)/increase in prepayments	42	396,465,224	(193,469,183)
- Corporate income tax paid	43	(18,780,808,575)	(7,044,160,962)
- Interest paid	44	(84,977,149,900)	(35,948,563,360)
- (Decrease)/increase in payables to suppliers	45	(838,494,530)	250,000,000
- Increase/(decrease) in provision for employees' benefits	46	147,725,687	(520,206,531)

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company
Statement of cash flows for the six-month period ended 30 June 2020
(Indirect method - continued)

Form B03b – CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

	Code	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
- Increase in taxes and other payables to the State (excluding corporate income tax paid)	47	731,942,509	717,019,523
- Decrease in payables to employees	48	(4,696,126,735)	(1,561,443,889)
- (Decrease)/increase in other payables	50	(207,671,201,939)	2,426,157,094
- Other payments for operating activities	52	(352,000,000)	(1,166,268,262)
Net cash flows from operating activities	60	(1,769,058,019,732)	(1,888,164,587,407)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payments for additions to fixed assets and other long-term assets	61	(6,648,776,000)	(8,716,656,600)
Net cash flows from investing activities	70	(6,648,776,000)	(8,716,656,600)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from equity issued	71	-	567,942,300,000
3. Proceeds from borrowings	73	3,182,399,628,480	4,561,473,942,785
3.2 <i>Other borrowings</i>	73.2	3,182,399,628,480	4,561,473,942,785
4. Payments to settle principals of borrowings	74	(2,027,825,000,000)	(3,293,401,845,914)
4.3 <i>Payments to settle other principals of borrowings</i>	74.3	(2,027,825,000,000)	(3,293,401,845,914)
Net cash flows from financing activities	80	1,154,574,628,480	1,836,014,396,871
IV. Net cash flows during the period (90 = 60 + 70 + 80)	90	(621,132,167,252)	(60,866,847,136)
V. Cash and cash equivalents at the beginning of the period (Note 5)	101	641,001,776,578	105,406,769,560
- Cash	101.1	641,001,776,578	105,406,769,560
VI. Cash and cash equivalents at the end of the period (Note 5)	103	19,869,609,326	44,539,922,424
- Cash	103.1	19,869,609,326	44,539,922,424

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company
Statement of cash flows for the six-month period ended 30 June 2020
(Indirect method - continued)

Form B03b – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

CASH FLOWS OF CUSTOMERS FROM BROKERAGE AND UNDERWRITING ACTIVITIES

	Code	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
I. Cash flows of customers from brokerage and underwriting activities			
1. Proceeds from sales of customers' securities	01	10,877,760,368,323	10,211,660,481,164
2. Payments for purchases of customers' securities	02	(14,658,332,055,307)	(16,570,987,657,105)
7. Receipts of deposits of customers for securities transactions	07	5,317,250,635,433	7,061,362,979,327
8. Payment to settle securities transactions of customers	08	(902,340,908,262)	(735,082,512,689)
Net cash inflows during the period	20	634,338,040,187	(33,046,709,303)
II. Cash and cash equivalents of customers at the beginning of the period	30	279,432,874,373	292,095,528,768
Cash at banks at the beginning of the period:			
- Deposits of investors for securities transactions managed by securities companies	31	279,432,874,373	292,095,528,768
- Deposits for clearance and settlement of securities transactions	34	19,283,141,684	1,717,631,880
III. Cash and cash equivalents of customers at the end of the period	40	913,770,914,560	259,048,819,466
Cash at banks at the end of the period:			
- Deposits of investors for securities transactions managed by the securities company	41	913,770,914,560	259,048,819,466
- Deposits for clearance and settlement of securities transactions	44	107,429,713,238	2,412,699,216

14 August 2020

Prepared by:


Nguyen Thanh Huyen
Chief Accountant

Approved by:


Nguyen Duc Hoan
General Director

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company
Statement of changes in equity for the six-month period ended 30 June 2020

Form B04a – CTCK
(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Opening balance		Six-month period ended 30/6/2019		Increases/decreases		Six-month period ended 30/6/2020		Closing balance	
	1/1/2019	1/1/2020	Increases	Decreases	Increases	Decreases	Increases	Decreases	30/6/2019	30/6/2020
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
I. Changes in equity										
1. Capital	1,107,078,600,000	1,675,020,900,000	567,942,300,000	-	-	-	-	-	1,675,020,900,000	1,675,020,900,000
3. Reserve to supplement charter capital	2,937,033,810	4,688,585,575	1,751,551,765	-	5,242,037,887	-	-	-	4,688,585,575	9,930,623,462
4. Financial and operational risk reserve	17,807,454,336	19,559,006,101	1,751,551,765	-	5,242,037,887	-	-	-	19,559,006,101	24,801,043,988
8. Retained profits (Note 22(c))	205,675,598,941	305,962,322,089	52,642,393,704	(5,022,470,066)	79,995,408,865	(12,580,890,929)	(12,580,890,929)	253,295,522,579	373,376,840,025	373,376,840,025
TOTAL	1,333,498,687,087	2,005,230,813,765	624,087,797,234	(5,022,470,066)	90,479,484,639	(12,580,890,929)	(12,580,890,929)	1,952,564,014,255	2,083,129,407,475	2,083,129,407,475

14 August 2020

Prepared by:



Nguyen Thanh Huyen
 Chief Accountant



Nguyen Duc Hoan
 General Director

The accompanying notes are an integral part of these interim financial statement

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2020

Form B09a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
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These notes form an integral part of and should be read in conjunction with the accompanying interim financial statements.

1. Reporting entity

(a) Basis of establishment

KB Securities Vietnam Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam under the Establishment and Operation License No. 77/UBCK-GPHDKD issued by the State Securities Commission of Vietnam on 11 June 2008. The Company’s Establishment and Operation License has been amended several times, the most recent of which is the Amended Licence No. 10/GPDC-UBCK dated 21 February 2019.

The Company's latest charter was approved by the Board of Directors and was effective from 11 April 2019.

(b) Charter capital

As at 30 June 2020, the Company's charter capital was VND1,675,020,900,000 (1/1/2020: VND1,675,020,900,000).

(c) Principal activities

The principal activities of the Company are: securities brokerage, securities trading, securities investment consultancy, financial consultancy, securities underwriting, securities custody and other services in accordance with the law applicable to securities companies.

On 25 April 2019, the Company received Certificate No. 32/GCN-UBCK certifying the Company to be eligible to provide clearing and settlement services for derivative transactions.

Investment restrictions

The Company's investment portfolio and its investment restrictions shall be in compliance with the investment objectives and strategies as stipulated in its charter and the applicable securities law.

(d) Operating network

The Company’s contact address is G, 2nd and 7th Floors, Sky City Tower, 88 Lang Ha, Dong Da District, Hanoi, Vietnam. As at the date of these interim financial statements, the Company has three branches:

- Ho Chi Minh City Branch - KB Securities Vietnam Joint Stock Company was established in accordance with the Decision No. 401/QD-UBCK issued by the State Securities Commission of Vietnam on 2 July 2013. The branch is located at 2nd floor, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru, District 1, Ho Chi Minh City, Vietnam.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2020 (continued)

Form B09a – CTCK
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- Hanoi Branch - KB Securities Vietnam Joint Stock Company was established in accordance with the Decision No. 379/QĐ-UBCK issued by the State Securities Commission of Vietnam on 7 August 2015. The branch is located at 1st floor, Office Building, No. 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam.
- Saigon Branch - KB Securities Vietnam Joint Stock Company was established in accordance with the Decision No. 08/QĐ-UBCK issued by the State Securities Commission of Vietnam on 4 January 2019. The branch is located at 1st floor, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.

