

1. Power Spread Note

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7 . 2006 7 28
Power Spread Note
KTB KRW IRS .
- 8 , 17 9 ,
Power Spread Note ([1]).
가 . 2,700 10 2
7 .
가 Power Spread Note
, , Swap Bank가
Swap Bank

[1] Power Spread Note (, %,)

Bond ID	Issuer	Coupon Cal. Method	
KR3821167S87	3Y	1 st 7.00, Max[Min(5.2+12*(CD-KTB), 7.0),0]	300
KR3821177S85	10Y	1 st 7.20, Max[Min(5.8+12*(CD-KTB), 7.2),0]	200
KR3821187S83	10Y	1 st 7.20, Max[Min(6.1+12*(CD-KTB), 7.2),0]	300
KR3821127S86	10Y	1 st 7.20, Max[Min(5.8+12*(CD-KTB), 7.2),0]	200
KR3821147S82	10Y	Max[Min(6.0+12*(CD-KTB), 7.2),0]	300
KR3821107S80	5Y	Max[Min(5.2+10*(CD-KTB), 7.7),0]	200
KR3821117S88	10Y	1 st 7.20, Max[Min(5.8+13*(CD-KTB), 7.2),0]	200
KR3102047S88	10Y	1 st 7.10, Max[Min(5.5+12*(CD-KTB), 7.1),0]	500
KR3821087S84	5Y	Max[Min(5.12+7*(CD-KTB), 7.0),0]	300
KR3102067S75	5Y	1 st 5.80, Max[Min(5.1+7*(CD-KTB), 7.0),0]	300

* : KIS 가 (, CD CD91 , KTB 3)

II. Power Spread Note

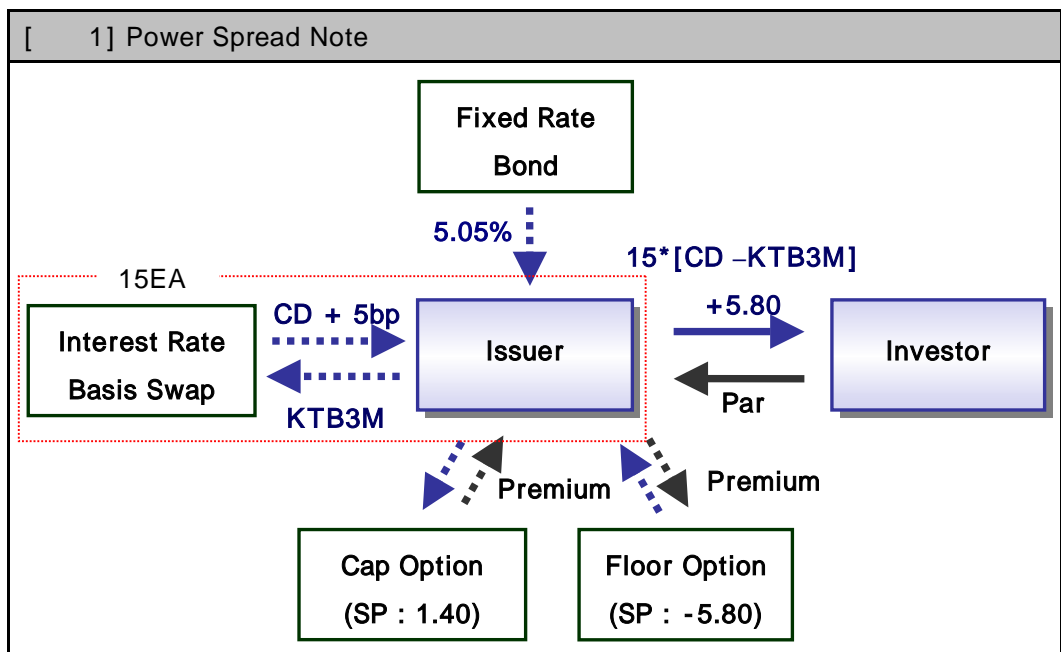
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Spread Note [1] Plain vanilla bond, Interest rate basis swap,
Cap option Floor option .

