

ARTICLES OF INCORPORATION OF THE BANK OF KOREA

(Enacted by the 1st resolution of the Monetary Board on Jun. 5. 1950)

Amended by the 124th resolution of the Monetary Board on Jan. 21, 1954
the 35th resolution of the Monetary Board on Jun. 28, 1956
the 3rd resolution of the Monetary Board on Jan. 29, 1957
the 15th resolution of the Monetary Board on May 21, 1959
the 16th resolution of the Monetary Board on May 26, 1959
the 18th resolution of the Monetary Board on Jun. 4, 1959
the 23rd resolution of the Monetary Board on Jul. 6, 1961
the 1st resolution of the Monetary Board on May 28, 1962
(approved by the Minister of Finance on Jun. 21, 1962)
the 10th resolution of the Monetary Board on Jun. 29, 1962
(approved by the Minister of Finance on Jun. 29, 1962)
the 32nd resolution of the Monetary Board on Dec. 6, 1962
(approved by the Minister of Finance on Jan. 7, 1963)
the 42nd resolution of the Monetary Board on Dec. 27, 1963
(approved by the Minister of Finance on Jan. 17, 1964)
the 14th resolution of the Monetary Board on Mar. 17, 1966
(approved by the Minister of Finance on Mar. 19, 1966)
the 4th resolution of the Monetary Board on Jan. 23, 1967
(approved by the Minister of Finance on Feb. 3, 1967)
the 48th resolution of the Monetary Board on Dec. 27, 1968
(approved by the Minister of Finance on Jan. 14, 1969)
the 25th resolution of the Monetary Board on Aug. 7, 1969
(approved by the Minister of Finance on Sep. 12, 1969)
the 16th resolution of the Monetary Board on May 18, 1972
(approved by the Minister of Finance on May 24, 1972)
the 4th resolution of the Monetary Board on Feb. 1, 1973
(approved by the Minister of Finance on Feb. 16, 1973)
the 18th resolution of the Monetary Board on Jun. 10, 1974
(approved by the Minister of Finance on Jul. 6, 1974)
the 15th resolution of the Monetary Board on May 15, 1975
(approved by the Minister of Finance on May 15, 1975)
the 16th resolution of the Monetary Board on Jun. 5, 1975
(approved by the Minister of Finance on Jun. 12, 1975)
the 31st resolution of the Monetary Board on Nov. 18, 1976
(approved by the Minister of Finance on Nov. 27, 1976)

the 18th resolution of the Monetary Board on Jul. 7, 1977
(approved by the Minister of Finance on Jul. 27, 1977)
the 2nd resolution of the Monetary Board on Feb. 15, 1979
(approved by the Minister of Finance on Feb. 26, 1979)
the 26th resolution of the Monetary Board on Nov. 1, 1979
(approved by the Minister of Finance on Nov. 27, 1979)
the 19th resolution of the Monetary Board on Sep. 4, 1980
(approved by the Minister of Finance on Sep. 6, 1980)
the 27th resolution of the Monetary Board on Oct. 7, 1982
(approved by the Minister of Finance on Oct. 20, 1982)
the 2nd resolution of the Monetary Board on Jan. 20, 1983
(approved by the Minister of Finance on Jan. 27, 1983)
the 8th resolution of the Monetary Board on Mar. 29, 1984
(approved by the Minister of Finance on Apr. 3, 1984)
the 5th resolution of the Monetary Board on Feb. 21, 1991
(approved by the Minister of Finance on Mar. 4, 1991)
the 24th resolution of the Monetary Board on Nov. 4, 1993
(approved by the Minister of Finance on Nov. 20, 1993)
the 23rd resolution of the Monetary Board on Nov. 7, 1996
(approved by the Minister of Finance and Economy on Nov. 26, 1996)
the 1st resolution of the Monetary Policy Committee on Apr. 9, 1998
(authorized by the Minister of Finance and Economy on Apr. 18, 1998)
the 12th resolution of the Monetary Policy Committee on Mar. 25, 1999
the 18th resolution of the Monetary Policy Committee on Jul. 18, 2002
the 12th resolution of the Monetary Policy Committee on Dec. 30, 2003
the 13th resolution of the Monetary Policy Committee on Jun. 26, 2008

Chapter I General Provisions

Article 1 (Establishment and Name)

This Bank shall be established under the Bank of Korea Act (hereinafter referred to as "the Act") and shall be called the Bank of Korea.

Article 2 (Purpose)

The purpose of the Bank of Korea shall be to contribute to the sound development of the national economy by pursuing price stability through the formulation and implementation of efficient monetary and credit policies.

