



**KB Securities Vietnam Joint Stock Company**

Financial Statements for the year ended  
31 December 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. 128/GPDC-UBCK dated 30 December 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. Choi Yunsun	Finance Director <i>(from 12 January 2022)</i>
Mr. Shin Jhintaek	Finance Director <i>(until 12 January 2022)</i>

### Legal Representative

Mr. Park Chunsoo	Chairman
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### Registered office

G, M, 2<sup>nd</sup> and 7<sup>th</sup> 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 financial statements of the Company for year ended 31 December 2021.

The Company’s Board of Management is responsible for the preparation and fair presentation of the 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”) issued by 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 relevant statutory requirements applicable to financial reporting. In the opinion of the Company’s Board of Management:

- The financial statements set out on pages 5 to 57 give a true and fair view of financial position of the Company as at 31 December 2021, and the results of operation, cash flow and changes in equity for the year 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”) issued by 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 relevant statutory requirements applicable to financial reporting; and
- At the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as when they fall due.

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

On behalf of the Board of Management



Jeon Mun Cheol  
Acting General Director

Hanoi, 29 March 2022

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KPMG Limited  
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South Tu Liem District, Hanoi, Vietnam  
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## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders KB Securities Vietnam Joint Stock Company

We have audited the accompanying financial statements of KB Securities Vietnam Joint Stock Company ("the Company"), which comprises the statement of financial position as at 31 December 2021, the statements of income, cash flows and changes in equity for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 29 March 2022, as set out on pages 5 to 57.

### Management's Responsibility

The Company's Board of Management is responsible for the preparation and fair presentation of these 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") issued by 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 relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of KB Securities Vietnam Joint Stock Company as at 31 December 2021, and of its results of operations and its cash flows for the year 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") issued by 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 relevant statutory requirements applicable to financial reporting.

**KPMG Limited**

Vietnam

Audit Report No.: 21-02-00153-22-1



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

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

Hanoi, 29 March 2022





**KB Securities Vietnam Joint Stock Company**  
**Statement of financial position as at 31 December 2021**

**Form B01 - CTCK**  
*(Issued under Circular No. 334/2016/TT-BTC  
dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	31/12/2021 VND	1/1/2021 VND
<b>ASSETS</b>				
<b>A. CURRENT ASSETS</b> <b>(100 = 110 + 130)</b>	<b>100</b>		<b>8,760,470,218,776</b>	<b>5,938,649,675,724</b>
<b>I. Financial assets</b>	<b>110</b>		<b>8,752,607,855,298</b>	<b>5,927,619,293,314</b>
1. Cash and cash equivalents	111	5	569,100,517,573	427,355,760,012
1.1. Cash	111.1		39,100,517,573	427,355,760,012
1.2. Cash equivalents	111.2		530,000,000,000	-
2. Financial assets at fair value through profit or loss (FVTPL)	112	7(a)	2,140,934,274,594	1,656,286,661,786
3. Held-to-maturity investments	113	7(c)	804,073,000,000	675,173,000,000
4. Loans	114	7(d)	5,101,176,641,828	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 and collaterals	116	8	(550,965,657)	(550,965,657)
7. Account receivables	117		115,490,050,849	78,916,461,597
7.1. Receivable and accrued dividends, interests from financial assets	117.1	9	-	30,441,200
7.2. Receivable dividends and interests due	117.2		115,490,050,849	78,886,020,397
7.2.2. Accrued dividends and interests not due	117.4	9	115,490,050,849	78,886,020,397
8. Prepayment to supplier	118		761,412,348	1,680,914,500
9. Receivables from services provided by the securities company	119	9	201,000,000	5,126,670,491
12. Other receivables	122	9	20,524,547,763	7,102,645,107
<b>II. Other current assets</b>	<b>130</b>		<b>7,862,363,478</b>	<b>11,030,382,410</b>
1. Advances	131		20,000,000	127,700,000
3. Short-term prepaid expense	133	10(a)	4,110,347,273	7,314,757,822
4. Short-term deposit and collaterals	134	11	3,732,016,205	3,587,924,588

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

**KB Securities Vietnam Joint Stock Company**  
**Statement of financial position as at 31 December 2021 (continued)**

**Form B01 - CTCK**

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

	Code	Note	31/12/2021 VND	1/1/2021 VND
<b>B. LONG-TERM ASSET</b> (200 = 220 + 250)	<b>200</b>		<b>52,343,367,574</b>	<b>59,623,611,065</b>
<b>II. Fixed asset</b>	<b>220</b>		<b>17,111,742,032</b>	<b>25,455,088,257</b>
1. Tangible fixed assets	221	12	6,064,967,670	10,352,841,705
- Cost	222		31,318,152,855	31,072,192,855
- Accumulated depreciation	223a		(25,253,185,185)	(20,719,351,150)
3. Intangible fixed assets	227	13	11,046,774,362	15,102,246,552
- Cost	228		32,340,711,915	31,706,732,915
- Accumulated amortisation	229a		(21,293,937,553)	(16,604,486,363)
<b>V. Other long-term assets</b>	<b>250</b>		<b>35,231,625,542</b>	<b>34,168,522,808</b>
1. Long-term deposits and collaterals	251		15,000,000	15,000,000
2. Long-term prepaid expenses	252	10(b)	5,832,697,067	7,299,493,261
4. Deposits at Payment Support Fund	254	14	19,337,548,762	16,827,797,182
5. Other long-term assets	255	15	10,046,379,713	10,026,232,365
<b>TOTAL ASSET</b> (270 = 100 + 200)	<b>270</b>		<b>8,812,813,586,350</b>	<b>5,998,273,286,789</b>

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





**KB Securities Vietnam Joint Stock Company**  
**Statement of financial position as at 31 December 2021 (continued)**

**Form B01 - CTCK**

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

	Code	Note	31/12/2021 VND	1/1/2021 VND
<b>C</b>				
<b>LIABILITIES (300 = 310 + 340)</b>	<b>300</b>		<b>5,078,815,928,278</b>	<b>3,828,235,301,472</b>
<b>I</b>				
<b>Current liabilities</b>	<b>310</b>		<b>5,078,783,325,585</b>	<b>3,828,232,614,999</b>
1				
Short-term borrowings and finance lease liabilities	311		4,985,427,615,579	3,374,791,784,522
1.1				
Short-term borrowings	312	16	4,985,427,615,579	3,374,791,784,522
6				
Payables for securities trading activities	318	17	7,969,326,324	5,927,053,200
8.				
Accounts payable to suppliers – short-term	320		421,526,552	471,829,984
9.				
Advances from customers – short-term	321		205,000,000	205,000,000
10				
Taxes and other payables to the State Treasury	322	18	39,254,992,125	30,552,402,428
11.				
Payables to employees	323		1,800,444,736	18,984,471,298
12.				
Employees' benefits payable	324		1,890,087,494	1,053,998,046
13.				
Accrued expenses – short-term	325	19	31,335,048,091	25,448,844,151
17.				
Other short-term payables	329	20	9,562,173,705	369,664,990,625
19.				
Bonus and welfare fund	331	21	917,110,979	1,132,240,745
<b>II.</b>				
<b>Long-term liabilities</b>	<b>340</b>		<b>32,602,693</b>	<b>2,686,473</b>
14.				
Deferred tax liabilities	356		32,602,693	2,686,473
<b>D.</b>				
<b>EQUITY</b>	<b>400</b>		<b>3,733,997,658,072</b>	<b>2,170,037,985,317</b>
<b>(400 = 410)</b>				
<b>I.</b>				
<b>OWNER EQUITY</b>	<b>410</b>		<b>3,733,997,658,072</b>	<b>2,170,037,985,317</b>
1.				
Capital	411	22	3,001,686,130,000	1,675,020,900,000
1.1.				
Contributed capital	411.1	22	3,001,686,130,000	1,675,020,900,000
a.				
Ordinary shares with voting rights	411.1a	22	3,001,686,130,000	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		680,889,461,952	460,285,417,867
7.1.				
Realised profits	417.1		680,861,416,953	460,390,477,147
7.2.				
Unrealised profits/(losses)	417.2		28,044,999	(105,059,280)
<b>TOTAL LIABILITIES AND EQUITY (440 = 300 + 400)</b>	<b>440</b>		<b>8,812,813,586,350</b>	<b>5,998,273,286,789</b>

