

ARTICLES OF INCORPORATION OF THE INDUSTRIAL BANK OF KOREA

CHAPTER I. GENERAL PROVISIONS

Article 1 (Incorporation and Name) (1) The Bank shall be incorporated in accordance with the provisions of the Industrial Bank of Korea Act (hereinafter referred to as the "Act"), and the name of the Bank shall be the Industrial Bank of Korea (hereinafter referred to as the "Bank").

(2) The English name of the Bank shall be spelt the "Industrial Bank of Korea."

Article 2 (Purpose) The purpose of the Bank shall be to promote the independent economic activities of small and medium enterprises and to enhance their economic position in the national economy by providing small and medium enterprises with efficient credit system.

Article 3 (Head Office, Branches, Sub-branches and Agencies) (1) The Bank shall have its head office in the Seoul Metropolitan City.

(2) The Bank may, in accordance with the standards established by the Financial Services Commission, establish branches, sub-branches or agencies.

(3) The Bank may have foreign branches or representative offices at necessary locations abroad.

Article 4 (Revision of Articles of Incorporation) Any revision to the Articles of Incorporation of the Bank shall be made subject to the approval of the Financial Services Commission after obtaining a resolution from the Board of Directors and the general shareholders meeting.

Article 5 (Public Notices) (1) All notices by the Bank shall be posted on the Bank's webpage (www.ibk.co.kr). However, when impossible to post on the webpage due to computer problems or other reasons, then they shall be published in the Korea Economic Daily and the Maeil Business Newspaper, both published in the Seoul Metropolitan City. However, the notice of financial statements pursuant to Article 69, Paragraph (4) can be made by way of electronic documents as set forth in Article 65-2 of the Banking Act.

(2) Notwithstanding Paragraph (1), the notice of financial statements pursuant to Article 69, Paragraph (4) can be made by way of electronic documents as set forth in Article 65-2 of the Banking Act.

CHAPTER II. CAPITAL AND SHARES

Article 6 (Total Number of Shares to be Issued) The total number of shares that the Bank may issue shall be 2,000,000,000.

Article 7 (Share Par Value) The par value of each share issued by the Bank shall be 5,000 won.

Article 8 (Initial Issuance) The total number of shares to be initially issued by the Bank shall be 43,411,941.

Article 9 (Electronic registration of the rights to be presented in Shares and Subscription Warrants) (1) Shares to be issued by the Bank shall be common shares and class shares. Class shares to be issued by the Company shall be preferred shares with dividends, convertible shares and redeemable shares.

(2) Instead of issuing share certificates and subscription warrants, the Bank shall electronically register the rights to be presented in shares and subscription warrants in the electronic registration account of the electronic registration institution.

Article 9-2 (Number and Conditions of Preferred Shares) (1) The total number of preferred shares to be issued by the Bank shall not exceed one half (1/2) of the total number of shares to be issued by the Bank. No voting rights shall be deemed vested in the preferred shares.

(2) The amount of dividend payment to the holders of the preferred shares, to be determined by the Board of Directors at the time of issuance, shall be calculated based on the face value of the share, and shall not be less than 0.3% p.a. of the face value

(3) Preferred shares can be participating or non-participating, cumulative or non-cumulative, as determined by resolution of the Board of Directors.

(4) Where it has been resolved in a general shareholders meeting that dividend payment to the preferred shareholders shall not be made, the holders of the preferred shares shall have voting right from the next general shareholders meeting until the end of another general shareholders meeting, where a resolution that the payment of dividends to the preferred shareholders shall be made, is passed.

(5) Where the Bank issues new shares for or without consideration, the holders of preferred shares shall be awarded common shares in case of issuance for consideration, and the same type of shares in the case of issuance without consideration.

Article 9-3 (Conversion of Shares) (1) At the request of holders of preferred shares, a preferred share may be converted into common share, as set forth the followings:

1. The conversion ration shall be one (1) preferred share for one (1) common share.
2. The conversion period shall be a period that comes no earlier than six (6) months after the issue date and determined by a resolution of the Board of Directors.

(2) As for the payment of dividend for the shares issued as a result of the conversion referred to in the provision (1) above, the provisions of Article 11.2 shall be applied.

Article 9-4 (Redeemable Shares) (1) At the time of issuance of preferred shares, the Bank may, pursuant to a resolution of the Board of Directors, issue such preferred shares as redeemable shares that can be retired at the Bank's discretion using its profits.

(2) The redemption price shall be the "issue price + additional amount", and the additional amount shall be determined by a resolution of the Board of Directors at the time of issuance of such redeemable shares, after considering such factors as the dividend rate, market conditions and general circumstances related to the issuance.

(3) The redemption period of the redeemable shares shall be determined by a resolution of the Board of Directors at the time of their issue date, and shall be a period that commences no earlier than one (1) year and ends no later than twenty (20) years from the issue date. However, all or part of the redeemable shares may be redeemed before the redemption period in accordance with the Bank's discretion.

