Annual Report 2024

International
Card
Services

International Card Services B.V. Annual Report 2024

FOR THE YEAR ENDING 31 DECEMBER 2024

In this report, we look back over the financial performance of International Card Services B.V. (ICS) in 2024 and consider future developments, in 2025 and beyond. We describe how we create value for our stakeholders, not just as a bank and payment services provider, but also from the perspective of an employer and our role in society. We describe our purpose, vision and mission, our strategy, our activities, and our financial and non-financial results for 2024, in accordance with legal requirements.

1 INTRODUCTION

1.1 FOREWORD CEO

I am delighted to present our Annual Report 2024, providing a comprehensive overview of our strategic initiatives, financial performance, and key accomplishments over the past year, as well as insights into our future aspirations.

We concluded this year with a positive result and I am pleased with the various outcomes and steps we have taken over the past year. We have not yet reached our desired position, but I am satisfied with the progress that has been made. It was gratifying to note that in 2024 our customers remained highly satisfied with our services, and we processed a record number of payment transactions.

Governance
In terms of governance, there were several changes to both the Supervisory Board and Board of Directors.

17 June 2024: Ms. Sophie Haverkamp was appointed as Chief Products Solutions & Control.
1 July 2024: Mr. Joop van Gennip joined the Supervisory Board.
1 July 2024: Mr. Robert Luime was appointed CFO, replacing Mr. Jacob Ketelaar, who fulfilled this position on an interim base.
1 October 2024: Mr. Mark Buitenhek joined the Supervisory Board.
1 November 2024: Mr. Jos ter Avest resigned as chair of the Supervisory Board and was succeeded by Mr. Joop van Gennip.

In 2024 we completed the organisational transformation, which aims to improve ownership and clear accountability.

Financial
We reported a net result of € 20 million for 2024, as against a €20 million loss in 2023. The result includes positive one-offs, which is largely due to the release of provision for variable interest compensation of €14.2 million. However, without these incidental gains, the result would still have been slightly positive. Underlying our revenues increased due to higher spend on travel and entertainment. The rise in online purchases also led to increased credit card usage. Overall card spending rose to over €10 billion, an increase of 9% on 2023. The number of cards decreased by 2% to 2.6 million in 2024.

As in previous years and as part of the ICS strategy, we continue to see a decline in our lending income on the Spread Payment Facility (SPF) product. The outstanding interest-bearing loan amount fell to € 90 million (2023: €198 million), a decrease of 55%. The winding down of SPF was partly counterbalanced by the higher revenues from card spending.

Our operational costs were 5% higher than in 2023. Although we had a strong focus on cost control, the costs related to regulatory programmes like Anti-Money Laundering and Combating the Financing of Terrorism remain high.

Based on the above our capital buffer is more than adequate.

Focus going forward
We have made some adjustments to our medium-term strategy for 2024-2029. We plan to focus on strengthening our foundation, maintaining our customer base and becoming (and remaining) more in control. Operational excellence is an important driver, and we continue to strengthen our IT landscape to offer improvements to our customers in the coming years. Furthermore, we recognise that achieving these goals requires continued investment and efforts to ensure that our employees are motivated and qualified.

Customer contact
To gain more insight into our performance in customer contact, we measure our NPS score quarterly. Every year it shows that we have a loyal customer base which is very satisfied with our service. We maintained an excellent NPS score of 26, a slight improvement on previous year (2023: 25). This growth was reflected specifically in the commercial domain. This overall growth has provided us with the motivation to do even better in the years to come.

Commercial
In 2024, we achieved our highest-ever revenue. This indicates that our customers and co-branders place a great deal of trust in our services. Partly, this is due to the offering of Apple Pay; since its introduction, we have observed that customers are utilising it increasingly. For our commercial customers, our new expense management application is live, assisting them in gaining better insights and managing transaction administration.

ICS team
Lastly, I would like to thank all our Company employees for their dedication over the past year. Given all the challenges and changes, this was certainly not an easy year, but I am proud of where our Company stands now. Once again, many thanks to everyone.

David Minderhoud
CEO International Card Services BV

2 REPORT OF THE SUPERVISORY BOARD

The Supervisory Board is pleased to present the ICS Annual Report and Financial Statements for 2024, as prepared by the Board of Directors. Although 2024 was another challenging year, the Supervisory Board is pleased to note that the new Board of Directors made good progress on several matters. There was also good collaboration between the Supervisory Board and the Board of Directors. The financial results for 2024 were positive for the first time in several years, despite accounting for some incidental gains and an increase in the level of risk control. The Supervisory Board was also pleased with the improvement in the underlying results. In addition to this, the numbers of cardholders, transactions and transaction amounts give hope for the near future. The Supervisory Board is satisfied with the efforts made by the new Board of Directors and employees of ICS to deal with the difficult circumstances. The Supervisory Board observes ICS getting in control, while remaining aware of the challenges ahead.

2.1 COMPOSITION OF THE SUPERVISORY BOARD

At the end of 2024 the Supervisory Board consisted of four members. Mr. Joop van Gennip and Mr. Mark Buitenhek succeeded Mr. Jos ter Avest and Mr. Jan Speksnijder in 2024. An overview of the current members of the Supervisory Board can be found in Section 7.2.

Members of the Supervisory Board act in accordance with the interests and continuity of ICS, considering the relevant interests of the Company's stakeholders. Given its current composition, the Supervisory Board is of the opinion that it has the required knowledge, expertise, and experience to perform its supervisory duties adequately in relation to ICS. It combines both general knowledge and experience of financial institutions, as well as specific knowledge of payment processes and credit card business.

The responsibilities and duties of the Supervisory Board are laid down in the Supervisory Board regulations and are described in Section 7.4 "Supervisory Board". These regulations supplement the responsibilities and duties assigned to the Supervisory Board by Dutch law and by the ICS Articles of Association.

2.2 SUPERVISORY BOARD MEETINGS

In accordance with Supervisory Board regulations, the Supervisory Board held six regular meetings over the past year, as well as several additional meetings. The sharpened strategy, the financial results, the monitoring of several regulatory programmes and the IT renewal were discussed with the Board of Directors. There was also a meeting in which the collaboration between the Supervisory Board and the Board of Directors was discussed. The Supervisory Board is pleased with the progress the new Board of Directors made with this wide range of topics, although substantial IT changes and regulatory challenges remain. The Supervisory Board also reviewed various HR matters, such as the Employee Engagement Survey.

In 2024 there were various management and Supervisory Board changes, as mentioned in the foreword of the CEO. The Supervisory Board was closely involved in these changes.

Both the Supervisory Board and the Board of Directors have been in close contact with the ICS Employee Council, the shareholders, and other relevant external stakeholders.

2.3 AUDIT AND RISK COMMITTEE

The Supervisory Board has one subcommittee, the Audit and Risk Committee. The responsibilities of the Audit and Risk Committee include assessing all matters relating to the principles of valuation and determination of results, internal control, financial reporting functions, internal audits, external audits, risk assessments and compliance with regulations. The Audit and Risk Committee is also responsible for monitoring the follow-up of audit findings relating to issues such as anti-money laundering, credit collections and IT controls. In the case of the AML/CFT (Anti-Money Laundering / Combating the Financing of Terrorism) controls, the Audit and Risk Committee spent a considerable amount of time in 2024 discussing the course of the AML/CFT programme. The Audit and Risk Committee also extensively discussed the developments of other regulatory programmes, such as DORA and Cost of Credit, and held separate meetings related to Sustainability risk and Behavioural risk.

2.4 CORPORATE GOVERNANCE

For more information on the composition of the Supervisory Board and its duties and responsibilities, see Section 7.4.

2.5 ADVICE TO THE SHAREHOLDERS' MEETING

The Supervisory Board is grateful to the Board of Directors of ICS for its cooperation in the past year. ICS has made good progress in getting a better grip on the organisation through more control mechanisms and making the organisation more efficient and effective. The Board of Directors faces the challenge, given all the opportunities and threats, of bringing ICS to a profitable, controlled, and compliant situation while maintaining unwavering focus on all its customers.

The Supervisory Board wishes to thank ICS and its employees for their constant efforts to serve their customers over the past year and for the results they have achieved. The Supervisory Board recommends that the General Meeting approves the Annual Report and Financial Statements for 2024 and discharges from liability the members of the Board of Directors for their leadership and the members of the Supervisory Board for their supervision.

Diemen, The Netherlands, 23 May 2025

Supervisory Board

International Card Services B.V.

SUPERVISORY BOARD

Mr. Joop van Gennip, Chair

Ms. Mel Jacobs-Kemps, member

Ms. Jane Lobbrecht, member

Mr. Mark Buitenhek, member

3 REPORT OF THE STATUTORY BOARD OF DIRECTORS

3.1 ICS BUSINESS MODEL

ICS products can be divided into two major areas: payments and credit. To avoid cross-subsidisation, we choose to make a clear distinction between our payment services and credit products. The two areas have separate processes and policies for areas such as acceptance, monitoring and collections.

PAYMENTS

Our core payments proposition is a charge card that enables customers to complete transactions within their card limit and offers them the flexibility of a limited deferral of payment of up to 21 days. ICS facilitates a broad spectrum of payment services, covering credit, mobile, point-of-sale and online. We deliver mass-customised card payment solutions to large customer segments. This service is covered by the Dutch Deposit Guarantee Scheme (DGS). The business model for our payment product line is volume-driven, whereby transaction-related fees (such as interchange and FX fees) and annual card fees are the major revenue components.

Consumer cards
Most of our cards are issued to consumers. In this segment we issue cards both under our ICS label in the Netherlands and Germany (until the end of 2024) and under private labels with our co-brand partners. Our partners include banks, private banks, roadside assistance associations and more. We are also partnering increasingly with companies that offer unique benefits to our customers via affiliate partnerships.

ICS credit cards offer a fast, safe and convenient payment experience, as well as many other benefits such as at least 180 days purchase insurance and delivery guarantee.

Commercial cards

The ICS payments proposition for commercial customers helps companies focus on their business. Naturally, it offers the same secure, convenient and fast payment methods provided to retail customers. Our cards help companies – from SMEs to corporates – improve their cash flow management, by increasing the predictability and manageability of their cash flow and simplifying their invoicing. ICS issues commercial cards under its own brand as well as with partners such as banks.

CONSUMER CREDIT

ICS is a niche player in the Dutch consumer credit market. ICS also operated in the German credit market through a branch in Germany, this branch is currently in the process of wind-down. Customers could have a credit facility in addition to their credit card, allowing them to make repayments in instalments ('Spread Payment Facility' or SPF). In 2021 the SPF product was discontinued for new applications. Effective October 2024 we closed all SPF accounts. The outstanding balances as of that date will be reduced over time through a repayment schedule.

Additionally, all accounts in Germany were closed as of end of 2024. Where a customer has an outstanding balance after the cancellation date, the regular collections process will be followed. As long as customers in Germany have outstanding balances, we will manage the credit risk, to ensure that our products are in our customers' best interests and to comply with all rules and regulations. Responsible credit provision and debt prevention are guiding principles in this respect.

Variable interest rate compensation

In 2022, ICS incorporated compound interest (interest on interest) following the ruling by the Appeals Board of the Dutch Financial Services Complaints Authority (Kifid). ICS also extended the compensation scheme by including the SPF. As a result, the provision increased by €38.3 million and the remaining provision at 31 December 2022 totalled €45.2 million. In 2023 ICS refined the scope of the SPF by creating a product specific calculation methodology including acquired SPF portfolios in preparation for the execution. As a result of the scoping refinement and adjusted calculation methodology, the provision increased by €42 million including operational expenses. In 2024 ICS calculated and executed 99% of the compensation offers for the SPF portfolio. The calculation on individual customer level resulted in new insights based on more granular data. In combination with the refined proxy methodology based on recovered data and information for the ABN AMRO acquired portfolio, this resulted in the release of €14.2 million of the provision. The execution of the tail-end and reactive approach is expected to last for the remainder of 2025 – with the possibility of customers requesting compensation beyond this point, requiring ICS to maintain part of the provision for compensation and operational expenditure.

3.2 STRATEGY

We recognise the rapid advancements in the payment ecosystem. While new technologies simplify transactions, they must be accompanied by stronger security, compliance, and user-friendliness. Convenience, speed and simplicity are crucial, provided safety is assured. Consequently, alongside 'safety' and 'security,' ICS has included 'ease of use' among its brand values. Our goal is to deliver relevant, reliable, user-friendly and secure payment products and services to our customers and partners. This commitment is reflected in our renewed emphasis on further digitalising customer journeys.

ESTABLISHING A STRONG FOUNDATION

In 2024, we continued our efforts to future-proof our company by prioritising compliance with laws and regulations and renewing our IT infrastructure. We will continue this focus into 2025 and beyond, building a solid foundation with a flexible yet robust issuing and processing platform. Our approach is designed to be efficient, customer-centric, and inherently compliant. Enhanced digitalisation, combined with a streamlined organisational structure with clear responsibilities, will allow us to swiftly adapt to market opportunities and evolving customer needs.

3.3 CUSTOMERS AND DEVELOPMENTS

In the rapidly evolving financial sector, ICS has identified three priorities that are of particular importance to ICS: customer interest and behaviour, digitalisation, and the regulatory environment. We have reached several milestones in terms of these priorities, reflecting the progress achieved by ICS.

3.3.1 CUSTOMER INTEREST AND BEHAVIOUR

The activities and services provided by ICS are aimed at creating sustainable value for our customers. Where applicable and necessary, we adapt our products and services to the changing environment and consumer behaviour. Customer centricity is key, as it contributes to the fair treatment of customers and builds trust in ICS and the financial sector as a whole, which in turn increases customer loyalty. It also strengthens the relationship with our numerous partners.

Customer interest
Our efforts are centred around the needs of our customers, prioritising what is beneficial and suitable for their financial situation. This focus shapes not only ICS's strategy, policy and processes but also the attitude and behaviour of our staff, which is an essential aspect of our corporate culture. This commitment is demonstrated in various ways, such as providing special attention to financially vulnerable customers.

Customer behaviour
In 2024, travel and entertainment expenditures surged, surpassing those of 2023. Additionally, the launch of new features, such as Apple Pay, contributed to increased transaction volumes. As a result, the total turnover for the year reached an all-time high for ICS. We also noted more active use of our cards by customers, demonstrating that they see the benefits of the proposition.

Customer satisfaction
The success of ICS depends largely on the quality of our products and services and on the loyalty of our customers. A customer-centric experience, together with quality awareness among our staff, has been and will continue to be a pillar of our strategy and business operations.

ICS uses the Net Promoter Score (NPS) to measure customer satisfaction and experience. Our NPS, various collaborations with co-branders and internal customer satisfaction scores enabled us, once again, to secure high ratings in the year under review. The perennial goal for ICS is to exceed our customers' expectations.

The annual NPS for 2024 was +26, weighted according to turnover distribution: consumer 87% / commercial 13%. In-depth analysis provides us with insights into key factors for increasing customer satisfaction and experience within the boundaries of our products and services.

3.3.2 FURTHER DIGITALISATION

In 2024, we continued to digitalise the payment and customer processes. Working with our partners, including Visa and Mastercard, we will further shape the flexibility and versatility of our products and processes that today's customers require.

3.3.3 REGULATORY ENVIRONMENT

Regulatory compliance remains a key priority in the ICS strategy.

ICS continues to focus on its duty of care to ensure that its products are in line with customer needs and interests. This includes activities such as revising and monitoring credit limits and re-assessing the borrowing capacity of our customers, as well as an analysis of regulatory developments such as the review of the European Consumer Credit Directive (CCD2), a proposal for a new Payment Services and Electronic Money Services Directive (PSD3), the AI Act and the EU Accessibility Act. Although some of these regulations are still in the consultation phase or need to be transposed into national legislation, these regulatory developments might place a considerable burden on staff and IT capacity.

EBA published guidelines on loan origination and monitoring (EBA LO&M) in 2020. The guidelines have been in effect since 30 June 2021. ICS has integrated the majority of the EBA guidelines into internal policies and processes. Two outstanding guidelines will be implemented in a strategic programme, in alignment with ABN AMRO Bank N.V, that will be completed in 2026.

Laws and regulations can be complex, and subject to change and interpretation by a regulator. Continuous compliance with applicable laws and regulations is important to ICS. In 2022, ICS completed an extensive remediation programme on customer due diligence and ID&V involving close to 2.6 million customers. The execution of the ICS Wwft Continuation Plan is in progress, pending the transaction monitoring effectiveness validation. Reassessment and remediation received positive confirmation from DNB. ICS will carry out further milestones in 2025 as part of the Group Wide Recovery programme of ABN AMRO. Currently, there are two milestones outstanding as part of the Group Wide Recovery programme of ABN AMRO. These will be closely monitored.

CCD2 must be implemented in Dutch law by November 2025, after which a transitional period of 12 months starts. Deferred debit cards are in scope of CCD2. However, CCD 2 provides for a Member State option to exclude deferred debit cards that must be repaid within 40 days and for which only limited payment fees are charged from the rules of CCD2. The Dutch legislator's proposal for implementing CCD2 in Dutch law was published on 15 April 2025, in which it elected not to use the option in CCD2 to except deferred debit cards from the scope of CCD2. The impact of the updated regulation on ICS is currently being assessed.
Basel IV implementation necessitates an increase in Risk-weighted assets.

Since 2024 CSRD is applicable to ICS. ICS is exempted from this CSRD disclosure pursuant to Articles 19a(9) or 29(8) of Directive 2013/34/EU, because the information is included in the consolidated sustainability reporting of ABN AMRO Bank N.V.

For further information on developments in the regulatory environment, please refer to section 5.

3.4 FINANCIAL DEVELOPMENTS

3.4.1 FINANCIAL RESULTS

The following table presents the key financials for the years 2024 and 2023.

(In millions, €, unless otherwise stated)	2024	2023
Net result	20	(20)
Operating income	198	135
Operating expense	(166)	(158)
Impairments	(4)	(3)
Cost-to-income-ratio (CIR)	83.8%	117.2%
Turnover	10,465	9,574
# of card transactions	131	118
Portfolio	634	730
# cards in circulation*	2,633	2,689

* In thousands

The net result was €20 million in 2024 (2023: -€20 million).

In 2024 ICS released in total €14.2 million of the provision for variable interest compensation. The calculation on individual customer level resulted in new insights based on more granular data. In combination with the refined proxy methodology based on recovered data and information for ABN AMRO acquired portfolio, €11.3 million was released in net interest income regarding interest compensations and €3.0 million was released regarding operating expenditure. In 2023, ICS added €42 million to the provision for variable interest compensation, mainly because of scope refinement of the SPF by creating a product specific calculation methodology including acquired SPF portfolios in preparation of the execution. As a result of the scoping refinement and adjusted calculation methodology, €40.9 million was recognised in net interest income and €1.1 million was recognised as an additional operating expense.

Operating income increased by €63 million to €198 million in 2024 (2023: €135 million), mainly due to:

- An increase in net interest income of 42 million, mainly due to the release of the provision for variable interest compensation in 2024, which is higher than the addition to the provision in 2023, partly offset by a lower credit portfolio (+/-55%).
- Higher net fee and commission income of €19 million due to a higher turnover (+9%) and a higher transaction volume (+11%). An increase in other income of €3 million, mainly due to the derecognition of unclaimed balances of cardholders with a maturity greater than five years.

Operating expenses increased by €8 million to €166 million in 2024 (2023: €158 million), mainly due to:

- An increase in agency staff, contractors and consultancy expenses of €9 million mainly due to more contractors with a higher hourly wage and to multiple extensive consultancy projects regarding IT renewal and risk related assignments.
- ICT expenses are €2 million higher due to changes including ICS renewal.
- An increase in rebilling expenses of €1 million.
- A decrease in operational expenses of €4 million due to the provision release for variable interest compensation.

As a result of the higher operating income (47%), partly offset by higher operating expenses (5%), the cost-to-income ratio decreased from 117.2% to 83.8%.

3.4.2 FINANCIAL POSITION

(in thousands of euros)

	31 December 2024	31 December 2023
Assets		
Cash and balances at central banks	213,252	205,141
Loans and advances banks	679,209	655,835
Loans and advances customers	633,985	729,880
Financial investments	13,438	20,382
Other	36,930	45,198
Total assets	**1,576,814**	**1,656,437**
Liabilities		
Due to banks	863,430	859,690
Due to customers	366,949	382,524
Provisions	19,561	78,813
Other	100,145	128,585
Total liabilities	**1,350,084**	**1,449,612**
Equity		
Share capital	45	45
Other reserves	206,779	226,678
Result for the year	19,905	(19,900)
Total equity	**226,730**	**206,824**
Total liabilities and equity	**1,576,814**	**1,656,437**

Total assets decreased by €80 million in 2024, amounting to €1,577 million (2023: €1,656 million). This decrease was due to the following movements:

- Loans and advances customers totalled €634 million at year-end 2024, €96 million lower than in the previous year (2023: €730 million). The interest-bearing part of the portfolio (including revolving loans) decreased by €108 million, mainly due to discontinuation of the SPF product and the wind-down of the German branch. This was offset by an increase of €12 million in the non-interest-bearing part of the portfolio.
- Financial investments decreased by €7 million, mainly due to the sale of the Visa Inc. A shares.
- Other assets decreased by €8 million to €37 million (2023: €45 million), mainly due to the received funds of €15 million which was related to the current company tax receivable regarding the loss of ICS in 2023. This was partly offset by higher accrued income and suspense accounts (€7 million).
- Loans and advances banks totalled €679 million at year-end, €23 million higher than previous year (2023: €656 million), due to a higher balance on current accounts with banks, partly offset by lower interest-bearing deposits.
- Cash and balances at central banks increased by €8 million to €213 million (2023: €205 million) due to a higher balance with central banks that relate to deposits for LCR requirements.

Total liabilities (excluding equity) decreased by €100 million in 2024, amounting to €1,350 million (2023: €1,450 million). This decrease was due to the following movements:

- Provisions totalled €20 million at year-end, €59 million lower than in the preceding year (2023: €79 million). This decrease is predominantly due to the release and the utilization of the provision for variable interest compensation.
- Other liabilities totalled €100 million at year-end 2024, €28 million lower than in the previous year (2023: €129 million). This decrease is mainly due to lower accounts payable and sundry creditors, which include amounts to be settled with Visa and Mastercard. This is partly offset by the current company tax payable due to the profit in 2024.
- Due to customers totalled €367 million at year-end, €16 million lower than in the preceding year (2023: €383 million). This decrease is mainly due to lower deposits.
- Due to banks totalled €863 million at year-end 2024, €4 million higher than in the previous year (2023: €860 million).

Total equity increased by €20 million to €226.7 million (2023: €206.8 million), representing the profit for the year 2024. No dividend was distributed in 2024 in accordance with the decision of the Board of Directors.

At 31 December 2024, the Liquidity Coverage Ratio (LCR) was 144.9% and the Net Stable Funding Ratio (NSFR) was 180%. The Total Capital Ratio (22.5%) and the Leverage Ratio (9.2%) were also well above the regulatory requirements.

3.5 SECURITY AND FRAUD PREVENTION

The payment system and IT infrastructure are the foundation for ICS in terms of ensuring that our customers can use their credit cards for fast, simple and safe payments. Laws and regulations are the context within which ICS works in relation to preventing and combatting financial crime. Over 30 years, we have a proven track record of maintaining safety for credit card payments.

For instance, our company has managed to take down phishing sites, with an average of 185 phishing websites being shut down every month. Police reports filed in 2024 numbered 36 (as against 29 in 2023), resulting in several arrests and pending investigations.

One of our greatest responsibilities is to protect our customers and businesses and their financial data through safe payment transactions. ICS monitors payments made with our cards on a 24/7 basis. We take immediate action in the case of external data breaches that impact our customers' card information. We contact the merchant to prevent further damage. Although we are proud of this result, the last two years have shown a shift in the type of fraud from the more conventional merchants to crypto merchants or money transfers through merchants. This shift has impacted our recovery rate because the loss is irreversible once such transactions are authorised. We are constantly working to improve this process.