(e) Normal operating cycle

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

(f) Number of employees

As at 30 June 2020, the Company had 290 employees (1/1/2020: 243 employees).

2. Basis of preparation

(a) Statement of compliance

Applicable accounting framework

The interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 issued by the Ministry of Finance on accounting guidance applicable to securities companies (“Circular 210”), Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance on amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to interim financial reporting.

(b) Basis of measurement

The interim financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows was prepared using the indirect method.

(c) Accounting period

The annual accounting period of the Company is from 1 January to 31 December. The interim accounting period of the Company is from 1 January to 30 June.

(d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for the purpose of preparing and presenting the interim financial statement.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2020 (continued)

Form B09a – CTCK
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3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these interim financial statements.

(a) Financial assets and financial liabilities

(i) Recognition

Financial assets and liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial assets and liabilities.

(ii) Classification and measurement

- Financial assets at FVTPL: See Note 3(c);
- Held-to-maturity investments: See Note 3(d);
- Available-for-sale financial assets: See Note 3(e);
- Loans: See Note 3(f).

(iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Measurement of fair value

For financial assets being listed securities, market price is the closing bid price of securities at the Ho Chi Minh City Stock Exchange or Hanoi Stock Exchange at the latest trading date before the end of the accounting period. For unlisted securities which have been registered for trading in the market for Unlisted Public Companies (“UpCom”), market price is the closing bid price of securities at the UpCom market at the latest trading date before the end of the accounting period.

For unlisted equity securities held for trading which are actively traded in the OTC market, market price is determined as the average price of the prices of the transactions at the end of the accounting period quoted by three securities companies.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2020 (continued)

Form B09a – CTCK

*(Issued under Circular No. 334/2016/TT-BTC
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When market prices at the latest trading date are not available, or the market prices fluctuate significantly, the fair value of such assets are determined using valuation techniques. For financial assets being debt instruments, the Company applies net present value and discounted cash flow valuation techniques. Assumptions and inputs used in valuation techniques include risk-free interest rates, credit spreads and other premia used in estimating discount rates.

(vi) Identification and assessment of impairment

At the end of the accounting period, the Company assesses whether there is objective evidence that financial assets not measured at FVTPL are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows on the asset(s) that can be estimated reliably.

Objective evidence indicating that financial assets may be impaired include:

- Significant financial difficulty of the issuer or contracting parties;
- Breaches of contracts, such as default or delinquency in interest or principal payment;
- The lender, due to an economic or legal reason related to the financial difficulty of the borrower, having offered some concession terms to the borrower which the lender is unable to consider anything better;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Observable data indicating a decrease in the estimated future cash flows from a group of financial assets since their initial recognition.

When an objective evidence of impairment of a financial asset is identified, the Company must measure any impairment loss of such financial asset and recognise such loss in profit or loss in the statement of income.

If an impaired financial asset is assessed as recoverable, the Company will reverse the allowance for impairment which is previously made.

(b) Cash and cash equivalents

Cash comprises cash on hand, cash in banks for operation of the securities company, bank deposits for sales of underwritten securities and deposits for clearance and settlement of securities transactions of the Company. Investors' deposits for securities transactions, clearance and settlement of securities transactions are recorded separately from the Company's account balances.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2020 (continued)

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(Issued under Circular No. 334/2016/TT-BTC
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(c) Financial assets at FVTPL

A financial asset at FVTPL is a financial asset that meets either of the following conditions:

- It is considered by the Board of Management as at FVTPL. A financial asset is considered as at FVTPL if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at FVTPL.

Financial assets at FVTPL are measured initially at purchase prices of the financial assets (for unlisted securities) or at order matching prices on the Stock Exchanges (for listed securities), excluding transaction costs that are attributable to the acquisition of financial assets.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value at the end of the accounting period. Gains/losses from revaluation of financial assets at FVTPL are recorded in profit or loss in the statement of income.

For financial assets at FVTPL being equity securities without a quoted price in an active market or it is impossible to reliably determine their fair value, these financial assets are stated at cost less allowance for diminution in the value of financial assets.

(d) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity, other than:

- those that the Company on initial recognition designates as at fair value in the statement of income;
- those that the Company designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity investments are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial assets.

Held-to-maturity investments are measured initially at purchase prices plus transaction costs which are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate less allowance for diminution in the value of financial assets (if any) as described in Note 3(g).

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2020 (continued)

Form B09a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
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Financial assets will be no longer classified as held-to-maturity investments if in the current accounting period or during the most recent two financial years, financial assets are sold or a significant number of such financial assets are reclassified, unless the sale and reclassification meets either of the following conditions:

- Close to the maturity dates and changes in the market interest rates do not cause material effect to the value of financial assets;
- Such is performed after the Company has recovered a significant portion of the principal value of these financial assets by or before the contractual payment date; or
- Such is related to a special event beyond the Company's control and such event is unforeseeable.

(e) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or as remaining financial assets.

Available-for-sale financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial assets.

Available-for-sale financial assets are measured initially at purchase prices plus transaction costs which are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value at the end of the accounting period. Gains/losses from revaluation of available-for-sale financial assets are recorded in other comprehensive income.

If there is no quoted price in an active market for available-for-sale financial assets being equity securities or it is impossible to reliably determine their fair value, these financial assets are stated at cost less allowance for diminution in the value of financial assets (if any).

(f) Loans

Loans are financial assets with fixed or determinable payments which are not listed on the market. Loans granted of the Company comprise margin loans to customers and advances to customers for the proceeds from selling securities (Advances to customers for the proceeds from selling securities).

Loans are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial assets.

Loans granted are measured at cost and are subsequently measured at amortised cost using the effective interest rate less allowance for diminution in the value of financial assets (if any) as described in Note 3(g).

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Notes to the interim financial statements for the six-month period
ended 30 June 2020 (continued)

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(g) Accounts receivable

Receivables from sales of financial assets and services rendered and other receivables are measured at cost less allowance for doubtful debts.

The Company has provided allowance for doubtful debts based on the estimate of recoverability of the receivables, but not lower than the following allowance levels:

<u>Overdue period</u>	<u>Allowance rate</u>
From six (06) months to less than one (01) year	30%
From one (01) year to less than two (02) years	50%
From two (02) years to less than three (03) years	70%
Over three (03) years	100%

(h) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul cost, is charged to the statement of income in the period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ Office equipment	<u>3 - 5 years</u>
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(i) Intangible fixed assets

Intangible fixed assets of the Company are software. Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and recorded as an intangible asset. Software cost is amortised on a straight-line basis over 3 to 5 years.

(j) Trade and other payables

Trade and other payables are stated at their cost.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2020 (continued)

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(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(l) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Capital

Ordinary shares

Ordinary shares are recognized at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognized as a deduction from share premium.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2020 (continued)

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(n) Statutory reserves

In accordance with Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance, the Company is required to make the following allocations from realised profit after compensating for the prior year's loss and paying corporate income tax as required by the Law on Corporate Income Tax:

	Annual allocation rate	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	10% of charter capital
Financial reserve	5% of profit after tax	10% of charter capital

The reserve to supplement charter capital is used to increase the annual charter capital as determined by the General Meeting of Shareholders.