(4) In the case of redeemable shares which are required to be redeemed by the Bank upon the expiration of the redemption period, the redemption period shall be extended, if/when any of the conditions listed below has occurred and remains outstanding, until such condition is resolved:

1. The holders of the redeemable shares did not receive the preferential dividends to which they are entitled.
2. The Bank is unable to redeem the redeemable shares within the redemption period due to lack of sufficient profits.

(5) The Bank may redeem the redeemable shares in whole at once or in part in installments; provided, however, that, in the case of partial redemption, the Bank may decide the shares to be redeemed through proportionate distribution to each shareholder. Fractional shares resulting from proportional redemption shall not be redeemed.

(6) If/when the Bank wishes to redeem the redeemable shares, the Bank shall provide public notice specifying its intention to redeem, the shares to be redeemed and a period of no less than one (1) month during which holders will be required to submit their share certificates to the Bank. The Bank shall make a separate notice to the pledgees and shareholders listed in the Bank's shareholder registry. Upon the expiration of the period specified above, the Bank shall redeem the redeemable shares mandatorily.

(7) When issuing redeemable shares, the Bank may issue the redeemable shares as convertible shares stipulated in Article 9-3 herein with a resolution of the Board of Directors.

Article 10 (deleted)

Article 11 (Pre-emptive Right) (1) The Bank's shareholders shall have the pre-

emptive right to subscribe for new shares in accordance with their respective shareholding ratio.

(2) Notwithstanding Paragraph (1), new shares may be allocated to non-shareholders by a resolution of the Board of Directors in the following cases:

1. Offering of new shares to the public or allotment of new shares to underwriters pursuant to the provisions of relevant laws;
2. Preferential allotment of new shares to members of the employee stock ownership association pursuant to the provisions of relevant laws and Exchange Act;
3. Issuance of new shares within 50/100 of the total number of issued shares through a public offering in order to increase capital pursuant to the provisions of relevant laws Securities and Exchange Act;
4. Issuance of new shares through issuance of Depositary Receipt (DR) under the provisions of relevant laws the Regulation on Issuance of Overseas Securities;
5. Allotment of all of the new shares to the Government; and
6. When deemed necessary by the Bank to accomplish its managerial objectives such as improvement of financial structure, etc.

(3) If a shareholder abandons or loses the pre-emptive right to acquire newly allocated shares and/or if fractional shares occur, the disposal of the new shares shall be made in accordance with the resolution of the Board of Directors under the provisions of relevant laws the Regulation.

Article 11-2 (Initial Date in Reckoning of Dividend from New Shares) Where the Bank issues new shares for or without consideration, or as a stock dividend, for the purpose of the distribution of profits or dividends as per such newly issued shares shall be regarded as having been issued at the end of the fiscal year preceding the fiscal year during which new shares are issued.

Article 11-3 (deleted)

Article 12 (deleted)

Article 13 (Transfer Agent) (1) (deleted)

(2) The Bank shall retain a transfer agent.

(3) The transfer agent shall be handled in accordance with the following.

1. The transfer agent, its place of business, and the scope of the agency shall be determined by a resolution of the Board of Directors and publicly announced.
2. The transfer agent shall place the register of shareholders of the Bank or the copy thereof at the place of business of the transfer agent and handle the electronic registration of the shares, the management of the share register, and other matters in regard to the shares.
3. The procedure of business under Subparagraph 2, the Regulations of regarding agency business of the transfer agent in transferring title of securities apply in the procedure of business under Subparagraph 2.
4. (deleted)

Article 14 (Registration of Pledge, etc.) If shareholders wish to register a pledge on shares of the Bank or indicate that certain shares are trust property, or cancel either of the above, they shall apply for electronic registration of the contents of the right thereof to an electronic registration authority or account management institution in which the shares are electronically registered.

Article 15 (deleted)

Article 16 (deleted)

Article 17 (deleted)

Article 18 (deleted)

Article 19 (Closure of Shareholders' Register and Record Date) (1) The Bank shall suspend any change to the shareholders' register with regard to shareholder rights during the period from the first day of January to the last day of January of each year.

(2) The Bank shall recognize the shareholders listed on the shareholders' register at the last day of December of each year as the shareholders to exercise

the shareholder rights at the ordinary general shareholders' meeting concerning settlement term.

(3) In case of an extraordinary general shareholders' meeting being called or for reasons deemed necessary by the Bank, the Bank may, by the resolution of the Board of Directors, suspend, with two week's prior public notice, any change to the shareholders' register for a period not exceeding three months, or recognize the shareholders listed on the shareholders' register on a record date determined by a resolution of the Board of Directors as the shareholders to exercise the shareholder rights. In addition, the Bank may suspend change in the shareholders' register and designate the record date together if the Board of Directors deems it necessary.