The safety of our credit cards is the result of a joint effort by ICS, our customers, merchants, acquirers, and other private and public organisations. As a large financial services provider, we also see it as our social responsibility to share this knowledge and expertise to promote safe payment transactions. We work with other organisations to prevent fraud and financial crime, mainly through our participation in the Electronic Crimes Task Force, located in Driebergen, in partnership with the National Police.

3.6 HUMAN RESOURCES

In 2024, ICS completed its new organisational set up. In this new organisation, a new unit was created which is called Products Solutions & Control. This unit will focus mainly on taking better control in the area of product, policy and process and creates a clear separation between operations & policies. Additionally, the span of control within various departments has been reduced to allow for greater focus on our employees. In 2024 it was also decided to wind-down the German branch. Due to the new organisational set up and the wind-down, a small number of colleagues left or will leave ICS.

In Q4, various sessions were held with the leaderships team, focusing on team goals and agreements regarding collaboration. Additionally, it was decided at the end of 2024 that, starting January 2025, all employees will return to the office for two days a week to strengthen internal collaboration.

A new CFO was appointed, in mid 2024, along with the new board position Chief Products, Solutions & Control. This ensured that the Board of Directors was complete, allowing further progress to be made towards the goals of ICS.

In the monthly 'Open at the table' sessions with all managers, the focus is on discussions about leadership, culture and collaboration. These sessions are also used to discuss the barriers to leadership, culture and collaboration. The employees are central to the 'Ask-Me-Anything' sessions: they are informed monthly about the implementation of the strategy, and questions are answered.

3.6.1 ORGANISATIONAL CULTURE

The agility of ICS and its employees has been called upon for a long time. Continuous change is something that can no longer be ignored. This demands a lot from the ICS organisation, the leaders and certainly also from the individual employee.

An open culture is important. ICS aspires to be an organisation in which employees from diverse backgrounds feel welcome and safe, can be themselves and are given the space and recognition they need. It is important to speak up, for instance regarding ideas and suggestions for improvement, risks that have been identified in the workplace, concerns, and dilemmas that employees experience as well as when values of ICS are at stake. To create and improve an open and safe working environment ICS has invested in tools like Speak Up.

3.6.2 EMPLOYEE EXPERIENCE

ICS aims to provide all the employees with the best people experience. As part of this, we carry out the employee engagement survey to identify what employees think is going well at ICS and where we can make improvements.

ICS employees feel the team is there for them and that they feel treated with respect and dignity. Employees are satisfied with hybrid working, which enables them to be more productive. Employees are satisfied with the collaboration within their team. In 2025 the main challenges are continuing to communicate clearly, increasing visibility of senior management, and improving collaboration across teams.

<u>Together & Better</u>

A personal bank in the digital age and a rapidly changing world offers opportunities to move forward. Together & Better facilitates the continuous dialogue between employees, managers and colleagues in order to get the best out of each other.

Employees are responsible for their own development and performance. Progress is determined by means of a joint dialogue on personal objectives and team objectives, on contribution to realising the strategy, on personal development and long-term employability, and on what is going well and what could be improved. Employees regularly ask for future-oriented feedback that focuses more on looking forward than looking back. Therefore, performance management and the Together & Better dialogue are important instruments in realising our strategy.

The sweet spot is where the organisation and colleagues regularly discuss the agreed objectives and their progress. It makes colleagues feel relevant, valued, and responsible for their contribution.

<u>Learning and Development</u>

It is important that employees complete and keep up to date with the mandatory courses. In addition, working on personal development is of great importance. There are a lot of learning opportunities on offer, so employees themselves decide what expertise and competences they want to develop so that they can perform with energy and a high level of motivation, both now and in the future. Employees discuss development objectives with their line manager and/or team and record these objectives in their Together & Better form.

As well as training on hard and soft skills there is focus on the physical well-being of our employees by offering e-learning options, supporting them as they work from home, and improving their personal well-being.

3.7 OPERATIONAL DEVELOPMENTS

3.7.1 CUSTOMER RESEARCH

ICS works hard to protect its customers and businesses and their financial data through secure payment transactions. As a financial institution, it is our responsibility to combat and prevent money laundering and the financing of terrorism. ICS accepts this responsibility fully and takes its gatekeeper role within the financial sector very seriously. Security and fraud prevention are a key priority, and ICS works closely with external stakeholders, including regulators, governments, other banks and law enforcement, where necessary and appropriate.

Building on the work carried out in the past and in dialogue with the DNB, customer due diligence (CDD) procedures have been intensified. ICS has committed itself to a remediation programme, the guiding principle of which is to update all the identification evidence we have of our customers and perform a risk based CDD assessment of all our customers. ICS initiated the Remediation programme which was launched in 2019 and concluded in December 2022. In 2022 ICS started the Wwft Continuation Plan to implement AML processes into the business as usual.

The execution of the ICS Wwft Continuation Plan is in progress, pending the transaction monitoring effectiveness validation. Reassessment and remediation received positive confirmation from DNB. ICS will carry out further milestones in 2025 as part of the Group Wide Recovery programme of ABN AMRO. Currently, there are two milestones outstanding as part of the Group Wide Recovery programme of ABN AMRO. These will be closely monitored.

3.7.2 OTHER DEVELOPMENTS

ICS is constantly developing and improving its systems and procedures to serve its customers. These operational developments do not always affect the way we deal directly with our customers, but they always impact improvements that ultimately benefit the customer. Ongoing operational strategies and trend-driven improvements to rules for fraud detection, transaction monitoring and customer filtering are good examples of this.

4 RISK MANAGEMENT

ICS is also committed to being a well-capitalised bank with sufficient liquidity, focusing on delivering sustainable value to its stakeholders. ICS is committed to a sound risk/reward profile and an overall moderate risk profile. ICS continually carries out thorough evaluations of the long-term risk and return implications of its operations.

Risk management within ICS is organised in accordance with the 3 LoD model and ICS has adopted an Enterprise Risk Management framework, to create a uniform risk governance structure throughout the organisation. Risk management policies, tools and procedures and an organisational structure have been adopted to ensure that key risks are identified, assessed, mitigated, monitored and reported. All risk activities are aligned with ABN AMRO.

4.1 RISK TAXONOMY

ICS's risk taxonomy is the classification of risks into risk types to which ICS is, or could be, exposed. The taxonomy is reviewed and updated once a year to ensure that all material risks are identified, defined and included in the risk governance framework. The taxonomy creates common risk vocabulary, provides a checklist of types of risk for use in risk assessments, and assists in ensuring that all material financial and non-financial risks are managed and that the requisite roles and responsibilities are identified and defined. Risk taxonomy describes how the materiality assessment is performed in terms of both the financial and the non-financial impact. The financial impact is assessed based on capital or the net profit impact. The non-financial impact is determined in terms of reputational consequences and/or non-compliance with rules and regulations.

The following main risk types are identified by ICS:

Financial risk

- Credit risk
- Business risk
- Market risk (in a banking book)
- Sustainability risk
- Liquidity risk

Non-Financial risk

- HR risk
- Information risk
- Fraud risk
- Behavioural risk
- Change risk
- Compliance risk
- Model risk
- Data risk
- Legal risk
- Tax risk
- Reputational risk
- Third Party & Outsourcing risk

4.2 RISK APPETITE

Risk appetite refers to the level of risk ICS is prepared to accept in realising ICS's business objectives and is aligned with ABN AMRO's risk appetite, resulting in an overall moderate risk profile.

The risk appetite considers all identified risk types within the risk taxonomy. The Risk Appetite Statement is reviewed annually and approved by the Entity Enterprise Risk Committee (EERC). Key risk indicators, including checkpoints and limits are implemented to manage risk exposures effectively. Adherence to the risk appetite is evaluated quarterly via the EERC.

4.3 RISK CULTURE

Risk culture is an important building block in ICS's enterprise risk management framework.

Our risk culture includes key elements important for effective risk management. We encourage a widespread understanding of the importance of risk and active participation in risk mitigation efforts. This includes open communication at all organisational levels on risk events; individual and team accountability for risk management; integration of risk assessment results into decision-making processes; and strong leadership support that promotes and sustains a risk-aware environment.

4.4 RISK GOVERNANCE

ICS has an internal Risk Governance Charter (RGC) and control framework. The RGC describes the risk management organisation and the structure, composition and mandates of committees, including the relations with ABN AMRO.

The RGC provides the framework for risk management decision-making within ICS, to ensure decisions are taken through a valid approval process and considering the interests of the ICS stakeholders. The three lines of defence model ensures that sound risk governance is embedded throughout the organisation. The first line of defence has ownership of risks and is responsible for identifying, assessing, responding to, monitoring and reporting risks and events. It also implements the risk framework and is responsible for monitoring internal controls.

The second line of defence, represented by the risk management organisation, oversees the risk management framework within which the first line operates. It supports the organisation by facilitating the identification, assessment, and response to risks across all organisational domains. Additionally, it formulates risk management policies, conducts compliance assessments to validate the effectiveness of internal controls, and monitors risk indicators and trends for early detection of emerging risks and potential issues. Regular communication of risk insights ad-hoc and via risk reports to senior management and stakeholders ensures informed and risk-aware decision-making processes.

This organisation operates under the direct responsibility of the Chief Risk Officer, who is a member of the Board of Directors.

The third line of defence consists of the internal audit function, which is responsible for risk assurance. The Internal Audit department independently evaluates the effectiveness of first and second-line risk governance, risk management and control processes, and makes recommendations on any improvements that may be necessary.

4.5 RISK COMMITTEES

The Board of Directors is responsible for the balanced assessment of ICS's commercial interests and the risks to be taken within the boundaries of the risk appetite. The Board of Directors has mandated two risk committees for risk decisions, further supported by sub-committees and the circle mentioned below.

THE ENTITY ASSET AND LIABILITY COMMITTEE (EALCO)

The Entity Asset and Liability Committee (EALCO) manages capital, liquidity and other balance sheet-related matters, including funding, recovery and resolution and specific regulatory reporting requirements. This also encompasses developing and maintaining sound capital and liquidity management practices to ensure adequate levels of capital and liquidity to withstand a range of stress events.

The EALCO monitors the development of the balance sheet and advises the EERC and the Board of Directors on these developments. The EALCO meets once a month to specify the liquidity and capital management goals for the coming period. The most important agenda items are the past month's liquidity, funding and capital ratios, and a detailed forecast of these ratios for the coming months. Other agenda points are updates on the different models used within ICS and upcoming regulatory changes and related impact assessments. Every year we perform a capital plan and capital stress test, which are discussed by the EALCO.

LIQUIDITY CONTINGENCY TEAM (LCT)

The Liquidity Contingency Team (LCT) enables a quick decision-making process on all matters relating to liquidity risk management during liquidity stress at ICS. Once activated, the LCT framework supersedes the business-as-usual governance procedures and organisational reporting lines. The LCT can pre-approve contingency funding plans, stress tests and define Early Warning processes for the Entity and monitor their effectiveness. The entity Liquidity Contingency Team (LCT), reporting to Entity ALCO and ABN AMRO LCCT, is responsible for following up any liquidity events. A complete outline of this team can be found in the 2024 Contingency Funding Plan (CFP).

When the stress event has been neutralized, the CFP status is terminated by a unanimous decision of the LCT members. The status will return to business as usual. However, it is possible to reduce the stress event while the heightened awareness mode stays in place before terminating the CFP completely.

ENTITY PRICING COMMITTEE (EPC)

The Entity Pricing Committee (EPC) is mandated directly by the Board of Directors. The purpose of the committee is to support ICS in its aim to fulfil consumer credit needs by executing the Board of Directors approved Pricing Policy and determining product and service pricing through a pricing framework. The EPC conducts price reviews, evaluates price proposals, optimises the pricing model, and monitors pricing and its impact in the market, using a risk-based approach. This includes considering the appropriate pricing of retained risks and the determination of commercial margins.

THE ENTITY ENTERPRISE RISK COMMITTEE (EERC)

The EERC has been tasked by the Board of Directors of ICS and the Group Risk Committee of ABN AMRO to monitor, assess and manage the risk profile of ICS within its approved risk appetite. The EERC is responsible for reviewing and monitoring the development of risk management and compliance with regulations and policies and informs the Board of Directors of its activities. The EERC:

- discusses and pro-actively acts upon risk matters and passes on issues to the relevant committee at central level
- discusses and approves the annual Entity Risk Appetite Statement
- discusses and approves the quarterly ERM Report, including Financial and Non-Financial Risks, and monitors the performance against Risk Appetite Statements on a quarterly basis and (if necessary) initiates actions when a risk type exceeds its limit
- approves new local risk policies and local risk policy reviews and amendments
- pre-approves product approvals and reviews the Product Programme
- steers and monitors the timely implementation of risk strategies and risk policies
- is mandated by the Board of Directors to approve and decide compliance-related matters
- monitors the operational risk exposure
- has the mandate to pre-approve high or critical risks as described in the Non-Financial Risk Framework.

The EERC monitors eight sub-committees and one circle, reporting to the EERC.

THE ENTITY PRODUCT APPROVAL AND REVIEW COMMITTEE (EPAC)

The Entity Product Approval & Review Committee (EPAC) is a sub-committee of the EERC mandated directly by the EERC. The purpose of the committee is to support the EERC in fulfilling its oversight responsibility related to Programme Lending. Credit losses and the allocation of credit provisions and impairment of credits are monitored in the EPAC. The EPAC shall at least annually present recommendations to the EERC on the use of internal models and shall ensure that the products and services offered by ICS (excluding the pricing) are compliant with the business model and risk profile.

PAYMENT & FRAUD COMMITTEE (P&FC)

The purpose of the Payment & Fraud Committee (P&FC) is to optimise the balance between combatting fraud and reaching commercial objectives, through decisions and discussion of risk/reward and weighing commercial objectives, versus combating financial crime, guaranteeing a well-considered approach to the costs and benefits of payment and fraud issues. A further purpose is to review and update payment rule setting and escalate issues to the EERC with proper preparation.

IMPAIRMENT AND PROVISIONING COMMITTEE (IPC)

The Impairment and Provisioning Committee (IPC) is a sub-committee of the EERC mandated directly by the EERC. The main purpose of the IPC is to discuss and update legal, tax and credit provisions.

REGULATORY CENTRE OF EXPERTISE (RCOE-ICS)

The Regulatory Centre of Expertise (RCoE-ICS) has been set up between the 1st LoD of ICS and the 2nd LoD (Risk, Legal, Compliance). Within ICS, the 1st LoD is accountable for the implementation of external and internal regulatory changes and demonstrating compliance with external and internal regulations and acting in accordance with our 'License to Operate'. The RCoE-ICS has no formal mandate or decision-making powers. However, it has the responsibility to coordinate the identification of and preparation for external and internal regulatory changes in cooperation with the 2nd LoD, to appoint change owners based on Risk Ownership Matrix. The committee also has the responsibility to inform, report to and enable the ICS Management Board's decision-making via the Change Board; as such, the RCoE-ICS has no decision-making powers of its own.

DETECTING FINANCIAL CRIME COMMITTEE (DFCC)

The purpose of the Detecting Financial Crime Committee (DFCC) is to guarantee an unambiguous methodology and ensure full control of Wwft risks for business as usual and remediation through a uniform method and quality in line with the Global Standards of ABN AMRO. The committee also aims to safeguard the ICS licence to operate and comply with laws and regulations. This operational committee manages, monitors, reports and, if necessary, develops Wwft-related guidance within ICS. The DFCC replaces the former Wwft circle in which all Wwft related issues are tracked and followed up.

CLOUD APPROVAL & OUTSOURCING BOARD (CAOB)

The Cloud Approval & Outsourcing Board (CAOB) is the gatekeeper for ICS's decision-making on Cloud initiatives and Outsourcing. The purpose of the CAOB is to comply with the "EBA Guidelines on outsourcing arrangements". To keep control over our environment (e.g. from a legal, compliance, security, operational, financial point of view), the CAOB ensures that all necessary measures are in place before go-live of a Cloud environment or a new outsourcing feature is made effective.

CLIENT ACCEPTANCE AND REVIEW COMMITTEE (CARC)

The Client Acceptance and Review Committee (CARC) is responsible for taking decisions related to customer acceptance and review. Currently, there is a CARC for New Client Take On (NCTO), business as usual and remediation. The CARC facilitates adequate decision-making with regard to customer acceptance, and periodic and event-driven reviews and remediation. It ensures laws and regulations, such as internal policy guidelines, are followed by AAB and ICS.

OPERATIONAL RISK COMMITTEE (ORC)

The Operational Risk Committee (ORC) takes place monthly in the MT meetings of every MT member. These meetings aim to understand and manage risks effectively, ensuring that the organisation stays within its Risk Appetite. The focus is on building a solid foundation for identifying risks in a timely manner and managing them properly, while fostering a healthy risk culture that encourages open discussions and practical decision-making.

DUTY OF CARE CIRCLE

The main objective of the Duty of Care Circle is to shift from reactive monitoring to pro-active monitoring and steering of the relevant ICS Duty of Care themes. This is an operational committee that aims to monitor and safeguard duty of care-related risks in a structured and consolidated manner (except for Wwft) within ICS.

4.6 RISK MEASUREMENT

ICS is required to comply with the capital requirements of a bank licence holder. ICS uses risk models to quantify the risks designated in the risk taxonomy. The models for credit, market, operational and liquidity risks are widely suitable for the determination of risk levels. The models support day-to-day decision-making and periodically monitor and report on developments in ICS's portfolio and activities. New models require approval before being implemented and used. Internal approval for the use (or continued use) of a model is obtained from the ABN AMRO Methodology Acceptance Group (MAG), a sub-committee of the Group Risk Committee. When required, external approval is obtained from the regulator.

ABN AMRO's modelling department develops models in close cooperation with ICS. In principle, this modelling department reviews the models at least every three years, or earlier if there is a marked deterioration in performance of the model or if there is a marked change in the risk profile of the portfolio to which the model relates. A model review includes back-testing against historical data and, where relevant, benchmarking the calibration of the models with external studies or data.

The independent model risk management department of ABN AMRO validates ICS's internal models. The model risk management framework, which includes model validation standards and procedures, ensures that models are validated independently. Model data, methodology, performance and implementation are checked according to these standards and reviewed against internal and regulatory requirements.

REGULATORY CAPITAL

Under the Basel Framework, as implemented in European legislation (CRD V and CRR 2), banks are required to hold capital to cover the financial risks they may face. As an intermediate step in determining the minimum level of capital, banks need to calculate risk-weighted assets (RWA) for the three major risk types (credit, operational and market risk). The Standardised Approach to RWA calculation has been applied within ICS since 2020.

The capital requirements are expressed as a percentage (set by the regulators) of the RWA. Under Pillar 1, banks are required to hold a regulatory fixed percentage of RWA in capital. Under Pillar 2, supervisors impose a bank-specific percentage of RWA in addition to the Pillar 1 requirement.

Regulatory capital and the risk measurement approach are discussed in Notes 9.33 and 9.34.

In addition, ICS holds an additional buffer that serves as a cushion and as an extra safeguard for the development and full implementation of all the risk mitigation measures required from a capital perspective. The measures include the further development and improvement of the Capital Plan and the Capital Stress Test. The additional buffer will be reassessed based on the aforementioned developments and improvements in 2025. The modifications will include further specification and could result in an increase or a decrease in the additional buffer.

(In thousands of euros)

	2024	2023
Regulatory Capital		
Equity IFRS	226,730	206,824
Adjustments	(22,284)	(4,057)
Common Equity Tier 1 Capital	204,446	202,768
Total Tier 1 Capital	**204,446**	**202,768**
Risk weighted assets		
Credit Risk	686,456	764,777
Operational Risk	207,602	221,496
Market Risk	13,438	20,382
Total risk-weighted assets scope	907,496	1,006,655
Capital ratios		
CET1 Ratio	22,5%	20.1%
Total Capital Ratio	22,5%	20.1%

Regulatory capital consists of CET 1 capital, which comprises, share capital and retained earnings. Certain adjustments are made to IFRS-based results and reserves, as prescribed by the Bank of International Settlements. Adjustments include unaudited profit, other intangible assets, value adjustments due to requirements for prudent valuation, adjustments for insignificant holdings in financial sector entities, IRB provision shortfall and/or additional capital deductions pursuant to Article 3 of the CRR.

CAPITAL PERFORMANCE

RWA and EC are also used to evaluate capital performance at the business level. Both ex-ante and ex-post performance are evaluated in terms of risk-adjusted return on equity (RAROE) with a risk-adjusted return on risk-adjusted capital (RARORAC) limit to safeguard sufficient risk-sensitivity. EC is used as an ingredient in RARORAC, whereas RWA is used in RAROE.

LIQUIDITY COVERAGE RATIO REQUIREMENT

The regulatory requirement at 31 December 2024 for the Liquidity Coverage Ratio (LCR) is 100%. For prudential reasons, ICS maintains a higher ratio than this. At 31 December 2024, the LCR was 144.9%. The LCR is monitored daily as part of the

Daily Dashboard. The LCR and the required buffer are discussed at least once a month at the ALCO meeting. The composition of the buffer remained stable in 2024,

LIQUIDITY STRESS TESTING

ICS has implemented and embedded risk governance and processes to ensure that liquidity risk is managed consistently and within the set risk appetite boundaries. Stress testing is an essential tool in this process. ICS assesses liquidity stress for four scenarios based on three risk drivers and two severity levels. The liquidity stress scenarios are developed in accordance with the stress testing and scenario analysis policy. In 2024, the stress test showed that ICS can survive a protracted period of severe stress, as the Buffer Remaining After Stress (BRAS) was adequate. It also demonstrated that funding under normal and adverse stress situations was adequate. This adequate liquidity position is expected to be maintained in 2025 and beyond in accordance with the ICS funding strategy (as aligned with ABN AMRO).

ICS has a conservative approach to liquidity management. Liquidity limits are in place to ensure adequate liquidity. ICS also complies with the liquidity requirements of the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR). At year-end 2024, the LCR was 144.9% and the NSFR was 180% (2023: 168%). The regulatory requirement at 31 December 2024 for the LCR and NSFR was 100%. These figures show that there is a significant surplus on liquidity and both ratios are well above the limits set in the risk appetite statement, with both LCR and NSFR at 100%.

As a result of the stable business model, the required liquidity buffer of ICS is, to a large extent, predictable. The seasonal effect is recurring, and an adequate buffer can therefore be anticipated in time. The maturity calendars show a solid cash flow in the short term.

4.7 OUTLOOK

ICS is facing significant challenges due to its cost/income ratio and business model issues, largely stemming from expenses in relation to regulatory compliance and IT renewal. To address these challenges, ICS is working on new product development and efficiency initiatives. However, regulatory demands limit business-driven short-term opportunities, affecting performance and competitive edge. In 2024, the organisation underwent a restructuring, which is expected to deliver benefits in the coming year. It is also prioritising initiatives to achieve sustainable control.

Fraud remains a critical issue, prompting a dedicated fraud roadmap for resolution. HR challenges include difficulty retaining and attracting skilled employees, compounded by organisational pressures and reliance on external consultants.

Due to the newly established risk governance, we are increasingly gaining control, and internal audit also recognises this positive development

External factors like geopolitical developments and cybersecurity are under close watch by the Risk Management team, which provides timely insights to the ICS management and Entity Enterprise Risk Committee (EERC) to mitigate emerging risks.

5. REGULATORY DEVELOPMENTS

ICS operates in a highly regulated sector. ICS's operations are governed by laws and regulations, some of which apply specifically to the financial services industry. Below is an overview of the main regulatory developments until date.

5.1 UPDATE ON REGULATORY DEVELOPMENTS ORIGINATING IN PREVIOUS YEARS

Consumer Credit Directive (CCD2)

In November 2023, a new Consumer Credit Directive (CCD2) entered into force. CCD2 has a wider scope than the previous directive. This wider scope includes: credit granted free of interest without any other charges, the credit repayable within three months with only insignificant charges, and overdraft facilities repayable within one month.

CCD2 also introduces new information requirements tailored more closely to the context of digital services, such as document readability on digital media and additional information to be provided to consumers. CCD2 also includes provisions to increase consumer protection by focusing on pre-contractual information, and on improving the creditworthiness assessment to ensure that appropriate and proportionate information is used to prevent irresponsible lending and over-indebtedness of consumers.

