

## **Master Agreement for OTC Derivatives Transactions**

The Customer and the Company agree to the following terms and conditions, which shall govern any Transaction entered into under this Master Agreement for OTC Derivatives Transactions (this “Agreement”).

### **Article 1. Definitions**

The terms used in this Agreement shall have each of following meanings:

1. “Individual Transaction” means each Transaction which is governed by this Agreement.
2. “Transaction” means OTC Derivatives Transaction and FX Spot Transaction.
3. “Confirmation” means the document evidencing the Parties’ agreement on an Individual Transaction executed pursuant to Article 3 Paragraph (1).
4. “Defaulting Party” means a party with respect to whom an Event of Default as specified in Article 6 has occurred.
5. “Underlying Assets” means the underlying assets defined in Article 4 Paragraph (10) of the Financial Investment Services and Capital Markets Act (“FSCMA”).
6. “Early Termination Date” means the date on which the transaction is terminated prior to the Termination Date specified in a Confirmation due to occurrence of an Event of Default or the Termination Event.
7. “Early Terminated Transaction” means each Individual Transaction for which an Early Termination Date is designated.
8. “Credit Support Document” means any document securing or guaranteeing performance of obligations under this Agreement and any Individual Transaction.
9. “Credit Support Provider” of a Party means a person who has agreed to provide or has provided credit support such as collateral or guarantee, etc. (collectively referred to as “Credit Support”) in favor of such Party in accordance with the Credit Support Document.
10. “Party” means the Customer or the Bank affixing its seal on or signing

this Agreement as a party executing the Transactions pursuant to this Agreement, and each one party shall be referred to as “Party”, and its counterparty shall be referred to as “Counterparty”, and both parties shall be collectively referred to as “Parties”.

11. “Relevant Documents” means the Confirmation, the Credit Support Document, the Risk Disclosure, the Definitions and other contract or document which are required for the execution and performance of this Agreement.
12. “Business Day” means a day on which banks are open for general business and inter-bank foreign exchange market settle payments in Korea, unless otherwise specified in the Confirmation, excluding holidays defined in the “Regulation on Public Holidays of Government Offices” and the labor day defined in the “Act on the Establishment of Labor Day” and Saturdays.
13. “OTC Derivatives Transaction” means the over-the-counter derivatives transaction defined in Article 5 Paragraph (3) of the FSCMA, which is not executed in the derivatives market established by the Korea Exchange (including its successor) (“KRX”) or an overseas derivatives market (referring to a market in a foreign country similar to the domestic derivatives market), excluding (i) over-the-counter transactions of metals in accordance with the regulations of the London Metal Exchange, (ii) over-the-counter transactions of precious metals in accordance with the regulations of the London Bullion Market Association, (iii) over-the-counter transactions of foreign currencies in accordance with the regulations of the United States National Futures Association, (iv) over-the-counter transactions of foreign currencies in accordance with the Commodity Exchange Act of Japan, (v) transactions of freight in accordance with the regulations of the Forward Freight Agreement Brokers’ Association, or (vi) over-the-counter transactions of energy in accordance with the regulations of the Intercontinental Exchange.
14. “Early Termination Amount” means the net amount payable between the Parties as of the time designated as the Early Termination Date, which will be calculated in accordance with Article 9.
15. “FX Spot Transaction” means a foreign exchange transaction which is settled within two (2) Business Days from the relevant trade date.
16. “Derivatives Transaction” means a trading transaction of a derivatives defined in Article 5 Paragraph (1) of FSCMA, which includes (1) a contract in which it is agreed to deliver money, etc. at a certain point in the future, which shall be computed on the basis of underlying assets, the price of the underlying assets, an interest rate, an indicator, a unit, or an

index based on any of the aforesaid factors; (2) a contract in which the parties agree to grant, by either party's unilateral expression of willingness, a right to effectuate a transaction of delivering and accepting money or similar, which shall be computed on the basis of underlying assets, the price of the underlying assets, an interest rate, an indicator, a unit, or an index based on any of the aforesaid factors; and (3) a contract in which the parties agree to exchange money, etc., which shall be computed on the basis of underlying assets, the price of the underlying assets, an interest rate, an indicator, a unit, or an index based on any of the aforesaid factors.

## **Article 2. Scope of Application**

- (1) This Agreement shall apply to any and all Transactions existing as of the date of this Agreement or to be executed in the future between the Parties, other than any Transaction excluded under Article 20 (Special Terms and Conditions) or otherwise separately agreed by the Parties.
- (2) If any other agreement exists between the Parties with respect to any Transaction which will be governed by this Agreement pursuant to Paragraph (1) above, such agreement shall become null and void upon execution of this Agreement, and this Agreement shall apply to the relevant Transactions instead of such other agreement.
- (3) This Agreement and the Confirmation form a single agreement between the Parties.
- (4) In the event of any inconsistency between the provisions of any Confirmation and this Agreement, such Confirmation will prevail for the purpose of the Individual Transaction undertaken pursuant to such Confirmation.
- (5) In the event of any inconsistency between Article 20 and other provisions herein, Article 20 will prevail.

## **Article 3. Execution of Individual Transaction**

- (1) With respect to the Individual Transaction hereunder, the Parties may enter into an Individual Transaction in writing or orally upon mutual agreement on the terms and conditions thereof, and such Individual Transaction shall be effective upon the agreement of the Parties on the terms and conditions thereof.
- (2) Upon the execution of an Individual Transaction, the Bank shall prepare the Confirmation and deliver it to the Customer directly or in person, by mail, fax, e-mail or any other means agreed upon with the Customer as soon as practicable.

