UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 1-7657

American Express Company

(Exact name of registrant as specified in its charter)

New York	**13-4922250**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
200 Vesey Street **New York, New York**	**10285**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (212) 640-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares (par value $0.20 per Share)	AXP	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of June 30, 2022, the aggregate market value of the registrant's voting shares held by non-affiliates of the registrant was approximately $104.0 billion based on the closing sale price as reported on the New York Stock Exchange.

As of February 2, 2023, there were 744,192,702 common shares of the registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Portions of Registrant's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Shareholders to be held on May 2, 2023.

TABLE OF CONTENTS

Form 10-K Item Number		Page
	PART I	
1.	Business	1
	Competition	9
	Supervision and Regulation	11
	Additional Information	21
1A.	Risk Factors	22
1B.	Unresolved Staff Comments	37
2.	Properties	37
3.	Legal Proceedings	37
4.	Mine Safety Disclosures	37
	PART II	
5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	38
6.	[Reserved]	39
7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A)	40
	Executive Overview	40
	Consolidated Results of Operations	44
	Business Segment Results of Operations	50
	Consolidated Capital Resources and Liquidity	61
	Risk Management	70
	Critical Accounting Estimates	78
	Other Matters	82
7A.	Quantitative and Qualitative Disclosures about Market Risk	88
8.	Financial Statements and Supplementary Data	88
	Management’s Report on Internal Control Over Financial Reporting	88
	Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	89
	Index to Consolidated Financial Statements	92
	Consolidated Financial Statements	93
	Notes to Consolidated Financial Statements	98
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	155
9A.	Controls and Procedures	155
9B.	Other Information	155
9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	155
	PART III	
10.	Directors, Executive Officers and Corporate Governance	156
11.	Executive Compensation	156
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	156
13.	Certain Relationships and Related Transactions, and Director Independence	156
14.	Principal Accountant Fees and Services	157
	PART IV	
15.	Exhibit and Financial Statement Schedules	158
16.	Form 10-K Summary	163
	Signatures	164
	Statistical Disclosure by Bank Holding Companies	A-1

This Annual Report on Form 10-K, including the “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. You can identify forward-looking statements by words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “aim,” “will,” “may,” “should,” “could,” “would,” “likely,” “estimate,” “potential,” “continue” or other similar expressions. We discuss certain factors that affect our business and operations and that may cause our actual results to differ materially from these forward-looking statements under “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements.” You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statements.

This report includes trademarks, such as American Express®, which are protected under applicable intellectual property laws and are the property of American Express Company or its subsidiaries. This report also contains trademarks, service marks, copyrights and trade names of other companies, which are the property of their respective owners. Solely for convenience, our trademarks and trade names referred to in this report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and trade names.

Throughout this report the terms “American Express,” “we,” “our” or “us,” refer to American Express Company and its subsidiaries on a consolidated basis, unless stated or the context implies otherwise. The use of the term “partner” or “partnering” in this report does not mean or imply a formal legal partnership, and is not meant in any way to alter the terms of American Express’ relationship with any third parties. Refer to the “MD&A — Glossary of Selected Terminology” for the definitions of other key terms used in this report.

PART I

ITEM 1. BUSINESS

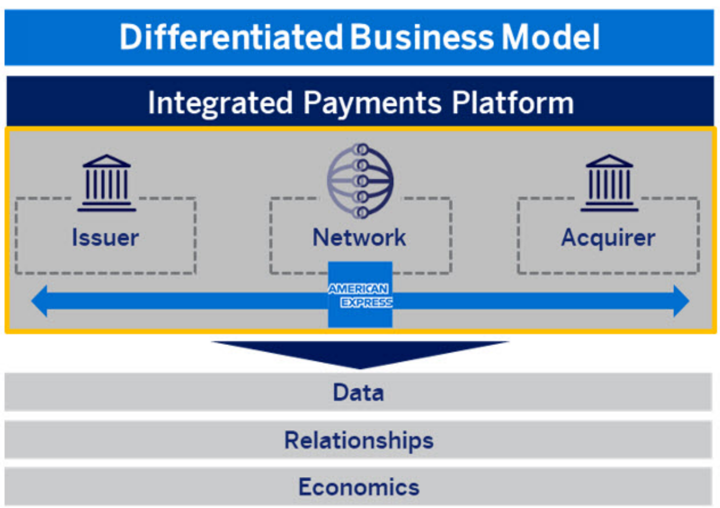
Overview

American Express is a globally integrated payments company, providing customers with access to products, insights and experiences that enrich lives and build business success. We are a leader in providing credit and charge cards to consumers, small businesses, mid-sized companies and large corporations around the world. American Express® cards issued by us, as well as by third-party banks and other institutions on the American Express network, can be used by Card Members to charge purchases at the millions of merchants around the world that accept cards bearing our logo.

Our various products and services are offered globally to diverse customer groups through various channels, including mobile and online applications, affiliate marketing, customer referral programs, third-party service providers and business partners, direct mail, telephone, in-house sales teams and direct response advertising.

We were founded in 1850 as a joint stock association and were incorporated in 1965 as a New York corporation. American Express Company and its principal operating subsidiary, American Express Travel Related Services Company, Inc. (TRS), are bank holding companies under the Bank Holding Company Act of 1956, as amended (the BHC Act), subject to supervision and examination by the Board of Governors of the Federal Reserve System (the Federal Reserve).

We principally engage in businesses comprising four reportable operating segments: U.S. Consumer Services (USCS), Commercial Services (CS), International Card Services (ICS) and Global Merchant and Network Services (GMNS). Corporate functions and certain other businesses are included in Corporate & Other. Our businesses function together to form our end-to-end integrated payments platform, which we believe is a differentiator that underpins our business model. For further information about our reportable operating segments, please see “Business Segment Results of Operations” under “MD&A.”



Our Integrated Payments Platform

Through our general-purpose card-issuing, merchant-acquiring and card network businesses, we are able to connect participants and provide differentiated value across the commerce path. We maintain direct relationships with both our Card Members (as a card issuer) and merchants (as an acquirer), and we handle all key aspects of those relationships. These relationships create a “closed loop” in that we have direct access to information at both ends of the card transaction, which distinguishes our integrated payments platform from the bankcard networks.

Our integrated payments platform allows us to analyze information on Card Member spending and build algorithms and other analytical tools that we use to underwrite risk, reduce fraud and provide targeted marketing and other information services for merchants and partners and special offers and services to Card Members, all while respecting Card Member preferences and protecting Card Member and merchant data in compliance with applicable policies and legal requirements. Through contractual relationships, we also obtain information from third-party card issuers, merchant acquirers, aggregators and processors with whom we do business.

Card Issuing Businesses

Our global proprietary card-issuing businesses are conducted through our USCS, CS and ICS reportable operating segments. We offer a broad set of card products, rewards and services to a diverse consumer and commercial customer base, in the United States and internationally. We acquire and retain high-spending, engaged and creditworthy Card Members by:

- Designing innovative products and features that appeal to our target customer base and meet their spending and borrowing needs
- Using incentives to drive spending on our various card products and increase customer engagement, including our Membership Rewards® program, cash-back reward features, interest rates offered on deposits and participation in loyalty programs sponsored by our cobrand and other partners
- Providing digital and mobile services and an array of benefits and experiences across card products, such as airport lounge access, dining experiences and other travel and lifestyle benefits
- Creating world-class service experiences by delivering exceptional customer care
- Developing a wide range of partner relationships, including with other corporations and institutions that sponsor certain of our cards under cobrand arrangements and provide benefits and services to our Card Members

Over the last several years, we have focused on broadening the appeal of our products to attract new customers, particularly Millennial and Gen Z customers, as well as expanding our position with small and mid-sized enterprise (SME) customers by providing more ways to help them manage and grow their businesses. We have also introduced new adjacent products that complement our existing products, such as our business checking and consumer rewards checking account products and new digital capabilities, which in part result from our acquisitions of Kabbage, Resy and acompay. Additionally, we have evolved our card issuing businesses by bringing together our consumer, SME and large commercial issuing activities outside of the United States into a new ICS organization to enable a greater focus on local priorities. Jurisdictions that represent a significant portion of our billed business outside of the United States include the United Kingdom (UK), the European Union (EU), Australia, Japan, Canada and Mexico.

For the year ended December 31, 2022, worldwide billed business (spending on American Express cards issued by us) was $1,338 billion and at December 31, 2022, we had 76.7 million proprietary cards-in-force worldwide.

Merchant Acquiring Business

Our GMNS reportable operating segment builds and manages relationships with millions of merchants around the world that choose to accept American Express cards. This includes signing new merchants to accept our cards, agreeing on the discount rate (a fee charged to the merchant for accepting our cards) and handling servicing for merchants. We also build and maintain relationships with merchant acquirers, aggregators and processors to manage aspects of our merchant services business. For example, through our OptBlue® merchant-acquiring program, third-party acquirers contract directly with small merchants for card acceptance on our network and determine merchant pricing. We continue to grow merchant acceptance of American Express cards around the world and work with merchant partners so that our Card Members are warmly welcomed and encouraged to spend in the millions of places where their American Express cards are accepted. We also seek to drive greater usage of the American Express network by deepening merchant engagement and increasing Card Member awareness through initiatives such as our Shop Small campaigns and deploying new payment options such as debit and B2B capabilities.

GMNS also provides fraud-prevention tools, marketing solutions, data analytics and other programs and services to merchants and other partners that leverage the capabilities of our integrated payments platform.

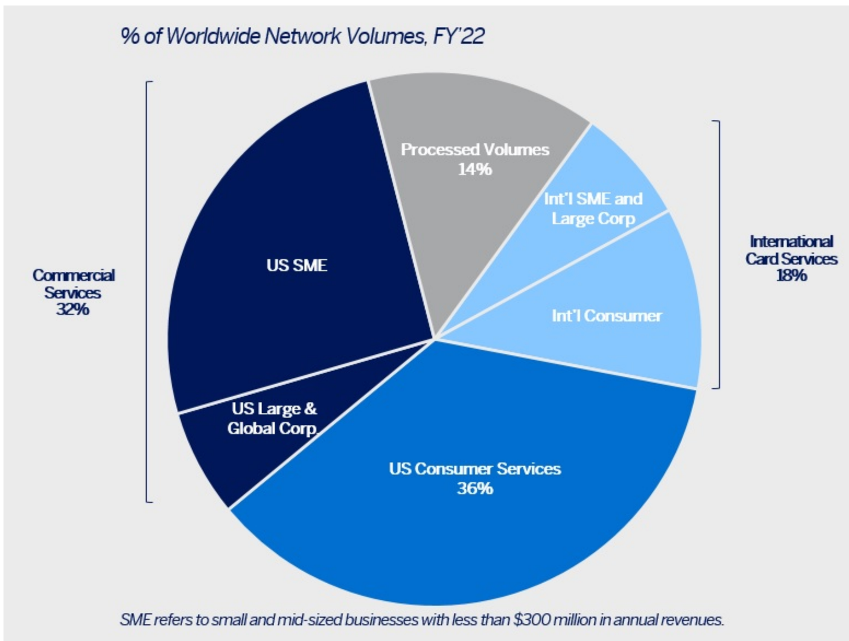
Card Network Business

We operate a payments network through which we establish and maintain relationships with third-party banks and other institutions in approximately 103 countries and territories, licensing the American Express brand and extending the reach of our global network. These network partners are licensed to issue local currency American Express-branded cards in their countries and/or serve as the merchant acquirer for local merchants on our network.

For the year ended December 31, 2022, worldwide network services processed volume (spending on American Express cards issued by third parties) was $214.5 billion and at December 31, 2022, we had 56.5 million cards-in-force issued by third parties worldwide.

Diverse Customer Base and Global Footprint

Our broad and diverse customer base spans consumers, small businesses, mid-sized companies and large corporations around the world. The following chart provides a summary of our diverse set of customers and broad geographic footprint based on worldwide network volumes:



Partners and Relationships

Our integrated payments platform allows us to work with a range of business partners, and our partners in return help drive the scale and relevance of the platform.

There are many examples of how we connect partners with our integrated payments platform, including: issuing cards under cobrand arrangements with other corporations and institutions (e.g., Delta Air Lines (Delta), Marriott International, Hilton Worldwide Holdings and British Airways); offering innovative ways for our Card Members to earn and use points with our merchants (e.g., Pay with Points at Amazon.com); expanding merchant acceptance with third-party acquirers (e.g., OptBlue partners); operating through joint ventures in certain jurisdictions (e.g., in China, the Middle East and Switzerland); developing new capabilities and features with our digital partners (e.g., PayPal and i2c); integrating into the supplier payment processes of our business customers (e.g., BILL, BillTrust and Versapay); and extending the platform into travel services with American Express leisure and business travel (e.g., Fine Hotels and Resorts). We also have a significant ownership position in, and extensive commercial arrangements with, Global Business Travel Group, Inc. (GBTG), which provides business travel-related services.

Delta is our largest strategic partner. Our relationships with, and revenues and expenses related to, Delta are significant and represent an important source of value for our Card Members. We issue cards under cobrand arrangements with Delta and the Delta cobrand portfolio represented approximately 10 percent of worldwide network volumes and approximately 21 percent of worldwide Card Member loans as of December 31, 2022. The Delta cobrand portfolio generates fee revenue and interest income from Card Members and discount revenue from Delta and other merchants for spending on Delta cobrand cards. The current Delta cobrand agreement runs through the end of 2029 and we expect to continue to make significant investments in this partnership. Among other things, Delta is also a key participant in our Membership Rewards program, provides travel-related benefits and services, including airport lounge access for certain American Express Card Members, accepts American Express cards as a merchant and is a corporate payments customer.

Working with all of our partners, we seek to provide value, choice and unique experiences across our customer base.

Our Spend-Centric Model and Revenue Mix

Our “spend-centric” business model focuses on generating revenues primarily by driving spending on our cards and secondarily through finance charges and fees. Spending on our cards, which is higher on average on a per-card basis versus our competitors, offers superior value to merchants in the form of loyal customers and larger transactions. Because of the revenues generated from having high-spending Card Members and the annual card fees we charge on many of our products, we are able to invest in attractive rewards and other benefits for Card Members, as well as targeted marketing and other programs and investments for merchants. This creates incentives for Card Members to spend more on their cards and positively differentiates American Express cards.

We believe our spend-centric model gives us the ability to provide differentiated value to Card Members, merchants and business partners.

The American Express Brand and Service Excellence

Our brand and its attributes—trust, security and service—are key assets. We invest heavily in managing, marketing, promoting and protecting our brand, including through the delivery of our products and services in a manner consistent with our brand promise. The American Express brand is ranked among the most valuable brands in the world. We place significant importance on trademarks, service marks and patents, and seek to secure our intellectual property rights around the world.

We aim to provide the world’s best customer experience every day and our reputation for world-class service has been recognized by numerous awards over the years. Our customer care professionals, travel consultants and partners treat servicing interactions as an opportunity to bring the brand to life for our customers, add meaningful value and deepen relationships.

Our Business Strategies

We seek to grow our business by focusing on four strategic imperatives:

First, we aim to expand our leadership in the premium consumer space by continuing to deliver membership benefits that span our customers' everyday spending, borrowing, travel and lifestyle needs, expanding our roster of business partners around the globe and developing a range of experiences that attract high-spending customers.

Second, we seek to build on our strong position in commercial payments by evolving our card value propositions, further differentiating our corporate card and accounts payable expense management solutions and designing innovative products and features, including financing, banking and payment solutions for our business customers.

Third, we are focused on strengthening our global, integrated network by continuing to increase merchant acceptance, providing merchants with fraud protection services, marketing insights and connections to higher-spending Card Members and working with our network partners to offer expanded products and services.

Finally, we want to continue to build on our unique global position, seeking ways to use our differentiated business model and global presence as we progress against our other strategic imperatives.

We previously had as a strategic imperative to make American Express an essential part of our customers' digital lives, which we believe has become embedded in our company and is inherent in the work we do in furtherance of our strategic imperatives.

We also have an Environmental, Social and Governance (ESG) strategy that focuses on three pillars. The Promoting Diversity, Equity and Inclusion (DE&I) pillar supports a diverse, equitable and inclusive workforce, marketplace and society. The Advancing Climate Solutions pillar focuses on enhancing our operations and capabilities to meet customer and community needs in the transition to a low-carbon future. Finally, the Building Financial Confidence pillar seeks to provide responsible, secure and transparent products and services to help people and businesses build financial resilience.

Our Colleagues

We are focused on our culture built on supportive relationships and an inclusive workplace, where colleagues can feel welcome and heard, and are provided with opportunities to grow and thrive. As a result, we believe our colleagues are more engaged, committed, creative and effective in driving results. At the heart of our culture is what we call our Blue Box Values – a set of guiding principles that serve as the foundation for how we operate:

We Do What's Right	**We Embrace Diversity**
We Back Our Customers	**We Stand for Equity and Inclusion**
We Make It Great	**We Win as A Team**
We Respect People	**We Support Communities**

As of December 31, 2022, we employed approximately 77,300 people, whom we refer to as colleagues, with approximately 26,000 colleagues in the United States and approximately 51,300 colleagues outside the United States. We added colleagues in 2022 to support our strong business growth. To attract and retain the best talent, we strive to offer a compelling value proposition to our colleagues, including competitive compensation and leading benefits. We continuously invest in programs, benefits and resources to foster the personal and professional growth of our colleagues. We provide learning opportunities in many forms, including tools and guidance for maximizing learning on the job; cross-border and cross-business unit assignments; career coaching, mentoring and professional networking; rotation opportunities; virtual learning sessions; and formal classroom instruction. The health and wellness of our colleagues continue to be priorities for us and we take a holistic approach to well-being, providing resources that address the physical, financial and mental health of our colleagues. Throughout 2022, we launched Amex Flex across our offices, where, depending on role and business needs, colleagues can work in the office, at home or take a hybrid approach that combines both. This approach is designed to enable us to both broaden the talent pool from which we can attract candidates and increase colleague retention.

We conduct an annual Colleague Experience Survey to better understand our colleagues' needs and overall experience at American Express and in 2022, 92 percent of colleagues who participated in the survey said they would recommend American Express as a great place to work. Our 2022 annual company scorecard included talent retention, colleague engagement and diversity representation goals. As of December 31, 2022, women represented 53.7 percent of our global workforce and Asian, Black/African American and Hispanic/Latinx people represented 18.7 percent, 17.9 percent and 14.2 percent, respectively, of our U.S. workforce based on preliminary data for our 2022 U.S. EEO-1 submission. As of December 31, 2022, 52 percent of our Executive Committee were women or from diverse races and ethnic backgrounds (based on self-identified characteristics).

We regularly review our compensation practices to ensure colleagues in the same job, level and location are compensated fairly regardless of gender globally, and regardless of race and ethnicity in the United States. These reviews consider several factors known to affect compensation, including role, level, tenure, performance and geography. In the instances where a review has found inconsistencies, we have made adjustments. After making these adjustments, we believe we maintained 100 percent pay equity in 2022 for colleagues across genders globally and across races and ethnicities in the United States.

Information About Our Executive Officers

Set forth below, in alphabetical order, is a list of our executive officers as of February 10, 2023, including each executive officer's principal occupation and employment during the past five years and reflecting recent organizational changes. None of our executive officers has any family relationship with any other executive officer, and none of our executive officers became an officer pursuant to any arrangement or understanding with any other person. Each executive officer has been elected to serve until the next annual election of officers or until his or her successor is elected and qualified. Each officer's age is indicated by the number in parentheses next to his or her name.

DOUGLAS E. BUCKMINSTER — Vice Chairman

Mr. Buckminster (62) has been Vice Chairman since April 2021. Prior thereto, he had been Group President, Global Consumer Services Group since February 2018 and President, Global Consumer Services Group from October 2015 to February 2018.

JEFFREY C. CAMPBELL — Vice Chairman and Chief Financial Officer

Mr. Campbell (62) has been Vice Chairman since April 2021 and Chief Financial Officer since August 2013.

HOWARD GROSFIELD — President, U.S. Consumer Services

Mr. Grosfield (54) has been President, U.S. Consumer Services since May 2022. Prior thereto, he had been Executive Vice President and General Manager of U.S. Consumer Marketing and Global Premium Services since February 2021 and Executive Vice President and General Manager of U.S. Consumer Marketing Services from January 2016 to February 2021.

MONIQUE HERENA — Chief Colleague Experience Officer

Ms. Herena (51) has been Chief Colleague Experience Officer since April 2019. Ms. Herena joined American Express from BNY Mellon, where she served as the Chief Human Resources Officer and Senior Executive Vice President, Human Resources, Marketing and Communications since 2014.

RAYMOND JOABAR — Group President, Global Merchant and Network Services

Mr. Joabar (57) has been Group President, Global Merchant and Network Services since April 2021. Prior thereto, he had been President, Global Risk and Compliance and Chief Risk Officer since September 2019. He also served as President of International Consumer Services and Global Travel and Lifestyle Services from February 2018 to September 2019 and as Executive Vice President, Global Servicing Network from February 2016 to February 2018.

RAFAEL MARQUEZ— President, International Card Services

Mr. Marquez (51) has been President, International Card Services since May 2022. Prior thereto, he had been President, International Consumer Services and Global Loyalty Coalition since September 2019 and Executive Vice President of International Consumer Services Europe, Joint Ventures EMEA and International Member Engagement from November 2015 to September 2019.

ANNA MARRS — Group President, Commercial Services and Credit & Fraud Risk

Ms. Marrs (49) has been Group President, Commercial Services and Credit & Fraud Risk since April 2021. Prior thereto, she had been President, Commercial Services since September 2018. Ms. Marrs joined American Express from Standard Chartered Bank, where she served as Regional CEO, ASEAN and South Asia since November 2016.

DAVID NIGRO — Chief Risk Officer

Mr. Nigro (61) has been Chief Risk Officer since April 2021. Prior thereto, he had been Executive Vice President and Chief Credit Officer, Global Consumer Services and Credit and Fraud Risk Capability since April 2018 and Executive Vice President and Chief Credit Officer, U.S. Consumer Card Services since December 2013.

DENISE PICKETT — President, Global Services Group

Ms. Pickett (57) has been President, Global Services Group since September 2019. Prior thereto, she had been Chief Risk Officer and President, Global Risk, Banking & Compliance since February 2018 and President, U.S. Consumer Services from October 2015 to February 2018.

RAVI RADHAKRISHNAN — Chief Information Officer

Mr. Radhakrishnan (51) has been Chief Information Officer since January 2022. Mr. Radhakrishnan joined American Express from Wells Fargo & Company, where he served as Chief Information Officer for the Commercial Banking and Corporate & Investment Banking businesses since May 2020. Prior thereto, he had been Chief Information Officer, Wholesale, Wealth & Investment Management and Innovation from May 2019 to May 2020. He also served as Enterprise Chief Information Officer from March 2017 to May 2019.

ELIZABETH RUTLEDGE — Chief Marketing Officer

Ms. Rutledge (61) has been Chief Marketing Officer since February 2018. Prior thereto, she had been Executive Vice President, Global Advertising & Media since February 2016.

LAUREEN E. SEEGER — Chief Legal Officer

Ms. Seeger (61) has been Chief Legal Officer since July 2014.

JENNIFER SKYLER — Chief Corporate Affairs Officer

Ms. Skyler (46) has been Chief Corporate Affairs Officer since October 2019. Ms. Skyler joined American Express from WeWork, where she served as Chief Communications Officer from January 2018 to September 2019. Prior thereto, she had been Global Head of Public Affairs from January 2016 to January 2018.

STEPHEN J. SQUERI — Chairman and Chief Executive Officer

Mr. Squeri (63) has been Chairman and Chief Executive Officer since February 2018. Prior thereto, he had been Vice Chairman since July 2015.

ANRÉ WILLIAMS — Group President, Enterprise Services

Mr. Williams (57) has been Group President, Enterprise Services since April 2021. Prior thereto, he had been Group President, Global Merchant and Network Services since February 2018 and President of Global Merchant Services and Loyalty since October 2015. Mr. Williams also serves as the Chief Executive Officer of American Express National Bank.

COMPETITION

We compete in the global payments industry with card networks, issuers and acquirers, paper-based transactions (e.g., cash and checks), bank transfer models (e.g., wire transfers and Automated Clearing House, or ACH), as well as evolving and growing alternative mechanisms, systems and products that leverage new technologies, business models and customer relationships to create payment, financing or banking solutions. The payments industry continues to undergo dynamic changes in response to evolving technologies, consumer habits and merchant needs, some of which have accelerated as a result of the pandemic, such as an increased shift to digital payments.

As a card issuer, we compete with financial institutions that issue general-purpose credit and debit cards. We also encounter competition from businesses that issue private label cards, operate mobile wallets or extend credit. We face intense competition in the premium space and for cobrand relationships, as both card issuer and network competitors have targeted high-spending customers and key business partners with attractive value propositions. We also face competition for partners and other differentiated offerings, such as lounge space in U.S. and global hub airports.

Our global card network competes in the global payments industry with other card networks, including, among others, China UnionPay, Visa, Mastercard, JCB, Discover and Diners Club International (which is owned by Discover). We are the fourth largest general-purpose card network globally based on purchase volume, behind China UnionPay, Visa and Mastercard. In addition to such networks, a range of companies globally, including merchant acquirers, processors and web- and mobile-based payment platforms (e.g., Alipay, PayPal and Venmo), as well as regional payment networks (such as the National Payments Corporation of India), carry out some activities similar to those performed by our GMNS business.

The principal competitive factors that affect the card-issuing, merchant and network businesses include:

- The features, value and quality of the products and services, including customer care, rewards programs, partnerships, travel and lifestyle-related benefits, and digital and mobile services, as well as the costs associated with providing such features and services
- Reputation and brand recognition
- The number, spending characteristics and credit performance of customers
- The quantity, diversity and quality of the establishments where the cards can be used
- The attractiveness of the value proposition to card issuers, merchant acquirers, cardholders, corporate clients and merchants (including the relative cost of using or accepting the products and services, and capabilities such as fraud prevention and data analytics)
- The number and quality of other cards and other forms of payment and financing available to customers
- The success of marketing and promotional campaigns
- The speed of innovation and investment in systems, technologies and product and service offerings
- The nature and quality of expense management tools, electronic payment methods and data capture and reporting capabilities, particularly for business customers
- The security of cardholder, merchant and network partner information

Another aspect of competition is the dynamic and rapid growth of alternative payment and financing mechanisms, systems and products, which include payment facilitators and aggregators, digital payment, open banking and electronic wallet platforms, point-of-sale lenders and buy now, pay later products, real-time settlement and processing systems, financial technology companies, digital currencies developed by both central banks and the private sector, blockchain and similar distributed ledger technologies, prepaid systems and gift cards, and systems linked to customer accounts or that provide payment solutions. Various competitors are integrating more financial services into their product offerings and competitors are seeking to attain the benefits of closed-loop, loyalty and rewards functionalities, such as ours.

In addition to the discussion in this section, see "*Our operating results may materially suffer because of substantial and increasingly intense competition worldwide in the payments industry*" in "Risk Factors" for further discussion of the potential impact of competition on our business, and "*Our business is subject to comprehensive government regulation and supervision, which could materially adversely affect our results of operations and financial condition"* and "*Legal proceedings regarding provisions in our merchant contracts, including non-discrimination and honor-all-cards provisions, could have a material adverse effect on our business and result in additional litigation and/or arbitrations, changes to our merchant agreements and/or business practices, substantial monetary damages and damage to our reputation and brand*" in "Risk Factors" for a discussion of the potential impact on our ability to compete effectively due to government regulations or if ongoing legal proceedings limit our ability to prevent merchants from engaging in various actions to discriminate against our card products.

SUPERVISION AND REGULATION

Overview

We are subject to extensive government regulation and supervision in jurisdictions around the world, and the costs of compliance are substantial. The financial services industry is subject to rigorous scrutiny, high regulatory expectations, a range of regulations and a stringent and unpredictable enforcement environment.