The accompanying notes are an integral part of these financial statements



**KB Securities Vietnam Joint Stock Company**  
**Statement of financial position as at 31 December 2021 (continued)**

**Form B01 - CTCK**  
*(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

**OFF-BALANCE SHEET ITEMS**

	Code	Note	31/12/2021 VND	1/1/2021 VND
<b>A. ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER COMMITMENTS</b>				
5.	005		118	151
6.	006		300,168,613	167,502,090
8.				
12.	008	23(a)	243,140,000	29,940,000
	012	23(b)	336,000,000	336,000,000
<b>B. ASSETS AND PAYABLES ON ASSETS MANAGED UNDER COMMITMENTS WITH CUSTOMERS</b>				
1.	021	23(c)	10,358,088,540,000	10,451,720,290,000
a.				
	021.1		8,879,251,280,000	9,061,294,750,000
b.				
	021.2		262,241,880,000	267,411,190,000
c.	021.3		518,511,610,000	519,392,650,000
d.	021.4		297,665,890,000	297,665,890,000
e.				
	021.5		400,417,880,000	305,955,810,000
2.	022	23(d)	98,243,220,000	86,701,600,000
a.				
	022.1		97,449,320,000	86,701,600,000
b.				
	022.2		793,900,000	-
7.	026	23(e)	1,796,320,274,853	1,280,461,413,633
7.1.	027		1,510,942,114,241	1,168,591,117,050
7.1.1	027.1		107,715,504,733	95,316,775,469
7.3.	029		177,662,655,879	16,553,521,114
a.				
	029.1		143,756,855,403	66,480,223
b.				
	029.2		33,905,800,476	16,487,040,891

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

**KB Securities Vietnam Joint Stock Company**  
**Statement of financial position as at 31 December 2021 (continued)**

**Form B01 - CTCK**  
*(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	31/12/2021 VND	1/1/2021 VND
8. Payables to investors on deposits for securities transactions managed by the Company	031	23(f)	1,789,291,511,277	1,284,181,889,096
8.1. Payables to domestic investors on deposits for securities transactions managed by the Company	031.1		1,767,785,837,922	976,867,129,146
8.2. Payables to foreign investors on deposits for securities transactions managed by the Company	031.2		21,505,673,355	307,314,759,950

29 March 2022

Prepared by:

Ha Thanh Hoa  
 Chief Accountant

Approved by:

Jeon Mun Cheol  
 Acting General Director

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



**KB Securities Vietnam Joint Stock Company**  
**Statement of income for the year ended 31 December 2021**

**Form B02 - CTCK**  
*(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	2021 VND	2020 VND
<b>I. OPERATING REVENUE</b>				
1.1. Gains from financial assets at fair value through profit or loss (FVTPL)	01		75,516,317,187	83,528,945,354
a. Gains from sales of financial assets (FVTPL)	01.1	24(a)	4,770,722,531	45,116,263,288
b. Gains from revaluation of financial assets at FVTPL	01.2	25	149,581,098	10,872,778
c. Dividend, interest from financial assets at FVTPL	01.3	26	70,596,013,558	38,401,809,288
1.2. Gains from held-to-maturity investments (HTM)	02	26	75,968,391,756	166,593,207,956
1.3. Income from loans and receivables	03	26	376,800,924,301	221,738,047,617
1.6. Revenue from securities brokerage service	06	27	393,854,703,826	141,285,948,408
1.7. Revenue from securities underwriting and issuance agency services	07	27	2,655,454,547	10,578,613,635
1.8. Revenue from securities advisory service	08	27	944,125,000	7,513,769,997
1.9. Revenue from securities custody service	09	27	5,036,982,441	6,623,984,732
1.10. Revenue from financial consulting services	10	27	1,200,000,000	113,636,363
1.11. Other operating income	11	27	4,819,785,070	2,815,958,157
<b>Total operating revenue</b>	<b>20</b>		<b>936,796,684,128</b>	<b>640,792,112,219</b>
<b>II. OPERATING EXPENSES</b>				
2.1. Losses from financial assets at FVTPL	21		1,202,780,634	2,030,784,226
a. Losses from sales of financial assets at FVTPL	21.1	24(b)	1,186,303,815	2,020,221,049
b. Losses from revaluation of financial assets at FVTPL	21.2	25	16,476,819	10,563,177
2.7. Expenses on securities brokerage activities	27	28	369,259,373,798	168,022,188,076
2.8. Expenses for securities underwriting and issuance agency services	28	28	6,564,473,476	10,052,907,319
2.9. Expenses for securities advisory service	29	28	2,333,944,495	7,140,371,697
2.10. Expenses on securities custody service	30	28	6,216,458,451	6,502,796,887
2.11. Expenses for financial consulting services	31	28	2,966,485,787	107,989,181
<b>Total operating expenses</b>	<b>40</b>		<b>388,543,516,641</b>	<b>193,857,037,386</b>

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



**KB Securities Vietnam Joint Stock Company**  
**Statement of income for the year ended 31 December 2021 (continued)**

**Form B02 - CTCK**  
*(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	2021 VND	2020 VND
<b>III. FINANCIAL INCOME</b>				
3.1. Realised and unrealised foreign exchange gains	41		3,062,857,144	4,173,929
3.2. Dividends and interest income from demand deposits at banks	42	29	5,480,432,698	4,196,576,955
<b>Total financial income</b>	<b>50</b>		<b>8,543,289,842</b>	<b>4,200,750,884</b>
<b>IV. FINANCIAL EXPENSES</b>				
4.1. Realised, unrealised losses on foreign exchange rate	51		1,089,000	2,029,500
4.2. Interest expenses	52		184,975,194,323	199,934,633,348
4.5. Other financial expenses	55		9,245,186,429	11,652,220,028
<b>Total financial expenses</b>	<b>60</b>		<b>194,221,469,752</b>	<b>211,588,882,876</b>
<b>VI. GENERAL AND ADMINISTRATION EXPENSES</b>	<b>62</b>	<b>30</b>	<b>46,679,268,590</b>	<b>42,290,438,924</b>
<b>VII. OPERATING PROFIT</b> (70 = 20 - 40 + 50 - 60 - 62)	<b>70</b>		<b>315,895,718,987</b>	<b>197,256,503,917</b>
<b>VIII. OTHER INCOME AND EXPENSES</b>				
8.1. Other income	71		101,236,262	30,600,010
8.2. Other expenses	72		15,007,014,420	-
<b>Total results of other activities</b> (80 = 71 - 72)	<b>80</b>		<b>(14,905,778,158)</b>	<b>30,600,010</b>
<b>IX. TOTAL ACCOUNTING PROFIT BEFORE TAX</b> (90 = 70 + 80)	<b>90</b>		<b>300,989,940,829</b>	<b>197,287,103,927</b>
9.1. Realised profit	91		300,856,836,550	197,286,794,326
9.2. Unrealised profit	92	25	133,104,279	309,601
<b>X. INCOME TAX EXPENSE</b>	<b>100</b>	<b>31</b>	<b>60,357,418,340</b>	<b>30,383,117,220</b>
10.1. Income tax expense – current	100.1	31	60,327,502,120	30,383,628,426
10.2. Income tax expense/(benefit) – deferred	100.2	31	29,916,220	(511,206)
<b>XI. ACCOUNTING PROFIT AFTER TAX</b> (200 = 90 - 100) (carried forward to next page)	<b>200</b>		<b>240,632,522,489</b>	<b>166,903,986,707</b>