The Customer shall confirm whether the Confirmation accurately reflects the agreements between the Parties without delay upon the receipt of the Confirmation from the Bank.

- (3) If the Customer discovers any discrepancy between the matters agreed pursuant to Paragraph (1) above and the contents of the Confirmation upon receipt of it, the Customer shall report such discrepancy to the Bank as soon as practicable.
- (4) The Confirmation constitutes documentary evidence of the Individual Transaction to which it relates, and such Individual Transaction shall be effective even before such Confirmation is prepared or delivered.

#### **Article 4. General Conditions for Payment, Etc.**

- (1) Each Party shall perform its obligation to make payments or deliveries as specified under this Agreement or any Confirmation.
- (2) The obligation to make a payment shall be performed by way of delivery or remittance of immediately available cash in such currency agreed under this Agreement or the Confirmation into an account designated under this Agreement or the Confirmation on the date specified in the Confirmation, and the obligation to make a delivery shall be performed in the way specified in the Confirmation or in a way designated by the Party receiving a delivery in accordance with customary practice on the date specified in the Confirmation.
- (3) Each obligation of each Party under Paragraph (1) above is subject to the following conditions precedent:
  1. No Event of Default has occurred to the Counterparty and is continuing;
  2. No Early Termination Date in respect of the Individual Transaction has occurred or been effectively designated;
  3. Other conditions precedent mutually agreed are satisfied.
- (4) Either Party may change its account for payment or delivery or a place of delivery by giving notice to the Counterparty five (5) Business Days prior to the date specified in the Confirmation.
- (5) Unless otherwise agreed upon by the Parties, in respect of an Individual Transaction, if any Party is obligated to pay a certain amount in a certain currency on a specific date to the Counterparty, and on the other hand, the Counterparty is obligated to pay a certain amount in the same currency on the same date to such Party, each Party's obligations to pay a certain amount in the relevant currency to the Counterparty shall be discharged to the extent of

equivalent amount, and only the net difference, if any, shall be payable by the Party whose amount of obligation is greater than that of the Counterparty.

## **Article 5. Representations and Warranties**

Each Party represents and warrants that the following matters are true as of the date of this Agreement. Such representations and warranties shall be deemed to be repeated at each time an Individual Transaction is entered into:

1. It is duly established and existing under the Korean Commercial Code and other applicable laws and regulations governing its establishment;
2. It has taken all necessary action for the authorization, execution and performance of this Agreement and the Relevant Documents, and the person who signed this Agreement and the Relevant Documents on behalf of each Party has been duly authorized to sign on behalf of each Party;
3. The execution and performance of this Agreement and the Relevant Documents by it do not violate or conflict with any applicable laws and regulations, any provision of its articles of incorporation, any order or judgment of a court or the governmental authorities applicable to the assets of each Party or any contractual restriction binding on each Party;
4. It has duly obtained all authorizations and approvals from governmental authorities (including the filing of a report to the Bank of Korea, etc.) and any third party's consent required for the execution and performance of this Agreement and the Relevant Documents, and such authorizations, approvals and consent are effective and valid;
5. No Event of Default or Termination Event set forth in Articles 6 and 7 shall have occurred and be continuing, and the execution and performance of this Agreement and the Relevant Documents shall not cause such event to occur;
6. There is no litigation, arbitration or other dispute-related proceeding pending or threatened against each Party that may affect the legality and validity of this Agreement and the Relevant Documents, or any material litigation, arbitration or other dispute-related proceeding that may affect the financial condition or the ability of each Party to perform this Agreement and the Relevant Documents;
7. Any and all information that is furnished in writing by a Party to the Counterparty is, as of the date of information, true, accurate and complete in every aspect;

8. If the Customer is an ordinary investor as specified in the FSCMA, all Individual Transactions to be executed by the Customer are the Hedging Transactions.  
The term “Hedging Transactions” under this Item 6 means transactions for the purpose of reducing all or part of economic losses to be incurred to the assets, liabilities or contracts, etc. (“Objects of Hedging”) held or to be held by the Customer, and the profit and loss which are likely to be incurred from a transaction shall not exceed the range of profit and loss which are likely to be incurred from the Objects of Hedging during the contract term for such transaction, judging from a perspective at the time of execution of such transaction;
9. If the Customer is a corporate investor as defined in the Detailed Enforcement Rules of Regulation on Supervision of Banking Business or the Detailed Enforcement Rules of Regulations on Financial Investment Business, the Hedging Ratio of the FX Derivatives Transaction to be executed by such Customer pursuant to this Agreement does not exceed the limit specified in the individual Confirmation. The term “FX Derivatives Transaction” under this Item 7 means an OTC Derivatives Transaction for which the Underlying Assets are a foreign currency prescribed in the Detailed Enforcement Rules of Regulation on Supervision of Banking Business or the Detailed Enforcement Rules of Regulations on the Financial Investment Business. The term “Hedging Ratio” under this Item 7 shall have the meaning ascribed to it in the Confirmation.