The purpose of the financial reserve is to cover losses on capital and properties incurred during the normal course of business after the Company is compensated by the organisations and individuals who make the loss and by insurance companies.

These statutory reserves are non-distributable and are classified as equity. The annual allocation rate is determined by the General Meeting of Shareholders in accordance with the Company's charter.

(o) Revenue and income

(i) *Gains/losses from sales of financial assets*

Gains/losses from sales of financial assets are recognised in the statement of income upon receipt of the order matching reports of securities trading transactions from Vietnam Securities Depository (for listed securities) and completion of the agreement on transfer of assets (for unlisted securities).

(ii) *Dividends and interest from financial assets*

Dividend income is recognised when the right to receive dividends is established. Dividend is not recognised for trading shares traded after the ex-dividend date.

For bonus shares, the Company only recognised the number of the shares but not recognised dividend income.

Interest income from financial assets is recognised as incurred on an accrual basis (taking into account the effective yield on the asset) unless collectability is in doubt.

Interest income from margin loans is recognised in the statement of income on an accrual basis. Interest income from advances to customers from sale of securities (Advances to customers for the proceeds from selling securities) is recognised when services are rendered.

(iii) *Revenue from securities brokerage*

Revenue from securities brokerage activities is recognised when the securities transaction is completed.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2020 (continued)

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(iv) Revenue from securities underwriting and issuance agency services

Revenue from securities underwriting and agency services are fees, commissions, to which the Company is entitled which is normally based on value of securities successfully issued. Such revenue is recognised based on agreements or finalisation minutes with issuers.

(v) Revenue from securities investment consulting services

Revenue from securities investment advisory services is recognised in proportion to the stage of completion of the transaction at the end of the accounting period. The stage of completion is assessed by reference to work performed.

(vi) Revenue from securities custody service

Revenue from securities custody service is recognised when services are provided.

(p) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(q) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(r) Related parties

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

(s) Nil balances

Items or balances required by Circular No. 210/2014/TT-BTC dated 30 December 2014 of the Ministry of Finance and Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance that are not shown in these interim financial statements indicate nil balances.

4. Financial risk management

(a) Overview

The Company has exposure to the following main risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Company's Board of Directors oversees how the Risk Management Policy Compliance Council for monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(b) Risk management framework

The departments affiliated to Risk Management Policy Compliance Council, namely the Credit Appraisal Department, the Margin Lending Risk Management Department and the Risk Management Department, are responsible for developing and monitoring the Company's risk management policies directly related to its operating activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2020 (continued)

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(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for accounts receivable) and from its financing activities, including cash at banks, trade and other receivables.

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	30/6/2020 VND	1/1/2020 VND
Cash and cash equivalents	(i)	19,869,609,326	641,001,776,578
Financial assets at FVTPL	(ii)	2,842,169,795,192	1,317,617,885,532
Held-to-maturity investments	(i)	1,155,000,000,000	1,087,000,000,000
Loans	(iii)	2,339,038,488,679	2,348,961,187,363
Accounts receivable	(iii)	150,357,477,804	89,024,593,365
Receivables from services provided by the securities company	(iii)	4,368,007,151	973,995,674
Other receivables	(iii)	2,857,341,602	4,493,986,337
Deposits and collaterals	(iii)	3,148,536,010	3,192,153,760
Deposits at Payment Support Fund	(iv)	15,774,400,248	13,274,400,248
Other long-term assets - Deposits at Clearing Fund for derivative transactions	(iv)	10,012,961,008	10,000,000,000
		6,542,596,617,020	5,515,539,978,857

(i) Cash and cash equivalents and held-to-maturity investments

Cash and cash equivalents and held-to-maturity investments of the Company are mainly held with well-known credit institutions. The Board of Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

(ii) Financial assets at FVTPL

The Company limits its exposure to credit risk by only investing in liquid securities, (1) listed in stock exchanges or (2) registered for trading in the market of unlisted public companies and state-owned enterprises equitized through public offering (“UpCom”), except where entered into for long-term strategic purposes approved in accordance with the Company’s investment policies and those of counterparties that have equivalent or higher credit ratings than the Company.

KB Securities Vietnam Joint Stock Company
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(iii) *Loans, accounts receivable, receivables from services provided by the securities company, other receivables, and deposits and collaterals*

Advances to customers for the proceeds from selling securities

Advances to customers for the proceeds from selling securities are collected from Vietnam Securities Depository (“VSD”). Vietnam Securities Depository is a state-owned entity affiliated to the Ministry of Finance and is responsible for monitoring, management and use of the Payment Support Fund and the Clearing Fund for derivative transactions to secure securities trading obligations. VSD’s risk of payment default is considered to be low and therefore, credit risk from Advances to customers for the proceeds from selling securities and deposit for derivatives trading activities is assessed as low.

Margin loans

Under prevailing laws on securities, the Company is allowed to provide loans to customers for purchases of securities in accordance with regulations on margin trading of securities under margin contracts. The Company complies with the limits on margin loans in Decision No. 637/QD-UBCK dated 30 August 2011 and Decision No. 87/QD-UBCK dated 25 January 2017 of the State Securities Commission of Vietnam on promulgation of the regulation guiding the margin trading of securities.

Eligible securities are approved and frequently updated by margin lending risk management function based on several criteria including volatility and liquidity.

Customer Services Department is responsible for the continuous review of margin loan report which includes balances, collateral assets and margin maintenance ratio. Accordingly, when the margin maintenance ratio falls below the Company's regulated ratio (this ratio is determined following the Company’s internal policies and not lower than the regulated ratio of 30%), the system alerts and the Company makes margin calls. In the event that customers are unable to or fail to place additional deposits after a margin call is made, the Company forcibly sells out collateral assets to collect the loans.

The market value of collateral assets as at 30 June 2020 was VND6,544,521 million (1/1/2020: VND5,170,249 million).

Accounts receivable, receivables from services provided by the securities company, other receivables, and deposits and collaterals

Outstanding receivables are regularly monitored and requested payment in accordance with the terms and conditions of the contracts. Due to that reason and because the Company’s trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

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Figures representing the Company's maximum exposure to credit risk, without taking into account collaterals and credit support, include:

As at 30 June 2020

	Neither past due nor impaired VND	Overdue but not impaired			Total VND
		Overdue from 10 to 90 days VND	Overdue from 91 to 180 days VND	Overdue from 181 to 360 days VND	
Loans	2,338,487,523,022	-	-	-	2,339,038,488,679
<i>Advances to customers for the proceeds from selling securities</i>	2,118,220,616,106	-	-	-	2,118,771,581,763
<i>Margin loans</i>	220,266,906,916	-	-	-	220,266,906,916
Accounts receivable	150,357,477,804	-	-	-	150,357,477,804
Receivables from services provided by the securities company	4,368,007,151	-	-	-	4,368,007,151
Other receivables	2,857,341,602	-	-	-	2,857,341,602
Deposits and collaterals	3,148,536,010	-	-	-	3,148,536,010
	2,499,218,885,589	-	-	-	2,499,769,851,246

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As at 1 January 2020

	Neither past due nor impaired VND	Overdue but not impaired			Total VND
		Overdue from 10 to 90 days VND	Overdue from 91 to 180 days VND	Overdue from 181 to 360 days VND	
Loans	2,348,410,221,706	-	-	-	2,348,961,187,363
<i>Advances to customers for the proceeds from selling securities</i>	1,892,916,539,897	-	-	-	1,893,467,505,554
<i>Margin loans</i>	455,493,681,809	-	-	-	455,493,681,809
Accounts receivable	89,024,593,365	-	-	-	89,024,593,365
Receivables from services provided by the securities company	973,995,674	-	-	-	973,995,674
Other receivables	4,493,986,337	-	-	-	4,493,986,337
Deposits and collaterals	3,192,153,760	-	-	-	3,192,153,760
	2,446,094,950,842	-	-	-	2,446,645,916,499

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(iv) Deposits at Payment Support Fund and Deposits at Clearing Fund for derivative transactions

According to Decision No. 45/QD-VSD dated 22 May 2014 issued by Vietnam Securities Depository providing regulations on management and use of the Payment Support Fund, the Company is required to deposit an initial amount of VND120 million at the Vietnam Securities Depository and an annual contribution of 0.01% of the total value of brokered securities, which are listed and registered for transactions in the Stock Exchanges in the preceding period with the maximum annual contribution of VND2.5 billion to the Payment Support Fund.