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

**KB Securities Vietnam Joint Stock Company**  
**Statement of income for the year ended 31 December 2021 (continued)**

**Form B02 - CTCK**  
*(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	2021 VND	2020 VND
<b>XI. ACCOUNTING PROFIT AFTER TAX (200 = 90 - 100)</b> (brought forward from prior page)	200		240,632,522,489	166,903,986,707
<b>XII. OTHER COMPREHENSIVE INCOME</b>	300		-	-
<b>TOTAL COMPREHENSIVE INCOME (400= 200 + 300)</b>	400		<u>240,632,522,489</u>	<u>166,903,986,707</u>

29 March 2022

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 year ended 31 December 2021**  
**(Indirect method)**

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

	Code	2021 VND	2020 VND
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>300,989,940,829</b>	<b>197,287,103,927</b>
<b>2. Adjustments for</b>	<b>02</b>	<b>73,227,996,001</b>	<b>127,044,241,205</b>
- Depreciation of fixed assets	03	9,223,285,225	9,933,301,099
- Interest expense	06	184,975,194,323	199,934,633,348
- Interest from investment activities	07	(5,480,432,698)	(4,196,576,955)
- Accrued interest income	08	(115,490,050,849)	(78,627,116,287)
<b>3. Increase in non – cash expense</b>	<b>10</b>	<b>16,476,819</b>	<b>10,563,177</b>
- Loss from revaluation of financial assets at FVTPL	11	16,476,819	10,563,177
<b>4. Decreased in non – cash income</b>	<b>18</b>	<b>(149,581,098)</b>	<b>(10,872,778)</b>
- Gains from revaluation of financial assets at FVTPL	19	(149,581,098)	(10,872,778)
<b>5. Operating profit before changes in working capital</b>	<b>30</b>	<b>(3,168,761,197,047)</b>	<b>(621,731,790,619)</b>
- Increase in financial assets at FVTPL	31	(484,514,508,529)	(338,551,700,586)
- (Increase)/decrease in held-to-maturity investment	32	(128,900,000,000)	411,827,000,000
- Increase in loans	33	(2,025,545,872,350)	(726,669,582,115)
- Decrease in receivables from sales of financial asset	35	30,441,200	1,807,783,500
- Decrease in receivable and accrued dividend, interest from financial assets	36	84,366,453,095	91,124,041,510
- Decrease/(increase) in receivables from services provided	37	4,925,670,491	(4,152,674,817)
- Increase in other receivable	39	(12,502,400,504)	(2,608,658,770)
- Increase in other asset	40	(2,566,290,545)	(1,627,405,922)
- Increase in accrued expense (excluding interest expense)	41	11,308,709,851	267,301,720
- Decrease in prepayments	42	4,671,206,743	1,728,332,156
- Corporate income tax paid	43	(61,195,963,709)	(32,878,122,102)
- Interest paid	44	(190,397,700,234)	(194,308,397,887)
- Increase/(decrease) in payable to suppliers	45	1,991,969,692	(705,674,715)
- Increase in provision for employees' benefits	46	836,089,448	337,135,786

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



**KB Securities Vietnam Joint Stock Company**  
**Statement of cash flow for the year ended 31 December 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	2021 VND	2020 VND
- Increase in taxes and other payable to the State (excluding corporate income tax paid)	47	9,571,051,286	9,938,391,146
- (Decrease)/increase in payables to employees	48	(17,184,026,562)	4,312,791,693
- (Decrease)/increase in other payables	50	(360,102,816,920)	159,503,154,253
- Other payments for operating activities	52	(3,553,209,500)	(1,075,505,469)
<b>Net cash flow from operating activities</b>	<b>60</b>	<b>(2,794,676,364,496)</b>	<b>(297,400,755,088)</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Payments for additions to fixed assets and other long-term assets	61	(879,939,000)	(7,272,046,000)
<b>Net cash flow from investing activities</b>	<b>70</b>	<b>(879,939,000)</b>	<b>(7,272,046,000)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from equity issued	71	1,326,665,230,000	-
3. Proceeds from borrowings	73	16,243,447,244,233	4,689,664,801,903
4. Payment to settle principals of borrowing	74	(14,632,811,413,176)	(4,598,638,017,381)
<b>Net cashflow from financing activities</b>	<b>80</b>	<b>2,937,301,061,057</b>	<b>91,026,784,522</b>
<b>IV. Net cash flows during the year (90 = 60 + 70 + 80)</b>	<b>90</b>	<b>141,744,757,561</b>	<b>(213,646,016,566)</b>
<b>V. Cash and cash equivalents at the beginning of the year</b>	<b>101</b>	<b>427,355,760,012</b>	<b>641,001,776,578</b>
- Cash	101.1	427,355,760,012	641,001,776,578
<b>VI. Cash and cash equivalents at the end of the year (Note 5)</b>	<b>103</b>	<b>569,100,517,573</b>	<b>427,355,760,012</b>
- Cash	103.1	39,100,517,573	427,355,760,012
- Cash equivalents	103.2	530,000,000,000	-

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

**KB Securities Vietnam Joint Stock Company**  
**Statement of cash flow for the year ended 31 December 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	2021 VND	2020 VND
<b>I. Cash flows of customers from brokerage and underwriting activities</b>			
1. Proceeds from sales of customers' securities	01	135,913,398,311,836	41,494,390,994,130
2. Payments for purchases of customers' securities	02	(159,569,808,619,443)	(54,664,553,229,967)
7. Receipts of deposits of customers for securities transactions	07	25,483,900,305,711	14,675,320,271,344
7.1. Deposit of customers at VSD	07.1	12,398,729,264	55,682,693,142
8. Payment to settle securities transactions of customers	08	(1,324,029,866,148)	(559,812,189,389)
<b>Increase in net cash inflows during the year</b>	<b>20</b>	<b>515,858,861,220</b>	<b>1,001,028,539,260</b>
<b>II. Cash and cash equivalents of customers at the beginning of the year</b>	<b>30</b>	<b>1,280,461,413,633</b>	<b>279,432,874,373</b>
Cash at banks at the beginning of the year:	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	220,515,650,362
- Deposits for clearance and settlement of securities transactions	34	111,870,296,583	58,917,224,011
<b>III. Cash and cash equivalents of customers at the end of the year</b>	<b>40</b>	<b>1,796,320,274,853</b>	<b>1,280,461,413,633</b>
Cash at banks at the end of the year:	41	1,796,320,274,853	1,280,461,413,633
- Deposits of investors for securities transactions managed by the securities company	42	1,510,942,114,241	1,263,907,892,519
- Deposits for clearance and settlement of securities transactions	44	285,378,160,612	16,553,521,114

29 March 2022

Prepared by:



Ha Thanh Hoa  
Chief Accountant

Approved by:



Jeon Mun Cheol  
Acting General Director

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



**KB Securities Vietnam Joint Stock Company**  
**Statement of changes in equity for the year ended 31 December 2021**

**Form B04 - CTCK**  
*(Issued under Circular No. 33/4/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

	Opening balance		2020		2021		Closing balance	
	1/1/2020	1/1/2021	Increase	Decrease (*)	Increase	Decrease (*)	31/12/2020	31/12/2021
	VND	VND	VND	VND	VND	VND	VND	VND
<b>I. Changes in equity</b>								
1. Capital	1,675,020,900,000	1,675,020,900,000	-	-	1,326,665,230,000	-	1,675,020,900,000	3,001,686,130,000
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	305,962,322,089	460,285,417,867	166,903,986,707	(12,580,890,929)	240,632,522,489	(20,028,478,404)	460,285,417,867	680,889,461,952
8.1 Realised profit	306,067,690,970	460,390,477,147	166,903,677,106	(12,580,890,929)	240,499,418,210	(20,028,478,404)	460,390,477,147	680,861,416,953
8.2 Unrealised (loss)/profit	(105,368,881)	(105,059,280)	309,601	-	133,104,279	-	(105,059,280)	28,044,999
<b>TOTAL</b>	<b>2,005,230,813,765</b>	<b>2,170,037,985,317</b>	<b>177,388,062,481</b>	<b>(12,580,890,929)</b>	<b>1,583,988,151,159</b>	<b>(20,028,478,404)</b>	<b>2,170,037,985,317</b>	<b>3,733,997,658,072</b>

(\*) Decrease in profit after tax in 2021 included appropriation to bonus and welfare fund of VND3,338,079,734, appropriation to financial and operational risk reserve of VND8,345,199,335 and appropriation to reserve to supplement charter of VND8,345,199,335 (2020: appropriation to bonus and welfare fund of VND2,096,815,155, appropriation to financial and operational risk reserve of VND5,242,037,887 and appropriation to reserve to supplement charter capital of VND5,242,037,887).

Prepared by:



Ha Thanh Hoa  
 Chief Accountant

29 March 2022

Approved by:



Jeon Mun Cheol  
 Acting General Director

The accompanying notes are an integral part of these financial statements



**KB Securities Vietnam Joint Stock Company**  
**Note to the financial statement for year ended 31 December 2021**

**Form B09 - 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 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. 128/GPDC-UBCK dated 30 December 2021.

The Company's latest charter was approved by the Board of Directors and was effective from 6 January 2022.

**(b) Charter capital**

At 31 December 2022/2021, the Company's charter capital is VND3,001,686,130,000 (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 address is G, M, 2<sup>nd</sup> and 7<sup>th</sup> Floors, Sky City building, 88 Lang Ha, Dong Da District, Hanoi, Vietnam. At the date of these financial statements, the Company has 3 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 2<sup>nd</sup> 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 1<sup>st</sup> floor, Office Building, No. 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam.

**KB Securities Vietnam Joint Stock Company**  
**Note to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

- Saigon Branch - KB Securities Vietnam Joint Stock Company was established in accordance with the Decision No. 08/QD-UBCK issued by the State Securities Commission of Vietnam on 4 January 2019. The branch is located at 1<sup>st</sup> 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) Total number of employees**

As at 31 December 2021, the Company has 406 employees (1/1/: 371 employees).

**2. Basis of preparation**

**(a) Statement of compliance**

*Applicable accounting framework*

The 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 and Circular No. 334/2016/TT-BTC dated 27 December 2016 ("Circular 334") issued the by Ministry of Finance on amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and relevant statutory requirements applicable to financial reporting.

**(b) Basis of measurement**

The 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.

**(d) Accounting and presentation currency**

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.



**KB Securities Vietnam Joint Stock Company**  
**Note to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

**3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Company in the preparation of these 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 annual accounting period.

For unlisted equity securities held for trading which have not been registered for trading, market price is determined as the average of the prices of the transactions quoted by three securities companies at the latest trading date prior to the end of the annual accounting period but within one month prior to the end of the annual accounting period.



**KB Securities Vietnam Joint Stock Company**  
**Note to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

When there are no market prices at latest date transaction price or market price is at high variation, the Company uses the fair value to revalue financial asset using valuation techniques. For financial assets which are debt securities, the Company applies net value and discounted cash flow model. The assumptions and input in valuation model include risk free interest, credit spread and other measurements to estimate discounted interest.

**(vi) Identification and assessment of impairment**

At the end of the annual 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 a loss event has occurred after the initial recognition of the asset(s) 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 impairment loss (if any) 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 being recoverable, the Company will reverse the allowance for impairment which was 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 deposit account balances.



**(c) Financial assets at FVTPL**

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

- FVTPL is considered by the Board of Management as at FVTPL. A financial asset is considered as at FVTPL if:
  - FVTPL is acquired principally for the purpose of selling it in short-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 annual 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 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.

**(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**  
**Note to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

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 by the Company

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 or it is impossible to reliably determine their fair value, these financial assets are stated at cost.

**(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.

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 less allowance for diminution in the value of financial assets (if any).

**KB Securities Vietnam Joint Stock Company**  
**Note to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

**(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:

<u>Overdue period</u>	<u>Allowance rate</u>
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
Over three (3) 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 year 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:

- Machines and 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 treated as an intangible asset. Software cost is amortised on a straight-line basis over a period from 3 to 5 years.

**(j) Trade and other payables**

Trade and other payables are stated at their cost.

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**KB Securities Vietnam Joint Stock Company**  
**Note to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

**(k) Provisions**

A provision, except for allowance mentioned in other accounting policies, 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) Tax**

Income tax on the profit or loss for the year 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 annual 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**  
**Note to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

**(n) Statutory reserves**

According to Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance, securities company is required to make allocation to reserve from realized profits, after compensating for the prior year's loss in accordance with the Income Tax Law and paying corporate income tax as follows :

	<b>Annual allocation rate</b>	<b>Maximum balance</b>
Reserve to supplement charter capital:	5% Profit after tax	10% of charter capital
Financial and operational risk reserve:	5% 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 presented as part of the Equity. Annual attribution is decided at the annual shareholder meeting in guidance of 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, and no revenue from their dividends is recognised.

Interest income from financial assets is recognised as incurred (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**

**Note to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

**(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 210 and Circular 334 that are not shown in these financial statements indicate nil balances.



**(t) Comparatives information**

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current year financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. 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 year.

**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****Note to the financial statements for the year ended 31 December 2021 (continued)****Form B09 - CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***(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	31/12/2021 VND	1/1/2021 VND
Cash and cash equivalents	(i)	39,100,517,573	427,355,760,012
Financial assets at FVTPL	(ii)	2,140,934,274,594	1,656,175,344,886
Held-to-maturity investments	(i)	804,073,000,000	675,173,000,000
Loans	(iii)	5,101,176,641,828	3,075,630,769,478
Accounts receivable	(iii)	115,490,050,849	78,916,461,597
Receivables from services provided by the securities company	(iii)	201,000,000	5,126,670,491
Other receivables	(iii)	20,524,547,763	7,102,645,107
Deposits and collaterals	(iii)	3,747,016,205	3,602,924,588
Deposits at Payment Support Fund	(iv)	19,337,548,762	16,827,797,182
Other long-term assets - Deposits at Clearing Fund for derivative transactions	(iv)	10,046,379,713	10,026,232,365
		8,254,630,977,287	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 entered into for long-term strategic purposes approved in accordance with the Company's investment policies and those of counterparties that have equivalent or higher credit ratings than the Company.

**KB Securities Vietnam Joint Stock Company**  
**Note to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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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. 87/QĐ-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 31 December 2021 is VND6,056,436 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.