## **Article 6. Event of Default**

Upon the occurrence of any of the events (“Event of Default”) set forth below to a Party or its Credit Support Provider (for the purposes of this Article and Article 7, such Party and its Credit Support Provider shall be referred to as “Party, etc.” collectively), the Event of Default shall be deemed to have occurred with respect to such Party; provided, however, that if any event constitutes both an Event of Default and a Termination Event as specified in Article 7 below, such event shall be treated as a Termination Event rather than an Event of Default to the extent such Event of Default is triggered by such Termination Event, and in other cases, such event shall be treated as an Event of Default:

1. The Party fails to make any payment or delivery under this Agreement or each Confirmation on or prior to each payment date or delivery date, in whole or in part, which is not remedied within one (1) Business Day from the receipt of a notice of failure from the Counterparty;
2. The Party fails to perform any of its obligations under this Agreement or each Confirmation in whole or in part, other than payment or delivery obligations set forth in Item 1 above, which is not remedied within five

(5) Business Days from the receipt of a notice of failure from the Counterparty to the extent such failure can be remedied;

3. The Party disaffirms, repudiates or challenges, in whole or part, the validity of obligations under this Agreement and each Individual Transaction;
4. If any of the following events occurs in connection to Credit Support provided pursuant to this Agreement and the Credit Support Document:
  - A. the Party, etc. fails to comply with or perform any of its obligations under the Credit Support Document, and such failure is continuing after the elapse of the grace period set forth in the Credit Support Document;
  - B. the Credit Support Document is terminated or expired, or the Credit Support provided to the Counterparty in accordance with such Credit Support Document is nullified or ceases to be in full force and effect (in each case other than in accordance with the original terms of Credit Support Document), prior to the satisfaction of all obligations of such Party, etc. under each Transaction relating to the Credit Support Document without the written consent of the Counterparty; or
  - C. the Party, etc. disaffirms or repudiates, in whole or in part, the Credit Support Document, or challenge the validity thereof.
5. Any representation made or repeated or deemed to have been made or repeated by the Party, etc. under this Agreement or the Credit Support Document proves to have been incorrect or misleading in any material respect;
6. If any of the following events occurs to such Party, etc. under the Specified Transaction below in which such Party, etc. is obligor:

Specified Transaction: [ ] \* ]

- A. Acceleration of obligations under the Specified Transaction has occurred or is likely to occur;
- B. The Party, etc. failed to make any payment or delivery upon the elapse of the grace period after the scheduled payment or delivery date under the Specified Transaction or credit support arrangement relating to the Specified Transaction and such failure is continuing (or, if there is no grace period, such default continues for at least one (1) Business Day); or

C. The Party, etc. disaffirms, repudiates, refuses or rejects to perform, in whole or in part, the obligation under the Specified Transaction or credit support arrangement relating to such Specified Transaction, or challenges the validity thereof.

7. A Party, etc. fails to make payment of the full amount or an amount equal to more than [\*] % of its net equity capital (representing its total assets minus the total liabilities based on its balance sheet for the immediately preceding accounting period) in respect of loans extended by any third party (whether present or future, whether actual or contingent, whether as a primary obligor, guarantor, etc.; however, any obligations that may arise in respect of deposit accounts in the ordinary course of business shall be excluded) or the obligations that arise from it entering into Derivatives Transactions, provided, that if such failure can be remedied, then such failure is not remedied within [\*] ([\*]) Business Days from the receipt of a notice of failure from the Counterparty;
8. Any event of dissolution set forth in the articles of incorporation occurs to the Party, etc., a resolution of dissolution is passed at the general shareholders' meeting or any other equivalent procedure is commenced, or an application for dissolution order or dissolution decision is filed before any court;
9. The clearing house or the correspondent bank of the Party, etc. suspends the transaction of the Party, etc., or the Party, etc. stops payment by admitting its inability to pay its obligations, its payment suspension or insolvency, or the Party, etc. is deemed to have stopped payment due to cessation of its business or disappearance or otherwise;
10. The Party, etc. (1) agreed to assign or dispose of all or substantial part of its businesses for the benefit of its creditors, (2) entered into with its creditors or creditor banks an agreement for suspension and adjustment of repayment, private composition, administration/fund management or any other similar agreement, or (3) any proceedings for the resolution at general shareholders' meeting, convocation of creditors' council or other similar councils or execution of agreement with respect to (1) or (2) is commenced;
11. Any petition for rehabilitation or bankruptcy procedures is filed by the Party under the Debtor Rehabilitation and Bankruptcy Act or any petition for rehabilitation or bankruptcy procedures is filed by a Counterparty and not rejected, dismissed or cancelled within [\*] ([\*]) days from such petition;
12. A proceeding for dissolution (other than pursuant to a merger),

liquidation, corporate reorganization procedures by creditors or private composition is commenced against such Party, etc., or a request for the appointment of an administrator, receiver, trustee or other with a similar position is made or such appointment is made;

13. An attachment, delinquency disposition, commencement of public sale, compulsory enforcement or other similar proceedings is instituted against all or substantial part of the assets of the Party, etc., any event for a provisional attachment or provisional disposition against all or substantial part of the assets of the Party, etc. is not resolved after the grace period of [\*] ([\*]) days is elapsed or an attachment or provisional attachment, provisional disposition, delinquency disposition or other similar proceedings is instituted against all or part of the assets that are subject to the rights entitled to the Counterparty by such Party, etc. under this Agreement or each Individual Transaction;
14. The main business operation of the Party, etc. is changed, suspended or cancelled or an administrative measures purporting such effect is taken;
15. An application for “listing as a delinquent debtor” of a financial institution is filed against such Party, etc., or the information on the Party, etc. is registered as “delinquency,” “vicarious redemption or substitute payment,” “dishonor,” “related person,” “disturbance of financial order” or “public records” among the credit transaction information under the credit information management rules;
16. The Party, etc. is designated as an insolvent financial institution under the Depositor Protection Act or the Financial Industry Restructuring Act, or any assets owned by the Party, etc. or investors’ assets are transferred or is ordered by a supervisory authority, to be transferred, to an administrator or receiver under a finance-related laws or regulations;
17. In the case where the Party, etc. is merged with or into another bank, or transfers all or substantial part of its businesses or assets to a third party, the surviving or transferee entity fails to assume the obligations of such Party, etc. under this Agreement or the Credit Support Document, in whole or in part;
18. The credit rating of the Party, etc. is noticeably deteriorated due to (1) merger, split-up, share exchange or transfer, transfer of all or any substantial part of assets, (2) acquisition of another company’s assets with amount material to the relevant Party, etc., (3) substantial change in capital structure, or (4) change in control or execution of such contracts; or
19. Any other Event of Default as specified in a Confirmation occurs.