The maximum contribution by each custodian member to the Payment Support Fund is VND20 billion, applicable to custodian members being securities companies with trading and brokerage activities.

According to Decision No. 97/QD-VSD dated 23 March 2017 of Vietnam Securities Depository providing regulations on management and use of the Clearing Fund for derivative transactions (“Clearing Fund”), the Company is required to make an initial deposit of VND10 billion at Vietnam Securities Depository. On monthly basis, Vietnam Securities Depository assesses the size of the Clearing Fund and reevaluates the value of the assets contributed to determine the contribution obligations of the Company.

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(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents and bank loans which the Board of Management considers is adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

As at 30 June 2020	Carrying amount VND	Contractual cash flows VND	Within one year VND	From 1 to 2 years VND
Short-term borrowings and finance lease liabilities	4,438,339,628,480	4,475,628,161,227	4,475,628,161,227	-
Payables for securities trading activities	2,867,779,496	2,867,779,496	2,867,779,496	-
Accounts payable to suppliers – short-term	339,010,169	339,010,169	339,010,169	-
Accrued expenses – short-term	34,256,449,197	34,256,449,197	34,256,449,197	-
Other short-term payables	3,297,763,534	3,297,763,534	3,297,763,534	-
	4,479,100,630,876	4,516,389,163,623	4,516,389,163,623	-

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As at 1 January 2020	Carrying amount VND	Contractual cash flows VND	Within one year VND	From 1 to 2 years VND
Short-term borrowings and finance lease liabilities	3,283,765,000,000	3,347,021,820,002	3,347,021,820,002	-
Payables for securities trading activities	3,057,276,380	3,057,276,380	3,057,276,380	-
Accounts payable to suppliers – short-term	1,177,504,699	1,177,504,699	1,177,504,699	-
Accrued expenses – short-term	19,555,306,970	19,555,306,970	19,555,306,970	-
Other short-term payables	210,117,063,001	210,117,063,001	210,117,063,001	-
	3,517,672,151,050	3,580,928,971,052	3,580,928,971,052	-

The Company manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in short-term investments and maintaining several bank facilities.

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(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's results of operations or the value of its holdings of financial instruments held by the Company. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company manages this risk through sensitivity analysis of variables that would impact its financial position and performance, diversification of its investment portfolio, critical appraisal of securities within limited exposures, and hedging where necessary.

Market prices comprise three types of risk: currency risk, interest rate risk and other price risks for such as share price risk.

(i) Currency risk

The Company is exposed to currency risk on transactions related to financial instruments that are denominated in a currency other than VND, the respective accounting currencies of the Company. The currency in which these transactions primarily are denominated is US Dollars ("USD").

The Company manages its currency risk by continuously monitoring of foreign exchange rates and thereby timely updating its forecast of cashflows in foreign currencies and entering into cross currency swap contracts for the Company's borrowings in foreign currencies.

At the end of the accounting period, the Company's exposure to currency risk is assessed as minimal.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's demand deposits at banks, short-term and long-term deposits at bank, loans and borrowings.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain rates which are most favourable for its purposes and within its risk management limits.

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At the end of the accounting period, the Company's interest-bearing financial instruments were:

	30/6/2020 VND	Carrying amount 1/1/2020 VND
Fixed rate instruments		
<i>Financial assets</i>		
Cash and cash equivalents	19,869,609,326	641,001,776,578
Financial assets at FVTPL	2,842,169,795,192	1,317,617,885,532
Held-to-maturity investments	1,155,000,000,000	1,087,000,000,000
Loans	2,339,038,488,679	2,348,961,187,363
Deposits at Payment Support Fund	15,774,400,248	13,274,400,248
Other long-term assets – Deposits at Clearing Fund for derivative transactions	10,012,961,008	10,000,000,000
<i>Financial liabilities</i>	(4,438,339,628,480)	(3,283,765,000,000)
Short-term borrowings and finance lease liabilities	1,943,525,625,973	2,134,090,249,721

As at 30 June 2020, as the Company's financial assets have fixed interest rates, its exposure to interest rate risk is assessed as not significant.

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(iii) Share price risk

Share price risk arises from listed and unlisted shares held by the Company. The Board of Management of the Company monitors the listed shares in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are reviewed and approved by the Company's Investment Council.

As at 30 June 2020, the market value of listed equity shares of the Company was VND80,859,741. Had the market value of these securities increased or decreased by 10% as at 30 June 2020, assuming that all other variables remained constant, profit after tax during the period of the Company would have increased or decreased, respectively, by VND6,442,420.

5. Cash and cash equivalents

	30/6/2020	1/1/2020
	VND	VND
Cash in banks for the Company's activities	17,010,888,240	640,787,295,589
Deposits for clearance and settlement of securities transactions	2,858,721,086	214,480,989
	19,869,609,326	641,001,776,578

6. Volume and value of securities transactions during the period

	Six-month period ended 30/6/2020		Six-month period ended 30/6/2019	
	Volume of transactions Unit	Value of transactions VND	Volume of transactions Unit	Value of transactions VND
By the Company				
▪ Shares	239,239	4,019,000,000	286,000	2,376,000,000
▪ Bonds	400	400,037,000,000	400	400,037,000,000
By investors				
▪ Shares	4,706,582,090	80,956,708,000,000	988,022,679	16,054,683,000,000
▪ Bonds	27,303,214	2,807,404,000,000	-	-
	4,734,124,943	84,168,168,000,000	988,309,079	16,457,096,000,000

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7. Financial assets

(a) Financial assets at FVTPL

	30/6/2020		1/1/2020	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Listed shares and shares traded on UpCom				
Shares of Airports Corporation of Vietnam JSC	78,635,000	61,351,500	76,000,000	75,000,000
Shares of Vietjet Aviation Joint Stock Company	1,179,646	972,000	1,179,646	1,111,500
Other shares	20,180,978	18,536,241	30,682,888	40,654,567
	99,995,624	80,859,741	107,862,534	116,766,067
Unlisted bonds				
Joint Stock Commercial Bank for Investment and Development of Vietnam	206,584,418,000	206,584,418,000	-	-
Certificates of deposit				
Joint Stock Commercial Bank for Investment and Development of Vietnam	1,845,400,042,499	1,845,400,042,499	1,117,617,885,532	1,117,617,885,532
Military Commercial Joint Stock Bank	-	-	100,000,000,000	100,000,000,000
Lien Viet Post Joint Stock Commercial Bank	-	-	100,000,000,000	100,000,000,000
Vietnam Prosperity Joint Stock Commercial Bank	400,000,000,000	400,000,000,000	-	-
Ho Chi Minh City Development Joint Stock Commercial Bank	390,185,334,693	390,185,334,693	-	-
	2,635,585,377,192	2,635,585,377,192	1,317,617,885,532	1,317,617,885,532
	2,842,269,790,816	2,842,250,654,933	1,317,725,748,066	1,317,734,651,599

As at 30 June 2020, certificates of deposits with an amount of VND1,309,618 million (1/1/2020: VND1,309,618 million) were pledged with banks as collaterals for borrowings granted to the Company.