CHAPTER III. GENERAL SHAREHOLDERS' MEETING

Article 20 (Categories of General Shareholders' Meetings) (1) The general shareholders' meetings shall be of two categories: ordinary and extraordinary.

(2) The ordinary general shareholders' meeting shall be held within three (3) months after the close of each fiscal year and the extraordinary general shareholders' meeting may be held when deemed necessary.

Article 21 (Convocation of General Shareholders' Meeting) (1) The President shall convene the general shareholders' meeting and shall chair the meeting. If the President cannot perform his/her duties due to unavoidable circumstances, the Director and the Deputy President (hereinafter referred to as the "Deputy President") or one of the Directors & Executive Vice Presidents (hereinafter referred to as the "Executive Vice Presidents") under Article 39-2, Paragraphs (2) and (5) shall act for the President.

(2) In convening the general shareholders' meeting, the notice stating the time, place and purposes of the meeting in writings shall be released or listed electronically two weeks prior to the meeting. However, notices of the meeting to shareholders who own not more than one one-hundredth of the total number of voting shares may be substituted with two (2) or more public notices in the daily newspapers specified in Article 5 or listed on Korean Exchange.

(3) The general shareholders' meeting shall deliberate the agenda stated in the meeting notice.

(4) The general shareholders' meeting shall be held at the location of the head office of the Bank.

Article 22 (Votes) Each shareholder shall have one vote for each share owned.

Article 23 (Voting by Proxy) (1) Shareholders may exercise their voting rights by proxy.

(2) The proxy shall submit credentials to the Bank as proof of his/her authority before the opening of the general shareholders' meeting.

Article 24 (Resolutions of General Shareholders' Meeting) The resolutions of the general shareholders' meeting, except where statutorily prescribed otherwise, shall be adopted by the majority of the voting rights of shareholders present and not less than one fourth (1/4) of the total number of issued shares.

Article 25 (Chairman's Right to Maintain Order) (1) The Chairman may suspend, overrule a person's right to speak or order him/her to be removed from the meeting, if such person intentionally speaks or acts to interrupt the proceedings or disturbs the order of the general shareholders' meeting.

(2) If the Chairman deems it necessary for the smooth proceeding of the meeting, the Chairman may restrict the time and frequency of speaking opportunities allowed for each shareholder.

Article 26 (Minutes of General Shareholders' Meeting) A summary report of the proceedings and resolutions of the general shareholders' meeting shall be recorded in the minutes and shall be signed and sealed by the Chairman and the Directors present.

CHAPTER IV. BOARD OF DIRECTORS

Article 27 (Board of Directors) (1) The Board of Directors shall be composed of the President, the Deputy President and the Directors.

(2) The Board of Directors shall deliberate and resolve important matters relating to the following operations of the Bank:

1. Matters on management goal and evaluation;
2. Matters on amendment to the Articles of Incorporation;
3. Matters on Budget and Settlement of Accounts;
4. Matters on major structural alteration such as dissolution, transfer of business and merger;
5. Matters on legislation, amendment and abolishment of bylaws for internal control and risk management;
6. Matters on supervision of conflict of interest between major shareholders or officers and the company; and
7. Matters on other laws, Board regulations, and bylaws that obtained a resolution from the Board of Directors.

(3) The President shall convene the Board of Directors meetings and shall be the Chairman thereof.

(4) When convening a meeting of the Board of Directors, notice shall be given to the members of the Board and the Auditor at least three (3) days prior to the meeting. However, matters which do not require any report or deliberation, which require emergency action, or to which the Board of Directors and the Auditor agree, may not be subject to the notice requirement hereof.

(5) Directors shall report the implementation status of operations to the Board of Directors at least once every three (3) months.

(6) The Auditor may attend at the meeting of the Board of Directors and state his or her opinions.

(7) The Board of Directors may have a Management Council to execute the resolutions of the Board of Directors. The particulars pertaining to the organization and operation of the Management Council shall be decided by the Board of Directors.

Article 28 (Resolutions of Board of Directors) The resolutions of the Board of Directors shall be adopted by a majority of votes of the members of the Board.

Article 29 (deleted)

Article 30 (deleted)

Article 31 (Minutes of Proceedings) A summary report of the agenda, proceedings and resolutions of the Board of Directors' meetings, and name of any dissenting directors, if any and reasons of such dissent, shall be recorded in the minutes and shall be signed and sealed by the members and the auditor present at the meeting.

Article 32 (Operations) The particulars pertaining to the operation of the Board of Directors shall be in accordance with the Board of Directors Regulations.

Article 32-2 (Committees) (1) The Bank may establish the following committees under the Board of Directors.

1. Operations Committee
2. Remuneration Committee
3. Risk Management Committee
4. Other committees separately determined by the Board of Directors

(2) The particulars including but not limited to the organization, power, operations of the committees shall be determined by the resolution of the Board of Directors.

(3) As for the committees, Article 27, Paragraph 4, Articles 28 and 31 shall apply *mutatis mutandis*.

