



KB Securities Vietnam Joint Stock Company

Interim Financial Statements
for the six-month period ended
30 June 2021



KB Securities Vietnam Joint Stock Company Corporate Information

Establishment

and Operational License No. 77/UBCK-GPHDKD

11 June 2008

The Establishment and Operational License No. 77/UBCK-GPHDKD issued by the State Securities Commission of Vietnam dated 11 June 2008. The license has been amended several times, the most recent of which is the Amended License No. 10/GPDC-UBCK dated 18 March 2021.

Board of Directors

Mr. Park Chunsoo	Chairman
Mr. Oh Cheolwu	Member
Mr. Byoung Jo Chun	Member
Mr. Shin Jhintaek	Member
Mr. Lee Hwang In	Member
Mr. Jeon Mun Cheol	Member <i>(from 23 April 2021)</i>
Mr. Nguyen Duc Hoan	Member <i>(until 8 January 2021)</i>

Board of Management

Mr Jeon Mun Cheol	Acting General Director <i>(from 24 May 2021)</i>
Mr Oh Cheolwu	Acting General Director <i>(from 8 January 2021 until 24 May 2021)</i>
Mr Nguyen Duc Hoan	General Director <i>(until 8 January 2021)</i>
Mr Shin Jhintaek	Finance Director

Legal Representative

Mr Park Chunsoo	Chairman
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Registered office

G, M, 2nd and 7th Floors
Sky City Building
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 2021.

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:

- (a) the interim financial statements set out on pages 5 to 60 give a true and fair view of the financial position of the Company as at 30 June 2021, 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
- (b) 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



Jeon Mun Cheol
Acting General Director

Hanoi, 9 August 2021



KPMG Limited
46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
+84 (24) 3946 1600 | kpmg.com.vn

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 2021, 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 9 August 2021, as set out on pages 5 to 60.

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 2021 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.

KPMG Limited

Vietnam

Review Report No. 21-02-00152-21-1



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

Hanoi, 9 August 2021

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

KB Securities Vietnam Joint Stock Company
Statement of financial position as at 30 June 2021

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

	Code	Note	30/6/2021 VND	1/1/2021 VND
ASSETS				
A. CURRENT ASSETS (100 = 110 + 130)	100		6,741,807,965,770	5,938,649,675,724
I. Financial assets	110		6,730,825,884,344	5,927,619,293,314
1. Cash and cash equivalents	111	5	240,610,508,743	427,355,760,012
1.1. Cash	111.1		240,610,508,743	427,355,760,012
2. Financial assets at fair value through profit or loss ("FVTPL")	112	7(a)	2,021,929,417,865	1,656,286,661,786
3. Held-to-maturity investments	113	7(c)	664,173,000,000	675,173,000,000
4. Loans	114	7(d)	3,709,183,350,170	3,075,630,769,478
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	116	8	(550,965,657)	(550,965,657)
7. Accounts receivable	117		82,632,596,605	78,916,461,597
7.1. Receivables from sale of financial assets	117.1	9	-	30,441,200
7.2. Receivables and accrued dividends, interest from financial assets	117.2		82,632,596,605	78,886,020,397
7.2.2. Accrued dividends and interest not due	117.4	9	82,632,596,605	78,886,020,397
8. Prepayments to suppliers	118		1,492,250,400	1,680,914,500
9. Receivables from services provided by the securities company	119	9	1,859,408,273	5,126,670,491
12. Other receivables	122	9	8,598,941,945	7,102,645,107
II. Other current assets	130		10,982,081,426	11,030,382,410
1. Advances	131		70,000,000	127,700,000
3. Short-term prepaid expenses	133	10(a)	7,189,426,841	7,314,757,822
4. Short-term deposits and collaterals	134	11	3,722,654,585	3,587,924,588

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

KB Securities Vietnam Joint Stock Company
Statement of financial position as at 30 June 2021 (continued)

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

	Code	Note	30/6/2021 VND	1/1/2021 VND
B. LONG-TERM ASSETS (200 = 220 + 250)	200		56,268,765,452	59,623,611,065
II. Fixed assets	220		20,559,708,406	25,455,088,257
1. Tangible fixed assets	221	12	7,448,943,607	10,352,841,705
- Cost	222		31,072,192,855	31,072,192,855
- Accumulated depreciation	223a		(23,623,249,248)	(20,719,351,150)
3. Intangible fixed assets	227	13	13,110,764,799	15,102,246,552
- Cost	228		32,100,711,915	31,706,732,915
- Accumulated amortisation	229a		(18,989,947,116)	(16,604,486,363)
V. Other long-term assets	250		35,709,057,046	34,168,522,808
1. Long-term deposits and collaterals	251		15,000,000	15,000,000
2. Long-term prepaid expenses	252	10(b)	7,383,439,761	7,299,493,261
4. Deposits at Payment Support Fund	254	14	18,274,400,248	16,827,797,182
5. Other long-term assets	255	15	10,036,217,037	10,026,232,365
TOTAL ASSETS (270 = 100 + 200)	270		6,798,076,731,222	5,998,273,286,789

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

KB Securities Vietnam Joint Stock Company
Statement of financial position as at 30 June 2021 (continued)

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

	Code	Note	30/6/2021 VND	1/1/2021 VND
C. LIABILITIES (300 = 310 + 340)	300		4,512,273,581,831	3,828,235,301,472
I. Current liabilities	310		4,512,256,652,560	3,828,232,614,999
1. Short-term borrowings and finance lease liabilities	311		4,044,030,209,886	3,374,791,784,522
1.1. <i>Short-term borrowings</i>	312	16	4,044,030,209,886	3,374,791,784,522
6. Payables for securities trading activities	318	17	7,064,132,493	5,927,053,200
8. Accounts payable to suppliers – short-term	320		448,605,469	471,829,984
9. Advances from customers – short-term	321		205,000,000	205,000,000
10. Taxes and others payable to the State Treasury	322	18	43,802,572,839	30,552,402,428
11. Payables to employees	323		2,212,546,084	18,984,471,298
12. Employees' benefits payable	324		1,420,263,966	1,053,998,046
13. Accrued expenses – short-term	325	19	32,471,568,569	25,448,844,151
17. Other short-term payables	329	20	377,467,752,275	369,664,990,625
19. Bonus and welfare fund	331	21	3,134,000,979	1,132,240,745
II. Long-term liabilities	340		16,929,271	2,686,473
14. Deferred tax liabilities	356		16,929,271	2,686,473
D. EQUITY (400 = 410)	400		2,285,803,149,391	2,170,037,985,317
I. Owners' equity	410		2,285,803,149,391	2,170,037,985,317
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		18,275,822,797	9,930,623,462
5. Financial and operational risk reserve	415		33,146,243,323	24,801,043,988
7. Retained profits	417		559,360,183,271	460,285,417,867
7.1. <i>Realised profits</i>	417.1		559,404,599,975	460,390,477,147
7.2. <i>Unrealised losses</i>	417.2		(44,416,704)	(105,059,280)
TOTAL LIABILITIES AND EQUITY (440 = 300 + 400)	440		6,798,076,731,222	5,998,273,286,789