## **Article 7. Other Termination Events**

Upon the occurrence of any of the events set forth below to the Party, etc. (“Termination Event”), the Termination Event shall be deemed to have occurred to such Party, etc. in respect of the affected Transactions; provided, however, that if any event constitutes or triggers any event set forth both in Item 1 and Item 2, such event shall be treated as the event set forth Item 1 below:

1. If it becomes illegal for the Party to perform or receive the fulfillment of obligation under an Individual Transaction pursuant to this Agreement or for the Party, etc. to perform or receive the fulfillment of obligation under the Credit Support Document as a result of the enactment of or amendment to the laws, change in interpretation of laws, the court ruling or otherwise that occurs after the execution of such Individual Transaction, and such illegality remains uncured within three (3) Business Days from the occurrence thereof;
2. If it becomes impossible to maintain an Individual Transaction due to natural disasters, war, uprising, strike, interruption of communication or any other event equivalent thereto, which remains uncured within eight (8) Business Days from the occurrence thereof; or
3. If another Termination Event specified in a Confirmation occurs.

## **Article 8. Designation of Early Termination Date**

- (1) The Defaulting Party or the Party to which a Termination Event has occurred, shall promptly deliver to the Counterparty a notice specifying such event and the details of the Individual Transaction to which it relates upon becoming aware of such occurrence, and also provide the Counterparty with materials as may be reasonably requested by the Counterparty.
- (2) If an Event of Default has occurred, whether or not such Event of Default is then continuing or the Defaulting Party has performed its obligations set forth in Paragraph (1) above, the Counterparty may terminate all outstanding Individual Transactions by delivering a notice to the Defaulting Party specifying the relevant Event of Default and designating an Early Termination Date in respect of all Individual Transactions.
- (3) If a Termination Event has occurred and is then continuing, whether or not the Party to which the relevant event occurs has performed its obligations set forth in Paragraph (1) above, (i) in case of Article 7, Item 1 or 2, either Party may terminate the relevant Individual Transactions (“Relevant Individual

Transactions") by delivering a notice to the Counterparty specifying the relevant Early Termination Event and designating an Early Termination Date in respect of the Relevant Individual Transactions, and (ii) in case of Article 7, Item 3, the Party designated in the Confirmation may terminate the Transactions designated in the Confirmation by delivering a notice to the Counterparty specifying an Early Termination Date.

- (4) Any Early Termination Date designated pursuant to Paragraphs (2) and (3) must be a specified Business Day falling within a period of twenty (20) days from the date of such notice.
- (5) If notice designating an Early Termination Date is delivered pursuant to Paragraph (2) or (3), all Individual Transactions or the relevant Individual Transactions shall be effectively terminated on the day designated as the Early Termination Date, whether or not the relevant Event of Default or Termination Event is then continuing.

## **Article 9. Settlement upon Early Termination**

- (1) If the Early Termination Date occurs, the Bank shall calculate the Early Termination Amount as of the Early Termination Date.
- (2) The Bank shall calculate the Early Termination Amount, which will be an amount equal to the sum of the Close-out Amount for the terminated Transaction(s) and the Unpaid Amounts payable by the Customer to the Bank less the Unpaid Amount payable by the Bank to the Customer. If the Early Termination Amount is a positive number, the Customer shall pay such amount to the Bank; if it is a negative number, the Bank shall pay the absolute value of such amount to the Customer.
  - 1. The term "Unpaid Amount" under this Paragraph means the amount of which payment obligation has occurred pursuant to this Agreement prior to the Early Termination Date but not has been paid until the Early Termination Date and the market price of non-monetary obligation of which performance such as delivery and settlement, etc. has occurred prior to the Early Termination Date but has not been performed until the Early Termination Date;
  - 2. The term "Close-out Amount" under this Paragraph means the amount of the losses or costs of the Bank that are or would be incurred (expressed as a positive number) or gains of the Bank that are or would be realized (expressed as a negative number) in replacing, or in providing for the Bank the economic equivalent of, material conditions or option rights with respect to the Early Terminated Transaction(s). In this case, the Unpaid Amount and the legal expense and other costs

specified in Article 16 hereof shall not be taken into consideration in calculating the above Close-out Amount. The specific calculation method of the Close-out Amount shall be as follows:

A. The Bank shall determine the Close-out Amount by using a reasonable method in accordance with the principle of good faith. In determining a Close-out Amount, the Bank may consider all the relevant information, especially the following types of information to the possible extent:

Quotations (either firm or indicative) for a replacement transaction which is provided by at least one (1) Third Party (“Third Party” under this Sub-Item A means an investment dealer of the relevant OTC derivatives market), market data relating to valuation of transaction which is provided by at least one (1) third party and any type of information used by the Bank in the ordinary course of business in pricing or valuing transactions of the same type as the Early Terminated Transaction with a Third Party not the Customer (including information obtained from the Bank).