CHAPTER V. OFFICERS AND EMPLOYEES

Article 33 (Officers) (1) The Bank shall have, as its officers, one President, one Deputy President, no more than one (1) Director and one Auditor.

(2) The Directors shall be comprised of no more than one (1) Executive Vice President and no more than four (4) Independent Directors.

(3) The number of Independent Directors shall be no less than three (3) persons, comprising more than one half (1/2) of the total number of the Board members.

Article 34 (deleted)

Article 35 (deleted)

Article 36 (deleted)

Article 37 (deleted)

Article 38 (Appointment and Dismissal of Officers) (1) The President shall be appointed and dismissed by the President of the Republic of Korea upon the recommendation of the Chairman of the Financial Services Commission.

(2) The Deputy President and the Executive Vice President shall be appointed and dismissed by the Financial Services Commission upon the recommendation of the President.

(3) The independent directors shall be appointed among those with expert knowledge or experience in management, economics, accounting, law or small and medium enterprises. The appointment and dismissal of the independent directors shall be done by the Financial Services Commission upon the recommendation of the President.

(4) The Auditor shall be appointed and dismissed by the Financial Services Commission.

Article 39 (Terms of Officers) (1) The terms of office of the officers shall be three (3) years and they may serve consecutive terms.

(2) Any vacancy occurring in the office of the officers shall be filled by the appointment of new officers. Exceptions may be made if the vacancy does not affect the minimum number of officers as stipulated in Article 33, and the

remaining officers are capable of executing their assigned duties.

(3) The terms of officers appointed pursuant to Paragraph (2) shall be reckoned from the date of appointment.

Article 39-2 (Duties of Officers) (1) The President shall represent the Bank and have jurisdiction over general operations of the Bank.

(2) The Deputy President shall assist the President and shall act for the President in case where the President cannot perform his/her duties due to unavoidable circumstances.

(3) The Executive Vice Presidents shall assist the President and the Deputy President and shall share the responsibilities for the operations of the Bank as instructed by the President.

(4) The Independent Directors shall assist the President and the Deputy President in the management of the Bank upon the request of the President, and shall deliberate and participate in the resolution of the issues raised at the Board of Directors meetings.

(5) If both the President and the Deputy President cannot perform their duties due to unavoidable circumstances, each Executive Vice President, in an order designated by the President, shall act for the President and the Deputy President.

(6) The Auditor shall audit and inspect the operations and accounting of the Bank.

Article 40 (deleted)

Article 41 (Disqualification of Officers) Any person who falls under any of the following categories shall not qualify for the position of officer:

1. Any person who is not a citizen of the Republic of Korea;
2. Any person who falls under any of the Subparagraphs of Article 33 of the State Public Official Act; and
3. Any person who may not become an officer of a bank in accordance with the Act on Corporate Governance of Financial Companies.

Article 42 (Restriction on Engaging in Outside Business by Officers or Employees) (1) Both executive officers and employees of the Bank shall be restricted from holding outside employment or engaging in any business activity for profit. The executive officers may not hold any other position without the prior approval of the Financial Services Commission; the employees may not hold any other position without the prior approval of the President.

(2) The independent directors may not be a director of the Bank of Korea, other banking institutions or any other financial holding companies.

Article 43 (Restriction on Authority of Officers in Representing the Bank)

(1) The President, the Deputy President or an Executive Vice President acting for the President pursuant to Article 39-2, Paragraphs (2) or (5) shall not represent the Bank for those matters in which his or her personal interests are in conflict with the Bank's interests.

(2) In the event of Paragraph (1), the Auditor shall represent the Bank if neither the Deputy President nor an Executive Vice President is able to represent the Bank.

Article 44 (Designation of Representative) The President may, on his or her own responsibility, appoint a representative from among the Deputy President, the Executive Vice Presidents or employees, who shall be duly empowered to act for him or her in connection with the operations of the Bank in all judicial and extra-judicial matters.

Article 45 (Appointment and Dismissal of Employees) The President shall appoint and dismiss the employees of the Bank.

Article 46 (Remuneration and Retirement Allowance of Officers) (1) The remuneration of the officers of the Bank shall be determined by the resolution of the general shareholders' meeting.

(2) The retirement allowance for officers shall be paid in accordance with the Officer Severance Pay Regulations determined by the resolution of the general shareholders' meeting.