Article 3 (Business)

The Bank of Korea shall carry out the following businesses and other businesses necessary to accomplish its purpose as specified in Article 2:

1. Issuing Bank of Korea banknotes and coins;
2. Formulating and implementing monetary and credit policies;
3. Accepting the deposits, and managing the reserves, of banking institutions and other institutions;
4. Providing loans to banking institutions;
5. Selling and purchasing securities in the open market;
6. Receiving and holding Treasury funds and accepting deposits from, and making loans to, the Government and government agencies;
7. Operating and managing payment systems; and
8. Conducting foreign exchange business.

Article 4 (Offices)

- (1) The Bank of Korea shall have its main office in the City of Seoul.
- (2) The Bank of Korea may maintain branch offices and agencies in accordance with the provisions of the Monetary Policy Committee.

Article 5 (Amendment of Articles of Incorporation)

The Bank of Korea may amend the Articles of Incorporation of the Bank upon the deliberation and decision of the Monetary Policy Committee.

Article 6 (Public Announcements)

- (1) Public announcements of the Bank of Korea shall be made in the Official Gazette and in one or more daily newspapers published in the City of Seoul.
- (2) Public statements of the Bank of Korea shall be made in an appropriate manner to render them accessible to general public such as use of the mass media, or insertion in publications of the Bank of Korea, etc.

Chapter II Monetary Policy Committee

Article 7 (Functions and Powers)

- (1) The Monetary Policy Committee shall have all the powers provided for by the Act, other pertinent legislation and the Articles of Incorporation, and perform its duties accordingly.
- (2) The Monetary Policy Committee may issue regulations necessary for the performance of its duties.

Article 8 (Chairman)

- (1) The Chairman of the Monetary Policy Committee (hereinafter within this Chapter referred as "the Chairman") shall represent the Monetary Policy Committee, and shall preside at meetings of the Monetary Policy Committee, and shall be in charge of affairs concerning the administration of the Monetary Policy Committee.
- (2) When the Chairman is unable to preside for some unavoidable reason, the Member of the Monetary Policy Committee (hereinafter within this Chapter referred to as "the Member") designated in advance by the Monetary Policy Committee shall assume the duties and responsibilities of the Chairman.

Article 9 (Regular Meetings)

- (1) The Monetary Policy Committee shall have regular meetings on the Thursday of the second and fourth weeks of each month.
- (2) When the day designated for a regular meeting by Paragraph (1) falls on a legal holiday or if it is deemed that unavoidable circumstances exist, the Monetary Policy Committee shall meet on the day preceding the designated day, or on the day decided at its previous meeting.
- (3) The Chairman shall give written notice setting out the day and time, place, and agenda thereof, together with the materials for the meeting to all Members (including persons who are allowed to attend the meeting and to speak), two[2] days prior to the meeting unless there is some urgent reason.

Article 10 (Extraordinary Meetings)

(1) The Chairman may call an extraordinary meeting of the Monetary Policy Committee when he considers it necessary to do so, and shall call a meeting without delay when at least two[2] Members request the convocation of a meeting in a letter setting out the agenda and the reason for the convocation.

(2) The provisions of Paragraph (3) of Article 9 shall also apply to the calling of an extraordinary meeting of the Monetary Policy Committee.

Article 11 (Preparation of Formal Record of Decisions)

(1) Whenever the Monetary Policy Committee makes a decision, it shall prepare a formal record thereof and the Members party to the decision shall put down their names and affix their seal imprint or sign it.

(2) When there are Members who explicitly oppose a decision or resolution adopted by the Monetary Policy Committee, their names shall be recorded accordingly in the formal record as prescribed by Paragraph (1).

Article 12 (Drawing up minutes of meeting, etc)

(1) The Chairman shall, when a meeting convenes, take careful notes of the proceedings, such as the day and time, place of the meeting, presenters of opinions, and the substance of such opinions, and shall have the Members present at the meeting seal or sign these notes. And the Chairman shall, on the basis of such notes, draw up the minutes of the meeting in such manner as may be determined by the Monetary Policy Committee.

(2) The Chairman shall publish the minutes referred to in Paragraph (1) as determined by the Monetary Policy Committee.

Chapter III Executive Organs and Auditor

Article 13 (Executive Officers and Auditor)

(1) The Bank of Korea shall have as its executive officers one Governor, one Senior Deputy Governor, and five or fewer Deputy Governors.

(2) There shall be one Auditor in the Bank of Korea.