CCD2 must be implemented in Dutch law by November 2025, after which a transitional period of 12 months starts. Deferred debit cards are in scope of CCD2. However, CCD2 provides for a Member State option to exclude deferred debit cards that must be repaid within 40 days and for which only limited payment fees are charged from the rules of CCD2. The Dutch legislator's proposal for implementing CCD2 in Dutch law was published on 15 April 2025, in which it elected not to use the option in CCD2 to exclude deferred debit cards from the scope of CCD2. The impact of the updated regulation on ICS is currently being assessed.

EU banking rules (Basel III/IV)

In late 2021, the European Commission proposed a review of EU banking rules – the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD). This package finalises the implementation of Basel III (including the finalisation of Basel III, also known as Basel IV) taking into account the specific features of the EU banking sector. Apart from ensuring that EU banks will become more resilient to potential future economic shocks, the new rules also aim to support the transition to a more sustainable economy and ensure sound management of EU banks. In June 2024 the final text of CRR3 and CRD6 was published in the Official Journal of the European Union. On 1 January 2025 the CRR3 entered into force. The CRD6 needs to be transposed into national law on 10 January 2026.

Anti-money laundering and countering the finance of terrorism (AML/CFT)

An ambitious package of legislation to strengthen the EU's anti-money laundering and countering the financing of terrorism rules (AML package) was approved and published in the Official Journal of the European Union on 19 June 2024. The AML package includes a directly applicable regulation with rules applying to the private sector (AMLR), a directive that improves the organisation of national anti-money laundering systems (AMLD6) and a regulation that sets up a new European Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) that will have direct supervisory powers over high-risk obliged entities in the financial sector (AMLAR). The AML package introduces new rules in multiple areas, including customer due diligence, beneficial ownership, national supervisors' powers and financial intelligence units in the EU Member States, as well as a provision that facilitates the exchange of customer information within so-called 'partnerships for information sharing' under strict conditions, in which banks and competent authorities may participate. AMLR will apply with effect from 10 July 2027. The AMLD6 must be implemented by Member States by 10 July 2027 (with some exceptions for certain provisions) and AMLAR will apply on 1 July 2025 (also with some exceptions for certain provisions).

The AML package affects a bill with amendments to Dutch AML legislation (Wet plan van aanpak witwassen), which contained certain provisions regarding the exchange of customer information. Since the AMLR also contains provisions providing for full harmonisation across Member States, by means of the Amendment Memorandum of 26 June 2024, this Dutch bill has been amended in such a way that only the rule prohibiting professional or commercial traders in goods to carry out cash transactions of € 3,000 or more has been retained. The Dutch government has announced the intention to rebalance interests regarding AML controls as part of its new vision for the financial sector in January 2025.

EU General Data Protection Regulation (GDPR)

The General Data Protection Regulation (GDPR) is not uniform throughout the EU. Some important aspects of the GDPR have been left to member states to further legislate. In the Netherlands, the bill to amend the current act implementing certain aspects of the GDPR was presented to the Dutch parliament. One of the relevant amendments for the sector envisaged in this draft is that the Financial Supervision Act will provide for a ground that brings automated decisions in the context of transaction monitoring for fraud prevention in line with GDPR requirements. Another relevant amendment is that in order to be able to rely on the exception for using biometric identification processes (for example, to protect access to services), such use must be necessary in the context of a general public interest. Despite this extra requirement, it seems that the sector may be able to rely on this exception in the context of identification and verification. The adoption of this bill has been delayed. Due to the introduction by the EC of the Financial data access (FIDA), and payments package (PSR), the adoption of AI Act and the AMLR, the interplay between these new rules and the GDPR is likely to give rise to uncertainties and the need for (privacy) regulators to issue guidance.

EU Artificial Intelligence Act (AI Act)

The EU AI Act (AI Act) entered into force on 1 August 2024. It aims to ensure the development and deployment of AI is safe, trustworthy, transparent and respectful of fundamental rights and it sets out a harmonised framework for the development, placing on the market and use of AI systems within the EU. The AI Act introduces a risk-based approach. To that end, the AI Act distinguishes between AI systems posing (i) unacceptable risk, (ii) high risk and (iii) limited risk. Additionally, there is a specific regime for General Purpose AI models. Most provisions in the AI Act will apply after a 2-year implementation period (i.e. from 1 August 2026). This 2-year timeline is subject to some important exceptions. Various delegated legislation, guidance and standards will be published during this period, to assist organisations with AI Act compliance. On 2 February 2025, the first provisions of the AI Act, specifically addressing prohibited AI systems and AI literacy requirements, came into effect. ABN AMRO has initiated a programme to establish and ensure compliance with the AI Act, taking into account the timelines established by the AI Act.

EU Digital Operational Resilience Act (DORA)

The Digital Operational Resilience Act (DORA) which took effect on 16 January 2023, is an EU Regulation that seeks to strengthen the digital operational resilience for financial entities. The compliance deadline was 17 January 2025. All financial institutions in the EU are required to implement an ICT risk management framework, enabling them to achieve a high level of digital operational resilience to withstand, respond to and recover from all types of IT-related disruptions and threats and to have a clear governance, knowledge and skill regarding IT risk. The requirements are the same for all EU Member States. The main identified gaps are addressed, items on completing supply chain compliance and updating contracts with third parties are pending.

Financial Data Access regulation (FIDA)

The Financial Data Access regulation (FIDA) is a legislative proposal that is not yet finalised. FIDA introduces an open finance/open banking regime for financial services other than payment services. The proposal for FIDA obliges financial institutions (‘data holders’) to make available financial customer data. Data related to financial products must be made available to a ‘data user’ (i.e. a third party), for which compensation may be claimed from the data user. ICS qualifies as a data holder and may also perform the role of data user. The data must be provided on electronic request of the customer, without undue delay, continuously and in real-time. Customer data concerning a wide range of financial products and services will need to be made available, for instance mortgages, loans, accounts (excluding PSD2 payment accounts), savings, investments, crypto-assets, real estate and related assets and insurance products. The obligations apply to a wide range of financial institutions, including credit institutions and payment institutions. Data sharing must be done in accordance with an elaborate financial data sharing scheme. FIDA will enter into force in phases, and it will apply 24, 36 or 48 months after entry into force, depending on the data set. Schemes need to be in place 18 months after entry into force. If political agreement is reached, FIDA could be finalised and enter into force, but probably not earlier than Q3 2025.

5.2 SUSTAINABLE FINANCE

EU Corporate Sustainability Reporting Directive (CSRD)

On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) came into force. Because the Dutch legislature did not meet the implementation deadline of 6 July 2024, it continued working on the implementation of CSRD in 2024. As part of the European Green Deal and the Sustainable Finance Agenda, the CSRD was introduced to strengthen the existing rules for sustainability reporting. It further builds on the Non-Financial Reporting Directive (NFRD) and introduces more detailed reporting requirements on a company's risks and opportunities arising from social and environmental issues, as well as on the impact of the company's activities on people and the environment. In addition to the more detailed disclosure requirements, the CSRD requires companies to obtain assurance on the sustainability information they report. The new legislation will apply to all large companies and all listed companies. Application will take place in four stages. The first stage applies to companies already subject to NFRD (i.e. large public-interest companies with more than 500 employees), such as ICS. As a subsidiary of ABN AMRO, ICS's sustainability information is included in the consolidated management report of ABN AMRO. The management report of ABN AMRO is drawn up in accordance with the CSRD.

EU Corporate Sustainability Due Diligence Directive (CSDDD)

The final text of the Corporate Sustainability Due Diligence Directive (CSDDD) was published in the Official Journal of the European Union on 5 July 2024. CSDDD is European corporate due diligence legislation which requires companies to conduct and report on due diligence on adverse human rights and climate impacts. Following its publication the CSDDD entered into force on 25 July 2024 and needs to be transposed into national law within two years, therefore no later than 26 July 2026. The mandatory due diligence requirements are not new and based on voluntary, international guidelines including the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. The CSDDD requirements take effect in June 2027.

6 OUTLOOK 2025

In the coming year, ICS will formulate a revised medium-term strategy (2025-2029). Purpose, mission, and vision will be maintained and form the starting point for our objectives. The focus will be on retaining our customer base, growing our commercial volume, being compliant, redesigning our IT landscape and operational effectiveness. The Company will focus on the five following themes in 2025.

Money Laundering and Terrorist Financing Act (Wwft)
There will be a continued focus on complying with all requirements under the laws and regulations. After all, it is a basic prerequisite for conducting banking business. ICS naturally makes its contribution to protecting the integrity of the financial system.

Variable Interest Compensation scheme

In March 2021, the Kifid (Financial Services Complaints Tribunal) ruled that ABN AMRO did not always follow market interest rates closely enough for all customers when calculating variable interest rates on certain consumer credit products. ABN AMRO subsequently reached an agreement with the Consumers' Association to compensate the overpaid interest. The ICS product 'Doorlopend Krediet' was part of that agreement. By 2023, ICS had already completed the vast majority of compensation for customers with revolving credit (Doorlopend Krediet).

In June 2022, ICS determined that for a part of the Spread Payments Facility agreements concluded prior to March 2011, the variable interest rate did not closely follow the market interest rate. Consequently, for this product, any overpaid interest will also be compensated according to the agreement with the Consumers' Association (Consumentenbond). In February 2024, ICS started compensating customers with a Spread Payment Facility where market interest rates have not been followed closely enough in the past. The last outreaches to customers with Spread Payments Facility are expected to be completed in the first quarter of 2025.

Wind-down of German branch

A wind-down of our German branch took place in 2024. The limited scale (around 70 thousand cards) was the main reason for this. German business will cease customer services with effect from March 2025. After completion of remaining Collections processes and decommissioning of IT systems, formal de-registration of the German branch is expected in Q4 2025.

GO Card

The Interchange Fee Regulation (IFR) regulates different interchange fees for credit card and debit card transactions. ICS classified its product 'GO Card' as a credit card and applied the corresponding 0.3% interchange fee to credit card transactions. However, based on an exchange with the ACM, ICS became aware that the definitions in the IFR should be interpreted more strictly and literally. Accordingly, the transactions made by the GO Card do not qualify as credit card transactions, as defined in the IFR, but as prepaid/debit card transactions with an applicable rate 0.2%. Because of this, ICS received a higher interchange fee (0,3%) in violation of the applicable interchange fee for prepaid/debit card transactions (0,2%) as stated in the IFR. In April 2024 ICS's Management Team decided to stop selling the GO Card.
ICS will offer the acquirers (who paid the higher interchange fee on transactions made by the GO Card) compensation for the overpaid fee. ACM requested ICS to stop using the outstanding Go Cards in 2025. We expect to complete this on 1 October 2025, a date that has been agreed with the ACM.

Stable financial basis

Our strong liquidity, adequate solvency position and the support and confidence of our parent organisation, ABN AMRO Bank N.V., gives us additional confidence and assurance for the future.

Economic outlook 2025

In the Netherlands, we expect an increase in economic growth. Even so, the Dutch economy remains particularly vulnerable to external shocks, including continued conflict and political tensions in the Middle East and Eastern Europe. Geopolitical tensions may further push up defence spending and raise costs for households and companies if the energy supply security or infrastructure is affected. These developments may translate into higher inflation. We are focused on managing the impact of this on our customers and ICS, as well as the associated risks.

All in all, with no further unforeseen setbacks and an ongoing favourable market development, we expect a marginal loss in 2025.

6.1 OUR MARKET IS CHANGING RAPIDLY

Change is the name of the game in our industry too. New companies are helping to carry out financial transactions in new ways. Their smart technologies make transferring payments quick and easy. However, many of these companies are start-ups that like to experiment and use data for purposes their customers may not be aware of. The question of whether this is safe is becoming increasingly urgent. ICS keeps up with developments but always focuses on payment security. Our customers must be able to trust us completely.

6.2 VISION AND MISSION

Our objective, vision and mission, as stated below, are central. We believe they will set us apart from other companies: a solid reason for people to choose us over our competitors. In 2024, we refined our vision, mission, strategy and objectives. We are aware that security and ease of payment must go hand in hand in these times. ICS's goal is to unburden its customers when it comes to payments. Both security and ease of payment are part of this and a prerequisite for offering our customers 'worry-free payments everywhere'. In this way, we contribute to a safer society and increase trust in our financial institutions.

Our higher goal
Carefree payments.

Our view of the world of payments (vision)
We are aware that the payment ecosystem is evolving rapidly. The emergence of new players and new technologies are making transactions easier, but this must be accompanied by enhanced security, compliance and ease of use.

What we stand for (mission)
We offer our customers and partners relevant, sustainable and secure payment products.

6.3 FOCUS ON OUR STRENGTHS

ICS has been a reliable and secure credit card company in the Netherlands for more than 35 years. In the coming year, we will focus on that reliability and security of our existing products. Our customers rightly count on us in this respect. That means we must have our house in order and want to avoid the type of unforeseen setbacks that occurred in recent years. We also look closely at the return of our products.

In short, we will continue to do what we do best, without investing energy and funds into all kinds of new developments. That certainly does not mean we are standing still; we will continue to provide our customers with more and more payment convenience and extras.

6.4 CHALLENGES

In 2025, ICS again faces several major challenges. Our priority is to manage and successfully complete the themes mentioned in the Outlook 2025. In that respect we will certainly keep duty of care and customer interests firmly in mind.

Remaining compliant will always be paramount at ICS. In line with all requested efforts, we aim to comply with all laws and regulations. Against a complex economic background, we also have a commercial ambition to fulfil.

7 GOVERNANCE

7.1 STRUCTURE AND MANAGEMENT

ICS is a limited liability company and a wholly owned subsidiary of ABN AMRO Bank N.V. ICS has its registered office in the Netherlands, with a branch in Germany. The ICS Board of Directors has four statutory directors.

ICS achieved its target of 50% gender diversity on the Supervisory Board in 2022. When vacancies arise, ICS gives due consideration to gender diversity requirements in its search for suitable new members who fit the profile.

One member of the ICS Supervisory Board is a senior manager at our shareholder, ABN AMRO Bank N.V.

7.2 MANAGEMENT ON 31 DECEMBER 2024

STATUTORY BOARD OF DIRECTORS

Mr. D.M. Minderhoud, Chief Executive Officer

Mrs M. A. Zwiers, Chief Risk Officer

Mrs. S.C. Haverkamp, Chief Products Solutions & Control

Mr. R.M. Luime, Chief Financial Officer

SUPERVISORY BOARD

Mr. J.W.C. van Gennip, Chair

Ms. M.L.C. Jacobs-Kemps

Ms. J.E. Lobbrecht

Mr. M.C.A. Buitenhek

The supervisory board has one committee.

AUDIT & RISK COMMITTEE

Ms. J.E. Lobbrecht, Chair

Ms. M.L.C. Jacobs-Kemps

Mr. J.W.C. van Gennip

Mr. M.C.A. Buitenhek

7.3 STATUTORY BOARD OF DIRECTORS

For the performance of its duties, the Statutory Board of Directors is accountable to the Supervisory Board and the shareholder. The Board's responsibilities and duties are laid down in Dutch law, the ICS Articles of Association and the regulations governing the Statutory Board of Directors.

The members of the Statutory Board of Directors participate in ABN AMRO's lifelong learning programme. This programme is designed to keep members' expertise up to date, by broadening and deepening their knowledge where necessary. Topics that have been discussed here include client integrity, sustainability, consumer behaviour, digital assets and artificial intelligence, model risk management, legal regulation and macro-economic trends.

Representatives of the Statutory Board of Directors meet with the ICS Works Council monthly.

7.4 SUPERVISORY BOARD

Members of the Supervisory Board act in accordance with the interests and continuity of ICS, including the interests of the Company's stakeholders. The responsibilities and duties of the Supervisory Board are laid down in the Supervisory Board regulations. These regulations supplement the responsibilities and duties assigned to the Supervisory Board by Dutch law and by the ICS Articles of Association.

The Supervisory Board has set up one regular committee, the Audit and Risk Committee. At least two members of the Supervisory Board are members of this Committee.

The members of the Supervisory Board also participate in ABN AMRO's lifelong learning programme, similar to the Statutory Board of Directors.

The Supervisory Board meets at least six times a year and carries out annual evaluations of its performance and the performance of its members.

7.5 SHAREHOLDER

All shares in International Card Services B.V. are held by ABN AMRO Bank N.V.

An Annual General Meeting is held at least once a year, in June, to approve the Financial Statements.

7.6 ICS CORPORATE GOVERNANCE

ICS is committed to high standards of corporate governance, business integrity and professionalism in all its activities.

Integrity, transparency and accountability are key elements of ICS Corporate Governance. These elements ensure the implementation and appropriate performance of the controls and supervision required for effective risk management, compliance with regulations and accurate and complete disclosure of information to the shareholder.

7.6.1 BANKER'S OATH

All ICS staff, members of the Statutory Board of Directors and members of the Supervisory Board have signed the declaration of moral and ethical conduct (the 'Banker's Oath'), as required by Dutch law. ICS adheres to the content and purpose of the Banker's Oath.

7.6.2 INTERNAL AUDIT DEPARTMENT

The ICS Internal Audit Department reports to the CEO of ICS and has a reporting line to the Audit Director of ABN AMRO Group Audit and the Risk and Audit Committee of ICS.

7.6.3 REMUNERATION POLICY

We follow a prudent, controlled and sustainable remuneration policy, with an explicit focus on long-term interests and on our strategy, moderate risk appetite, objectives and values. The ICS remuneration policy is based on the prevailing guidelines and legislation. This includes additional mid-term and long-term requirements for identified staff regarding variable compensation, including a claw-back agreement.

For more information see Note 9.30, Compensation of Key Management Personnel.

7.7 PREVENTION OF CORRUPTION, BRIBERY, FRAUD AND CYBERCRIME

7.7.1 CORRUPTION AND BRIBERY

One of the key risks for ICS is becoming involved in a vehicle for criminal activities, such as money laundering, bribery, and corruption. The products and services offered by ICS could potentially be attractive to those wishing to use the financial services industry and financial systems for criminal purposes. Trustworthy relations between ICS and our stakeholders, including customers, employees, suppliers, shareholders, and society in general, are therefore essential.

7.7.2 THIRD-PARTY INTEGRITY

The Third-Party Anti-Bribery and Corruption Risk Policy provides principles for due diligence and measures to mitigate the risk of third parties exposing ICS to association with corrupt practices or acts of bribery. A risk assessment must be performed before ICS enters into any contractual or business relationship. If the risk assessment indicates that entering into a contract with a third-party exposes ICS to bribery or corruption risk, further due diligence checks will be conducted. Due diligence checks may include reference checks, direct interrogative enquiries, interviews with relevant staff, and desk research. As a risk mitigation measure, ICS will usually delegate responsibility for assessing risks of bribery and corruption and for instituting adequate measures and controls to each party with which it maintains a business relationship.

7.7.3 CUSTOMER INTEGRITY

To ensure that ICS remains a trustworthy and compliant financial institution, we aim to comply with relevant laws and our own policies, such as the Global Standards for Customer Due Diligence for natural persons, the Global Standards for Customer Due Diligence for business customers, the Customer Acceptance and Anti-Money Laundering Policy, and the Sanctions Policy. ICS also observes the rules laid down by Mastercard, Visa and ABN AMRO Bank.

7.7.4 ORGANISATIONAL AND EMPLOYEE INTEGRITY

To ensure employee integrity, all staff members are required to sign the Banker's Oath. All staff members are also required to undergo employee integrity screening before working for ICS and, if deemed necessary, on a regular basis. All staff members are also subject to mandatory training to recognise red flags for bribery or corruption and to make appropriate decisions. As a rule, all ongoing or potential incidents, irregularities or breaches involving potential bribery or corruption or breaches of the GDPR must be reported immediately. If possible, employees are encouraged to discuss any such issue with their manager first. If for any reason this is not advisable, they should make use of the organisation's whistle-blowing channels.

7.8 FRAUD AND CYBERCRIME

ICS is committed to providing secure payment transactions. Our information security framework defines management and staff responsibilities and sets out security directives applying to ICS, our vendors and third parties with which we exchange information. The ICS fraud risk management department systematically monitors customer transactions 24/7 in order to detect fraudulent transactions, raise awareness and mitigate fraud risks. ICS raises awareness among customers and employees on how to recognise potential cybercrime such as phishing e-mails.

In recognition of the importance of continuous protection of our customers and the organisation's information and data, we have established a structured approach to information security that is designed to ensure the confidentiality, integrity and availability of information. As part of this approach, we constantly monitor cybercrime threats, adapting our defences where necessary. ICS has implemented strong customer authentication for logging in to its Web Portals and for all its 3D Secure transactions, to strengthen security and comply with PSD2 regulations.

ICS also accepts its responsibilities as a large financial service provider. We work with other organisations to prevent fraud and financial crime. ICS is also the main sponsor of the Wim van Doorn Award, committed to honouring persons or organisations that have contributed to the prevention of fraud through cooperation and innovative measures (see Section 3.5 'Security and Fraud Prevention').

7.9 SOCIAL AND ENVIRONMENTAL RISKS AND HUMAN RIGHTS

In its role as a service provider, ICS recognises that it may be exposed to environmental, social and ethical (ESE) risks through the direct activities of its customers, vendors or employees. We aim to minimise any adverse social and environmental impact of our activities and those of our customers and suppliers. To manage these sustainability risks, ICS supports and acts in accordance with ABN AMRO's sustainability risk policy framework. A focal area within this framework is managing human rights risks in line with the UN guiding principles for business and human rights.

8 ANNUAL FINANCIAL STATEMENTS 2024

8.1 COMPANY INCOME STATEMENT

(in thousands of euros)

	Note	2024	2023
Income			
Interest income calculated using the effective interest rate method		52,111	3,383
Interest expense calculated using the effective interest rate method		(39,772)	(32,711)
Net interest income	9.7	**12,339**	**(29,328)**
Fee and commission income		214,066	191,009
Fee and commission expenses		(37,041)	(32,750)
Net fee and commission income	9.8	**177,025**	**158,259**
Dividend and other operating income	9.9	8,523	5,797
Operating income		**197,887**	**134,729**
Expenses			
Personnel expenses	9.10	(60,498)	(60,192)
General and administrative expenses	9.11	(90,213)	(83,977)
Depreciation of tangible assets	9.18	(461)	(549)
Amortisation of intangible assets	9.21	(184)	(178)
Rebilling expenses	9.12	(14,421)	(13,035)
Operating expenses		**(165,777)**	**(157,931)**
Impairment charges on loans and other receivables	9.13	(4,187)	(3,477)
Total expenses		**(169,964)**	**(161,408)**
Result before tax		**27,922**	**(26,679)**
Income tax (expense)/benefit	9.14	(8,017)	6,780
Result for the year		**19,905**	**(19,900)**

The accounting policies and Notes on pages 38 to 88 form part of these financial statements and should be read in conjunction with them.

8.2 COMPANY STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)

	Note	2024	2023
Profit/(loss) for the year	8.1	**19,905**	**(19,900)**
Comprehensive income (and losses)		**19,905**	**(19,900)**
Attributable to:			
Equity holders of ICS B.V.		19,905	(19,900)
Comprehensive income (and losses)		**19,905**	**(19,900)**

The accounting policies and Notes on pages 38 to 88 form part of these financial statements and should be read in conjunction with them.

8.3 COMPANY STATEMENT OF FINANCIAL POSITION

(in thousands of euros)

	Note	31 December 2024	31 December 2023
Assets			
Cash and balances at central banks	9.15	213,252	205,141
Loans and advances banks	9.16	679,209	655,835
Loans and advances customers	9.17	633,985	729,880
Financial investments	9.20	13,438	20,382
Current company tax assets	9.22	130	15,034
Property and equipment	9.18	890	972
Intangible assets	9.21	482	666
Deferred company tax assets	9.23	49	75
Other assets	9.19	35,379	28,449
Total assets		**1,576,814**	**1,656,437**
Liabilities			
Due to banks	9.25	863,430	859,690
Due to customers	9.24	366,949	382,524
Provisions	9.27	19,561	78,813
Current company tax liability	9.22	8,051	-
Deferred company tax liabilities	9.23	1,079	1,158
Other liabilities	9.26	91,015	127,427
Total liabilities		**1,350,084**	**1,449,612**
Equity			
Share capital	8.4	45	45
Other reserves	8.4	206,779	226,678
Result for the year	8.1/8.4	19,905	(19,900)
Total equity	8.4	**226,730**	**206,824**
Total liabilities and equity		**1,576,814**	**1,656,437**

The accounting policies and Notes on pages 38 to 88 form part of these financial statements and should be read in conjunction with them.