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

KB Securities Vietnam Joint Stock Company
Statement of financial position as at 30 June 2021 (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	30/6/2021 VND	1/1/2021 VND
A. ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER COMMITMENTS				
5. Foreign currency (USD)	005		88,149	151
6. Shares in circulation (Number)	006		167,502,090	167,502,090
8. Financial assets of the Company listed/registered for trading at Vietnam Securities Depository ("VSD") (VND)	008	23(a)	184,250,000	29,940,000
12. Financial assets not yet custodied at VSD (VND)	012	23(b)	336,000,000	336,000,000
B. ASSETS AND PAYABLES ON ASSETS MANAGED UNDER COMMITMENTS WITH CUSTOMERS				
1. Financial assets of investors listed/registered for trading at VSD	021	23(c)	10,709,697,750,000	10,451,720,290,000
<i>a. Freely transferred and traded financial assets</i>	021.1		8,982,224,750,000	9,061,294,750,000
<i>b. Financial assets restricted for transfers</i>	021.2		403,079,710,000	267,411,190,000
<i>c. Pledged financial assets</i>	021.3		764,066,030,000	519,392,650,000
<i>d. Blocked financial assets</i>	021.4		297,665,890,000	297,665,890,000
<i>e. Financial assets awaiting for settlement</i>	021.5		262,661,370,000	305,955,810,000
2. Financial assets of investors custodied at VSD but not yet traded	022	23(d)	46,373,780,000	86,701,600,000
<i>a. Freely transferred financial assets deposited at VSD but not yet traded</i>	022.1		46,049,880,000	86,701,600,000
<i>b. Financial assets custodied at VSD but not yet traded and restricted for transfers</i>	022.2		323,900,000	-
7. Deposits of investors	026	23(e)	2,328,979,475,425	1,280,461,413,633
7.1. Deposits of investors for securities transactions managed by the Company	027		1,854,111,087,579	1,168,591,117,050
7.1.1 Deposits of investors at VSD	027.1		36,756,285,508	95,316,775,469
7.3. Deposits for clearance and settlement of securities transactions	029		438,112,102,338	16,553,521,114
<i>a. Deposits for clearance and settlement of securities transactions of domestic investors</i>	029.1		293,191,223,936	66,480,223
<i>b. Deposits for clearance and settlement of securities transactions of foreign investors</i>	029.2		144,920,878,402	16,487,040,891

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

KB Securities Vietnam Joint Stock Company
Statement of financial position as at 30 June 2021 (continued)

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

	Code	Note	30/6/2021 VND	1/1/2021 VND
8. Payables to investors on deposits for securities transactions managed by the Company	031	23(f)	2,311,518,633,572	1,284,181,889,096
8.1. Payables to domestic investors on deposits for securities transactions managed by the Company	031.1		1,742,997,255,004	976,867,129,146
8.2. Payables to foreign investors on deposits for securities transactions managed by the Company	031.2		568,521,378,568	307,314,759,950

9 August 2021

Prepared by:



Ha Thanh Hoa
Chief Accountant

Approved by:



Jeon Mun Cheol
Acting General Director

KB Securities Vietnam Joint Stock Company
Statement of income for the six-month period ended 30 June 2021

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 30/6/2021 VND	Six-month period ended 30/6/2020 VND
I. OPERATING REVENUE				
1.1. Gains from financial assets at FVTPL	01		49,815,319,134	98,896,413,642
a. Gains from sales of financial assets at FVTPL	01.1	24(a)	6,486,571,054	38,942,757,189
b. Gains from revaluation of financial assets at FVTPL	01.2	25	71,213,992	1,637,656
c. Dividends, interest from financial assets at FVTPL	01.3	26	43,257,534,088	59,952,018,797
1.2. Gains from held-to-maturity investments	02	26	25,838,090,437	26,798,419,667
1.3. Income from loans and receivables	03	26	178,566,538,432	100,571,427,880
1.6. Revenue from securities brokerage service	06	27	180,461,605,489	44,810,795,983
1.7. Revenue from securities underwriting and issuance agency services	07	27	1,395,454,547	6,622,249,999
1.8. Revenue from securities investment consulting services	08	27	1,244,125,000	887,727,272
1.9. Revenue from securities custody service	09	27	2,250,120,510	3,867,130,883
1.10. Revenue from financial consulting services	10	27	300,000,000	113,636,363
1.11. Other operating revenue	11	27	2,019,817,878	793,439,357
Total operating revenue	20		441,891,071,427	283,361,241,046
II. OPERATING EXPENSES				
2.1. Losses from financial assets at FVTPL	21		437,723,436	1,938,200,120
a. Losses from sales of financial assets at FVTPL	21.1	24(b)	427,142,680	1,908,523,048
b. Losses from revaluation of financial assets at FVTPL	21.2	25	10,571,416	29,677,072
c. Transaction expenses on purchases of financial assets at FVTPL			9,340	-
2.6. Expenses for securities trading	26		-	49,798
2.7. Expenses on securities brokerage service	27	28	171,084,748,212	59,605,242,077
2.10. Expenses on securities custody service	30	28	3,189,471,864	3,087,926,088
2.11. Expenses for financial consulting services	31	28	7,422,965,010	12,107,641,594
Total operating expenses	40		182,134,908,522	76,739,059,677

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

KB Securities Vietnam Joint Stock Company
Statement of income for the six-month period ended 30 June 2021 (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 30/6/2021 VND	Six-month period ended 30/6/2020 VND
III. FINANCIAL INCOME				
3.1. Realised and unrealised foreign exchange gains	41		-	981,114
3.2. Dividends and interest income from demand deposits at banks	42	29	1,934,113,226	1,910,933,326
Total financial income	50		1,934,113,226	1,911,914,440
IV. FINANCIAL EXPENSES				
4.1. Realised and unrealised foreign exchange losses	51	30	198,000	1,782,000
4.2. Interest expense	52	31	90,630,586,583	99,232,792,127
4.5. Other financial expenses	55	32	2,558,466,814	674,579,959
Total financial expenses	60		93,189,251,397	99,909,154,086
VI. GENERAL AND ADMINISTRATION EXPENSES	62	33	19,774,429,411	20,487,379,684
VII. OPERATING PROFIT (70 = 20 - 40 + 50 - 60 - 62)	70		148,726,595,323	88,137,562,039
VIII. OTHER INCOME AND EXPENSES				
8.1. Other income	71		198,000	-
Total results of other activities (80 = 71)	80		198,000	-
IX. TOTAL ACCOUNTING PROFIT BEFORE TAX (90 = 70 + 80)	90		148,726,793,323	88,137,562,039
9.1. Realised profit	91		148,666,150,747	88,167,383,455
9.2. Unrealised profit/(loss)	92		60,642,576	(29,821,416)
X. INCOME TAX EXPENSES	100	34	29,623,549,515	8,142,153,174
10.1. Income tax expense – current	100.1	34	29,609,306,717	8,144,455,563
10.2. Income tax expense/(benefit) – deferred	100.2	34	14,242,798	(2,302,389)
XI. ACCOUNTING PROFIT AFTER TAX (200 = 90 - 100) (carried forward to next page)	200		119,103,243,808	79,995,408,865

