

Trust Business

KDB's quick responses to changing market conditions and customer demands boosted the trust amount to W6,558 billion, a whopping 178 percent increase from the previous year.

Amid the overall enforcement of the mark-to-market system for bonds, the market was plagued by many unfavorable conditions such as increased fluctuations of asset prices. Nevertheless, the KDB's trust amount reached W6,558 billion in 2001, up a whopping 178 percent from the previous year. The phenomenal turnaround was due to the Bank's ability to quickly respond to changes in the financial market and its timely development of new products meeting the needs of individual and institutional customers. Furthermore, high profitability and the revitalization of the property trust sector, including ABS trusts, were also major factors. An ABS trust is a trust product capitalizing on a company's future cash inflow from their accounts receivable.

The total trust amount comprises the following: W1,039 billion from the sale of funds favored by institutional investors and the sale of clean funds to institutional investors, executed by ABS underwriting based on high-yield and long-term bonds. Parts of funds were established by utilizing assets such as foreign currency-denominated bonds. A separate taxation trust product developed for wealthy individual customers raked in W21.1 billion

with the enforcement of a consolidated taxation system. Short-term pension type products posted W147.4 billion. Indirect investment products in real estate W5.8 billion, and retirement pension trust funds, a long-term stable product, W396.8 billion. The latter was the number one product in the banking industry in terms of market share. Overall, the Bank sought qualitative improvement in its trust product structure.

In order to bolster its fundraising support for companies and secure stable sources of fee income in 2001, the Bank posted W3,336 billion worth of receivable money trusts through capitalizing on the trade receivables of commercial airlines, W130 billion in mortgage bond trusts, and W1,439 billion in ordinary administrative trust business for special purpose companies (SPCs).