CHAPTER VI. OPERATIONS

Article 47 (Operations) The Bank may engage in the following activities:

1. Provide loans to and discount bills for small and medium enterprises;
2. Receive deposits and installment savings deposits, and issue securities and other debt instruments;
3. Subscribe to and/or underwrite stocks of small and medium enterprises, and subscribe to, underwrite and/or guarantee corporate bonds; provided, however, that the amount of the stocks underwritten by the Bank shall not exceed the Bank's paid-in capital, and the stock and/or bonds held, may from time to time be disposed of by means of sale;
4. Provide domestic remittances, foreign exchange and safe deposit boxes;
5. Provide payment acceptances and guarantees;
6. Act as Treasury Agency;
7. Borrow funds from the Government, the Bank of Korea and other financial institutions;
8. Perform business conducted at the request of the Government and public institutions;
9. Carry out other activities incidental to the activities provided for in Subparagraphs 1 through 8; and
10. Perform business, other than those specified under Subparagraphs 1 through 9, necessary to achieve the purpose stated in Article 2, subject to the approval of the Financial Services Commission.

Article 48 (deleted)

Article 49 (Research and Surveys on Small and Medium Enterprises) The Bank shall conduct research and surveys on, and business guidance services and consulting services for, small and medium enterprises.

Article 50 (Operational Plan) (1) The Bank shall prepare an annual operational plan for each fiscal year and submit it, upon the resolution of the Board of Directors, to the Financial Services Commission for approval one (1) month prior to the beginning of each fiscal year.

(2) The annual operational plan, as provided for in Paragraph (1), shall consist of the annual business plan and the annual funding plan; the funding schedule shall be subdivided into small and medium industry funds and general funds.

(3) Paragraphs (1) and (2) shall apply to any partial revision of the annual operational plan of the Bank.

Article 51 (Operations Manual) The Bank shall prepare an operations manual which provides information on its lending method, interest rates, loan terms, means of collection of loan principal and interest and the maximum loan amount and/or payment guarantees to any one person; method of subscription, underwriting and/or selling of stocks; the method of subscription, underwriting, guarantee and/or selling of bonds; and other procedures, as described in Subparagraphs 1 through 4 of Article 33 and Article 57 of the Act; and shall report the operations manual to the Financial Services Commission upon a resolution of the Board of Directors. The same procedure shall apply to a revision of the operations manual.

Article 52 (Loan Supervision) (1) The Bank shall supervise and/or manage loans to assure that they are used in conformity with their specified purpose and plan, and may dispatch its employees to the borrowers' premises and take the following actions when deemed necessary to effectively supervise and/or manage the funds:

1. Inspection by Bank employees of the borrower's use of the loan and his/her properties;
2. Submission by the borrower of the documents required for the inspection in Subparagraph 1 and summons to witnesses to attend and testify; and
3. Report to the pertinent authorities on, or request for the borrower's rectification of, if any, his/her unjustifiable disposition of loan funds.

(2) The inspector under Subparagraph 1, Paragraph (1) shall carry his/her credentials issued by the President.

Article 53 (Issuance of Small and Medium Industry Finance Bonds) (1) The Bank may issue Small and Medium Industry Finance Bonds (hereinafter referred to as the "Bonds").

(2) The aggregate outstanding balance of the Bonds shall not exceed twenty (20) times the Bank's paid-in capital plus its reserves.

(3) The Board may determine the amounts and types of Bonds and authorize the CEO to issue such bonds within one year upon the authorization.

Article 53-2 (Issuance of Writedown Contingent Convertible Bonds) (1) The Bank may issue bonds by a resolution of the Board, on the condition that in case the Bank is designated as a non-performing financial institution pursuant to the Act on the Structural Improvement of the Financial Industry, the obligation to repay the bonds and pay the interests thereon shall be reduced or exempted (the “Writedown Contingent Convertible Bonds”).

(2) The Bank may issue the Writedown Contingent Convertible Bonds to the extent the aggregate par value thereof does not exceed ten trillion (10,000,000,000,000) Won which is within the maximum issuable amount under Article 53, Paragraph (2).

(3) The Bank may issue the Writedown Contingent Convertible Bonds on the condition that if the Bank is designated as a non-performing financial institution under Paragraph (1) above, the obligations to repay the Contingent Convertible Bonds issued by the Company and pay the interests thereon shall be exempted; provided, that the Bank may issue the Writedown Contingent Convertible Bonds by a resolution of the Board, on the condition that the obligation to repay the bonds and pay the interests thereon shall be abated.

Article 53-3 (Electronic Registration of the Rights to be presented in Small and Medium Industry Finance Bonds and Writedown Contingent Convertible Bonds) Instead of issuing Bonds and Writedown Contingent Convertible Bonds, the Bank shall electronically register the rights to be presented in Bonds and Writedown Contingent Convertible Bonds in the electronic registration account of the electronic registration institution. However, any bonds issued by the Bank that are not listed in a securities market shall be excluded from the subject of electronic registration.

Article 54 (Issuance of Bonds to Refund Outstanding Bonds) (1) The Bank may issue, temporarily, Bonds in excess of the limit in Article 53, Paragraph (2)

to refund outstanding Bonds.

(2) If the Bonds pursuant to Paragraph (1) are issued, the Bank shall, within one (1) month of issuance, redeem the outstanding Bonds at an amount equal to the aggregate par value of the Bonds previously issued.