- : 5.05% (AAA 10)
- Interest rate basis swap contract (15 Contracts)
CD + 5Bp , KTB3M
- Cap Option / Floor Option

- Portfolio pay , Cap option Premium Floor Option
off PSN Premium , Portfolio Payoff Power Spread Note
payoff Payoff .

$$\begin{aligned}
 \text{Portfolio Payoff} &= \text{Payoff} + 15 * \text{Basis Swap Payoff} \\
 &= 5.05\% + 15 * (\text{CD} + 0.05 - \text{KTB3M}) \\
 &= 5.05\% + 0.75 + 15 * (\text{CD} - \text{KTB3M}) \\
 &= 5.80\% + 15 * (\text{CD} - \text{KTB3M}) \\
 &= \text{Power Spread Note Payoff}
 \end{aligned}$$



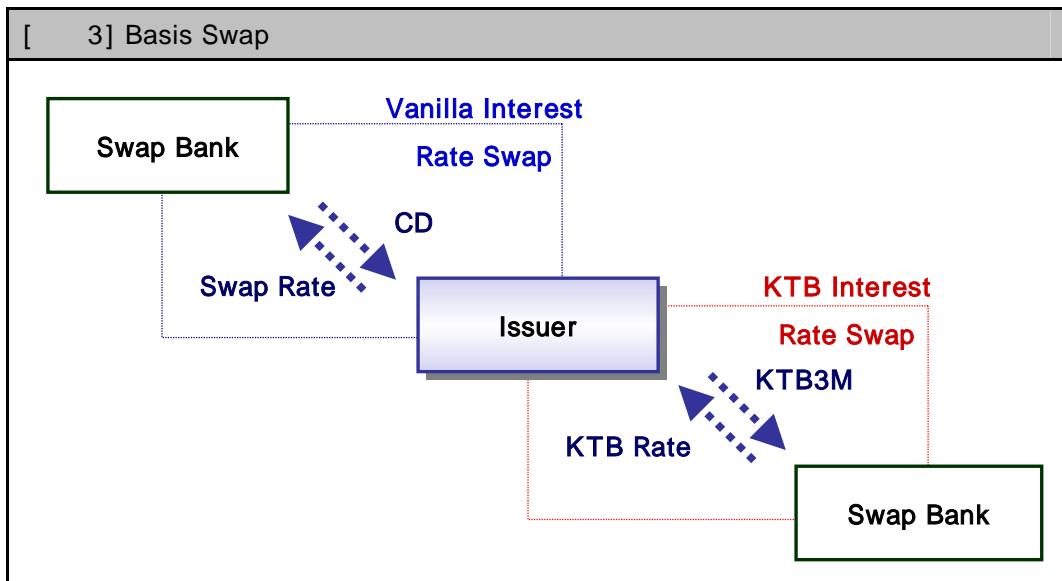
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III. Zero Sum Game Swap Bank

Swap Bank Power Spread Note

Zero Sum Game

Swap Bank
 Zero Sum Swap Bank
 Basis Swap
 1]
 Swap Bank 3, CD+5Bp Basis Swap
 CD 가 3 10Bp, Swap Bank
 Basis Swap 15Bp
 Swap Bank 가
 Swap Bank
 Basis Swap, [2] Basis Swap Vanilla Interest
 Rate Swap KTB Interest Swap 가