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

KB Securities Vietnam Joint Stock Company

Statement of income for the six-month period ended 30 June 2021 (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 30/6/2021 VND	Six-month period ended 30/6/2020 VND
XI. ACCOUNTING PROFIT AFTER TAX (200 = 90 - 100) (brought forward from prior page)	200		119,103,243,808	79,995,408,865
XII. OTHER COMPREHENSIVE INCOME	300		-	-
TOTAL COMPREHENSIVE INCOME (400 = 200 + 300)	400		<u>119,103,243,808</u>	<u>79,995,408,865</u>

9 August 2021

Prepared by:



Ha Thanh Hoa
Chief Accountant

Approved by:



Jeon Mun Cheol
Acting General Director

KB Securities Vietnam Joint Stock Company
Statement of cash flows for the six-month period ended 30 June 2021 (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 30/6/2021 VND	Six-month period ended 30/6/2020 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	148,726,793,323	88,137,562,039
2. Adjustments for	02	11,353,235,603	838,267,814
- Depreciation of fixed assets	03	5,289,358,851	4,672,694,695
- Unrealised foreign exchange loss	05	-	1,782,000
- Interest expense	06	90,630,586,583	99,232,792,127
- Gains from investment activities	07	(1,934,113,226)	(1,910,933,326)
- Accrued interest income	08	(82,632,596,605)	(101,158,067,682)
3. Increase in non - cash expenses	10	10,571,416	29,677,072
- Losses from revaluation of financial assets at FVTPL	11	10,571,416	29,677,072
4. Decrease in non-cash income	18	(71,213,992)	(1,637,656)
- Gains from revaluation of financial assets at FVTPL	19	(71,213,992)	(1,637,656)
5. Operating profit before changes in working capital	30	(1,015,609,083,983)	(1,858,061,889,001)
- Increase in financial assets at FVTPL	31	(365,582,113,503)	(1,524,544,042,750)
- Decrease/(increase) in held-to-maturity investments	32	11,000,000,000	(68,000,000,000)
- (Increase)/decrease in loans	33	(633,552,580,692)	9,922,698,684
- Decrease in receivables from sale of financial assets	35	30,441,200	1,824,409,100
- Decrease in receivables and accrued dividends, interest from financial assets	36	80,820,133,623	39,911,707,469
- Decrease/(increase) in receivables from services provided by the securities company	37	3,267,262,218	(3,394,011,477)
- (Increase)/decrease in other receivables	39	(1,307,632,738)	1,634,862,735
- (Increase)/decrease in other assets	40	(1,533,617,735)	176,635,497
- Increase in accrued expenses (excluding interest expense)	41	4,675,398,280	445,500,000
- Decrease in prepayments	42	41,384,481	396,465,224
- Corporate income tax paid	43	(21,164,505,749)	(18,780,808,575)
- Interest paid	44	(88,283,260,445)	(84,977,149,900)
- Increase/(decrease) in payables to suppliers	45	1,113,854,778	(838,494,530)
- Increase in provision for employees' benefits	46	366,265,920	147,725,687
- Increase in taxes and other payables to the State (excluding corporate income tax paid)	47	4,805,369,443	731,942,509
- Decrease in payables to employees	48	(16,771,925,214)	(4,696,126,735)
- Increase/(decrease) in other payables	50	7,802,761,650	(207,671,201,939)

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

KB Securities Vietnam Joint Stock Company
Statement of cash flows for the six-month period ended 30 June 2021
(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 30/6/2021 VND	Six-month period ended 30/6/2020 VND
- Other payments for operating activities	52	(1,336,319,500)	(352,000,000)
Net cash flows from operating activities	60	(855,589,697,633)	(1,769,058,019,732)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payments for additions to fixed assets and other long-term assets	61	(393,979,000)	(6,648,776,000)
Net cash flows from investing activities	70	(393,979,000)	(6,648,776,000)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
3. Proceeds from borrowings	73	8,410,549,864,270	3,182,399,628,480
3.2 <i>Other borrowings</i>	73.2	8,410,549,864,270	3,182,399,628,480
4. Payments to settle principals of borrowings	74	(7,741,311,438,906)	(2,027,825,000,000)
4.3 <i>Payments to settle other principals of borrowings</i>	74.3	(7,741,311,438,906)	(2,027,825,000,000)
Net cash flows from financing activities	80	669,238,425,364	1,154,574,628,480
IV. Net cash flows during the period (90 = 60 + 70 + 80)	90	(186,745,251,269)	(621,132,167,252)
V. Cash and cash equivalents at the beginning of the period (Note 5)	101	427,355,760,012	641,001,776,578
- Cash	101.1	427,355,760,012	641,001,776,578
VI. Cash and cash equivalents at the end of the period (Note 5)	103	240,610,508,743	19,869,609,326
- Cash	103.1	240,610,508,743	19,869,609,326

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

KB Securities Vietnam Joint Stock Company
Statement of cash flows for the six-month period ended 30 June 2021
(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 30/6/2021 VND	Six-month period ended 30/6/2020 VND
I. Cash flows of customers from brokerage and underwriting activities			
1. Proceeds from sales of customers' securities	01	60,899,743,563,935	10,877,760,368,323
2. Payments for purchases of customers' securities	02	(72,764,250,106,585)	(14,658,332,055,307)
7. Receipts of deposits of customers for securities transactions	07	13,519,207,944,511	5,317,250,635,433
8. Payment to settle securities transactions of customers	08	(606,183,340,069)	(902,340,908,262)
Net cash inflows during the period	20	1,048,518,061,792	634,338,040,187
II. Cash and cash equivalents of customers at the beginning of the period	30	1,280,461,413,633	279,432,874,373
Cash at banks at the beginning of the period:	31	1,280,461,413,633	279,432,874,373
- Deposits of investors for securities transactions managed by securities companies	32	1,168,591,117,050	260,149,732,689
- Deposits for clearance and settlement of securities transactions	34	111,870,296,583	19,283,141,684
III. Cash and cash equivalents of customers at the end of the period	40	2,328,979,475,425	913,770,914,560
Cash at banks at the end of the period:	41	2,328,979,475,425	913,770,914,560
- Deposits of investors for securities transactions managed by the securities company	42	1,854,111,087,579	806,341,201,322
- Deposits for clearance and settlement of securities transactions	44	474,868,387,846	107,429,713,238

9 August 2021

Prepared by:

Ha Thanh Hoa
Chief Accountant

Approved by:

Jeon Mun Cheol
Acting General Director



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

KB Securities Vietnam Joint Stock Company
Statement of changes in equity for the six-month period ended 30 June 2021