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(b) Available-for-sale financial assets

	30/6/2020		1/1/2020	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Share of Capella Holdings	897,376,000	(*)	897,376,000	(*)

(*) The Company has not determined fair values of these financial instruments because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and other accounting guidance for securities companies. There fair values of these financial instruments may differ from their carrying amounts.

(c) Held-to-maturity investments

	30/6/2020 VND	1/1/2020 VND
Held-to-maturity investments – short-term		
Term deposits at:		
▪ Asia Commercial Joint Stock Bank	325,000,000,000	325,000,000,000
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade	300,000,000,000	300,000,000,000
▪ Vietnam Maritime Commercial Joint Stock Bank	290,000,000,000	200,000,000,000
▪ Vietnam Technological and Commercial Joint Stock Bank	202,000,000,000	2,000,000,000
▪ Vietnam Thuong Tin Commercial Joint Stock Bank	36,000,000,000	88,000,000,000
▪ Military Commercial Joint Stock Bank	2,000,000,000	2,000,000,000
▪ Bank for Investment and Development of Vietnam	-	80,000,000,000
	1,155,000,000,000	997,000,000,000
Held-to-maturity investments – long-term		
Term deposits at Vietnam Maritime Commercial Joint Stock Bank		
	-	90,000,000,000
	-	90,000,000,000
	1,155,000,000,000	1,087,000,000,000

As at 30 June 2020, investments with an amount of VND1,117,000 million (1/1/2020: VND907,000 million) were pledged with banks as collaterals for borrowings granted to the Company (Note 16).

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(d) Loans

	30/6/2020	1/1/2020
	VND	VND
Margin loans	2,118,771,581,763	1,893,467,505,554
Advances to customers for the proceeds from selling securities	220,266,906,916	455,493,681,809
	2,339,038,488,679	2,348,961,187,363

(e) Movements in the market value of FVTPL financial assets recognised at fair value

As at 30 June 2020

	Cost	Revaluation differences		Fair value
	VND	Increase	Decrease	VND
		VND	VND	
Shares	99,995,624	1,916,864	(21,052,747)	80,859,741
Bonds	206,584,418,000	-	-	206,584,418,000
Certificates of deposits	2,635,585,377,192	-	-	2,635,585,377,192
	2,842,269,790,816	1,916,864	(21,052,747)	2,842,250,654,933

As at 1 January 2020

	Cost	Revaluation differences		Fair value
	VND	Increase	Decrease	VND
		VND	VND	
Shares	107,862,534	13,428,806	(4,525,273)	116,766,067
Certificates of deposits	1,317,617,885,532	-	-	1,317,617,885,532
	1,317,725,748,066	13,428,806	(4,525,273)	1,317,734,651,599

8. Allowance for diminution in the value of financial assets and collaterals

	Six-month	Six-month
	period ended	period ended
	30/6/2020	30/6/2019
	VND	VND
Opening and closing balance	550,965,657	14,882,925,413
	550,965,657	14,882,925,413

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9. Accounts receivable

	30/6/2020	1/1/2020
	VND	VND
Receivables from sales of financial assets	13,815,600	1,838,224,700
Receivables and accrued dividends and interests from financial assets		
▪ Accrued interest from term deposits and certificates of deposits	131,241,126,452	72,679,328,170
▪ Accrued interest from bonds	3,235,068,493	-
▪ Accrued interest from loans	15,867,467,259	14,507,040,495
	<u>150,343,662,204</u>	<u>87,186,368,665</u>
Receivables from services provided by the securities company		
▪ Receivables from securities brokerage service	659,287,671	-
▪ Receivables from securities underwriting and issuance agency	2,036,000,000	475,000,000
▪ Receivable from financial consulting services	168,977,491	290,995,673
▪ Receivables from securities custody services	1,467,741,989	-
▪ Receivables from other services	36,000,000	208,000,001
	<u>4,368,007,151</u>	<u>973,995,674</u>
Other receivables		
▪ Receivables from securities trading	743,420,063	607,921,248
▪ Receivables from securities custody services	-	1,152,215,349
▪ Receivables from related parties	2,090,952,801	1,017,433,039
▪ Other receivables	22,968,738	1,716,416,701
	<u>2,857,341,602</u>	<u>4,493,986,337</u>
	<u>157,582,826,557</u>	<u>94,492,575,376</u>

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10. Prepaid expenses

(a) Short-term prepaid expenses

	30/6/2020	1/1/2020
	VND	VND
Information technology expenses for operating trading systems	2,221,010,522	1,283,658,853
Office rental	862,659,599	929,603,398
Maintenance fees for trading software	488,377,475	737,353,333
Others	1,811,034,685	327,216,375
	<hr/>	<hr/>
	5,383,082,281	3,277,831,959
	<hr/>	<hr/>

(b) Long-term prepaid expenses

	30/6/2020	1/1/2020
	VND	VND
Office renovation expenses	4,621,193,005	6,382,535,626
Office supplies	3,114,666,629	4,139,876,988
Maintenance fees for trading software	1,449,619,810	-
Information technology expenses for operating trading systems	1,377,556,290	2,528,114,896
Others	-	14,223,770
	<hr/>	<hr/>
	10,563,035,734	13,064,751,280
	<hr/>	<hr/>

11. Short-term deposits and collaterals

	30/6/2020	1/1/2020
	VND	VND
Deposits for office rental	2,721,960,160	2,721,960,160
Deposits for house rental for expatriates	139,535,850	183,153,600
Other deposits	272,040,000	272,040,000
	<hr/>	<hr/>
	3,133,536,010	3,177,153,760
	<hr/>	<hr/>

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12. Tangible fixed assets

	Office equipment	
	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Cost		
Opening balance	29,075,956,855	20,371,068,055
Purchases	1,996,236,000	1,123,015,000
Transfer from construction in progress	-	5,301,296,000
Closing balance	31,072,192,855	26,795,379,055
Accumulated depreciation		
Opening balance	15,035,210,286	10,251,646,483
Charged for the period	2,761,577,046	2,264,171,521
Closing balance	17,796,787,332	12,515,818,004
Net book value		
Opening balance	14,040,746,569	10,119,421,572
Closing balance	13,275,405,523	14,279,561,051

Included in tangible fixed assets were assets costing VND3,944 million which were fully depreciated as of 30 June 2020 (1/1/2020: VND3,944 million), but which are still in active use.

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13. Intangible fixed assets

	Software	
	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Cost		
Opening balance	26,430,922,915	15,743,822,915
Purchases	4,652,540,000	548,000,000
Transfer from construction in progress	-	191,440,000
Closing balance	31,083,462,915	16,483,262,915
Accumulated amortisation		
Opening balance	12,355,326,128	10,495,697,688
Charged for the period	1,911,117,649	643,283,888
Closing balance	14,266,443,777	11,138,981,576
Net book value		
Opening balance	14,075,596,787	5,248,125,227
Closing balance	16,817,019,138	5,344,281,339

Included in intangible fixed assets were assets costing VND8,257 million which were fully amortised as of 30 June 2020 (1/1/2020: VND8,257million), but which are still in use.