**KB Securities Vietnam Joint Stock Company**

**Note to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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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 31 December 2021**

	Neither past due nor impaired VND	Overdue but not impaired VND	Impaired VND	Total VND
Loans	5,100,625,676,171	-	550,965,657	5,101,176,641,828
Margin loans	4,454,923,766,596	-	550,965,657	4,455,474,732,253
Advances to customers for the proceeds from selling securities	645,672,574,472	-	-	645,672,574,472
Other loans	29,335,103	-	-	29,335,103
Accounts receivable	115,490,050,849	-	-	115,490,050,849
Receivables from services provided by the securities company	201,000,000	-	-	201,000,000
Other receivables	20,524,547,763	-	-	20,524,547,763
Deposits and collaterals	3,747,016,205	-	-	3,747,016,205
	5,240,588,290,988	-	550,965,657	5,241,139,256,645

**As at 1 January 2021**

	Neither past due nor impaired VND	Overdue but not impaired VND	Impaired VND	Total VND
Loans	3,075,079,803,821	-	550,965,657	3,075,630,769,478
Margin loans	3,026,591,429,514	-	550,965,657	3,027,142,395,171
Advances to customers for the proceeds from selling securities	48,454,960,977	-	-	48,454,960,977
Other loans	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	-	550,965,657	3,170,379,471,261

**KB Securities Vietnam Joint Stock Company**  
**Notes to the financial statement for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

*(Issued under Circular No. 334/2016/TT-BTC  
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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:



**KB Securities Vietnam Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2021 (continued)**

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<b>At 31 December 2021</b>	<b>Carrying amount VND</b>	<b>Contractual cash flows VND</b>	<b>Within one year VND</b>
Short-term borrowings and finance lease liabilities	4,985,427,615,579	5,025,373,226,111	5,025,373,226,111
Payables for securities trading activities	7,969,326,324	7,969,326,324	7,969,326,324
Accounts payable to suppliers – short-term	421,526,552	421,526,552	421,526,552
Accrued expenses – short-term	31,335,048,091	31,335,048,091	31,335,048,091
Other short-term payables	3,877,190,572	3,877,190,572	3,877,190,572
	<b>5,029,030,707,118</b>	<b>5,068,976,317,650</b>	<b>5,068,976,317,650</b>
<b>At 1 January 2021</b>			
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	368,242,675,324	368,242,675,324	368,242,675,324
	<b>3,774,882,187,181</b>	<b>3,812,672,576,458</b>	<b>3,812,672,576,458</b>

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.

**KB Securities Vietnam Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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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.



**KB Securities Vietnam Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2021 (continued)**

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

	Carrying amount	
	31/12/2021 VND	1/1/2021 VND
<b>Fixed rate instruments</b>		
<i>Financial assets</i>		
Cash and cash equivalents	569,100,517,573	427,355,760,012
Financial assets at FVTPL	2,140,000,000,000	1,656,175,344,886
Held-to-maturity investments	804,073,000,000	675,173,000,000
Loans	5,101,176,641,828	3,075,630,769,478
Deposits at Payment Support Fund	19,337,548,762	16,827,797,182
Other long-term assets – Deposits at Clearing Fund for derivative transactions	10,046,379,713	10,026,232,365
<i>Financial liabilities</i>		
Short-term borrowings and finance lease liabilities	(4,985,427,615,579)	(3,374,791,784,522)
	3,658,306,472,297	2,486,397,119,401

As at 31 December 2021, 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 31 December 2021, the market value of listed equity shares of the Company was VND934,274,594. Had the market value of these securities increased or decreased by 10% at 31 December 2021, assuming that all other variables remained constant, profit after tax during the year of the Company would have increased or decreased, respectively, by VND74,741,968.

**KB Securities Vietnam Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**  
*(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

**5. Cash and cash equivalents**

	31/12/2021 VND	1/1/2021 VND
Cash in banks for the Company's activities	37,393,497,922	427,291,830,983
Deposits for clearance and settlement of securities transactions	1,707,019,651	63,929,029
Cash equivalent (*)	530,000,000,000	-
	569,100,517,573	427,355,760,012

(\*) These are the term deposit with original term of less than 3 months and earn annual interest rate of 3.0% - 3.6% (1/1/2021: none).

**6. Volume and value of securities transactions during the period**

	2021		2020	
	Volume of transactions Unit	Value of transactions VND	Volume of transactions Unit	Value of transactions VND
By the Company				
▪ Shares	32,099,125	612,905,429,000	54,559	679,644,600
▪ Bonds	-	-	49,153,962	5,049,628,709,012
By investors				
▪ Shares	10,482,174,498	267,300,449,971,180	5,687,832,476	90,900,662,750,430
▪ Bonds	20,280,000	2,283,997,180,000	19,997,597	2,047,180,999,135
	10,534,553,623	270,197,352,580,180	5,757,038,594	97,998,152,103,177



**KB Securities Vietnam Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**  
(Issued under Circular No. 33/2016/TT-BTC  
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	31/12/2021		1/1/2021	
	Cost VND	Fair value VND	Cost VND	Fair value VND
<b>Listed shares and shares traded on UpCom</b>				
Share of Airports Corporation of Vietnam	-	-	78,309,295	83,181,856
Share of Vietjet Aviation Joint Stock Company	2,114,181	2,309,400	2,063,846	2,125,000
Share of Vietnam Maritime Commercial Joint Stock Bank	11,235,140	14,152,000	-	-
Share of Vinhomes Joint Stock Company	32,100,002	34,440,000	-	-
Share of của Saigon – Hanoi Securities Joint Stock Company	40,228,570	42,838,600	-	-
Other shares	706,279,288	840,534,594	21,730,625	26,010,044
	791,957,181	934,274,594	102,103,766	111,316,900

**Certificates of deposit**

Joint Stock Commercial Bank for Investment and Development of Vietnam	1,680,000,000,000	1,680,000,000,000	1,305,175,344,886	1,305,175,344,886
Military Commercial Joint Stock Bank	360,000,000,000	360,000,000,000	-	-
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
	2,140,000,000,000	2,140,000,000,000	1,656,175,344,886	1,656,175,344,886
	2,140,791,957,181	2,140,934,274,594	1,656,277,448,652	1,656,286,661,786

As at 31 December 2021, certificates of deposits with an amount of VND1,680,000 million (1/1/2021: VND1,624,000 million) were pledged with banks as collaterals for borrowings granted to the Company (Note 16).

**KB Securities Vietnam Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

**(b) Available-for-sale financial assets**

	31/12/2021		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**

	31/12/2021 VND	1/1/2021 VND
<b>Held-to-maturity investments – short-term</b>		
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	102,000,000,000	90,000,000,000
▪ Military Commercial Joint Stock Bank	2,000,000,000	2,000,000,000
▪ Vietnam Asia Commercial Joint Stock Bank	50,000,000,000	50,000,000,000
▪ Ho Chi Minh City Development Joint Stock Commercial Bank	18,900,000,000	-
▪ Vietnam Prosperity Joint Stock Commercial Bank	100,000,000,000	-
	<u>804,073,000,000</u>	<u>675,173,000,000</u>

As at 31 December 2021, investments with an amount of VND685,900 million (1/1/2021: VND569,000 million) were pledged with banks as collaterals for borrowings granted to the Company (Note 16).