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

	Opening balance		Increases/decreases				Closing balance	
	1/1/2020	1/1/2021	Six-month period ended 30/6/2020		Six-month period ended 30/6/2021		30/6/2020	30/6/2021
	VND	VND	Increases VND	Decreases VND	Increases VND	Decreases (*) VND	VND	VND
I. Changes in equity								
1. Capital	1,675,020,900,000	1,675,020,900,000	-	-	-	-	1,675,020,900,000	1,675,020,900,000
3. Reserve to supplement charter capital	4,688,585,575	9,930,623,462	5,242,037,887	-	8,345,199,335	-	9,930,623,462	18,275,822,797
4. Financial and operational risk reserve	19,559,006,101	24,801,043,988	5,242,037,887	-	8,345,199,335	-	24,801,043,988	33,146,243,323
8. Retained profits (Note 22(c))	305,962,322,089	460,285,417,867	79,995,408,865	(12,580,890,929)	119,103,243,808	(20,028,478,404)	373,376,840,025	559,360,183,271
TOTAL	2,005,230,813,765	2,170,037,985,317	90,479,484,639	(12,580,890,929)	135,793,642,478	(20,028,478,404)	2,083,129,407,475	2,285,803,149,391

(*) Decreases in profit after tax in six-month period ended 30 June 2021 included appropriation to bonus and welfare fund of VND3,338,079,734, appropriation to financial reserve of VND8,345,199,335 and appropriation to reserve to supplement charter of VND8,345,199,335 (six-month period ended 30 June 2020: appropriation to bonus and welfare fund of VND2,096,815,155, appropriation to financial reserve of VND5,242,037,887 and appropriation to reserve to supplement charter capital of VND5,242,037,887).

9 August 2021

Prepared by:



Ha Thanh Hoa
 Chief Accountant

Approved by:



Jeon Mun Cheol
 Acting General Director

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

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2021

Form B09a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

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 a joint stock company incorporated in Vietnam by the Establishment and Operational License No. 77/UBCK-GPHDKD by the State Securities Commission of Vietnam dated 11 June 2008. The license has been amended several times and the most recent is the Amended License No. 10/GPDC-UBCK dated 18 March 2021.

The Company’s latest charter was approved by the Board of Directors and was effective from 23 April 2021.

(b) Charter capital

As at 30 June 2021, the Company's charter capital was VND1,675,020,900,000 (1/1/2021: 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, M, 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.
- Hanoi Branch - KB Securities Vietnam Joint Stock Company was established in accordance with the Decision No. 379/QD-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.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2021 (continued)

Form B09a – CTCK

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- 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 2021, the Company had 398 employees (1/1/2021: 371 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 (“Circular 210”) 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 (“Circular 334”) 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 2021 (continued)

Form B09a – CTCK
(Issued under Circular No. 334/2016/TT-BTC
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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.

The accounting policies that have been adopted by the Company in the preparation of these interim financial statements are consistent with those adopted in the preparation of the latest annual 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 2021 (continued)

Form B09a – CTCK
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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 2021 (continued)

Form B09a – CTCK
(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; or
- 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.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2021 (continued)

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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).

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2021 (continued)

Form B09a – CTCK
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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 3 - 5 years

(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 2021 (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 2021 (continued)

Form B09a – CTCK
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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 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 2021 (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 and Circular No. 334 that are not shown in these financial statements indicate nil balances.

(t) Comparative information

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior period/year are included as an integral part of the current period financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current period. Accordingly, the comparative information included in these financial statements is not intended to present the Company's financial position, results of operation or cash flows for the prior period/year.

KB Securities Vietnam Joint Stock Company
Notes to the interim financial statements for the six-month period
ended 30 June 2021 (continued)

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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 2021 (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	30/6/2021 VND	1/1/2021 VND
Cash and cash equivalents	(i)	240,610,508,743	427,355,760,012
Financial assets at FVTPL	(ii)	2,021,347,945,211	1,656,175,344,886
Held-to-maturity investments	(i)	664,173,000,000	675,173,000,000
Loans	(iii)	3,709,183,350,170	3,075,630,769,478
Accounts receivable	(iii)	82,632,596,605	78,916,461,597
Receivables from services provided by the securities company	(iii)	1,859,408,273	5,126,670,491
Other receivables	(iii)	8,598,941,945	7,102,645,107
Deposits and collaterals	(iii)	3,737,654,585	3,602,924,588
Deposits at Payment Support Fund	(iv)	18,274,400,248	16,827,797,182
Other long-term assets - Deposits at Clearing Fund for derivative transactions	(iv)	10,036,217,037	10,026,232,365
		6,760,454,022,817	5,955,937,605,706

(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 entering 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.

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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 2021 was VND4,435,200 million (1/1/2021: VND6,544,521 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 2021

	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	3,708,632,384,513	-	-	-	3,709,183,350,170
<i>Margin loans</i>	3,189,758,071,458	-	-	-	3,190,309,037,115
<i>Advances to customers for the proceeds from selling securities</i>	518,853,345,675	-	-	-	518,853,345,675
<i>Other loans</i>	20,967,380	-	-	-	20,967,380
Accounts receivable	82,632,596,605	-	-	-	82,632,596,605
Receivables from services provided by the securities company	1,859,408,273	-	-	-	1,859,408,273
Other receivables	8,598,941,945	-	-	-	8,598,941,945
Deposits and collaterals	3,737,654,585	-	-	-	3,737,654,585
	3,805,460,985,921	-	-	-	3,806,011,951,578

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As at 1 January 2021

	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	3,075,079,803,821	-	-	-	3,075,630,769,478
<i>Margin loans</i>	3,026,591,429,514	-	-	-	3,027,142,395,171
<i>Advances to customers for the proceeds from selling securities</i>	48,454,960,977	-	-	-	48,454,960,977
<i>Other loans</i>	33,413,330	-	-	-	33,413,330
Accounts receivable	78,916,461,597	-	-	-	78,916,461,597
Receivables from services provided by the securities company	5,126,670,491	-	-	-	5,126,670,491
Other receivables	7,102,645,107	-	-	-	7,102,645,107
Deposits and collaterals	3,602,924,588	-	-	-	3,602,924,588
	3,169,828,505,604	-	-	-	3,170,379,471,261

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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.

(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:

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As at 30 June 2021	Carrying amount VND	Contractual cash flows VND	Within one year VND
Short-term borrowings and finance lease liabilities	4,044,030,209,886	4,135,119,352,426	4,135,119,352,426
Payables for securities trading activities	7,064,132,493	7,064,132,493	7,064,132,493
Accounts payable to suppliers – short-term	448,605,469	448,605,469	448,605,469
Accrued expenses – short-term	32,471,568,569	32,471,568,569	32,471,568,569
Other short-term payables	377,467,752,275	377,467,752,275	377,467,752,275
	4,461,482,268,692	4,552,571,411,232	4,552,571,411,232
As at 1 January 2021			
Short-term borrowings and finance lease liabilities	3,374,791,784,522	3,412,582,173,799	3,412,582,173,799
Payables for securities trading activities	5,927,053,200	5,927,053,200	5,927,053,200
Accounts payable to suppliers – short-term	471,829,984	471,829,984	471,829,984
Accrued expenses – short-term	25,448,844,151	25,448,844,151	25,448,844,151
Other short-term payables	369,664,990,625	369,664,990,625	369,664,990,625
	3,776,304,502,482	3,814,094,891,759	3,814,094,891,759

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:

	Carrying amount	
	30/6/2021	1/1/2021
	VND	VND
Fixed rate instruments		
<i>Financial assets</i>		
Cash and cash equivalents	240,610,508,743	427,355,760,012
Financial assets at FVTPL	2,021,347,945,211	1,656,175,344,886
Held-to-maturity investments	664,173,000,000	675,173,000,000
Loans	3,709,183,350,170	3,075,630,769,478
Deposits at Payment Support Fund	18,274,400,248	16,827,797,182
Other long-term assets – Deposits at Clearing Fund for derivative transactions	10,036,217,037	10,026,232,365
<i>Financial liabilities</i>		
Short-term borrowings and finance lease liabilities	(4,044,030,209,886)	(3,374,791,784,522)
	2,619,595,211,523	2,486,397,119,401

As at 30 June 2021, as the Company's financial assets have fixed interest rates, its exposure to interest rate risk is assessed as not significant.

