

Trust Business

In the new millenium, KDB launched into its trust business with even greater energy, introducing a strengthened independent accounting system and compliance procedures. The fund management team was re-organized to meet the various needs of clients. For a more prudent fiduciary duty, the risk management and compliance system was considerably strengthened.

The Bank has a flexible negotiation system that attracts large-scale trust funds by providing reasonable rates and hybrid products that adapt to the changing capital market.

The trust business has contributed to widening the Bank's customer base by offering high-yield products and customer-oriented services. Major products include the Open Type Money Trust, Specified Money Trust and Asset Backed Security Trust.

In line with the Bank's specialization in the field of corporate finance, the Specified Money Trust has been created to support the stock price of corporations in a bearish stock market. The Retirement Pension Fund Trust is sold to support the right of employees to retirement pensions. The Bank provides a custody service to investment companies, with the custody assets amounting to W1,075 billion.

The Bank developed an Asset Backed Security Trust, the first of its kind in Korea, which capitalizes on the future cash flow of the corporation account receivable assets. Furthermore, the target for investment assets has been extended to include Property Assets.

As of December 31, 2000, total trust asset volume at KDB reached W2,320 billion, an increase of 2.6 percent over the previous year, despite the sluggish state of the trust business in Korea. KDB manages funds according to strict portfolio strategies that satisfy the objectives and constraints of the customers. The portfolio is composed of stocks, bonds, loans, futures, options, and hybrid products. The Bank increased investments in bonds to a total of W1,754 billion, in stocks to W344 billion, and loans to W137 billion.

To cope with the rapidly changing market situation, the Bank will introduce advanced financial technology and expand the scope of its investment funds as part of efforts to develop fee business in its role as an investment bank.