Article 55 (Issuance on Discount Basis) The Bonds may be issued on a discount basis.

Article 56 (Issuance by Public Sale) The Bonds may be issued by public sale; provided that the period of such public sale along with the particulars provided for in Subparagraphs 1 through 7, Paragraph (2), Article 19 of the Enforcement Decree of the Act shall be publicly notified.

Article 57 (Form of Bonds) The Bonds shall be issued in bearer form; provided that the Bonds in bearer form may be converted into Bonds in non-bearer form and vice versa on demand of a subscriber or a bearer.

Article 58 (Payment of Interest) Interest on the Bonds may be paid not less than once a year.

Article 59 (Grace Period) (1) For redemption, the Bonds may have a grace period of up to three (3) years.

(2) The period of redemption shall be up to fifteen (15) years, inclusive of the grace period.

Article 60 (Transfer of Title) (1) When transfer of title of the Bonds in non-bearer form is desired, the parties concerned shall submit to the Bank the application on the Bank's official form, signed and sealed by the parties concerned, together with the Bonds, likewise signed and sealed on the reverse.

(2) When any person entitled to the Bonds in non-bearer form as a result of inheritance, bequeathal or auction applies for the transfer of title thereof, he/she shall present to the Bank the application on the Bank's official form, signed and sealed by him/her, together with the Bonds signed and sealed on the reverse side by him/her and with a written evidence of title thereto.

(3) The Bank shall, upon receiving the application under Paragraphs (1) or (2), enter the cause of such application in the Bonds' register, and shall return to the applicant the Bonds signed and sealed on the reverse side by the President.

(4) Notwithstanding Paragraph (1) and (3) above, Article 13 shall be applied to Bonds and Writedown Contingent Convertible Bonds subject to electronic registration in accordance with the text of Article 53-3.

Article 61 (Registration of Pledge) (1) Any person who applies for the registration of a pledge on the Bonds in non-bearer form shall submit to the Bank an application on the Bank's official form, signed and sealed by the parties concerned, with the Bonds attached thereto.

(2) The Bank shall, upon receiving the application under Paragraph (1), enter the name and address of the pledgee in the Bonds' register, and enter the name of the pledgee on the Bond certificates which shall be signed and sealed by the President, and shall return them to the applicant.

(3) The provisions of paragraphs (1) and (2) shall apply to the registration of transfer and cancellation of pledges.

(4) Notwithstanding Paragraph (1) and (3) above, Article 14 shall be applied to Bonds and Writedown Contingent Convertible Bonds subject to electronic registration in accordance with the text of Article 53-3.

Article 62 (Indication of Trust Properties) (1) If the Bond registration is desired to indicate a trust, the trustee shall submit to the Bank an application on the Bank's official form, signed and sealed by the trustee, together with the Bonds.

(2) The Bank shall, upon receiving the application under Paragraph (1), enter the fact of a trust property in the Bonds' register and the date on the Bonds to which the President shall sign and affix his/her seal, and return them to the applicant.

(3) The provisions in paragraph (2) shall apply to the cancellation of the indication of trust properties.

(4) Notwithstanding Paragraph (1) and (3) above, Article 14 shall be applied to Bonds and Writedown Contingent Convertible Bonds subject to electronic registration in accordance with the text of Article 53-3.

Article 63 (Defaced or Destroyed Bonds) (1) Any person seeking re-issuance of the Bonds due to defacement or destruction shall present the Bonds to the Bank with a written statement on the cause of the defacement or destruction, and of the type and serial number of the Bonds.

(2) Upon receipt of such applications as in Paragraph (1), the Bank shall examine the Bonds and shall issue, if they are found authentic, new Bonds. However, if it is difficult to authenticate the Bonds due to the damage, Article 65 shall apply *mutatis mutandis*.

(3) In case of Bonds and Writedown Contingent Convertible Bonds subject to electronic registration, the application of Paragraph (1) and (2) above shall be excluded in accordance with the text of Article 53-3.

Article 64 (Loss of Non-bearer Bonds) (1) An person who has lost a non-bearer Bond may apply to the Bank for re-issuance thereof by submitting a document indicating the cause of the loss, the type and serial number of the Bonds.

(2) Upon the receipt of such applications as in Paragraph (1), the Bank shall give public notice of the fact at the expense of the applicant; and the Bank may, if there is no demurrant within one (1) month and if no such Bonds have been found, after receiving written guarantees from two (2) or more persons, re-issue and deliver the new Bonds to the applicant.

(3) In case of Bonds and Writedown Contingent Convertible Bonds subject to electronic registration, the application of Paragraph (1) and (2) above shall be excluded in accordance with the text of Article 53-3.

Article 65 (Loss of Bearer Bonds) When bearer Bonds have been lost, the Bank shall not issue new Bonds unless and until a court of competent jurisdiction has issued a judgment of nullification and the original or certified copy of such judgment has been presented to the Bank. In case of Bonds and Writedown Contingent Convertible Bonds subject to electronic registration, however, the

application of the text above shall be excluded in accordance with the text of Article 53-3.