B. Despite Sub-Item A above, if the Close-out Amount is determined by the Bank in accordance with the following method, the Customer agrees that such calculation is a reasonable way to determine the Close-out Amount:

The Bank determines the Close-out Amount considering the market quotation offered by the market makers with respect to the replacement transaction; in which case (i) if the Bank is offered of no less than four (4) market quotations by the market makers, the Close-out Amount shall be the arithmetic mean of such market quotations, without regard to the market quotations having the highest and lowest values, (ii) if the Bank is offered of exactly three (3) market quotations (provided, that if no less than two (2) identical market quotations are provided, one of such market quotations shall be disregarded), the Close-out Amount shall be the market quotation remaining after disregarding the highest and lowest market quotations, and (iii) if the Bank is offered of less than three (3) market quotation(s), the Close-out Amount cannot be determined by a method under this Sub-Item B.

C. With respect to Sub-Items A and B, the Close-out Amount shall be determined, in principle, as of the Early Termination Date or, if that would not be reasonable, as of the date(s)

immediately following the Early Termination Date as would be reasonable.

D. The Bank may consider in calculating a Close-out Amount in accordance with Sub-Items A and B, the cost of funding, any loss or cost incurred in connection with terminating, liquidating or re-establishing any hedge arrangement relating to the Early Terminated Transaction (or any gain resulting from any of them).

The term “replacement transaction” under this Item 2 means a replacing transaction that may have the same economic effect as the Early Terminated Transaction(s).

The term “market maker” under this Item 2 means an investment dealer selected by the Bank from among those engaging in OTC Derivatives Transactions.

The term “market quotation” under this Item 2 means the amount required for the execution of the replacement transaction, which is offered by a market maker to the Bank (The Unpaid Amount shall not be considered; however, the amount would have been paid or delivered after the Early Termination Date if the Transaction had not been early terminated and the terms of any existing Credit Support Document shall be considered).

(3) After calculating the Early Termination Amount as set forth in Paragraph (2) above, the Bank shall give notice of such amount and the person liable for payment thereof to the Customer as soon as reasonably practicable, the payment date of the Early Termination Amount shall be the day falling two (2) Business Days after the date of receipt of such notice.

(4) In the event of any additional settlement is required due to change on the Close-out Amount of or calculation error in any unfixed or unrecognized tax, fee, interest, dividend, stock warrant, etc. after the full payment of the Early Termination Amount pursuant to Paragraph (2) above by the Party liable for payment thereof, either Party may request additional settlement thereof to the Counterparty.

#### **Article 10. Prohibition of Transfer and Establishment of Security Interest**

Without the prior written consent of the Counterparty, neither Party may transfer or establish a security interest over any of its rights or obligations under this Agreement or an Individual Transaction to a third party; provided, however, that if a Party is to transfer any of its rights or obligations under this Agreement or an Individual Transaction pursuant

to a merger or transfer of all or substantial part of its assets, the foregoing shall not apply.

## **Article 11. Default Interest and Fees**

- (1) In the event a Party fails to make any payment or delivery under this Agreement or Individual Transaction on or prior to each payment date or delivery date, such Party shall pay to the Counterparty, default interest on the overdue amount (in case of a default in payment) or the market value of that which was required to be delivered (in case of a default in delivery) for the period from (and including) the original due date thereof to (but excluding) the date of actual payment or delivery at a default interest rate equal to [19]% per annum.
- (2) The Defaulting Party shall bear the expenses set forth in the following items as a result of the Event of Default:
  1. Expenses arising in connection with early termination of the Transactions;
  2. Expenses for enforcing or protecting claims or security rights;
  3. Expenses for inspecting any collateral or collecting claims;
  4. Expenses for sending notices to demand the performance of obligations; and
  5. In case the Counterparty pays any expenses set forth in Items 1 through 4 above, the amount of such expenses plus interest thereon at a rate of [\*]% per annum.

## **Article 12. Payment Currency**

- (1) Unless otherwise agreed between the Parties hereto, each payment under Articles 9 and 11 shall be made in Korean Won, the legal currency of Korea.
- (2) If any payment under this Agreement and each Individual Transaction, including payments under Paragraph (1) above, is made in a currency other than the currency agreed between the Parties (“Contractual Currency”), such payment will be valid to the extent of the amount converted into the Contractual Currency. In case any payment is made in a currency other than the Contractual Currency, and the amount so converted into the Contractual Currency falls short of the amount in the Contractual Currency payable in respect of this Agreement, the Party required to make the payment shall immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If the amount so converted into the Contractual Currency exceeds the

amount in the Contractual Currency payable in respect of this Agreement, the Party receiving the payment will promptly refund the amount of such excess.

- (3) If any court decision or other order expressed in a currency other than the Contractual Currency is rendered for the payment of any amount owing in respect of this Agreement, the provisions of Paragraph (2) above shall apply notwithstanding such judgment or order.
- (4) Unless otherwise specified by the Parties hereto, the conversion of currencies under Paragraph (2) above shall be conducted by the Party receiving the payment in accordance with the principle of good faith and using a reasonable method taking into account the spot exchange rate, etc. prevailing at the time of such payment.