(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 2021, the market value of listed equity shares of the Company was VND581,472,654. Had the market value of these securities increased or decreased by 10% as at 30 June 2021, assuming that all other variables remained constant, profit after tax during the period of the Company would have increased or decreased, respectively, by VND46,517,812.

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5. Cash and cash equivalents

	30/6/2021 VND	1/1/2021 VND
Cash in banks for the Company's activities	239,675,038,728	427,291,830,983
Deposits for clearance and settlement of securities transactions	935,470,015	63,929,029
	240,610,508,743	427,355,760,012

6. Volume and value of securities transactions during the period

	Six-month period ended 30/6/2021		Six-month period ended 30/6/2020	
	Volume of transactions Unit	Value of transactions VND	Volume of transactions Unit	Value of transactions VND
By the Company				
▪ Shares	147,532	3,529,417,700	239,239	4,019,000,000
▪ Bonds	-	-	400	400,037,000,000
By investors				
▪ Shares	5,192,721,279	120,120,231,655,480	4,706,582,090	80,956,708,000,000
▪ Bonds	-	-	27,303,214	2,807,404,000,000
	5,192,868,811	120,123,761,073,180	4,734,124,943	84,168,168,000,000

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	30/6/2021		1/1/2021	
	Cost VND	Fair value VND	Cost VND	Fair value VND
7. Financial assets				
(a) Financial assets at FVTPL				
Listed shares and shares traded on UpCom				
Shares of Airports Corporation of Vietnam JSC	120,800	150,626	78,309,295	83,181,856
Shares of Vietjet Aviation Joint Stock Company	1,221,181	1,215,000	2,063,846	2,125,000
Shares of Vietnam Maritime Commercial Joint Stock Bank	126,125,939	149,278,600	-	-
Other shares	384,149,024	430,828,428	21,730,625	26,010,044
	511,616,944	581,472,654	102,103,766	111,316,900
Certificates of deposit				
Joint Stock Commercial Bank for Investment and Development of Vietnam	1,460,000,000,000	1,460,000,000,000	1,305,175,344,886	1,305,175,344,886
Military Commercial Joint Stock Bank	461,347,945,211	461,347,945,211	-	-
Ho Chi Minh City Development Joint Stock Commercial Bank	100,000,000,000	100,000,000,000	351,000,000,000	351,000,000,000
	2,021,347,945,211	2,021,347,945,211	1,656,175,344,886	1,656,175,344,886
	2,021,859,562,155	2,021,929,417,865	1,656,277,448,652	1,656,286,661,786

As at 30 June 2021, certificates of deposits with an amount of VND1,460,000 million (1/1/2021: VND1,624,000 million) were pledged with banks as collaterals for borrowings granted to the Company (Note 16).

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(b) Available-for-sale financial assets

	30/6/2021		1/1/2021	
	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

	30/6/2021 VND	1/1/2021 VND
Held-to-maturity investments – short-term		
Term deposits at:		
▪ Asia Commercial Joint Stock Bank	75,000,000,000	75,000,000,000
▪ Vietnam Joint Stock Commercial Bank for Industry and Trade	201,173,000,000	201,173,000,000
▪ Vietnam Maritime Commercial Joint Stock Bank	255,000,000,000	255,000,000,000
▪ Vietnam Technological and Commercial Joint Stock Bank	-	2,000,000,000
▪ Vietnam Thuong Tin Commercial Joint Stock Bank	81,000,000,000	90,000,000,000
▪ Military Commercial Joint Stock Bank	2,000,000,000	2,000,000,000
▪ Viet A Joint Stock Commercial Bank	50,000,000,000	50,000,000,000
	<u>664,173,000,000</u>	<u>675,173,000,000</u>

As at 30 June 2021, investments with an amount of VND614,173 million (1/1/2021: VND569,000 million) were pledged with banks as collaterals for borrowings granted to the Company (Note 16).

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(d) Loans

	30/6/2021	1/1/2021
	VND	VND
Margin loans	3,190,309,037,115	3,027,142,395,171
Advances to customers from sale of securities	518,853,345,675	48,454,960,977
Other loans	20,967,380	33,413,330
	<hr/>	<hr/>
	3,709,183,350,170	3,075,630,769,478
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(e) Movements in the market value of FVTPL financial assets measured at fair value

As at 30 June 2021				
	Cost	Revaluation differences		Fair value
	VND	Increase	Decrease	VND
		VND	VND	
Shares	511,616,944	82,086,772	(12,231,062)	581,472,654
Certificates of deposits	2,021,347,945,211	-	-	2,021,347,945,211
	<hr/>	<hr/>	<hr/>	<hr/>
	2,021,859,562,155	82,086,772	(12,231,062)	2,021,929,417,865
	<hr/>	<hr/>	<hr/>	<hr/>
As at 1 January 2021				
	Cost	Revaluation differences		Fair value
	VND	Increase	Decrease	VND
		VND	VND	
Shares	102,103,766	10,872,778	(1,659,644)	111,316,900
Certificates of deposits	1,656,175,344,886	-	-	1,656,175,344,886
	<hr/>	<hr/>	<hr/>	<hr/>
	1,656,277,448,652	10,872,778	(1,659,644)	1,656,286,661,786
	<hr/>	<hr/>	<hr/>	<hr/>

8. Allowance for diminution in the value of financial assets

	Six-month	Six-month
	period ended	period ended
	30/6/2021	30/6/2020
	VND	VND
Opening and closing balance	550,965,657	550,965,657
	<hr/>	<hr/>

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9. Accounts receivable

	30/6/2021	1/1/2021
	VND	VND
Receivables from sales of financial assets	-	30,441,200
Receivables and accrued dividends and interests from financial assets		
▪ Accrued interest from term deposits and certificates of deposits	62,499,210,749	62,540,539,251
▪ Accrued interest from loans	20,133,385,856	16,345,481,146
	<u>82,632,596,605</u>	<u>78,886,020,397</u>
Receivables from services provided by the securities company		
▪ Receivable from financial consulting services	844,977,491	5,126,670,491
▪ Receivables from securities custody services	1,014,430,782	-
	<u>1,859,408,273</u>	<u>5,126,670,491</u>
Other receivables		
▪ Receivables from securities trading	5,590,376,725	4,018,916,317
▪ Receivables from securities custody services	-	1,107,222,556
▪ Receivables from related parties	2,238,266,196	880,698,314
▪ Other receivables	770,299,024	1,095,807,920
	<u>8,598,941,945</u>	<u>7,102,645,107</u>
	<u>93,090,946,823</u>	<u>91,145,777,195</u>

