

Anti-Money Laundering Policy

This Anti-Money Laundering Policy is aimed to comply with related anti-money laundering regulations. Therefore, the policy reflects the current legislations including the Act on Reporting and Use of Certain Financial Transaction Information, the Act on Regulating Criminal Proceeds and the Act on Prohibition against the Financing of Terrorism and the AML/ CFT Regulation promulgated by the Korea Financial Intelligence Unit (the "KoFIU ").

Shinhan Bank is, in order to comply with this policy, operating an anti-money laundering program throughout the bank including its overseas branches or subsidiaries. This program contains all the work procedures and controls necessary for the employees to comply with for the purposes of the anti-money laundering.

1. AML Legislation

Main frames of Anti Money Laundering Regime in Korea are as below:

- Suspicious Transaction Report: Financial institutions are required to file with the KoFIU any transactions suspected of money laundering or terrorist financing.
- Currency Transaction Report: Financial institutions are required to file with the KoFIU any cash transactions involving KRW 10,000,000 or more (any receipt or transfer thereof).
- Customer Due Diligence: Financial institutions are required to take reasonable attention to customers, including verification and confirmation of customers, purposes of any underlying transactions and the beneficial ownership, to avoid financial transactions or services provided to involve illegal activity.

2. Internal Policy

Shinhan Bank has prepared all the policies and procedures necessary in order to comply with AML related legislations currently effective in Korea and they are documented as a manual or a guide book. Also, Shinhan Bank conducts periodic training programs for employees.

3. Customer Due Diligence

For opening a new account, carrying out an occasional transaction involving KRW 15,000,000 (or amount equivalent to USD 10,000 or more), remittance to other financial institutions involving KRW 1,000,000 (or amount equivalent to USD 1,000 or more), or any event where money laundering is suspected, different levels of customer due diligence are undertaken depending on the risk level of relevant to the money laundering. For high-risk customers, additional information shall be obtained and beneficial ownership shall be verified and confirmed in order to identify the nature and purpose of transaction.

Documents, data and information obtained from the customer identification or verification and

customer information that Shinhan Bank has shall be managed following regular review and comparison of such information.

In the case of non-face-to-face customers, in order to carry out the CDD, the contact verification, name, English name, identification number, home address, contact information, job information, transaction purpose, transaction fund source and beneficial owner information should be obtained.

4. Transaction Monitoring

To monitor abnormal transactions and transaction patterns effectively, an anti-money laundering system (the "AML System ") with following functions shall be operated:

- Review and compare customer's profile information with profile information from peer group.
- Review and compare transaction information based on standardized previous money laundering cases.
- Measure and evaluate money laundering risk in customer and transaction information.
- Analyze patterns of financial transactions based on customer, account and transaction information.

Any abnormal transactions identified through the AML system and determined to be suspicious following internal shall be reported to the commissioner of KoFIU.

5. Suspicious Transaction Report

Financial institutions are required to file with the KoFIU any transactions suspected of money laundering or terrorist financing.

Financial institutions shall also file with the KoFIU any suspicious transaction involving the amount less than the threshold amount as long as it is determined to be a suspicious transaction.

6. Currency Transaction Report

Financial institutions are required to file with the KoFIU any cash transactions involving KRW 10,000,000 or more (any receipt or transfer thereof) within 30 calendar days.

7. Politically Exposed Persons

In relation to the persons who are or have been entrusted with prominent function, or their family members or persons who are closely associated, additional information regarding the family members and associated legal entities shall be obtained in addition to the regular customer due diligence and other verification processes, where such customer file must be reviewed and approved by the Chief Compliance Officer of the Bank.

8. The transactions with OFAC sanctioned parties, customers of the sanctioned countries or the nationals of the FATF non-cooperative countries shall be reviewed and approved by the Chief Compliance Officer of the Bank.

9. It is prohibited to establish or maintain customer relationships with the persons, agents or related parties who are listed under the terrorism financing related list publicized by the Financial Services Commission ("FSC") or United Nations ("UN").

10. Record Keeping

All internal and external reports and information related thereto including the information from customer identification, verification, financial transactions and the suspicious transaction reports shall be kept at least for 5 years.

11. Training

Employee trainings for the AML System shall be conducted at least once a year and the detail of the training such as date, trainees, and contents shall be recorded.

Training programs may be conducted depending on the position or duty of an employee. Especially, tellers who directly face customers and officers in charge of reporting suspicious transactions are required to attend the user training program for the AML information system.

12. Independent Audit

Audit on AML works shall be conducted by periodically and other details are as below:

-Department in Head office: once a year

-Branch office: regularly by visiting, letter and monitoring, irregularly

The result shall be reported to BOD and the scope, procedure, violation and instructions of audit shall be recorded.

13. CDD for Overseas Branches or Subsidiaries

Standards of CDD which are same as those applicable to domestic branches shall be undertaken to all the transactions occurred in overseas branches or subsidiaries.

Overseas branches or subsidiaries located in countries where FATF Recommendations are not complied or insufficiently complied shall be subject to special attentions so that they can fully comply with the AML/CFT standards.

If there is any conflict between domestic laws and foreign/local laws relating to AML regulations applicable to overseas branches or subsidiaries, higher standards of the two shall be applied to the extent permitted under the laws and regulations of foreign/local laws.