Governmental authorities have focused, and we believe will continue to focus, considerable attention on reviewing compliance by financial services firms with laws and regulations, and as a result, we continually work to evolve and improve our risk management framework, governance structures, practices and procedures. Reviews by us and governmental authorities to assess compliance with laws and regulations, as well as our own internal reviews to assess compliance with internal policies, including errors or misconduct by colleagues or third parties or control failures, have resulted in, and are likely to continue to result in, changes to our products, practices and procedures, restitution to our customers and increased costs related to regulatory oversight, supervision and examination. We have also been subject to regulatory actions and may continue to be the subject of such actions, including governmental inquiries, investigations, enforcement proceedings and the imposition of fines or civil money penalties, in the event of noncompliance or alleged noncompliance with laws or regulations. External publicity concerning investigations can increase the scope and scale of those investigations and lead to further regulatory inquiries.

Policymakers around the world continue to propose and adopt new laws and regulations governing a wide variety of issues that may impact our business or change our operating environment in substantial and unpredictable ways. For example, legislators and regulators in various countries in which we operate have focused on the offering of consumer financial products and the operation of payment networks, resulting in changes to certain practices or pricing of card issuers, merchant acquirers and payment networks, and, in some cases, the establishment of broad and ongoing regulatory oversight regimes.

See “Risk Factors—Legal, Regulatory and Compliance Risks” for a discussion of the potential impact legislative and regulatory changes may have on our results of operations and financial condition.

Banking Regulation

Federal and state banking laws, regulations and policies extensively regulate the Company, TRS and our U.S. bank subsidiary, American Express National Bank (AENB). For purposes of this Supervision and Regulation section, the “Company” refers only to American Express Company, a bank holding company, and does not include its subsidiaries. Both the Company and TRS are subject to comprehensive consolidated supervision, regulation and examination by the Federal Reserve and AENB is supervised, regulated and examined by the Office of the Comptroller of the Currency (OCC). The Company and its subsidiaries are also subject to the rulemaking, enforcement and examination authority of the Consumer Financial Protection Bureau (CFPB). Banking regulators have broad examination and enforcement power, including the power to impose substantial fines, limit dividends and other capital distributions, restrict operations and acquisitions and require divestitures, any of which could compromise our competitive position. Many aspects of our business also are subject to rigorous regulation by other U.S. federal and state regulatory agencies and by non-U.S. government agencies and regulatory bodies.

Activities

The BHC Act generally limits bank holding companies to activities that are considered to be banking activities and certain closely related activities. As noted above, each of the Company and TRS is a bank holding company and each has elected to become a financial holding company, which is authorized to engage in a broader range of financial and related activities. In order to remain eligible for financial holding company status, we must meet certain eligibility requirements. Those requirements include that each of the Company and AENB must be “well capitalized” and “well managed,” and AENB must have received at least a “satisfactory” rating on its most recent assessment under the Community Reinvestment Act of 1977 (the CRA). The Company and TRS engage in various activities permissible only for financial holding companies, including, in particular, providing travel agency services, acting as a finder and engaging in certain insurance underwriting and agency services. If the Company fails to meet eligibility requirements for financial holding company status, it and its subsidiaries are likely to be barred from engaging in new types of financial activities or making certain types of acquisitions or investments in reliance on its status as a financial holding company, and ultimately could be required to either discontinue the broader range of activities permitted to financial holding companies or divest AENB. In addition, the Company and its subsidiaries are prohibited by law from engaging in practices that regulatory authorities deem unsafe or unsound (which such authorities generally interpret broadly) and regulatory authorities have discretion in determining whether new or modified activities can be conducted in a safe and sound manner.

Acquisitions and Investments

Applicable federal and state laws place limitations on the ability of persons to invest in or acquire control of us without providing notice to or obtaining the approval of one or more of our regulators. In addition, we are subject to banking laws and regulations that limit our investments and acquisitions and, in some cases, subject them to the prior review and approval of our regulators, including the Federal Reserve and the OCC. Federal banking regulators have broad discretion in evaluating proposed acquisitions and investments that are subject to their prior review or approval.

Financial Regulatory Reform

The Company is subject to the U.S. federal bank regulatory agencies' rules that tailor the application of enhanced prudential standards to bank holding companies and depository institutions with $100 billion or more in total consolidated assets. Under these rules, each bank holding company, as well as its bank subsidiaries, is assigned to one of four categories based on its status as a U.S. global systemically important banking organization and five other risk-based indicators: (i) total assets, (ii) cross-jurisdictional activity, (iii) non-bank assets, (iv) off-balance sheet exposure, and (v) weighted short-term wholesale funding.

Under these rules, the Company (and its depository institution subsidiary, AENB) is subject to Category IV standards.

Because a firm's categorization is determined by, and can change over time dependent upon, how the firm measures against the risk-based indicator thresholds, we are required to monitor and periodically report these risk-based indicators and there can be no assurance that the Company will continue to be a Category IV firm in the future.

Capital and Liquidity Regulation

Capital Rules

The Company and AENB are required to comply with the applicable capital adequacy rules established by federal banking regulators. These rules are intended to ensure that bank holding companies and depository institutions (collectively, banking organizations) have adequate capital given their level of assets and off-balance sheet obligations. The federal banking regulators' current capital rules (the Capital Rules) implement the Basel Committee on Banking Supervision's (the Basel Committee) framework for strengthening international capital regulation, known as Basel III. For additional information regarding our capital ratios, see "Consolidated Capital Resources and Liquidity" under "MD&A."

Under the Capital Rules, banking organizations are required to maintain minimum ratios for Common Equity Tier 1 (CET1 capital), Tier 1 capital (that is, CET1 capital plus additional Tier 1 capital) and Total capital (that is, Tier 1 capital plus Tier 2 capital) to risk-weighted assets. We report our capital adequacy ratios using risk-weighted assets calculated under the standardized approach. As a Category IV firm, we are not subject to the advanced approaches capital requirements.

In December 2017, the Basel Committee published standards that, among other things, revise the standardized approach for credit risk (including by recalibrating risk weights and introducing additional capital requirements for certain "unconditionally cancellable commitments" such as unused credit card lines of credit) and provide a new standardized calculation for operational risk capital requirements. In September 2022, federal banking regulators announced that they are reaffirming their commitment to implement enhanced regulatory capital requirements that align with the standards issued by the Basel Committee in December 2017 and that they are developing a joint proposed rule for issuance. If adopted in the United States as issued by the Basel Committee and applicable to us, the new standards are likely to result in higher capital requirements for us.

In December 2018, federal banking regulators issued a final rule that provides an optional three-year phase-in period for the adverse regulatory capital effects of adopting the Current Expected Credit Loss (CECL) methodology pursuant to new accounting guidance for the recognition of credit losses on certain financial instruments, which became effective January 1, 2020. In August 2020, federal banking regulators issued a final rule that provides an option to delay the estimated impact of the adoption of the CECL methodology on regulatory capital for up to two years, followed by the three-year phase-in period at 25 percent once per year beginning in January 1, 2022. We elected to delay the recognition of $0.7 billion of impact to regulatory capital from the adoption of the CECL methodology for two years, followed by the three-year phase-in period. As of January 1, 2023, the Company has phased in 50 percent of such amount. See “Critical Accounting Estimates” under “MD&A” for additional information on CECL.

The Company and AENB must each maintain CET1 capital, Tier 1 capital and Total capital ratios of at least 4.5 percent, 6.0 percent and 8.0 percent, respectively. On top of these minimum capital ratios, the Company is subject to a dynamic stress capital buffer (SCB) composed entirely of CET1 capital with a floor of 2.5 percent and AENB is subject to a static 2.5 percent capital conservation buffer (CCB). The SCB equals (i) the difference between a bank holding company’s starting and minimum projected CET1 capital ratios under the supervisory severely adverse scenario under the Federal Reserve's stress tests described below, plus (ii) one year of planned common stock dividends as a percentage of risk-weighted assets.

On August 4, 2022, the Federal Reserve confirmed the SCB for the Company of 2.5 percent, which remained unchanged from the level announced in June 2021. As a result, the effective minimum ratios for the Company (taking into account the SCB requirement) and AENB (taking into account the CCB requirement) are 7.0 percent, 8.5 percent and 10.5 percent for the CET1 capital, Tier 1 capital and Total capital ratios, respectively. Banking organizations whose ratios of CET1 capital, Tier 1 capital or Total capital to risk-weighted assets are below these effective minimum ratios face constraints on discretionary distributions such as dividends, repurchases and redemptions of capital securities, and executive compensation. A bank holding company’s SCB requirement is effective on October 1 of each year and will remain in effect through September 30 of the following year unless it is reset in connection with resubmission of a capital plan, as discussed below.

We are also required to comply with minimum leverage ratio requirements. The leverage ratio is the ratio of a banking organization’s Tier 1 capital to its average total consolidated assets (as defined for regulatory purposes). All banking organizations are required to maintain a leverage ratio of at least 4.0 percent.

Liquidity Regulation

The Federal Reserve’s enhanced prudential standards rule includes heightened liquidity and overall risk management requirements. The rule requires the maintenance of a liquidity buffer, consisting of highly liquid assets, that is sufficient to meet projected net outflows for 30 days over a range of liquidity stress scenarios, and a minimum liquidity coverage ratio (LCR) that measures a firm’s high-quality liquid assets to its projected net outflows. Category IV firms with less than $50 billion in weighted short-term wholesale funding, such as the Company, are not subject to a specific LCR requirement.

A second standard provided for in the Basel III liquidity framework, referred to as the net stable funding ratio (NSFR), requires a minimum amount of longer-term funding based on the assets and activities of banking entities. Under the NSFR rule, Category IV firms with less than $50 billion in weighted short-term wholesale funding, such as the Company, are not subject to a specific NSFR requirement.

Stress Testing and Capital Planning

Under the Federal Reserve’s regulations, the Company is subject to supervisory stress testing requirements that are designed to evaluate whether a bank holding company has sufficient capital on a total consolidated basis to absorb losses and support operations under adverse economic conditions. As part of the Comprehensive Capital Analysis and Review (CCAR), the Federal Reserve uses pro-forma capital positions and ratios under such stress scenarios to determine the size of the SCB for each CCAR participating firm.

As a Category IV firm, the Company is required to participate in the supervisory stress tests every other year and was most recently subject to the Federal Reserve’s supervisory stress tests in 2022. The Company is required to develop and submit to the Federal Reserve an annual capital plan on or before April 5 of each year.

For Category IV firms, such as the Company, the portion of the SCB based on the Federal Reserve's supervisory stress tests is calculated every other year. During a year in which a Category IV firm does not undergo a supervisory stress test, the firm receives an updated SCB that reflects the firm's updated planned common stock dividends. A Category IV firm can elect to participate in the supervisory stress test in an “off year” and consequently receive an updated SCB.

We may be required to revise and resubmit our capital plan following certain events or developments, such as a significant acquisition or an event that could result in a material change in our risk profile or financial condition. If we are required to resubmit our capital plan, we must receive prior approval from the Federal Reserve for any capital distributions (including common stock dividend payments and share repurchases), other than a capital distribution on a newly issued capital instrument.

Dividends and Other Capital Distributions

The Company and TRS, as well as AENB and the Company’s insurance and other regulated subsidiaries, are limited in their ability to pay dividends by statutes, regulations and supervisory policy.

Common stock dividend payments and share repurchases by the Company are subject to the oversight of the Federal Reserve, as described above. The Company will be subject to limitations and restrictions on capital distributions if, among other things, (i) the Company's regulatory capital ratios do not satisfy applicable minimum requirements and buffers or (ii) the Company is required to resubmit its capital plan.

In general, federal laws and regulations prohibit, without first obtaining the OCC’s approval, AENB from making dividend distributions to TRS, if such distributions are not paid out of available recent earnings or would cause AENB to fail to meet capital adequacy standards. In addition to specific limitations on the dividends AENB can pay to TRS, federal banking regulators have authority to prohibit or limit the payment of a dividend if, in the banking regulator’s opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the institution.

Prompt Corrective Action

The Federal Deposit Insurance Act (FDIA) requires, among other things, that federal banking regulators take prompt corrective action in respect of depository institutions insured by the FDIC (such as AENB) that do not meet minimum capital requirements. The FDIA establishes five capital categories for FDIC-insured banks: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. The FDIA imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the capital category in which an institution is classified. In order to be considered “well capitalized,” AENB must maintain CET1 capital, Tier 1 capital, Total capital and Tier 1 leverage ratios of 6.5 percent, 8.0 percent, 10.0 percent and 5.0 percent, respectively.

Under the FDIA, AENB could be prohibited from accepting brokered deposits (i.e., deposits raised through third-party brokerage networks) or offering interest rates on any deposits significantly higher than the prevailing rate in its normal market area or nationally (depending upon where the deposits are solicited), unless (1) it is well capitalized or (2) it is adequately capitalized and receives a waiver from the FDIC. A portion of our outstanding U.S. retail deposits are considered brokered deposits for bank regulatory purposes. If a federal regulator determines that we are in an unsafe or unsound condition or that we are engaging in unsafe or unsound banking practices, the regulator may reclassify our capital category or otherwise place restrictions on our ability to accept or solicit brokered deposits.

Resolution Planning

Certain bank holding companies are required to submit resolution plans to the Federal Reserve and FDIC providing for the company's strategy for rapid and orderly resolution in the event of its material financial distress or failure. However, Category IV firms, such as the Company, are not required to submit a holding company resolution plan.

AENB continues to be required to prepare and provide a separate resolution plan to the FDIC that would enable the FDIC, as receiver, to effectively resolve AENB under the FDIA in the event of failure. Under the FDIC's rule and its accompanying June 2021 statement on resolution plans for insured depository institutions, insured depository institutions with $100 billion or more in assets, such as AENB, are required to submit resolution plans on a three-year cycle. AENB submitted its most recent resolution plan in December 2022, as required.

Orderly Liquidation Authority

The Company could become subject to the Orderly Liquidation Authority (OLA), a resolution regime under which the Treasury Secretary may appoint the FDIC as receiver to liquidate a systemically important financial institution, if the Company is in danger of default and is determined to present a systemic risk to U.S. financial stability. As under the FDIC resolution model, under the OLA, the FDIC has broad power as receiver. Substantial differences exist, however, between the OLA and the U.S. Bankruptcy Code, including the right of the FDIC under the OLA to disregard the strict priority of creditor claims in limited circumstances, the use of an administrative claims procedure to determine creditor claims (as opposed to the judicial procedure used in bankruptcy proceedings), and the right of the FDIC to transfer claims to a "bridge" entity.

The FDIC has developed a strategy under OLA, referred to as the "single point of entry" or "SPOE" strategy, under which the FDIC would resolve a failed financial holding company by transferring its assets (including shares of its operating subsidiaries) and, potentially, very limited liabilities to a "bridge" holding company; utilize the resources of the failed financial holding company to recapitalize the operating subsidiaries; and satisfy the claims of unsecured creditors of the failed financial holding company and other claimants in the receivership by delivering securities of one or more new financial companies that would emerge from the bridge holding company. Under this strategy, management of the failed financial holding company would be replaced and its shareholders and creditors would bear the losses resulting from the failure.

FDIC Powers upon Insolvency of AENB

If the FDIC is appointed the conservator or receiver of AENB, the FDIC has the power to: (1) transfer any of AENB's assets and liabilities to a new obligor without the approval of AENB's creditors; (2) enforce the terms of AENB's contracts pursuant to their terms; or (3) repudiate or disaffirm any contract or lease to which AENB is a party, the performance of which is determined by the FDIC to be burdensome and the disaffirmation or repudiation of which is determined by the FDIC to promote the orderly administration of AENB. In addition, the claims of holders of U.S. deposit liabilities and certain claims for administrative expenses of the FDIC against AENB would be afforded priority over other general unsecured claims against AENB, including claims of debt holders and depositors in non-U.S. offices, in the liquidation or other resolution of AENB. As a result, regardless of whether the FDIC ever sought to repudiate any debt obligations of AENB, the debt holders and depositors in non-U.S. offices would be treated differently from, and could receive substantially less, if anything, than the depositors in the U.S. offices of AENB.

Other Banking Regulations

Source of Strength

The Company is required to act as a source of financial and managerial strength to its U.S. bank subsidiary, AENB, and may be required to commit capital and financial resources to support AENB. Such support may be required at times when, absent this requirement, the Company otherwise might determine not to provide it. Capital loans by the Company to AENB are subordinate in right of payment to deposits and to certain other indebtedness of AENB. In the event of the Company's bankruptcy, any commitment by the Company to a federal banking regulator to maintain the capital of AENB will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Transactions Between AENB and its Affiliates

Certain transactions (including loans and credit extensions from AENB) between AENB and its affiliates (including the Company, TRS and their other subsidiaries) are subject to quantitative and qualitative limitations, collateral requirements and other restrictions imposed by statute and regulation. Transactions subject to these restrictions are generally required to be made on an arm's-length basis.

FDIC Deposit Insurance and Insurance Assessments

AENB accepts deposits that are insured by the FDIC up to the applicable limits. Under the FDIA, the FDIC may terminate the insurance of an institution's deposits upon a finding that the institution has engaged in unsafe or unsound practices; is in an unsafe or unsound condition to continue operations; or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. We do not know of any practice, condition or violation that would lead to termination of deposit insurance at AENB. The FDIC's deposit insurance fund is funded by assessments on insured depository institutions, including AENB, which are subject to adjustment by the FDIC.

Community Reinvestment Act

AENB is subject to the CRA, which imposes affirmative, ongoing obligations on depository institutions to meet the credit needs of their local communities, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. In May 2022, the federal banking agencies issued a joint notice of proposed rulemaking proposing revisions to the CRA regulations, including with respect to the delineation of assessment areas, the overall evaluation framework and performance standards and metrics, the definition of community development activities and data collection and reporting.

Climate Risk Management

The U.S. banking agencies have recently increased their focus on climate risk-related supervision. For example, on December 16, 2021, the OCC issued for public comment a set of proposed "Principles for Climate-Related Financial Risk Management for Large Banks." The principles would apply to OCC-regulated institutions with more than $100 billion in total consolidated assets, like AENB, and are broadly designed to provide a high-level framework for the safe and sound management of exposures to climate-related financial risks consistent with existing OCC rules and guidance. The principles outline six key aspects of climate-related financial risk management: governance; policies, procedures and limits; strategic planning; risk management; data, risk measurement and reporting; and scenario analysis. In addition, the principles offer risk assessment guidance for incorporating climate-related financial risks in various traditional risk categories. On March 30, 2022 and December 2, 2022, the FDIC and the Federal Reserve, respectively, also issued for public comment substantially similar sets of draft principles targeted at financial institutions with total consolidated assets of more than $100 billion subject to their respective supervision, including, with respect to the Federal Reserve, the Company. It is too early to determine what regulations and policies may be adopted or apply to the Company and AENB and the effect of any such regulations or policies on the Company and AENB.

Consumer Financial Products Regulation

Our consumer-oriented activities are subject to regulation and supervision in the United States and internationally. In the United States, our marketing, sale and servicing of consumer financial products and our compliance with certain federal consumer financial laws are supervised and examined by the CFPB, which has broad rulemaking and enforcement authority over providers of credit, savings and payment services and products, and authority to prevent “unfair, deceptive or abusive” acts or practices. The CFPB has the authority to write regulations under federal consumer financial protection laws, to enforce those laws and to examine for compliance. It is also authorized to collect fines and require consumer restitution in the event of violations, engage in consumer financial education, track consumer complaints, request data and promote the availability of financial services to underserved consumers and communities. In addition, a number of U.S. states have significant consumer credit protection, disclosure and other laws (in certain cases more stringent than U.S. federal laws). U.S. federal law also regulates abusive debt collection practices, which, along with bankruptcy and debtor relief laws, can affect our ability to collect amounts owed to us or subject us to regulatory scrutiny.

On February 1, 2023, the CFPB issued a proposed rule to lower the safe harbor amount that would be considered, by regulation, to be “reasonable and proportional” to the costs incurred by credit card issuers for late payments. The proposed rule would also eliminate the annual inflation adjustment for such safe harbor amount and prohibit late fee amounts above 25 percent of the consumer's required minimum payment. The rule proposal, if adopted, is not expected to become effective before 2024.

We are also regulated in the United States under the “money transmitter” or “sale of check” laws in effect in most states. In addition, we are required by the laws of many states to comply with unclaimed and abandoned property laws, under which we must pay to states the face amount of any Travelers Cheque or prepaid card that is uncashed or unredeemed after a period of time depending on the type of product. Additionally, we are regulated under insurance laws in the United States and other countries where we offer insurance services.

In countries outside the United States, regulators continue to focus on a number of key areas impacting our card-issuing businesses, particularly consumer protection (such as in the European Union (EU), the United Kingdom and Canada) and responsible lending (such as in Australia, Mexico, New Zealand and Singapore), with increasing importance on and attention to customers and outcomes rather than just ensuring compliance with local rules and regulations. Regulators’ expectations of firms in relation to their compliance, risk and control frameworks continue to increase and regulators are placing significant emphasis on a firm’s systems and controls relating to the identification and resolution of issues.

Payments Regulation

Legislators and regulators in various countries in which we operate have focused on the operation of card networks, including through enforcement actions, legislation and regulations to change certain practices or pricing of card issuers, merchant acquirers and payment networks, and, in some cases, to establish broad and ongoing regulatory oversight regimes for payment systems.

The EU, Australia, Canada and other jurisdictions have focused on interchange fees (that is, the fee paid by the bankcard merchant acquirer to the card issuer in payment networks like Visa and Mastercard), as well as the rules, contract terms and practices governing merchant card acceptance. Regulation and other governmental actions relating to pricing or practices could affect all networks directly or indirectly, as well as adversely impact consumers and merchants. Among other things, regulation of bankcard fees has negatively impacted and may continue to negatively impact the discount revenue we earn, including as a result of downward pressure on our merchant discount rates from decreases in competitor pricing in connection with caps on interchange fees. In some cases, regulations also extend to certain aspects of our business, such as network and cobrand arrangements or the terms of card acceptance for merchants, and we have exited our network businesses in the EU and Australia as a result of regulation in those jurisdictions, for example. There is uncertainty as to when or how interchange fee caps and other provisions of the EU payments legislation might apply when we work with cobrand partners and agents in the EU. Given differing interpretations by regulators and participants in cobrand arrangements, we are subject to regulatory action, penalties and the possibility we will not be able to maintain our existing cobrand and agent relationships in the EU. See “*Our business is subject to comprehensive government regulation and supervision, which could materially adversely affect our results of operations and financial condition*” under “Risk Factors.”

In various countries, such as certain Member States in the EU and Australia, merchants are permitted by law to surcharge card purchases. In addition, the laws of a number of states in the United States that prohibit surcharging have been overturned and certain states have passed or are considering laws to permit surcharging by merchants. Effective October 6, 2022, merchants in Canada (other than in Quebec) are now permitted to surcharge credit card purchases up to a maximum of 2.4 percent as a result of a litigation settlement with Visa and Mastercard. Surcharging is an adverse customer experience and could have a material adverse effect on us, particularly where it only or disproportionately impacts credit card usage or card usage generally, our Card Members or our business. In addition, other steering or differential acceptance practices that are permitted by regulation in some jurisdictions could also have a material adverse effect on us. See "*Surcharging or steering by merchants could materially adversely affect our business and results of operations*" under "Risk Factors."

In some countries, governments have established regulatory regimes that require international card networks to be locally licensed and/or to localize aspects of their operations. For example, the Reserve Bank of India, which has broad power under the Payment and Settlement Systems Act, 2007 to regulate the membership and operations of card networks, issued a mandate requiring payment systems operators in India to store certain payments data locally. In 2021, it imposed restrictions on American Express Banking Corp. from engaging in certain card issuing activities in India, which were lifted in August 2022 following significant investment in technology, infrastructure and resources to comply with the regulation. The development and enforcement of these and other similar laws, regulations and policies may adversely affect our ability to compete effectively and maintain and extend our global network.

Privacy, Data Protection, Data Governance, Information and Cyber Security

Regulatory and legislative activity in the areas of privacy, data protection, data governance and information and cyber security continues to increase worldwide. We have established, and continue to maintain, policies and a governance framework to comply with applicable privacy, data protection, data governance and information and cyber security laws and requirements, meet evolving customer and industry expectations and support and enable business innovation and growth.

Our regulators are increasingly focused on ensuring that our privacy, data protection, data governance and cyber security-related policies and practices are adequate to inform customers of our data collection, use, sharing and/or security practices, to provide them with choices, if required, about how we use and share their information, and to appropriately safeguard their personal information and account access. Regulators are also focused on data management, resiliency and business continuity, and third-party risk management policies and practices.

In the United States, certain of our businesses are subject to the privacy, disclosure and safeguarding provisions of the Gramm-Leach-Bliley Act (GLBA) and its implementing regulations and guidance. Among other things, GLBA imposes certain limitations on our ability to share consumers' nonpublic personal information with nonaffiliated third parties and requires us to develop, implement and maintain a written comprehensive information security program containing safeguards that are appropriate to the size and complexity of our business, the nature and scope of our activities and the sensitivity of customer information that we process. We have also expanded privacy rights to California residents who are not covered by GLBA, pursuant to the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020. Various regulators, U.S. states and territories are considering similar requirements or have adopted laws, rules and regulations pertaining to privacy and/or information and cyber security that may be more stringent and/or expansive than federal requirements.

We are also subject to certain privacy, data protection, data governance and information and cyber security laws in other countries in which we operate (including countries in the EU, Australia, Canada, China, Japan, Hong Kong, India, Indonesia, Mexico, Singapore, Thailand and the United Kingdom), some of which are more stringent and/or expansive than those in the United States and some of which may conflict with each other. Some countries and the EU have instituted or are considering instituting requirements that make it onerous to transfer personal data to other jurisdictions. Other countries may require in-country data processing and/or in-country storage of data. Compliance with such laws results in higher technology, administrative and other costs for us, could limit our ability to optimize the use of our closed-loop data, and could require use of local technology services. Some of these laws also require us to provide foreign governments and other third parties broader access to our data and intellectual property. Data breach and operational outage notification laws or regulatory activities to encourage such notifications and regulatory activity and laws around resiliency, business continuity and third-party risk management are also becoming more prevalent in jurisdictions outside the United States in which we operate.

In Europe, the EU General Data Protection Regulation (GDPR) imposes legal and compliance obligations on companies that process personal data of individuals in the EU, irrespective of the geographical location of the company, with the potential for significant fines for non-compliance (up to 4 percent of total annual worldwide revenue). The GDPR includes, among other things, a requirement for prompt notice of data breaches, in certain circumstances, to affected individuals and supervisory authorities. The UK GDPR mirrors the compliance requirements and fine structure of the GDPR. In October 2022, an Executive Order was signed that, together with regulations issued by the U.S. Department of Justice, would implement a new data privacy framework for cross border transfers of EU personal data to the United States.

Anti-Money Laundering, Countering the Financing of Terrorism, Economic Sanctions and Anti-Corruption Compliance

We are subject to significant supervision and regulation, and an increasingly stringent enforcement environment, with respect to compliance with anti-money laundering (AML), countering the financing of terrorism (CFT), sanctions and anti-corruption laws and regulations. Failure to maintain and implement adequate programs and policies and procedures for AML/CFT, sanctions and anti-corruption compliance could have material financial, legal and reputational consequences.

Anti-Money Laundering and Countering the Financing of Terrorism

We are subject to a significant number of AML/CFT laws and regulations globally.

In the United States, the majority of AML/CFT requirements are derived from the Currency and Foreign Transactions Reporting Act and the accompanying regulations issued by the U.S. Department of the Treasury (collectively referred to as the Bank Secrecy Act), as amended by the USA PATRIOT Act of 2001 (the Patriot Act). The Anti-Money Laundering Act of 2020 (the AMLA), enacted in January 2021, amended the Bank Secrecy Act and is intended to comprehensively reform and modernize U.S. AML/CFT laws. Many of the statutory provisions in the AMLA will require additional rulemakings, reports and other measures, the effects of which are not known at this time.

In Europe, AML/CFT requirements are largely the result of countries transposing the 5th and 6th EU Anti-Money Laundering Directives (and preceding EU Anti-Money Laundering Directives) into local laws and regulations. Numerous other countries, such as Argentina, Australia, Canada, India, Mexico, New Zealand and Russia, have also enacted or proposed new or enhanced AML/CFT legislation and regulations applicable to American Express.

Among other things, these laws and regulations require us to establish AML/CFT programs that meet certain standards, including, in some instances, expanded reporting, particularly in the area of suspicious transactions, and enhanced information gathering and recordkeeping requirements. Our AML/CFT programs have become the subject of heightened scrutiny in some countries, including certain Member States in the EU. Any errors, failures or delays in complying with AML/CFT laws, perceived deficiencies in our AML/CFT programs or association of our business with money laundering, terrorist financing, tax fraud or other illicit activity can give rise to significant supervisory, criminal and civil proceedings and lawsuits, which could result in significant penalties and forfeiture of assets, loss of licenses or restrictions on business activities, or other enforcement actions.