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10. Prepaid expenses

(a) Short-term prepaid expenses

	30/6/2021	1/1/2021
	VND	VND
Information technology expenses for operating trading systems	1,889,820,976	3,784,671,329
Office rental	955,762,079	1,049,547,159
Maintenance fees for trading software	1,886,625,873	2,330,988,604
Others	2,457,217,913	149,550,730
	<hr/>	<hr/>
	7,189,426,841	7,314,757,822
	<hr/>	<hr/>

(b) Long-term prepaid expenses

	30/6/2021	1/1/2021
	VND	VND
Office renovation expenses	3,345,546,149	3,997,955,217
Office supplies	3,592,107,871	3,112,693,801
Maintenance fees for trading software	52,227,778	86,779,173
Information technology expenses for operating trading systems	307,220,833	63,210,170
Others	86,337,130	38,854,900
	<hr/>	<hr/>
	7,383,439,761	7,299,493,261
	<hr/>	<hr/>

11. Short-term deposits and collaterals

	30/6/2021	1/1/2021
	VND	VND
Deposits for office rental	3,058,974,235	3,087,430,988
Deposits for house rental for expatriates	372,740,350	209,553,600
Other deposits	290,940,000	290,940,000
	<hr/>	<hr/>
	3,722,654,585	3,587,924,588
	<hr/>	<hr/>

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12. Tangible fixed assets

	Office equipment	
	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Cost		
Opening balance	31,072,192,855	29,075,956,855
Purchases	-	1,996,236,000
	<hr/>	<hr/>
Closing balance	31,072,192,855	31,072,192,855
	<hr/>	<hr/>
Accumulated depreciation		
Opening balance	20,719,351,150	15,035,210,286
Charged for the period	2,903,898,098	2,761,577,046
Closing balance	<hr/>	<hr/>
Net book value	23,623,249,248	17,796,787,332
	<hr/>	<hr/>
Opening balance		
Closing balance	10,352,841,705	14,040,746,569
Closing balance	7,448,943,607	13,275,405,523
	<hr/>	<hr/>

Included in tangible fixed assets were assets costing VND3,944 million which were fully depreciated as of 30 June 2021 (1/1/2021: VND3,944 million), but which are still in active use.

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13. Intangible fixed assets

	Software	
	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Cost		
Opening balance	31,706,732,915	26,430,922,915
Purchases	393,979,000	4,652,540,000
Closing balance	32,100,711,915	31,083,462,915
Accumulated amortisation		
Opening balance	16,604,486,363	12,355,326,128
Charged for the period	2,385,460,753	1,911,117,649
Closing balance	18,989,947,116	14,266,443,777
Net book value		
Closing balance	15,102,246,552	14,075,596,787
Closing balance	13,110,764,799	16,817,019,138

Included in intangible fixed assets were assets costing VND8,603 million which were fully amortised as of 30 June 2021 (1/1/2021: VND8,603 million), but which are still in use.

14. Deposits at Payment Support Fund

According to Decision No. 45/QD-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.

	30/6/2021 VND	1/1/2021 VND
Initial deposits	120,000,000	120,000,000
Additional deposits	15,692,467,631	13,192,467,631
Interest	2,461,932,617	3,515,329,551
	18,274,400,248	16,827,797,182

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

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Opening balance	16,827,797,182	13,274,400,248
Additional deposits	1,446,603,066	1,729,604,381
Interest received	-	770,395,619
	<hr/>	<hr/>
Closing balance	18,274,400,248	15,774,400,248

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/QĐ-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.

	30/6/2021 VND	1/1/2021 VND
Initial deposits	10,000,000,000	10,000,000,000
Interest	36,217,037	26,232,365
	<hr/>	<hr/>
	10,036,217,037	10,026,232,365

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

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Opening balance	10,026,232,365	10,000,000,000
Interest received	9,984,672	12,961,008
	<hr/>	<hr/>
Closing balance	10,036,217,037	10,012,961,008

KB Securities Vietnam Joint Stock Company

Notes to the interim financial statements for the six-month period ended 30 June 2021 (continued)

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16. Short-term borrowings

	1/1/2021 VND	Movements during the period		30/6/2021 VND
		Addition VND	Decrease VND	
Borrowings from banks				
Short-term borrowings				
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam	500,000,000,000	1,036,000,000,000	(830,000,000,000)	706,000,000,000
▪ Kookmin Bank – Tokyo branch	1,112,480,000,000	-	-	1,112,480,000,000
▪ Vietnam Maritime Commercial Joint Stock Bank	366,000,000,000	3,747,999,764,384	(3,413,999,764,384)	700,000,000,000
▪ Sumitomo Mitsui Banking Corporation	464,399,628,480	460,550,000,000	(464,399,628,480)	460,550,000,000
▪ Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh branch	685,912,156,042	732,000,099,886	(1,025,912,046,042)	392,000,209,886
▪ Vietnam Prosperity Joint Stock Commercial Bank	200,000,000,000	1,341,000,000,000	(1,191,000,000,000)	350,000,000,000
▪ Vietnam International Commercial Joint Stock Bank	46,000,000,000	50,000,000,000	(96,000,000,000)	-
▪ Daegu Bank – Vietnam	-	220,000,000,000	(100,000,000,000)	120,000,000,000
▪ Indovina Bank Limited	-	390,000,000,000	(290,000,000,000)	100,000,000,000
▪ Vietnam Technological and Commercial Joint Stock Bank	-	330,000,000,000	(330,000,000,000)	-
▪ Kookmin Bank – Hanoi Branch	-	103,000,000,000	-	103,000,000,000
	3,374,791,784,522	8,410,549,864,270	(7,741,311,438,906)	4,044,030,209,886

As at 30 June 2021, the borrowings were secured over the Company's term deposits at banks with an amount of VND614,173 million and certificates of deposits with an amount of VND1,460,000 million (1/1/2021: term deposits at banks of VND569,000 million and certificates of deposits of VND1,624,000 million).

The borrowings bore interest at annual rates from 1.1% - 6.00% (1/1/2021: 1.02% - 7.10%) per annum.