### **Article 13. Customer's Dealer**

- (1) In the event the Customer has separately appointed its dealer who is authorized to enter into Individual Transactions with the Bank on behalf of the Customer, give instructions to the Bank regarding the settlement of Individual Transactions and otherwise perform any relevant activities under this Agreement and Confirmations, the Customer shall separately report to the Bank, the name and contact information of the dealer and the seal impression or signature specimen to be used by such dealer.
- (2) In the event there is any change in the items reported under Paragraph (1) above, the Customer shall immediately notify thereof in writing to the Bank. If the Customer is yet to provide a report the relevant changes, the Bank may act as if there were no such change in the items previously reported by the Customer. In addition, unless there are causes attributable to the Bank, the Bank shall not be held responsible for any damages suffered by the Customer as a result of the Customer's negligence in reporting the relevant changes.
- (3) The Parties shall agree not only to exchange their seal impressions or signature specimens in advance with the Counterparty in order to confirm the authenticity of this Agreement, the Relevant Documents and the notices exchanged under Article 15 hereof, but also to immediately notify any changes therein to the Counterparty in writing, if any. In the event a Party deals with any duties relating to this Agreement and an Individual Transaction after duly having compared the seal impression or signature specimen filed under this Article 13 with the seal impression or signature specimen affixed on document subject to comparison via visual inspection with due care and then duly acknowledged their identicalness, the Party may not claim for any damages occurred as a result of forgery, fabrication or misuse of the seal impression or signature specimen against the Counterparty, and shall assume liabilities as prescribed under the Relevant Documents. However, the foregoing shall not apply when the

Counterparty knew, or could have known, that the seal impression or signature specimen had been forged, fabricated or misused.

#### **Article 14. Termination and Amendment of Agreement**

- (1) Within the extent of not breaching other provisions contained herein, each Party's obligations hereunder shall survive the termination of this Agreement.
- (2) Unless confirmed by exchange of written documents on which the Parties have affixed their seals or subscribed their names upon mutual agreement, no amendment to this Agreement and the Relevant Documents shall be valid. The afore-mentioned written documents may be exchanged directly or by hand, mail, facsimile or e-mail.

#### **Article 15. Methods of Notice, Etc.**

- (1) The methods and effective timing of the notices or other communications relating to this Agreement shall be determined in accordance with each of the following Items below. However, if the effective timing is not a Business Day or after [\*] P.M. (Seoul Time), the effective time of the concerned notice and communication shall be deemed [\*] A.M. (Seoul Time) of the immediately following Business Day, and the notices provided under Articles 8 and 9 hereof may not be provided via the methods described under Item 4 below:
  1. Written notices provided directly or in person: when delivered to the address of the Counterparty;
  2. Notices provided via mail or other similar methods: when delivered or arrived at the address of the Counterparty;
  3. Notices provided via phone and facsimile transmission: when delivered to the authorized person of the Counterparty in legible form (the burden of proving receipt will be on the sender, and will not be met by a transmission report generated by the sender's facsimile machine); or
  4. Notices provided via e-mail, computer or other similar electronic communication, etc.: when delivered to the IT devices such as computer managed by the Counterparty.
- (2) Each Party shall agree to report any changes in the name, address, telephone number, facsimile number, e-mail, etc. of the person in charge of receiving the notices under Paragraph (1) above to the Counterparty (if any) without delay and in the manner previously agreed by the Parties.

## **Article 16. Costs**

A Defaulting Party shall indemnify and hold harmless the Counterparty for and against all reasonable expenses, including legal fees, execution fees and stamp tax or other relevant expenses incurred by the Counterparty by reason of the enforcement and protection of its rights or by reason of the Early Terminated Transactions (including, but not limited to, the cost of collection borne by the Counterparty) under this Agreement or the Credit Support Document, immediately upon the request of the Counterparty.

## **Article 17. Governing Law and Jurisdiction**

- (1) Any matters not specified under this Agreement and the Confirmation shall be governed by the laws and regulations of the Republic of Korea applicable to the Individual Transaction. In addition, if the laws and regulations of the Republic of Korea do not contain any applicable provisions, the financial market practices concerning the Transactions shall apply.
- (2) In the event of a dispute regarding this Agreement or an Individual Transaction, for lawsuits related to Individual Transactions made through door-to-door sales or non-face-to-face methods utilizing information and communication technologies such as wired, wireless, video communication, and/or computers (“Non-face-to-face Methods”), the court of jurisdiction shall be the district court with jurisdiction over the Customer's address at the time of filing, pursuant to Article 66-2 of the Financial Consumer Protection Act. However, if the Individual Transaction was not made through the Non-face-to-face Methods, the court of jurisdiction shall be the court of jurisdiction as stipulated in the Civil Procedure Act.

## **Article 18. Miscellaneous**

- (1) The Parties may record telephone conversations relating to an Individual Transaction and may make use of such telephone conversations as evidence.
- (2) The amounts, etc. payable under an Individual Transaction shall be calculated or determined by the calculation agent. However, unless the Parties otherwise agree, the Bank shall be the calculation agent.
- (3) The Counterparty of the Defaulting Party or of the Party to whom the Early Termination Event has occurred may, upon early termination, offset the receivables and/or payables between the Parties pursuant to this Agreement and other receivables and/or payables not specified hereunder against an amount not exceeding the amount receivables and/or payables without providing a separate

notice, whether or not matured or definitively determined and irrespective of the payment currency. If the payment currencies are different or a Party's payment obligation is not definitely determined, the offsetting Party may offset the relevant amounts by converting or calculating them in accordance with the principle of good faith by taking into account the transaction conditions and practices (including the spot currency rate applicable at the timing of offset). The Party who has offset the amounts under this Paragraph (3) shall agree to notify the particulars thereof to the Counterparty as soon as practicable.

(4) Even if any provision contained herein is held to be invalid or unenforceable, such invalid or unenforceable provision shall not affect the validity or enforceability of other provisions hereof, leaving the remaining of this Agreement in full force and effect.

#### **Article 19. Risk Disclosure**

The Bank shall fully explain the "Risk Disclosure on OTC Derivatives Transactions" attached hereto to the Customer.