Economic Sanctions

National governments and international bodies, such as the United Nations and the EU, have imposed economic sanctions against individuals, entities, vessels, governments and countries that endanger their interests or violate international norms of behavior. Sanctions have been used to advance a range of foreign policy goals, including conflict resolution, counterterrorism, counternarcotics and promotion of democracy and human rights, among other national and international interests. Failure to comply with such requirements could subject us to serious legal and reputational consequences, including criminal penalties.

The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. The United States prohibits U.S. persons from engaging with individuals and entities identified as “Specially Designated Nationals,” such as terrorists and narcotics traffickers, without a license or other authorization. These prohibitions are administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC). OFAC regulations prohibit U.S. persons from engaging in financial transactions with or relating to a targeted individual, entity, vessel, government or country, require the blocking of assets in which the individual, entity, vessel, government or country has an interest, and prohibit transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons) to such individual, entity, vessel, government or country. Blocked assets (e.g., property or bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC.

We maintain a global sanctions compliance program designed to meet the requirements of applicable sanctions regimes.

Anti-Corruption

We are subject to complex anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act (the FCPA), the UK Bribery Act and other laws that prohibit the making or offering of improper payments. The FCPA makes it illegal to corruptly offer or provide anything of value to foreign government officials, political parties or political party officials for the purpose of obtaining or retaining business or an improper advantage. The FCPA also requires us to strictly comply with certain accounting and internal controls standards. The UK Bribery Act also prohibits commercial bribery and the receipt of a bribe, and makes it a corporate offense to fail to prevent bribery by an associated person, in addition to prohibiting improper payments to foreign government officials. Failure by us or our colleagues, contractors or agents to comply with the FCPA, the UK Bribery Act and other similar laws can expose us and/or individual colleagues to investigation, prosecution and potentially severe criminal and civil penalties.

Compensation Practices

Our compensation practices are subject to oversight by the Federal Reserve and the OCC. The federal banking regulators’ guidance on sound incentive compensation practices sets forth three key principles for incentive compensation arrangements that are designed to help ensure that incentive compensation plans do not encourage imprudent risk-taking and are consistent with the safety and soundness of banking organizations. The three principles provide that a banking organization’s incentive compensation arrangements should (1) provide incentives that appropriately balance risk and financial results in a manner that does not encourage employees to expose their organizations to imprudent risks, (2) be compatible with effective internal controls and risk management and (3) be supported by strong corporate governance, including active and effective oversight by the organization’s board of directors. Any deficiencies in our compensation practices that are identified by the banking regulators in connection with their review of our compensation practices may be incorporated into our supervisory ratings, which can affect our ability to make acquisitions or perform other actions. Enforcement actions may be taken against us if our incentive compensation arrangements or related risk-management control or governance processes are determined to pose a risk to our safety and soundness, and we have not taken prompt and effective measures to correct the deficiencies.

The Dodd-Frank Act requires U.S. financial regulators, including the Federal Reserve and the Securities and Exchange Commission (SEC), to adopt rules on incentive-based payment arrangements at specified regulated entities having at least $1 billion in total assets. In 2016, the federal banking regulators, the SEC, the Federal Housing Finance Agency and the National Credit Union Administration proposed revised rules on incentive-based compensation practices, which have not yet been finalized. If these or other regulations are adopted in a form similar to what has been proposed, they will impose limitations on the manner in which we may structure compensation for our colleagues, which could adversely affect our ability to hire, retain and motivate key colleagues.

In October 2022, the SEC adopted a new rule directing national securities exchanges to require policies mandating, in the case of a restatement of previously issued financial statements, the recovery of excess incentive-based compensation paid to current or former executive officers and requiring listed issuers to disclose any recovery analysis where recovery is triggered by any such restatement.

ADDITIONAL INFORMATION

We maintain an Investor Relations website at http://ir.americanexpress.com. We make available free of charge, on or through this website, our annual, quarterly and current reports and any amendments to those reports as soon as reasonably practicable following the time they are electronically filed with or furnished to the SEC.

In addition, we routinely post financial and other information, some of which could be material to investors, on our Investor Relations website. Information regarding our corporate sustainability initiatives, including our Environmental, Social and Governance reports, are available on the Corporate Sustainability section of our website at http://about.americanexpress.com/corporate-sustainability.

The content of any of our websites referred to in this report is not incorporated by reference into this report or any other report filed with or furnished to the SEC. We have included such website addresses only as inactive textual references and do not intend them to be active links.

You can find certain statistical disclosures required of bank holding companies starting on page A-1, which are incorporated herein by reference.

Our business as a whole has not experienced significant seasonal fluctuations, although network volumes tend to be moderately higher in the fourth quarter than in other quarters. As a result, the amount of Card Member loans and receivables outstanding tend to be moderately higher during that quarter. The average discount rate also tends to be slightly lower during the fourth quarter due to a higher level of retail-related billed business.

ITEM 1A. RISK FACTORS

This section highlights certain risks that could affect us and our businesses, broadly categorized as "Strategic, Business and Competitive Risks," "Legal, Regulatory and Compliance Risks" and "Credit, Liquidity and Market Risks." You should carefully consider each of the following risks and all of the other information set forth in this Annual Report on Form 10-K, including the "Risk Management" section under "MD&A," which describes our approach to identifying, monitoring and managing the risks we assume in conducting our businesses and provides certain quantitative and qualitative disclosures about market risks. The risks and uncertainties we face are not limited to those described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

Strategic, Business and Competitive Risks

Business and economic conditions are a major driver of our results of operations and difficult conditions in the business and economic environment may materially adversely affect our business.

We offer a broad array of products and services to consumers, small businesses, mid-sized companies and large corporations and thus are very dependent upon the level of consumer and business activity and the demand for payment and financing products. Slow economic growth, economic contraction or shifts in broader consumer and business trends significantly impact customer behaviors, including spending on our cards, the ability and willingness of Card Members to borrow and pay amounts owed to us, and demand for fee-based products and services.

Factors such as consumer spending and confidence, household income and housing prices, unemployment rates, business investment and inventory levels, bankruptcies, geopolitical instability (including the ongoing military conflict in Ukraine), public policy decisions, government spending, international trade relationships, interest rates, taxes, inflation and deflation (including the effects of related governmental responses), energy costs, availability of capital and credit and the continuing impacts of the COVID-19 pandemic all affect the economic environment and, ultimately, our profitability. Recently, levels of inflation have been significantly elevated. Sustained periods of high inflation may, among other things, increase certain of our expenses and erode consumer purchasing power, confidence and spending. An economic downturn or recession may result in higher unemployment and lower household income, consumer spending, corporate earnings and business investment, which may negatively impact spending on our cards and demand for our products, and increase delinquencies and write-off rates.

Travel and entertainment (T&E) expenditures, which comprised approximately 25 percent of our worldwide billed business during 2022, for example, are sensitive to business and personal discretionary spending levels and tend to decline during general economic downturns. Likewise, spending by small business and corporate clients, which comprised approximately 45 percent of our worldwide billed business during 2022, depends in part on the economic environment and a favorable climate for continued business investment and new business formation. Increases in delinquencies and write-off rates as a result of increases in bankruptcies, unemployment rates, changes in customer behaviors or otherwise could also have a material adverse effect on our results of operations. The consequences of negative circumstances impacting us or the economic environment generally can be sudden and severe and can impact customer types and geographies in which we operate in very different ways.

Our business is subject to the effects of geopolitical conditions, weather, natural disasters and other catastrophic events.

Geopolitical conditions, terrorist attacks, natural disasters, severe weather, widespread health emergencies or pandemics, information or cyber security incidents (including intrusion into or degradation or unavailability of systems or technology by cyberattacks), operational incidents, and other catastrophic events can have a material adverse effect on our business. Political and social conditions, including actions aimed at upending geopolitical stability, fiscal and monetary policies (including developments related to the U.S. federal debt ceiling), trade wars and tariffs, labor shortages, prolonged or recurring government shutdowns, regional or domestic hostilities, economic sanctions and the prospect or occurrence of more widespread conflicts could also negatively affect our business, operations and partners, consumer and business spending, including travel patterns and business investment, and demand for credit. Because we derive a portion of our revenues from travel-related spending, our business is sensitive to safety concerns related to travel and tourism, limitations on travel and mobility and health-related risks. In addition, disruptions in air travel and other forms of travel can result in the payment of claims under travel protection products we offer.

The COVID-19 pandemic had, and continues to have, widespread, rapidly evolving and unpredictable impacts on global society, economies, financial markets and consumer and business spending. The pandemic and resulting containment measures adversely impacted a significant portion of our network volumes. The global macroeconomic outlook continues to remain uncertain due to a variety of factors, including the emergence of new variants, impacts to the labor market, supply chain disruptions and inflation, and the impacts of the pandemic may continue even as the pandemic subsides. The extent to which our business and results of operations could continue to be adversely affected by the lingering impacts of the pandemic will depend on numerous evolving factors and future developments, including the continued spread and severity of the virus and new variants; the imposition or concern relating to the possible imposition of further containment measures; the availability, distribution, use and effectiveness of treatments and vaccines; the extent and duration of the effect on the economy, inflation, consumer confidence and consumer and business spending; the impact on consumers and businesses as forbearance and government support programs end; the continued stress on businesses due to operational changes and staffing issues; and the extent of the continued resumption of normal operating conditions and customer behaviors.

Following the Russian invasion of Ukraine, we announced that we suspended all business operations in Russia and Belarus and this conflict has led to economic uncertainty and market disruptions, including heightened energy prices, and the imposition of financial and economic sanctions and export controls designed to constrain Russia. The broader consequences of this conflict remain uncertain, but may include further sanctions, regional instability and geopolitical shifts, increased prevalence and sophistication of cyberattacks, potential retaliatory action by customers or the Russian government against companies such as us, heightened regulatory scrutiny related to sanctions compliance, increased inflation, further increases or fluctuations in commodity and energy prices, decreases in global travel, further disruptions to the global supply chain and the availability of certain natural resources and other adverse effects on macroeconomic conditions.

Hurricanes and other natural disasters have impacted spending and credit performance in the areas affected. Other disasters or catastrophic events in the future, and the impact of such events on certain industries or the overall economy, could have a negative effect on our business, results of operations and infrastructure, including our technology and systems. Climate change may exacerbate certain of these threats, including the frequency and severity of weather-related events. Card Members in California, New York, Florida, Texas, Georgia and New Jersey account for a significant portion of U.S. consumer and small business billed business and Card Member loans, and our results of operations could be impacted by events or conditions that disproportionately or specifically affect one or more of those states.

Our operating results may materially suffer because of substantial and increasingly intense competition worldwide in the payments industry.

The payments industry is highly competitive, and we compete with card networks, issuers and acquirers, paper-based transactions (e.g., cash and checks), bank transfer models (e.g., wire transfers and ACH), as well as evolving and growing alternative payment and financing providers. If we are not able to differentiate ourselves from our competitors, develop compelling value propositions for our customers and/or effectively grow in areas such as mobile and online payments and emerging technologies, we may not be able to compete effectively.

We believe Visa and Mastercard are larger than we are in most countries based on purchase volume. As a result, card issuers and acquirers on the Visa and Mastercard networks may be able to benefit from the dominant position, scale, resources, marketing and pricing of those networks. Our business may also be negatively affected if we are unable to continue increasing merchant acceptance (including by merchants that accept cards on the Visa and Mastercard networks) and perceptions of coverage, or if our Card Members do not experience welcome acceptance of our cards.

Some of our competitors have developed, or may develop, substantially greater financial and other resources than we have and may offer richer value propositions or a wider range of programs and services than we offer or may use more effective strategies to acquire and retain more customers, capture a greater share of spending and borrowings, develop more attractive cobrand card and other partner programs and maintain greater merchant acceptance than we have. Government actions or initiatives may also provide competitors with increased opportunities to derive competitive advantages and may create new competitors, including in some cases a government entity. We may not be able to compete effectively against these threats or respond or adapt to changes in consumer spending and borrowing habits as effectively as our competitors. Costs such as Card Member rewards and Card Member services expenses could continue to increase as we evolve our value propositions, including in response to increased competition.

Spending on our cards could continue to be impacted by increasing consumer usage of credit and debit cards issued on other networks, as well as adoption of alternative payment mechanisms, systems and products. The fragmentation of customer spending to take advantage of different merchant or card incentives or for convenience with technological solutions may continue to increase. Revolving credit balances on our cards could also be impacted by alternative financing providers, such as point-of-sale lenders and buy now, pay later products. To the extent other payment and financing mechanisms, systems and products continue to successfully expand, our discount revenues earned from Card Member spending and our net interest income earned from Card Member borrowing could be negatively impacted. In addition, companies that control access to consumer and merchant payment method choices at the point of sale or through digital wallets, commerce-related experiences, mobile applications or other technologies could choose not to accept, suppress use of, or degrade the experience of using our products or could restrict our access to our customers and transaction data. Such companies could also require payments from us to participate in such digital wallets, experiences or applications or negotiate incentives or pricing concessions, impacting our profitability on transactions.

The competitive value of our closed-loop data and demand for our products and services may also be diminished as traditional and non-traditional competitors use other, new data sources and technologies to derive similar insights and by certain regulations, such as open banking initiatives, which may result in disintermediating existing financial services providers, steering customers away from our products and services or decreasing our attractiveness to partners.

To the extent we expand into, or further grow in, new business areas and new geographic regions, such as mainland China, we will face competitors with more experience and more established relationships with relevant customers, regulators and industry participants, which could adversely affect our ability to compete. Laws and business practices that favor local competitors, require card transactions to be routed over domestic networks or prohibit or limit foreign ownership of certain businesses could limit our growth in international regions. We may face additional compliance and regulatory risks to the extent that we expand into new business areas, and we may need to dedicate more expense, time and resources to comply with regulatory requirements than our competitors, particularly those that are not regulated financial institutions.

Many of our competitors are subject to different, and in some cases, less stringent, legislative and regulatory regimes, and some may have lower cost structures and more agile business models and systems. More restrictive laws and regulations that do not apply to all of our competitors can put us at a disadvantage, including prohibiting us from engaging in certain transactions, regulating our business practices or adversely affecting our cost structure.

We face intense competition for partner relationships, which could result in a loss or renegotiation of these arrangements that could have a material adverse impact on our business and results of operations.

In the ordinary course of our business we enter into different types of contractual arrangements with business partners in a variety of industries. For example, we have partnered with Delta, Marriott, Hilton and British Airways, as well as many others globally, to offer cobranded cards for consumers and small businesses, and through our Membership Rewards program we have partnered with businesses in many industries, including Delta and others in the airline industry, to offer benefits to Card Member participants. See “Partners and Relationships” under “Business” for additional information on our business partnerships, including with Delta.

Competition for relationships with key business partners is very intense and there can be no assurance we will be able to grow or maintain these partner relationships or that they will remain as profitable or valued by our customers. Establishing and retaining attractive cobrand card partnerships is particularly competitive among card issuers and networks as these partnerships typically appeal to high-spending loyal customers. All of our cobrand portfolios in the aggregate accounted for approximately 18 percent of our worldwide network volumes for the year ended December 31, 2022. Card Member loans related to our cobrand portfolios accounted for approximately 36 percent of our worldwide Card Member loans as of December 31, 2022.

Cobrand arrangements are entered into for a fixed period, generally ranging from five to ten years, and will terminate in accordance with their terms, including at the end of the fixed period unless extended or renewed at the option of the parties, or upon early termination as a result of an event of default or otherwise. We face the risk that we could lose partner relationships, even after we have invested significant resources in the relationships. We may also choose to not renew certain cobrand relationships. Network volumes could decline and Card Member attrition could increase, in each case, significantly as a result of the termination of one or more cobrand partnership relationships. In addition, some of our cobrand arrangements provide that, upon expiration or termination, the cobrand partner may purchase or designate a third party to purchase the loans generated with respect to its program, which could result in the loss of the card accounts and a significant decline in our Card Member loans outstanding.

We regularly seek to extend or renew cobrand arrangements in advance of the end of the contract term and face the risk that existing relationships will be renegotiated with less favorable terms for us or that we may be unable to renegotiate on terms that are acceptable to us, as competition for such relationships continues to increase. We make payments to our cobrand partners, which can be significant, based primarily on the amount of Card Member spending and corresponding rewards earned on such spending and, under certain arrangements, on the number of accounts acquired and retained. The amount we pay to our cobrand partners has increased, particularly in the United States, and may continue to increase as arrangements are renegotiated due to increasingly intense competition for cobrand partners among card issuers and networks.

The loss of exclusivity arrangements with business partners, the loss of the partner relationship altogether (whether by non-renewal at the end of the contract period, such as the end of our relationship with Costco in the United States in 2016, or as the result of a merger, legal or regulatory action or otherwise, such as the withdrawal of American Airlines in 2014 from our Airport Club Access program for Centurion® and Platinum Card® Members) or the renegotiation of existing partnerships with terms that are significantly worse for us could have a material adverse impact on our business and results of operations. See “*Our business is subject to comprehensive government regulation and supervision, which could materially adversely affect our results of operations and financial condition”* for information on the uncertainty regarding our cobrand and agent relationships in the EU. In addition, any publicity associated with the loss of any of our key business partners could harm our reputation, making it more difficult to attract and retain Card Members and merchants, and could weaken our negotiating position with our remaining and prospective business partners.

Arrangements with our business partners represent a significant portion of our business. We are exposed to risks associated with our business partners, including reputational issues, business slowdowns, bankruptcies, liquidations, restructurings and consolidations, and the possible obligation to make payments to our partners.

Our success is, in many ways, dependent on the success of our partners. From customer acquisition to cobranding arrangements, from participation in our rewards programs to facilitating B2B supplier payments for our corporate clients, we rely on our business partners across many aspects of our company and our arrangements with business partners represent a significant portion of our business. Some of our partners manage certain aspects of our customer relationships, such as our OptBlue partners. To the extent any of our partners fail to effectively promote and support our products, experience a slowdown in their business, operational disruptions, reputational issues or loss of consumer confidence, or are otherwise unable to meet our expectations or those of their other stakeholders, our business may be materially negatively impacted. We face the risk that existing relationships will be renegotiated with less favorable terms for us or that we may be unable to renegotiate on terms that are acceptable to us. In addition, we may be obligated to make or accelerate payments to certain business partners such as cobrand partners upon the occurrence of certain triggering events such as a shortfall in certain performance and revenue levels. If we are not able to effectively manage these triggering events, we could unexpectedly have to make payments to these partners, which could have a negative effect on our financial condition and results of operations. See Note 12 to our “Consolidated Financial Statements” for additional information on financial commitments related to agreements with certain cobrand partners.

Similarly, we are exposed to risk from bankruptcies, liquidations, insolvencies, financial distress, restructurings, consolidations, operational outages, cyber security incidents and other similar events that may occur in any industry representing a significant portion of our network volumes, which could negatively impact particular card products and services (and volumes generally) and our financial condition and results of operations. We have previously and may in the future pre-purchase loyalty points from certain of our cobrand partners, the value of which may diminish to the extent such partners cease operations or such points become less desirable to our customers. We could also be materially impacted if we were obligated or elected to reimburse Card Members for products and services purchased from merchants that have ceased operations or stopped accepting our cards. For example, we are exposed to credit risk in the airline industry to the extent we protect Card Members against non-delivery of purchases, such as where we have remitted payment to an airline for a Card Member purchase of tickets that have not yet been used or “flown.” If we are unable to collect the amount from the airline, we may bear the loss for the amount credited to the Card Member. At December 31, 2022, our best estimate of the maximum amount of billed business for purchases that had yet to be delivered by, or could be charged back to, merchants was $31.1 billion. This amount assumes all such merchants worldwide cease operations and thus are no longer available to deliver such purchases or to accept such chargebacks, and that all such billed business results in claims-in-full by Card Members. Such a maximum amount has not been indicative of our actual loss exposure in the past and we have not experienced significant losses related to these exposures to date; however, our historical experience may not be representative in the current environment given the current global economic, financial and geopolitical conditions. See Note 12 to the “Consolidated Financial Statements” for additional information regarding this exposure.

For additional information relating to the general risks related to the airline industry, see “Risk Management—Institutional Credit Risk—Exposure to the Airline and Travel Industry” under “MD&A.”

We face continued intense competitive pressure that may materially impact the prices we charge for accepting our cards for payment, as well as the risk of losing merchant relationships, which could have a material adverse impact on our business and results of operations.

We face pressure from competitors that primarily rely on sources of revenue other than discount revenue or have lower costs that can make their pricing for card acceptance more attractive. Merchants, business partners and third-party merchant acquirers and aggregators are also able to negotiate incentives, pricing concessions and other favorable contractual provisions from us as a condition to accepting our cards, being cobrand partners, offering benefits to our Card Members or signing merchants on our behalf. As merchants become even larger (such as the largest tech companies), we may have to increase the amount of incentives and/or concessions we provide to them. We also face the risk of losing a merchant relationship that could materially adversely affect our network volumes, ability to retain current Card Members and attract new Card Members and therefore, our business and results of operations.

Our average merchant discount rate has been impacted by regulatory changes affecting competitor pricing in certain international countries and may in the future be impacted by pricing regulation. We have also experienced erosion of our average merchant discount rate as we increase merchant acceptance. We may not be successful in significantly expanding merchant acceptance or offsetting rate erosion with volumes at new merchants. In addition, the regulatory environment and differentiated payment models and technologies from non-traditional players in the alternative payments space could pose challenges to our traditional payment model and adversely impact our average merchant discount rate. Some merchants, including large tech companies and other large merchants, continue to invest in their own payment and financing solutions, such as proprietary-branded mobile wallets, using both traditional and new technology platforms. If merchants are able to drive broad consumer adoption and usage, it could adversely impact our average merchant discount rate and network and loan volumes.

A continuing priority of ours is to drive greater and differentiated value to our merchants that, if not successful, could negatively impact our discount revenue and financial results. We may not succeed in maintaining merchant discount rates or offsetting the impact of declining merchant discount rates, for the reasons discussed above and others, which could materially and adversely affect our revenues and profitability, and therefore our ability to invest in innovation and in value-added services for merchants, business partners and Card Members.

Surcharging or steering by merchants could materially adversely affect our business and results of operations.

In certain countries, such as Australia and certain Member States in the EU, and in certain states in the United States, merchants are expressly permitted by law to surcharge certain card purchases and, as a result of a litigation settlement, surcharging of credit card purchases is permitted by merchants in certain jurisdictions in Canada. In jurisdictions allowing surcharging, we have seen merchant surcharging on American Express cards in certain merchant categories, and in some cases, either the surcharge is greater than that applied to Visa and Mastercard cards or Visa and Mastercard cards are not surcharged at all (practices that are known as differential surcharging), even though there are many cards issued on competing networks that have an equal or greater cost of acceptance for the merchant.

We also encounter merchants that accept our cards, but tell their customers that they prefer to accept another type of payment or otherwise seek to suppress use of our cards or certain of our cards, which could become more prevalent with the existence of debit cards on the American Express network. Our Card Members value the ability to use their cards where and when they want to, and we, therefore, take steps to meet our Card Members' expectations and to protect the American Express brand by prohibiting discrimination through provisions in our merchant contracts, including non-discrimination and honor-all-cards provisions, subject to local legal requirements. We have increasingly relied on merchant acquirers, aggregators and processors to manage certain aspects of our merchant relationships. When we work with such third parties, we are dependent on them to promote and support the acceptance and usage of our cards, but they may have business interests, strategies or goals that are inconsistent with ours.

New products, such as debit cards on the American Express network, could fail to gain market acceptance and American Express cards could become less desirable to consumers and businesses generally due to surcharging, steering or other forms of discrimination, which could result in a decrease in cards-in-force, coverage and transaction volumes. The impact could vary depending on such factors as: the industry or manner in which a surcharge is levied; how Card Members are surcharged or steered to other card products or payment forms at the point of sale; the ease and speed of implementation for merchants, merchant acquirers, aggregators, processors or other merchant service providers, including as a result of new or emerging technologies; the size and recurrence of the underlying charges; and whether and to what extent these actions are applied to other forms of payment, including whether it varies depending on the type of card (e.g., credit or debit), product, network, acquirer or issuer. Discrimination against American Express cards could have a material adverse effect on our business, financial condition and results of operations, particularly where it only or disproportionately impacts credit card usage or card usage generally, our Card Members or our business.

We may not be successful in our efforts to promote card usage, including through marketing and promotion, merchant acceptance and Card Member rewards and services, or to effectively control the costs of such investments, both of which may materially impact our profitability.

Revenue growth is dependent on increasing consumer and business spending on our cards, growing loan balances and increasing fee revenue. We have been investing in a number of growth initiatives, including to attract new Card Members, retain existing Card Members and capture a greater share of customers' total spending and borrowings. There can be no assurance that our investments will continue to be effective, particularly as consumer and business behaviors continue to change. In addition, if we develop new products or offers that attract customers looking for short-term incentives rather than incentivize long-term loyalty, Card Member attrition and costs could increase. Increasing spending on our cards also depends on our continued expansion of merchant acceptance of our cards. If we are unable to continue growing merchant acceptance and perceptions of coverage or merchants decide to no longer accept American Express cards, our business could suffer. Expanding our service offerings, adding customer acquisition channels and forming new partnerships or renewing current partnerships could have higher costs than our current arrangements, fail to resonate with customers, adversely impact our average discount rate or dilute our brand.

Another way we invest in customer value is through our Membership Rewards program, as well as other Card Member benefits. Any significant change in, or failure by management to reasonably estimate, actual redemptions of Membership Rewards points and associated redemption costs could adversely affect our profitability. We rely on third parties for certain redemption options and may not be able to continue to offer such redemption options in the future, which could diminish the value of the program for our Card Members. Our two largest redemption partners are Amazon and Delta. In addition, many credit card issuers have instituted rewards and cobrand programs and may introduce programs and services that are similar to or more attractive than ours. Our inability to differentiate our products and services could materially adversely affect us.

We may not be able to cost-effectively manage and expand Card Member benefits, including containing the growth of marketing, promotion, rewards and Card Member services expenses in the future. If such expenses increase beyond our expectations, we will need to find ways to offset the financial impact by increasing other areas of revenues such as fee-based revenues, decreasing operating expenses or other investments in our business, or both. We may not succeed in doing so, particularly in the current competitive and regulatory environment. In addition, increased costs as a result of inflation, colleague retention and recruitment, supply chain issues and shortages of materials such as chips for our cards may require that we reduce investments in other areas.

Our brand and reputation are key assets of our Company, and our business may be materially affected by how we are perceived in the marketplace.

Our brand and its attributes are key assets, and we believe our continued success depends on our ability to preserve, grow and realize the benefits of the value of our brand. Our ability to attract and retain consumer and small business Card Members and corporate clients is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, privacy and data protection, management, workplace culture, merchant acceptance, financial condition, response to political and social issues or catastrophic events (including our response to the COVID-19 pandemic and natural disasters) and other subjective qualities. Negative perceptions or publicity regarding these matters — even if related to seemingly isolated incidents and whether or not factually correct—could erode trust and confidence and damage our reputation among existing and potential Card Members, corporate clients, merchants and partners, which could make it difficult for us to attract new customers and maintain existing ones. Negative public opinion could result from actual or alleged conduct in any number of activities or circumstances, including card practices, regulatory compliance, the use and protection of customer information, conduct by our colleagues and policy engagement, including activities of the American Express Company Political Action Committee, and from actions taken by regulators or others in response thereto. Discussion about such matters in social media channels can also cause rapid, widespread reputational harm to our brand.