8.4 COMPANY STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)

	Note	Share capital	Retained Earnings	Result current year	Total
Balance at 1 January 2023		**45**	**253,642**	**(26,964)**	**226,724**
Addition to retained earnings		-	(26,964)	26,964	-
Net result of the year	8.1	-	-	(19,900)	(19,900)
Balance at 31 December 2023		**45**	**226,679**	**(19,900)**	**206,824**
Balance at 1 January 2024		**45**	**226,679**	**(19,900)**	**206,824**
Addition to retained earnings		-	(19,900)	19,900	-
Net result of the year	8.1	-	-	19,905	19,905
Balance at 31 December 2024		**45**	**206,779**	**19,905**	**226,730**

Last year's net loss was deducted from retained earnings in an amount of €19.9 million.
No dividend was paid to the owner of ICS, the parent company ABN AMRO Bank N.V., in 2024 and 2023.
There are 454 authorised shares with a par value of €100. All shares are issued and fully paid up.

8.5 COMPANY STATEMENT OF CASH FLOWS

(in thousands of euros)

		2024	2023
Cash flows from operating activities			
Operating profit before taxation	8.1	27,922	(26,679)
Depreciation and amortisation	9.18/9.21	645	727
Provisions and impairment losses	9.17/9.27	(4,069)	50,855
Adjustment for investment income	9.9/9.20	(5,812)	(5,796)
Adjustments on non-cash items included in profit		(9,235)	45,786
Changes in operating assets and liabilities			
Loans to banks	9.16	(157)	(1,255)
Loans to customers	9.17	86,416	(53,682)
Other assets	9.19	(1,248)	406
Due to banks	9.25	3,740	(43,361)
Due to customers	9.24	(15,576)	(9,017)
Other liabilities	9.26	(37,353)	43,268
Net changes in all other operational assets and liabilities	9.18/9.26	(50,390)	(12,576)
Changes in operational assets and liabilities		**(14,568)**	**(76,216)**
Dividend received from equity investments		269	238
Income taxes received/(paid)	9.14/9.22/9.23	14,885	1,019
Net cash generated by operating activities		**19,273**	**(55,852)**
Cash flows from investing activities			
Purchases of fixed assets	9.18	(378)	(450)
Proceeds from sales of financial investments	9.20	12,487	18,988
Cash flows from investing activities		**12,108**	**18,538**
Cash flows from financing activities			
Financing lease liabilities	9.26	(55)	(60)
Cash flows from financing activities		**(55)**	**(60)**
Change in cash and cash equivalents		**31,327**	**(37,374)**
Cash and cash equivalents at 1 January	9.15/9.16	859,306	896,680
Cash and cash equivalents at period end	9.15/9.16	**890,634**	**859,306**

		2024	2023
Cash and cash balances at central banks	9.15	213,252	205,141
Loans and advances - Banks*	9.16	677,382	654,165
Total cash and cash equivalents		**890,634**	**859,306**

* Loans and advances banks with an original maturity of less than three months are included in loans and advances banks. Accrued interest of **€ 1.8** million (2023: **€**1.7 million) is excluded.

Supplementary disclosure of operating cash flow information			
Interest paid	8.1	(39,772)	(32,711)
Interest received	8.1	52,111	3,383
Dividend received from investments	9.9	269	238

The accounting policies and Notes on pages 38 to 88 form part of these financial statements and should be read in conjunction with them.

9 NOTES TO THE 2024 ANNUAL FINANCIAL STATEMENTS

9.1 CORPORATE INFORMATION

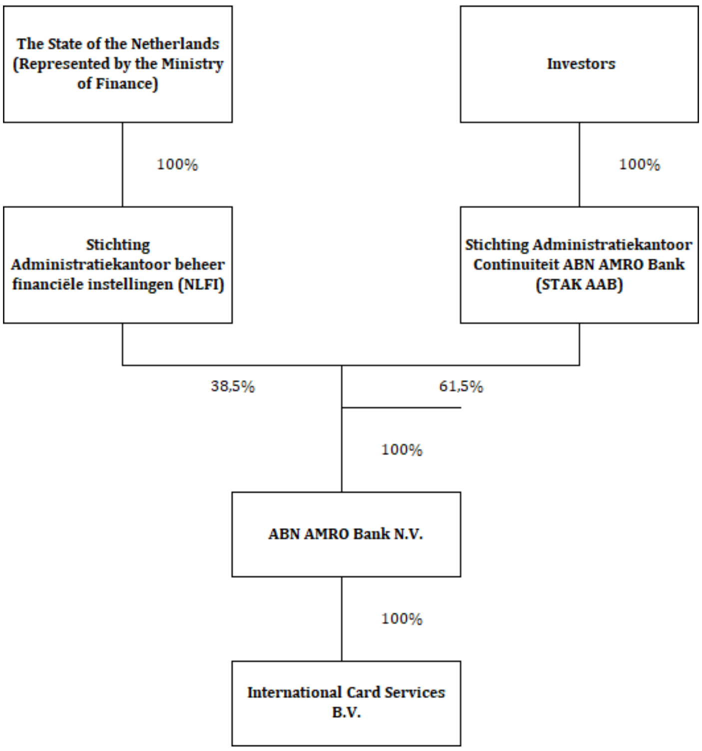
International Card Services B.V. ('ICS', 'ICS Netherlands' or 'the Company'), together with its branch in Düsseldorf, Germany, offers card services primarily in the Netherlands and Germany. ICS issues, promotes, administers and processes Visa and Mastercard credit cards.

ICS is a limited liability company with its registered office address at Wisselwerking 58, 1112 XP Diemen, The Netherlands, and is listed in the Amsterdam trade register at the Netherlands Chamber of Commerce, under no. 33.200.596. It is a wholly owned subsidiary of ABN AMRO Bank N.V. Its current structure is shown in the figure below.

The financial statements for the year ending 31 December 2024 are prepared by the Statutory Board of Directors and authorised for issue in accordance with a resolution by the Supervisory Board and the Statutory Board of Directors on 23 May 2025.

LEGAL STRUCTURE

The German branch ('ICS Germany'), of which the office is registered in Düsseldorf, Germany, is ICS's only branch. Our shareholder is ABN AMRO Bank N.V.



9.2 ACCOUNTING POLICIES

This section describes ICS's material accounting policies and critical accounting estimates or judgements relating to the Annual Financial Statements. If an accounting policy or critical accounting estimate relates to a specific note, it is included within the relevant note.

STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with Accounting International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). They also comply with the financial reporting requirements included in Title 9 of Book 2 of the Dutch Civil Code, where applicable.

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities designated as measured at fair value through profit or loss, not held in a 'hold to collect' business model and debt instruments that do not meet the Solely Payments of Principal and Interest (SPPI) test.

The financial statements are presented in euros, which is ICS's reporting currency, rounded off to the nearest thousand (unless stated otherwise).

The financial statements are prepared on a going concern basis.

PRESENTATION OF FINANCIAL STATEMENTS

ICS presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 9.28.

Netting is not applied, as financial assets and financial liabilities are reported gross in the statement of financial position.

9.3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

AMENDMENTS TO EXISTING STANDARDS

The following amendments to existing standards by the International Accounting Standards Board were endorsed by the EU and came into effect for the reporting period beginning on 1 January 2024:

- IAS1 Presentation of Financial Statements;
- IAS 7 Statement of Cash flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements;
- IFRS 16 Leases: Lease liability in a sale and leaseback.

The impact of these amendments on the financial statements are insignificant and have not resulted in major changes to ICS's accounting policies.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

New standards

The International Accounting Standards Board issued the following new standards, which will become effective on 1 January 2027, if endorsed by the EU. ICS will not adopt these amendments early.

- IFRS 18 Presentation and Disclosure in Financial Statements;
  In April 2024 the IASB issued IFRS 18, which is set to replace IAS 1 Presentation and Disclosures in Financial Statements. The main changes introduced by IFRS 18 relate to three areas:
  • Presentation of two new defined subtotals in the statement of profit or loss and consistent classification of income and expenses in categories. Five categories have been identified in the standard - operating, investing, financing, income taxes and discontinued operations.
  • Disclosure of information about management-defined performance measures in the notes to the financial statements.
  • Enhanced requirement for grouping (aggregation and disaggregation) of information.

  These changes focus on the statement of profit or loss and relate solely to presentation and disclosure requirements. The expected impact of these changes on the financial statements of ICS is still being investigated.

- IFRS 19 Subsidiaries without Public Accountability;
  In May 2024 the IASB issued IFRS 19, which specifies disclosure requirements that certain entities are allowed to apply instead of the disclosure requirements in other IFRS Accounting standards.
  • An entity may apply IFRS 19 if (a) it is a subsidiary; (b) it does not have public accountability; and (c) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. [IFRS 19.7]
  • An entity has public accountability if (a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or (b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks often meet this criterion).

  Based on the above guidance ICS is investigating whether IFRS 19 is applicable and what the impact is.

<u>Amendments to existing standards not yet effective</u>

The International Accounting Standards Board issued amendments to several standards. These amendments have not yet been endorsed by the EU and are therefore not open for early adoption:

- IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments;
- IAS 21 The effects of changes in foreign exchange rates: lack of exchangeability;
- Annual Improvements Volume 11.

These amendments will become effective on or after 1 January 2025.

9.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of ICS's financial statements requires management to exercise its judgement in the process of applying ICS's accounting policies and to make estimates and assumptions concerning the future. The estimates and associated assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions. Accounting policies for the most significant areas requiring management judgement and/or estimates that affect reported amounts and disclosures are made in the following Notes:

- Fair value of financial instruments — Note 9.6
- Impairments on loans advances – customers (IFRS 9) — Note 9.17
- Investments — Note 9.20
- Deferred tax assets — Note 9.23
- Provisions — Note 9.27

9.5 MATERIAL ACCOUNTING POLICIES

FOREIGN CURRENCY TRANSLATION

The financial statements are stated in euros, which is ICS's functional and reporting currency.

ICS applies IAS 21 The Effects of Changes in Foreign Exchange Rates. Transactions in foreign currencies are translated into euros at the rate prevailing on the transaction date. Foreign currency balances of monetary items are translated into euros at period-end exchange rates. Exchange gains and losses on such balances are recognised in the income statement.

FINANCIAL ASSETS AND LIABILITIES

The classification of financial assets at initial recognition depends on their contractual terms (SPPI) and the business model (either hold to collect, hold to collect and sell, or another business model for managing the instruments).

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

ICS classifies financial assets based on the business model in which they are held in accordance with IFRS 9. The business model is determined at portfolio level. Portfolios are based on how ICS manages financial assets in order to achieve a particular business objective. The business model assessment is based on the level of sales, risk management, performance evaluation and management compensation.

A distinction is made between three business models:

- The 'hold to collect' business model, in which cash flows are generated primarily by collecting contractual cash flows until the maturity of the financial instrument. Sales can occur, as long as they are incidental, infrequent and insignificant. The assessment of the frequency and significance of sales is determined for each underlying portfolio. Sales that result from increases in the credit risk of the counterparty or take place close to maturity do not contradict the 'hold to collect' business model.
- The 'hold to collect and sell' business model, in which the selling of financial assets is integral to achieving the business objective. In this business model, sales take place more frequently and have a greater value than in a 'hold to collect' business model.
- Other business models not meeting the criteria of the business model mentioned above, for example models in which financial assets are managed with the objective of generating cash flows from sales (trading book), are measured at fair value through profit and loss (FVTPL).

After the business model has been determined, the contractual cash flows of financial assets are assessed. Debt instruments may be classified at amortised cost only when the contractual cash flows are solely payments of principal and interest (SPPI). Contractual cash flows that are SPPI are consistent with a basic lending arrangement in which consideration for the time value of money is typically the most significant interest element. Debt instruments that do not meet the SPPI requirements are mandatorily measured at FVTPL. Financial assets are assessed in their entirety, including any embedded derivatives. Embedded derivatives are not separated from the host contract.

Based on the business model determined and the SPPI assessment, the following measurement categories are identified under IFRS 9:

- Amortised cost – Financial instruments measured at amortised cost are debt instruments within a 'hold to collect' business model with fixed or determinable payments which meet the SPPI criteria. These instruments are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost using the effective interest rate (EIR) method. Financial instruments measured at amortised cost are presented net of credit loss allowances in the statement of financial position.

- FVTPL – Financial instruments measured at FVTPL include instruments for which the cash flows do not meet the SPPI requirements. For these instruments, the changes in the fair value are directly recognised in the income statement.
- FVOCI – Financial instruments measured at FVOCI are debt instruments which are 'held in a hold to collect and sell' business model and which meet the SPPI criteria. They are initially measured at fair value, with subsequent unrealised changes recognised in other comprehensive income. Equity instruments for which the fair value option is elected are also measured at FVOCI. This is not applicable at ICS.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES

Financial liabilities at initial recognition are recognised at its fair value minus transaction costs that are directly attributable to the acquisition or issue of the financial liability. Under IFRS 9, financial liabilities are as subsequently classified at amortised cost by ICS.

STATEMENT OF CASH FLOWS

For the purpose of the cash flow statement, cash and balances at central banks include cash in hand, freely available balances with central banks and other banks, and net credit balances on current accounts with other banks with less than three months' maturity from the date of acquisition. The statement of cash flows, based on the indirect method of calculating operating cash flows, gives details of the sources of cash and cash equivalents becoming available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are classified as cash flows from operations, including banking activities, investment activities and financing activities. Movements in loans and advances and receivables and interbank deposits are included in cash flow from operating activities. Investment activities comprise acquisitions, sales and redemptions in respect of financial investments, as well as investments in, and sales of, subsidiaries and associates, and property and equipment. The borrowing and repayment of long-term funds are treated as financing activities. Cash flows arising from foreign currency transactions are translated into euros using the exchange rate at the date of the cash flows.

THE EFFECTIVE INTEREST RATE METHOD

The Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the net carrying amount of the financial asset or financial liability. The amortised cost of the financial asset or financial liability is adjusted if ICS revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest income' for financial assets and 'Interest expenses' for financial liabilities.

ICS's EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and advances and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by its nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well as expected changes to ICS's base rate and other fee income/expenses that are integral parts of the instrument.

RECOGNITION AND DERECOGNITION

Loans and advances to customers are recognised when they are acquired or funded by ICS and derecognised when settled. Due to customer deposits are recognised when the cash is deposited with ICS. Other financial assets and liabilities are initially recognised on the trade date, which is the date on which ICS becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when ICS loses control and the ability to obtain benefits from the contractual rights that comprise the asset in question. This occurs when the rights are realised, expire or when substantially all risk and rewards are transferred. In general, a 10% difference in the net present value of the cash flows between the initial and modified contract (payment arrangement) is accounted for on derecognition. Financial assets are also derecognised if ICS has neither transferred nor retained substantially all risks and rewards of ownership, but control has passed to the transferee.

Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms, qualitatively and quantitatively (a 10% difference in the present value of the cash flows), is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the former amortised cost and the consideration paid is recognised in the income statement.

9.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting policy for fair value of financial instruments

Fair value is defined as the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments that are actively traded and for which quoted market prices or market parameters are readily available is determined in a highly objective manner. However, if observable market prices and parameters are not available, management judgement is necessary to estimate fair value.

For financial instruments where no active liquid market exists or quoted prices are unobtainable, recent market transactions are used or the fair value is estimated using a variety of valuation techniques – including reference to similar instruments for which market prices do exist, or to valuation models such as discounted cash flow calculation or option pricing models.

Unobservable inputs are estimated using a combination of management judgement, historical data, market practice, and benchmarking to other relevant observable market data. Where inputs to the valuation of a new transaction cannot be reliably determined, the transaction is initially recognised at its transaction price. Subsequent changes in fair value as calculated by the valuation model are recognised as profit or loss or in equity.

In order to determine a trustworthy fair value, management applies, where appropriate, valuation adjustments to the pricing information derived from the above sources. These adjustments reflect management's assessment of factors that market participants would consider in setting a price, to the extent that these factors have not already been included in the information from the above sources. Judgements and estimates to determine the fair value include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments and model valuation adjustments for any known limitations. We believe our fair value estimates are adequate.

FAIR VALUE HIERARCHY

In order to show how fair values have been derived, financial instruments are classified based on valuation techniques, as summarised below:

ICS analyses the fair value of financial instruments according to the three categories described below.

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active, or valuation techniques where all the inputs that have a significant effect on the valuation are based directly or indirectly on observable market data.

Level 3 financial instruments are those valued using a valuation technique where at least one input having a significant effect on the instrument's valuation is not based on observable market data. The effect of fair value adjustments on the instrument's valuation is included in the assessment.

ICS recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

The following table presents the valuation methods used in determining the fair value of financial instruments.

(in thousands of euros)

31 December 2024	Carrying value	Level 1: Quoted market prices in active markets	Level 2: Valuation techniques observable inputs	Level 3: Valuation techniques significant unobservable inputs	Total fair value
Assets					
Cash and balances at central banks	213,252	213,252	-	-	213,252
Loans to banks	679,209	-	679,209	-	679,209
Loans to customers	633,985	-	-	633,985	633,985
Financial investments	13,438	-	13,438	-	13,438
Total financial assets	**1,539,884**	213,252	**692,647**	**633,985**	**1,539,884**
Liabilities					
Due to banks	863,430	-	863,430	-	863,430
Due to customers	366,949	-	366,949	-	366,949
Total financial liabilities	**1,230,378**	**-**	**1,230,378**	**-**	**1,230,378**

(in thousands of euros)

31 December 2023	Carrying value	Level 1: Quoted market prices in active markets	Level 2: Valuation techniques observable inputs	Level 3: Valuation techniques significant unobservable inputs	Total fair value
Assets					
Cash and balances at central banks	205,141	205,141	-	-	205,141
Loans to banks	655,835	-	655,835	-	655,835
Loans to customers	729,880	-	-	729,880	729,880
Financial investments	20,382	-	20,382	-	20,382
Total financial assets	**1,611,239**	**205,141**	**676,218**	**729,880**	**1,611,239**
Liabilities					
Due to banks	859,690	-	859,690	-	859,690
Due to customers	382,524	-	382,524	-	382,524
Total financial liabilities	**1,242,214**	**-**	**1,242,214**	**-**	**1,242,214**

FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE

The methods and significant assumptions described above are applied to estimate the fair values of financial instruments carried at amortised cost. These fair values are calculated for disclosure purposes only.

CASH AND BALANCES AT CENTRAL BANKS

Cash and balances at central banks are classified as level 1 as these instruments have a short-term nature, prices from an active market are available and no fair value adjustments are made to the carrying amounts.

LOANS AND ADVANCES – BANKS AND CUSTOMERS

The loans and advances banks and customers are classified as level 3 on the basis that unobservable inputs significantly influence the approximated fair values. The loans and advances banks and customers for which unobservable inputs do not significantly influence the approximated fair values are classified as level 2.

DUE TO BANKS AND CUSTOMERS

Amounts due to banks and customers are classified as level 3 on the basis that unobservable inputs significantly influence their approximated fair values. The financial instruments for which unobservable inputs do not significantly influence the approximated fair values are classified as level 2.

TRANSFERS BETWEEN LEVELS 1, 2 AND 3

There were no transfers between levels 1, 2 and/or 3 during the year.

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

FINANCIAL INVESTMENTS

The equity instruments actively traded on public stock exchanges are valued using readily available quoted prices and therefore classified as level 1. In the case of equity instruments for which no active liquid market exists, a valuation model based on similar equity instruments for which market prices do exist is used. These instruments are classified as level 2.

9.7 NET INTEREST INCOME

Accounting policy for net interest income

Interest income and expenses on financial instruments are recognised in the income statement on an accrual basis using the effective interest rate (EIR) method. The calculation takes into account all of the contractual terms of the financial instrument, such as prepayment options, and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. Interest paid on assets with a negative interest yield is classified as interest expense. Interest received from liabilities with a negative interest yield is classified as interest income.

The breakdown of interest income and expenses by type of product for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(in thousands of euros)

	Notes	2024	2023
Interest income			
Loans to banks		27,533	22,089
Loans to customers - revolving loans		79	168
Loans to customers - credit cards		24,499	(18,874)
		52,111	3,383
Interest expenses			
Due to banks		(35,534)	(30,552)
Due to customers		(4,238)	(2,158)
		(39,772)	(32,711)
Net interest income		**12,339**	**(29,328)**

In 2024, net interest income increased from €3.4 million to €52.1 million. A release of €11.3 million of the provision for variable interest compensation was recognised in interest income (2023: €40.9 million addition). Furthermore, ICS's interest-bearing loan portfolio decreased by 55%, mainly due to the discontinuation of the SPF product (see Note 9.17). In addition, funding charges (included in Due to banks) were higher due to an increase in interest rates during 2024.

9.8 NET FEE AND COMMISSION INCOME

Accounting policy for net fee and commission income

ICS applies IFRS 15 when recognising revenue from contracts with customers, all of which is included in net fee and commission income. After identifying contracts and their performance obligations, revenue is recognised as an amount that reflects the consideration to which the bank expects to be entitled in exchange for providing promised services to customers. The transaction price is allocated to each performance obligation. Revenue is measured at the fair value of the consideration received, taking into account discounts and rebates. The amount of revenue recognised is discounted to the present value of the consideration due, if payment extends beyond normal credit terms.

Revenue is recognised when a promised service is provided to the customer. Fees and commissions are recognised as either:

- Point-in-time (payment services, insurance fees and part of service fees): the fee is a reward for a service provided at a moment in time; or
- Over time (amortised) (part of service fees): the fee relates to services on an ongoing basis.

Net fee and commission income for the years ended 31 December 2024 and 31 December 2023 are specified in the following table.

(in thousands of euros)	2024	2023
Fee and commission income		
Payment services	118,411	111,177
Service fees	95,406	79,442
Insurance fees	249	391
	214,066	191,009
Fee and commission expenses		
Payment services	(29,680)	(25,804)
Service fees	(2,955)	(2,608)
Insurance fees	(4,406)	(4,337)
	(37,041)	(32,750)
Net fee and commission income	**177,025**	**158,259**

Payment services refer directly to credit card turnover. Payment service income includes interchange generated by credit card and charge card transactions. Payment service expenses include charges from Visa, Mastercard and other third parties.

Service fee income, which includes annual fees and processing fees, was higher than 2023, mainly due to fee increases in 2024. Service fee expenses relate to banking costs.

ICS is the policyholder of the credit insurances it has taken out and pays insurance fee expenses to cover against credit risk. Furthermore, ICS acts as an agent for cardholder insurances (e.g. cardholder insurances for purchase protection and travel insurances) and does not control these insurance services. For these insurances ICS pays insurance fee expenses to insurance companies.

Also, ICS arranges insurances (for the insurance company) that give a protection against payment in arrears (for the applicant of the insurances). Insurance fee income is received by ICS for participating in the collective insurance (ICS is the policyholder) and because service costs are incurred in this process. ICS cardholders with a Spread Payment Facility product could apply for such an insurance against payment in arrears.

Higher fees and commission income was driven by increased turnover due to higher transaction volumes than last year. As stated in the accounting standards, ICS classifies the fees as 'point-in-time' or 'over time'. Payment services and insurance fees are point-in-time fees. Service fees are classified partly as point-in-time (processing fees) and partly as over time (annual fees). For a breakdown see the table below.