- Swap port - Swap Payoff Basis Swap Payoff
 folio

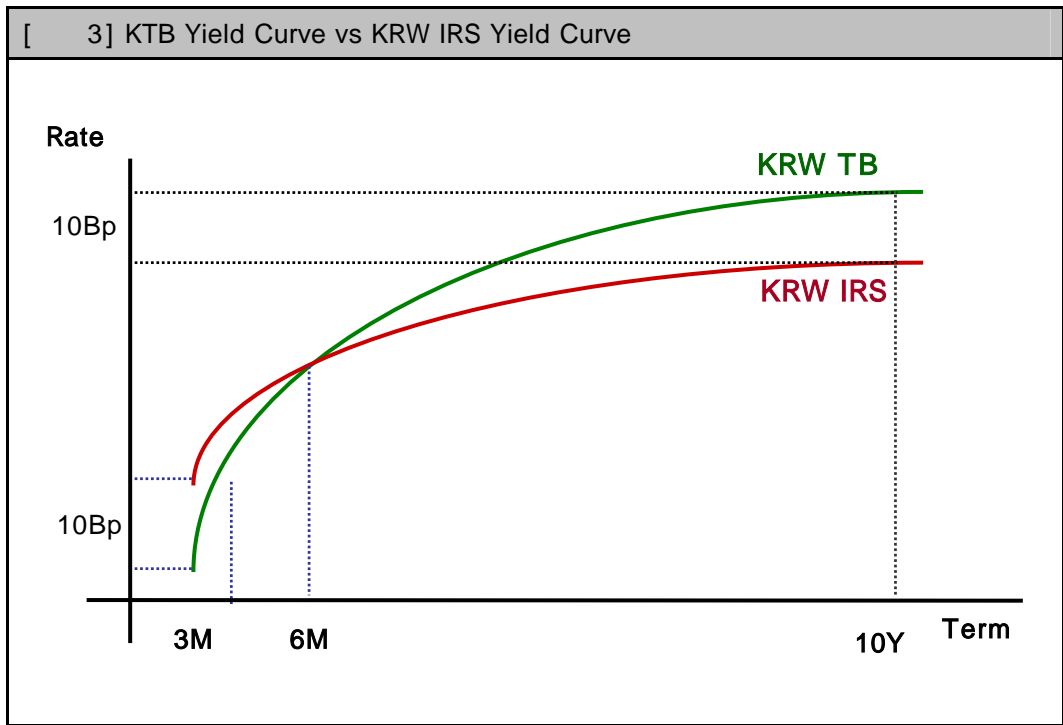
Vanilla IRS Payoff + KTB IRS Payoff

$$\begin{aligned}
 &= (CD - \text{Swap Rate}) + (\text{KTB Rate} - \text{KTB3M}) \\
 &= CD + (\text{KTB Rate} - \text{Swap Rate}) - \text{KTB3M} \\
 &= CD + 5\text{Bp} - \text{KTB3M} \quad (\text{if } \text{KTB Rate} - \text{Swap Rate} = 5\text{Bp}) \\
 &= \text{Basis Swap Payoff}
 \end{aligned}$$

- KTB IRS KTB Rate - Swap Rate = 5Bp , Swap Basis Swap
 Payoff가 . Swap Bank Swap Swap
 Spread가 5Bp , 2006 7 31 10
 Swap 10 Spread 14Bp, 2006 8 24 Spread
 10Bp .

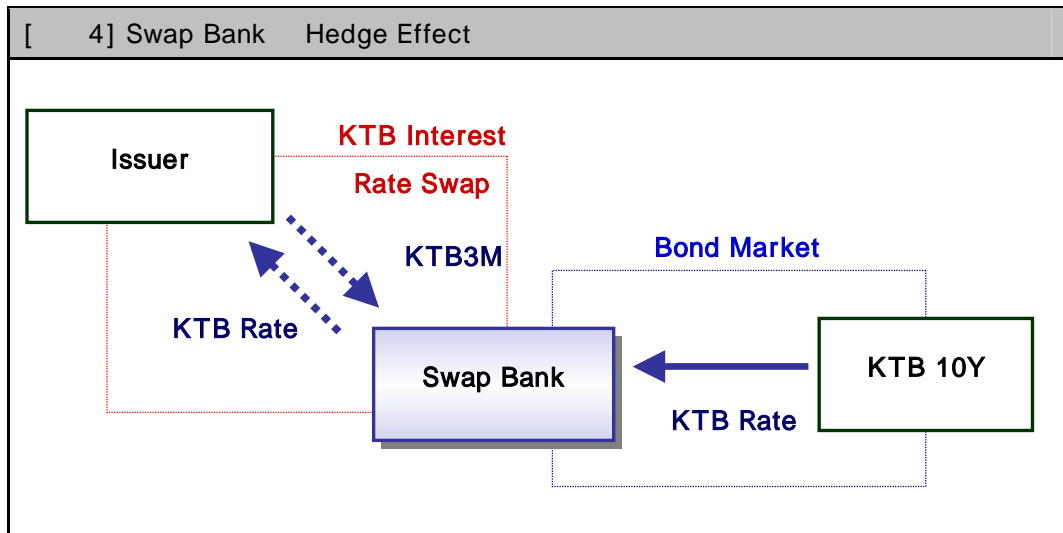
IV. Power Spread Note Hedge Effect

Power Spread Note KTB Yield Curve KRW IRS Yield Curve
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 , IRS , ,
 KRW IRS 가 , 가 , []
 3] X .
 Spread(CD > KTB3M) ,
 Spread(KTB 10Y > KRW IRS 10Y) Swap Bank
 Power Spread Note .



Hedge

. Swap Bank
 IRS (CD ,)
 KTB IRS (, KTB3M)
 KTB IRS , Swap Bank
 (4).



Hedge	Power Spread Note	+
× [CD91 – KTB3M] “ ”		100
가 15 ,	KTB Swap Hedge	10
1,500	Power Spread Note가 가	multi-factor
가		
7	10 14~15bp , KTB KRW IRS	

Power Spread Note