Article 14 (Terms of Office)

- (1) The Governor shall be appointed for a term of four years, and the Senior Deputy Governor, Deputy Governors, and the Auditor for terms of three years. All may be reappointed for a single consecutive term.
- (2) The terms stipulated in Paragraph (1) above shall commence from the date of appointment.

Article 15 (Powers and Duties of the Governor, etc)

- (1) The Governor shall represent the Bank of Korea and exercise general control over its business.
- (2) The Governor shall conduct the policies formulated by the Monetary Policy Committee, and exercise such other powers as may be vested in him by the Act, other pertinent legislation and the Articles of Incorporation of the Bank of Korea.
- (3) The Governor shall keep the Monetary Policy Committee currently informed concerning matters which require its attention and provide materials and advice necessary for deliberation and decision-making concerning its policies.
- (4) When the Governor is unable to exercise his powers and perform his duties, the Senior Deputy Governor shall exercise the powers and duties of the Governor. This shall not apply, however, to the powers and duties of the Governor as Member and Chairman of the Monetary Policy Committee.

Article 16 (Duties of the Senior Deputy Governor, etc)

The Senior Deputy Governor shall assist the Governor, and the Deputy Governors shall assist the Governor and the Senior Deputy Governor, and each shall undertake his or her respective duties in such manner as may be determined by the Governor.

Article 17 (Duties of the Auditor)

- (1) The Auditor shall constantly audit the operations of the Bank of Korea and from time to time report the results of the audit to the Monetary Policy Committee.
- (2) The Auditor shall prepare a comprehensive audit report and submit it to the Government and the Monetary Policy Committee each year.

(3) The Auditor shall draw up an auditing regulation which shall require the approval of the Monetary Policy Committee.

Article 18 (Appointment and Discharge of Employees)

(1) The Governor shall appoint and discharge employees of the Bank of Korea.
(2) The Governor shall consult with the Auditor about the appointment and removal of employees necessary for the Auditor to perform his duties. This shall not apply, however, to the appointment and removal of employees assisting the inspection operations.

Article 19 (Restrictions on Concurrent Holding of Offices)

The Executive Officers, the Auditor, and employees shall not engage in any business activity for profit other than their respective positions, and may not engage in any other position without the consent of those authorized to appoint them.

Article 20 (Duties of Probity and Confidentiality)

(1) The Executive Officers, the Auditor, and employees should not compel banking institutions or their staff members to provide credit, and in relation to their duties should not take money or other valuables or any benefit from banking institutions or their staff members.
(2) The Executive Officers, the Auditor and employees, or any person who was formerly in such a position should not divulge to outsiders confidential matters which they may learn about in the course of their duties, nor should they use such information for any purpose other than their duties.

Article 21 (Organization and Normal Number of Employees)

(1) The establishment and abolition of, and the division of duties among, departments, offices (excluding offices within departments), etc. in the main office, and branch offices in the Republic of Korea and foreign countries, shall be determined by the Monetary Policy Committee. Detailed matters concerning the establishment and abolition of, and the division of duties among, subordinate organizational divisions shall, however, be determined by the Governor.

(2) The normal number of employees of the Bank of Korea shall be determined by the Monetary Policy Committee. Detailed matters may, however, be delegated by the Monetary Policy Committee to the Governor for decision.

Chapter IV Budget and Accounting

Article 22 (Fiscal Year)

The fiscal year of the Bank of Korea shall correspond to that of the Government.

Article 23 (Formulation and Resolution of Budget)

(1) The Governor shall formulate a draft budget at least thirty days before the beginning of a fiscal year, and it shall be adopted by the Monetary Policy Committee before the beginning of the fiscal year.

(2) If the draft budget is not adopted by the Monetary Policy Committee before the beginning of the fiscal year, the Governor may disburse funds necessary for its ordinary operations in conformity with the budget of the previous fiscal year until such time as a budget is adopted.

Article 24 (Budget for Expenses Classified as Salaries)

(1) The budget allocations for expenses classified as salaries etc. (hereinafter referred to as "the budget for salaries") in the budget of the Bank of Korea shall have previously received the consent of the Minister of Strategy and Finance.

(2) In order to obtain the approval stipulated in Paragraph (1), the Governor shall submit an itemized budget for salaries to the Minister of Strategy and Finance at least sixty days before the start of each fiscal year.

(3) The budget for salaries provided for in Paragraph (1) refers to the budget for items defined as salaries and welfare benefits having a salary-like character in the budget for administration.