**KB Securities Vietnam Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

**(d) Loans**

	<b>31/12/2021 VND</b>	<b>1/1/2021 VND</b>
Margin loans	4,455,474,732,253	3,027,142,395,171
Advances to customers for the proceeds from selling securities	645,672,574,472	48,454,960,977
Others	29,335,103	33,413,330
	<hr/>	
	5,101,176,641,828	3,075,630,769,478
	<hr/>	

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

<b>As at 31 December 2021</b>	<b>Cost VND</b>	<b>Revaluation differences</b>		<b>Fair value VND</b>
		<b>Increase VND</b>	<b>Decrease VND</b>	
Shares	791,957,181	160,453,875	(18,136,462)	934,274,594
Certificates of deposits	2,140,000,000,000	-	-	2,140,000,000,000
	<hr/>			
	2,140,791,957,181	160,453,875	(18,136,462)	2,140,934,274,594
	<hr/>			

<b>As at 31 December 2020</b>	<b>Cost VND</b>	<b>Revaluation differences</b>		<b>Fair value VND</b>
		<b>Increase VND</b>	<b>Decrease VND</b>	
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/>			
	1,656,277,448,652	10,872,778	(1,659,644)	1,656,286,661,786
	<hr/>			

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

	<b>2021 VND</b>	<b>2020 VND</b>
Opening and closing balance	550,965,657	550,965,657
	<hr/>	

**KB Securities Vietnam Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**Form B09 - CTCK**

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

**9. Accounts receivable**

	<b>31/12/2021</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
<b>Receivables from sales of financial assets</b>	-	30,441,200
<b>Receivables and accrued dividends and interests from financial assets</b>		
▪ Accrued interest from term deposits and certificates of deposits	89,085,092,093	62,540,539,251
▪ Accrued interest from loans	26,404,958,756	16,345,481,146
	<b>115,490,050,849</b>	<b>78,886,020,397</b>
<b>Receivables from services provided by the securities company</b>		
▪ Receivable from financial consulting services	201,000,000	5,126,670,491
<b>Other receivables</b>		
▪ Receivables from securities trading	3,019,087,903	4,018,916,317
▪ Receivables from securities custody services	1,030,208,443	1,107,222,556
▪ Receivables from related parties	2,975,499,186	880,698,314
▪ Receivables from derivative contracts	5,072,857,144	-
▪ Receivable from payment product	7,722,927,742	-
▪ Other receivables	703,967,345	1,095,807,920
	<b>20,524,547,763</b>	<b>7,102,645,107</b>
	<b>136,215,598,612</b>	<b>91,145,777,195</b>



**KB Securities Vietnam Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2021 (continued)**

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**10. Prepaid expenses**

**(a) Short-term prepaid expenses**

	<b>31/12/2021</b>	<b>1/1/2021</b>
	<b>VND</b>	<b>VND</b>
Information technology expenses for operating trading systems	2,446,958,619	3,784,671,329
Office rental	-	1,049,547,159
Maintenance fees for trading software	1,217,367,049	2,330,988,604
Others	446,021,605	149,550,730
	<b>4,110,347,273</b>	<b>7,314,757,822</b>

**(b) Long-term prepaid expenses**

	<b>31/12/2021</b>	<b>1/1/2021</b>
	<b>VND</b>	<b>VND</b>
Office renovation expenses	1,914,680,243	3,997,955,217
Office supplies	1,787,891,744	3,112,693,801
Maintenance fees for trading software	182,744,100	86,779,173
Information technology expenses for operating trading systems	1,716,343,804	63,210,170
Others	231,037,176	38,854,900
	<b>5,832,697,067</b>	<b>7,299,493,261</b>

**11. Short-term deposits and collaterals**

	<b>31/12/2021</b>	<b>1/1/2021</b>
	<b>VND</b>	<b>VND</b>
Deposits for office rental	3,058,974,235	3,087,430,988
Deposits for house rental for expatriates	299,958,750	209,553,600
Other deposits	373,083,220	290,940,000
	<b>3,732,016,205</b>	<b>3,587,924,588</b>

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**Notes to the financial statements for the year ended 31 December 2021 (continued)**

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**12. Tangible fixed assets**

	<b>Office Equipment</b>	
	<b>2021</b>	<b>2020</b>
	<b>VND</b>	<b>VND</b>
<b>Cost</b>		
Opening balance	31,072,192,855	29,075,956,855
Purchases	245,960,000	1,996,236,000
	31,318,152,855	31,072,192,855
<b>Accumulated depreciation</b>		
Opening balance	20,719,351,150	15,035,210,286
Charged for the year	4,533,834,035	5,684,140,864
	25,253,185,185	20,719,351,150
<b>Net book value</b>		
Opening balance	10,352,841,705	14,040,746,569
Closing balance	6,064,967,670	10,352,841,705

Included in tangible fixed assets were assets costing VND9,557 million which were fully depreciated as at 31 December 2021 (1/1/2021: VND3,944 million).



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**13. Intangible fixed assets**

	Software	
	2021 VND	2020 VND
<b>Cost</b>		
Opening balance	31,706,732,915	26,430,922,915
Purchases	633,979,000	5,275,810,000
Closing balance	32,340,711,915	31,706,732,915
<b>Accumulated amortisation</b>		
Opening balance	16,604,486,363	12,355,326,128
Charged for the year	4,689,451,190	4,249,160,235
Closing balance	21,293,937,553	16,604,486,363
<b>Net book value</b>		
Opening balance	15,102,246,552	14,075,596,787
Closing balance	11,046,774,362	15,102,246,552

Included in intangible fixed assets were assets costing VND17,164 million which were fully depreciated but still in use as at 31 December 2021 (1/1/2021: VND8,603 million).

**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.

	31/12/2021 VND	1/1/2020 VND
Initial deposits	120,000,000	120,000,000
Additional deposits	14,639,070,697	13,192,467,631
Interest	4,578,478,065	3,515,329,551
	19,337,548,762	16,827,797,182

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

	<b>2021</b> <b>VND</b>	<b>2020</b> <b>VND</b>
Opening balance	16,827,797,182	13,274,400,248
Additional deposits	1,446,603,066	1,729,604,381
Interest received	1,063,148,514	1,823,792,553
	<hr/>	<hr/>
Closing balance	19,337,548,762	16,827,797,182

**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.

	<b>31/12/2021</b> <b>VND</b>	<b>1/1/2020</b> <b>VND</b>
Initial deposits	10,000,000,000	10,000,000,000
Interest	46,379,713	26,232,365
	<hr/>	<hr/>
	10,046,379,713	10,026,232,365

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

	<b>2021</b> <b>VND</b>	<b>2020</b> <b>VND</b>
Opening balance	10,026,232,365	10,000,000,000
Interest received	20,147,348	26,232,365
	<hr/>	<hr/>
Closing balance	10,046,379,713	10,026,232,365



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**16. Short-term borrowings**

	1/1/2021 VND	Movement		31/12/2021 VND
		Addition VND	Paid VND	
<b>Short-term borrowings</b>				
▪ Joint Stock Commercial Bank for Foreign Trade of Vietnam	500,000,000,000	2,615,000,000,000	(2,608,000,000,000)	507,000,000,000
▪ Kookmin Bank – Tokyo Branch	1,112,480,000,000	-	-	1,112,480,000,000
▪ Vietnam Maritime Commercial Joint Stock Bank	366,000,000,000	5,493,997,144,347	(5,611,999,528,768)	247,997,615,579
▪ Sumitomo Mitsui Banking Corporation	464,399,628,480	915,450,000,000	(464,399,628,480)	915,450,000,000
▪ Joint Stock Commercial Bank for Investment and Development of Viet Nam – Ha Thanh Branch	685,912,156,042	1,827,000,099,886	(2,012,912,255,928)	500,000,000,000
▪ Vietnam Prosperity Joint Stock Commercial Bank	200,000,000,000	2,071,000,000,000	(1,871,000,000,000)	400,000,000,000
▪ International Commercial Joint Stock Bank	46,000,000,000	450,000,000,000	(296,000,000,000)	200,000,000,000
▪ Vietnam Joint Stock Commercial Bank For Industry and Trade	-	200,000,000,000	-	200,000,000,000
▪ Indovina Bank Limited	-	1,260,000,000,000	(1,070,000,000,000)	190,000,000,000
▪ Deagu Bank	-	360,000,000,000	(240,000,000,000)	120,000,000,000
▪ Vietnam Technological and Commercial Joint Stock Bank	-	330,000,000,000	(330,000,000,000)	-
▪ Kookmin Bank – Hanoi Branch	-	333,000,000,000	-	333,000,000,000
▪ Military Commercial Joint Stock Bank	-	228,500,000,000	(128,500,000,000)	100,000,000,000
▪ Nonghyup Bank Vietnam	-	110,000,000,000	-	110,000,000,000
▪ Vietnam Asia Commercial Joint Stock Bank	-	49,500,000,000	-	49,500,000,000
	<b>3,374,791,784,522</b>	<b>16,243,447,244,233</b>	<b>(14,632,811,413,176)</b>	<b>4,985,427,615,579</b>

As at 31 December 2021 the borrowings were secured over the Company's term deposits at banks with an amount of VND685,900 million and certificates of deposits with an amount of VND1,680,000 million (1/1/2021: term deposits at banks of VND569,000 million, certificates of deposits of VND1,624,000 million).