(in thousands of euros)

	2024		
Fees categorised as	**Fees Point-in-Time**	**Fees Over Time**	**Total**
Payment services	118,411	-	118,411
Service fees	17,202	78,204	95,406
Insurance fees	249	-	249
	135,862	**78,204**	**214,066**

(in thousands of euros)

	2023		
Fees categorised as	**Fees Point-in-Time**	**Fees Over Time**	**Total**
Payment services	111,177	-	111,177
Service fees	16,063	63,379	79,442
Insurance fees	391	-	391
	127,630	**63,379**	**191,009**

9.9 DIVIDENDS AND OTHER OPERATING INCOME

Accounting policy for dividends and other operating income

Investments are held at fair value through profit and loss. Income related to these positions includes realised or unrealised gains and losses arising from changes in the fair value, and dividends received from investments. Dividend income from non-trading equity investments is recognised when entitlement is established. Realised and unrealised gains or losses are recognised in the income statement (IFRS 9).

Dividends, realised or unrealised gains from revaluation and other operating income for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(in thousands of euros)

	2024	**2023**
Dividend income	269	238
Gain on sale investment	-	1,411
Realised or unrealised gains	5,544	4,148
Other income	2,710	-
Total dividend and other operating income	**8,523**	**5,797**

In 2024, part of the Visa Inc. C Share portfolio became convertible to Visa Inc. A Shares, and for these converted shares there was no sale restriction. This led to an increase in the net value of the total Visa Inc. Share portfolio. The Visa Inc. A Shares were sold for €12.5 million.

The Visa Inc. C Shares portfolio decreased by €6.9 million during 2024 due to the release and share conversion. As a result the realised and unrealised gains from ICS's Share in Visa Inc. in 2024 were €5.5 million (2023: €5.6 million). For more information see Note 9.20. Dividend income consists mainly of ICS's Share in Visa Inc.

The increase of €2.7 million in other income is due to the derecognition of unclaimed balances of cardholders with a maturity greater than five years. ICS's accounting policy is to derecognise unclaimed balances that are older than five years (refer to note 9.26 regarding the derecognition of unclaimed balances older than 5 years).

9.10 PERSONNEL EXPENSES

Accounting policy for personnel expenses

Salaries and wages, social security charges and other salary-related costs are recognised for the period during which employees provide the services to which the payments relate.

ICS employees are employed by ABN AMRO. ABN AMRO charges the cost of internal and external staff to ICS on a monthly basis including the expenses for the defined contribution plan and social security charges.

Personnel expenses for the years ended 31 December 2024 and 31 December 2023 are specified in the following table.

(In thousands of euros)

	2024	**2023**
Salaries and wages	46,682	43,059
Social security charges	6,112	5,968
Defined contribution plan expenses	9,342	8,934
Other	(1,639)	2,230
Total personnel expenses	**60,498**	**60,192**

Salaries and wages were higher than in 2023, mainly due to CLA and performance increases. In 2024 ICS received a reimbursement of employee expenses from the parent entity, which resulted in a cash receipt of €4.5 million. This release is reflected under line item 'other'.

Personnel expenses include costs of internal staff at 31 December 2024:

- International Card Services B.V. (Netherlands): 592 FTEs (2023: 597 FTEs).
- International Card Services B.V. (Germany): 9 FTEs (2023: 11 FTEs).

9.11 GENERAL AND ADMINISTRATIVE EXPENSES

Accounting policy for general and administrative expenses

Costs are recognised for the period during which services are provided and to which the payment relates.

General and administrative expenses for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(In thousands of euros)

	2024	**2023**
Marketing and public relations costs	3,016	3,761
Information technology costs	34,309	32,296
Post and telephone	4,689	4,624
Agency staff, contractor, and consultancy expenses	42,772	33,778
Provisions	(2,981)	443
Fraud losses	3,456	3,395
Other	4,952	5,681
Total general and administrative expenses	**90,213**	**83,977**

Total general and administrative expenses increased by €6 million to €90 million in 2024 (2023: €84 million). In 2024, ICS released €3.0 million of the operational expenses for carrying out the variable interest compensation scheme (2023: €1.1 million addition).

Agency staff expenses decreased by €1.9 million, due to lower FTEs in the previous year. Contractor expenses increased by €7.3 million, due mainly to more contractors with a higher hourly wage.

The consultancy expenses increased by €3.6 million due to multiple extensive consultancy projects regarding IT renewal and risk related assignments.

IT expenses increased by €2 million due to changes including ICS renewal.

- International Card Services B.V. (Netherlands): 236 external FTEs (2023: 269 external FTEs):
- International Card Services B.V. (Germany): 1 external FTE (2023: 1 external FTE).

The specification of the provision expenses is as follows:

(In thousands of euros)

	Note	**2024**	**2023**
Legal	9.27	(14,233)	41,333
Other	9.27	-	(2)
Total provisions		**(14,233)**	**41,331**

The legal provision consists of the provision for variable interest compensation (see Note 9.27). Note that release of this provision of €11.3 million regarding interest to be compensated (2023: €40.9 million addition) is recognised in net interest income (see Note 9.7) and not in General and Administrative expenses.

The specification of fees paid to EY is as follows:

(In thousands of euros)	2024	2023
Financial statement audit fees	815	573
Audit related fees	181	173
Total auditor's fee	**995**	**746**

Total fees paid to EY are included under Agency staff and consultancy costs and amount to €995 thousand (2023: €746 thousand). Audit-related fees consist of other services related to the audit of the prudential reporting statements to DNB. The external auditor also performs audit procedures concerning ICS for the purpose of the ABN AMRO Bank N.V. Group Audit.

The external auditor does not provide tax advisory services or other non-audit services.

9.12 REBILLING EXPENSES

Accounting policy for rebilling expenses

Costs are recognised for the period during which services are provided.

Rebilling expenses for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(In thousands of euros)	2024	2023
Rebilling	14,421	13,035
Total rebilling expenses	**14,421**	**13,035**

Rebilling expenses are charges from ABN AMRO, mainly for housing services, ALM/Treasury overhead, legal, compliance, internal audit and personnel & business banking personnel. The rebilling expenses were €1.4 million higher than in 2023.

9.13 IMPAIRMENT CHARGES ON LOANS AND ADVANCES – CUSTOMERS

Accounting policy for impairment charges on loans and advances – customers

For the accounting policies, see Credit Risk Note 9.34

Impairment charges on loans and advances to customers for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(In thousands of euros)	Note	2024	2023
Impairments charges on:			
Loans to customers	9.17	4,187	3,477
Total impairment charges on loans		**4,187**	**3,477**

In 2024 the credit provision decreased by €1.9 million due to a lower loan portfolio compared to 2023, which was partly offset by an increase in management overlays of €0.9 million. Therefore, the provision decreased by €1 million. Additionally, the net credit losses were €1.7 million higher. Consequently, the impairment charges were €0.7 million higher than in the previous year.

9.14 INCOME TAX EXPENSE

Accounting policy for income tax expenses, tax assets and liabilities

Income tax expense consists of current and deferred tax. ICS applies IAS 12 Income taxes in accounting for taxes on income. ICS forms part of a fiscal unity with ABN AMRO Bank N.V. for corporate income tax purposes. Consequently, ICS receives a tax allocation from the parent company. Tax is allocated by ABN AMRO Bank in such a manner that tax in the ICS financial statements reflects the situation if the fiscal unity were not to exist. All the members of the fiscal unity are jointly and severally liable for the corporate income tax liabilities of the fiscal unity. ICS has a branch in Germany and files separate tax returns for its activities in Germany.

Current tax assets and liabilities for the current and previous years are measured at the amount expected to be recovered from, or paid to, the parent company. The parent company makes payments to the tax authorities. The tax rates and tax laws used to allocate or compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where ICS operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on temporary differences, at the reporting date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

All temporary differences are recognised as tax expenses in the income statement.-

Income tax expenses in the income statement for the years ended 31 December 2024 and 31 December 2023 specified in the table below.

(In thousands of euros)

	Note	2024	2023
Current tax expense			
Current tax expense on year under review		8,085	(6,721)
Adjustment for current tax of previous years		(15)	(18)
		8,070	(6,738)
Deferred tax expense	9.23		
Deferred taxes arising from current period		(946)	(41)
Deferred taxes not recognised		893	-
Total tax expense		**8,017**	**(6,780)**
Effective tax rate		28.7%	25.4%

	2024	2023
Nominal tax rate Netherlands	25.80%	25.80%
Nominal tax rate Germany	31.23%	31.23%

The following table shows the reconciliation between expected and actual income tax.

(In thousands of euros)

	2024	2023
(Profit)/loss before taxation Netherlands	(30,783)	26,816
(Profit)/loss before taxation Germany	2,860	(136)
Expected income tax expense/(benefit)	**7,049**	**(6,876)**
Increase (decrease) in taxes resulting from:		
Adjustments for current tax of prior years	(15)	(18)
Bank tax	90	75
Non-deductible expenses	0	39
- Non recognition of deferred tax assets	893	-
Total increase (decrease)	**968**	**96**
Actual income tax expenses/(benefit)	**8,017**	**(6,780)**

ICS has an effective tax rate that is above the Pillar Two minimum tax rate of 15%.

ICS Netherlands made a gross profit of €30.8 million in 2024, but ICS Germany made a gross loss of €2.9 million in 2024.

For ICS Germany the wind-down of interests in the German market has started and the Düsseldorf branch is expected to be closed in 2025. It is not likely that the receivables of €0.9 million relating to the ICS Germany 2024 negative result (loss) could be carried forward and offset against future profits. Therefore the potential deferred tax asset of - €0.9 million is not recognised.

9.15 CASH AND BALANCES AT CENTRAL BANKS

Cash and balances at central banks are held at amortised cost. This item includes cash on hand and available demand balances with central banks in countries in which ICS is present. Mandatory reserve deposits are disclosed in Note 9.16 Loans and advances banks.

Cash on hand and balances at central banks for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(In thousands of euros)

	Average interest rate 2024	31 December 2024	31 December 2023
Balances with central banks	3.79%	213,252	205,141
Balance at the end of the period		**213,252**	**205,141**

Balances with central banks consist of balances other than mandatory reserve deposits and are readily convertible into cash. The balances relate to deposits for LCR requirements as set out by the Dutch Central Bank (see Note 9.34).

9.16 LOANS AND ADVANCES BANKS

Accounting policy for loans and advances banks and customers

Loans and advances banks, and loans and advances customers, are held in a 'hold to collect' business model. Loans and advances for which the contractual cash flows are solely payments of principal and interest (SPPI) are measured at amortised cost, i.e. fair value at initial recognition, adjusted for repayment and amortisation of coupon, fees and expenses to represent the effective interest rate of the asset, and are presented less any allowance for impairment.

If expectations are revised, the adjustment is booked as a positive or negative adjustment to the carrying amount in the balance sheet with an increase or reduction in interest income.

Loans and advances to banks for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(In thousands of euros)

	Average interest rate 2024	31 December 2024	31 December 2023
Current accounts – credit institutions	3.15%	303,200	249,384
Interest bearing deposits	2.61%	372,442	402,720
Mandatory reserve deposits with central banks	0.00%	3,567	3,732
Balance at the end of the period		**679,209**	**655,835**

Current accounts – credit institutions relate to balances on current accounts with banks. These resources are freely available to ICS for receipts and payments for its services and activities.

Interest-bearing deposits are placed at ABN AMRO Bank N.V. In cooperation with its Asset and Liability Management Department, the average customer savings (both consumer and commercial, see Note 9.24) are placed in deposits. Interest-bearing deposits are based on a one-month term and a monthly variable interest rate.

Mandatory reserve deposits are held with local central banks in accordance with statutory requirements. The ECB determines the minimum cash reserve requirements and prescribes how this amount should be calculated during pre-defined reserve periods. During these periods, the balances are available for use by ICS. ICS manages and monitors deposits to ensure it meets the minimum reserve requirements for the period.

The Expected Credit Loss (ECL) for Loans and advances Bank has been assessed as immaterial. The counterparty credit risk rating is investment grade.

9.17 LOANS AND ADVANCES CUSTOMERS

Accounting policy for loans and advances – customers

The accounting policy for loans and advances customers is included in 'Loans and advances – banks', see Note 9.16.

Loans and advances – customers for the years ended 31 December 2024 and 31 December 2023 are specified in the following table:

(In thousands of euros)

	Average interest rate 2024	Year of maturity	31 December 2024	31 December 2023
Consumer				
Revolving loans	3.94%	2026	1,255	3,042
Credit card – current accounts	0.00%	2025	477,742	462,970
Credit card – interest bearing	9.25%	2029	86,997	193,366
Allowance for impairment losses			(13,119)	(13,333)
			552,875	646,045
Commercial				
Loans to financial institutions			195	195
Credit card – current accounts	0.00%	2025	79,756	82,830
Credit card – interest bearing	9.43%	2029	1,909	2,021
Allowance for impairment losses			(750)	(1,211)
			81,110	83,835
Balance at the end of the period			**633,985**	**729,880**

Outstanding amounts to consumer and commercial loans specified by stage.

31 December 2024

(in thousands of euros)

Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
Balance at 1 January 2024	620,096	15,438	23,844	659,378
Transfer to stage 1	4,292	(4,284)	(8)	0
Transfer to stage 2	(9,593)	9,759	(165)	-
Transfer to stage 3	(9,402)	(2,038)	11,439	-
Addition drawdowns and partial repayments	(79,380)	(2,444)	(1,848)	(83,672)
Write offs	-	-	(9,712)	(9,712)
Balance at 31 December 2024	526,013	16,431	23,550	565,994
Commercial loans				
Balance at 1 January 2024	84,888	47	110	85,046
Transfer to stage 1	29	(29)	-	-
Transfer to stage 2	(158)	170	(12)	-
Transfer to stage 3	(125)	(2)	127	-
Addition drawdowns and partial repayments	(2,922)	(156)	334	(2,743)
Write offs	-	-	(442)	(442)
Balance at 31 December 2024	81,713	29	118	81,860
Balance at the end of the period	**607,726**	**16,460**	**23,668**	**647,854**

31 December 2023

(in thousands of euros)

Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
Balance at 1 January 2023	591,044	15,459	24,625	631,127
Transfer to stage 1	4,439	(4,393)	(46)	-
Transfer to stage 2	(9,016)	9,181	(165)	-
Transfer to stage 3	(11,674)	(2,182)	13,855	-
Addition drawdowns and partial repayments	45,303	(2,627)	(5,619)	37,057
Write offs	-	-	(8,807)	(8,807)
Balance at 31 December 2023	620,096	15,438	23,844	659,378
Commercial loans				
Balance at 1 January 2023	68,797	39	29	68,866
Transfer to stage 1	26	(23)	(3)	-
Transfer to stage 2	(49)	49	-	-
Transfer to stage 3	(96)	-	96	-
Addition drawdowns and partial repayments	16,211	(19)	433	16,625
Write offs	-	-	(445)	(445)
Balance at 31 December 2023	84,888	47	110	85,046
Balance at the end of the period	**704,985**	**15,485**	**23,954**	**744,424**

The loan portfolio (consumer and commercial) is lower than in the previous year, mainly due to the discontinuation of the SPF product and the wind-down of the German Branch.

CONSUMER LOANS

Consumer loans and advances relate to outstanding interest-bearing and non-interest-bearing amounts on credit cards and charge cards and revolving loans.

COMMERCIAL LOANS

Loans and advances to financial institutions are contributions made to the Single Resolution Board for the European Single Resolution Fund. Credit cards include all outstanding amounts on commercial credit cards.

IMPAIRMENTS

Accounting policy for impairments of loans and advances customers

ICS has recognised loss allowances based on the expected credit loss model (ECL) of IFRS 9, which is designed to be forward-looking. The IFRS 9 impairment requirements apply to financial assets measured at amortised cost, loan commitments and financial guarantee contracts. These financial instruments are divided into three groups, depending on the stage of credit quality deterioration. See the Credit Risk Paragraph in Note 9.34 Risk Management for more information.

PAST DUE

The following table shows the days past due.

(in thousands of euros)

	Carrying amount		Days past due					
	Gross	**Assets not classified as impaired**	**<=30 days**	**>30 days & <=60 days**	**>60 days & <=90 days**	**Above 90 days**	**Total past due but not impaired**	**Past due ratio**
Loans to customers							**31 December 2024**	
Consumer loans	565,994	542,444	19,106	998	2,567	1,573	24,244	4.5%
Commercial loans	81,860	81,742	318	0	6	7	331	0.4%
	647,854	624,186	19,423	998	2,573	1,580	24,574	3.9%
Loans to customers							**31 December 2023**	
Consumer loans	659,378	635,534	17,999	1,113	2,286	1,495	22,893	3.6%
Commercial loans	85,046	84,935	572	-	13	-	584	0.7%
	744,424	720,470	18,571	1,113	2,298	1,495	23,478	3.3%

LOANS AND ADVANCES AND IMPAIRMENTS PRESENTED BY STAGE, PERFORMING OR NON-PERFORMING

31 December 2024

	Outstanding			Provision			
(in thousands of euros)	**Performing**	**Non-performing**	**Total**	**Performing**	**Non-performing**	**Total**	**Coverage and impaired ratio**
Overview of Consumer loans and advances in stage							
Stage 1	526,013	-	526,013	2,831	-	2,831	0.5%
Stage 2	16,431	-	16,431	1,093	-	1,093	6.7%
Stage 3	-	23,550	23,550	-	9,196	9,196	39.0%
	542,444	**23,550**	**565,994**	3,924	9,196	13,119	2.3%
Overview of Commercial loans and advances in stage							
Stage 1	81,713	-	81,713	702	-	702	0.9%
Stage 2	29	-	29	6	-	6	20.4%
Stage 3	-	118	118	-	42	42	35.5%
	81,742	118	81,860	708	42	750	0.9%
Total	624,186	23,668	647,854	4,632	9,238	13,869	2.1%

31 December 2023

	Outstanding			Provision			
(in thousands of euros)	**Performing**	**Non-performing**	**Total**	**Performing**	**Non-performing**	**Total**	**Coverage and impaired ratio**
Overview of Consumer loans and advances in stage							
Stage 1	620,096	-	620,096	4,185	-	4,185	0.7%
Stage 2	15,438	-	15,438	1,107	-	1,107	7.2%
Stage 3	-	23,844	23,844	-	8,041	8,041	33.7%
	635,534	23,844	659,378	5,292	8,041	13,333	2.0%
Overview of Commercial loans and advances in stage							
Stage 1	84,888	-	84,888	1,170	-	1,170	1.4%
Stage 2	47	-	47	26	-	26	54.8%
Stage 3	-	110	110	-	15	15	14.0%
	84,935	110	85,046	1,196	15	1,211	1.4%
Total	720,470	23,954	744,424	6,488	8,056	14,544	2.0%

Due to an active credit management department and a strict onboarding policy for new cardholders, ICS has low coverage ratio in stage 1. Performing loans and advances have a maximum of 90 days past due (stage 1 and 2). Non-performing loans are impaired loans (stage 3).

IMPAIRMENTS BREAKDOWN

For details of IFRS 9, see Note 9.5. For information on our credit management, see Note 9.34.

The following table shows the changes in impairments to consumer loans and advances.

(in thousands of euros)

Impairments allowance for consumer loans and advances per stage 2024

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	**4,185**	**1,107**	**8,041**	**13,333**
Transfers to stage 1	264	(384)	(11)	(131)
Transfers to stage 2	(71)	659	(91)	496
Transfers to stage 3	(73)	(390)	12,091	11,629
Remeasurements[1]	(1,290)	136	(1,163)	(2,317)
Changes in risk parameters	(184)	(35)	40	(179)
Write-offs		-	(9,712)	(9,712)
Unwind discount/unearned interest accrued	-	-	-	-
Balance at 31 December 2024	**2,831**	**1,093**	**9,196**	**13,119**

[1]Remeasurements represent the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

(in thousands of euros)

Impairments allowance for consumer loans and advances per stage 2023

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	**2,694**	**1,160**	**9,630**	**13,484**
Transfers to stage 1	253	(407)	(27)	(181)
Transfers to stage 2	(49)	49	(94)	(94)
Transfers to stage 3	(74)	(346)	10,171	9,751
Remeasurements[1]	(183)	639	(3,622)	(3,166)
Changes in risk parameters	1,545	12	805	2,362
Write-offs	-	-	(8,807)	(8,807)
Unwind discount/unearned interest accrued	-	-	(14)	(14)
Balance at 31 December 2023	**4,185**	**1,107**	**8,041**	**13,333**

[1]Remeasurements represent the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

The following table shows the changes in the impairments to commercial loans and advances.

(in thousands of euros)

Impairments allowance for commercial loans and advances per stage 2024

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	**1,170**	**26**	**15**	**1,211**
Transfers to stage 1	15	(17)	-	(2)
Transfers to stage 2	(0)	9	(0)	8
Transfers to stage 3	(5)	(2)	63	56
Remeasurements[1]	(375)	(10)	406	21
Changes in risk parameters	(102)	(0)	(0)	(102)
Write-offs	-	-	(442)	(442)
Unwind discount/unearned interest accrued	-	-	-	-
Balance at 31 December 2024	**702**	**6**	**42**	**750**

[1]Remeasurements represent the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

(in thousands of euros)

Impairments allowance for commercial loans and advances per stage 2023

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	**765**	**16**	**6**	**788**
Transfers to stage 1	11	(8)	(1)	1
Transfers to stage 2	(1)	8	(1)	6
Transfers to stage 3	(4)	(3)	56	49
Remeasurements[1]	(443)	11	397	(35)
Changes in risk parameters	841	2	4	847
Write-offs	-	-	(445)	(445)
Unwind discount/unearned interest accrued	-	-	-	-
Balance at 31 December 2023	**1,170**	**26**	**15**	**1,211**

[1]Remeasurements represent the current year change of expected credit loss allowances mainly attributable to changes in volumes such as partial repayments and changes in the credit quality of existing loans remaining in their stage.

FORBORNE ASSETS

For more information on forbearance, see Note 9.34.

Forbearance occurs when a customer is in, or potentially faces, financial difficulties and ICS makes concessions to that customer, with the intention of returning the customer to a healthy financial situation.

Forborne assets are therefore assets for which forbearance measures have been taken. The table below shows an overview of forborne assets classified by type of forbearance measure and broken down into performing and non-performing assets.

31 December 2024

(in thousands of euros)		Performing assets				Non-performing assets					
	Total gross carrying amount	Temporary modification	Permanent modification	Refinancing	Total performing forborne assets	Temporary modification	Permanent modification	Refinancing	Total non-performing forborne assets	Total forborne assets	Forbearance ratio (%)
Consumer loans	565,994	6,361	-	-	6,361	2,822	-	-	2,822	9,183	1.6%
Commercial loans	81,860	-	-	-	-	-	-	-	-	-	0.0%
Total loans	**647,854**	**6,361**	**-**	**-**	**6,361**	**2,822**	**-**	**-**	**2,822**	**9,183**	**1.4%**

31 December 2023

(in thousands of euros)		Performing assets				Non-performing assets					
	Total gross carrying amount	Temporary modification	Permanent modification	Refinancing	Total performing forborne assets	Temporary modification	Permanent modification	Refinancing	Total non-performing forborne assets	Total forborne assets	Forbearance ratio (%)
Consumer loans	659,378	6,510	-	-	6,510	2,651	-	-	2,651	9,161	1.4%
Commercial loans	85,046	-	-	-	-	-	-	-	-	-	0.0%
Total loans	**744,424**	**6,510**	**-**	**-**	**6,510**	**2,651**	**-**	**-**	**2,651**	**9,161**	**1.2%**

9.18 PROPERTY AND EQUIPMENT

Accounting policy for property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment amount. At each balance sheet date, an assessment is performed to determine whether there is any indication of impairment. Subsequent costs are capitalised if they result in an enhancement to the asset. In the carrying amount of property and equipment, ICS recognises the cost of replacing part of an asset when that cost is incurred, if it is probable that the future economic benefits relating to the item will flow to the company and the cost of the item can be reliably determined. All other costs are recognised in the income statement as incurred expenses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of items of property and equipment, and of major components that are accounted for separately. ICS generally uses the following useful life in calculating depreciation:

- Hardware: four years
- Right of Use Assets: five years

At each reporting date, ICS reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss under depreciation and amortisation expenses.

Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

Accounting policy for leases

ICS measures leases in accordance with IFRS 16 Leases by recording right of use assets and lease liabilities. Assets and liabilities arising from leases in which ICS acts as lessee are initially measured at cost. Cost is the amount of the initial lease liability, adjusted for upfront lease payments, received incentives and initial direct costs. The lease liability is measured by discounting all future lease payables at the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, ICS's incremental borrowing rate is used.

The right of use asset is subsequently depreciated over the period of the lease using the straight-line method and adjusted for any remeasurement of the lease liability. The lease liability is subsequently adjusted to reflect the interest on the lease liability, the lease payments made and any remeasurements or lease modifications. Expenses associated with short-term leases or low value assets are recognised on a straight-line basis in the income statement.

Property and equipment and the right of use assets for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(in thousands of euros)

	Hardware	Right of Use Assets	Total
Balance at 1 January 2023	**890**	**170**	**1,060**
Additions	450	11	461
Disposals	-	-	-
Depreciation	(492)	(57)	(549)
Balance at 31 December 2023	**848**	**124**	**972**
Balance at 1 January 2024	**848**	**124**	**972**
Additions	378	-	378
Disposals	-	-	-
Depreciation	(404)	(57)	(461)
Balance at 31 December 2024	**823**	**67**	**890**
Cost at the end of the period	7,189	276	7,464
Cumulative depreciation at the end of the period	(6,366)	(209)	(6,575)

In 2024 hardware increased due to the acquisition of laptops and other related hardware. However, the balance at year-end is lower due to a higher depreciation. Right of use assets relate to the rental of the building and parking lots by ICS Germany.

9.19 OTHER ASSETS

Other assets for the years ended 31 December 2024 and 31 December 2023 are specified in the following table.

(in thousands of euros)	31 December 2024	31 December 2023
Accrued other income	27,796	21,903
Prepaid expenses	4,721	4,934
Other receivables	2,377	505
Other current assets	484	1,108
Balance at the end of the period	**35,379**	**28,449**

Accrued other income relates to partners Visa, Mastercard and co-branders. In 2024, accrued other income was higher than in 2023, mainly due to higher co-brander income and higher rebates.

Other receivables increased by €1.8 million due to a receivable related to staff.

The decrease in other current assets relates mainly to suspense accounts.

9.20 FINANCIAL INVESTMENTS

Accounting policy for financial investments

Financial investments include instruments measured at fair value through profit or loss (FVTPL).

Investments for the years ended 31 December 2024 and 31 December 2023 are specified in the following table:

(In thousands of euros)

Investments	Ownership	31 December 2024	31 December 2023
- Shares Visa Inc.	<1%	13,424	20,368
- Shares Visa Belgium	<1%	15	15
- Wireless Interactive & NFC Accelerator 2013 B.V. (WIN B.V.)	10%	0	0
Balance at the end of the period		**13,438**	**20,382**

Breakdown Fair Value	VISA Inc.	VISA Belgium	WIN B.V.	Total
Balance at 1 January 2023	**33,800**	**13**	**-**	**33,813**
Sale	(18,988)	-	-	(18,988)
Revaluations	5,556	2	-	5,558
Balance at 31 December 2023	**20,368**	**15**	-	**20,382**
Balance at 1 January 2024	**20,368**	**15**	**-**	**20,382**
Sale	(12,487)	-	-	**(12,487)**
Revaluations	5,543	-	-	5,543
Balance at 31 December 2024	**13,424**	**15**	**-**	**13,438**

As mentioned in Note 9.9 the Visa Inc. A Share portfolio was sold in 2024 and the proceeds of the sale amounted to €12.5 million. On 31 December 2024, the value of the Visa Inc. C Share portfolio was €6.9 million lower and amounted to €13.4 million (2023: €20.4 million).

9.21 INTANGIBLE ASSETS

Accounting policy for intangible assets

Intangible assets include separately identifiable items arising from acquisition of customer relationships and similar items. ICS's intangible assets relate to acquired credit card portfolios. Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairments if, and only if, the asset generates future economic benefits and its costs can be reliably measured. Amortisation is calculated each month on a straight-line basis over the estimated useful life of the portfolios. ICS estimates 15-20 years as the useful life when calculating amortisation. Amortisation rates, the residual value and the useful life of intangible assets are reviewed at each year-end to take account of any change in circumstances.

Intangible assets for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(in thousands of euros)	31 December 2024	31 December 2023
Balance at 1 January	666	845
Amortisation expenses	(184)	(178)
Balance at the end of the period	**482**	**666**
Cost at the end of the period	11,864	11,864
Cumulative amortisation as at the end of the period	(11,382)	(11,198)

At 31 December 2024, intangible assets consisted of the Paysquare credit card portfolio of €482 thousand (31 December 2023: €666 thousand), which was acquired in the past (in 2010).

9.22 CURRENT COMPANY TAX ASSETS AND LIABILITIES

Accounting policy for current tax assets and liabilities

The accounting policy for current tax assets and liabilities is included in 'Income tax expenses', see Note 9.14.

Current company tax assets and liabilities for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(In thousands of euros)

	Total
Balance at 31 December 2024	
Assets	130
Liabilities	(8,051)
Total	**(7,921)**
Balance at 31 December 2023	
Assets	15,034
Liabilities	-
Total	**15,034**

ICS reported a current tax payable due to the profit in 2024.

9.23 DEFERRED COMPANY TAX ASSETS AND LIABILITIES

Accounting policy for deferred tax assets and liabilities

The accounting policy for deferred tax assets and liabilities is included in 'Income tax expenses' (see Note 9.14).

The following table shows deferred tax recorded in the statement of financial position and changes recorded in the income statement as tax expenses or statement of comprehensive income.

(in thousands of euros)

	Total
Balance at 31 December 2024	
Assets	49
Liabilities	(1,079)
Total	**(1,030)**
Balance at 31 December 2023	
Assets	75
Liabilities	(1,158)
Total	**(1,083)**

Specification deferred tax assets	**Movement**	**Total**
Balance at 1 January 2023		69
Property, plant and equipment	P&L	6
Balance at 31 December 2023		**75**
Property, plant and equipment	P&L	(26)
Balance at 31 December 2024		**49**
Gross deferred tax assets at the end of the period		49
Net deferred tax assets at the end of the period		**49**

Specification deferred tax liabilities	**Movement**	**Total**
Balance at 1 January 2023		(1,193)
Other intangible assets	P&L	96
Other	P&L	(61)
Balance at 31 December 2023		**(1,158)**
Other intangible assets	P&L	47
Other		32
Balance at 31 December 2024		**(1,079)**

In 2024, the total decrease in deferred tax assets was €26 thousand and the total decrease in the deferred tax liabilities was €79 thousand. Therefore, the total decrease in net deferred tax liabilities was €53 thousand.

The Dutch deferred tax assets do not relate to Dutch carry forward losses. ICS is part of the fiscal unity of ABN AMRO.

For ICS Germany the wind-down of interests in the German market has started and the Düsseldorf branch is expected to be closed in 2025. ICS Germany incurred tax losses for which no deferred tax asset can be recognised as no future profits are expected.

9.24 DUE TO CUSTOMERS

Accounting policy for due to banks and customers

Amounts due to banks and customers are held at amortised cost. That is, fair value at initial recognition adjusted for repayment and amortisation of coupons, fees and expenses to present the effective interest rate of the instrument.

Due to customers for the years ended 31 December 2024 and 31 December 2023 is specified in the table below.

(in thousands of euros)

	Average interest rate 2024	**Year of maturity**	**31 December 2024**	**31 December 2023**
Demand deposits	1.12%	On demand	333,881	341,488
Time deposits	1.12%	1-3 months	33,068	41,036
Balance at the end of the period			**366,949**	**382,524**

Demand deposits include customer balances on both consumer and commercial credit cards.

The commercial deposits which contain €33 million of collateral (2023: €41 million) are classified as time deposits and the term period in which customers can withdraw their posted collateral is between 1 and 3 months.

9.25 DUE TO BANKS

Accounting policy for due to banks

The accounting policy for due to banks is included in 'Due to customers' (see Note 9.24).

Due to banks for the years ended 31 December 2024 and 31 December 2023 is specified in the following table.

(in thousands of euros)

	Average interest rate 2024	Year of maturity	31 December 2024	31 December 2023
Time deposits - credit institutions	3.95%	1-3 months	863,430	859,690
Balance at the end of the period			863,430	**859,690**

Funding is obtained from ABN AMRO Bank by means of cash loans (time deposits). Time deposits are based on a mix of variable interest rates on a 1- to 3-month base and a 3-year base. The interest rates were higher on average in 2024 than 2023.

9.26 OTHER LIABILITIES

Accounting policy for other liabilities

Unclaimed balances of cardholders (part of accounts payable and sundry creditors) are liabilities for the Company. These balances reflect positive balances of customers on their credit cards which have been closed. It is the Company's accounting policy to derecognise unclaimed balances that are older than 5 years.

Other liabilities for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(in thousands of euros)

	31 December 2024	31 December 2023
Accrued fees and charges	34,935	34,294
Accounts payable and sundry creditors	56,003	93,002
Lease liabilities	76	131
Balance at the end of the period	**91,015**	**127,427**

Accounts payable and sundry creditors were €37 million lower than in 2023 and consist mainly of amounts to be settled with Visa and Mastercard.

During 2024 €2.7 million (2023: € 0) of unclaimed balances were derecognised as a liability for the Company. The reason for the derecognition is that these balances were older than 5 years. ICS's accounting policy is to derecognise unclaimed balances that are older than 5 years.

As mentioned in section 6 of the annual report, ICS charged an excessively high interchange fee for the Go Card (0.3%, instead of 0.2%) to merchants. In order to compensate merchants, ICS has recognised a liability of EUR 270 thousand in 2024.

Lease liabilities

The maturity table for the undiscounted lease liabilities relating to the rental contract of ICS Germany's office building is shown below:

(in thousands of euros)

Lease liabilities	**31 December 2024**	**31 December 2023**
Maturity analysis - contractual undiscounted cash flows		
Less than one year	-	-
One to five years	76	131
More than five years	-	-
Total undiscounted cash flow	**76**	**131**

9.27 PROVISIONS

Accounting policy for provisions

A provision is recognised in the balance sheet when ICS has a legal or constructive obligation as a result of a past event and it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and that a trustworthy estimate can be made of the amount of the obligation. When the effect of the time value of money is material, ICS determines the level of provision by discounting the expected future cash flows at a pre-tax rate reflecting current market rates and, where appropriate, the risks specific to the liability.

Expected credit loss allowances of loan commitments are recognised as provisions under IFRS 9.

Provisions for the years ended 31 December 2024 and 31 December 2023 are specified in the table below.

(In thousands of euros)

	31 December 2024	**31 December 2023**
Provision for legal matters	18,876	78,813
Provision for restructuring	685	-
Balance at the end of period	**19,561**	**78,813**

(in thousands of euros)

	Legal	**Restructuring**	**Other**	**Total**
Balance at 1 January 2023	**50,830**	**-**	**2**	**50,832**
Additions	41,999	-	-	**41,999**
Withdrawals	(13,350)	-	-	**(13,350)**
Release of unused provisions	(667)	-	(2)	**(668)**
Balance at 31 December 2023	**78,813**	**-**	**-**	**78,813**

Balance 1 January 2024	**78,813**	**-**	**-**	**78,813**
Additions	-	685	-	**685**
Withdrawals	(45,704)	-	-	**(45,704)**
Release of unused provisions	(14,233)	-	-	**(14,233)**
Balance at 31 December 2024	**18,876**	**685**	**-**	**19,561**

LEGAL PROVISION

The legal provision as at 31 December 2024 consists of the following provisions:

Variable interest rates for consumer loans
In March 2021, the Kifid Appeals Committee confirmed a ruling by the Kifid Disputes Committee about recalculating the variable interest charged to a specific customer on a revolving credit offered by ABN AMRO. In short, Kifid ruled that ABN AMRO should have followed the market rate when establishing the variable interest rate for certain revolving consumer credits. On 5 September 2021, ABN AMRO agreed on a compensation scheme with the Dutch Consumers' Association (Consumentenbond Claimservice) under which excess interest paid will be compensated. ICS is a subsidiary of ABN AMRO and falls under this scheme, so it follows the ABN AMRO policy in this respect.

In 2022, ICS extended the compensation scheme by including the Spread Payments Facility (SPF) portfolio. In Q3 2022, following an ABN AMRO ruling in August 2022 by the Kifid Appeals Committee, ICS amended the compensation scheme to include compound interest (interest on interest). At 31 December 2022, the provision totalled €45.2 million. In 2023 ICS refined the scope of the SPF by creating a product specific calculation methodology including acquired SPF portfolios in preparation for the execution. The total provision at 31 December 2023 amounted to €78.8 million. In 2024 ICS calculated and executed 99% of the compensation offers for the SPF portfolio. The calculation on individual customer level resulted in new insights based on more granular data. In combination with the refined proxy methodology based on recovered data and information for ABN AMRO acquired portfolio, €14.2 million of the provision has been released. In 2024 €45.7 million of this provision was used. Consequently, the remaining provision as at 31 December 2024 was €18.9 million.

AML remediation programme

The remaining reassessment provision as at 31 December 2023 amounted to €30 thousand for expenses that were not yet invoiced. This provision was fully utilised during 2024.

RESTRUCTURING PROVISION

The wind-down of our interests in the German market resulted in a restructuring provision of €685 thousand at ICS Germany to cover the severance payments of staff.

9.28 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows a breakdown of assets and liabilities, analysed according to when they are expected to be recovered or settled.

(in thousands of euros)

	Up to 1 month	**Between 1 - 3 months**	**Between 3 - 6 months**	**Between 6 - 12 months**	**More than 1 year**	**Total**
Assets						
Cash and balances at central banks	213,252	-	-	-	-	213,252
Loans and advances banks	301,373	377,835	-	-	-	679,209
Loans and advances customers	578,568	3,540	5,310	10,621	35,946	633,985
Financial investments	-	-	-	-	13,438	13,438
Property and equipment	-	-	-	-	890	890
Intangible assets	-	-	-	-	482	482
Current company tax assets	-		-	-	130	130
Deferred company tax assets	-	-	-	-	49	49
Other assets	2,306	32,737	5	-	331	35,379
Total assets	**1,095,499**	**414,113**	**5,315**	**10,621**	**51,266**	**1,576,814**
Liabilities						
Due to banks	118,058	235,045	239,121	54,241	216,965	863,430
Due to customers	333,881	33,068	-	-	-	366,949
Provisions	-	18,876	-	-	685	19,561
Current company tax liabilities	-	52	-	-	7,999	8,051
Deferred company tax liabilities	-	-	-	-	1,079	1,079
Other liabilities	55,735	11,441	23,450	-	389	91,015
Total liabilities	**507,674**	**298,482**	**262,570**	**54,241**	**227,117**	**1,350,084**
Net	**587,825**	**115,631**	**(257,255)**	**(43,620)**	**(175,851)**	**226,730**

9.29 RELATED PARTIES

Parties related to ICS B.V. with significant influence include STAK NLFI (the Dutch State), STAK AAG, ABN AMRO Bank N.V., the Statutory Board of Directors and the Supervisory Board. ICS has applied the partial exemption for government-related entities as described in IAS 24 paragraphs 25-27.

Based on Article 403 of the Dutch Civil Code, ABN AMRO Bank N.V. is liable for ICS's liabilities by submitting a declaration in favour of ICS. ABN AMRO Bank N.V. finances all ICS activities at 31 December 2024 at arm's length.

The following table specifies the reconciliation of transactions and positions between ICS and ABN AMRO Bank N.V. (excluding the tax position as allocated by ABN AMRO Bank N.V.).

(in thousands of euros)	2024	2023
Income statement		
Interest income	19,117	13,311
Interest expense	(35,534)	(30,551)
Rebilling	(14,422)	(13,035)
Fee and commission expense	(2,875)	(2,552)
Balance sheet (at the end of the period)		
Due from banks	675,386	650,897
Due to banks	(863,430)	(859,690)
Other liabilities	(1,910)	(3,851)

9.30 COMPENSATION OF KEY MANAGEMENT PERSONNEL

STATUTORY BOARD OF DIRECTORS

Key management personnel are those individuals who have authority and responsibility for planning and exercising power to control the activities of ICS and its employees directly or indirectly. ICS considers the members of the Statutory Board of Directors to be key management personnel for the purposes of IAS 24 Related Party Disclosures. The following table provides a breakdown of the remuneration.

(In thousands of euros)	2024	2023
Short-term employee benefits	901	707
Pension-related contributions	197	168
Total	**1,098**	**876**

ICS started the year with three statutory directors, but as result of the new organisation design during the year, added an additional director mid-year (Chief of Products, Solutions and Control, hereafter 'CPS&C'). Therefore at the year-end 2024, the Statutory Board of Directors had four statutory directors (CEO, CFO, CRO and CPS&C).

ICS does not operate a share incentive scheme. Accordingly, there were no options or other share based payments granted to the Statutory Board of Directors in 2024 or 2023. ICS's Statutory Board members are not granted any form of variable compensation.

SUPERVISORY BOARD

One Supervisory Board member is employed by ABN AMRO Bank N.V. but is not remunerated for acting as a member. The other members are remunerated by ICS. The total remuneration of the members of the Supervisory Board of ICS was € 86 thousand in 2024 (2023: €105 thousand).

9.31 COMMITMENT AND CONTINGENT LIABILITIES

OFF-BALANCE SHEET OBLIGATIONS

The undrawn amount of limits issued to cardholders in 2024 amounted to €6.6 billion (2023: €6.7 billion). This amount includes ICS Netherlands and ICS Germany. The undrawn limits are revocable at ICS's discretion.

ICS also has multiple (IT-related) contracts. The total financial obligation amounts to €92 million:

- Less than 1 year €45 million (2023: €73 million)
- Between 1 and 5 years €47 million (2023: €53 million)

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations, the existence of which will be confirmed only by uncertain future events, and current obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised in the balance sheet, they are, however, disclosed if an outflow of economic resources is not more likely than not or if an outflow of economic resources is more likely than not, but cannot be reliably estimated.

ICS is involved in discussions and proceedings in the ordinary course of business. In presenting the Annual Financial Statements, management estimates the outcome of legal, regulatory and arbitration matters, and takes provisions to the income statement when losses with respect to such matters are more likely than not.

In the case of ICS, there are four contingent liabilities regarding the duty of care, the execution of the Wwft Continuation Plan, the impact of CCD2 and a alleged claim of European Merchant Services B.V.

Duty of care matters: No assurance can be given that legal proceedings will not be instigated or that no claims will be made in this regard.

The execution of the ICS Wwft Continuation Plan is in progress, pending the Transaction Monitoring effectiveness validation. Reassessment and remediation received positive confirmation from DNB. ICS will carry out further milestones in 2025 as part of the Group Wide Recovery programme of ABN AMRO. Currently, there are two milestones outstanding as part of the Group Wide Recovery programme of ABN AMRO. These will be closely monitored.

CCD2 must be implemented in Dutch law by November 2025, after which a transitional period of 12 months starts. Deferred debit cards are in scope of CCD2. However CCD2 provides for a Member State option to exclude deferred debit cards that must be repaid within 40 days and for which only limited payment fees are charged from the rules of CCD2. The Dutch legislator's proposal for implementing CCD2 in Dutch law was published on 15 April 2025, in which it elected not to use the option in CCD2 to exclude deferred debit cards from the scope of CCD2. It is not possible to make a reliable estimate of the impact of CCD2 on the Company at this moment. The impact on ICS is currently being assessed.

First Data Holding (FDH) and some of its group companies have indicated that they believe that one of FDH's subsidiaries, European Merchant Services B.V (EMS), has a claim against ICS. In the spring of 2016, FDH claimed for the first time that EMS was entitled to 51% of the proceeds of the sale of Visa Europe in 2015. The alleged claim amounted to approximately EUR 37 million plus interest. In August 2016, ICS refuted this claim. In September 2020, FDH repeated its alleged claim. In

October 2020, EMS and FDH (now Fiserv) interrupted the limitation periods relating to EMS's alleged claim. In December 2020, ICS responded by rejecting this alleged claim again. As yet, however, EMS itself has not filed any claim against ICS. As a result, it must be awaited whether EMS files such claim. It is not possible to make a reliable estimate of any potential claim. Therefore no provision has been recognised.

The consequences of the above-mentioned cases, could be substantial for ICS and could potentially affect its reputation, results of operations, financial condition and prospects. However, this is not considered likely.

Single Resolution Fund contribution - Irrevocable Payment Commitment

In 2016, the European Union introduced the Single Resolution Fund (SRF). This emergency fund ensures that the financial industry as a whole ensures the stabilisation of the financial system. The Single Resolution Board (SRB) allows institutions to use irrevocable payment commitments (IPCs) to pay part of their contribution. ICS uses this option and accounts for the IPCs as a contingent liability, based on the assessment that until the IPCs are called by the SRB there is no present obligation to pay. Hence, IPCs have not been taken through profit and loss, but are already deducted from own funds for regulatory purposes. In February 2024, the SRB confirmed that the SRF reached its target level. As such, no annual contribution was collected in 2024. The cumulative amount of IPCs entered into is €195 thousand. The IPCs are secured by collateral to ensure full and punctual payment of the contribution when called by the SRB. As at 31 December 2024, ICS has transferred a cumulative amount of €195 thousand in collateral. The collateral is reported as an asset under 'loans to financial institutions' (note 9.17).

9.32 LICENCES

ICS uses the following licences:

- International Card Services B.V. is a principal member of Visa International.
- International Card Services B.V. is a principal member of Mastercard.
- International Card Services B.V. has a full general banking licence (Financial Supervision Act).

No obligations other than periodic reporting and capital adequacy relating to the licences exist. With regard to the banking licence, ICS is required to pay contributions to a fund of the Dutch Deposit Guarantee Scheme. If the fund is insufficient, the remaining costs will be apportioned among the banks in line with the present system. With effect from 1 October 2012, banks are required to pay bank tax. ICS is also required to contribute to the Single Resolution Fund.

9.33 CAPITAL

ICS maintains an actively managed capital base to cover risks inherent in its business and meets the capital adequacy requirements of the local banking supervisor, DNB (Dutch Central Bank). The adequacy of the bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by DNB in supervising ICS.

ICS complied fully with all its externally imposed capital requirements in the reporting period.

Ratio:	**31 December 2024**	**Regulatory requirement**
Total capital ratio	22.5%	10.5%
Leverage ratio	9.2%	3.0%

Ratio:	31 December 2023	Regulatory requirement
Total capital ratio	20.1%	10.5%
Leverage ratio	8.7%	3.0%

CAPITAL MANAGEMENT

The primary objectives of ICS's capital management policy are to ensure that ICS complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios to support its business and to maximise shareholder value.

ICS manages and adjusts its capital structure according to changes in economic conditions and the risk characteristics of its activities. To maintain or adjust its capital structure, ICS may adjust the amount of dividend paid to its shareholder, return capital to its shareholder or raise capital from its shareholder to cover a deficit.

No changes have been made to the objectives, policies, and processes from the previous years, apart from updating the Capital Management Policy to align it more closely with ABN AMRO's policy framework. Other objectives, policies and processes are subject to constant review by the Management Team.

9.34 RISK MANAGEMENT

CREDIT RISK

DEFINITION

Credit risk is the risk that the value and/or the earnings of ICS decline due to uncertainty regarding a counterparty's ability or willingness to repay a loan or meet the terms of a contractual obligation. The potential maximum exposure to credit risk that ICS faces consists of the aforesaid outstanding balances due from loans and advances.

Credit risk management within ICS is governed by the ICS-wide credit risk policy and further detailed in underlying specific standards, which are aligned with the ICS and ABN AMRO Bank strategy. Credit risk management is the responsibility of the first and second lines of defence. The primary responsibility for intake, managing and monitoring credit risk lies with the business as the first line of defence. The second line of defence has a permanent and ongoing responsibility to monitor whether the type and level of credit risk exposures are within the limits of the bank's and business lines' risk appetite. The first and second lines of defence are subject to review by Group Audit.