Our brand and reputation may also be harmed by actions taken by third parties that are outside our control. For example, any shortcoming of or controversy related to a third-party service provider, business partner, merchant acquirer or network partner may be attributed by Card Members and merchants to us, thus damaging our reputation and brand value. Our brand may also be negatively impacted by acceptance of American Express cards by merchants in certain industries, when American Express cards are used for payment for legal, but controversial, products and services or any government inquiries or legislative scrutiny related to card acceptance or usage. The lack of acceptance, suppression of card usage or surcharging by merchants can also negatively impact perceptions of our brand and our products, lower overall transaction volume and increase the attractiveness of other payment products or systems. Adverse developments with respect to our industry, including the creation and implementation of new merchant categories codes, may also negatively impact our reputation, or result in greater regulatory or legislative scrutiny or litigation against us. Furthermore, as a corporation with headquarters and operations located in the United States, a negative perception of the United States arising from its political or other positions could harm the perception of our company and our brand. Although we monitor developments for areas of potential risk to our reputation and brand, negative perceptions or publicity could materially and adversely affect our business volumes, revenues and profitability.

We publicly share certain information about our ESG initiatives. We may face increased scrutiny related to these activities from governments, regulators, the media, investors, colleagues, customers and other stakeholders, including from parties that oppose ESG initiatives. Responding to ESG considerations and the implementation of our ESG goals and initiatives involves risk and uncertainties, requires investments and depends in part on third-party performance or data that is outside of our control. There can be no assurance that we will achieve our ESG goals and initiatives or that any such achievements will have the desired results. Our failure to achieve progress in these areas on a timely basis, if at all, could impact our reputation, colleague retention and public perceptions of our business.

A major information or cyber security incident or an increase in fraudulent activity could lead to reputational damage to our brand and material legal, regulatory and financial exposure, and could reduce the use and acceptance of our products and services.

We and third parties collect, process, transfer, host, store, analyze, retain, provide access to and dispose of account information, payment transaction information, and certain types of personally identifiable and other information pertaining to our customers and colleagues in connection with our cards and other products and in the normal course of our business.

Global financial institutions like us, as well as our customers, colleagues, regulators, service providers and other third parties, have experienced a significant increase in information and cyber security risk in recent years and will likely continue to be the target of increasingly sophisticated cyberattacks, including computer viruses, malicious or destructive code, ransomware, social engineering attacks (including phishing, impersonation and identity takeover attempts), corporate espionage, hacking, website defacement, denial-of-service attacks, exploitation of vulnerabilities and other attacks and similar disruptions from the misconfiguration or unauthorized use of or access to computer systems. These threats can arise from external parties, as well as insiders who knowingly or unknowingly engage in or enable malicious cyber activities. There are a number of motivations for cyber threat actors, including criminal activities such as fraud, identity theft and ransom, corporate or nation-state espionage, political agendas, public embarrassment with the intent to cause financial or reputational harm, intent to disrupt information technology systems and supply chains, and to expose and exploit potential security and privacy vulnerabilities in corporate systems and websites. Cyber threats, including attacks from state sponsored or nation-state actors, can increase during periods of diplomatic or armed conflict, such as the ongoing conflict in Ukraine.

Our networks and systems are subject to constant attempts to disrupt our business operations and capture, destroy, manipulate or expose various types of information relating to corporate trade secrets, customer information, including Card Member, travel and loyalty program data, colleague information and other sensitive business information, including acquisition activity, non-public financial results and intellectual property. For example, we and other U.S. financial services providers have been the target of distributed denial-of-service attacks from sophisticated third parties. We develop and maintain systems and processes aimed at detecting and preventing information and cyber security incidents and fraudulent activity, which require significant investment, maintenance and ongoing monitoring and updating as technologies and regulatory requirements change, new vulnerabilities and exploits are discovered and as efforts to overcome security measures become more sophisticated. In addition, we maintain cyber crisis response procedures and regularly test our procedures to remain prepared and reduce the risk of harm to our business operations, customers and third parties in the event of an information or cyber security incident.

Despite our efforts and the efforts of third parties that process, transmit or store our data and data of our customers and colleagues or support our operations, such as service providers, merchants and regulators, the possibility of information, operational and cyber security incidents, malicious social engineering, corporate espionage, fraudulent or other malicious activities and human error or malfeasance cannot be eliminated entirely and will evolve as new and emerging technology is deployed, including the increasing use of personal mobile and computing devices and communications platforms that are outside of our network and control environments. For example, we are aware that certain of our third-party vendors have been the victims of ransomware and other cyberattacks, in some instances affecting our data or the services they provide to us. In addition, new products and services, such as checking accounts and non-card lending, may lead to an increase in the number or types of cyber attacks and our exposure to fraud and other malfeasance. Risks associated with such incidents and activities include theft of funds and other monetary loss, disruption of our operations and the unauthorized disclosure, release, gathering, monitoring, misuse, modification, loss or destruction of confidential, proprietary, trade secret or other information (including account data information). An incident may not be detected until well after it occurs and the severity and potential impact may not be fully known for a substantial period of time after it has been discovered. Our ability to address incidents may also depend on the timing and nature of assistance that may be provided from relevant governmental or law enforcement agencies.

Information, operational or cyber security incidents, fraudulent activity and other actual or perceived failures to maintain confidentiality, integrity, availability of services, privacy and/or security has led to increased regulatory scrutiny and may lead to regulatory investigations and intervention (such as mandatory card reissuance), consent decrees, increased litigation (including class action litigation), response costs (including notification and remediation costs), fines, negative assessments of us and our subsidiaries by banking regulators and rating agencies, reputational and financial damage to our brand, negative impacts to our partner relationships, and reduced usage of our products and services, all of which could have a material adverse impact on our business. The disclosure of sensitive company information could also undermine our competitive advantage and divert management attention and resources.

Successful cyberattacks, data breaches, disruptions or other incidents related to the actual or perceived failures to maintain confidentiality, integrity, privacy and/or security at other large financial institutions, large retailers, travel and hospitality companies, government agencies or other market participants, whether or not we are impacted, could lead to a general loss of customer confidence that could negatively affect us, including harming the market perception of the effectiveness of our security measures or harming the reputation of the financial system in general, which could result in reduced use of our products and services. Such events could also result in legislation and additional regulatory requirements. Although we maintain cyber insurance, there can be no assurance that liabilities or losses we may incur will be covered under such policies or that the amount of insurance will be adequate.

The uninterrupted operation of our information systems is critical to our success and a significant disruption could have a material adverse effect on our business and results of operations.

Our information technology systems and those of our third parties upon which we rely, including our transaction authorization, clearing and settlement systems, and data centers, have experienced in limited instances and may continue to experience service disruptions or degradation, which may result from technology malfunction, sudden increases in processing or other volumes, natural disasters and weather events, fires, accidents, technology change management issues, power outages, internet outages, telecommunications failures, fraud, denial-of-service, ransomware and other cyberattacks, inadequate infrastructure in lesser-developed markets, technology capacity management issues, terrorism, computer viruses, vulnerabilities in hardware or software, physical or electronic break-ins, or similar events. Service disruptions or degradations can prevent access to our online services and account information, compromise or limit access to company or customer data, impede or prevent transaction processing and financial reporting, disrupt ordinary business operations, result in contractual penalties or obligations, trigger regulatory reporting obligations, and lead to regulatory investigations and fines, increased regulatory oversight, and litigation (including class action litigation). Any such service disruption or degradation could adversely affect the perception of the reliability of our products and services and materially adversely affect our overall business, reputation and results of operations.

We rely on third-party providers for acquiring and servicing customers, technology, platforms and other services integral to the operations of our businesses. These third parties may act in ways that could materially harm our business.

We rely on third-party service providers, cobrand partners, merchants, affiliate marketing firms, processors, aggregators, network partners and other third parties for services that are integral to our operations and are subject to the risk that activities of such third parties may adversely affect our business. As outsourcing, specialization of functions, third-party digital services and technology innovation within the payments industry increase (including with respect to mobile technologies, tokenization, big data, artificial intelligence and cloud-based solutions), more third parties are involved in processing card transactions, handling our data and supporting our operations. For example, we rely on third parties for the timely transmission of accurate information across our global network, card acquisition and provision of services to our customers.

We have experienced in certain limited circumstances and may continue to experience disruptions or other events at our third parties or our third parties' service providers, including their failure to fulfill their obligations and the information, cyber security and operational incidents described above. Such disruptions could interrupt or compromise the quality of our services to customers, impact the confidentiality, integrity, availability and security of our data, lead to fraudulent transactions on our cards or other products, impact our business, cause brand or reputational damage, and lead to costs associated with responding to such a disruption, including notification and remediation costs, costs to switch vendors or move operations in house, regulatory investigations and fines and increased regulatory oversight and litigation. Third parties could also cease providing data to us or use our data in a way that was not authorized or diminishes the value of our closed loop.

The management and oversight of multiple third parties increases our operational complexity and governance challenges and decreases our control. A failure to exercise adequate oversight over third parties, including compliance with service level agreements or regulatory or legal requirements, could result in regulatory actions, fines, litigation, sanctions or economic and reputational harm to us. In addition, we may not be able to effectively monitor or mitigate operational risks relating to our third-party providers' service providers. We are also exposed to the risk that a service disruption at a service provider common to our third parties could impede their ability to provide services to us. Notwithstanding any attempts to diversify our reliance on third parties, in certain cases there may be limited alternatives or high costs for diversification, and we also may not be able to effectively mitigate operational risks relating to the service providers of our third-party providers.

If we are not able to invest successfully in, and compete at the leading edge of, technological developments and new products and services across all our businesses, our revenue and profitability could be materially adversely affected.

Our industry is subject to rapid and significant technological changes. In order to compete in our industry, we need to continue to invest in technology across all areas of our business, including in transaction processing, data management and analytics, machine learning and artificial intelligence, customer interactions and communications, open banking and alternative payment and financing mechanisms, authentication technologies and digital identification, tokenization, real-time settlement, and risk management and compliance systems. Incorporating new technologies into our products and services, including developing the appropriate governance and controls consistent with regulatory expectations, requires substantial expenditures and takes considerable time, and ultimately may not be successful. We expect that new technologies in the payments industry will continue to emerge, and these new technologies may be superior to, or render obsolete, our existing technology.

The process of developing new products and services, enhancing existing products and services and adapting to technological changes and evolving industry standards is complex, costly and uncertain, and any failure by us to anticipate customers' changing needs and emerging technological trends accurately could significantly impede our ability to compete effectively. Consumer and merchant adoption is a key competitive factor and our competitors may develop products, platforms or technologies that become more widely adopted than ours. In addition, we may underestimate the resources needed and our ability to develop new products and services, particularly beyond our traditional card products and travel-related services. Our use of artificial intelligence and machine learning is subject to risks related to flaws in our algorithms and datasets that may be insufficient or contain biased information. These deficiencies could undermine the decisions, predictions or analysis such technologies produce, subjecting us to competitive harm, legal liability, and brand or reputational harm.

Our ability to adopt new technologies may be inhibited by the emergence of industry-wide standards, a changing legislative and regulatory environment, an inability to develop appropriate governance and controls, a lack of internal product and engineering expertise, resistance to change from Card Members or merchants, lack of appropriate change management processes or the complexity of our systems. In addition, our adoption of new technologies and our introduction of new products and services may expose us to new or enhanced risks, particularly in areas where we have less experience or our existing governance and control systems may be insufficient, which could require us to make substantial expenditures or subject us to legal liability and brand or reputational harm.

We may not be successful in realizing the benefits associated with our acquisitions, strategic alliances, joint ventures and investment activity, and our business and reputation could be materially adversely affected.

We have acquired a number of businesses and have made a number of strategic investments, and continue to evaluate potential transactions. There is no assurance that we will be able to successfully identify suitable candidates, value potential investment or acquisition opportunities accurately, negotiate acceptable terms for those opportunities, or complete proposed acquisitions and investments. The process of integrating an acquired company, business or technology could create unforeseen operating difficulties and expenditures, including in integrating systems and personnel or further developing the acquired business or technology, result in unanticipated liabilities, including legal claims, violations of laws, commercial disputes and information security vulnerabilities or breaches (including from not integrating the acquired company, business or technology quickly or appropriately, from activities that occurred prior to the acquisition, and from exposure to third party relationships of the acquired company or business or new laws and regulations), and harm our business generally. It may take us longer than expected to fully realize the anticipated benefits of these transactions, and those benefits may ultimately be smaller than anticipated or may not be realized at all, which could materially adversely affect our business and operating results, including as a result of write-downs of goodwill and other intangible assets.

Joint ventures, including our joint venture in China, and minority investments in companies such as GBTG inherently involve a lesser degree of control over business operations, thereby potentially increasing the financial, legal, operational and/or compliance risks associated with the joint venture or minority investment, including as a result of being subject to different laws or regulations. Joint ventures and other partnerships or minority investments operating in foreign jurisdictions may also face risks from adverse regulatory actions, which could adversely affect their operations or our investment. In addition, we may be dependent on joint venture partners, controlling shareholders or management who may have business interests, strategies or goals that are inconsistent with ours and we have been and may in the future be involved in litigation with our joint venture partners and other shareholders and parties related to the joint ventures and investments. During the second quarter of 2022, GBTG became a publicly traded company following the completion of a business combination between American Express Global Business Travel and Apollo Strategic Growth Capital. We have extensive commercial arrangements with GBTG, including, among other things, a long-term trademark license agreement pursuant to which GBTG uses the American Express brand, GBTG's support of our partnerships, GBTG negotiations with travel suppliers on our behalf and a strategic relationship between GBTG and our Commercial Services business. Business decisions or other actions or omissions of a joint venture partner, other shareholders or management of our joint ventures and companies in which we have minority investments may adversely affect the value of our investment, result in litigation or regulatory action against us and otherwise damage our reputation and brand. In addition, trade secrets and other proprietary information we may provide to a joint venture may become available to third parties beyond our control. The ability to enforce intellectual property and contractual rights to prevent disclosure of our trade secrets and other proprietary information may be limited in certain jurisdictions.

We may also face risks with other types of strategic transactions, such as the sale to InComm of the operations relating to our prepaid reloadable and gift card business. The reloadable operations have experienced disruptions in the past, impacting the ability of our prepaid customers to load and use their cards. If such operations are interrupted, suspended or terminated in the future, it could further negatively impact our customers' experience, result in additional costs, litigation and regulatory action, and harm our business and reputation.

Our success is dependent on maintaining a culture of integrity and respect, the resilience of our colleagues through changes in the working environment, and upon our executive officers and other key personnel, and misconduct by or loss of personnel could materially adversely affect our business.

We rely upon our personnel not only for business success, but also to act with integrity and promote a culture of respect. To the extent our colleagues behave in a manner that does not comport with our company's values, the consequences to our brand and reputation could be severe and could negatively affect our financial condition and results of operations. Our colleagues have had to adapt to rapidly changing conditions during the pandemic and the related return to office arrangements, and if we are unable to continue addressing the safety, health and productivity of our colleagues, as well as their expectations regarding workplace flexibility, our business could suffer. The changing nature of the office environment, such as return to office arrangements and the prevalence of remote and hybrid working, may result in increased costs and present operational and workplace culture challenges that may also adversely affect our business.

The market for qualified individuals with diverse perspectives and reflecting the diversity of our communities is highly competitive, with elevated levels of turnover in recent years, and we may not be able to attract and retain such individuals. We have and may continue to experience increased costs related to compensation and other benefits necessary to attract and retain qualified personnel. Changes in immigration and work permit laws and regulations or the administration or enforcement of such laws or regulations or other changes in the legal or regulatory environment can also impair our ability to attract and retain qualified personnel, or to employ colleagues in the location(s) of our choice. Our compensation practices are subject to review and oversight by the Federal Reserve and the compensation practices of AENB are subject to review and oversight by the OCC. This regulatory review and oversight could further affect our ability to attract and retain our executive officers and other key personnel. Our inability to attract and retain highly skilled, motivated and diverse personnel could materially adversely affect our business and our culture.

Our operations, business, customers and partners could be materially adversely affected by climate change.

There are increasing and rapidly evolving concerns over the risks of climate change and related environmental sustainability matters. The physical risks of climate change include rising average global temperatures, rising sea levels and an increase in the frequency and severity of extreme weather events and natural disasters. Such events and disasters could disrupt our operations or the operations of customers or third parties on which we rely and could result in market volatility or negatively impact our customers' spending behaviors or ability to pay outstanding loans. Additionally, we may face risks related to the transition to a low-carbon economy. Changes in consumer preferences, travel patterns and legal requirements could increase expenses or otherwise adversely impact our business, our customers and partners. We and other parties in our value chain are expected to be subject to additional climate and other environmental-related obligations arising from legislation and regulation in the United States and abroad. For example, banking regulators and other governmental authorities and stakeholders are increasingly focused on the issue of climate risk at financial institutions, and several of the U.S. federal bank regulatory agencies have issued proposals for principles designed to provide a framework for the management of climate-related risks. Disclosure of additional climate-related information by companies has also begun to be mandated by legislation and regulators, even as the availability and quality of such information remains limited. We could also be required to change our business and management practices and experience increased expenses resulting from strategic planning, litigation and changes to our technology, operations, products and services, as well as reputational harm as a result of negative public sentiment, regulatory scrutiny and reduced stakeholder confidence, due to our response to climate change and our efforts relating to the Advancing Climate Solutions pillar of our ESG strategy. Our risk management framework may not be effective in identifying, measuring and controlling our exposure to climate-related risks, particularly given that the timing, nature and severity of the impacts of climate change may not be predictable.

Legal, Regulatory and Compliance Risks

Our business is subject to comprehensive government regulation and supervision, which could materially adversely affect our results of operations and financial condition.

We are subject to comprehensive government regulation and supervision in jurisdictions around the world, which significantly affects our business and requires continual enhancement of our compliance efforts. Supervision efforts and the enforcement of existing laws and regulations impact the scope and profitability of our existing business activities, limit our ability to pursue certain business opportunities and adopt new technologies, compromise our competitive position, and affect our relationships with Card Members, partners, merchants, service providers and other third parties. New laws or regulations could similarly affect our business, increase our costs of doing business, impact what we are able to charge for, or offer in connection with, our products and services, impose conflicting obligations, and require us to change certain of our business practices and invest significant management attention and resources, all of which could adversely affect our results of operations and financial condition. Legislators and regulators around the world are aware of each other's approaches to the regulation of the financial services industry. Consequently, a development in one country, state or region may influence regulatory approaches in another.

In preparation for the completion of Brexit, numerous EU laws and regulations were separately adopted into UK domestic legislation in order to ensure continuity. However, the UK plans to evaluate the extent to which these EU-legacy laws and regulations should change going forward and has already indicated some areas where it may take a different approach from the EU. To the extent that different regulatory systems impose overlapping or inconsistent requirements on the conduct of our business, we face complexity and additional costs in our compliance efforts, as well as potential regulatory enforcement actions and penalties.

If we fail to satisfy regulatory requirements or maintain our financial holding company status, our financial condition and results of operations could be adversely affected, and we may be restricted in our ability to take certain capital actions (such as declaring dividends or repurchasing outstanding shares) or engage in certain business activities or acquisitions, which could compromise our competitive position. Additionally, our banking regulators have wide discretion in the examination and the enforcement of applicable banking statutes and regulations and may restrict our ability to engage in certain business activities or acquisitions or require us to maintain more capital.

Legislators and regulators continue to focus on the operation of card networks, including interchange fees paid to card issuers in payment networks such as Visa and Mastercard, network routing practices and the fees merchants are charged to accept cards. Even where we are not directly regulated, regulation of bankcard fees significantly negatively impacts the discount revenue derived from our business, including as a result of downward pressure on our discount rate from decreases in competitor pricing in connection with caps on interchange fees. In some cases, regulations also extend, or may extend, to certain aspects of our business, such as network and cobrand arrangements, new products or services we may offer, or the terms of card acceptance for merchants, including terms relating to non-discrimination and honor-all-cards. For example, we have exited our network businesses in the EU and Australia as a result of regulation in those jurisdictions. In addition, there is uncertainty as to when or how interchange fee caps and other provisions of payments legislation might apply when we work with cobrand partners and agents in the EU. In a ruling issued on February 7, 2018, the EU Court of Justice confirmed the validity of the application of the fee caps and other provisions in circumstances where three-party networks issue cards with a cobrand partner or through an agent, although the ruling provided only limited guidance as to when or how the provisions might apply in such circumstances and remains subject to differing interpretations by regulators and participants in cobrand arrangements. As a result, we are subject to regulatory action, penalties and the possibility we will not be able to maintain our existing cobrand and agent relationships in the EU.

We are subject to certain provisions of the Bank Secrecy Act, as amended by the Patriot Act and the AMLA, with regard to maintaining effective AML/CFT programs. Similar AML/CFT requirements apply under the laws of most jurisdictions where we operate. As regulators increase their focus in this area, new technologies such as digital currencies develop and we introduce new products like checking accounts, we face increased costs related to oversight, supervision and potential fines. Our AML/CFT programs have become the subject of heightened scrutiny in some countries, including certain Member States in the EU. Any errors, failures or delays in complying with AML/CFT laws, perceived deficiencies in our AML/CFT programs or association of our business with money laundering, terrorist financing, tax fraud or other illicit activities can give rise to significant supervisory, criminal and civil proceedings and lawsuits, which could result in significant penalties and forfeiture of assets, loss of licenses or restrictions on business activities, or other enforcement actions, and our reputation may suffer due to our customers' association with certain countries, persons or entities or the existence of any such transactions.

Various regulatory agencies and legislatures are also considering regulations and legislation covering identity theft, account management guidelines, credit bureau reporting, disclosure rules, security and marketing that would impact us directly, in part due to increased scrutiny of our underwriting and account management standards. Any new requirements may restrict our ability to issue cards or partner with other financial institutions, which could adversely affect our revenue growth.

See "Supervision and Regulation" for more information about certain laws and regulations to which we are subject and their impact on us.

Litigation and regulatory actions could subject us to significant fines, penalties, judgments and/or requirements resulting in significantly increased expenses, damage to our reputation and/or a material adverse effect on our business.

At any given time, we are involved in a number of legal proceedings, including class action lawsuits. Many of these actions have included claims for substantial compensatory or punitive damages. While we have historically relied on our arbitration clause in agreements with customers to limit our exposure to class action litigation, there can be no assurance that we will continue to be successful in enforcing our arbitration clause in the future, including as a result of possible regulation that would require that our consumer arbitration clause not apply to cases filed in court as class actions, and claims of the type we previously arbitrated could be subject to the complexities, risks and costs associated with class action cases. The continued focus of merchants on issues relating to the acceptance of various forms of payment may lead to additional litigation and other legal actions. Given the inherent uncertainties involved in litigation, and the very large or indeterminate damages sought in some matters asserted against us, there is significant uncertainty as to the ultimate liability we may incur from litigation.

We are also involved at any given time with governmental and regulatory inquiries, investigations and proceedings. Regulatory action could subject us to significant fines, penalties or other requirements resulting in Card Member reimbursements, increased expenses, limitations or conditions on our business activities, and damage to our reputation and our brand, all of which could adversely affect our results of operations and financial condition. We expect that financial institutions, such as us, will continue to face significant regulatory scrutiny, with regulators taking formal enforcement actions against financial institutions in addition to addressing supervisory concerns through non-public supervisory actions or findings, which could involve restrictions on our activities, among other limitations, that could adversely affect our business. In addition, a violation of law or regulation by another financial institution could give rise to an investigation by regulators and other governmental agencies of the same or similar practices by us. Further, a single event may give rise to numerous and overlapping investigations and proceedings. External publicity concerning investigations can increase the scope and scale of investigations and lead to further regulatory inquiries. For example, as previously disclosed, in May 2020, we began responding to a review by the OCC and the Department of Justice (DOJ) Civil Division regarding historical sales practices relating to sales to small business customers in the United States. In January 2021, we received a grand jury subpoena from the United States Attorney’s Office for the Eastern District of New York (EDNY) regarding these sales practices issues, as well as a Civil Investigative Demand from the CFPB pertaining to its investigation into sales practices related to consumers. In January 2023, the CFPB notified us that its investigation was completed and that it does not intend to recommend an enforcement action be taken against us at this time. The OCC, DOJ and EDNY reviews and investigations are ongoing and could result in enforcement actions or other regulatory proceedings against us seeking fines or other remedial actions. We are cooperating with all inquiries. We continue to review and enhance our processes and controls related to our sales practices and business conduct generally, take disciplinary and remedial actions where appropriate, and provide information regarding our reviews to our regulators, including the Federal Reserve.

We also face an increased risk of litigation and governmental and regulatory scrutiny as a result of the effects of the pandemic on market and economic conditions, such as a renewed focus on fair lending laws, and actions governmental authorities take in response to those conditions, and in connection with our ESG-related disclosures and initiatives.

Legal proceedings regarding provisions in our merchant contracts, including non-discrimination and honor-all-cards provisions, could have a material adverse effect on our business and result in additional litigation and/or arbitrations, changes to our merchant agreements and/or business practices, substantial monetary damages and damage to our reputation and brand.

We are, and have been in the past, a defendant in a number of actions, including legal proceedings and proposed class actions, challenging certain provisions of our card acceptance agreements. See Note 12 to the “Consolidated Financial Statements” for a description of certain outstanding legal proceedings.

An adverse outcome in these proceedings could have a material adverse effect on our business and results of operations, require us to change our merchant agreements in a way that could expose our cards to increased merchant steering and other forms of discrimination that could impair the Card Member experience, result in additional litigation and/or arbitrations, impose substantial monetary damages and damage our reputation and brand. Even if we were not required to change our merchant agreements, changes in Visa’s and Mastercard’s policies or practices as a result of legal proceedings, lawsuit settlements or regulatory actions pending against them could result in changes to our business practices and materially and adversely impact our profitability.

We are subject to capital adequacy and liquidity rules, and if we fail to meet these rules, our business would be materially adversely affected.

Failure to meet current or future capital or liquidity requirements could compromise our competitive position and could result in restrictions imposed by the Federal Reserve, or the OCC with respect to AENB, including limiting our ability to pay dividends, repurchase our capital stock, invest in our business, expand our business or engage in acquisitions. Some elements of the capital and liquidity regimes are not yet final and certain developments could significantly impact the requirements applicable to financial institutions. For example, if the 2017 Basel Committee revisions to the standardized approach for credit risk and operational risk capital requirements are adopted in the United States and applicable to us, we are likely to be required to hold significantly more capital. In addition, it may be necessary for us to hold additional capital because of an increase in the SCB requirement based on results from a supervisory stress test.

Compliance with capital adequacy and liquidity rules requires a material investment of resources. An inability to meet regulatory expectations regarding our compliance with applicable capital adequacy and liquidity rules may also negatively impact the assessment of us and our U.S. bank subsidiary by federal banking regulators.

For more information on capital adequacy requirements, see “Capital and Liquidity Regulation” under “Supervision and Regulation.”

We are subject to restrictions that limit our ability to pay dividends and repurchase our capital stock. Our subsidiaries are also subject to restrictions that limit their ability to pay dividends to us, which may adversely affect our liquidity.

We are limited in our ability to pay dividends and repurchase capital stock by our regulators, who have broad authority to prohibit any action that would be considered an unsafe or unsound banking practice. We are subject to a requirement to submit capital plans to the Federal Reserve for review that include, among other things, projected dividend payments and repurchases of capital stock. As part of the capital planning and stress testing process, our proposed capital actions are assessed against our ability to satisfy applicable capital requirements in the event of a stressed market environment. If we fail to satisfy applicable capital requirements, including the stress capital buffer, our ability to undertake capital actions may be restricted.

Our ability to declare or pay dividends on, or to purchase, redeem or otherwise acquire, shares of our common stock will be prohibited, subject to certain exceptions, in the event that we do not declare and pay in full dividends for the last preceding dividend period of our preferred stock.

American Express Company relies on dividends from its subsidiaries for liquidity, and such dividends may be limited by law, regulation or supervisory policy. For example, our U.S. bank subsidiary, AENB, is subject to various statutory and regulatory limitations on its declaration and payment of dividends. These limitations may hinder our ability to access funds we may need to make payments on our obligations, make dividend payments on outstanding American Express Company capital stock or otherwise achieve strategic objectives.

Any future reduction or elimination of our common stock dividend or share repurchase program could adversely affect the market price of our common stock and market perceptions of American Express. For more information on bank holding company and depository institution dividend restrictions, see “Stress Testing and Capital Planning” and “Dividends and Other Capital Distributions” under “Supervision and Regulation,” as well as “Consolidated Capital Resources and Liquidity—Dividends and Share Repurchases” under “MD&A” and Note 22 to our “Consolidated Financial Statements.”

Regulation in the areas of privacy, data protection, data governance, resiliency, data transfer, third party oversight, account access and information and cyber security could increase our costs and affect or limit our business opportunities and how we collect and/or use personal information.