Article 66 (Conversion of Bearer Bonds) (1) Any person, who wants to convert bearer Bonds into non-bearer Bonds, shall submit an application on the Bank's official form to the Bank, signed and sealed thereon, together with Bonds. In case of converting electronically registered bearer Bonds into non-bearer Bonds in accordance with the text of Article 53-3, however, the person shall attach a document, prescribed by the Bank, that can confirm the ownership of Bonds, in substitution for attaching Bonds.

(2) Upon receipt of such applications as in Paragraph (1), the Bank shall enter the name and address of the applicant in the Bonds' register and shall enter the name of the applicant on the Bonds on which the President shall sign and affix his/her seal, and return them to the applicant. In case of converting electronically registered bearer Bonds into non-bearer Bonds in accordance with the text of Article 53-3, however, the Bank shall enter bondholders' names and addresses on the Bonds' register after completing the verification of the ownership of Bonds through the documents submitted pursuant to Paragraph (1) above.

(3) The provisions of Paragraphs (1) and (2) shall apply *mutatis mutandis* to the conversion of the non-bearer Bonds into bearer Bonds.

Article 67 (Fees) The Bank may charge the applicant a fee for transfer of title of non-bearer Bonds, any entry in the Bonds register of the creation, transfer or cancellation of a pledge on the Bonds, any registration of the creation or cancellation of a trust properties on the Bonds, any conversion of the bearer Bonds into the non-bearer Bonds, or vice versa; and any re-issue of new Bonds in place of lost, defaced or destroyed Bonds.

Article 68 (Contract for Agency) (1) The Bank shall, when it desires to have an agency, enter into an agency contract with that financial institution concerned.

(2) The contract in Paragraph (1) shall be entered into between the President and the head of the financial institution concerned.

CHAPTER VII. ACCOUNTING

Article 69 (Fiscal Year, Budget and Settlement of Accounts) (1) The Bank's fiscal year shall correspond to that of the Government.

(2) The Bank shall compile the budget for each fiscal year and confirm it by a resolution of the Board of Directors prior to the commencement of the relevant fiscal year; provided that the budget for labor costs shall be approved by the Financial Services Commission in advance.

(3) The Bank shall prepare the closing statement of accounts within three (3) months after the close of each fiscal year and submit it to the Financial Services Commission.

(4) The President shall, immediately after acquiring the approval of the general shareholders' meeting about the financial statements, release public notice of its balance sheet and statement of profit and loss and shall ensure each of them to be kept at its head office, branches and sub-branches.

Article 70 (Disposal of Profits) (1) The Bank's annual net profits, after making adequate allowances for depreciation of assets for each fiscal year, shall be disposed of as follows:

1. Not less than twenty five one-hundredths (25/100) of the net profits shall be credited to the reserve fund, until such reserves have reached the level of total paid-in capital; and
2. The net profits remaining after fulfilling Subparagraph 1 shall be disposed of upon a resolution of the Board of Directors and general shareholders' meeting.

(2) When paying dividends to shareholders in accordance with Subparagraph 2, Paragraph (1), the non-government shareholders may be given priority.

(3) When paying dividends to shareholders in accordance with Subparagraph 2, Paragraph (1), the profit dividends may be paid in either cash or shares or other types of assets.

Article 71 (Coverage of Losses) The Bank shall cover any net loss incurred

during a particular fiscal year with its reserves, and if the reserves are insufficient, the government shall provide funds to cover the deficit.

Article 72 (deleted)

Article 73 (Operation of Surplus) The Bank may operate its surplus from business activities by any of the following methods, to the extent not hindering to the performance of business activities set forth in Article 47:

1. Holding of securities;
2. Deposits with the Bank of Korea and/or other financial institutions and/or provision of short-term loans to other financial institutions; and
3. Other methods of operation with the approval of the Board of Directors.

CHAPTER VIII. SUPPLEMENTARY PROVISIONS

Article 74 (Annual Report) The Bank shall, within four (4) months after the end of each fiscal year, submit to the National Assembly and the Financial Services Commission its annual report summarizing its operations and the Government's major financial policies relating to small and medium enterprises for the fiscal year and analyzing the Bank's annual financial performance.

Article 75 (Limitation on Ownership of Personal or Real Property) The Bank shall not own any personal or real property except for acquisition of things necessary for general conduct of its business or taken over in the course of its debt collection, or other things necessary for the business operation.

Article 76 (Loans to Local Governments, etc.) The Bank may make loans to and discount bills for, within the scope stipulated in Article 57, local governments, nonprofit corporations and entities, and those who do not meet under the definition as provided for in Article 2 of the Act.

