

Tax Guide on Comprehensive Stock Exchange with Orange Life
(For Non-Resident Individual and Foreign Corporation exclusive of a Permanent
Establishment in Korea of Foreign Corporation)

※ A non-resident individual or a foreign corporation is subject to income tax or corporate tax, respectively, with respect to the net realized gain from stock exchange or exercise of appraisal right as well as securities transaction tax at a rate of 0.5% of the sale price. As specific tax situations may be different depending on the specific circumstances, please consult your tax advisor if you have any question about the exact tax amount or payment procedures. Read the following for details.

I. When Accept the Comprehensive Stock Exchange

1. Income tax or corporate tax on capital gain

- (1) If any capital gain is realized from the comprehensive stock exchange between shares of Orange Life and shares of Shinhan Financial Group, a non-resident individual shall pay income tax and a foreign corporation shall pay corporate tax on the capital gain.
- (2) A capital gain is calculated by subtracting the acquisition cost and certain direct transaction costs from the sale price. The sale price is calculated as the price per share of Shinhan Financial Group received (in respect of a non-resident individual, KRW 43,336 per share which is the exchange price of a share of Shinhan Financial Group, and in respect of a foreign corporation, the closing price per share of Shinhan Financial Group at the Korea Exchange as of the stock exchange date) multiplied by the number of shares of Shinhan Financial Group acquired as result of the stock exchange plus the amount paid in cash for the fractional shares.
- (3) An amount equivalent to the lower of (i) 11% (including local income tax) of the sale price and (ii) 22% (including local income tax) of the net realized gain, which applies only when the acquisition cost can be reliably determined, will be withheld as income tax (for a non-resident individual) or corporate tax (for a foreign corporation) in Korea; provided, however, a non-resident individual or a foreign corporation who is a tax resident of a country with a tax treaty with Korea, which provides for tax exemption in Korea, may be exempt from income tax or corporate tax in Korea under such tax treaty.
- (4) If an income tax or a corporate tax is imposed in Korea, a person who pays the relevant domestic source income, including any capital gains, to a non-resident individual or a foreign corporation shall withhold such income tax or corporate tax, as applicable, from the domestic source income upon payment and pay it to the competent tax office by the 10th day of the following month.
 - 1) If shares of Orange Life are exchanged (transferred) through a custodian bank in Korea, either the custodian bank or Shinhan Financial Group must withhold any income tax or corporate tax imposed on the capital gain and pay it to the tax office. However, we are considering that the custodian bank

performs such withholding obligation upon consultation with such custodian bank.

- 2) If a shareholder exchanges (transfers) shares of Orange Life through a securities company in Korea (i.e. a financial investment company in Korea), the relevant securities company (i.e. a financial investment company) may withhold and pay the income or corporate tax, as applicable.
- (5) If an income tax or corporate tax is exempt under a tax treaty, the relevant non-resident individual and foreign corporation shall submit an application for tax-exemption together with a certificate of tax residency prior to its receipt of the income to the withholding obligor (e.g. the custodian bank, a securities company or Shinhan Financial Group).

2. Securities transaction tax on the sale price

- (1) A comprehensive stock exchange between shares of Orange Life and shares of Shinhan Financial Group is subject to a securities transaction tax at a rate of 0.5% of the sale price. The sale price per share is the base trading price on the transfer date as announced by the Korea Exchange (in the case where the trading of shares is suspended, the base trading price announced immediately prior to such date, which will be the closing price on January 21, 2020, the final trading date of shares of Orange Life).
- (2) If the transfer is made through a custodian bank in Korea, the custodian bank or Shinhan Financial Group will collect, file a return of, and pay the securities transaction tax.
- (3) If the shares of Orange Life are exchanged (transferred) through a securities company in Korea (financial investment company in Korea), such securities company (financial investment company) may collect, file a return of, and pay the securities transaction tax.

II. When Exercise the Appraisal Right

1. Income tax and corporate tax on capital gain

- (1) If any capital gain is realized as a result of the exercise of the appraisal right for the shares of Orange Life, a non-resident individual shall pay income tax and a foreign corporation shall pay corporate tax on the capital gain.
- (2) A capital gain is calculated by subtracting the acquisition cost and certain direct transaction costs from the sale price, and the sale price per share is the value per share of Orange Life (which means a price offered by Orange Life, which is KRW 28,235 per share as calculated under paragraph (3)-1 of Article 176-7 of the

Enforcement Decree of the Financial Investment Services and Capital Markets Act) received from Orange Life as a result from the exercise of the appraisal right.

- (3) An amount equivalent to the lower of (i) 11% (including local income tax) of the sale price and (ii) 22% (including local income tax) of the net realized gain, which applies only when the acquisition cost can be reliably determined, will be withheld as income tax (for a non-resident individual) or corporate tax (for a foreign corporation) in Korea; provided, however, a non-resident individual or a foreign corporation who is a tax resident of a country with a tax treaty with Korea, which provides for tax exemption in Korea, may be exempt from income tax or corporate tax in Korea under such tax treaty.
- (4) If an income tax or a corporate tax is imposed in Korea, a person who pays the relevant domestic source income, including any capital gains, to a non-resident individual or a foreign corporation shall withhold such income tax or corporate tax, as applicable, from the domestic source income upon payment and pay it to the competent tax office by the 10th day of the following month.
 - 1) If shares of Orange Life are transferred through a custodian bank in Korea, either the custodian bank or Orange Life must withhold any income tax or corporate tax imposed on the capital gain and pay it to the tax office. However, we are considering that the custodian bank performs such withholding obligation upon consultation with such custodian bank.
 - 2) If a shareholder transfers shares of Orange Life through a securities company in Korea (i.e. a financial investment company in Korea), the relevant securities company (i.e. a financial investment company) may withhold and pay the income or corporate tax, as applicable.
- (5) If an income tax or corporate tax is exempt under a tax treaty, the relevant non-resident individual and foreign corporation shall submit an application for tax-exemption together with a certificate of tax residency prior to its receipt of the income to the withholding obligor (e.g. the custodian bank, a securities company or Orange Life, etc.).

2. Securities transaction tax on stock sale price

- (1) If an appraisal right is exercised for the shares of Orange Life, a securities transaction tax at a rate of 0.5% of the sale price is assessed (see Section 1 above).
- (2) If the transfer is made through a custodian bank in Korea, the custodian bank or Orange Life will collect, file a return of, and pay the securities transaction tax.
- (3) If the shares of Orange Life are transferred through a securities company in Korea (financial investment company in Korea), such securities company (financial

investment company) may collect, file a return of, and pay the securities transaction tax.

III. Notes

1. As specific tax situations may be different depending on the specific circumstances, please consult your tax advisor if you have any question about income tax or corporate tax on capital gains and securities transaction tax.
2. We will provide information and advisory services to minimize any inconvenience that may be caused to shareholders. If you need any advice or assistance regarding filing a return or payment of taxes, please contact the IR department of Orange Life at 82-2-2200-8944.