The borrowings bear interest at annual rates from 0.92% to 7.93% (1/1/2021: 1.02% - 7.10%).

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**17. Payables for securities trading activities**

	31/12/2021 VND	1/1/2021 VND
Payables to Ho Chi Minh City Stock Exchange	6,098,498,070	3,938,574,989
Payables to Hanoi Stock Exchange	1,354,285,494	1,434,767,360
Payables to Vietnam Securities Depository	516,542,760	553,710,851
	7,969,326,324	5,927,053,200

**18. Taxes and others payable to State Treasury**

	1/1/2021 VND	Incurred during the year VND	Paid in the year VND	31/12/2021 VND
Corporate income tax	16,286,314,899	60,327,502,120	(61,195,963,709)	15,417,853,310
Personal income tax	2,736,935,074	37,552,712,836	(36,196,898,158)	4,092,749,752
Value added tax	488,126,540	721,580,662	(1,028,103,226)	181,603,976
Foreign contractor tax	325,435,154	2,882,540,247	(2,926,564,941)	281,410,460
Personal income tax on securities transactions payable on behalf of customers	10,715,590,761	155,628,061,675	(147,062,277,809)	19,281,374,627
	30,552,402,428	257,112,397,540	(248,409,807,843)	39,254,992,125

**19. Accrued expenses**

	31/12/2021 VND	1/1/2021 VND
Accrued interests from borrowings	19,502,736,520	24,925,242,431
Guarantee fees payable to parents company	3,947,299,893	-
Staff remunerations expense	7,169,507,378	-
Others	715,504,300	523,601,720
	31,335,048,091	25,448,844,151



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**20. Other payables – short-term**

	<b>31/12/2021</b>	<b>1/1/2021</b>
	<b>VND</b>	<b>VND</b>
Dividends paid on behalf	-	2,265,071,960
Payables to investors (i)	5,716,983,133	1,422,315,301
Others	3,845,190,572	365,977,603,364
	<hr/>	<hr/>
	9,562,173,705	369,664,990,625
	<hr/>	<hr/>

- (i) The balance represents deposit transactions by investors at the close of the last day of the annual accounting period, which has not been recognised in the investors' deposit accounts at the Company.

**21. Bonus and welfare fund**

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 year were as follows:

	<b>2021</b>	<b>2020</b>
	<b>VND</b>	<b>VND</b>
Opening balance	1,132,240,745	110,931,059
Appropriation (Note 22(c))	3,338,079,734	2,096,815,155
Utilisation	(3,553,209,500)	(1,075,505,469)
	<hr/>	<hr/>
Closing balance	917,110,979	1,132,240,745
	<hr/>	<hr/>

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**22. Contributed capital**

**(a) Number of shares**

	31/12/2021		1/1/2021	
	Number of shares	Par value VND	Number of shares	Par value
<b>Authorised and issued share capital</b>	300,168,613	3,001,686,130,000	167,502,090	1,675,020,900,000
<b>Shares in circulation</b>				
Ordinary shares	300,168,613	3,001,686,130,000	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**

	31/12/2021		1/1/2021	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
KB Securities Co., Ltd.	299,596,020	99.81%	166,997,040	99.70%
Other shareholders	572,593	0.19%	505,050	0.30%
	300,168,613	100.00%	167,502,090	100.00%

**(c) Retained profits**

	2021 VND	2020 VND
Opening balance	460,285,417,867	305,962,322,089
Net profit for the year	240,632,522,489	166,903,986,707
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	680,889,461,952	460,285,417,867



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**23. Off balance sheet accounts**

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

	31/12/2021		1/1/2021	
	Quantity	Amount at par value VND	Quantity	Amount at par value VND
Less than 1 year	24,314	243,140,000	2,994	29,940,000

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

	31/12/2021		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**

	31/12/2021		1/1/2021	
	Quantity	Amount at par value VND	Quantity	Amount at par value VND
Freely transferred and traded financial assets	887,925,128	8,879,251,280,000	906,129,475	9,061,294,750,000
Financial assets restricted for transfers	26,224,188	262,241,880,000	26,741,119	267,411,190,000
Pledged financial assets	51,851,161	518,511,610,000	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	40,041,788	400,417,880,000	30,595,581	305,955,810,000
	<b>1,035,808,854</b>	<b>10,358,088,540,000</b>	<b>1,045,172,029</b>	<b>10,451,720,290,000</b>

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

	31/12/2021		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	9,744,932	97,449,320,000	8,670,160	86,701,600,000
Financial assets custodied at VSD but not yet traded and restricted for transfers	79,390	793,900,000	-	-
	<b>9,824,322</b>	<b>98,243,220,000</b>	<b>8,670,160</b>	<b>86,701,600,000</b>

**(e) Deposits of investors**

	31/12/2021 VND	1/1/2021 VND
Deposits of investors for securities transactions managed by the Company	1,510,942,114,241	1,168,591,117,050
Margin deposits from investors at VSD	107,715,504,733	95,316,775,469
Deposits for clearing and settlements of investor	177,662,655,879	16,553,521,114
▪ <i>Deposits for supplement and securities transactions of domestic investors</i>	143,756,855,403	66,480,223
▪ <i>Deposits for supplement and securities transactions of foreign investors</i>	33,905,800,476	16,487,040,891
	<b>1,796,320,274,853</b>	<b>1,280,461,413,633</b>

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

	31/12/2021 VND	1/1/2021 VND
Payables to investors on deposits for securities transactions managed by the Company		
▪ Payables to domestic investors on deposits for securities transactions managed by the Company	1,767,785,837,922	976,867,129,146
▪ Payables to foreign investors on deposits for securities transactions managed by the Company	21,505,673,355	307,314,759,950
	<b>1,789,291,511,277</b>	<b>1,284,181,889,096</b>



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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 amount VND	Average cost VND	Gains from sales of securities for the year 2021 VND	Gains from sales of securities for the year 2020 VND
Listed shares	3,179,525	1,558,596	4,955,595,517,550	1,558,013	1,854,018,121	210,290,299
Unlisted shares	-	-	-	-	-	4,202,800
Listed bonds	-	-	-	-	-	1,937,470,046
Unlisted bonds	-	-	-	-	-	5,394,975,401
Certificates of deposits	906,008	8,912,600	8,074,886,570,282	8,909,380	2,916,704,410	37,569,324,742
			<u>13,030,482,087,832</u>		<u>4,770,722,531</u>	<u>45,116,263,288</u>

**(b) Loss from sales of financial assets at FVTPL**

	Quantity	Average selling price VND	Total amount VND	Average cost VND	Loss from sales of securities for the year 2021 VND	Loss from sales of securities for the year 2020 VND
Listed shares	114,992	16,655	1,915,172,900	17,744	(125,265,674)	(20,651,039)
Unlisted shares	-	-	-	-	-	(4,323,836)
Unlisted bonds	-	-	-	-	-	(191,468,220)
Certificates of deposits	206,939	23,369,825	4,836,128,144,254	23,374,952	(1,061,038,141)	(1,803,777,954)
			<u>4,838,043,317,154</u>		<u>(1,186,303,815)</u>	<u>(2,020,221,049)</u>

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**25. Revaluation differences of financial assets at FVTPL**