Article 77 (Special Exception in Transactions) If a small and medium enterprise, in the course of its transactions with the Bank, becomes a non-small and medium enterprise, for which the repayment deadline has not to arrive, the Bank may continue transactions with such a business in accordance with the

provisions of the Act.

Article 78 (Dissolution) The Bank may be dissolved only by law.

ADDENDUM <March 22, 1996>

This Articles of Incorporation shall come into force on March 22, 1996; provided, however, the amended provisions of Articles 24, 26 and 31 shall come into force on October 1, 1996.

ADDENDA <Nov. 20, 1997>

Article 1 (Enforcement Date) This Articles of Incorporation shall come into force on November 29, 1997.

Article 2 (Interim Measures Concerning Officers) The President, the Deputy President, the Executive Vice Presidents and the Auditor each appointed in accordance with the Framework Act on the Management of Government-Invested Institutions, shall on the enforcement date of this Articles of Incorporation be deemed to have been appointed respectively as the President, the Deputy President, the Executive Vice Presidents and the Auditor by this Articles of Incorporation and the terms of office appointments shall be calculated from the date of each appointment according to the Framework Act on the Management of Government-Invested Institutions. However, the term of the Auditor appointed under the amended provision of Article 39, Paragraph (1) shall apply to an Auditor appointed after the enforcement date of this Articles of Incorporation.

ADDENDUM <March 25, 1998>

This Articles of Incorporation shall come into force on March 25, 1998.

ADDENDA <Dec. 13, 1999>

Article 1 (Enforcement Date) This Articles of Incorporation shall come into force on December 13, 1999.

Article 2 (Interim Measures to Convert the existing Common Shares into

Preference Shares) (1) Those holding common shares issued by the Bank at the time of the enforcement of this Articles of Incorporation may request conversion of such common shares into preferred shares under Paragraphs (2) and (3) of Article 9 pursuant to the following conditions.

1. The conversion shall take place at the ratio of one (1) common share for every preferred share.

2. The request period regarding the conversion of common shares into preferred shares and the conditions of the preferred shares shall be made as resolved by the Board of Directors and shall be publicly notified thereafter.

3. The number of preferred shares resulting from conversion must be within the scope of the specifications of Article 9.2, Paragraph 1.

(2) Any issues relating to the dividends to those holding preference shares as a result of the conversion stipulated in (1) above shall be resolved with the assumption that the conversion took place at the end of the fiscal year, in which the request for such conversion is made.

ADDENDUM <March 3, 2000>

This Articles of Incorporation shall come into force on March 3, 2000.

ADDENDUM <March 5, 2002>

This Articles of Incorporation shall come into force on February 28, 2002.

ADDENDUM <March 3, 2004>

This Articles of Incorporation shall come into force on February 27, 2004; provided, however, the amended provisions of Articles 47, 48, 69, 73 and 77 shall come into force on December 11, 2003.

ADDENDUM <April 6, 2005>

This Articles of Incorporation shall come into force on March 30, 2005.

ADDENDUM <April 12, 2006>

This Articles of Incorporation shall come into force on March 24, 2006.

ADDENDUM <April 30, 2007>

This Articles of Incorporation shall come into force on March 22, 2007.

ADDENDA <April 17, 2009>

Article 1 (Enforcement Date) This Articles of Incorporation shall come into force on March 27, 2009; provided, however, the amended provisions of Articles 3, 4, 38, 42, 47, 50, 51(with the exception of a change from “obtain the approval” to “report to”), 69 and 74 shall come into force on February 29, 2008.

Article 2 (Example of Application concerning the Conversion Period) The amended provision in Article 9-3, Paragraph (1), Subparagraph 2 shall be applied to the shares issued after this Articles of Incorporation goes into effect.

Article 3 (Process on outnumbered Directors) The amended provision in Article 33 shall be applied to newly appointed directors after this Articles of Incorporation goes into effect.

ADDENDUM <May 9, 2011>

This Articles of Incorporation shall come into force on March 25, 2011.

ADDENDUM <July 20, 2012>

This Articles of Incorporation shall come into force on July 18, 2012; provided, however, the amended provisions in Articles 11-3 and 53 shall come into force on April 15, 2012.

ADDENDUM <Oct. 20, 2014>

This Articles of Incorporation shall come into force on October 17, 2014.

ADDENDUM <June 13, 2016>

This Articles of Incorporation shall come into force on June 13, 2016.

ADDENDUM <April 20, 2017>

This Articles of Incorporation shall come into force on April 20, 2017.

ADDENDUM <April 18, 2019>

This Articles of Incorporation shall come into force on May 2, 2019. However, the amendment to Article 9, Article 10, Articles from 12 to 18, Article 53-3, and Articles from 60 to 67 shall come into force from the date when “Act on Electronic Registration of Stocks, Bonds, etc.” takes effect.

For and on behalf of

INDUSTRIAL BANK OF KOREA

IM Sang-hyun

Deputy CEO & Senior Executive Vice President

Member of the Board



Authorized Signature