FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

IN THE MATTER OF	)	CONSENT ORDER
SHINHAN BANK AMERICA NEW YORK, NEW YORK	)	FDIC-16-0237b
(INSURED STATE NONMEMBER BANK)	)	

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for Shinhan Bank America, New York, New York ("Bank"), under section 3(q) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER ("CONSENT AGREEMENT"), dated June 7, 2017, that is accepted by the FDIC. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to weaknesses in the Bank's Bank Secrecy Act ("BSA")/Anti-Money Laundering ("AML") Compliance Program, to the issuance of this Consent Order ("ORDER") by the FDIC.

Having determined that the requirements for issuance of an order under section 8(b) of the Act, 12 U.S.C. § 1818(b), have been satisfied, the FDIC hereby orders that:

BSA/AML OVERSIGHT

1. The Board shall increase its supervision and direction in the affairs of the Bank's BSA/AML Compliance Program, assuming full responsibility for the approval of sound

BSA/AML policies, procedures and processes, consistent with the role and expertise commonly expected for directors of banks of comparable size and risk.

MANAGEMENT

2. The Bank shall have and retain management qualified to oversee all aspects of the Bank's BSA/AML Compliance Program. Management shall ensure compliance with all applicable laws and regulations that govern BSA/AML compliance. Each member of management shall have the qualifications and experience commensurate with his or her duties and responsibilities related to applicable BSA/AML laws and regulations.

BSA/AML RISK ASSESSMENT

3. Within 30 days from the effective date of this ORDER, the Bank shall provide the Regional Director of the FDIC New York Regional Office ("Regional Director") with the enhanced risk assessment review that it performed of the Bank's operations ("Risk Assessment"). Thereafter, the Bank shall conduct periodic, but not less than annual Risk Assessments consistent with the guidance for risk assessments set forth in the Federal Financial Institutions Examination Council *Bank Secrecy Act/Anti-Money Laundering Examination Manual* (the "BSA Manual"), and shall establish appropriate written policies, procedures, and processes regarding Risk Assessments. The Risk Assessments shall address all pertinent risk factors that affect the overall BSA/AML risk profile of the Bank and ensure that risk ratings are accurate and well supported through qualitative and quantitative data.

BSA INTERNAL CONTROLS

4. (a) Within 90 days from the effective date of this ORDER, the Bank shall review, revise and implement a system of internal controls designed to ensure full compliance with the BSA ("BSA Internal Controls") taking into consideration its size and risk profile.

(b) At a minimum, such system of BSA Internal Controls shall include policies, procedures and processes addressing the following areas:

(i) Suspicious Activity Monitoring and Reporting: The Bank shall, taking into account its size and risk profile, revise and enhance its policies, procedures, processes, and systems for monitoring, detecting, and reporting suspicious activity being conducted in all areas within or through the Bank; and ensure the timely, accurate, and complete filing of Suspicious Activity Reports ("SARs"), with an appropriate level of documentation and support for management's decisions to file or not to file a SAR, as required by law. These policies, procedures, processes, and systems should ensure that all relevant areas of the Bank are monitored for suspicious activity, including, but not limited to: deposit/cash transactions, ACH and ATM transactions, intermediary wire transfers, and money service businesses. Any systems the Bank plans to utilize to assist in monitoring, detecting and reporting suspicious activity should be validated, and parameters which are established should be supported through a documented analysis of appropriate information.

(ii) Due Diligence: The Bank shall review and enhance its customer due diligence ("CDD") policies, procedures and processes for new and existing customers to:

a. be consistent with the guidance for CDD set forth in the BSA Manual;

b. operate in conjunction with its Customer Identification Program ("CIP"); and

c. enable the Bank to reasonably predict the types of transactions in which a customer is likely to engage.

(iii) At a minimum, the CDD program shall provide for:

a. a risk assessment of the customer base through an appropriate risk rating system to ensure that the risk level of the Bank's customers is accurately identified based on the potential for money laundering or other illicit activity posed by the customer's activities, with consideration given to the purpose of the account, the anticipated type and volume of account activity, types of products and services offered, and locations and markets served by the customer;

b. an appropriate level of ongoing monitoring commensurate with the risk level to ensure that the Bank can reasonably detect suspicious activity and accurately determine which customers require enhanced due diligence ("EDD");

c. a process to obtain and analyze a sufficient level of customer information at account opening to assist and support the risk ratings assigned;

d. a process to document and support the CDD analysis, including a method to validate risk ratings assigned at account opening, and resolve issues when insufficient or inaccurate information is obtained; and

e. processes to reasonably ensure the timely identification and accurate reporting of known or suspected criminal activity, as required by the suspicious activity reporting provisions of Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

(iv) Enhanced Customer Due Diligence: The Bank shall review and enhance EDD policies, procedures and processes to conduct EDD necessary for those categories of customers the Bank has reason to believe pose a heightened risk of suspicious activity, including, but not limited to, high-risk accounts, as described in the August 22, 2016 FDIC Report of Examination. The EDD policies, procedures and processes adopted

should:

a. be consistent with the guidance for EDD set forth in the BSA Manual; and

b. operate in conjunction with its CIP and CDD policies, procedures and processes.