Legislators and regulators in the United States and other countries in which we operate are increasingly adopting or revising privacy, data protection, data governance, resiliency, data transfer, third party oversight, account access and information and cyber security laws, including data localization, authentication and notification laws. As such laws are interpreted and applied (in some cases, with significant differences or conflicting requirements across jurisdictions), compliance and technology costs will continue to increase, particularly in the context of ensuring that adequate data governance, data protection, incident management, resiliency, third party management, data transfer, security controls and account access mechanisms are in place.

Compliance with current or future privacy, data protection, data governance, resiliency, data transfer, third party oversight, account access and information and cyber security laws could significantly impact our collection, use, sharing, retention and safeguarding of consumer and/or colleague information and could restrict our ability to fully maximize our closed-loop capability or provide certain products and services or work with certain service providers, which could materially and adversely affect our profitability. Our failure to comply with such laws could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions, ongoing regulatory monitoring, customer attrition, decreases in the use or acceptance of our cards and damage to our reputation and our brand. In recent years, there has been increasing regulatory enforcement and litigation activity in the areas of privacy, data protection and information and cyber security in the United States, the EU and various other countries in which we operate.

For more information on regulatory and legislative activity in this area, see “Privacy, Data Protection, Data Governance, Information and Cyber Security” under “Supervision and Regulation.”

We may not be able to effectively manage the operational and compliance risks to which we are exposed.

We consider operational risk to be the risk of loss due to, among other things, inadequate or failed processes, people or information systems, or impacts from the external environment (e.g., natural disasters). Operational risk includes, among others, the risk that error or misconduct could result in a material financial misstatement, a failure to monitor a third party’s compliance with regulatory or legal requirements, or a failure to adequately monitor and control access to, or use of, data in our systems we grant to third parties. As processes or organizations are changed, or new products and services are introduced, such as new lending features, debit products and checking accounts, we may not fully appreciate or identify new operational risks that may arise from such changes. Through human error, fraud or malfeasance, conduct risk can result in harm to customers, legal liability, fines, sanctions, customer remediation and brand damage.

Compliance risk arises from violations of, or failure to conform or comply with, laws, rules, regulations, internal policies and procedures, and ethical standards. We need to continually update and enhance our control environment to address operational and compliance risks. Operational and compliance failures, deficiencies in our control environment or an inability to maintain an ethical workplace and high standards of business conduct can expose us to reputational and legal risks as well as fines, civil money penalties or payment of damages and can lead to diminished business opportunities and diminished ability to expand key operations.

If we are not able to protect our intellectual property, or successfully defend against any infringement or misappropriation assertions brought against us, our revenue and profitability could be negatively affected.

We rely on a variety of measures to protect our intellectual property and control access to, and distribution of, our trade secrets and other proprietary information. These measures may not prevent infringement of our intellectual property rights or misappropriation of our proprietary information and a resulting loss of competitive advantage. The ability to enforce intellectual property rights to prevent disclosure of our trade secrets and other proprietary information may be limited in certain jurisdictions. In addition, competitors or other third parties may allege that our products, systems, processes or technologies infringe on their intellectual property rights. Given the complex, rapidly changing and competitive technological and business environments in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, a future assertion of an infringement or misappropriation claim against us could cause us to lose significant revenues, incur significant defense, license, royalty or technology development expenses, and/or pay significant monetary damages.

Tax legislative initiatives or assessments could adversely affect our results of operations and financial condition.

We are subject to income and other taxes in the United States and in various foreign jurisdictions. The laws and regulations related to tax matters are extremely complex and subject to varying interpretations. Although management believes our positions are reasonable, we are subject to audit by the Internal Revenue Service in the United States and by tax authorities in all the jurisdictions in which we conduct business operations. We are being challenged in a number of countries regarding our application of value-added taxes (VAT) to certain transactions. While we believe we comply with all applicable VAT and other tax laws, rules and regulations in the relevant jurisdictions, the tax authorities may determine that we owe additional taxes or apply existing laws and regulations more broadly, which could result in a significant increase in liabilities for taxes and interest in excess of accrued liabilities.

New tax legislation could be enacted in the countries in which we have operations. For example, new guidelines issued by the Organization for Economic Cooperation and Development (OECD) would impact how multinational enterprises (MNEs) are taxed on their global profits. In particular, the OECD’s guidelines on a global minimum tax of 15 percent could impact the effective tax rate for many MNEs. A number of countries, including the Member States in the EU, have adopted, or plan to adopt, these minimum tax guidelines starting in 2024, which we expect would impact our effective tax rate when the rules become effective. In addition to legislative changes, actions by tax authorities, including an increase in tax audit activity, could have an adverse impact on our tax liabilities.

Credit, Liquidity and Market Risks

Our risk management policies and procedures may not be effective.

Our risk management framework seeks to identify and mitigate risk and appropriately balance risk and return. Although we have devoted significant resources to develop our risk management policies and procedures and expect to continue to do so in the future, these policies and procedures, as well as our risk management techniques, such as our hedging strategies, may not be fully effective. There may also be risks that exist, or develop in the future, that we have not appropriately identified or mitigated. As regulations, technology and competition continue to evolve, our risk management framework may not always keep sufficient pace with those changes. If our risk management framework does not effectively identify or mitigate our risks, we could suffer unexpected losses and could be materially adversely affected.

Management of our risks in some cases depends upon the use of analytical and/or forecasting models. Although we have a governance framework for model development and independent model validation, the modeling methodology or key assumptions could be erroneous or the models could be misused. In addition, issues with the quality or effectiveness of our data aggregation and validation procedures, as well as the quality and integrity of data inputs, could result in ineffective or inaccurate model outputs and reports. For example, models based on historical data sets might not be accurate predictors of future outcomes and they may not be able to predict future outcomes. Our models also may not be able to function properly in the current geopolitical and macroeconomic environment given the lack of recent precedent. The CECL methodology requires measurement of expected credit losses for the estimated life of certain financial instruments, not only based on historical experience and current conditions, but also by including forecasts incorporating forward-looking information. If our business decisions or estimates for credit losses are based on incorrect or misused models and assumptions or we fail to manage data inputs effectively and to aggregate or analyze data in an accurate and timely manner, our results of operations and financial condition may be materially adversely affected.

We are exposed to credit risk and trends that affect Card Member spending and the ability of customers and partners to pay us, which could have a material adverse effect on our results of operations and financial condition.

We are exposed to both individual credit risk, principally from consumer and small business Card Member loans and receivables, and institutional credit risk, principally from corporate Card Member loans and receivables, merchants, network partners, loyalty coalition partners and treasury and investment counterparties. Third parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. General economic factors, such as gross domestic product, unemployment, inflation and interest rates, may result in greater delinquencies that lead to greater credit losses. A customer’s ability and willingness to repay us can be negatively impacted not only by economic, market, political and social conditions but also by a customer’s other payment obligations, and increasing leverage can result in a higher risk that customers will default or become delinquent in their obligations to us.

We rely principally on the customer’s creditworthiness for repayment of loans or receivables and therefore often have no other recourse for collection. Our ability to assess creditworthiness may be impaired as a result of changes in our underwriting practices or if the criteria or models we use to manage our credit risk prove inaccurate in predicting future losses, which could have a negative impact on our results of operations. This may be exacerbated to the extent information we have historically relied upon to make credit decisions does not accurately portray a customer's creditworthiness, including as a result of the current high rates of inflation and economic slowdown. Further, our pricing strategies, particularly for new lending features and non-card lending products, may not offset the negative impact on profitability caused by increases in delinquencies and losses; thus any material increases in delinquencies and losses beyond our current estimates could have a material adverse impact on us. Although we make estimates to provide for credit losses in our outstanding portfolio of loans and receivables, these estimates may not be accurate. In addition, the information we use in managing our credit risk may be inaccurate or incomplete.

We have experienced higher delinquency and write-off rates for the year ended December 31, 2022, as compared to the year ended December 31, 2021, and such rates are expected to continue to increase. Rising delinquencies and rising rates of bankruptcy are often precursors of future write-offs and may require us to increase our reserve for credit losses. Higher write-off rates and the resulting increase in our reserves for credit losses adversely affect our profitability and the performance of our securitizations, and may increase our cost of funds.

Although we regularly review our credit exposure to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. In addition, our ability to manage credit risk or collect amounts owed to us may be adversely affected by legal or regulatory changes (such as restrictions on collections or changes in bankruptcy laws, minimum payment regulations and re-age guidance). Increased credit risk, whether resulting from underestimating the credit losses inherent in our portfolio of loans and receivables, deteriorating economic conditions (particularly in the United States where, for example, U.S. Card Members were responsible for approximately 87 percent of our total Card Member loans outstanding as of December 31, 2022), increases in the level of loan balances, changes in our mix of business or otherwise, could require us to increase our provisions for losses and could have a material adverse effect on our results of operations and financial condition.

Interest rate changes could materially adversely affect our earnings.

Our interest expense was approximately $2.8 billion for the year ended December 31, 2022. If the rate of interest we pay on our borrowings increases more or decreases less than the rate of interest we earn on our loans, our net interest yield, and consequently our net interest income, could decrease. As of December 31, 2022, a hypothetical immediate 100 basis point increase in market interest rates would have a detrimental impact on our annual net interest income of approximately $141 million. We expect the rates we pay on our deposits will change as benchmark interest rates change. For example, the Federal Reserve and other central banks have recently raised interest rates in response to heightened inflationary pressures. In addition, interest rate changes may affect customer behavior, such as impacting the loan balances Card Members carry on their credit cards or their ability to make payments as higher interest rates lead to higher payment requirements, further impacting our results of operations. For a further discussion of our interest rate risk, see “Risk Management — Market Risk Management Process” under “MD&A.”

Adverse market conditions may significantly affect our access to, and cost of, capital and ability to meet liquidity needs.

Our ability to obtain financing in the debt capital markets for unsecured term debt and asset securitizations is dependent on financial market conditions. Disruptions, uncertainty or volatility across the financial markets, as well as adverse developments affecting our competitors and the financial industry generally, could negatively impact market liquidity and limit our access to funding required to operate our business. Such market conditions may also limit our ability to replace, in a timely manner, maturing liabilities, satisfy regulatory capital requirements and access the funding necessary to grow our business. In some circumstances, we may incur an unattractive cost to raise capital, which could decrease profitability and significantly reduce financial flexibility. Additional factors affecting the extent to which we may securitize loans and receivables in the future include the overall credit quality of our loans and receivables, the costs of securitizing our loans and receivables, the demand for credit card asset-backed securities and the legal, regulatory, accounting or tax rules affecting securitization transactions and asset-backed securities, generally. Our liquidity and cost of funds would also be adversely affected by the occurrence of events that could result in the early amortization of our existing securitization transactions. For a further discussion of our liquidity and funding needs, see “Consolidated Capital Resources and Liquidity” under “MD&A.”

Any reduction in our credit ratings could increase the cost of our funding from, and restrict our access to, the capital markets and have a material adverse effect on our results of operations and financial condition.

Ratings of our long-term and short-term debt and deposits are based on a number of factors, including financial strength, as well as factors not within our control, including conditions affecting the financial services industry, and the macroeconomic environment. Our ratings could be downgraded at any time and without any notice by any of the rating agencies, which could, among other things, adversely limit our access to the capital markets and adversely affect the cost and other terms upon which we are able to obtain funding. Our ability to raise funding through the securitization market also depends, in part, on the credit ratings of the securities we issue from our securitization trusts. If we are not able to satisfy rating agency requirements to confirm the ratings of our asset-backed securities, it could limit our ability to access the securitization markets.

Adverse currency fluctuations and foreign exchange controls could decrease earnings we receive from our international operations and impact our capital.

During 2022, approximately 22 percent of our total revenues net of interest expense were generated from activities outside the United States. We are exposed to foreign exchange risk from our international operations, and accordingly the revenue we generate outside the United States is subject to unpredictable fluctuations if the values of other currencies change relative to the U.S. dollar, which could have a material adverse effect on our results of operations.

Foreign exchange regulations or capital controls might restrict or prohibit the conversion of other currencies into U.S. dollars or our ability to transfer them. Political and economic conditions in other countries could also impact the availability of foreign exchange for the payment to us by the local card issuer for obligations arising out of local Card Members’ spending outside such country and for the payment by Card Members who are billed in a currency other than their local currency. Substantial and sudden devaluation of local Card Members' currency can also affect their ability to make payments to the local issuer of the card in connection with spending outside the local country. The occurrence of any of these circumstances could further impact our results of operations.

An inability to accept or maintain deposits due to market demand or regulatory constraints could materially adversely affect our liquidity position and our ability to fund our business.

Our U.S. bank subsidiary, AENB, accepts deposits and uses the proceeds as a source of funding, with our direct retail deposits becoming a larger proportion of our funding over time. We continue to face strong competition with regard to deposits, and pricing and product changes may adversely affect our ability to attract and retain cost-effective deposit balances. To the extent we offer higher interest rates to attract or maintain deposits, our funding costs will be adversely impacted.

Our ability to obtain deposit funding and offer competitive interest rates on deposits is also dependent on AENB's capital levels. The FDIA's brokered deposit provisions and related FDIC rules in certain circumstances prohibit banks from accepting or renewing brokered deposits and apply other restrictions, such as a cap on interest rates that can be paid. Additionally, our regulators can adjust applicable capital requirements at any time and have authority to place limitations on our deposit businesses. An inability to attract or maintain deposits in the future could materially adversely affect our ability to fund our business.

The value of our investments may be adversely impacted by economic, political or market conditions.

Market risk includes the loss in value of portfolios and financial instruments due to adverse changes in market variables, which could negatively impact our financial condition. We have experienced realized and unrealized losses in our Amex Ventures equity investments and may experience further losses in the future. As of December 31, 2022, we held approximately $4.6 billion of investment securities, primarily consisting of debt securities, and equity investments, including certain equity method investments, totaling approximately $2.0 billion. Negative market conditions, changes in valuations or increases in default rates or bankruptcies with respect to these investments, due to economic conditions, business performance or otherwise, could have a material adverse impact on the value of our investments, potentially resulting in impairment charges. Defaults, threats of defaults or economic disruptions, even in countries or territories in which we do not have material investment exposure, conduct business or have operations, could adversely affect us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal executive offices are in a 2.2 million square foot building located in lower Manhattan on land leased from the Battery Park City Authority for a term expiring in 2069. We have an approximately 49 percent ownership interest in the building and an affiliate of Brookfield Financial Properties owns the remaining approximately 51 percent interest in the building. We also lease space in the building from Brookfield's affiliate.

Other owned or leased principal locations include American Express offices in Phoenix, Arizona, Sunrise, Florida, Gurgaon, India, Brighton, England, Manila, Philippines, Tokyo, Japan, Kuala Lumpur, Malaysia and Sydney, Australia; the American Express data centers in Phoenix, Arizona and Greensboro, North Carolina; the headquarters for AENB in Sandy, Utah; the headquarters for American Express Services Europe Limited in London, England; the headquarters for American Express Europe, S.A. in Madrid, Spain; the headquarters for Amex Bank of Canada and Amex Canada Inc. in Toronto, Ontario, Canada; and the headquarters for American Express Bank (Mexico) S.A. Institucion de Banca Multiple and American Express Company (Mexico) S.A. de C.V. in Mexico City, Mexico. We also lease and operate multiple travel lounges as a benefit for our Card Members in major U.S. and global hub airports.

ITEM 3. LEGAL PROCEEDINGS

Refer to Note 12 to our "Consolidated Financial Statements," which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

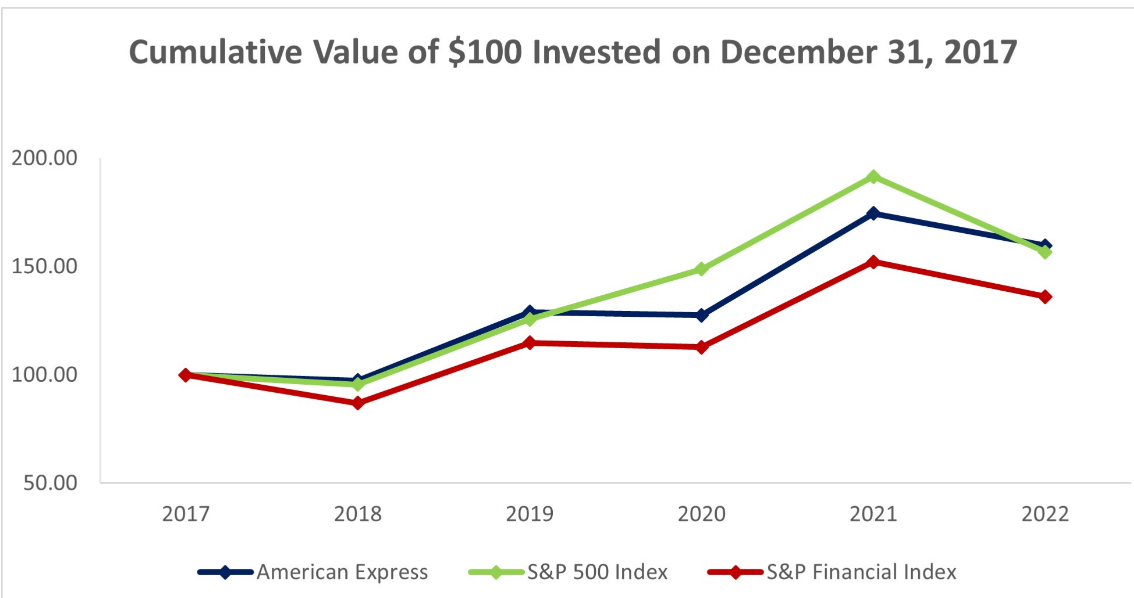
ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) Our common stock trades principally on The New York Stock Exchange under the trading symbol AXP. As of December 31, 2022, we had 18,060 common shareholders of record. You can find dividend information concerning our common stock in our Consolidated Statements of Shareholders' Equity in our “Consolidated Financial Statements.” For information on dividend restrictions, see “Dividends and Other Capital Distributions” under “Supervision and Regulation” and Note 22 to our “Consolidated Financial Statements.” You can find information on securities authorized for issuance under our equity compensation plans under the caption “Executive Compensation — Equity Compensation Plans” to be contained in our definitive 2023 proxy statement for our Annual Meeting of Shareholders, which is scheduled to be held on May 2, 2023. The information to be found under such caption is incorporated herein by reference. Our definitive 2023 proxy statement for our Annual Meeting of Shareholders is expected to be filed with the SEC in March 2023 (and, in any event, not later than 120 days after the close of our most recently completed fiscal year).

Stock Performance Graph

The information contained in this Stock Performance Graph section shall not be deemed to be “soliciting material” or “filed” or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act or the Exchange Act.

The following graph compares the cumulative total shareholder return on our common shares with the total return on the S&P 500 Index and the S&P Financial Index for the last five years. It shows the growth of a $100 investment on December 31, 2017, including the reinvestment of all dividends.



Year-end Data	2017	2018	2019	2020	2021	2022
American Express	$ 100.00	$ 97.37	$ 129.04	$ 127.55	$ 174.60	$ 159.71
S&P 500 Index	$ 100.00	$ 95.61	$ 125.70	$ 148.81	$ 191.48	$ 156.77
S&P Financial Index	$ 100.00	$ 86.96	$ 114.87	$ 112.85	$ 152.20	$ 136.11

(b) Not applicable.

(c) Issuer Purchases of Securities

The table below sets forth the information with respect to purchases of our common stock made by or on behalf of us during the quarter ended December 31, 2022.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[c]	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1-31, 2022				
Repurchase program[a]	—	$ —	—	40,583,942
Employee transactions[b]	—	$ —	N/A	N/A
November 1-30, 2022				
Repurchase program[a]	3,228,300	$ 152.38	3,228,300	37,355,642
Employee transactions[b]	7,572	$ 150.44	N/A	N/A
December 1-31, 2022				
Repurchase program[a]	941,184	$ 156.27	941,184	36,414,458
Employee transactions[b]	2	$ 154.75	N/A	N/A
Total				
Repurchase program[a]	4,169,484	$ 153.26	4,169,484	36,414,458
Employee transactions[b]	7,574	$ 150.44	N/A	N/A

(a) On September 23, 2019, the Board of Directors authorized the repurchase of up to 120 million common shares from time to time, subject to market conditions and in accordance with our capital plans. This authorization replaced the prior repurchase authorization and does not have an expiration date. See "MD&A – Consolidated Capital Resources and Liquidity" for additional information regarding share repurchases.

(b) Includes: (i) shares surrendered by holders of employee stock options who exercised options (granted under our incentive compensation plans) in satisfaction of the exercise price and/or tax withholding obligation of such holders and (ii) restricted shares withheld (under the terms of grants under our incentive compensation plans) to offset tax withholding obligations that occur upon vesting and release of restricted shares. Our incentive compensation plans provide that the value of the shares delivered or attested to, or withheld, be based on the price of our common stock on the date the relevant transaction occurs.

(c) Share purchases under publicly announced programs are made pursuant to open market purchases, 10b5-1 plans, privately negotiated transactions (including employee benefit plans) or other purchases, including block trades, accelerated share repurchase programs or any combination of such methods as market conditions warrant and at prices we deem appropriate.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)

EXECUTIVE OVERVIEW

BUSINESS INTRODUCTION

We are a globally integrated payments company with four reportable operating segments: U.S. Consumer Services (USCS), Commercial Services (CS), International Card Services (ICS) and Global Merchant and Network Services (GMNS). Corporate functions and certain other businesses and operations are included in Corporate & Other.

Our range of products and services includes:

- Credit card, charge card, banking and other payment and financing products
- Merchant acquisition and processing, servicing and settlement, and point-of-sale marketing and information products and services for merchants
- Network services
- Other fee services, including fraud prevention services and the design and operation of customer loyalty programs
- Expense management products and services
- Travel and lifestyle services

Our various products and services are offered globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are offered through various channels, including mobile and online applications, affiliate marketing, customer referral programs, third-party service providers and business partners, direct mail, telephone, in-house sales teams, and direct response advertising.

The following types of revenue are generated from our various products and services:

- Discount revenue, our largest revenue source, represents the amount we earn and retain from the merchant payable for facilitating transactions between Card Members and merchants on payment products issued by American Express. The amount of fees charged for accepting our cards as payment, or merchant discount, varies with, among other factors, the industry in which the merchant conducts business, the merchant's overall American Express-related transaction volume, the method of payment, the settlement terms with the merchant, the method of submission of transactions and, in certain instances, the geographic scope for the card acceptance agreement between the merchant and us (e.g., local or global) and the transaction amount. In some instances, an additional flat transaction fee is assessed as part of the merchant discount, and additional fees may be charged such as a variable fee for "non-swiped" card transactions or for transactions using cards issued outside the United States at merchants located in the United States;
- Interest income, principally represents interest earned on outstanding loan balances;
- Net card fees, represent revenue earned from annual card membership fees, which vary based on the type of card and the number of cards for each account;
- Service fees and other revenue, primarily represent service fees earned from merchants and other customers, travel commissions and fees, Card Member delinquency fees, foreign currency-related fees charged to Card Members, and income (losses) from our investments in which we have significant influence; and
- Processed revenue primarily represents revenues related to network partnership agreements, comprising royalties, fees and amounts earned for facilitating transactions on cards issued by network partners.

Refer to the "Glossary of Selected Terminology" for the definitions of certain key terms and related information appearing within this Form 10-K.

NON-GAAP MEASURES

We prepare our Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America (GAAP). However, certain information included within this report constitutes non-GAAP financial measures. Our calculations of non-GAAP financial measures may differ from the calculations of similarly titled measures by other companies.

TABLE 1: SUMMARY OF FINANCIAL PERFORMANCE

Years Ended December 31, *(Millions, except percentages, per share amounts and where indicated)*	2022	2021	2020	Change 2022 vs. 2021		Change 2021 vs. 2020	
Selected Income Statement Data							
Total revenues net of interest expense	**$ 52,862**	$ 42,380	$ 36,087	$ 10,482	25 %	$ 6,293	17 %
Provisions for credit losses	**2,182**	(1,419)	4,730	3,601	#	(6,149)	#
Expenses	**41,095**	33,110	27,061	7,985	24	6,049	22
Pretax income	**9,585**	10,689	4,296	(1,104)	(10)	6,393	#
Income tax provision	**2,071**	2,629	1,161	(558)	(21)	1,468	#
Net income	**7,514**	8,060	3,135	(546)	(7)	4,925	#
Earnings per common share — diluted [(a)]	**$ 9.85**	$ 10.02	$ 3.77	$ (0.17)	(2)%	$ 6.25	# %
Common Share Statistics [(b)]							
Cash dividends declared per common share	**$ 2.08**	$ 1.72	$ 1.72	$ 0.36	21 %	$ —	— %
Average common shares outstanding:							
Basic	**751**	789	805	(38)	(5)%	(16)	(2)%
Diluted	**752**	790	806	(38)	(5)%	(16)	(2)%
Selected Metrics and Ratios							
Network volumes *(Billions)*	**$ 1,552.8**	$ 1,284.2	$ 1,037.8	$ 269	21 %	$ 246	24 %
Return on average equity [(c)]	**32.3 %**	33.7 %	14.2 %				
Net interest income divided by average Card Member loans	**10.4 %**	10.2 %	10.7 %				
Net interest yield on average Card Member loans [(d)]	**10.6 %**	10.7 %	11.5 %				
Effective tax rate	**21.6 %**	24.6 %	27.0 %				
Common Equity Tier 1	**10.3 %**	10.5 %	13.5 %				
Selected Balance Sheet Data							
Cash and cash equivalents	**$ 33,914**	$ 22,028	$ 32,965	$ 11,886	54 %	$ (10,937)	(33)%
Card Member receivables	**57,613**	53,645	43,701	3,968	7	9,944	23
Card Member loans	**107,964**	88,562	73,373	19,402	22	15,189	21
Customer deposits	**110,239**	84,382	86,875	25,857	31	(2,493)	(3)
Long-term debt	**$ 42,573**	$ 38,675	$ 42,952	$ 3,898	10 %	$ (4,277)	(10)%

# Denotes a variance of 100 percent or more

(a) Represents net income, less (i) earnings allocated to participating share awards of $57 million, $56 million and $20 million for the years ended December 31, 2022, 2021 and 2020, respectively, (ii) dividends on preferred shares of $57 million, $71 million and $79 million for the years ended December 31, 2022, 2021 and 2020, respectively, and (iii) equity-related adjustments of $16 million related to the redemption of preferred shares for the year ended December 31, 2021. Refer to Note 16 and Note 21 to the “Consolidated Financial Statements” for further details on preferred shares and earnings per common share (EPS), respectively.

(b) Our common stock trades principally on The New York Stock Exchange under the trading symbol AXP.

(c) Return on average equity (ROE) is calculated by dividing (i) net income for the period by (ii) average shareholders' equity for the period.

(d) Net interest yield on average Card Member loans reflects adjusted net interest income divided by average Card Member loans, computed on an annualized basis. Adjusted net interest income and net interest yield on average Card Member loans are non-GAAP measures. Refer to Table 8 for a reconciliation to Net interest income divided by average Card Member loans.

BUSINESS ENVIRONMENT

Our results for the year demonstrate that our growth strategy is working and our business is in an even stronger position today than before the pandemic. Spending on our network reached record levels, and credit metrics remain below pre-pandemic levels. Our investments in product innovation, technology, people and our brand has led to increased generational relevance with Millennial and Gen Z customers, record new card acquisitions, deeper relationships with customers and expanded merchant acceptance.

For 2022, we reported net income of $7.5 billion, or $9.85 per share, compared with net income of $8.1 billion, or $10.02 per share, a year ago. The reduction in net income reflected credit reserve builds and net losses in our Amex Ventures strategic investment portfolio in the current year compared with sizeable credit reserve releases and significant net gains in our Amex Ventures strategic investment portfolio in the prior year.