CREDIT RISK APPETITE

QUALITY OF NEW PRODUCTION

The quality of new production (new customers and/or new loans) could be an indication of a potential shift in the quality of the total credit portfolio. This is measured by means of the bad rate. This rate is measured by the number of accounts > 90 days past due, bankruptcy, payment arrangements or (early) charge-offs, within 12 months after application, compared with the total approval applications on a quarterly basis for consumer customers. The bad rate is also used for the commercial portfolio. This commercial bad rate is measured by the number of accounts > 30 days past due, bankruptcy or (early) charge-offs, within 12 months after approval, compared with the total number of approved new customers in the same quarter of that previous year. The Bank (ICS in this report) has aligned its definition of credit impaired assets under IFRS 9 to the European Banking Authority (EBA) definition of non-performing exposures (NPE).

EXPECTED LOSS/EXPOSURE AT DEFAULT AND CREDIT RISK-WEIGHTED ASSETS

ICS monitors the quality of its credit portfolio by means of the level of expected loss and unexpected losses to the exposure at the moment of default. This ratio is forward-looking (IFRS 9) and through-the-cycle. The total amount of exposure to credit risk is additionally monitored by keeping track of the risk-weighted assets for credit risk.

FORBEARANCE

Forbearance is the process of making concessions to customers who are or will soon be experiencing financial difficulty, with the intention of bringing them back within their payment capacity. A forborne asset is any contract that has been entered into with a counterparty who is in or about to face financial difficulty and has been refinanced or modified under terms and conditions that we would not have accepted if the counterparty had been financially healthy.

Forbearance measures can be applied to contracts that are still performing. A forborne contract will cease to qualify as forborne only when all the following conditions are met:

- The contract is considered to be performing
- A minimum probation period of at least two years has passed since the last forbearance measure is granted or since the contract is considered performing (whatever date is later)
- The counterparty does not have any contract that is more than 30 days past due in the last 24 months of the probation period.

If the forborne contract is non-performing at the time of the forbearance measure, a mandatory cure period of at least one year applies to the contract before it is returned to performing status. The cure period starts when default triggers ceased to apply or, if the contract was already non-performing, when the last forbearance measure was taken.

PAST DUE AND CREDIT LOSS ALLOWANCE

Loans at risk are primarily exposures for which there are signs such as Unlikeliness to Pay indicating that the counterparty may become credit-impaired in the future. Loans at risk are classified into different risk categories for individual counterparties and days-in-arrears buckets for groups of aggregated counterparties (group of connected clients) in order to optimise monitoring and review of these loans.

PAST DUE

A financial asset is past due if a counterparty fails to make a payment on the contractual due date. ICS starts counting days past due from the first day that a counterparty is past due on any financial obligation.

ICS has different past due buckets for different stages. In general, stage 1 is ≤ 30 days past due, stage 2 is > 30 past due and < 90 days past threshold and stage 3 is >= 90 days past threshold. A default is deemed to have occurred when:

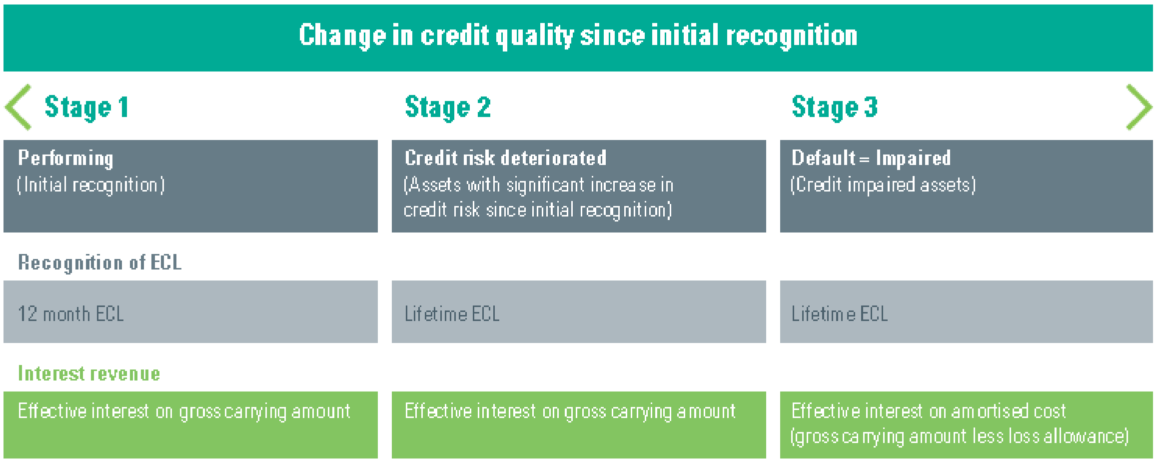
- the counterparty is past due by equal and more than 90 days on any material financial credit obligation to ICS (By the Regulatory Definition of Default for Retail portfolio more than €100 and 1% of the on-balance sheet exposure on the credit facility and for Non-Retail portfolio more than €500 and 1% of the on-balance sheet exposure on the credit facility), or
- ICS considers the borrower to be unlikely to meet its contractual obligations (unlikely to pay - UTP).

To determine unlikeliness to pay, ICS has specified both mandatory default triggers (always resulting in the assignment of a default status, whereby no additional expert judgment is allowed) and judgemental triggers.

ACCOUNTING MEASUREMENT

In December 2021, ICS implemented a new IFRS9 provisioning model as developed by ABN AMRO Group. This model was calibrated on more recent portfolio composition and customer default/loss behaviour and should better predict losses than the old model. However, during the period that the model was developed, ICS (and ABN AMRO) switched to the new definition of default required by the EBA as from 2020. When sufficient data is available based on the new definition of default, ICS will backtest the model regularly to ensure that its performance adequately reflects ICS's credit loss experience.

ICS recognises loss allowances based on the expected credit loss model (ECL) of IFRS 9, which is designed to be forward-looking. The IFRS 9 impairment requirements apply to financial assets measured at amortised cost, loan commitments and financial guarantee contracts. These financial instruments are divided into three groups, depending on the stage of credit quality.



STAGE TRIGGERS OF STAGES 1, 2 AND 3

We use stage triggers to determine whether a financial instrument should be classified as stage 1, stage 2 or stage 3.

Stage triggers

The key quantitative metric that determines whether a financial instrument is transferred from stage 1 to stage 2 is the deterioration of the LPD (Lifetime PD) from the date of origination to the reporting date, based on internal data. The LPD represents the likelihood that a counterparty will default during the lifetime of the financial instrument and depends on the credit risk drivers, such as days past due and the expected future developments in the economy, for example employment opportunities or financial crisis.

ICS uses watch triggers to transfer facilities from Stage 1 to Stage 2. The watch triggers that are implemented are a facility that is more than 30 days past due with arrears more than €20 or when a counterparty is showing signs of untraceability. A transfer to stage 3 will always be the result of the default of a financial instrument. A default is considered when one of the default triggers occurs: more than 90 days past due on an amount exceeding the materiality threshold (By the Regulatory Definition of Default for Retail portfolio more than €100 and 1% of the on-balance sheet exposure on the credit facility and for Non-Retail portfolio more than €500 and 1% of the on-balance sheet exposure on the credit facility) or unlikely to pay triggers which are split into automated mandatory default triggers (e.g. bankruptcy, material fraud or the need to take a full or partial write-off) and judgemental triggers where a manual assessment takes place to determine the unlikely to pay status (e.g. death of a counterparty or a long term untraceable counterparty). Currently, ICS portfolio classified its portfolio as a retail exposure due to the nature of the product. The defaults are recognised in accordance to the portfolio classification.

Calculation method

The amount of expected credit loss allowances is based on the probability-weighted present value of all expected cash shortfalls over the remaining life of the financial instrument for both on-balance sheet and off-balance sheet exposures. ICS applies the following calculation method for credit loss allowances: Collective 12-month ECL (stage 1) and lifetime ECL (LECL) for (stages 2 and 3) financial instruments that have similar credit risk characteristics are clustered in portfolios and are collectively assessed for impairment.

ICS has introduced models to quantify the Probability of Loss (PL), Loss Given Loss (LGL) and Exposure at Loss (EAL) for calculating the collective 12-month ECL and LECL for these financial instruments.

Forward-looking information

Three different scenarios for future economic developments are incorporated into the IFRS 9 expected credit loss calculation and risk stage determination in a probability-weighted manner (at 31 December 2024: baseline 55%, up 15%, down 30%). These three scenarios – a baseline (or most likely) scenario, a negative scenario and a positive scenario – and their weightings are reviewed quarterly and adjusted if necessary.

Macroeconomic scenarios and ECL sensitivity

In 2024, ABN AMRO economists increased their GDP forecasts for 2025 to reflect the rising real household incomes, government spending, and a ongoing eurozone recovery. The forecast of the unemployment rate in the Netherlands is below the rate that had been predicted a year ago, where strong public demand for labour and a higher number of vacancies are the main drivers. In 2024, housing markets improved, and performed better than expected at the end of 2023, due to higher wages, lower interest rates and supply shortages. It is expected that this trend will continue, but at a slower pace, in 2025 and 2026.

The scenarios used to calculate the expected credit loss (ECL) at 31 December 2024 and 31 December 2023 can be seen in the tables below.

Macroeconomic scenarios in 2024

(in thousands of euros)

Scenario	Weight	Macroeconomic variable[1]	2025	2026	2027	2028	Unweighted ECL5	Weighted ECL5
Positive	15%	Real GDP Netherlands[2]	2.6%	2.1%	1.7%	1.3%	13,659	
		Unemployment[3]	3.5%	3.5%	3.6%	3.5%		
		House price index[4]	7.5%	3.8%	3.0%	3.0%		
Baseline	55%	Real GDP Netherlands[2]	1.5%	0.8%	1.2%	1.3%	13,504	13,869
		Unemployment[3]	3.9%	4.2%	4.4%	4.4%		
		House price index[4]	7.0%	3.5%	2.1%	2.5%		
Negative	30%	Real GDP Netherlands[2]	0.5%	-0.4%	0.7%	1.2%	14,643	
		Unemployment[3]	6.0%	6.0%	5.8%	5.7%		
		House price index[4]	0.2%	-4.5%	1.5%	2.6%		

1. The variables presented in this table are a selection of the key macroeconomic variables.

2 Real GDP Netherlands, % change year-on-year.

3 Unemployment Netherlands, % of labour force.

4 House price index Netherlands - average % change year-on-year.

5 Weighted and unweighted ECL includes all collective impairments.

Macroeconomic scenarios in 2023

(in thousands of euros)

Scenario	Weight	Macroeconomic variable	2024	2025	2026	2027	Unweighted ECL[4]	Weighted ECL[4]
Positive	15%	Real GDP Netherlands[1]	2.0%	2.0%	1.4%	1.2%	15,828	
		Unemployment[2]	3.7%	3.6%	3.5%	3.6%		
		House price index[3]	4.5%	2.0%	1.5%	2.5%		
Baseline	60%	Real GDP Netherlands	0.6%	1.1%	1.3%	1.2%	14,094	14,544
		Unemployment	4.1%	4.0%	4.0%	4.1%		
		House price index	2.5%	0.5%	1.5%	2.0%		
Negative	25%	Real GDP Netherlands	-1.0%	1.0%	1.6%	1.4%	14,853	
		Unemployment	6.1%	5.6%	5.3%	5.1%		
		House price index	-7.5%	-5.0%	1.3%	2.1%		

1 Real GDP Netherlands, % change year-on-year.

2 Unemployment Netherlands, % of labour force.

3 House price index Netherlands – average % change year-on-year

4 Weighted and unweighted ECL are inclusive of all collective impairments

Payment arrangements/plans

ICS measures its active customers continuously in terms of 'delayed' payments. This methodology is used for all active customers. An obligation is considered 'past due' if a payment of interest or principal is more than one day late. ICS aims to help its customers before arrears occur (by e-mail, SMS, etc.) and as soon as they are past due, by communicating (by e-mail, SMS, letter or outbound call) to remind them of their payment obligations. In its contact with the customer, ICS aims to solve actual and potential financial difficulties by offering a payment arrangement.

If a customer does not qualify for a payment arrangement, a payment plan is offered when that customer is expected to be more than 90 days past due. Under a payment plan, it is assessed that a customer can repay the total amount in arrears within an average of four years, but up to a maximum of eight years. The solution offered enables the customer to continue to repay sufficiently and to pay the outstanding claim within a reasonable period of time. In this way, ICS contributes to preventing an irrevocable situation and gives the customer a view of a debt-free future within a reasonable period of time. The customer relationship will be terminated once the customer has repaid the total outstanding balance. Although the aim of the offered solution is to enable the customers to repay the remaining amount, there is still a possibility that the customer cannot pay the total amount resulting in a loss.

Write-off

When a loan is deemed no longer collectible, it is written off against the related loan loss allowance, specifically if:

- the likelihood of debt repayment falls below a certain point (e.g. in the event of bankruptcy or a cash flow shortfall); or
- the financial asset reaches a certain stage of delinquency (e.g. if agreed terms are no longer complied with or the borrower has left ICS). Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment charges on loans and advances in the income statement. Within ICS, loans are written off after 385 days in arrears.

Recovery

When a loan is written off against the provision as mentioned, ICS has a special recovery process in place. If it is not deemed irrecoverable, ICS will always try to recover the amount that has been written off. This process may take years. The amount mentioned in Note 9.17 Impairments breakdown (€13.9 million) is still subject to activity in the recovery process.

(Cash) Collateral

ICS has an integrated credit approval process for new customers. New customers not approved in this process still have an opportunity to obtain a credit facility. These commercial customers must deposit money in a blocked ICS account. The amount of the deposit is the maximum facility that can be used for the cardholder(s). ICS has no credit risk for these cardholders. For details of these deposits, see Note 9.24. ICS has no cash or other collateral for stage 3 loans and advances.

CREDIT RISK MEASUREMENT

The models used to measure and manage credit risk are purely statistical and employ both quantitative and qualitative risk drivers. All models are subject to the bank's model risk management framework. They undergo initial validation by the independent model validation function before their first use, and annually thereafter. Independent validation is also required when a model undergoes a material change.

MAXIMUM CREDIT RISK EXPOSURE

The table below reflects ICS's maximum exposure to credit risk.

(in thousands of euros)

	31 December 2024	31 December 2023
Assets		
Balances at central banks	213,252	205,141
Loans to banks	679,209	655,835
Loans to customers	633,985	729,880
Other Assets	30,658	23,516
Total assets	**1,557,103**	**1,614,372**
Off balance sheet		
Commitments and undrawn limits	6,582,950	6,688,043
Total off balance sheet	**6,582,950**	**6,688,043**
Total credit risk exposure	**8,140,053**	**8,302,415**

CREDIT RISK MITIGATION

To reduce credit risk on commercial loans and advances, ICS approves and issues limit requests based on either (external) credit insurance, or cash collateral or guarantees. The credit insurance covers 90% of the balance at default, with a minimum outstanding amount of €450. Very limited collateral is received for consumer loans and advances.

CREDIT APPROVAL

Before approval ICS assesses credit card applications in detail on qualitative and quantitative aspects. Information must be provided on matters such as the purpose of the credit facility, information about the obligor and a financial and non-financial analysis. All credit decisions are based on independent assessment. The extent and limitations of the approval mandate of authorised persons and/or committees depends on the authority delegated to them.

CREDIT MONITORING

Monitoring activities are designed to safeguard ICS's positions in relation to all risks associated with the counterparty or portfolio. Monitoring allows ICS to identify any development in the counterparties' or portfolio's position that might trigger an increase in its risk profile at an early stage. The monitoring process consists mainly of credit reviews, monitoring of outstanding positions, early notice of limit excesses and monitoring of collateral assets and liabilities that are short-term or carry a variable interest rate. ICS mitigates most of its interest-rate risk by including a stipulation in its general terms and conditions that interest rates on credit advances on credit cards may be adjusted in line with developments in the capital market. Interest chargeable to customers is capped by legal limits.

Since 1 January 2015, this rate has been 14%. In August 2020, the Dutch Government decided that the maximum interest rate charged must be 10%. Time deposits relating to consumer credit due to ABN AMRO Bank N.V. have a fixed rate on a one-month basis. Time deposits due from credit institutions are related to outstanding consumer savings. These deposits have a fixed rate on a one-month basis.

MARKET RISK

DEFINITION

Market risk for ICS consists of the risk of movements in market variables, such as interest rates, stock prices and foreign exchange rates. Market risk arises through the banking (non-trading) book positions.

MARKET RISK APPETITE

ICS has a low appetite for market risk in its banking book.

INTEREST-RATE RISK BANKING BOOK

For ICS, the main risk of the assets and liabilities in the banking book consists of interest-rate risk related to its credit portfolio. Interest-rate risk in the banking book is, to a large extent, transferred to the ABN AMRO Bank Asset and Liability Management (ALM) department via the funds transfer pricing framework. In this framework, ICS's assets and liabilities are matched to the extent that it is possible for ICS to take management actions wherever divergence is detected. Consequently, no capital charge is accounted for directly in the Interest Rate Risk Banking Book (IRRBB), but an additional buffer is in place.

As of November 2024 ICS is required to report on the Interest Rate Risk in the Banking Book (IRRBB). The report is part of DPM 3.4 and is a new report, succeeding the 8035 report which was adopted in consolidated form by ABN AMRO group.

FOREIGN EXCHANGE RISK

ICS operates only within the European Union and therefore has limited foreign exchange (FX) risk exposure. Clearing and settlement of financial positions is performed on a daily basis in euros. Speculative positions are prohibited by policy and therefore not held. ICS does not hold any derivative financial instruments. FX risk in the banking book is related to cardholder transactions. FX rates in the banking book are, however, settled with cardholders without any FX risk for ICS. FX risk in the banking book is related to holding strategic financial investments (Visa Inc. preferred class C shares) which are denominated in US dollars. There is, therefore, a foreign exchange risk associated with this investment (see Note 9.20). The ALM department of ABN AMRO is responsible for managing FX risk associated with capital adequacy positions.

MARKET RISK MEASUREMENT

ICS uses the standardised approach to calculate the capital charge for market risk. Interest-rate risk is the risk of losses in the economic value of equity or ICS's net interest income due to unfavourable yield curve developments. Interest-rate risk arises from holding assets that have a longer average behavioural maturity than the liabilities. The overall objective of interest-rate risk management is to protect and stabilise current and future earnings as well as the economic value of equity. Interest-rate risk on the outstanding financial assets and liabilities is not hedged, as interest-rate risk at ICS is limited because most financial assets and liabilities are short-term or carry a variable interest rate. ICS diminishes most of its interest-rate risk by including a stipulation in its general terms and conditions that interest rates on credit advances on credit cards may be adjusted in line with developments in the capital market. Interest chargeable to customers is capped at legal limits.

In 2024, the Dutch Government adjusted the maximum interest rate charged to 15%. However, ICS has not adjusted the maximum interest rate and still charges 10%.

The following table provides more details concerning the most significant interest-bearing financial assets and liabilities.

2024	Notes	Average interest 2024	Maturity	Rate
Current accounts - credit institutions	9.16	3.15%	On demand	Variable
Interest bearing deposits - credit institutions	9.16	2.61%	1 month	Variable
Credit card interest bearing – consumer	9.17	9.25%	2029	Fixed
Credit card interest bearing - commercial	9.17	9.43%	2029	Fixed
Revolving loans – consumers	9.17	3.94%	2026	Variable
Time deposits - credit institutions - short-term	9.25	3.95%	1-3 months	Variable
Demand deposits – customers	9.24	1.12%	On demand	Variable
Time deposits – customers	9.24	1.12%	1-3 months	Variable

2023	Notes	Average interest 2023	Maturity	Rate
Current accounts - credit institutions	9.16	2.75%	On demand	Variable
Interest bearing deposits - credit institutions	9.16	1.99%	1 month	Variable
Credit card interest bearing - consumer	9.17	9.57%	2029	Fixed
Credit card interest bearing - commercial	9.17	9.31%	2029	Fixed
Revolving loans - consumers	9.17	4.09%	2026	Variable
Time deposits - credit institutions - short-term	9.25	3.41%	1-3 months	Variable
Demand deposits - customers	9.24	0.56%	On demand	Variable
Time deposits - customers	9.24	0.54%	1-3 months	Variable

MARKET RISK SENSITIVITY ANALYSES

The table below reflects ICS's sensitivity to the aforementioned market risks.

2024

(in thousands of euros)

	Interest rate risk				Foreign exchange risk				Other price risk			
	+100bp of IR		-100bp of IR		+1%		-1%		+3%		-3%	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Interest result	(1,838)	-	1,838	-	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	101	-	(99)	-	-	-	-	-
Other price	-	-	-	-	-	-	-	-	299	-	(299)	-

2023

(in thousands of euros)

	Interest rate risk				Foreign exchange risk				Other price risk			
	+100bp of IR		-100bp of IR		+1%		-1%		+3%		-3%	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Interest result	(1,356)	-	1,356	-	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	153	-	(150)	-	-	-	-	-
Other price	-	-	-	-	-	-	-	-	453	-	(453)	-

The following assumptions apply:

- For interest rate risk, a parallel market interest rate shift of 100 base points (bp) is assumed.
- For foreign exchange risk, a currency shift of 1% is assumed.
- For other price risk (Visa Inc.), the stock market moves by 3%.

MARKET RISK MITIGATION

As stated above, interest-rate risk in the banking book is mitigated by transferring this risk to the ABN AMRO ALM department via the funds transfer pricing framework.

The risk related to FX rates in the banking book is also mitigated by means of settlements with cardholders without any FX risk for ICS. The FX risk in the banking book related to holding strategic financial investments (Visa Inc. preferred class C shares) that are denominated in US dollars is not specifically managed or mitigated and the residual risk is identified as an accepted risk.

LIQUIDITY RISK

DEFINITION

Liquidity risk is the risk that actual and potential payments cannot be met on a timely basis, or only at excessive costs. There are two types of liquidity risk:

- Funding liquidity risk is the risk of not being able to accommodate both expected and unexpected current and future cash outflows and collateral needs because insufficient cash is available. Eventually, this can affect the bank's daily operations or its financial condition.
- Market liquidity risk is the risk that ICS cannot sell an asset in a timely manner at a reasonable market price due to insufficient market depth (insufficient supply and demand) or market disruption. Market liquidity risk includes the sensitivity in liquidity value of a portfolio due to changes in the applicable haircuts and market value. It also concerns uncertainty about the time required to liquidate assets in periods of stress.

LIQUIDITY RISK MANAGEMENT FRAMEWORK

Liquidity risk management is integrated into the Enterprise Risk Management (ERM) framework of ICS. Liquidity risk is identified as a main risk category for ICS. ICS also has a liquidity risk management framework in place that helps maintain a moderate risk profile and safeguards ICS's reputation from a liquidity perspective in line with ABN AMRO's moderate liquidity risk appetite, and as a result of its strategic position oriented towards credit card activities. This framework ensures that ICS can meet regulatory requirements and payment obligations at reasonable cost even under severely adverse conditions. ICS has formulated a set of liquidity risk metrics and limits to manage its liquidity position and ensure compliance with regulatory requirements at all times. A primary objective of the ICS liquidity risk management framework is to ensure that ICS is able to meet its daily liquidity obligations and withstand periods of liquidity stress affecting funding. The liquidity position is monitored on a daily basis.