14. Deposits at Payment Support Fund

According to Decision No. 45/QĐ-VSD dated 22 May 2014 of Vietnam Securities Depository, the Company is required to deposit an initial amount of VND120 million at Vietnam Securities Depository and an annual contribution of 0.01% of the total value of brokered securities, which are listed and registered for transactions in the Stock Exchanges in the preceding period with the maximum annual contribution of VND2.5 billion to the Payment Support Fund.

The maximum contribution by each custodian member to the Payment Support Fund is VND20 billion, applicable to custodian members being securities companies with trading and brokerage activities.

	30/6/2020 VND	1/1/2020 VND
Initial deposits	120,000,000	120,000,000
Additional deposits	13,192,467,631	11,462,863,250
Interest	2,461,932,617	1,691,536,998
	15,774,400,248	13,274,400,248

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Movements in deposits at Payment Support Fund during the period were as follows:

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Opening balance	13,274,400,248	10,774,400,248
Additional deposits	1,729,604,381	808,463,002
Interest received	770,395,619	1,691,536,998
	<hr/>	<hr/>
Closing balance	15,774,400,248	13,274,400,248
	<hr/>	<hr/>

15. Other long-term assets

The Company is a direct clearing member of Vietnam Securities Depository under Certificate of Clearing Member No. 16/GCNTVBT issued by Vietnam Securities Depository on 9 September 2019. The Company made an initial contribution to the Clearing Fund for derivative transactions with an amount of VND10 billion, equivalent to the required minimum initial contribution amount of VND10 billion for direct clearing members in accordance with the regulations on management and use of the Clearing Fund for derivative transactions issued in conjunction with Decision No. 97/QD-VSD dated 23 March 2017 of Vietnam Securities Depository. On a monthly basis, Vietnam Securities Depository assesses the size of the Clearing Fund and revalues contributed assets of the Clearing Fund to determine obligations of its clearing members.

	30/6/2020 VND	1/1/2020 VND
Initial deposits	10,000,000,000	10,000,000,000
Interest	12,961,008	-
	<hr/>	<hr/>
	10,012,961,008	10,000,000,000
	<hr/>	<hr/>

Movements in deposits to the Clearing Fund for derivative transactions during the period were as follows:

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Opening balance	10,000,000,000	-
Interest received	12,961,008	-
	<hr/>	<hr/>
Closing balance	10,012,961,008	-
	<hr/>	<hr/>

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16. Short-term borrowings

	1/1/2020 VND	Movements during the period		30/6/2020 VND
		Addition VND	Decrease VND	
Borrowings from banks				
Short-term borrowings				
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam	676,000,000,000	671,000,000,000	-	1,347,000,000,000
▪ Kookmin Bank- Tokyo branch	927,940,000,000	-	-	927,940,000,000
▪ Vietnam Maritime Commercial Joint Stock Bank	825,500,000,000	1,280,000,000,000	(1,225,500,000,000)	880,000,000,000
▪ Sumitomo Mitsui Banking Corporation	-	464,399,628,480	-	464,399,628,480
▪ Joint Stock Commercial Bank for Investment and Development of Vietnam - Ha Thanh branch	284,000,000,000	167,000,000,000	(22,000,000,000)	429,000,000,000
▪ Vietnam Prosperity Joint Stock Commercial Bank	-	310,000,000,000	(110,000,000,000)	200,000,000,000
▪ Vietnam International Commercial Joint Stock Bank	100,000,000,000	290,000,000,000	(200,000,000,000)	190,000,000,000
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade	300,000,000,000	-	(300,000,000,000)	-
Current portion of long-term borrowings				
▪ Kookmin Bank - Hong Kong Branch	170,325,000,000	-	(170,325,000,000)	-
		3,283,765,000,000	3,182,399,628,480	(2,027,825,000,000)
				4,438,339,628,480

As at 30 June 2020, the borrowings were secured over the Company's term deposits at banks with an amount of VND1,117,000 million and certificates of deposits with an amount of VND2,631,585 million (1/1/2020: term deposits at banks of VND907,000 million and certificates of deposits of VND1,309,618 million).

The borrowings bore interest at annual rates from 1.35% to 7.66% (1/1/2020: 2.94% - 7.87%) per annum.

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17. Payables for securities trading activities

	30/6/2020	1/1/2020
	VND	VND
Payables to Ho Chi Minh City Stock Exchange	1,777,241,164	2,329,216,356
Payables to Hanoi Stock Exchange	664,525,462	319,102,187
Payables to Vietnam Securities Depository	426,012,870	408,957,837
	<hr/>	<hr/>
	2,867,779,496	3,057,276,380
	<hr/>	<hr/>

18. Taxes and others payable to State Treasury

	1/1/2020	Incurred	Paid	30/6/2020
	VND	VND	VND	VND
Corporate income tax	18,780,808,575	8,144,455,563	(18,780,808,575)	8,144,455,563
Personal income tax	1,098,911,223	4,376,063,220	(4,653,312,865)	821,661,578
Value added tax	154,632,572	181,200,184	(331,771,988)	4,060,768
Foreign contractor tax	4,440,109	625,317,157	(429,843,490)	199,913,776
Personal income tax on securities transactions payable on behalf of customers	3,069,712,479	15,214,371,472	(14,250,081,181)	4,034,002,770
	<hr/>	<hr/>	<hr/>	<hr/>
	23,108,504,958	28,541,407,596	(38,445,818,099)	13,204,094,455
	<hr/>	<hr/>	<hr/>	<hr/>

19. Accrued expenses

	30/6/2020	1/1/2020
	VND	VND
Accrued interests from borrowings	33,554,649,197	19,299,006,970
Others	701,800,000	256,300,000
	<hr/>	<hr/>
	34,256,449,197	19,555,306,970
	<hr/>	<hr/>

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20. Other payables – short-term

	30/6/2020	1/1/2020
	VND	VND
Dividends paid on behalf (i)	2,281,440,630	2,309,361,985
Payables to investors (ii)	1,488,000,577	481,150,686
Tax on transfer of shares of Vietnam Maritime Commercial Joint Stock Bank	746,144,026	2,365,399,505
Payables relating to commitment to repurchase of certificates of deposits (iii)	415,639,786	205,090,348,677
Others	600,683,118	2,717,352,339
	5,531,908,137	212,963,613,192

- (i) The balance represents the dividend which has not yet been paid to the shareholders of Vietnam Maritime Commercial Joint Stock Bank in accordance with the Contract No. 01/2011/MSBS-MSB dated 5 May 2011 in which the Company was engaged to pay dividends on behalf of Vietnam Maritime Commercial Joint Stock Bank.
- (ii) The balance represents deposit transactions by investors at the close of the last day of the accounting period, which has not been recognised in the investors' deposit accounts at the Company.
- (iii) The balance represents the amount received from sales of Certificates of Deposit in which the Company also signed contracts to repurchase in future. Therefore, the received amount is presented as an other payable.

21. Bonus and welfare funds

This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies.