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17. Payables for securities trading activities

	30/6/2021	1/1/2021
	VND	VND
Payables to Ho Chi Minh City Stock Exchange	5,138,305,345	3,938,574,989
Payables to Hanoi Stock Exchange	1,441,680,408	1,434,767,360
Payables to Vietnam Securities Depository	484,146,740	553,710,851
	<hr/>	<hr/>
	7,064,132,493	5,927,053,200
	<hr/>	<hr/>

18. Taxes and others payable to State Treasury

	1/1/2021	Incurred	Paid	30/6/2021
	VND	VND	VND	VND
Corporate income tax	16,286,314,899	29,609,306,717	(21,164,505,749)	24,731,115,867
Personal income tax	2,736,935,074	15,550,871,234	(13,676,141,888)	4,611,664,420
Value added tax	488,126,540	265,040,498	(680,785,361)	72,381,677
Foreign contractor tax	325,435,154	1,820,549,659	(1,759,574,244)	386,410,569
Personal income tax on securities transactions payable on behalf of customers	10,715,590,761	66,668,193,303	(63,382,783,758)	14,001,000,306
	<hr/>	<hr/>	<hr/>	<hr/>
	30,552,402,428	113,913,961,411	(100,663,791,000)	43,802,572,839
	<hr/>	<hr/>	<hr/>	<hr/>

19. Accrued expenses

	30/6/2021	1/1/2021
	VND	VND
Accrued interests from borrowings	27,272,568,569	24,925,242,431
Others	5,199,000,000	523,601,720
	<hr/>	<hr/>
	32,471,568,569	25,448,844,151
	<hr/>	<hr/>

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20. Other payables – short-term

	30/6/2021	1/1/2021
	VND	VND
Dividends paid on behalf (i)	2,258,606,165	2,265,071,960
Payables to investors (ii)	7,258,691,409	1,422,315,301
Payables relating to commitment to repurchase of certificates of deposits (iii)	365,391,780,800	361,303,082,200
Others	2,558,673,901	4,674,521,164
	<u>377,467,752,275</u>	<u>369,664,990,625</u>

- (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
	30/6/2021	30/6/2020
	VND	VND
Opening balance	1,132,240,745	110,931,059
Appropriation (Note 22(c))	3,338,079,734	2,096,815,155
Utilisation	(1,336,319,500)	(352,000,000)
	<u>3,134,000,979</u>	<u>1,855,746,214</u>

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22. Contributed capital

(a) Number of shares

	30/6/2021 and 1/1/2021	
	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

	30/6/2021 and 1/1/2021	
	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 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Opening balance	460,285,417,867	305,962,322,089
Net profit for the period	119,103,243,808	79,995,408,865
Appropriation to Reserve to supplement charter capital	(8,345,199,335)	(5,242,037,887)
Appropriation to Financial and operational risk reserve	(8,345,199,335)	(5,242,037,887)
Appropriation to Bonus and welfare fund (Note 21)	(3,338,079,734)	(2,096,815,155)
Closing balance	559,360,183,271	373,376,840,025

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23. Off balance sheet accounts

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

	30/6/2021		1/1/2021	
	Quantity	Amount at par value VND	Quantity	Amount at par value VND
Less than 1 year	18,425	184,250,000	2,994	29,940,000

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

	30/6/2021		1/1/2021	
	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

	30/6/2021		1/1/2021	
	Quantity	Amount at par value VND	Quantity	Amount at par value VND
Freely transferred and traded financial assets	898,222,475	8,982,224,750,000	906,129,475	9,061,294,750,000
Financial assets restricted for transfers	40,307,971	403,079,710,000	26,741,119	267,411,190,000
Pledged financial assets	76,406,603	764,066,030,000	51,939,265	519,392,650,000
Blocked financial assets	29,766,589	297,665,890,000	29,766,589	297,665,890,000
Financial assets awaiting for settlement	26,266,137	262,661,370,000	30,595,581	305,955,810,000
	1,070,969,775	10,709,697,750,000	1,045,172,029	10,451,720,290,000

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

	30/6/2021		1/1/2021	
	Quantity	Amount at par value VND	Quantity	Amount at par value VND
Freely transferred financial assets deposited at VSD but not yet traded	4,604,988	46,049,880,000	8,670,160	86,701,600,000
Financial assets custodied at VSD but not yet traded and restricted for transfers	32,390	323,900,000	-	-
	4,637,378	46,373,780,000	8,670,160	86,701,600,000

(e) Deposits of investors

	30/6/2021 VND	1/1/2021 VND
Deposits of investors for securities transactions managed by the Company	1,854,111,087,579	1,168,591,117,050
Margin deposits from investors at VSD	36,756,285,508	95,316,775,469
Deposits for clearance and settlement of securities transactions of investors	438,112,102,338	16,553,521,114
▪ <i>Deposits for clearance and settlement of securities transactions of domestic investors</i>	293,191,223,936	66,480,223
▪ <i>Deposits for clearance and settlement of securities transactions of foreign investors</i>	144,920,878,402	16,487,040,891
	2,328,979,475,425	1,280,461,413,633

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

	30/6/2021 VND	1/1/2021 VND
Payables to domestic investors on deposits for securities transactions managed by the Company	1,742,997,255,004	976,867,129,146
Payables to foreign investors on deposits for securities transactions managed by the Company	568,521,378,568	307,314,759,950
	2,311,518,633,572	1,284,181,889,096

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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 30/6/2021 VND	Gains from sales of securities for the six-month period ended 30/6/2020 VND
Listed shares	61,058	33,299	2,033,194,000	29,411	237,433,581	186,742,897
Unlisted shares	-	-	-	-	-	700,100
Listed bonds	-	-	-	-	-	1,636,866,518
Unlisted bonds	-	-	-	-	-	2,647,034,506
Certificates of deposits	103,743	30,726,075	3,187,615,227,255	30,665,838	6,249,137,473	34,471,413,168
	164,801	30,759,374	3,189,648,421,255	30,695,249	6,486,571,054	38,942,757,189

(b) Loss from sales of financial assets at FVTPL

	Quantity	Average selling price VND	Total selling amount VND	Average cost VND	Loss from sales of securities for the six-month period ended 30/6/2021 VND	Loss from sales of securities for the six-month period ended 30/6/2020 VND
Listed shares	61,122	17,724	1,083,321,800	18,624	(55,003,629)	(5,937,391)
Unlisted shares	-	-	-	-	-	(3,468,975)
Unlisted bonds	-	-	-	-	-	(191,468,220)
Certificates of deposits	4,763	427,725,235	2,037,255,293,768	427,647,104	(372,139,051)	(1,707,648,462)
	65,885	427,742,959	2,038,338,615,568	427,665,728	(427,142,680)	(1,908,523,048)

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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 30/6/2021 VND	Revaluation differences for the year ended 31/12/2020 VND	Differences accounted in the six-month period ended 30/6/2021 VND
Financial assets at FVTPL					
Listed shares	511,616,944	581,472,654	69,855,710	9,213,134	60,642,576
Certificates of deposits	2,021,347,945,211	2,021,347,945,211	-	-	-
	<u>2,021,859,562,155</u>	<u>2,021,929,417,865</u>	<u>69,855,710</u>	<u>9,213,134</u>	<u>60,642,576</u>
Recognised in the statement of income					
Gains from revaluation of financial assets at FVTPL					71,213,992
Losses from revaluation of financial assets at FVTPL					(10,571,416)
Unrealised profit for the period					<u>60,642,576</u>

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26. Dividends and interest from financial assets