LIQUIDITY RISK APPETITE

Liquidity risk tolerance for ICS is regularly reviewed and approved by the Entity Asset and Liability Committee (EALCO) and through the Entity Enterprise Risk Committee (EERC), in accordance with the Local Risk Appetite Statement (LRAS). The LRAS articulates ICS's appetite for liquidity risk and tolerances as deemed appropriate to the nature, scale and complexity of ICS's operations. The LRAS is aligned with the ABN AMRO Bank-wide Risk Appetite Statement and the ABN AMRO Business Line Risk Appetite Statements (BRAS) and is consistent with the overall moderate risk profile of ABN AMRO. The LRAS of ICS was approved in 2024 by the ERC and Business Risk Committee Retail of ABN AMRO. The internally approved Key Risk Indicators (KRIs) that are applicable and used for liquidity risk management purposes are:

Liquidity Coverage Ratio (Delegated Act)	Limit ≤ 110%; checkpoint ≤ 120%
Daily LCR	Limit ≤ 110%; checkpoint ≤ 120%
Buffer Remaining After Stress (BRAS)	Limit < 100mln EUR; checkpoint: <230mln EUR
Net Stable Funding Ratio	Limit ≤ 100%; checkpoint ≤ 108%

CONTINGENCY PLANNING

ICS has a Contingency Funding Plan (CFP) in place. The CFP provides a set of strategies for addressing potential liquidity shortfalls in emergency situations. In addition, the CFP describes the various roles and responsibilities, contact details of members of the Liquidity Contingency Team (LCT), including delegates, and describes the decision-making process. The Liquidity Contingency Team is formed and will become active in a liquidity contingency situation. ICS has defined several indicators to enable identification of a contingency situation at an early stage based on the daily monitoring of early warning indicators.

LIQUIDITY BUFFER MANAGEMENT

Liquidity buffer management aims to provide a cushion for the organisation if the markets, or ICS in particular, come under severe stress. The buffer acts in a counterbalancing capacity in stress situations to compensate for unforeseen cash outflows or reduced cash inflows during a specific time period in order to meet obligations on a timely basis. The liquidity buffer(s) consist of deposits at the Dutch Central Bank (DNB). The survival period and the related liquidity buffer do not supersede or replace other measures taken to manage the net funding gap and funding sources. The survival period is, therefore, only intended to be the period during which ICS can continue operating without being required to generate additional funds and during which it can continue to meet all its payments due under the assumed stress scenarios. ICS manages the liquidity buffer to be able to survive for a minimum of 30 days during a significant stress scenario. ICS also challenges the buffer during the local liquidity stress test by means of various stress scenarios in which ICS aims for a survival period of 12 months under severe market conditions.

LIQUIDITY RATIOS

The Basel III framework includes two liquidity ratios: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The objective of the LCR is to promote the short-term resilience of banks by ensuring sufficient high-quality liquid assets to survive a significant stress scenario lasting 30 calendar days. The objective of the NSFR is to promote resilience over a longer time horizon by creating additional incentives for banks to fund their activities with stable sources of funding on an ongoing basis. The regulatory minimum requirement for the LCR is 100%; the same applies to the NSFR under Basel III/CRD IV.

NET STABLE FUNDING RATIO

ICS was compliant with the liquidity requirements of the Net Stable Funding Ratio (100%) during 2024. NSFR monitoring involves the monthly calculation of the ratio, a forecast NSFR (horizon of three months and a forecast until the end of the year) and a monthly analysis of the variations. The required liquidity buffer of ICS is, to a large extent, predictable as a result of its stable business model. The seasonal effect is recurring and for that reason an adequate buffer can be anticipated in time.

FUNDING

ABN AMRO Bank N.V. is ICS's main source of funding. In September 2018, ICS entered into an open-ended Facility Agreement (FA). The facility was €1.055 billion in 2023 and 2024 and is reviewed on a yearly basis. ICS concluded that, although the facility was deemed to be sufficiently large to cover potential growth and/or stress situations, it was not so large that ICS had to pay too much for unused facility. ICS does not obtain funding from any other banks, which is in accordance with the ABN AMRO Group policy.

The concentration of funding of the loan book could be a potential risk to ICS but is an integral part of the central funding model of ABN AMRO. This dependence on funding from ABN AMRO cannot be negated by ICS. For the purpose of mitigation, ICS monitors the credit rating of ABN AMRO on a monthly basis.

ICS's funding strategy aims to optimise funding sources in order to maintain the targeted funding position. ICS's funding plan is periodically calibrated taking into account local needs as well as local constraints. The funding strategy is implemented taking the following guidelines into account:

- Long- and short-term funding; defining the optimum balance between long- and short-term funding.
- Setting the framework for the maturity profile.

DIVIDEND POLICY

ICS's dividend policy takes into account issues such as current and pending regulatory capital requirements, its risk profile, growth in commercial activities and market factors. The dividend distribution policy is determined in accordance with ICS's moderate risk profile and regulatory changes.

CONTRACTUAL MATURITY CALENDAR

The maturity mismatch between loans and funding requires liquidity risk management. We consider maturity transformation an integral part of our business model, which is why we monitor our liquidity position and the resulting risks closely.

Based on the analysis at 31 December 2024, the contractual maturity are forecast to generate positive cumulative net cash flows, supporting the conclusion that ICS's funding and liquidity structure is adequate.

MATURITY BASED ON CONTRACTUAL UNDISCOUNTED CASH FLOWS

The table below provides a breakdown of the above liquidity profile of the financial assets and liabilities of ICS at year-end 2024.

(in thousands of euros)

Maturity based on contractual undiscounted cash flows 2024	**On Demand**	**Up to 1 month**	**Between 1-3 months**	**Between 3 months and 1 year**	**Between 1-5 years**	**More than 5 years**	**Not determined**	**Total**
Assets								
Cash and balances at central banks	213,252	-	-	-	-	-	-	213,252
Loans and advances banks	301,373	-	377,835	-	-	-	-	679,209
Loans and advances customers	-	578,568	3,540	15,931	35,946	-	-	633,985
Investments	-	-	-	-	-	-	13,438	13,438
Other assets		2,306	32,737	5	197	-	1,685	36,930
Total assets	514,625	580,874	414,113	15,936	36,142	-	15,123	1,576,814

(in thousands of euros)

Maturity based on contractual undiscounted cash flows 2024	**On Demand**	**Up to 1 month**	**Between 1-3 months**	**Between 3 months and 1 year**	**Between 1-5 years**	**More than 5 years**	**Not determined**	**Total**
Liabilities								
Due to banks	536	117,522	235,045	293,362	216,965	-	-	863,430
Due to customers	333,881	-	33,068	-	-	-	-	366,949
Other liabilities		55,735	30,369	23,450	7,999	-	2,153	119,706
Shareholders' equity	-	-	-	-	-		226,730	226,730
Total equity and liabilities	334,417	173,258	298,482	316,812	224,963	-	228,883	1,576,814

(in thousands of euros)

Maturity based on contractual undiscounted cash flows 2023

	On Demand	Up to 1 month	Between 1-3 months	Between 3 months and 1 year	Between 1-5 years	More than 5 years	Not determined	Total
Assets								
Cash and balances at central banks	205,141	-	-	-	-	-	-	205,141
Loans and advances banks	247,713	-	408,122	-	-	-	-	655,835
Loans and advances customers	730	563,540	9,207	41,434	114,969	-	-	729,880
Investments	-	-	-	-	-	-	20,382	20,382
Other assets	633	817	26,822	129	16,797	-	-	45,198
Total assets	454,217	564,357	444,151	41,563	131,766	-	20,382	1,656,437

(in thousands of euros)

Maturity based on contractual undiscounted cash flows 2023

	On Demand	Up to 1 month	Between 1-3 months	Between 3 months and 1 year	Between 1-5 years	More than 5 years	Not determined	Total
Liabilities								
Due to banks	209	108,631	217,262	250,833	282,755	-	-	859,690
Due to customers	341,488	-	41,036	-	-	-	-	382,524
Other liabilities	3,851	88,548	9,176	25,104	80,720	-	-	207,398
Shareholders' equity	-	-	-	-	-	-	206,824	206,824
Total equity and liabilities	345,548	197,178	267,473	275,937	363,475	-	206,824	1,656,437

In managing these risks, a clear distinction is made between going concern and contingency risk management.

GOING CONCERN MANAGEMENT

The most important metrics for going-concern risk management and the management of the day-to-day liquidity position within specified limits are:

- Stress testing: in monthly and ad hoc stress tests, we evaluate the impact of cash inflows and outflows under plausible stress scenarios. Market-wide as well as bank-specific stress scenarios are defined and analysed. The goal of stress testing is twofold. Firstly, it helps us to review our risk framework, i.e. the liquidity buffer size, risk appetite and risk limits. Secondly, it enables us to identify ways to reduce outflows in times of crisis.
- Liquidity Coverage Ratio (LCR): the objective of the LCR is to assess the short-term resilience of the liquidity position by ensuring sufficient high-quality liquid assets to survive a significant stress scenario lasting 30 calendar days.
- Survival period: this is the period during which the liquidity position is expected to remain positive in an internal stress scenario in which wholesale funding markets deteriorate and customers withdraw a material proportion of their deposits.
- Net Stable Funding Ratio (NSFR): the objective of this ratio is to assess resilience over a longer time horizon. The NSFR requires banks to hold sufficient stable funding to cover the duration of their long-term assets on an ongoing basis.

OPERATIONAL RISK

Operational risk refers to the potential loss resulting from inadequate or failed internal processes, persons and systems or from external events. The risk management department monitors operational risks. The significant areas of operational risk for ICS are given below.

COMPLIANCE AND CONDUCT RISK

ICS aims to comply with the relevant legislation and regulations and considers reasonable expectations on the part of society. Products offered by ICS are acceptable only if they are in customers' interests, comply with relevant legislation and regulations (in both wording and spirit), are transparent and do not contravene the purpose of regulations.

ICS manages compliance and conduct risk by identifying the key risk and monitoring the key risk indicators. A process for periodic assessment of the risks and review of the measures is in place.

INFORMATION SECURITY RISK

Customers rely on the performance and security of information from ICS's information systems and communication channels, such as the website and app. To ensure the confidentiality, integrity, and availability of information, ICS has adopted a structured information security approach.

To mitigate IT information security risks, ICS has developed an Operational Control Framework aligned with industry standards like ISO 27001 (information security standard), PCI DSS, and NIST. This framework facilitates regular first and second-line monitoring and reporting of key controls. ICS has a department dedicated to managing IT information security risks, known as the Corporate Information Security Office (CISO ICS).

The ICS Operational Control Framework also addresses IT outsourcing and third-party risks. A specialised procurement department has been created to support the business during procurement and contracting processes. The level and performance of outsourced services are continuously monitored and regularly discussed and evaluated with suppliers.

FRAUD RISK

The departments that focus on fraud are responsible for the prevention and detection of credit card fraud (involving, for example, app account takeovers, helpdesk fraud and phishing). Card Not Present fraud (online fraud) is expected to continue to be the biggest fraud risk category. The gross fraud percentage at ICS is higher than the industry benchmark. ICS is in the process of improving its fraud management practices, which include a better-defined strategy and clearer governance, and by improving the technical capabilities. The most important first deliverables are secure app enrolment, the ability to flag fraud on a transaction level, and the creation of a digital inbox.

BUSINESS CONTINUITY RISK

ICS protects the interests of its stakeholders as well as the organisation's reputation, brand, and value-added activities. The Business Continuity Management (BCM) at ICS ensures resilience through the Crisis Management Team's (CMT) responses to potential threats. The ICS BCM Policy and Standards are aligned with the Business Continuity Management requirements set forth by the Dutch financial sector regulator (DORA) and ISO 22301. BCM practices at ICS include IT disaster recovery tests, aimed at mitigating IT risks for the organisation.

OPERATIONAL RISK MITIGATION

ICS has an operational risk management framework in place. This framework concerns the following operational risks and risk management activities.

RISK EVENT MANAGEMENT

ICS aims to minimise the risk of unforeseen operational failures within its business and among its suppliers and service providers. To this end, the Risk Event Management (REM) process is in place to record, track, and monitor operational failures. REM is also utilised to learn from incidents and prevent their recurrence. High-impact events are escalated to the Entity Enterprise Risk Committee for strategic oversight and further action.

STRATEGIC RISK ASSESSMENT

ICS has implemented a Strategic Risk Assessment (SRA) process to evaluate the risks linked to its strategic objectives alongside corresponding mitigating measures. The SRA is designed for strategic and tactical use, focusing on a five-year time horizon as a foundation for future planning. This approach is typically documented within a strategy or business plan that encompasses both change initiatives and business-as-usual objectives.

CHANGE RISK ASSESSMENT

ICS has established a Change Risk Assessment (CRA) process to evaluate risks associated with significant changes arising from proposals for new or modified products, processes, activities, IT systems, and organisational structures. This process ensures that potential risks are identified and assessed early, allowing for the development of effective mitigation strategies. By doing so, ICS aims to safeguard its operations while facilitating innovation and adaptation within the organisation. The CRA process is integral to maintaining operational stability and achieving strategic objectives amid evolving business environments.

RISK SELF-ASSESSMENT (RSA)

ICS has implemented a Risk Self-Assessment (RSA) process to effectively identify, assess, and mitigate operational risks in structured manner. This involves identifying potential risks, evaluating their likelihood and impact, and establishing controls to manage them to acceptable levels. This approach is essential for achieving ICS's business objectives, and the results are discussed by the Management Team (MT) to ensure informed decision-making and continuous improvement.

MONITORING CONTROL AND TESTING (MC&T)

Monitoring, Control, and Testing (MC&T) is a periodic process focused on key controls linked to high or critical risks identified in the Risk Self-Assessments. It requires demonstrable evidence of the operational effectiveness of these controls. Any identified shortcomings must be documented and addressed through a mandatory action plan. The outcomes of the MC&T process provide valuable insights for refining the RSA process, ensuring a continuous cycle of effective risk management and ongoing improvement.

BUSINESS RISK

Business risk refers to the risk that earnings may decline and/or vary from forecasts due to uncertainties over income or the expenses incurred in generating income. ICS monitors its cost-to-income ratio.

9.35 POST-BALANCE SHEET EVENTS

As a result of the of the tariffs imposed by the United States of America in April 2025, ICS has performed a high level impact assessment. As the vast majority of ICS' exposure is in Europe, there is no impact that can be reliably quantified. ICS continues to monitor the development of US imposed tariffs.

9.36 PROFIT APPROPRIATION

In 2024, ICS reported a profit of €19.9 million. The Board of Directors decided to add the total profit of 2024 to the other reserve.

9.37 APPROVAL OF ANNUAL FINANCIAL STATEMENTS BY BOARD OF DIRECTORS

Pursuant to Section 5:25c sub 2 part c of the Dutch Financial Supervision Act, the members of the Board of Directors state that to the best of their knowledge:

- the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of ICS B.V.
- the Board of Directors report gives a true and fair view of the state of affairs on the balance sheet date and the course of business during the 2024 financial year of ICS B.V. in its Annual Financial Statements
- the Board of Directors report describes the material risks faced by ICS B.V.

Diemen, 23 May 2025.

For the Board of Directors

- Mr D.M. Minderhoud, Chief Executive Officer
- Ms M.A. Zwiers, Chief Risk Officer
- Mr R.M. Luime, Chief Financial Officer
- Ms S.C. Haverkamp, Chief Products, Solutions & Control

For the Supervisory Board

- Mr J.W.C. van Gennip, Chair
- Ms M.L.C. Jacobs-Kemps
- Ms J.E. Lobbrecht
- Mr M. Buitenhek

10 OTHER INFORMATION

10.1 STATUTORY RIGHTS FOR PROFIT APPROPRIATION

Profit appropriation is at the discretion of the General Meeting of Shareholders, subject to solvency requirements. In 2024, ICS reported a profit of €19.9 million.

10.2 DEFINITIONS OF IMPORTANT TERMS

- AAB or ABN AMRO Bank

  Refers to ABN AMRO Bank N.V. and its consolidated subsidiaries.

- ICS or the Company

  Refers to International Card Services B.V. including its branches and participations, based in Diemen, The Netherlands.

- ICS Germany

  Refers to the German branch of International Card Services B.V. based in Düsseldorf, Germany.

- ICS Netherlands

  Refers solely to International Card Services B.V. (excluding branches) based in Diemen, The Netherlands.

- WIN B.V.

  Refers to Wireless Interactive & NFC Accelerator 2013 B.V., a 10% minority interest of ICS, based in Amsterdam, The Netherlands.

Independent auditor's report

To: the shareholder and supervisory board of International Card Services B.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements for the financial year ended 2024 of International Card Services B.V. (hereinafter: ICS or the company) based in Amsterdam, the Netherlands.

In our opinion the financial statements give a true and fair view of the financial position of ICS as at 31 December 2024 and of its result and its cash flows for 2024 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The company statement of financial position as at 31 December 2024
- The following statements for 2024: the company income statement, the company statements of comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of ICS in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for professional accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

ICS is engaged in issuing, promoting, administering and processing Visa and Mastercard credit cards in the Netherlands. Furthermore, ICS offers its customers various financial services such as revolving loans, which are an integral part of its operational activities. We paid specific attention in our audit to a number of areas driven by the operations of ICS and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€3.4 million (2023: €3.1 million)
Benchmark applied	1.5% of total equity as at 31 December 2024 (2023: 1.5% of total equity)
Explanation	Based on our professional judgment, a benchmark of 1.5% of total equity is an appropriate quantitative indicator of materiality as it best reflects the financial position of ICS. We determined materiality consistently with the previous financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €170 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a client in the banking industry. We included specialists in the areas of IT audit, forensics, compliance, income tax, credit risk modelling and for evaluating the valuation of Visa Inc. C-shares.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the statutory board of directors' process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section 7.7 Prevention of corruption, bribery, fraud and cybercrime of the annual report and the section Fraud Risk in 9.34 Risk Management in the notes to the financial statements for the statutory board of directors (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration.
We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 9.4 Critical accounting estimates and judgments to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.
As described in our key audit matter related to impairment allowances for loans and advances to customers, we specifically considered whether the judgements and assumptions in the determination of this allowance indicate a management bias that may represent a risk of material misstatement due to fraud.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We considered among other things (un)realized gains from revaluations of the company’s C-share in Visa Inc., as disclosed in note 9.20 to the financial statements. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk, also specifically considering whether the judgments and assumptions in the determination of fair value indicate a management bias that may represent a risk of material misstatement due to fraud.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the statutory board of directors, reading minutes, inspection of ICS's systematic integrity risk analysis (SIRA), inspection of internal audit and legal and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed with the help of our own specialists, whether ICS has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether ICS implemented remediation plans. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us. We make reference to the key audit matter on provisions and contingent liabilities and related disclosures.

Our audit response related to going concern

As disclosed in note 9.2 in section Basis of preparation to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the statutory board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the statutory board of directors exercising professional judgment and maintaining professional skepticism. We considered whether the statutory board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern and whether the company will continue to comply with the regulatory solvency and liquidity requirements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change.

Estimation of impairment allowances for loans and advances to customers	
Risk	Loans and advances to customers are measured at amortized cost, less any allowance for impairment. The allowance for impairment losses represents the company's best estimate of expected credit losses calculated in accordance with IFRS 9 Financial Instruments. As disclosed in note 9.17 of the financial statements, at 31 December 2024, the loans and advances to customers amounted to €634 million (2023: €729.9 million) with an associated allowance for impairment losses amounting to €13.9 million (2023: €14.5 million). Related credit risk disclosures are included in note 9.34 Risk management. ICS's assessment of significant increase in credit risk, correct stage classification and the determination of the allowance for impairment losses is part of the risk estimation process, and requires significant management judgment. Key judgments include the measurement of (deteriorated) credit risks and defaulted loans and advances, modelling assumptions used to build the models that calculate the expected credit losses per stage, assumptions used to estimate the impact of multiple economic scenarios and post model management adjustments. Given the materiality of the loans and advances to customers of ICS, the complex accounting requirements with respect to calculating allowances for expected credit losses, the subjectivity involved in the judgments made and the identified risk of management override, we considered this to be a key audit matter.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of ICS's accounting policies related to expected credit losses in accordance with IFRS 9. We also obtained an understanding of the impairment allowance process, evaluated the design and tested operating effectiveness of internal controls in respect of expected credit loss calculations. We performed substantive procedures, including the reconciliation of the data used in the allowance calculations and disclosures to source systems. We challenged, supported by our credit risk modeling specialists, the model based assumptions underlying the impairment identification and quantification, and including ICS' model development and validation processes outsourced to ABN AMRO Bank N.V. We performed substantive and analytical procedures over impairment and verified the stage classification with the underlying documentation to verify whether the impairment is correctly provided as per the approved model. We assessed the back testing procedures performed by management which compares modelled predictions to actual results. To assess the estimation uncertainty inherent in the calculations, we independently developed our estimates for a sample of models. Finally, we evaluated the adequacy of the related disclosures.

Estimation of impairment allowances for loans and advances to customers	
Key observations	Based on our procedures performed we consider the estimation of and disclosures on the impairment allowance for loans and advances as a whole to be reasonable and in compliance with EU-IFRSs.

Estimation of other provisions and contingent liabilities and related disclosures	
Risk	In accordance with IAS 37 Provisions, contingent liabilities and contingent assets, ICS provides for liabilities related to, among others, legal and compliance matters. As disclosed in note 9.27 of the financial statements, ICS recognized as at 31 December 2024 a legal provision for compensation of variable interest of €18.9 million (2023: €78.8 million). ICS also recognized a provision for restructuring of €685 thousand as a result of the wind-down of the German branch. In note 9.31 the commitments and contingent liabilities are disclosed. The estimation process in relation to provisions and contingent liabilities is inherently complex following the nature of the business and the heightened regulatory scrutiny. This specifically impacts the determination of whether outflows of resources are probable and can be reliably estimated and the appropriateness of assumptions and judgments used in the estimation of the provisions and disclosure of contingent liabilities. Therefore, we consider this a key audit matter.
Our audit approach	We evaluated ICS's accounting policies related to provisions and contingent liabilities in accordance with IAS 37, and whether assumptions and the methods for making estimates are appropriate and have been applied consistently. We also obtained an understanding of the internal controls and the legal and regulatory framework of the company. For material provisions we challenged the provisioning methodology and tested the underlying data and assumptions used. Specifically, for the provision related to the variable interest client compensation scheme we performed test of details to underlying data and evaluated the assumptions and judgments made by the company. We examined the relevant internal reports, minutes of the statutory board of directors and supervisory board meetings, as well as regulatory and legal correspondence to assess developments. We performed follow-up procedures to examine the company's assessment of the impact on the financial statements. We obtained legal letters from external counsel and, where appropriate, involved compliance specialists. Finally, we evaluated whether the disclosures provided on the other provisions and contingent liabilities with regard to restructuring, legal and compliance matters are in accordance with EU-IFRSs. In particular, we assessed whether they adequately convey the degree of estimation uncertainty and the range of possible outcomes.
Key observations	Based on our procedures performed we consider the other provisions and contingent liabilities and related disclosures to be reasonable and in accordance with EU-IFRSs.

Reliability and continuity of the IT environment	
Risk	The activities and financial reporting of ICS are highly dependent on the reliability and continuity of the IT environment. Effective IT general controls with respect to change management, logical access, infrastructure and operations, support the integrity and continuity of the electronic data processing as well as the operating effectiveness of the automated controls. There is a risk that the IT general controls may not always operate as intended and, as a result, internal controls are ineffective. Therefore, we identified the reliability and continuity of the IT environment to be a key audit matter.
Our audit approach	IT audit specialists are an integral part of the engagement team and assess the reliability and continuity of the IT environment to the extent necessary for the scope of our audit of the financial statements. In this context, we evaluated the design of the IT processes and tested the operating effectiveness of IT general controls, as well as application controls over data processing, data feeds and interfaces where relevant for the financial reporting. We performed additional substantive procedures on access management, cyber security and segregation of duties for the related IT systems. We also assessed the possible impact of changes in IT during the year resulting from the internal transformation activities and remedial measures on the operating effectiveness of IT general controls and the automated controls. Where applicable, we tested controls related third-party service providers.
Key observations	Our testing of the general IT controls and the substantive tests performed, provided sufficient evidence to enable us to rely on the adequate and continued IT environment relevant for our audit of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor’s report thereon.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The statutory board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of ICS on 24 January 2017, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the statutory board of directors and the supervisory board for the financial statements

The statutory board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the statutory board of directors is responsible for such internal control as the statutory board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the statutory board of directors is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting framework mentioned, the statutory board of directors should prepare the financial statements using the going concern basis of accounting unless the statutory board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The statutory board of directors should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.
In this respect we also submit an additional report to the risk and audit committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 23 May 2025

EY Accountants B.V.

signed by Q. Tsar