#### **Article 20. Special Terms and Conditions**

Notwithstanding the provisions under Article 1 through Article 19 above, the Parties shall agree to the special terms and conditions as set forth below (any matters not specified in Article 20 shall not be deemed as special terms and conditions).

(1) Notwithstanding Article 2 Paragraph (1) above, the Parties shall agree not to apply this Agreement to the transactions listed below:

[ ]

[Example: All Transaction save for the following Transactions:

Spot foreign exchange transactions

Currency forward, option, and swap transactions based on the price or exchange rate of different currencies

Interest rate forward, option, and swap transactions based on the interest rates of currencies or claims

Stock forward, option, and swap transactions based on stocks (referring to stocks of joint-stock companies under the Korean Commercial Code)]

(2) Article 5 shall be amended by adding the following as Item 8:

8. It is entering into this Agreement, including each Individual Transaction, as principal and not as agent of any person or entity.

(3) Article 7 shall be amended by adding the following as Paragraph 2:

- (2) If an event described in Item 1 or 2 of Paragraph 1 has occurred and is continuing with respect to an Individual Transaction, each payment or delivery which would otherwise be required to be made under that Transaction will be deferred to the first Business Day following the end of the applicable grace period in Item 1 or 2 of Paragraph 1.
- (4) Article 8 shall be amended by adding the following as Paragraph 6:
  - (6) Upon the effective designation of an Early Termination Date, no further payments or deliveries under Article 4, Paragraph (1) or Article 11, Paragraph (1) in respect of the Early Terminated Transaction(s) will be required to be made. The amount, if any, payable in respect of an Early Termination Date will be determined pursuant to Article 9 and Article 11, Paragraph (2).
- (5) Addendum 1 shall incorporate as this Agreement.
- (6) [Other amended provisions]

**IN WITNESS WHEREOF, each Party hereto shall execute this Agreement as of the date written below, and agrees that this Agreement shall become effective as of the date written herein.**

Dated: [DD / MM / YY]

**Customer**

Name or Corporate Name: \_\_\_\_\_ (Seal or Signature)

Address: \_\_\_\_\_

**Bank**

Bank Name: The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch  
(Seal or Signature)

Address: HSBC Building 37, Chilpae-ro, Jung-gu, Seoul, Korea

## RISK DISCLOSURE ON OTC DERIVATIVES TRANSACTIONS

**The Customer confirms that he/she has been provided with sufficient explanation as set forth below with regard to the applicable laws and regulations related to an Individual Transaction under this Agreement, the practices in the relevant market, the risk of potential changes to the price of the Underlying Assets that may occur in the course of the Transaction and other risk of incurrence of losses, etc.**

1. OTC Derivatives Transactions, including forward transactions, option transactions, swap transactions and other combined transactions, involve various risks, the degree of which may differ depending on each transaction type. Please note that, apart from the notes provided for in this Risk Disclosure, there are also other risks and important characteristics associated with OTC Derivatives Transactions.
2. The Customer must participate in an Individual Transaction only after understanding the nature of such transaction and the degree of the potential risk of losses. Although OTC Derivatives Transactions can be used as a means of hedging risks, there may be transactions that are not suitable for the Customer in some cases. Furthermore, if any event such as an early termination of a transaction occurs, the Customer may become unable to achieve his/her purposes. The Customer is advised to judge whether each Transaction is suitable for him/her, taking into account his/her transaction purpose, his/her inclination toward risk-taking and his/her financial condition, etc. Please be noted that the various risks associated with these transactions must be borne by the Customer, and the Bank is not liable for any losses caused by such transactions unless such losses are attributable to the Bank.
3. Below are examples of risks that the Customer must be aware of.

### **Market Risk**

Market risk is the risk that the market value of transaction will change due to the change in the price of the Underlying Assets, etc. An OTC Derivatives Transaction may, in itself, have significant volatility due to market situations or any change thereof, and such volatility may be larger than in situations where the Customer directly trades the Underlying Assets. In addition, the Customer may be exposed to significant risks as a result of unexpected changes in the relevant market or economic situation, etc. The value of transaction may fluctuate more abruptly, frequently or by a greater margin, which could result in the occurrence of significant profits or losses.

If the Customer has entered into a credit support agreement with the Bank, the Bank may, pursuant to such agreement and the terms and conditions of the Individual Transaction, request the Customer to provide additional credit support in the event that the value of the Transaction falls below a certain level. If the Customer does not accept such request, the Bank may terminate the Transaction executed with the Customer.

## **Liquidity Risk**

Liquidity risk is the risk that termination (liquidation) of the Transaction before maturity will become impossible or that the Transaction will not be assignable because liquidity is insufficient. Generally, OTC Derivatives Transactions are created to meet the particular needs of individual customers. Accordingly, it may be difficult to assign a Transaction to a third party or terminate the Transaction prior to the maturity date thereof.

The Bank is not obligated to comply with a request by the Customer to terminate an OTC Derivative Transaction prior to its maturity. However, it is generally the Bank's practice to accommodate the Customer's request for early termination whenever possible. If the Bank agrees to accept the Customer's request for early termination, it will present the Customer with a settlement amount resulting from the early termination, which both parties are to pay or receive. This settlement amount is generally calculated based on the value of the Transaction at the time of early termination or the amount involved if the Bank enters into another transaction to replace the terminated one. Accordingly, the Customer will either pay the settlement amount to the Bank or the Bank will pay the settlement amount to the Customer. The early termination of the Transaction will only proceed if the Customer accepts the settlement amount proposed by the Bank.