Movements of bonus and welfare fund during the period were as follows:

	Six-month	Six-month
	period ended	period ended
	30/6/2020	30/6/2019
	VND	VND
Opening balance	110,931,059	-
Appropriation (Note 22(c))	2,096,815,155	1,050,931,059
Utilisation	(352,000,000)	(604,500,000)
Closing balance	1,855,746,214	446,431,059

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22. Contributed capital

(a) Number of shares

	30/6/2020 and 1/1/2020	
	Number of shares	Par value VND
Authorised and issued share capital	167,502,090	1,675,020,900,000
Shares in circulation		
Ordinary shares	167,502,090	1,675,020,900,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

(b) Details of contributed capital

	30/6/2020 and 1/1/2020	
	Number of shares	Percentage of ownership
KB Securities Co., Ltd.	166,997,040	99.70%
Other shareholders	505,050	0.30%
	167,502,090	100.00%

(c) Retained profits

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Opening balance	305,962,322,089	205,675,598,941
Net profit for the period	79,995,408,865	52,173,958,227
Appropriation to Reserve to supplement charter capital	(5,242,037,887)	(1,751,551,765)
Appropriation to Financial and operational risk reserve	(5,242,037,887)	(1,751,551,765)
Appropriation to Bonus and welfare fund (Note 21)	(2,096,815,155)	(1,050,931,059)
Closing balance	373,376,840,025	253,295,522,579

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23. Off balance sheet accounts

(a) Financial assets of the Company listed/registered for trading at VSD

	30/6/2020		1/1/2020	
	Quantity	Amount at par value VND	Quantity	Amount at par value VND
Less than 1 year	2,315	23,150,000	2,634	26,340,000

(b) Financial assets of the Company not yet custodied at VSD

	30/6/2020		1/1/2020	
	Quantity	Amount at par value VND	Quantity	Amount at par value VND
Over 1 year	33,600	336,000,000	33,600	336,000,000

(c) Financial assets of investors listed/registered for trading at VSD

	30/6/2020		1/1/2020	
	Quantity	Amount at par value VND	Quantity	Amount at par value VND
Freely transferred and traded financial assets	731,354,386	7,313,543,860,000	686,725,125	6,867,251,250,000
Financial assets restricted for transfers	89,837,708	898,377,080,000	55,818,670	558,186,700,000
Pledged financial assets	37,895,179	378,951,790,000	14,615,979	146,159,790,000
Blocked financial assets	150,000	1,500,000,000	-	-
Financial assets awaiting for settlement	26,615,010	266,150,100,000	30,787,314	307,873,140,000
	885,852,283	8,858,522,830,000	787,947,088	7,879,470,880,000

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(d) Financial assets of investors custodied at VSD but not yet traded

	30/6/2020		1/1/2020	
	Quantity	Amount at par value VND	Quantity	Amount at par value VND
Freely transferred financial assets deposited at VSD but not yet traded	4,426,474	44,264,740,000	8,620,044	86,200,440,000
Financial assets custodied at VSD but not yet traded and restricted for transfers	-	-	27,119,265	271,192,650,000
	4,426,474	44,264,740,000	35,739,309	357,393,090,000

(e) Deposits of investors

	30/6/2020 VND	1/1/2020 VND
Deposits of investors for securities transactions managed by the Company		
▪ Deposits of domestic investors for securities transactions managed by the Company	805,657,875,357	220,515,650,362
▪ Deposits of foreign investors for securities transactions managed by the Company	683,325,965	-
▪ Margin deposits from investors at VSD	107,429,713,238	39,634,082,327
	913,770,914,560	260,149,732,689
Deposits for clearance and settlement of securities transactions of investors		
▪ Deposits for clearance and settlement of securities transactions of domestic investors	6,024,830,941	14,482,155,016
▪ Deposits for clearance and settlement of securities transactions of foreign investors	3,053,100,206	4,800,986,668
	9,077,931,147	19,283,141,684
	922,848,845,707	279,432,874,373

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(f) Payables to investors on deposits for securities transactions managed by the Company

	30/6/2020	1/1/2020
	VND	VND
Payables to investors on deposits for securities transactions managed by the Company		
▪ Payables to domestic investors on deposits for securities transactions managed by the Company	677,695,522,227	261,104,267,731
▪ Payables to foreign investors on deposits for securities transactions managed by the Company	245,153,323,480	21,038,250,951
	922,848,845,707	282,142,518,682
	922,848,845,707	282,142,518,682

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24. Gains/loss from sales of financial assets

(a) Gains from sales of financial assets at FVTPL

	Quantity	Average selling price VND	Total selling amount VND	Average cost VND	Gains from sales of securities for the six-month period ended 30/6/2020 VND	Gains from sales of securities for the six-month period ended 30/6/2019 VND
Listed shares	3,278,194	104,644	343,041,965,795	104,587	186,742,897	137,598,445
Unlisted shares	428	10,764	4,606,800	9,128	700,100	51,281,501
Listed bonds	12,388,524	225,500	2,793,606,726,518	225,367	1,636,866,518	-
Unlisted bonds	44,777,116	258,607	11,579,676,042,942	258,548	2,647,034,506	1,177,778,160
Certificates of deposits	1,454,738	14,623,408	21,273,227,922,854	14,599,712	34,471,413,168	3,709,219,211
		15,222,923	35,989,557,264,909	15,197,342	38,942,757,189	5,075,877,317

(b) Loss from sales of financial assets at FVTPL

	Quantity	Average selling price VND	Total selling amount VND	Average cost VND	Losses from sales of securities for the six-month period ended 30/6/2020 VND	Losses from sales of securities for the six-month period ended 30/6/2019 VND
Listed shares	12,067	4,012	48,409,400	4,504	(5,937,391)	(47,372,561)
Unlisted shares	5,420	6,682	36,217,200	7,322	(3,468,975)	-
Unlisted bonds	210,000	100,331	21,069,606,659	101,243	(191,468,220)	-
Certificates of deposits	6	40,508,795,083	243,052,770,496	40,793,403,160	(1,707,648,462)	(232,908,060)
		40,508,906,108	264,207,003,755	40,793,516,229	(1,908,523,048)	(280,280,621)

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25. Revaluation differences of financial assets at FVTPL

	Cost VND	Market value/ fair value VND	Revaluation differences for the six-month period ended 30/6/2020 VND	Revaluation differences for the year ended 31/12/2019 VND	Differences accounted in the six-month period ended 30/6/2020 VND
Financial assets at FVTPL					
Listed shares	19,859,817	18,123,050	(1,736,767)	575,723	(2,312,490)
Unlisted shares	80,135,807	62,736,691	(17,399,116)	8,327,810	(25,726,926)
Unlisted bonds	206,584,418,000	206,584,418,000	-	-	-
Certificates of deposits	2,635,585,377,192	2,635,585,377,192	-	-	-
	2,842,269,790,816	2,842,250,654,933	(19,135,883)	8,903,533	(28,039,416)

Recognised in the statement of income

Gains from revaluation of financial assets at FVTPL
 Losses from revaluation of financial assets at FVTPL

1,637,656
 (29,677,072)

Unrealised loss during the period

(28,039,416)

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26. Dividends and interest from financial assets

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
From financial assets at FVTPL	59,952,018,797	21,496,561,215
From investments held to maturity	26,798,419,667	20,630,284,930
From loans		
▪ Margin loans	92,799,213,436	76,309,472,195
▪ Advances to customers for the proceeds from selling securities	7,772,214,444	6,280,134,493
	<hr/> 100,571,427,880	<hr/> 82,589,606,688
	<hr/> <hr/> 187,321,866,344	<hr/> <hr/> 124,716,452,833

