Frequently Asked Questions - Common Reporting Standard (CRS)

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1 Introduction

1.1 What is CRS?
The Common Reporting Standard (CRS) is a new global standard for the automatic exchange of financial account information. It is intended to be FATCA (Foreign Account Tax Compliance Act) for the rest of the world.

1.2 Why is CRS being introduced?
CRS is designed to prevent offshore tax evasion. It gives participating countries transparency about the financial assets that their residents hold offshore.

1.3 How does CRS work?
CRS requires financial institutions to identify customers’ tax residency and report information about financial accounts of foreign tax residents to local tax authorities. It also requires tax authorities in participating countries to exchange the information.

1.4 What is offshore tax evasion?
Offshore tax evasion occurs when taxpayers abuse offshore accounts in order to evade tax. The stereotype is a wealthy person using offshore accounts to hide assets in a bank secrecy country or so-called tax haven. The reality is offshore tax evasion is a global problem. The Tax Justice Network estimated that in 2010 it was estimated that USD 32 trillion in financial assets were unreported globally, due to offshore tax evasion.

1.5 What is the background?
When the US introduced FATCA, many countries realised that they would benefit from a similar reporting system and transparency about their residents' offshore financial accounts. The G20 requested the Organisation for Economic Cooperation and Development (OECD) to develop a global standard in order to prevent that each country would create its own set of rules. The OECD succeeded, so financial institutions such as ING have a global standard to work with. CRS does not replace FATCA and ING has the same obligations under FATCA.

1.6 How can a country participate?
Countries participate in CRS by signing a competent authority agreement. A competent authority agreement is a commitment to implement CRS in local law and make it mandatory for all local financial institutions. This creates a level playing field for financial institutions in participating countries.

1.7 Which countries have committed?
Key countries and financial centres around the world have committed to CRS. The majority of ING countries have committed. The EU has made CRS mandatory for all member states.
1.8 When did it start?
There were two waves. First wave countries started CRS identification 1 January 2016 and reporting in 2017 over the period 2016. Second wave countries started CRS identification 1 January 2017 and reporting in 2018 over the period 2017.

1.9 How does CRS account reporting work?
Financial institution always report to their local tax authority for CRS. It is the responsibility of the local tax authority to exchange the account information with the correct partner country. ING follows local CRS laws and regulations for CRS reporting in all cases.
2 CRS and ING

2.1 What is ING’s policy for CRS?
ING’s policy is to comply with CRS bankwide.

2.2 Will ING report customer information without informing them?
No. ING will endeavor to contact all reportable customers and give them an opportunity to correct their CRS classification prior to reporting. CRS reporting will be handled by each ING entity according to the local CRS laws and regulation.
3 CRS and Customers

3.1 What does CRS mean for private individual customers?
All private individual customers receive a CRS classification. The rules for classification depend on whether the customer is new (on-boarded after the start date of CRS) or existing (on-boarded before the start date of CRS).

New private individual customers must provide a self-certification that includes their tax residency and TIN.

3.2 What does CRS mean for legal entity customers?
All entity customers receive a CRS classification. The rules for classification depend on whether the customer is new or existing and on the products that they hold.

New legal entity customers opening a financial account must provide a self-certification that includes their CRS status, tax residency and tax identification number. There is an exception for non-reportable entity types, which ING may classify using publically available information or information in ING's possession.

3.3 Do customers need to contact ING proactively?
Customers must inform ING in case of a change of circumstances that would impact their CRS classification (e.g. new tax residency). In other cases, ING will contact impacted customers. ING will endeavor to contact all reportable customers and give them an opportunity to correct their classification.

3.4 What are the consequences for customers who do not comply?
Customers who do not comply or do not respond to requests for information will be reported based on any indicators of foreign tax residency. ING does no on-board customers who have not provided complete information.

3.5 What about bank secrecy and data privacy?
Participating countries commit to make CRS mandatory in local law. This addresses the bank secrecy and data privacy questions. ING is required to comply.

3.6 Who is reportable?
Financial accounts held by specific types of customers are reportable, as described below. Please note that the test of whether someone is foreign or domestic is applied from the perspective of the booking office that maintains the account.

<table>
<thead>
<tr>
<th>Reportable private individuals:</th>
<th>Non-reportable private individuals:</th>
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<tbody>
<tr>
<td>• Foreign tax residents in a country that participates in CRS</td>
<td>• Domestic tax residents</td>
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</table>
• Individuals who do not comply are reported based on indicators of foreign tax residency

• Foreign tax residents in a country that does not participate in CRS

Reportable legal entities:
• Active non-financial entities are reportable if the entity is a tax resident in a foreign country that participates in CRS
• Passive non-financial entities are reportable if the entity or a controlling person is a tax resident in a foreign country that participates in CRS
• Professionally managed investment entities (funds) in non-CRS countries are reportable if a controlling person is a tax resident in a foreign country that participates in CRS
• Entities who do not comply are reported based on indicators of foreign tax residency

Non-reportable legal entities:
• Domestic tax residents
• Non-reportable entity types which includes: financial institutions, listed corporations, governmental entities, international organisations and central banks

3.7 Which products are reportable?
Financial accounts are reportable. The definition includes:
• Depository accounts
• Custodial accounts
• Debt or equity interests in an ING investment entity
• Cash value insurance or annuity contracts