Even if OTC Derivative Transactions are entered into in connection with the Bank's other financial transactions such as deposits, loans, or collective investment securities, the OTC Derivative Transactions are contracts concluded separately from such other financial transactions. Unless otherwise specified, settlements related to early termination of OTC Derivative Transactions will be carried out independently from the early termination of other financial transactions. As a result, in some cases, the Customer may have to pay the settlement amount for the early termination of the OTC Derivative Transaction to the Bank in addition to any early termination fees for the other financial transactions.

## **Credit Risk**

Credit risk is the risk that the Customer will suffer from losses as a result of the Bank's failure to perform any of its obligations under this Agreement and the subsequent failure to pay the sum payable to the Customer. Significant losses may be incurred by the Customer if the Bank becomes incapable of performing any of its obligations under this Agreement due to the Bank's bankruptcy, etc.

## **Currency Risk**

Currency risk is the risk that the Customer will suffer from losses due to the fluctuation of exchange rates in a transaction denominated in a foreign currency.

## **Operational Risk**

Operational risk is the risk that the Customer will suffer from losses due to the inadequacy

of the internal control system or IT system relevant to the Transaction under this Agreement.

4. The Bank will engage in each OTC Derivative Transaction with the Customer on the understanding that the Customer has confirmed the following matters and has no objection to them.
  - A. The Customer confirms that it understands and have the ability to bear the risks arising from the OTC Derivative Transactions with the Bank, and that it will take full responsibility. The Customer confirms that all OTC Derivative Transactions entered into with the Bank are transactions conducted on the Customer's own account and based on independent information and judgment (with expert assistance if necessary), and that it has entered into the transactions on equal footing with the Bank.
  - B. Unless otherwise specified in writing by the Bank to the Customer, the Customer does not consider the Bank to have provided any advice regarding any OTC Derivative Transaction.
  - C. Regardless of whether any proposals or statements by the Bank to the Customer were made in writing or orally, the Customer does not consider the Bank to have recommended or advised the Customer regarding the execution of any OTC Derivative Transactions.
  - D. The Bank has not provided any warranties to the Customer concerning the results of the transactions.
5. This Risk Disclosure does not state all of the risks and other important characteristics associated with OTC Derivatives Transactions. Accordingly, any Customer who intends to engage in an Individual Transaction must carefully review the various terms and conditions thereof. If the Customer does not understand any of the contents of the Transaction which he/she intends to engage in, we recommend that the Customer determine whether or not to execute the Transaction after consulting an independent advisor or other third party with regard to finance, tax consequence and legal matters, etc.

Name of Customer: \_\_\_\_\_ (seal or signature)

Address (Location of the Head Office): \_\_\_\_\_

## Addendum 1

### **CONTINGENCY PLAN**

**(1) Definition of CD Yield and Contingency Plan in case of Suspension of CD Yield Calculation.**

1. When the reference rate of the terms of the transaction is the Korean Won (KRW) CD yield, the definition of CD yield is as follows:

CD yield refers to the yield of Certificates of Deposit (CD) with a maturity of 91 days (if the maturity is between 80 and 100 days, it is considered as having a maturity of 91 days) issued by commercial banks with a credit rating of AAA or higher from credit rating agencies. CD yield is calculated by the Korea Financial Investment Association (hereinafter referred to as the Association) based on the underlying yield submitted by the reporting institution to the Association.

2. Contingency plan in case of suspension of CD yield calculation

A. In the event that the CD yield calculation is suspended, the average interest rate of 5 bond rating companies for a 3-month CD mark-to-market base yield (AAA grade) shall be used as a replacement interest rate. This rate is selected as it closely tracks the CD yield published by the Association and is calculated and disclosed by specialized bond rating agencies.

B. The Bank shall disclose the reasons, details, and duration of the suspension of CD yield calculation on its websites and take measures to provide information on alternative yields and the basis for their selection.

C. In the event of a situation where CD yield cannot be determined, the Bank shall inform about the suspension of CD yield calculation through various means such as telephone, emails, and website notices.

**(2) Definition of KOFR and Contingency Plan in case of Suspension of KOFR Calculation.**

1. When the reference rate of the terms of the transaction is KOFR, the definition of KOFR is as follows:

KOFR (Korea Overnight Financing Repo Rate) refers to the transaction-weighted average overnight repo rate for repurchase agreements secured by Korean Treasury Bonds, as calculated and published by the Bank of Korea (or any successor administrator designated by the Bank of Korea) on such day, or if such day is not a Business Day, on the immediately preceding Business Day.

2. Contingency plan in case of suspension of KOFR calculation

- A. In the event that the KOFR calculation is suspended, one of the fallback rates may be used:
  - (i) the Bank of Korea's published interbank call rate for borrowing by banks and securities finance companies, (ii) if the rate in item (i) is unavailable, the most recently published KOFR on the last business day prior to the start of the suspension period, (iii) if neither item (i) nor (ii) is available the fallback rate determined by the Critical Benchmark Management Committee of the Korea Securities Depository and (iv) the rate determined pursuant to the generic fallback provision under the 2021 ISDA Definitions.
- B. The Bank shall disclose the reasons, details, and duration, availability of fallback rates, emergency contact information, etc. of the suspension and or suspension period of KOFR calculation on its websites and take measures to provide information on alternative yields and the basis for their selection.
- C. In the event of a situation where KOFR cannot be determined, the Bank shall inform about the suspension of KOFR calculation through various means such as telephone, emails, and website notices.

\* This agreement document is provided in accordance with relevant laws and regulations and the Internal Control Standards of the Hong Kong and Shanghai Banking Corporation Limited, Seoul Branch.