



JAE-IN KIM DOESN'T JUST WORK IN RISK MANAGEMENT – HE IS A PROFESSOR OF THE SUBJECT AND TEACHES IT AT TWO DIFFERENT INSTITUTIONS. THE EMINENT HEAD OF RISK MANAGEMENT AT 4,000-EMPLOYEE KOREA FIRST BANK IN SEOUL HAS USED SUNGARD'S BANCWARE ALM SOLUTION FOR THE LAST FIVE YEARS



One of the foremost experts on financial risk in Korea, Jae-In Kim is the driving force behind risk management at Korea First Bank, an institution with 410 domestic and three overseas offices, more than 4,000 employees, and assets of around 41.5 trillion won. A 30-year veteran of the bank, Kim heads up the comprehensive risk management department, which monitors all areas of risk for the entire bank.

The bank has in place stringent risk management standards, achieved through comprehensive and centralized risk management. Kim's department is responsible for balance sheet management, achieved through close evaluation and monitoring of interest rate and liquidity risk. The 15 people in his team are "some of the most professional, hardworking and knowledgeable people in their field today. They really know what they are doing and how to get it done."

The team also manages the bank's capital adequacy requirements and, on a daily basis, the fund transfer pricing (FTP). FTP enables banks to analyze earnings. "The FTP is decided according to the strategy that the Asset and Liability Committee [ALCO] recommends, which is based on the fluctuating market interest rate, which in turn affects our deposit and lending interest

rates, and how we develop our interest rate products, as well as our FTP," explains Kim.

HIGH-LEVEL MEETINGS

Once a month, the Integrated Risk Management Committee meets to discuss the whole range of risk issues, including the utilization of the risk limit, credit risk analysis, asset/liability management (ALM) risk analysis and market and operational risk analysis. This committee is comprised of the chief regulatory officers.

Kim is a secretary of the bank's Basel Task Force team, which is in the midst of developing a road map for the implementation of the Basel II Capital Accord. Drawn up by the Basel Committee of the

HOME LIFE

FAMILY: "My wife is a soprano and performs locally at many different venues, including Korea First's last anniversary function. I also have a son and a daughter, both of whom are at university."

HOME: Daechi-dong.

HOMETOWN: Seoul.

CAREER: "In college, I studied history and became an officer with the Reserve Officer Training Corps. I started work at Korea First in 1975, and while working for the bank in Japan I gained a master's degree in economics at Hosei University."

HOBBIES: "I like golf – my handicap is 19 – and I love to go mountain-climbing."

VACATION: "The family usually goes to Japan, visiting the hot springs. We are all very comfortable with the language and the people."

FUTURE DREAM: "I would love to be able to compile a book based on all the presentations that I have done and lectures that I have given regarding my field of financial and risk management. In fact, that is my New Year's resolution!"



"I HAVE THE PRACTICAL SIDE OF IMPLEMENTATION FROM MY DAILY WORK AND THE THEORETICAL SIDE OF THE SUBJECT THROUGH SCHOOL. THESE TWO SIDES OF MY LIFE COMPLEMENT EACH OTHER VERY NICELY"



Bank for International Settlements, Basel II requires banks to adopt more risk-sensitive minimum capital requirements to ensure they have adequate capital to support their risks. The Accord comes into effect at the end of 2007.

In addition to the regular meetings of the Integrated Risk Management Committee, ALCO also meets once a month. "All of the bank executives attend this meeting, at which we present the ALCO package, which comprises information on net interest income, net present value, simulation results, liquidity risk management, earnings at risk and value at risk," says Kim.

Kim's team has developed an integrated risk management system that is now up and running. It analyzes all the risks borne by the bank, such as credit, ALM, market, operational and value at risk, to see if the available capital lies within the allocated risk limit.

Korea First installed SunGard's BancWare ALM software in September 2000. It enables the bank to analyze interest rate risk and forecast balance sheet performance. The bank uses a number of modules within BancWare, including the ALM simulation package, term structure model, customer behavior model, strategic planning and regulatory compliance. Using BancWare, Kim and his team have been able to develop a sophisticated ALCO package that continues to evolve as new capabilities are added.

SHARING KNOWLEDGE

Over the years at Korea First Bank, Kim has learned a great deal about risk management and is keen to share this knowledge with others. In the evenings, he lectures as an adjunct professor at one of Korea's leading educational institutions, Kyunghee University, in the MBA program on risk management theory and ALM. He also

WORK LIFE

BUSINESS HOURS: 9:30 a.m. to 6:00 p.m.

LOCATION: In the heart of downtown Seoul.

OFFICE: "I have a separate office that overlooks a wonderful garden that the bank often uses for cocktail parties."

DESK HYGIENE: "I try to keep my desk neat and all the file folders in their appropriate places in their cabinets – more for time management reasons than anything else."

PERSONAL ORGANIZATION: "I use a cellphone, which is vital as I store all phone numbers and appointments on it."

DRESS CODE: "It is quite conservative: men wear suits and ties while the women wear dark skirt suits."

CORPORATE CULTURE: "Non-bureaucratic and non-confining."

lectures at the Korean Banking Institute on ALM strategy simulation, interest rates and liquidity risk management. "I have the practical side of implementation from my daily work and the theoretical side of the subject through school. These two sides of my life complement each other very nicely and help me to continue to develop," says Kim.

Korea First Bank is the perfect place to work in terms of personal development, he says. "You are expected to do your work, but as soon as you are finished, you are free to do other things. This has enabled me to lecture in the evenings – something I really enjoy."

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