	Cost VND	Market value/ fair value VND	Revaluation differences for the year ended 31/12/2021 VND	Revaluation differences for the year ended 31/12/2020 VND	Differences accounted in the year ended 31/12/2021 VND
<b>Financial assets at FVTPL</b>					
Listed shares	791,957,181	934,274,594	142,317,413	9,213,134	133,104,279
Certificates of deposits	2,140,000,000,000	2,140,000,000,000	-	-	-
	2,140,791,957,181	2,140,934,274,594	142,317,413	9,213,134	133,104,279
<b>Recognised in the statement of income</b>					
Gains from revaluation of financial assets at FVTPL					149,581,098
Losses from revaluation of financial assets at FVTPL					(16,476,819)
Unrealised profit during the year					133,104,279





**26. Dividends and interest from financial assets.**

	2021 VND	2020 VND
From financial assets at FVTPL	70,596,013,558	38,401,809,288
From investments held to maturity	75,968,391,756	166,593,207,956
From loans	376,800,924,301	221,738,047,617
▪ <i>Margin loans</i>	316,236,537,991	198,308,788,180
▪ <i>Advances to customers for the proceeds from selling securities</i>	60,564,386,310	23,429,259,437
	523,365,329,615	426,733,064,861

**27. Revenue other than income from financial assets**

	2021 VND	2020 VND
Revenue from securities brokerage	393,854,703,826	141,285,948,408
Revenue from securities underwriting and issuance agency services	2,655,454,547	10,578,613,635
Revenue from securities investment consulting services	944,125,000	7,513,769,997
Revenue from securities custody services	5,036,982,441	6,623,984,732
Revenue from financial consulting services	1,200,000,000	113,636,363
Other operating income	4,819,785,070	2,815,958,157
	408,511,050,884	168,931,911,292

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**28. Expenses for services rendered**

	2021 VND	2020 VND
Expenses for securities brokerage services		
▪ Staff costs	243,056,920,637	92,510,987,922
▪ Depreciation and amortisation	9,223,285,225	9,933,301,099
▪ Securities brokerage services expenses	75,434,048,950	30,277,732,165
▪ Tools and supplies	2,115,232,325	14,153,992,259
▪ Office rental	11,753,440,327	13,893,419,377
▪ Outside services	27,676,446,334	7,252,755,254
	369,259,373,798	168,022,188,076
Expense for securities underwriting and issuance agency services	6,564,473,476	10,052,907,319
Expense for securities investment consulting services	2,333,944,495	7,140,371,697
Expenses for securities custody services	6,216,458,451	6,502,796,887
Expenses for financial consulting services	2,966,485,787	107,989,181
	387,340,736,007	191,826,253,160

**29. Dividends and interest income from demand deposits at banks**

	2021 VND	2020 VND
Interest income from call deposits at bank	5,480,432,698	4,196,576,955

**30. General and administration expenses**

	2021 VND	2020 VND
Salary and related expenses	28,934,888,380	27,356,417,532
Social insurance, health insurance, unemployment insurance and trade union fee	1,270,185,500	1,130,903,000
Office stationaries	788,288,799	2,371,928,975
Tools and supplies	942,519,521	934,965,711
Taxes, fees and charges	63,868,900	4,314,445
Outside services	9,334,634,760	6,141,817,520
Other expenses	5,344,882,730	4,350,091,741
	46,679,268,590	42,290,438,924



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**31. Income tax**

**(a) Recognised in the statement of income for the year**

	<b>2021</b>	<b>2020</b>
	<b>VND</b>	<b>VND</b>
<b>Current income tax expense</b>		
Current year	60,417,853,310	39,864,390,805
Over provision in prior year	(90,351,190)	(9,480,762,379)
	<hr/>	<hr/>
	60,327,502,120	30,383,628,426
<b>Deferred tax expense/(benefit)</b>		
Origination and reversal of temporary differences	29,916,220	(511,206)
	<hr/>	<hr/>
Income tax expense	60,357,418,340	30,383,117,220
	<hr/>	<hr/>

**(b) Reconciliation of effective tax rate**

	<b>2021</b>	<b>2020</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	300,989,940,829	197,287,103,927
	<hr/>	<hr/>
Tax at the Company's tax rate	60,197,988,166	39,457,420,785
Non-deductible expenses	249,781,364	406,458,814
Over provision in prior year	(90,351,190)	(9,480,762,379)
	<hr/>	<hr/>
Income tax expense	60,357,418,340	30,383,117,220
	<hr/>	<hr/>

**(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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**32. Significant balances and transactions with related parties**

**(a) Balances with related parties**

	<b>Balance as at</b>	
	<b>31/12/2021</b>	<b>1/1/2021</b>
	<b>VND</b>	<b>VND</b>
<b>Parent company</b>		
<i>KB Securities Co., Ltd.</i>		
Other receivables	2,751,363,186	880,698,314
Receivable from researching services	224,136,000	207,135,000
Guarantee fee payable	3,947,299,893	-
<b>Other related parties</b>		
<i>Kookmin Bank – Ha Noi Branch</i>		
Short-term borrowings	333,000,000,000	-
Interest payable	538,095,890	-
Demand deposit	132,602,093	-
<i>Kookmin Bank – Ho Chi Minh City Branch</i>		
Demand deposit	82,636,023	33,722,998
<i>Kookmin Bank – Tokyo Branch</i>		
Short-term borrowings	1,112,480,000,000	1,112,480,000,000
Interest payable	1,571,160,433	1,663,455,237



**KB Securities Vietnam Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2021 (continued)**

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*dated 27 December 2016 of the Ministry of Finance)*

**(b) Transactions with related parties**

	<b>Transaction amount</b>	
	<b>2021</b>	<b>2020</b>
	<b>VND</b>	<b>VND</b>
<b>Parent company</b>		
<i>KB Securities Co., Ltd.</i>		
Receipt of capital contribution	1,325,989,800,000	-
Guarantee fee	8,525,088,000	559,028,860
Payment on behalf	1,870,664,872	1,461,069,506
Revenue of researching and consulting services	902,682,000	833,265,000
Revenue from transaction fee	1,580,265,832	-
<b>Other related parties</b>		
<i>Kookmin Bank – Tokyo Branch</i>		
Interest expenses incurred during the year	21,420,544,814	19,971,324,551
Borrowing granted during the year	-	184,540,000,000
<i>Kookmin Bank – Hong Kong Branch</i>		
Repayment of short-term loan principal	-	170,325,000,000
Interest expenses incurred during the year	-	3,974,330,752
<i>Kookmin Bank – Ha Noi Branch</i>		
Interest expense incurred during the year	7,961,479,454	-
Borrowing granted during the year	333,000,000,000	-
Interest income from demand deposit	68,532	-
<i>Kookmin Bank – Ho Chi Minh City Branch</i>		
Interest income from demand deposit	70,155	60,926
<b>Board of Directors, Board of Management and Supervisory Board</b>		
Salaries and remuneration of Board of Directors	600,714,286	672,804,348
Salaries and remuneration of Supervisory Board	84,000,000	36,000,000
Salaries and remuneration of Board of Management	3,705,941,966	3,643,129,891

**KB Securities Vietnam Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2021 (continued)**

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

**33. Lease commitment**

The minimal lease payment for irrevocable lease contract are as following:

	31/12/2021 VND	1/1/2021 VND
Within one year	3,380,943,264	8,718,793,757
From over one year to five years	281,509,910	-

**34. Comparative information**

Comparative information as at 1 January 2021 was derived from the balances and amounts reported in the Company's financial statements as at and for the year ended 31 December 2020.

29 March 2022

Prepared by:

Ha Thanh Hoa  
Chief Accountant

Approved by:

Jeon Mun Cheol  
Acting General Director