27. Revenue other than income from financial assets

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Revenue from securities brokerage	44,810,795,983	37,423,245,059
Revenue from securities underwriting and issuance agency services	6,622,249,999	10,979,709,091
Revenue from securities investment consulting services	887,727,272	-
Revenue from securities custody services	3,867,130,883	1,345,613,182
Revenue from financial consulting services	113,636,363	2,218,181,818
Other operating income	793,439,357	347,154,223
	<hr/> 57,094,979,857	<hr/> 52,313,903,373
	<hr/> <hr/>	<hr/> <hr/>

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28. Expenses for services rendered

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Expenses for securities brokerage services		
▪ Staff costs	30,206,626,398	23,639,424,532
▪ Depreciation and amortisation	4,672,694,695	2,915,483,151
▪ Securities brokerage services expenses	9,867,607,094	6,845,152,621
▪ Tools and supplies	5,839,984,704	2,644,600,443
▪ Office rental	6,842,429,748	4,730,469,332
▪ Outside services	2,175,899,438	6,113,121,456
	59,605,242,077	46,888,251,535
Expenses for securities custody services	3,087,926,088	2,009,702,695
Expenses for financial consulting services	12,107,641,594	11,702,551,249
	74,800,809,759	60,600,505,479

29. Dividends and interest income from demand deposits at banks

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Interest income from call deposits at bank	1,910,933,326	2,233,459,884
	1,910,933,326	2,233,459,884

30. Realised and unrealised foreign exchange losses

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Unrealised foreign exchange losses	1,782,000	-
	1,782,000	-

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31. Interest expense

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Interest expense for bank borrowings	99,232,792,127	40,241,496,865

32. General and administration expenses

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Salary and related expenses	13,646,312,972	10,604,685,360
Social insurance, health insurance, unemployment insurance and trade union fee	634,062,000	385,557,500
Office stationery	1,393,993,002	1,242,696,351
Tools and supplies	1,127,791,406	819,007,069
Taxes, fees and charges	5,194,324	-
Outside services	2,194,467,797	2,492,646,332
Other expenses	1,485,558,183	351,686,724
	20,487,379,684	15,896,279,336

33. Income tax

(a) Recognised in the statement of income for the period

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Current income tax expense		
Current period	17,625,217,942	12,885,108,912
Over provision in prior year	(9,480,762,379)	-
	8,144,455,563	12,885,108,912
Deferred income tax benefit		
Origination and reversal of temporary differences	(2,302,389)	(134,541,619)
	8,142,153,174	12,750,567,293

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(b) Reconciliation of effective tax rate

	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Accounting profit before tax	88,137,562,039	64,924,525,520
Tax at the Company's tax rate	17,627,512,408	12,984,905,104
Non-deductible expenses	-	301,842,867
Over provision in prior year	(9,480,762,379)	-
Others	(4,596,855)	(536,180,678)
Income tax expense	8,142,153,174	12,750,567,293

(c) Applicable tax rates

Under the terms of Income Tax Law, the Company has an obligation to pay the government income tax at the rate of 20% of taxable profits (six-month period ended 30/6/2019: 20%).

34. Significant balances and transactions with related parties

(a) Balances with related parties

	Balances as at Receivable/(Payable)	
	30/6/2020 VND	1/1/2020 VND
Parent company		
KB Securities Co., Ltd.		
Trade-related receivables	228,888,000	42,018,182
Other receivables	1,862,064,801	1,017,433,039
Guarantee fee payable	3,664,474,134	1,549,405,821
Other related parties		
Kookmin Bank – Hong Kong Branch		
Short-term borrowings	-	170,325,000,000
Interest payable	-	813,842,941
Kookmin Bank – Tokyo Branch		
Short-term borrowings	931,400,000,000	927,940,000,000
Interest payable	736,030,409	1,667,482,404

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(b) Transactions with related parties

	Transaction value	
	Six-month period ended 30/6/2020 VND	Six-month period ended 30/6/2019 VND
Parent company		
KB Securities Co., Ltd.		
Receipt of capital contribution	-	567,942,300,000
Guarantee fee	4,165,869,374	406,092,194
Other related parties		
Kookmin Bank – Tokyo Branch		
Interest expenses incurred in the period	10,589,782,070	-
Interest paid	11,521,234,065	-
Kookmin Bank – Hong Kong Branch		
Repayment of short-term loan principal	170,325,000,000	228,732,000,000
Interest expenses incurred in the period	3,974,330,752	5,115,683,219
Interest paid	4,788,173,693	7,118,735,813
Kookmin Bank – Ho Chi Minh Branch		
Repayment of short-term loan principal	-	78,400,000,000
Interest expenses incurred in the period	-	852,304,657
Interest paid	-	1,198,553,424
KB Securities Hong Kong Limited		
Guarantee fee during the period	-	247,721,960
Guarantee fee paid	-	636,246,757
Board of Directors, Board of Management and Supervisory Board		
Salaries and remuneration	1,808,812,914	1,816,778,522

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35. Seasonal or cyclical factors

The Company's interim results of operations are not affected by seasonal or cyclical factors, except for the following:

(a) Taxation

In accordance with current tax regulations, income tax is computed and finalised at the year-end. Interim period income tax expense is calculated at the rate of 20% of profit before tax for the interim period (six-month period ended 30/6/2019: 20%).

(b) Statutory reserves

Under prevailing regulations, the Company is required to provide for statutory reserves annually. Therefore, the Company did not provide for the statutory reserves for the six-month period ended 30 June 2020.

36. Operating lease commitments

The future minimum lease payments under non-cancellable operating leases were:

	30/6/2020	1/1/2020
	VND	VND
Within one year	13,056,500,348	14,006,436,107
Within two to five years	2,703,780,414	8,718,793,757
	<hr/>	<hr/>
	15,760,280,762	22,725,229,864

37. Changes in accounting estimates

There are no significant changes in accounting estimates made by the Company in preparing these interim financial statements compared to those made in the most recent annual financial statements.

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38. Unusual item

In 2020, Vietnam's economy and society were dramatically affected by the Covid-19 pandemic.

The Covid-19 pandemic was initially recognised in Vietnam on 23 January 2020. Vietnam Government has performed significant control measures including the social distancing initiated on 1 April 2020. On 23 April 2020, Vietnam basically ceased social distancing and domestic economic and social activities have gradually resumed their normal course. However, the number of infected cases in the world has increased constantly. The Covid-19 pandemic has significantly impacted business operations of multiple enterprises in different sectors.

For the six-month period ended 30 June 2020, the Company's management judged that its business segments have not been affected by the Covid-19 pandemic. However, due to the severity and unpredictability of the Covid-19 pandemic, the Company's management was currently unable to make good estimates of the impacts of the pandemic on the financial position and results of operations of the Company in the future.

39. Changes in the composition of the Company

There are no significant changes in the composition of the Company for the six-month period ended 30 June 2020.

40. Corresponding figures

Corresponding figures were derived from balances as at 31 December 2019 presented in the Company's financial statements for the year ended 31 December 2019 for balances and amounts reported in the statement of financial position and related notes; and figures for the six-month period ended 30 June 2019 presented in the Company's interim financial statements for the six-month period ended 30 June 2019 for balances reported in the statement of income, statement of cash flows and related notes.

14 August 2020

Prepared by:



Nguyen Thanh Huyen
Chief Accountant

Approved by:



Nguyen Duc Hoan
General Director