

Research and Information Activities

Economic and Industrial Research

KDB has commenced research into diverse areas such as industry, the economy, finance, North Korea and China, financial law, and facility investment both to assist in the efficient provision of industrial funds and to provide information to the government for making accurate industry and economy-related decisions. The Bank has commenced industrial ratings to assist credit analysis for industrial financing. It also reports on trends in Korean industry through various research reports, and offers industrial analysis. The Bank also offers basic information for operational plans through the release of reports about changes in the economic environment in *KDB Monthly Bulletin*, which includes analysis of core economic indices and trends regarding industrial activity, trade and financial markets.

In addition, support to the Bank's investment operations has been strengthened through field research. The issue of *Monthly Capital Market Review* considerably improved the quality of bond and stock market research and enhanced the status of the Bank in the bond and stock markets. KDB also regularly produces reports dealing with the prospects for the domestic economy, interest rates and currency forecasts, domestic economic and industrial



trends and analysis for assisting operational activities. The Bank released reports including *Analysis of Financial Data*, which dealt with industry analysis and the business management situation at corporations, in addition to *Survey of Facility Investment* and *Business Survey Index*. An English edition of *Industry in Korea 2000* was published, which analyzes the current status and forecasts for the country's core industries in the wake of the currency crisis, and also deals with growth areas such as biotech, IT and new materials. Active research regarding North Korea is also being undertaken in preparation for possible reunification in the future, and China has also become a subject of research due to its status as a key country for trade and investment.

The results of research are published in the *KDB Monthly Bulletin*, *Capital Market Review*, *KDB Economic & Industrial Focus*, and are also supplied to KDB branches through the intranet. Reports are also available at the Bank's Home-page on the internet.

Industrial Technology Studies

In this high-technology era, judging the technical viability of business plans for investment banking has become crucial. Therefore, in 1999 the Bank established the Industrial Technology Division to lead technology investigation at the Bank and to strengthen business support systems. The Department was reorganized into separate specialized divisions including the Technology Management, Technical Information, Technical Services and Technology Rating divisions in order to promote systematic management.

In 2000, the Industrial Technology Division carried out 200 technology investigations of high-tech and large-scale plants, venture businesses, and SMEs that had relatively high risk. The Division has already shown the potential for becoming a specialized technology rating agency through its development of new ratings standards that allow for the objective rating of a company's technical capability. The Division also actively participated in the rating of SMEs undertaken by the Korean government's SME Administration.

The Division produces *Monthly Technology Industry Report* in order to keep employees up to date on technology-related information for major industries that are at the vanguard of the technology revolution. As industry management systems shift to technology-focused systems in the 21st Century, the importance of technology risk management has undergone a corresponding increase. As a result, the Bank's industrial technology support will be expanded to ensure in-depth information for credit judgement of high-risk industries, and the swift supply of analytical information for new growth industries as well as conventional industries.



Information System

In recent years, KDB has made considerable efforts to improve Information Technology infrastructure at the Bank in an attempt to bolster its competitiveness. These improvements are part of our strategy to cope with the rapidly changing financial environment, as evidenced by mega-mergers between banks and the emergence of financial holding companies amidst a background of increasingly fierce competition among financial institutions. As part of such efforts, the Bank successfully established its Core Banking System in an open Unix environment, the development of which was initiated in June 1999.

With the Core Banking System in full-scale operation, KDB can improve customer service, enhance user convenience, and provide prompt and accurate managerial information. The system will also enable the Bank to operate round-the-clock, all year round. It will enable the timely development of new products, automate office work, as well as make the Bank's daily settlement of accounts considerably easier and more efficient.

In addition, to be sufficiently prepared against accident, disaster or disturbance to business, KDB established an SMS (System Management System) and NMS (Network Management System). Not only has the internal control system of the Bank been overhauled, but its BRS (Business Recovery System) has also almost reached the completion stage. With the scheduled completion in early 2001 of the EDW (Enterprise Data Warehouse), the Customer Information Management System, the Integrated Report System, the Management System for branches both in Korea and overseas, as well as a global network, the shift to knowledge-based management and superior customer service will be complete.