Article 25 (Formulation and Approval of a Supplementary Budget)

(1) The Governor shall formulate a supplementary draft budget if it is necessary

to amend the budget already in force because of alteration of business projects or other unavoidable reasons.

(2) The procedures for adoption of a supplementary budget shall be the same as for the original budget.

Article 26 (Remuneration Standards)

The Monetary Policy Committee shall determine remuneration standards of the members of the Monetary Policy Committee, executive officers, the Auditor, and employees. It may, however, delegate to the Governor the responsibility for determining the details thereof.

Article 27 (Bonuses)

The Bank of Korea may pay bonuses in accordance with the standards determined by the Monetary Policy Committee. It may, however, delegate to the Governor the responsibility for determining the details thereof.

Article 28 (Retirement Allowance)

The Bank of Korea shall pay a retirement allowance in accordance with the decisions of the Monetary Policy Committee to those leaving its employment.

Article 29 (Study Expenses)

The Bank of Korea shall encourage and support the training of specialists in the economic, monetary, and banking fields, and may defray any study expenses for Bank employees with superior ability or other qualified persons.

Article 30 (Submission of Set of Closing Statements)

(1) The Governor shall submit a set of closing statements for each fiscal year duly approved by the Monetary Policy Committee to the Minister of Strategy and Finance within two months after the close of that fiscal year.

(2) The set of closing statements provided for in Paragraph (1) above shall include a profit and loss statement, a balance sheet and a surplus appropriation statement.

Article 31 (Disposal of Surplus)

(1) The Bank of Korea shall, when the net profit incurred upon the closing of accounts for any fiscal year, allocate ten percent of it to the reserves annually.

(2) The Bank of Korea may, with the approval of the Government, establish reserve funds for specific purposes when net profit remains after compliance with the provisions of Paragraph (1).

(3) After making allocation of its net profit in accordance with the provisions of Paragraphs (1) and (2), the Bank of Korea shall pay what remains of the net profit into the General Revenue Account of the Government.

Article 32 (Recoupment of Loss)

The Bank of Korea shall, when a net loss is incurred upon the closing of accounts for any fiscal year, offset the loss from the reserves and, should these be insufficient, it shall request the Government to make good the deficiency.

Article 33 (Accounting Regulations)

The Governor shall prescribe accounting regulations necessary for the accounting operations of the Bank of Korea.

Chapter V Supplementary Provisions

Article 34 (Public Announcement of Issue of Bank of Korea Banknotes)

The Governor shall make public announcement of the new form, dimensions, and denomination of banknotes and coins, when such an issue is made by the Bank of Korea with the approval of the Government.

Article 35 (Advisors, and Non-regular Staff Members)

The Bank of Korea may employ Koreans or foreigners as advisors or non-regular staff members, when necessary for the carrying out of bank operations.

Article 36 (Other Matters)

The Governor shall determine other matters concerning the operations of the Bank of Korea which are not stipulated by the Act, the Enforcement Decree of the Act, and the Articles of Incorporation of the Bank of Korea.

ADDENDA <amended on Apr. 9, 1998>

Article 1 (Enforcement Date)

These Articles of Incorporation shall enter into force from April 1, 1998.

Article 2 (Interim Measures on Branch Offices and Normal Number of Employees)

The branches and normal number of employees as of the enforcement of these Articles of Incorporation shall be deemed as the branch offices and normal number of employees in accordance with these Articles of Incorporation until such time as they have been determined in accordance with these Articles of Incorporation

Article 3 (Repeal of 「the Regulation on the Organization and Operations of the Bank of Korea」)

- (1) 「The Regulation on the Organization and Operations of the Bank of Korea」 shall be repealed concurrently with the entry into force of these Articles of Incorporation.
- (2) When any regulation cites any provision of 「the Regulation on the Organization and Operations of the Bank of Korea」 as of the enforcement of these Articles of Incorporation, it shall be deemed as citing the relevant provision of these Articles of Incorporation.

ADDENDUM <amended on Mar. 25, 1999>

These Articles of Incorporation shall enter into force from a date determined by the Governor within two months from the date adopted by the Monetary Policy Committee. <Effective from May 17, 1999 in accordance with *Gibub* 1101-162 (upon the decision of the Governor on May 15, 1999) >

ADDENDUM *<amended on Jul. 18, 2002>*

These Articles of Incorporation shall enter into force from September 1, 2002.

ADDENDUM *<amended on Dec. 30, 2003>*

These Articles of Incorporation shall enter into force from January 1, 2004.

ADDENDUM *<amended on Jun. 26, 2008>*

These Articles of Incorporation shall enter into force from June 26, 2008.