Worldwide network volumes for the year increased 21 percent compared to the prior year (24 percent on an FX-adjusted basis[1]). Billed business, which represented 86 percent of our total network volumes and is the most significant driver of our financial results, increased 23 percent year-over-year (25 percent on an FX-adjusted basis[1]), demonstrating our continued ability to acquire, engage and retain high-spending, premium Card Members. U.S. Consumer billed business grew by 24 percent year-over-year, reflecting continued strength in spending trends from our premium U.S. consumer Card Members. Billed business in our Commercial Services segment grew by 21 percent on a year-over-year basis, reflecting continued growth from U.S. small and mid-sized enterprise customers, as well as continued steady recovery in spending by our U.S. large and global corporate clients. International billed business grew by 23 percent year-over-year (36 percent on an FX-adjusted basis[1]), driven by a strong recovery in spend across both consumer and commercial customers. T&E spending momentum remained strong throughout the year, while year-over-year Goods & Services spending growth slowed towards the end of the year following the large pandemic recovery growth rates experienced earlier in the year. Inflation was a modest contributor to our strong billed business growth, while the continuing strengthening of the U.S. dollar, relative to the prior year, against most major currencies in which we operate, had a negative impact on our international billings.

Total revenues net of interest expense increased 25 percent year-over-year (27 percent on an FX-adjusted basis[1]), reflecting strong growth in all our revenue lines. Discount revenue, our largest revenue line, increased 25 percent year-over-year, driven primarily by the momentum in our Card Member spending volumes throughout 2022. Net card fees increased 17 percent year over-year, as new card acquisitions reached record levels in 2022 and Card Member retention remained high, demonstrating the impact of investments we have made in our premium value propositions. Service fees and other revenues increased 36 percent year-over-year, driven in part by higher travel-related revenues. Net interest income increased 28 percent versus the prior year, primarily driven by growth in Card Member loans. While the rising interest rate environment had a fairly neutral impact on our results for the full year, rising rates did have a modest negative impact on net interest income towards the end of the year.

Card Member loans increased 22 percent year-over-year, with the majority of growth coming from existing Card Members and was driven by ongoing strong growth in billed business, which began to moderate towards the end of the year as we lapped the steep phase of recovery. Provisions for credit losses increased versus the prior year, reflecting a reserve build of $617 million compared with a reserve release of $2.5 billion in the prior year, and are expected to increase in 2023. While delinquency and net write-off rates continued to increase throughout the year, these metrics remain strong, supported by the premium nature of our customer base, our risk management capabilities and risk actions we took throughout the year.

[1] The foreign currency adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the current period apply to the corresponding prior year period against which such results are being compared). FX-adjusted revenues is a non GAAP measure. We believe the presentation of information on a foreign currency adjusted basis is helpful to investors by making it easier to compare our performance in one period to that of another period without the variability caused by fluctuations in currency exchange rates.

Card Member rewards, Card Member services and Business development expenses are generally correlated to volumes or are variable based on usage, and increased year-over year due to network volume growth and higher usage of travel-related benefits. Card Member rewards expense growth was also driven by a larger proportion of billed business in categories that earn incremental rewards such as travel. During the year, we continued to make significant investments in marketing to drive growth momentum and accelerate new card acquisitions. Operating expenses increased 24 percent year-over-year, primarily driven by net losses in the current year associated with our Amex Ventures equity investments as compared to net gains in the prior year, as well as higher compensation costs due to an increase in our colleague base to support business growth and compensation decisions we made. We remain focused on driving marketing and operating expense efficiencies, while continuing to invest in our growth strategy.

During the year, we returned $4.9 billion of capital to our shareholders through common share repurchases and dividend payments, while maintaining our Common Equity Tier 1 (CET1) capital ratio within our target range of 10 to 11 percent. We plan to continue to return to shareholders the excess capital we generate, while managing our CET1 capital ratio within our target range and supporting balance sheet growth. We also expect to increase the regular quarterly dividend on common shares outstanding by 15 percent beginning with the first quarter 2023 dividend declaration.

Our performance continues to give us confidence in our business model and our strategy, and while we recognize the uncertainty of the geopolitical and macroeconomic environment, we remain focused on delivering sustainable and profitable growth.

See “Supervision and Regulation” in “Business” for information on legislative and regulatory changes that could have a material adverse effect on our results of operations and financial condition and “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” for information on potential impacts of economic, geopolitical and competitive conditions and certain litigation and regulatory matters on our business.

CONSOLIDATED RESULTS OF OPERATIONS

The discussions in the "Consolidated Results of Operations" and "Business Segment Results of Operations" provide commentary on the variances for the year ended December 31, 2022 compared to the year ended December 31, 2021, as presented in the accompanying tables. For a discussion of the financial condition and results of operations for 2021 compared to 2020, please refer to Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 11, 2022.

Beginning in the first quarter of 2022, we made reporting presentation changes to our Consolidated Statements of Income to separately present revenues earned from processed volumes, previously reported in Discount revenue, Other fees and commissions and Other revenue, as Processed revenue. The remaining balances from Other fees and commissions and Other revenue were combined as Service fees and other revenue. We also disaggregated Marketing and business development expense into Business Development expense and Marketing expense. Prior period amounts presented herein have been recast to conform to the current period presentation; there was no impact to Total non-interest revenues or Total expenses.

TABLE 2: TOTAL REVENUES NET OF INTEREST EXPENSE SUMMARY

Years Ended December 31,				Change		Change	
(Millions, except percentages)	**2022**	2021	2020	2022 vs. 2021		2021 vs. 2020	
Discount revenue	**$ 30,739**	$ 24,563	$ 19,435	$ 6,176	25 %	$ 5,128	26 %
Net card fees	**6,070**	5,195	4,664	875	17	531	11
Service fees and other revenue	**4,521**	3,316	2,702	1,205	36	614	23
Processed revenue	**1,637**	1,556	1,301	81	5	255	20
Total non-interest revenues	**42,967**	34,630	28,102	8,337	24	6,528	23
Total interest income	**12,658**	9,033	10,083	3,625	40	(1,050)	(10)
Total interest expense	**2,763**	1,283	2,098	1,480	#	(815)	(39)
Net interest income	**9,895**	7,750	7,985	2,145	28	(235)	(3)
Total revenues net of interest expense	**$ 52,862**	$ 42,380	$ 36,087	$ 10,482	25 %	$ 6,293	17 %

# Denotes a variance of 100 percent or more

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount revenue increased, primarily driven by an increase in billed business of 23 percent. See Tables 5 and 6 for more details on billed business performance.

Net card fees increased, primarily driven by growth in our premium card portfolios.

Service fees and other revenue increased, primarily driven by foreign exchange related revenues associated with Card Member cross-currency spending, higher travel commissions and fees from our consumer travel business, and growth in delinquency fees. The increase was partially offset by a non-cash gain related to an increase in GBTG's total equity book value in the prior year.

Processed revenue increased, primarily driven by an increase in processed volumes, partially offset by the prior-year repositioning of certain of our alternative payment solutions.

Interest income increased, primarily driven by higher average Card Member loan balances and interest rates.

Interest expense increased, primarily driven by higher interest rates paid on deposits and debt outstanding.

TABLE 3: PROVISIONS FOR CREDIT LOSSES SUMMARY

Years Ended December 31, *(Millions, except percentages)*	2022	2021	2020	Change 2022 vs. 2021		Change 2021 vs. 2020	
Card Member loans							
Net write-offs	**$ 1,066**	$ 879	$ 2,170	$ 187	21 %	$ (1,291)	(59)%
Reserve build (release) [a]	**448**	(2,034)	1,283	2,482	#	(3,317)	#
Total	**1,514**	(1,155)	3,453	2,669	#	(4,608)	#
Card Member receivables							
Net write-offs	**462**	129	881	333	#	(752)	(85)
Reserve build (release) [a]	**165**	(202)	134	367	#	(336)	#
Total	**627**	(73)	1,015	700	#	(1,088)	#
Other							
Net write-offs — Other loans [b]	**22**	21	111	1	5	(90)	(81)
Net write-offs — Other receivables [c]	**15**	33	27	(18)	(55)	6	22
Reserve build (release) — Other loans [a][b]	**7**	(185)	66	192	#	(251)	#
Reserve (release) build — Other receivables [a][c]	**(3)**	(60)	58	57	95	(118)	#
Total	**41**	(191)	262	232	#	(453)	#
Total provisions for credit losses	**$ 2,182**	$ (1,419)	$ 4,730	$ 3,601	# %	$ (6,149)	# %

# Denotes a variance of 100 percent or more

(a) Refer to the “Glossary of Selected Terminology” for a definition of reserve build (release).

(b) Relates to Other loans of $5.4 billion, $2.9 billion and $2.9 billion less reserves of $59 million, $52 million and $238 million, as of December 31, 2022, 2021 and 2020, respectively.

(c) Relates to Other receivables included in Other assets on the Consolidated Balance Sheets of $3.1 billion, $2.7 billion and $3.0 billion, less reserves of $22 million, $25 million and $85 million as of December 31, 2022, 2021 and 2020, respectively.

PROVISIONS FOR CREDIT LOSSES

Card Member loans and receivables provisions for credit losses increased, primarily due to reserve builds in the current year, versus reserve releases in the prior year. The reserve builds in the current year were primarily driven by increases in loans and receivables outstanding, higher delinquencies and changes in macroeconomic forecasts, partially offset by the release of COVID-19 pandemic-driven reserves for Card Member loans. The reserve releases in the prior year were due to improved portfolio quality and macroeconomic forecasts, partially offset by increases in loans and receivables outstanding.

Other provisions for credit losses increased, primarily due to a net reserve build in the current year, versus a reserve release in the prior year. The net reserve build in the current year was primarily driven by increases in non-card loans outstanding, partially offset by improved credit performance. The reserve release in the prior year was due to improved portfolio quality and macroeconomic forecasts.

Refer to Note 3 to the “Consolidated Financial Statements” for further information regarding our reserves for credit losses.

TABLE 4: EXPENSES SUMMARY

Years Ended December 31,				Change		Change	
(Millions, except percentages)	**2022**	2021	2020	2022 vs. 2021		2021 vs. 2020	
Card Member rewards	**$ 14,002**	$ 11,007	$ 8,041	$ 2,995	27 %	$ 2,966	37 %
Business development	**4,943**	3,762	3,051	1,181	31	711	23
Card Member services	**2,959**	1,993	1,230	966	48	763	62
Marketing	**5,458**	5,291	3,696	167	3	1,595	43
Salaries and employee benefits	**7,252**	6,240	5,718	1,012	16	522	9
Other, net	**6,481**	4,817	5,325	1,664	35	(508)	(10)
Total expenses	**$ 41,095**	$ 33,110	$ 27,061	$ 7,985	24 %	$ 6,049	22 %

EXPENSES

Card Member rewards expense increased, primarily driven by increases in Membership Rewards and cash back rewards expenses, collectively, of $2.0 billion, and cobrand rewards expense of $1.0 billion, both of which were primarily driven by higher billed business. The increase in Membership Rewards expense was also driven by a larger proportion of spend in categories that earn incremental rewards such as travel and a higher mix of redemptions in travel-related categories.

The Membership Rewards Ultimate Redemption Rate (URR) for current program participants was 96 percent (rounded down) at both December 31, 2022 and 2021.

Business development expense increased, primarily due to increased partner payments and client incentives, both of which were driven by higher network volumes.

Card Member services expense increased, primarily due to higher usage of travel-related benefits.

Marketing expense increased, primarily due to business investments to drive growth momentum and accelerate new card acquisitions.

Salaries and employee benefits expense increased, primarily driven by higher compensation costs, reflecting an increase in our colleague base to support business growth as well as compensation decisions made.

Other expenses increased, primarily driven by net losses on Amex Ventures investments in the current year, as compared to net gains in the prior year.

INCOME TAXES

The effective tax rate was 21.6 percent and 24.6 percent for 2022 and 2021, respectively. The reduction in the effective tax rate primarily reflected discrete tax benefits in the current year related to the resolution of prior-year tax items. The tax rates in both years reflected the level of pretax income in relation to recurring permanent tax benefits and the geographic mix of business.

TABLE 5: SELECTED CARD-RELATED STATISTICAL INFORMATION

Years Ended December 31,	2022	2021	2020	Change 2022 vs. 2021	Change 2021 vs. 2020
Network volumes *(billions)*	**$ 1,552.8**	$ 1,284.2	$ 1,037.8	21 %	24 %
Billed business	**$ 1,338.3**	$ 1,089.8	$ 870.7	23	25
Processed volumes	**$ 214.5**	$ 194.4	$ 167.1	10	16
Cards-in-force *(millions)*	**133.3**	121.7	112.0	10	9
Proprietary cards-in-force	**76.7**	71.4	68.9	7	4
Basic cards-in-force *(millions)*	**111.5**	100.7	91.3	11	10
Proprietary basic cards-in-force	**59.1**	54.7	52.7	8	4
Average proprietary basic Card Member spending *(dollars)*	**$ 23,496**	$ 20,392	$ 16,352	15	25
Average discount rate	**2.34 %**	2.30 %	2.28 %		
Average fee per card *(dollars)*[(a)]	**$ 82**	$ 74	$ 67	11 %	10 %

(a) Average fee per card is computed on an annualized basis based on proprietary Net card fees divided by average proprietary total cards-in-force.

TABLE 6: NETWORK VOLUMES-RELATED STATISTICAL INFORMATION

	2022		2021	
	Year over Year Percentage Increase (Decrease)	Percentage Increase (Decrease) Assuming No Changes in FX Rates[(a)]	Year over Year Percentage Increase (Decrease)	Percentage Increase (Decrease) Assuming No Changes in FX Rates[(a)]
Network volumes	**21 %**	**24 %**	24 %	23 %
Total billed business	**23**	**25**	25	24
U.S. Consumer Services	**24**		32	
Commercial Services	**21**	**22**	21	20
International Card Services	**23**	**36**	22	18
Processed volumes	**10**	**18**	16	14
Merchant industry billed business metrics				
G&S-related (75% and 81% of billed business for 2022 and 2021, respectively)	**13**	**16**	19	18
T&E-related (25% and 19% of billed business for 2022 and 2021, respectively)	**64**	**67**	59	58
Airline-related (6% and 3% of billed business for 2022 and 2021, respectively)	**119 %**	**125 %**	63 %	61 %

(a) The foreign currency adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the current year apply to the corresponding prior-year period against which such results are being compared).

TABLE 7: SELECTED CREDIT-RELATED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2022	2021	2020	Change 2022 vs. 2021	Change 2021 vs. 2020
Card Member loans:					
Card Member loans *(billions)*	**$ 108.0**	$ 88.6	$ 73.4	22 %	21 %
Credit loss reserves:					
Beginning balance	**$ 3,305**	$ 5,344	$ 4,027	(38)	33
Provisions — principal, interest and fees	**1,514**	(1,155)	3,453	#	#
Net write-offs — principal less recoveries	**(837)**	(672)	(1,795)	25	(63)
Net write-offs — interest and fees less recoveries	**(229)**	(207)	(375)	11	(45)
Other [(a)]	**(6)**	(5)	34	(20)	#
Ending balance	**$ 3,747**	$ 3,305	$ 5,344	13	(38)
% of loans	**3.5 %**	3.7 %	7.3 %		
% of past due	**348 %**	555 %	727 %		
Average loans *(billions)*	**$ 95.4**	$ 76.1	$ 74.6	25	2
Net write-off rate — principal, interest and fees [(b)]	**1.1 %**	1.2 %	2.9 %		
Net write-off rate — principal only [(b)]	**0.9 %**	0.9 %	2.4 %		
30+ days past due as a % of total	**1.0 %**	0.7 %	1.0 %		
Card Member receivables:					
Card Member receivables *(billions)*	**$ 57.6**	$ 53.6	$ 43.7	7	23
Credit loss reserves:					
Beginning balance	**$ 64**	$ 267	$ 126	(76)	#
Provisions — principal and fees	**627**	(73)	1,015	#	#
Net write-offs — principal and fees less recoveries [(c)]	**(462)**	(129)	(881)	#	(85)
Other [(a)]	**—**	(1)	7	#	#
Ending balance	**$ 229**	$ 64	$ 267	# %	(76)%
% of receivables	**0.4 %**	0.1 %	0.6 %		
Net write-off rate — principal and fees [(b)(c)(d)]	**0.8 %**	0.3 %	2.0 %		

# Denotes a variance of 100 percent or more

(a) Other includes foreign currency translation adjustments.

(b) We present a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, as our practice is to include uncollectible interest and/or fees as part of our total provision for credit losses, a net write-off rate including principal, interest and/or fees is also presented.

(c) The net write-off rate for the year ended December 31, 2021 includes a $37 million partial recovery in Card Member receivables related to a corporate client bankruptcy, which had resulted in a write-off in the year ended December 31, 2020 in the ICS segment.

(d) Refer to Tables 10, 12 and 14 for Net write-off rate — principal only and 30+ days past due metrics for U.S. consumer receivables, U.S. small business receivables and International small business and consumer receivables, respectively. A net write-off rate based on principal losses only and delinquency data for periods other than 90+ days past billing for corporate receivables are not available due to system constraints.

TABLE 8: NET INTEREST YIELD ON AVERAGE CARD MEMBER LOANS

Years Ended December 31, *(Millions, except percentages and where indicated)*	**2022**	2021	2020
Net interest income	**$ 9,895**	$ 7,750	$ 7,985
Exclude:			
Interest expense not attributable to our Card Member loan portfolio [a]	**1,268**	738	1,295
Interest income not attributable to our Card Member loan portfolio [b]	**(1,023)**	(379)	(668)
Adjusted net interest income [c]	**$ 10,140**	$ 8,109	$ 8,612
Average Card Member loans *(billions)*	**$ 95.4**	$ 76.0	$ 74.6
Net interest income divided by average Card Member loans [c]	**10.4 %**	10.2 %	10.7 %
Net interest yield on average Card Member loans [c]	**10.6 %**	10.7 %	11.5 %

(a) Primarily represents interest expense attributable to maintaining our corporate liquidity pool and funding Card Member receivables.

(b) Primarily represents interest income attributable to Other loans, interest-bearing deposits and the fixed income investment portfolios.

(c) Adjusted net interest income and net interest yield on average Card Member loans are non-GAAP measures. Refer to “Glossary of Selected Terminology” for the definitions of these terms. We believe adjusted net interest income is useful to investors because it represents the interest expense and interest income attributable to our Card Member loan portfolio and is a component of net interest yield on average Card Member loans, which provides a measure of profitability of our Card Member loan portfolio. Net interest yield on average Card Member loans reflects adjusted net interest income divided by average Card Member loans, computed on an annualized basis. Net interest income divided by average Card Member loans, computed on an annualized basis, a GAAP measure, includes elements of total interest income and total interest expense that are not attributable to the Card Member loan portfolio, and thus is not representative of net interest yield on average Card Member loans.

BUSINESS SEGMENT RESULTS OF OPERATIONS

We consider a combination of factors when evaluating the composition of our reportable operating segments, including the results reviewed by the chief operating decision maker, economic characteristics, products and services offered, classes of customers, product distribution channels, geographic considerations (primarily United States versus outside the United States) and regulatory considerations. Refer to Note 24 to the "Consolidated Financial Statements" and Part I, Item 1. "Business" for additional discussion of products and services that comprise each segment.

Effective for the third quarter of 2022, we realigned our reportable segments to reflect organizational changes announced during the second quarter of 2022. Prior periods presented herein have been recast to conform to the new reportable operating segments, which are: USCS, CS, ICS and GMNS, with corporate functions and certain other businesses and operations included in Corporate & Other. Refer to Note 24 to the "Consolidated Financial Statements" for additional information.

Results of the reportable operating segments generally treat each segment as a stand-alone business. The management reporting process that derives these results allocates revenue and expense using various methodologies as described below.

TOTAL REVENUES NET OF INTEREST EXPENSE

We allocate discount revenue and certain other revenues among segments using a transfer pricing methodology. Within the USCS, CS and ICS segments, discount revenue generally reflects the issuer component of the overall discount revenue generated by each segment's Card Members; within the GMNS segment, discount revenue generally reflects the network and acquirer component of the overall discount revenue being allocated.

Net card fees, processed revenue and certain other revenues are directly attributable to the segment in which they are reported.

Interest and fees on loans and certain investment income is directly attributable to the segment in which it is reported. Interest expense represents an allocated funding cost based on a combination of segment funding requirements and internal funding rates.

PROVISIONS FOR CREDIT LOSSES

The provisions for credit losses are directly attributable to the segment in which they are reported.

EXPENSES

Card Member rewards and Card Member services expenses are included in each segment based on the actual expenses incurred. Business development and Marketing expenses are included in each segment based on the actual expenses incurred. Global brand advertising is primarily allocated to the segments based on the relative levels of revenue.

Salaries and employee benefits and other expenses reflect both costs incurred directly within each segment, as well as allocated expenses. The allocated expenses include service costs, which primarily reflect salaries and benefits associated with our technology and customer servicing groups, and overhead expenses. Service costs are allocated based on activities directly attributable to the segment, and overhead expenses are allocated based on the relative levels of revenue and Card Member loans and receivables.

U.S. CONSUMER SERVICES

TABLE 9: USCS SELECTED INCOME STATEMENT DATA

Years Ended December 31, *(Millions, except percentages)*	2022	2021	2020	Change 2022 vs. 2021		Change 2021 vs. 2020	
Revenues							
Non-interest revenues	**$ 16,440**	$ 12,989	$ 10,125	$ 3,451	27 %	$ 2,864	28 %
Interest income	**8,457**	6,328	7,009	2,129	34	(681)	(10)
Interest expense	**983**	395	787	588	#	(392)	(50)
Net interest income	**7,474**	5,933	6,222	1,541	26	(289)	(5)
Total revenues net of interest expense	**23,914**	18,922	16,347	4,992	26	2,575	16
Provisions for credit losses	**1,021**	(919)	2,617	1,940	#	(3,536)	#
Total revenues net of interest expense after provisions for credit losses	**22,893**	19,841	13,730	3,052	15	6,111	45
Total expenses	**17,493**	13,883	10,627	3,610	26	3,256	31
Pretax segment income	**$ 5,400**	$ 5,958	$ 3,103	$ (558)	(9)%	$ 2,855	92 %

# Denotes a variance of 100 percent or more

USCS issues a wide range of proprietary consumer cards and provides services to U.S. consumers, including travel and lifestyle services as well as banking and non-card financing products.

TOTAL REVENUES NET OF INTEREST EXPENSE

Non-interest revenues increased across all revenue categories, primarily driven by higher Discount revenue and Net card fees.

Discount revenue increased 25 percent, primarily driven by an increase in U.S. consumer billed business of 24 percent. See Tables 5, 6 and 10 for more details on billed business performance.

Net card fees increased 24 percent, primarily driven by growth in our premium card portfolios.

Service fees and other revenue increased 50 percent, primarily driven by higher travel commissions and fees from our consumer travel business, as well as growth in delinquency fees.

Net interest income increased 26 percent, primarily driven by an increase in average Card Member loan balances.

Total revenues net of interest expense increased in 2021 compared to 2020, primarily driven by higher Discount revenue, reflecting billed business growth, partially offset by decreased Net interest income, primarily reflecting lower revolving Card Member loan balances.

PROVISIONS FOR CREDIT LOSSES

Card Member loans and receivables provisions for credit losses increased, primarily due to reserve builds in the current year, versus reserve releases in the prior year. The reserve builds in the current year were primarily driven by an increase in loans outstanding, higher delinquencies and changes in macroeconomic forecasts, partially offset by the release of COVID-19 pandemic-driven reserves for Card Member loans. The reserve releases in the prior year were due to improved portfolio quality and macroeconomic forecasts, partially offset by increases in loans and receivables outstanding.

Provisions for credit losses decreased in 2021 compared to 2020, primarily driven by reserve releases in 2021, versus reserve builds in 2020.

EXPENSES

Total expenses increased, primarily driven by higher Card Member rewards expense and Card Member services expense.

Card Member rewards expense increased, primarily driven by higher billed business and a larger proportion of spend in categories that earn incremental rewards such as travel and a higher mix of redemptions in travel-related categories.

Business development expense increased, primarily due to increased partner payments driven by higher billed business.

Card Member services expense increased, primarily driven by higher usage of travel-related benefits.

Marketing expense increased, primarily due to business investments to drive growth momentum and accelerate new card acquisitions.

Salaries and employee benefits and other expenses increased, primarily due to higher compensation costs and higher service costs.

Total expenses increased in 2021 compared to 2020, primarily driven by higher customer engagement and marketing expenses, reflecting higher billed business and increases in marketing investments to continue building growth momentum.

TABLE 10: USCS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2022	2021	2020	Change 2022 vs. 2021	Change 2021 vs. 2020
Billed business *(billions)*	**$ 553.0**	$ 444.2	$ 337.6	24 %	32 %
Proprietary cards-in-force	**41.7**	39.0	37.7	7	3
Proprietary basic cards-in-force	**29.2**	27.3	26.6	7	3
Average proprietary basic Card Member spending *(dollars)*	**$ 19,514**	$ 16,498	$ 12,641	18	31
Total segment assets *(billions)*	**$ 94.4**	$ 76.5	$ 65.0	23	18
Card Member loans:					
Total loans *(billions)*	**$ 72.7**	$ 59.8	$ 51.4	22	16
Average loans *(billions)*	**$ 63.7**	$ 52.0	$ 53.0	23	(2)
Net write-off rate — principal, interest and fees [(a)]	**1.1 %**	1.1 %	2.9 %		
Net write-off rate — principal only [(a)]	**0.9 %**	0.8 %	2.4 %		
30+ days past due as a % of total	**1.0 %**	0.7 %	1.0 %		
Calculation of Net Interest Yield on Average Card Member Loans:					
Net interest income	**$ 7,474**	$ 5,933	$ 6,222		
Exclude:					
Interest expense not attributable to our Card Member loan portfolio [(b)]	**139**	158	288		
Interest income not attributable to our Card Member loan portfolio [(c)]	**(228)**	(110)	(189)		
Adjusted net interest income [(d)]	**$ 7,385**	$ 5,981	$ 6,321		
Average Card Member loans *(billions)*	**$ 63.7**	$ 52.0	$ 53.0		
Net interest income divided by average Card Member loans [(d)]	**11.7 %**	11.4 %	11.7 %		
Net interest yield on average Card Member loans [(d)]	**11.6 %**	11.5 %	11.9 %		
Card Member receivables:					
Total receivables *(billions)*	**$ 14.3**	$ 14.7	$ 11.9	(3)%	24 %
Net write-off rate — principal and fees [(a)]	**0.6 %**	0.1 %	1.4 %		
Net write-off rate — principal only [(a)]	**0.6 %**	— %	1.3 %		
30+ days past due as a % of total	**0.9 %**	0.4 %	0.4 %		

(a) Refer to Table 7 footnote (b).

(b) Refer to Table 8 footnote (a).

(c) Refer to Table 8 footnote (b).

(d) Refer to Table 8 footnote (c).

COMMERCIAL SERVICES

TABLE 11: CS SELECTED INCOME STATEMENT DATA

Years Ended December 31, (Millions, except percentages)	2022	2021	2020	Change 2022 vs. 2021		Change 2021 vs. 2020	
Revenues							
Non-interest revenues	**$ 12,196**	$ 9,833	$ 8,210	$ 2,363	24 %	$ 1,623	20 %
Interest income	**2,070**	1,408	1,532	662	47	(124)	(8)
Interest expense	**697**	330	508	367	#	(178)	(35)
Net interest income	**1,373**	1,078	1,024	295	27	54	5
Total revenues net of interest expense	**13,569**	10,911	9,234	2,658	24	1,677	18
Provisions for credit losses	**565**	(420)	1,291	985	#	(1,711)	#
Total revenues net of interest expense after provisions for credit losses	**13,004**	11,331	7,943	1,673	15	3,388	43
Total expenses	**10,124**	8,395	6,930	1,729	21	1,465	21
Pretax segment income	**$ 2,880**	$ 2,936	$ 1,013	$ (56)	(2)%	$ 1,923	# %

# Denotes a variance of 100 percent or more

CS issues a wide range of proprietary corporate and small business cards and provides services to U.S. businesses, including payment and expense management, banking and non-card financing products. CS also issues proprietary corporate cards and provides services to select global corporate clients.

TOTAL REVENUES NET OF INTEREST EXPENSE

Non-interest revenues increased, primarily driven by higher Discount revenue.

Discount revenue increased 25 percent, primarily driven by an increase in commercial billed business of 21 percent. See Tables 5, 6 and 12 for more details on billed business performance.

Net card fees increased 22 percent, primarily driven by growth in our premium card portfolios.

Service fees and other revenue increased 60 percent, primarily due to higher foreign exchange related revenues associated with Card Member cross-currency spending and higher delinquency fees.