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
From financial assets at FVTPL	43,257,534,088	59,952,018,797
From investments held to maturity	25,838,090,437	26,798,419,667
From loans	178,566,538,432	100,571,427,880
▪ Margin loans	145,753,775,589	92,799,213,436
▪ Advances to customers from sale of securities	32,812,762,843	7,772,214,444
	<hr/>	<hr/>
	247,662,162,957	187,321,866,344
	<hr/>	<hr/>

27. Revenue other than income from financial assets

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Revenue from securities brokerage	180,461,605,489	44,810,795,983
Revenue from securities underwriting and issuance agency services	1,395,454,547	6,622,249,999
Revenue from securities investment consulting services	1,244,125,000	887,727,272
Revenue from securities custody services	2,250,120,510	3,867,130,883
Revenue from financial consulting services	300,000,000	113,636,363
Other operating income	2,019,817,878	793,439,357
	<hr/>	<hr/>
	187,671,123,424	57,094,979,857
	<hr/>	<hr/>

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28. Expenses for services rendered

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Expenses for securities brokerage services		
▪ Staff costs	112,763,288,407	30,206,626,398
▪ Depreciation and amortisation	5,289,358,851	4,672,694,695
▪ Securities brokerage services expenses	34,246,531,654	9,867,607,094
▪ Tools and supplies	7,108,727,838	5,839,984,704
▪ Office rental	6,904,633,190	6,842,429,748
▪ Outside services	4,772,208,272	2,175,899,438
	<hr/> 171,084,748,212	<hr/> 59,605,242,077
Expenses for securities custody services	3,189,471,864	3,087,926,088
Expenses for financial consulting services	7,422,965,010	12,107,641,594
	<hr/> 181,697,185,086	<hr/> 74,800,809,759

29. Dividends and interest income from demand deposits at banks

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Interest income from call deposits at bank	1,934,113,226	1,910,933,326
	<hr/> 1,934,113,226	<hr/> 1,910,933,326

30. Realised and unrealised foreign exchange losses

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Unrealised foreign exchange losses	198,000	1,782,000
	<hr/> 198,000	<hr/> 1,782,000

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31. Interest expense

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Interest expense for bank borrowings	90,630,586,583	99,232,792,127

32. Other financial expenses

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Interest payable to investors from deposits	1,066,521,415	328,842,695
Others	1,491,945,399	345,737,264
	<u>2,558,466,814</u>	<u>674,579,959</u>

33. General and administration expenses

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Salary and related expenses	13,470,355,145	13,646,312,972
Social insurance, health insurance, unemployment insurance and trade union fee	619,910,000	634,062,000
Office stationery	2,667,925,360	1,393,993,002
Tools and supplies	466,715,931	1,127,791,406
Taxes, fees and charges	5,599,500	5,194,324
Outside services	874,456,145	2,194,467,797
Other expenses	1,669,467,330	1,485,558,183
	<u>19,774,429,411</u>	<u>20,487,379,684</u>

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34. Income tax

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

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Current income tax expense		
Current period	29,731,115,867	17,625,217,942
Tax overpaid for prior year	(121,809,150)	(9,480,762,379)
	<hr/> 29,609,306,717	<hr/> 8,144,455,563
Deferred income tax benefit		
Origination and reversal of temporary differences	14,242,798	(2,302,389)
	<hr/> 29,623,549,515	<hr/> 8,142,153,174

(b) Reconciliation of effective tax rate

	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Accounting profit before tax	148,726,793,323	88,137,562,039
Tax at the Company's tax rate	29,745,358,665	17,627,512,408
Tax overpaid for prior year	(121,809,150)	(9,480,762,379)
Others	-	(4,596,855)
	<hr/> 29,623,549,515	<hr/> 8,142,153,174

(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.

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35. Significant balances and transactions with related parties

(a) Balances with related parties

	Balances as at	
	30/6/2021	1/1/2021
	VND	VND
Parent company		
KB Securities Co., Ltd.		
Trade-related receivables	-	207,135,000
Other receivables	1,668,643,910	880,698,314
Receivables on revenue from researching services	226,908,000	-
Kookmin Bank – Hanoi Branch		
Short-term borrowings	103,000,000,000	-
Interest payable	155,205,479	-
Demand deposits	205,263,586	-
Kookmin Bank – Tokyo Branch		
Short-term borrowings	1,112,480,000,000	1,112,480,000,000
Interest payable	1,579,627,203	1,663,455,237

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(b) Transactions with related parties

	Transaction value	
	Six-month period ended 30/6/2021 VND	Six-month period ended 30/6/2020 VND
Parent company		
KB Securities Co., Ltd.		
Guarantee fee	3,129,153,025	4,165,869,374
Revenue from researching services	434,212,000	-
Other related parties		
Kookmin Bank – Tokyo Branch		
Interest expenses incurred in the period	10,066,770,250	10,589,782,070
Interest paid	10,150,535,284	11,521,234,065
Kookmin Bank – Hong Kong Branch		
Repayment of short-term loan principal	-	170,325,000,000
Interest expenses incurred in the period	-	3,974,330,752
Interest paid	-	4,788,173,693
Kookmin Bank – Hanoi Branch		
Borrowings during the period	103,000,000,000	-
Interest expenses incurred in the period	630,465,754	-
Interest paid	475,260,274	-
Board of Directors, Board of Management and Supervisory Board		
Salaries and remuneration of Board of Directors	300,000,000	318,000,000
Salaries and remuneration of Supervisory Board	42,000,000	25,500,000
Salaries and remuneration of Board of Management	1,549,370,039	1,495,312,914

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36. Operating lease commitments

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

	30/6/2021	1/1/2021
	VND	VND
Within one year	6,006,961,839	8,718,793,757

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.

38. Changes in the composition of the Company

There are no significant changes in the composition of the Company for six-month period ended 30 June 2021 compared to most recent annual financial statements.

39. Unusual item

The Covid-19 pandemic was firstly identified in Vietnam on 23 January 2020 and has greatly affected its economy and society. The Vietnamese Government has implemented various control and prevention measures, including the implementation of social distancing, travel restrictions, border control and gradual promotion of universal vaccination. However, the number of infected cases in the world as well as in Vietnam has increased constantly. The Covid-19 pandemic has significantly impacted business operations of multiple enterprises in different sectors, including the Company's customers and counterparties. The extent of the impact of the Covid-19 pandemic on the Company's operating activities will depend on future developments, including the duration and spread of the outbreak which are highly uncertain and unpredictable at the date of these interim financial statements.

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dated 27 December 2016 of the Ministry of Finance)

40. Comparative information

Comparative information was derived from balances as at 31 December 2020 presented in the Company's financial statements for the year ended 31 December 2020 for balances and amounts reported in the statement of financial position and related notes; and information for the six-month period ended 30 June 2020 presented in the Company's interim financial statements for the six-month period ended 30 June 2020 for balances reported in the statement of income, statement of cash flows and related notes.

9 August 2021

Prepared by:



Ha Thanh Hoa
Chief Accountant

Approved by:



Jeon Mun Cheol
Acting General Director