(v) At a minimum, the EDD program shall require EDD procedures to:

a. determine the appropriate frequency for conducting ongoing reviews, based on customer risk level;

b. determine the appropriate documentation necessary to conduct and support ongoing reviews and analyses in order to reasonably understand the normal and expected transactions of the customer; and

c. reasonably ensure the timely identification and accurate and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and supervisory authorities, as required by the suspicious activity reporting provisions of Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

(vi) The Bank shall develop a high-risk customer list, which includes, but is not limited to, identification of entities with multiple accounts, and assignment of one risk rating across related accounts ("High-Risk Customer List").

(vii) The BSA Internal Controls shall operate in conjunction with each other, and be consistent with the guidance for account/transaction monitoring and reporting set forth in the BSA Manual, including arranging for the dissemination of a High-Risk Customer List to appropriate departments within the Bank.

(c) The Board shall approve the revisions and changes to the BSA Internal Controls, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the BSA Internal Controls.

VALIDATION OF SUSPICIOUS ACTIVITY MONITORING SYSTEM

5. Within 90 days from the effective date of this ORDER, the Bank shall engage a qualified firm acceptable to the Regional Director to perform a validation of the Bank's suspicious activity monitoring system, which shall include testing of the effectiveness of established filtering criteria and thresholds and ensuring that the system appropriately detects potentially suspicious activity. Thereafter, testing of the system's effectiveness shall be performed as part of the Bank's BSA/AML audit reviews, with results available for review by the FDIC at subsequent visitations and examinations.

REPORTS

6. The Bank shall review and enhance its policies, procedures and processes in order to detect reportable transactions and reasonably ensure that all required reports, including Currency Transaction Reports ("CTRs"), SARs, Reports of International Transportation of Currency or Monetary Instruments, Reports of Foreign Bank and Financial Accounts ("FBARs"), and any other similar or related reports required by applicable BSA/AML laws or regulations are completed accurately and properly filed within required timeframes. The Bank shall review and enhance its policies, procedures and processes in order to appropriately detect reportable transactions and ensure that all required reports, including its CTRs, SARs, FBARs, and any other similar or related reports required by law or regulation are completed accurately and properly filed within required timeframes.

LOOK BACK REVIEW

7. (a) Within 60 days from the effective date of this ORDER, the Bank shall engage a qualified firm acceptable to the Regional Director to conduct a review of all accounts and transaction activity for the time period beginning December 1, 2015 through the effective date of this ORDER in accordance with a written protocol to be submitted to the Regional Director for his non-objection to determine whether suspicious activity involving any accounts or transactions within or through the Bank was properly identified and reported in accordance with the applicable suspicious activity reporting requirements ("Look Back Review").

(b) Within 120 days of receipt of the Regional Director's non-objection, the qualified firm shall complete the Look Back Review, and the Bank shall prepare any additional CTRs and SARs necessary based upon the review. Upon completion of the Look Back Review, the Bank shall submit the findings of the review to the Regional Director.

CORRECTION OF VIOLATIONS

8. The Bank shall take all steps necessary, consistent with other provisions of this ORDER and sound banking practices, to eliminate and/or correct all violations of laws, regulations, and/or contraventions of policy cited in the August 22, 2016 FDIC Report of Examination and shall adopt and implement appropriate procedures to ensure future compliance with all such applicable federal and state laws, regulations, and/or statements of policy.

DIRECTORS' BSA COMMITTEE

9. Within 30 days from the effective date of this ORDER, the Board shall provide to the Regional Director the names of the Bank's directors comprising its BSA compliance committee ("Compliance Committee"), a majority of which members shall not be and shall not have been

involved in the daily operations of the Bank, and whose composition is acceptable to the Regional Director, with the responsibility of ensuring the Bank's compliance with this ORDER, the BSA/AML laws and regulations and the Bank's BSA/AML Compliance Program. The Compliance Committee shall receive comprehensive monthly reports from the BSA Officer regarding the Bank's compliance with the BSA laws and regulations and the Bank's BSA/AMLCompliance Program. The Compliance Committee shall present a report to the Board, at each regularly scheduled Board meeting, regarding the Bank's compliance with this ORDER, the BSA/AML laws and regulations and the Bank's BSA/AML Compliance Program, which shall be recorded in the appropriate minutes of the Board meeting and retained in the Bank's records.

PROGRESS REPORTS

10. Within 45 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director written progress reports detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the Board minutes.

SHAREHOLDER DISCLOSURE

11. Within 30 days from the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its parent holding company. The description shall fully describe the ORDER in all material aspects.

MISCELLANEOUS

It is expressly understood that if, at any time, the Regional Director shall deem it appropriate under applicable law to undertake any further action affecting the Bank, the provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued Pursuant to Delegated Authority this 12th day of June, 2017.

By:

/s/_____
Marianne Hatheway
Deputy Regional Director
New York Region
Federal Deposit Insurance Corporation