Processed revenue decreased 71 percent, primarily driven by the prior-year repositioning of certain of our alternative payment solutions.

Net interest income increased 27 percent, primarily driven by higher revolving Card Member loan balances.

Total revenues net of interest expense increased in 2021 compared to 2020, primarily driven by increased Discount revenue, reflecting billed business growth, and increased Net interest income, primarily reflecting a lower cost of funds, partially offset by lower revolving Card Member loan balances.

PROVISIONS FOR CREDIT LOSSES

Card Member loans provision for credit losses increased, primarily due to a reserve build in the current year, versus a reserve release in the prior year. The reserve build in the current year was primarily driven by an increase in loans outstanding, higher delinquencies and changes in macroeconomic forecasts, partially offset by the release of COVID-19 pandemic-driven reserves. The reserve release in the prior year was driven by improved portfolio quality and macroeconomic forecasts, partially offset by an increase in loans outstanding.

Card Member receivables provision for credit losses increased, primarily due to a reserve build in the current year, versus a reserve release in the prior year, and higher net write-offs in the current year. The reserve build in the current year was primarily driven by higher delinquencies and an increase in receivables outstanding. The reserve release in the prior year was driven by improved portfolio quality and macroeconomic forecasts, partially offset by an increase in receivables outstanding.

Provisions for credit losses decreased in 2021 compared to 2020, primarily driven by reserve releases in 2021, versus reserve builds in 2020.

EXPENSES

Total expenses increased, primarily driven by Card Member rewards expense and Business development expense.

Card Member rewards expense increased, primarily driven by higher billed business as well as a larger proportion of spend in categories that earn incremental rewards such as travel and a higher mix of redemptions in travel-related categories.

Business development expense increased, primarily due to increased client incentive payments driven by higher billed business.

Card Member services expense increased, primarily driven by higher usage of travel-related benefits.

Marketing expense increased, primarily due to business investments to drive growth momentum and accelerate new card acquisitions.

Salaries and employee benefits and other expenses increased, primarily due to higher compensation costs and higher service costs.

Total expenses increased in 2021 compared to 2020, primarily driven by higher customer engagement and marketing expenses, reflecting higher billed business and increases in marketing investments to continue building growth momentum.

TABLE 12: CS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*		2022		2021		2020	Change 2022 vs. 2021	Change 2021 vs. 2020
Billed business *(billions)*	**$**	**499.5**	$	411.6	$	340.0	21 %	21 %
Proprietary cards-in-force		**14.9**		13.4		12.5	11	7
Average Card Member spending *(dollars)*	**$**	**35,202**	$	32,042	$	27,045	10	18
Total segment assets *(billions)*	**$**	**51.4**	$	44.5	$	34.9	16	28
Card Member loans:								
Total loans *(billions)*	**$**	**21.4**	$	17.0	$	12.8	26	33
Average loans *(billions)*	**$**	**19.3**	$	14.4	$	12.5	34	15
Net write-off rate — principal, interest and fees[(a)]		**0.8 %**		0.8 %		2.4 %		
Net write-off rate — principal only[(a)]		**0.7 %**		0.6 %		2.1 %		
30+ days past due as a % of total		**0.9 %**		0.5 %		0.7 %		
Calculation of Net Interest Yield on Average Card Member Loans:								
Net interest income	**$**	**1,373**	$	1,078	$	1,024		
Exclude:								
Interest expense not attributable to our Card Member loan portfolio[(b)]		**430**		251		377		
Interest income not attributable to our Card Member loan portfolio[(c)]		**(89)**		(76)		(166)		
Adjusted net interest income[(d)]	**$**	**1,714**	$	1,253	$	1,235		
Average Card Member loans *(billions)*	**$**	**19.3**	$	14.4	$	12.5		
Net interest income divided by average Card Member loans[(d)]		**7.1 %**		7.5 %		8.2 %		
Net interest yield on average Card Member loans[(d)]		**8.9 %**		8.7 %		9.9 %		
Card Member receivables:								
Total receivables *(billions)*	**$**	**26.9**	$	24.6	$	19.1	9 %	29 %
Net write-off rate — principal and fees[(e)]		**0.7 %**		0.2 %		1.8 %		
Net write-off rate — principal only[(a)] - small business		**0.9 %**		0.2 %		2.2 %		
30+ days past due as a % of total - small business		**1.6 %**		0.8 %		0.7 %		
90+ days past billing as a % of total[(e)] - corporate		**0.6 %**		0.3 %		0.4 %		

(a) Refer to Table 7 footnote (b).

(b) Refer to Table 8 footnote (a).

(c) Refer to Table 8 footnote (b).

(d) Refer to Table 8 footnote (c).

(e) For corporate receivables, delinquency data is tracked based on days past billing status rather than days past due. A Card Member account is considered 90 days past billing if payment has not been received within 90 days of the Card Member’s billing statement date. In addition, if we initiate collection procedures on an account prior to the account becoming 90 days past billing, the associated Card Member receivable balance is classified as 90 days past billing. Corporate receivables delinquency data for periods other than 90+ days past billing and the net write-off rate based on principal losses only are not available due to system constraints.

INTERNATIONAL CARD SERVICES

TABLE 13: ICS SELECTED INCOME STATEMENT DATA

Years Ended December 31, *(Millions, except percentages)*	2022	2021	2020	Change 2022 vs. 2021		Change 2021 vs. 2020	
Revenues							
Non-interest revenues	**$ 8,262**	$ 6,761	$ 5,877	$ 1,501	22 %	$ 884	15 %
Interest income	**1,453**	1,116	1,244	337	30	(128)	(10)
Interest expense	**654**	442	379	212	48	63	17
Net interest income	**799**	674	865	125	19	(191)	(22)
Total revenues net of interest expense	**9,061**	7,435	6,742	1,626	22	693	10
Provisions for credit losses	**584**	(43)	734	627	#	(777)	#
Total revenues net of interest expense after provisions for credit losses	**8,477**	7,478	6,008	999	13	1,470	24
Total expenses	**7,899**	6,549	5,487	1,350	21	1,062	19
Pretax segment income	**$ 578**	$ 929	$ 521	$ (351)	(38)%	$ 408	78 %

# Denotes a variance of 100 percent or more

ICS issues a wide range of proprietary consumer, small business and corporate cards outside the United States. ICS also provides services to our international customers, including travel and lifestyle services, and manages certain international joint ventures and our loyalty coalition businesses.

For 2022, ICS reported pretax income of $578 million, compared with $929 million a year ago. Results for this segment were significantly impacted by the strengthening of the U.S. dollar.

TOTAL REVENUES NET OF INTEREST EXPENSE

Non-interest revenues increased across all revenue categories, primarily driven by Discount revenue and Service fees and other revenues.

Discount revenue increased 25 percent (37 percent on a FX-adjusted basis), primarily reflecting an increase in billed business of 23 percent (36 percent on a FX-adjusted basis).[2] See Tables 5, 6 and 14 for more details on billed business performance.

Net card fees increased 3 percent (14 percent on a FX-adjusted basis), primarily driven by growth in our premium card portfolios, partially offset by changes in foreign exchange rates.[2]

Service fees and other revenue increased 39 percent (52 percent on a FX-adjusted basis), primarily due to higher foreign exchange-related revenues associated with Card Member cross-currency spending, and higher income from equity method investments, which included a portion of the revenue allocated to a joint venture partner as described in Business development expense below, versus a net loss in the prior year.[2]

Processed revenue increased 28 percent (35 percent on a FX-adjusted basis), primarily driven by an increase in processed volumes.[2]

Net interest income increased 19 percent (25 percent on a FX-adjusted basis), primarily driven by an increase in average Card Member loan balances, partially offset by higher cost of funds driven by higher interest rates.[2]

Total revenues net of interest expense increased in 2021 compared to 2020, primarily driven by increased Discount revenue, reflecting billed business growth, partially offset by decreased Net interest income, primarily reflecting lower yields and lower revolving Card Member loan balances.

[2] Refer to footnote 1 on page 42 for details regarding foreign currency adjusted information.

PROVISIONS FOR CREDIT LOSSES

Card Member loans and receivables provisions for credit losses increased, primarily due to reserve builds in the current year, versus reserve releases in the prior year, and higher net write-offs in the current year. The reserve builds in the current year were primarily driven by an increase in loans and receivables outstanding and higher delinquencies. The reserve releases in the prior year were driven by improved portfolio quality and macroeconomic forecasts, partially offset by an increase in loans and receivables outstanding.

Provisions for credit losses decreased in 2021 compared to 2020, primarily driven by reserve releases in 2021, versus reserve builds in 2020.

EXPENSES

Total expenses increased, primarily driven by higher Card Member rewards expense and Business development expense.

Card Member rewards expense increased, primarily driven by higher billed business as well as a larger proportion of spend in categories that earn incremental rewards such as travel and a higher mix of redemptions in travel-related categories.

Business development expense increased, primarily driven by a charge related to revenue allocated to a joint venture partner for certain categories of transactions.

Card Member services expense increased, primarily driven by higher usage of travel-related benefits.

Marketing expense decreased, but was flat when adjusted for changes in foreign exchange rates.

Salaries and employee benefits and other expenses increased, primarily due to higher compensation costs and higher service costs.

Total expenses increased in 2021 compared to 2020, primarily driven by higher customer engagement and marketing expenses, reflecting higher billed business and increases in marketing investments to continue building growth momentum.

TABLE 14: ICS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*		2022		2021		2020	Change 2022 vs. 2021	Change 2021 vs. 2020
Billed business *(billions)*	**$**	**281.6**	$	228.2	$	187.5	23 %	22 %
Proprietary cards-in-force		**20.1**		19.0		18.7	6	2
Proprietary basic cards-in-force		**14.9**		13.9		13.6	7	2
Average proprietary basic Card Member spending *(dollars)*	**$**	**19,519**	$	16,689	$	13,429	17	24
Total segment assets *(billions)*	**$**	**36.9**	$	32.6	$	28.2	13	16
Card Member loans - consumer and small business:								
Total loans *(billions)*	**$**	**13.8**	$	11.6	$	9.2	19	26
Average loans *(billions)*	**$**	**12.3**	$	9.6	$	9.0	28	7
Net write-off rate — principal, interest and fees[(a)]		**1.4 %**		2.1 %		3.7 %		
Net write-off rate — principal only[(a)]		**1.2 %**		1.6 %		3.0 %		
30+ days past due as a % of total		**1.2 %**		0.8 %		1.7 %		
Calculation of Net Interest Yield on Average Card Member Loans:								
Net interest income	**$**	**799**	$	674	$	865		
Exclude:								
Interest expense not attributable to our Card Member loan portfolio[(b)]		**270**		211		205		
Interest income not attributable to our Card Member loan portfolio[(c)]		**(28)**		(11)		(17)		
Adjusted net interest income[(d)]	**$**	**1,041**	$	874	$	1,053		
Average Card Member loans *(billions)*	**$**	**12.4**	$	9.6	$	9.0		
Net interest income divided by average Card Member loans[(d)]		**6.5 %**		7.0 %		9.6 %		
Net interest yield on average Card Member loans[(d)]		**8.4 %**		9.1 %		11.7 %		
Card Member receivables:								
Total receivables *(billions)*	**$**	**16.4**	$	14.3	$	12.7	15 %	13 %
Net write-off rate — principal and fees[(e)(f)]		**1.3 %**		0.6 %		3.0 %		
Net write-off rate — principal only[(a)] - consumer and small business		**1.4 %**		0.8 %		2.2 %		
30+ days past due as a % of total - consumer and small business		**1.3 %**		0.7 %		0.8 %		
90+ days past billing as a % of total[(e)] - corporate		**0.5 %**		0.3 %		1.1 %		

(a) Refer to Table 7 footnote (b).

(b) Refer to Table 8 footnote (a).

(c) Refer to Table 8 footnote (b).

(d) Refer to Table 8 footnote (c).

(e) For corporate receivables, delinquency data is tracked based on days past billing status rather than days past due. A Card Member account is considered 90 days past billing if payment has not been received within 90 days of the Card Member's billing statement date. In addition, if we initiate collection procedures on an account prior to the account becoming 90 days past billing, the associated Card Member receivable balance is classified as 90 days past billing. Corporate receivables delinquency data for periods other than 90+ days past billing and the net write-off rate based on principal losses only are not available due to system constraints.

(f) Refer to Table 7 footnote (c).

GLOBAL MERCHANT AND NETWORK SERVICES

TABLE 15: GMNS SELECTED INCOME STATEMENT AND OTHER DATA

Years Ended December 31, (Millions, except percentages and where indicated)	2022	2021	2020	Change 2022 vs. 2021		Change 2021 vs. 2020	
Revenues							
Non-interest revenues	**$ 6,123**	$ 5,021	$ 4,209	$ 1,102	22 %	$ 812	19 %
Interest income	**23**	16	18	7	44	(2)	(11)
Interest expense	**(329)**	(92)	(82)	(237)	#	(10)	(12)
Net interest income	**352**	108	100	244	#	8	8
Total revenues net of interest expense	**6,475**	5,129	4,309	1,346	26	820	19
Provisions for credit losses	**7**	(37)	87	44	#	(124)	#
Total revenues net of interest expense after provisions for credit losses	**6,468**	5,166	4,222	1,302	25	944	22
Total expenses	**3,514**	3,292	2,928	222	7	364	12
Pretax segment income	**2,954**	1,874	1,294	1,080	58	580	45
Network volumes *(billions)*	**1,552.8**	1,284.2	1,037.8	$ 269	21	$ 246	24
Total segment assets *(billions)*	**$ 20.0**	$ 15.4	$ 14.1		30 %		9 %

# Denotes a variance of 100 percent or more

GMNS operates a global payments network that processes and settles card transactions, acquires merchants and provides multi-channel marketing programs and capabilities, services and data analytics, leveraging our global integrated network. GMNS manages our partnership relationships with third-party card issuers (including our network partnership agreements in China), merchant acquirers and a prepaid reloadable and gift card program manager, licensing the American Express brand and extending the reach of the global network.

TOTAL REVENUES NET OF INTEREST EXPENSE

Non-interest revenues increased across all revenue categories, primarily driven by Discount revenue and Service fees and other revenues.

Discount revenue increased 24 percent, primarily driven by an increase in billed business. See Tables 5 and 6 for more details on billed business performance.

Service fees and other revenue increased 28 percent, primarily due to higher foreign currency-related revenue.

Processed revenue increased 14 percent, primarily driven by higher processed volumes.

GMNS receives an interest expense credit relating to internal transfer pricing due to its merchant payables. Net interest income increased, primarily due to a higher interest expense credit, largely driven by an increase in average merchant payables related to billed business growth and higher interest rates.

Total revenues net of interest expense increased in 2021 compared to 2020, primarily driven by higher Discount revenue, reflecting higher billed business, and increased Net interest income, primarily due to a higher interest expense credit, reflecting an increase in average merchant payables related to year-over-year billed business growth.

EXPENSES

Total expenses increased, primarily driven by higher Salaries and employee benefits expense, reflecting higher compensation costs, as well as higher Business development expense, primarily resulting from increased partner payments driven by higher network volumes.

Total expenses increased in 2021 compared to 2020, primarily driven by higher Business development and Marketing expenses, reflecting increased partner payments, driven by higher network volumes, as well as increased spend on initiatives to support merchant engagement.

CORPORATE & OTHER

Corporate functions and certain other businesses are included in Corporate & Other.

Corporate & Other pretax loss was $2.2 billion and $1.0 billion in 2022 and 2021, respectively. The increase in the pretax loss was primarily driven by net losses on Amex Ventures investments in the current year, as compared to net gains in the prior year, a non-cash gain in the prior year related to an increase in GBTG's total equity book value and higher compensation costs in the current year.

CONSOLIDATED CAPITAL RESOURCES AND LIQUIDITY

Our balance sheet management objectives are to maintain:

- A solid and flexible equity capital profile;
- A broad, deep and diverse set of funding sources to finance our assets and meet operating requirements; and
- Liquidity programs that enable us to continuously meet expected future financing obligations and business requirements for at least a twelve-month period in the event we are unable to continue to raise new funds under our regular funding programs during a substantial weakening in economic conditions.

We continue to see volatility in the capital markets due to a variety of factors and manage our balance sheet to reflect evolving circumstances.

CAPITAL STRATEGY

We believe capital allocated to growing businesses with a return on risk-adjusted equity in excess of our costs will generate shareholder value. Our objective is to retain sufficient levels of capital generated through net income and other sources, such as the exercise of stock options by employees, to maintain a strong balance sheet, provide flexibility to support future business growth, and distribute excess capital to shareholders through dividends and share repurchases. See “Dividends and Share Repurchases” below.

The level and composition of our consolidated capital position are determined through our Internal Capital Adequacy Assessment Process, which takes into account our business activities, as well as marketplace conditions and requirements or expectations of credit rating agencies, regulators and shareholders, among others. As a bank holding company, we are subject to regulatory requirements administered by the U.S. federal banking agencies. The Federal Reserve has established specific capital adequacy guidelines that involve quantitative measures of assets, liabilities and certain off-balance sheet items. Failure to maintain minimum regulatory capital levels at American Express or our U.S. bank subsidiary, American Express National Bank (AENB), could affect our status as a financial holding company and cause the banking regulators with oversight of American Express or AENB to take actions that could limit our business operations.

We seek to maintain capital levels and ratios in excess of the minimum regulatory requirements, specifically within a 10 to 11 percent target range for American Express Company's Common Equity Tier 1 (CET1) risk-based capital ratio.

We maintain certain flexibility to shift capital across our businesses as appropriate. For example, we may infuse additional capital into subsidiaries to maintain capital at targeted levels in consideration of debt ratings and regulatory requirements. These infused amounts can affect the capital and liquidity positions at the American Express parent company level or at our subsidiaries.

We report our capital ratios using the Basel III capital definitions and the Basel III standardized approach for calculating risk-weighted assets.

The following table presents our regulatory risk-based capital and leverage ratios and those of AENB, as of December 31, 2022:

TABLE 16: REGULATORY RISK-BASED CAPITAL AND LEVERAGE RATIOS

	Effective Minimum [(a)]	Ratios as of December 31, 2022
Risk-Based Capital		
Common Equity Tier 1	7.0 %	
American Express Company		10.3 %
American Express National Bank		11.3
Tier 1	8.5	
American Express Company		11.1
American Express National Bank		11.3
Total	10.5	
American Express Company		12.8
American Express National Bank		13.2
Tier 1 Leverage	4.0 %	
American Express Company		9.9
American Express National Bank		9.7 %

(a) Represents Basel III minimum requirements and applicable regulatory buffers as defined by the federal banking regulators, which includes the stress capital buffer (SCB) for American Express Company and the capital conservation buffer for AENB. Refer to “Capital and Liquidity Regulation” under “Supervision and Regulation” and Note 22 to our “Consolidated Financial Statements” for additional information.

The following table presents American Express Company's regulatory risk-based capital and risk-weighted assets as of December 31, 2022:

TABLE 17: REGULATORY RISK-BASED CAPITAL COMPONENTS AND RISK-WEIGHTED ASSETS

American Express Company ***($ in Billions)***		December 31, 2022
Risk-Based Capital		
Common Equity Tier 1	$	20.0
Tier 1 Capital		21.6
Tier 2 Capital		3.3
Total Capital		24.9
Risk-Weighted Assets		194.4
Average Total Assets to calculate the Tier 1 Leverage Ratio	$	218.6

The following are definitions for our regulatory risk-based capital ratios and leverage ratio, which are calculated as per standard regulatory guidance:

Risk-Weighted Assets — Assets are weighted for risk according to a formula used by the Federal Reserve to conform to capital adequacy guidelines. On- and off-balance sheet items are weighted for risk, with off-balance sheet items converted to balance sheet equivalents, using risk conversion factors, before being allocated a risk-adjusted weight. Off-balance sheet exposures comprise a minimal part of the total risk-weighted assets.

Common Equity Tier 1 Risk-Based Capital Ratio — Calculated as CET1 capital, divided by risk-weighted assets. CET1 capital is common shareholders’ equity, adjusted for ineligible goodwill and intangible assets and certain deferred tax assets. CET1 capital is also adjusted for the Current Expected Credit Loss (CECL) final rules, as described below.

Tier 1 Risk-Based Capital Ratio — Calculated as Tier 1 capital, divided by risk-weighted assets. Tier 1 capital is the sum of CET1 capital, preferred shares and third-party non-controlling interests in consolidated subsidiaries, adjusted for capital held by insurance subsidiaries. The minimum requirement for the Tier 1 risk-based capital ratio is 1.5 percent higher than the minimum for the CET1 risk-based capital ratio. We have $1.6 billion of preferred shares outstanding to help address a portion of the Tier 1 capital requirements in excess of common equity requirements. See Note 16 to the "Consolidated Financial Statements" for additional information on our preferred shares.

Total Risk-Based Capital Ratio — Calculated as the sum of Tier 1 capital and Tier 2 capital, divided by risk-weighted assets. Tier 2 capital is the sum of the reserve for loan and receivable credit losses adjusted for the CECL final rules (limited to 1.25 percent of risk-weighted assets), and $870 million of eligible subordinated notes, adjusted for capital held by insurance subsidiaries. The $870 million of eligible subordinated notes includes the $750 million subordinated debt issued in May 2022 and the $120 million remaining Tier 2 capital credit for the $600 million subordinated debt issued in December 2014.

Tier 1 Leverage Ratio — Calculated by dividing Tier 1 capital by our average total consolidated assets for the most recent quarter.

We elected to delay the recognition of $0.7 billion of impact to regulatory capital from the adoption of the CECL methodology for two years, followed by a three-year phase-in period at 25 percent once per year beginning January 1, 2022, pursuant to rules issued by federal banking regulators (the CECL final rules). As of January 1, 2023, we have phased in 50 percent of such amount. Refer to “Capital and Liquidity Regulation” under Part 1, Item 1. “Business - Supervision and Regulation” for additional details.

As a Category IV firm, we participated in the Federal Reserve's supervisory stress tests in 2022. On August 4, 2022, the Federal Reserve confirmed our SCB of 2.5 percent, which resulted in a minimum CET1 ratio of 7 percent, effective October 1, 2022.

DIVIDENDS AND SHARE REPURCHASES

We return capital to common shareholders through dividends and share repurchases. The share repurchases reduce common shares outstanding and generally more than offset the issuance of new shares as part of employee compensation plans.

During the year ended December 31, 2022, we returned $4.9 billion to our shareholders in the form of common stock dividends of $1.6 billion and share repurchases of $3.3 billion. We repurchased 20 million common shares at an average price of $168.14 in 2022. These dividend and share repurchase amounts collectively represent approximately 64 percent of total capital generated during the year.

We plan to increase the regular quarterly dividend on our common shares outstanding by approximately 15 percent, from 52 cents to 60 cents per share, beginning with the first quarter 2023 dividend declaration.

In addition, during the year ended December 31, 2022, we paid $57 million in dividends on non-cumulative perpetual preferred shares outstanding. Refer to Note 16 to the “Consolidated Financial Statements” for additional information on our preferred shares.

Our decisions on capital distributions depend on various factors, including: our capital levels and regulatory capital requirements; regulatory guidance or restrictions, actual and forecasted business results; economic and market conditions; revisions to, or revocation of, the Federal Reserve’s authorization of our capital plan; and the supervisory stress test process. We may conduct share repurchases through a variety of methods, including open market purchases, 10b5-1 plans, privately negotiated transactions (including employee benefit plans) or other purchases, including block trades, accelerated share repurchase programs or any combination of such methods as market conditions warrant and at prices we deem appropriate.

FUNDING STRATEGY

Our principal funding objective is to maintain broad and well-diversified funding sources to allow us to finance our global businesses and to maintain a strong liquidity profile. Our funding strategy and activities are integrated into our asset-liability management activities. We have in place a funding policy covering American Express Company and all of our subsidiaries.

Our global proprietary card-issuing businesses generate significant assets in both domestic and international Card Member lending and receivable activities. Our financing needs are in large part a consequence of our proprietary card-issuing businesses, where we generally pay merchants for card transactions prior to reimbursement by Card Members and therefore fund the merchant payments during the period Card Member loans and receivables are outstanding. In addition, we maintain a liquidity position to meet regulatory requirements and support our business activities.

We aim to satisfy these financing needs with a diverse set of funding sources. The diversity of funding sources by type of instrument, by tenor and by investor base, among other factors, mitigates the impact of disruptions in any one type of instrument, tenor or investor. We seek to achieve diversity and cost efficiency in our funding sources by maintaining scale and market relevance in deposits, unsecured debt and asset securitizations, and access to secured borrowing facilities and a committed bank credit facility.

We expect the balance of our direct deposits to continue to grow. Our funding plan is primarily driven by the size and mix of business asset growth, our liquidity position, and choice of funding sources, as well as cash requirements generated by the redemptions of deposits by our customers, the maturities of debt outstanding and related interest payments. In executing our funding plan, we aim to maintain a balanced debt maturity profile with an appropriate mix of short-term and long-term refinancing requirements.

FUNDING PROGRAMS AND ACTIVITIES

We had the following customer deposits and consolidated debt outstanding as of December 31:

TABLE 18: SUMMARY OF CUSTOMER DEPOSITS AND CONSOLIDATED DEBT

(Billions)	**2022**	2021
Customer deposits	**$ 110.2**	$ 84.4
Short-term borrowings	**1.3**	2.2
Long-term debt	**42.6**	38.7
Total customer deposits and debt	**$ 154.1**	$ 125.3

We may redeem from time to time certain debt securities prior to the original contractual maturity dates in accordance with the optional redemption provisions of those debt securities.

Our funding plan for the full year 2023 includes, among other sources, approximately $6.0 billion to $10.0 billion of unsecured term debt issuance and approximately $5.0 billion to $9.0 billion of secured term debt issuance. Actual funding activities can vary from our plans due to various factors, such as future business growth, the impact of global economic, political and other events on market capacity and funding needs, demand for securities offered by us, regulatory changes, ability to securitize and sell loans and receivables, and the performance of loans and receivables previously sold in securitization transactions. Many of these factors are beyond our control.

Our equity capital and funding strategies are designed, among other things, to maintain appropriate and stable unsecured debt ratings from the major credit rating agencies: Moody’s Investor Services (Moody’s), Standard & Poor’s (S&P) and Fitch Ratings (Fitch). Such ratings help support our access to cost-effective unsecured funding as part of our overall funding strategy. Our asset securitization activities are rated separately.

TABLE 19: UNSECURED DEBT RATINGS

American Express Entity		Moody's	S&P	Fitch
American Express Company	Long Term	**A2**	BBB+	**A**
	Short Term	**N/A**	A-2	**F1**
	Outlook	**Stable**	Stable	**Stable**
American Express Travel Related Services Company, Inc.	Long Term	**A2**	A-	**A**
	Short Term	**Prime-1**	A-2	**F1**
	Outlook	**Stable**	**Stable**	**Stable**
American Express National Bank	Long Term	**A3**	A-	**A**
	Short Term	**Prime-1**	A-2	**F1**
	Outlook	**Stable**	Stable	**Stable**
American Express Credit Corporation	Long Term	**A2**	A-	**A**
	Short Term	**N/A**	N/A	**N/A**
	Outlook	**Stable**	**Stable**	**Stable**

These ratings are not a recommendation to buy or hold any of our securities and they may be revised or revoked at any time at the sole discretion of the rating organization.

Downgrades in the ratings of our unsecured debt or asset securitization program securities could result in higher funding costs, as well as higher fees related to borrowings under our unused credit facilities. Declines in credit ratings could also reduce our borrowing capacity in the unsecured debt and asset securitization capital markets. We believe our funding mix, including the proportion of U.S. retail deposits insured by the Federal Deposit Insurance Corporation (FDIC) to total funding, should reduce the impact that credit rating downgrades would have on our funding capacity and costs.

DEPOSIT PROGRAMS

We offer deposits within our U.S. bank subsidiary, AENB. These funds are currently insured up to an amount that is at least $250,000 per account holder through the FDIC. Our ability to obtain deposit funding and offer competitive interest rates is dependent on, among other factors, the capital level of AENB. Direct retail deposits offered by AENB is our primary deposit product channel, which makes FDIC-insured high-yield savings account and certificates of deposit (CDs) products available directly to consumers. AENB also offers checking account products and sources deposits through third-party distribution channels as needed to meet our overall funding objectives. As of December 31, 2022, we had $110.2 billion in deposits. Refer to Note 7 to the “Consolidated Financial Statements” for a further description of these deposits and scheduled maturities of certificates of deposits.

SHORT-TERM FUNDING PROGRAMS

Short-term borrowings, such as commercial paper, are defined as any debt with an original maturity of twelve months or less, as well as interest-bearing overdrafts with banks. Our short-term funding programs are used primarily to fund working capital needs, such as managing seasonal variations in receivables balances. The amount of short-term borrowings issued in the future will depend on our funding strategy, our needs and market conditions. We had no commercial paper outstanding at any point during 2022. Refer to Note 8 to the “Consolidated Financial Statements” for a further description of these borrowings.

LONG-TERM DEBT AND ASSET SECURITIZATION PROGRAMS

As of December 31, 2022, we had $42.6 billion in long-term debt outstanding, including unsecured debt and asset-backed securities. Refer to Note 8 to the "Consolidated Financial Statements" for a further description of these borrowings and scheduled maturities of long-term debt obligations.

We periodically securitize Card Member loans and receivables arising from our U.S. card business, as the securitization market provides us with cost-effective funding. Securitization of Card Member loans and receivables is accomplished through the transfer of those assets to a trust, which in turn issues securities collateralized by the transferred assets to third-party investors. The proceeds from issuance are distributed to us, through our wholly owned subsidiaries, as consideration for the transferred assets. Refer to Note 5 to the "Consolidated Financial Statements" for a further description of our asset securitizations.

TABLE 20: DEBT ISSUANCES

(Billions)		**2022**
American Express Company:		
Fixed Rate Senior Notes (weighted-average coupon rate of 3.60%)	$	10.2
Floating Rate Senior Notes (compounded SOFR [a] plus weighted-average spread of 83 basis points)		1.0
Fixed-to-Floating Rate Senior Notes (4.42% coupon during the fixed rate period and compounded SOFR [a] plus 1.76% during the floating rate period)		1.2
Fixed-to-Floating Rate Subordinated Notes (4.989% coupon during the fixed rate period and compounded SOFR [a] plus 2.255% during the floating rate period)		0.8
American Express Credit Account Master Trust:		
Fixed Rate Class A Certificates (weighted-average coupon of 3.51%)		7.3
Total	$	20.5

(a) Secured overnight financing rate (SOFR).

LIQUIDITY MANAGEMENT

Our liquidity objective is to maintain access to a diverse set of on- and off-balance sheet liquidity sources. We seek to maintain liquidity sources in amounts sufficient to meet our expected future financial obligations and business requirements for liquidity for a period of at least twelve months in the event we are unable to raise new funds under our regular funding programs during a substantial weakening in economic conditions.

Our liquidity management strategy includes a number of elements, including, but not limited to:

- Maintaining diversified funding sources (refer to the "Funding Strategy" section for more details);
- Maintaining unencumbered liquid assets and off-balance sheet liquidity sources;
- Projecting cash inflows and outflows under a variety of economic and market scenarios; and
- Establishing clear objectives for liquidity risk management, including compliance with regulatory requirements.

We seek to maintain access to a diverse set of on-balance sheet and off-balance sheet liquidity sources, including cash and other liquid assets, committed bank credit facilities and secured borrowing facilities. Through our U.S. bank subsidiary, AENB, we also hold collateral eligible for use at the Federal Reserve's discount window.

The amount and type of liquidity resources we maintain can vary over time, based upon the results of stress scenarios required under the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as additional stress scenarios required under our liquidity risk policy. These stress scenarios possess distinct characteristics, varying by cash flow assumptions, time horizon and qualifying liquidity sources, among other factors. Scenarios under our liquidity risk policy include market-wide, firm-specific and combined liquidity stresses. We consider other factors in determining the amount and type of liquidity we maintain, such as economic and financial market conditions, seasonality in business operations, growth in our businesses, potential acquisitions or dispositions, the cost and availability of alternative liquidity sources and credit rating agency guidelines and requirements.

The investment income we receive on liquidity resources has historically been less than the interest expense on the sources of funding for these balances. The level of future net interest income or costs depends on the amount of liquidity resources we maintain and the difference between our cost of funding these amounts and their investment yields.

Securitized Borrowing Capacity

As of December 31, 2022, we maintained our committed, revolving, secured borrowing facility, with a maturity date of July 15, 2024, which gives us the right to sell up to $3.0 billion face amount of eligible AAA notes from the American Express Issuance Trust II (the Charge Trust). We also maintained our committed, revolving, secured borrowing facility, with a maturity date of September 16, 2024, which gives us the right to sell up to $2.0 billion face amount of eligible AAA certificates from the American Express Credit Account Master Trust (the Lending Trust). Both facilities are used in the ordinary course of business to fund working capital needs, as well as to further enhance our contingent funding resources. As of December 31, 2022, no amounts were drawn on the Charge Trust facility or the Lending Trust facility.

Federal Reserve Discount Window

As an insured depository institution, AENB may borrow from the Federal Reserve Bank of San Francisco, subject to the amount of qualifying collateral that it may pledge. The Federal Reserve has indicated that both credit and charge card receivables are a form of qualifying collateral for secured borrowings made through the discount window. Whether specific assets will be considered qualifying collateral and the amount that may be borrowed against the collateral remain at the discretion of the Federal Reserve.

As of December 31, 2022, we had approximately $102.8 billion in U.S. credit card loans and charge card receivables that could be sold over time through our securitization trusts or pledged in return for secured borrowings to provide further liquidity, subject in each case to applicable market conditions and eligibility criteria.

Committed Bank Credit Facility

In addition to the secured borrowing facilities described above, as of December 31, 2022 we maintained a committed syndicated bank credit facility of $3.5 billion with a maturity date of October 15, 2024. The availability of the credit facility is subject to our maintenance of a minimum CET1 risk-based capital ratio of 4.5 percent, with certain restrictions in relation to either accessing the facility or distributing capital to common shareholders in the event our CET1 risk-based capital ratio falls between 4.5 percent and 6.5 percent. It does not contain a material adverse change clause, which might otherwise preclude borrowing under the facility, nor is it dependent on our credit rating. As of December 31, 2022, we were in compliance with the covenants contained in the credit facility and no amounts were drawn on the facility. We use this facility from time to time in the ordinary course of business to fund working capital needs. Any undrawn portion of this facility could serve as a backstop for the amount of commercial paper outstanding.

Off-balance Sheet Arrangements

We have certain off-balance sheet obligations that include guarantees, indemnifications and certain Card Member and partner arrangements that may have a material current or future effect on our financial condition, changes in financial condition, results of operations, or liquidity and capital resources. For more information on these obligations, refer to Note 12, Note 15 and Note 23 to the “Consolidated Financial Statements.”

CASH FLOWS

The following table summarizes our cash flow activity, followed by a discussion of the major drivers impacting operating, investing and financing cash flows for the year ended December 31, 2022 compared to the year ended December 31, 2021:

TABLE 21: CASH FLOWS

(Billions)	**2022**	2021	2020
Total cash provided by (used in):			
Operating activities	**$ 21.1**	$ 14.6	$ 5.6
Investing activities	**(33.7)**	(10.5)	11.6
Financing activities	**24.5**	(14.9)	(9.1)
Effect of foreign currency exchange rates on cash and cash equivalents	**—**	(0.1)	0.4
Net increase (decrease) in cash and cash equivalents	**$ 11.9**	$ (10.9)	$ 8.5

Cash Flows from Operating Activities

Our cash flows from operating activities primarily include net income adjusted for (i) non-cash items included in net income, such as provisions for credit losses, depreciation and amortization, stock-based compensation, deferred taxes and other non-cash items and (ii) changes in the balances of operating assets and liabilities, which can vary significantly in the normal course of business due to the amount and timing of payments.

In 2022, the net cash provided by operating activities was primarily driven by cash generated from net income for the period and higher net operating liabilities, resulting from higher accounts payable to merchants and an increase in Membership Rewards liability related to growth in billed business.

In 2021, the net cash provided by operating activities was primarily driven by cash generated from net income for the period and higher net operating liabilities, resulting from an increase in Membership Rewards liability and higher accounts payable to merchants related to growth in billed business.

Cash Flows from Investing Activities

Our cash flows from investing activities primarily include changes in Card Member loans and receivables, as well as changes in our available-for-sale investment securities portfolio.

In 2022, the net cash used in investing activities was primarily driven by higher Card Member loan and receivable balances, resulting from higher Card Member spending and net purchases of investment securities.

In 2021, the net cash used in investing activities was primarily driven by higher Card Member loan and receivable balances, resulting from higher Card Member spending, partially offset by net maturities of our investment securities.

Cash Flows from Financing Activities

Our cash flows from financing activities primarily include changes in customer deposits, long-term debt and short-term borrowings, as well as dividend payments and share repurchases.

In 2022, the net cash provided by financing activities was primarily driven by growth in customer deposits and net proceeds from debt, partially offset by share repurchases and dividend payments.

In 2021, the net cash used in financing activities was primarily driven by share repurchases, net debt repayments, decreases in customer deposits, dividends and redemption of preferred shares, partially offset by the proceeds from the issuance of preferred shares.

RISK MANAGEMENT

GOVERNANCE

We use our comprehensive Enterprise-wide Risk Management (ERM) program to identify, aggregate, monitor, measure, report and manage risks. The program also defines our risk appetite, governance, culture and capabilities. The implementation and execution of the ERM program is headed by our Chief Risk Officer.

Risk management is overseen by our Board of Directors through three Board committees: the Risk Committee, the Audit and Compliance Committee, and the Compensation and Benefits Committee. Each committee consists entirely of independent directors and provides regular reports to the full Board regarding matters reviewed at their committee. The committees meet regularly in private sessions with our Chief Risk Officer, the Chief Compliance Officer, the Chief Audit Executive and other senior management with regard to our risk management processes, risk profile and performance, controls, talent and capabilities. The Board monitors the "tone at the top," our risk culture, and oversees emerging and strategic risks.

The Risk Committee of our Board of Directors provides oversight of our ERM framework, processes and methodologies. The Risk Committee approves our ERM policy. The ERM policy governs risk governance, risk oversight and risk appetite, including credit risk (at both the individual and institutional levels), operational risk (e.g., operations, legal, conduct, third-party, information technology, information security, data management, privacy and people risks), compliance risk, reputational risk, market risk, funding and liquidity risk, model risk, strategic and business risk, country risk and environmental, social and governance risk. Risk appetite defines the authorized risk limits to control exposures within our risk capacity and risk tolerance, including stressed forward-looking scenarios. In addition, it establishes principles for risk taking in the aggregate and for each risk type, and is supported by a comprehensive system for monitoring performance (including limits and escalation triggers) and assessing control programs.

The Risk Committee reviews and concurs with the appointment, replacement, performance and compensation of our Chief Risk Officer and receives regular updates from the Chief Risk Officer on key risks and exposures.

The Risk Committee reviews our risk profile against the tolerances specified in the Risk Appetite Framework, including significant risk exposures, risk trends in our portfolios and major risk concentrations.

The Risk Committee also provides oversight of our compliance with Regulatory capital and liquidity standards, and our Internal Capital Adequacy Assessment Process, including the CCAR submissions.

The Audit and Compliance Committee of our Board of Directors reviews and approves compliance policies, which include our Compliance Risk Tolerance Statement. In addition, the Audit and Compliance Committee reviews the effectiveness of our Corporate-wide Compliance Risk Management Program. More broadly, this committee is responsible for assisting the Board in its oversight responsibilities relating to the integrity of our financial statements and financial reporting process, internal and external auditing, including the qualifications and independence of the independent registered public accounting firm and the performance of our internal audit services function, and the integrity of our systems of internal controls.

The Audit and Compliance Committee provides oversight of our Internal Audit Group. The Audit and Compliance Committee reviews and concurs with the appointment, replacement, performance and compensation of our Chief Audit Executive, who reports to the Audit and Compliance Committee, and approves Internal Audit's annual audit plan, charter, policies, budget and staffing levels, and overall risk assessment methodology. The Audit and Compliance Committee also receives regular updates on the audit plan's status and results, including significant reports issued by Internal Audit and the status of our corrective actions.

The Compensation and Benefits Committee of our Board of Directors works with the Chief Risk Officer to ensure our overall compensation programs, as well as those covering our risk-taking employees, appropriately balance risk with business incentives and that business performance is achieved without taking imprudent or excessive risk. Our Chief Risk Officer is actively involved in setting risk goals for the Company. Our Chief Risk Officer also reviews the risk profiles of each business unit and provides input into performance evaluation. The Chief Risk Officer meets with the Compensation and Benefits Committee and attests whether performance goals and results have been achieved without taking imprudent risks. The Compensation and Benefits Committee uses a risk-balanced incentive compensation framework to decide on our bonus pools and the compensation of senior executives.

There are several internal management committees, including the Enterprise Risk Management Committee (ERMC), chaired by our Chief Risk Officer. The ERMC is the highest-level management committee to oversee all firm-wide risks and is responsible for risk governance, risk oversight and risk appetite. It maintains the enterprise-wide risk appetite framework and monitors compliance with limits and escalations defined in it. The ERMC oversees implementation of risk policies company-wide. The ERMC reviews key risk exposures, trends and concentrations, significant compliance matters, and provides guidance on the steps to monitor, control and report major risks. In addition, the Asset Liability Committee, chaired by our Chief Financial Officer, is responsible for managing our capital, funding and liquidity, investment, market risk and asset/liability activities in accordance with our policies and in compliance with applicable regulatory requirements.

As defined in the ERM policy, we follow the "three lines of defense" approach to risk management. The first line of defense comprises functions and management committees directly initiating risk taking. The Chief Executive Officer, business unit presidents and the Chief Financial Officer are part of the first line of defense. The second line comprises independent functions overseeing risk-taking activities of the first line. The Chief Risk Officer, the Chief Compliance Officer, the Chief Operational Risk Officer and certain control groups, both at the enterprise level and within regulated entities, are part of the second line of defense. The global risk oversight team oversees the policies, strategies, frameworks, models, processes and capabilities deployed by the first line teams and provides challenges and independent assessments on how the first line of defense is managing risks. Our Internal Audit Group constitutes the third line of defense and provides independent assessments and effective challenge of the first and second lines of defense.

CREDIT RISK MANAGEMENT PROCESS

We define credit risk as loss due to default or changes in the credit quality of a customer, obligor or security. Our credit risks are divided into two broad categories: individual and institutional. Each has distinct risk management capabilities, strategies, and tools. Business units that create individual or institutional credit risk exposures of significant importance are supported by dedicated risk management teams, each led by a Chief Credit Officer.

Individual Credit Risk

Individual credit risk arises from consumer and small business charge cards, credit cards, and term loans. These portfolios consist of millions of customers across multiple geographies, industries and levels of net worth. We benefit from the high-quality profile of our customers, which is driven by our brand, premium customer servicing, product features and risk management capabilities, which span underwriting, customer management and collections. The risk in these portfolios is generally correlated to broad economic trends, such as unemployment rates and gross domestic product (GDP) growth.

The business unit leaders and their Chief Credit Officers take the lead in managing the credit risk process. These Chief Credit Officers are guided by the Individual Credit Risk Committee (ICRC), which is responsible for implementation and enforcement of the Individual Credit Risk Management Policy. The ICRC ensures compliance with ERMC guidelines and procedures and escalates to the ERMC as appropriate.

Credit risk management is supported by sophisticated proprietary scoring and decision-making models that use up-to-date information on prospects and customers, such as spending and payment history and data feeds from credit bureaus. We have developed data-driven economic decision logic for customer interactions to better serve our customers.

Institutional Credit Risk

Institutional credit risk arises principally within our CS, ICS and GMNS businesses, as well as investment and liquidity management activities. Unlike individual credit risk, institutional credit risk is characterized by a lower loss frequency but higher severity. It is affected both by general economic conditions and by client-specific events. The absence of large losses in any given year or over several years is not necessarily representative of the level of risk of institutional portfolios, given the infrequency of loss events in such portfolios.

Similar to individual credit risk, business units taking institutional credit risks are supported by Chief Credit Officers. These officers are guided by the Institutional Risk Management Committee (IRMC), which is responsible for implementation and enforcement of the Institutional Credit Risk Management Policy and for providing guidance to the credit officers of each business unit with substantial institutional credit risk exposures. The committee, along with the business unit Chief Credit Officers, makes investment decisions in core risk capabilities, ensures proper implementation of the underwriting standards and contractual rights for risk mitigation, monitors risk exposures, and determines risk mitigation actions. The IRMC formally reviews large institutional risk exposures to ensure compliance with ERMC guidelines and procedures and escalates them to the ERMC as appropriate. At the same time, the IRMC provides guidance to the business unit risk management teams to optimize risk-adjusted returns on capital. A centralized risk rating unit provides risk assessment of our institutional obligors.

Exposure to the Airline and Travel Industry

We have multiple important cobrand, rewards, merchant acceptance and corporate payments arrangements with airlines. The ERM program evaluates the risks posed by our airline partners and the overall airline strategy company-wide through comprehensive business analysis of global airlines, and the travel industry more broadly, including cruise lines, travel agencies and tour operators. Our largest airline partner is Delta, and this relationship includes an exclusive cobrand credit card partnership and other arrangements including Membership Rewards redemption, merchant acceptance, travel and corporate payments. See "*We face intense competition for partner relationships, which could result in a loss or renegotiation of these arrangements that could have a material adverse impact on our business and results of operations*" and *"Arrangements with our business partners represent a significant portion of our business. We are exposed to risks associated with our business partners, including reputational issues, business slowdowns, bankruptcies, liquidations, restructurings and consolidations, and the possible obligation to make payments to our partners*" under "Risk Factors" for additional information.

Debt Exposure

As part of our ongoing risk management process, we monitor our financial exposure to both sovereign and non-sovereign customers and counterparties, and measure and manage concentrations of risk by geographic regions, as well as by economic sectors and industries. A primary focus area for monitoring is credit deterioration due to weaknesses in economic and fiscal profiles. We evaluate countries based on the market assessment of the riskiness of their sovereign debt and our assessment of the economic and financial outlook and closely monitor those deemed high risk. As of December 31, 2022, we considered our gross credit exposures to government entities, financial institutions and corporations in those countries deemed high risk to be individually and collectively not material.

OPERATIONAL RISK MANAGEMENT PROCESS

We consider operational risk to be the risk of loss due to, among other things, inadequate or failed processes, people or information systems, or impacts from the external environment, including failures to comply with laws and regulations as well as impacts from relationships with third parties. Operational risk is inherent in all business activities and can impact an organization through direct or indirect financial loss, brand damage, customer dissatisfaction, or legal and regulatory penalties.

To appropriately measure and manage operational risk, we have implemented a comprehensive operational risk framework that is defined in the Operational Risk Management Policy approved by the ERMC. The Operational Risk Management Committee (ORMC), chaired by the Chief Operational Risk Officer, coordinates with all control groups on effective risk assessments and controls. It also oversees the preventive, responsive and mitigation efforts by Operational Excellence teams in the business units and staff groups.
We use the operational risk framework to identify, measure, monitor and report inherent and emerging operational risks. This framework, supervised by the ORMC, consists of (a) operational risk event capture, (b) a project office to coordinate issue management and control enhancements, (c) key risk indicators, and (d) process and entity-level risk assessments.

The framework requires the assessment of operational risk events to determine root causes, impact to customers and/or us, and resolution plan accountability to correct any defect, remediate customers, and enhance controls and testing to mitigate future issues. The impact is assessed from an operational, financial, brand, regulatory compliance and legal perspective.

Information and Cyber Security

We define information and cyber security risk as the risk that a security incident could impact the confidentiality, integrity or availability of American Express customer, colleague or proprietary information.

Our information and cyber security program is designed to protect information systems from unauthorized access, use, disclosure, disruption, modification, or destruction. The program is built upon a foundation of advanced security technology, a well-staffed and highly trained team of experts, and operations based on the National Institute of Standards and Technology Cybersecurity Framework. This consists of controls designed to identify, protect, detect, respond and recover from information and cyber security incidents. We continue to invest in enhancements to cyber security capabilities and engage in industry and government forums to promote advancements to the broader financial services cyber security ecosystem.

See *"A major information or cyber security incident or an increase in fraudulent activity could lead to reputational damage to our brand and material legal, regulatory and financial exposure, and could reduce the use and acceptance of our products and services"* under "Risk Factors" for additional information.

Information Technology

We define information technology risk as the risk that events or circumstances could compromise the processing, stability, capacity, performance, or resilience of information technology and cause financial, reputational, and/or regulatory impacts.

We manage information technology risk through our policies, procedures, governance structure, and control framework to preserve the confidentiality, integrity, and availability of systems and processes across our Company.

See *"The uninterrupted operation of our information systems is critical to our success and a significant disruption could have a material adverse effect on our business and results of operations"* under "Risk Factors" for additional information.

Privacy

We define privacy risk as the risk of financial loss, reputational damage, or regulatory or legal action resulting from decisions related to the violation of applicable laws, rules, regulations, contractual obligations, or the non-adherence to privacy policies, disclosures, or standards that apply to the processing of personal data.

The Global Privacy Policy establishes the privacy framework and defines the American Express Data Protection & Privacy Principles, which governs the way we collect, use, store, share, transmit, delete or otherwise process our customer and colleague personal data globally. Chaired by the Chief Privacy Officer, the Privacy Risk Management Committee, a sub-committee of the ORMC, provides oversight and governance for our privacy program.

Data Management and Governance

We define data management and governance risk as the risk of financial, reputational, and/or regulatory impacts due to inadequate data governance and/or data management practices adversely impacting the accuracy, completeness, timeliness, comprehensiveness or usability of data throughout its lifecycle.

Our Enterprise Data Governance Policy establishes the framework for defining in-scope critical data and the requirements for managing such data effectively throughout its lifecycle as a critical corporate asset. This policy is approved by the ERMC.

Chaired by the Chief Data Officer, our Enterprise Data Committee, a sub-committee of the ERMC, provides governance and oversight for our enterprise-wide data governance and management activities.

Third Party Risk

We define third party risk as the risk that relationships with third parties (including their significant subcontractors) create unexpected outcomes and deviations from expectations or stated obligations. The Third Party Management Policy is approved by the Risk Committee of our Board and the ERMC. It sets forth the procurement, risk management, and contracting framework for managing third-party relationships commensurate with their risk and complexity. Our Third Party Lifecycle Management program sets guidelines for identifying, measuring, monitoring, and reporting the risk associated with third parties through the life cycle of the relationships, which includes planning, due diligence and third-party selection, contracting, ongoing monitoring and termination.

Conduct Risk

We define conduct risk as the risk that colleagues, intentionally or unintentionally, fail to fulfill their responsibilities to American Express, our customers, colleagues or stakeholders in a manner consistent with our Code of Conduct, policies and values as well as applicable laws and regulations. Conduct issues also have the potential to increase several other risk types, including reputational risk, which may undermine the integrity and trust upon which our brand is built.

The Conduct Risk Management Policy is approved by the ERMC. It establishes the governance framework for conduct risk across the Company. The policy requires annual risk assessments, implementation of detective and preventive controls, colleague training and timely escalations of conduct issues. It also provides guidance on consequence management for any substantiated cases of misconduct. The Conduct Risk Committee oversees conduct risk related topics and escalates such matters to the ERMC, as appropriate.

COMPLIANCE RISK MANAGEMENT PROCESS

We define compliance risk as the risk of legal or reputational harm, fines, monetary penalties and payment of damages or other forms of sanction as a result of non-compliance with applicable laws and/or regulations, internal policies and procedures and related practices, or ethical standards.

We view our ability to effectively mitigate compliance risk as an important aspect of our business model. Our Global Compliance and Ethics organization is responsible for establishing and maintaining our corporate-wide Compliance Risk Management Program. Pursuant to this program, we seek to manage and mitigate compliance risk by assessing, controlling, monitoring, measuring and reporting the legal and regulatory risks to which we are exposed. The Compliance Risk Management Committee (CRMC), chaired by the Chief Compliance Officer, is responsible for identifying, evaluating, managing, and escalating compliance risks. The CRMC has a dual reporting relationship directly to both the ERMC and the Audit and Compliance Committee.

We have a comprehensive Anti-Money Laundering program that monitors and reports suspicious activity to the appropriate government authorities. The program includes an independent risk assessment of the rules used by the Anti-Money Laundering team. In addition, the Internal Audit Group reviews the processes for practices consistent with regulatory guidance.

REPUTATIONAL RISK MANAGEMENT PROCESS

We define reputational risk as the risk that negative stakeholder reaction to our products, services, client and partner relationships, business activities and policies, management and workplace culture, or our response to unexpected events, could cause sustained critical media coverage, a decline in revenue or investment, talent attrition, litigation, or government or regulatory scrutiny.

We view protecting our reputation for excellent customer service, trust, security and high integrity as core to our vision of providing the world’s best customer experience and fundamental to our long-term success.

Our business leaders are responsible for considering the reputational risk implications of business activities and strategies and ensuring the relevant subject matter experts are engaged as needed. The ERMC is responsible for ensuring reputational risk considerations are included in the scope of appropriate subordinate risk policies and committees and properly reflected in all decisions escalated to the ERMC.

MARKET RISK MANAGEMENT PROCESS

We define market risk as the risk to earnings or asset and liability values resulting from movements in market prices. Our market risk exposures include (i) interest rate risk due to changes in the relationship between the interest rates on our assets (such as loans, receivables and investment securities) and the interest rates on our liabilities (such as debt and deposits) and (ii) foreign exchange risk related to transactions, funding, investments and earnings in currencies other than the U.S. dollar.

Our risk policies establish the framework that guides and governs market risk management, including quantitative limits and escalation triggers. These policies are approved by the ERMC, Asset Liability Committee or Market Risk Management Committee.

Market risk is managed by the Market Risk Management Committee. The Market Risk Oversight Officer provides an independent risk assessment and oversight over the policies and exposure management for market risk and Asset Liability Management activities, as well as overseeing compliance with associated regulatory requirements. Market risk management is also guided and governed by policies covering the use of derivative financial instruments, funding, liquidity and investments.

Interest Rate Risk

We analyze a variety of interest rate scenarios to inform us of the potential impacts from interest rate changes on earnings and the value of assets, liabilities and the economic value of equity. Our interest rate exposure can vary over time as a result of, among other things, the proportion of our total funding provided by variable and fixed-rate debt and deposits compared to our Card Member loans and receivables. Interest rate swaps are used from time to time to effectively convert debt issuances to variable-rate from fixed-rate, or vice versa. Refer to Note 13 to the “Consolidated Financial Statements” for further discussion of our derivative financial instruments.

As of December 31, 2022, a hypothetical, immediate 100 basis point increase in market interest rates would have a detrimental impact of approximately $141 million on our annual net interest income. This measure first projects net interest income over the following twelve-month time horizon considering forecasted business growth and anticipated future market interest rates. The detrimental impact from rate changes is then measured by instantaneously increasing or decreasing the anticipated future interest rates by 100 basis points. Our estimated repricing risk assumes that our interest-rate sensitive assets and liabilities that reprice within the twelve-month horizon generally reprice by the same magnitude, subject to applicable interest rate caps or floors, as benchmark rates change. It is further assumed that, within our interest-rate sensitive liabilities, certain deposits reprice at lower magnitudes than benchmark rate movements, and the magnitude of this repricing in turn depends on, among other factors, the direction of rate movements. These assumptions are consistent with historical deposit repricing experience in the industry and within our own portfolio. Actual changes in our net interest income will depend on many factors, and therefore may differ from our estimated risk to changes in market interest rates.

Foreign Exchange Risk

Foreign exchange exposures arise in four principal ways: (1) Card Member spending in currencies that are not the billing currency, (2) cross-currency transactions and balances from our funding activities, (3) cross-currency investing activities, such as in the equity of foreign subsidiaries, and (4) revenues generated and expenses incurred in foreign currencies, which impact earnings.

These foreign exchange risks are managed primarily by entering into foreign exchange spot transactions or hedged with foreign exchange forward contracts when the hedge costs are economically justified and in notional amounts designed to offset pretax impacts from currency movements in the period in which they occur. As of December 31, 2022, foreign currency derivative instruments with total notional amounts of approximately $34 billion were outstanding.

With respect to Card Member spending and cross-currency transactions, including related foreign exchange forward contracts outstanding, the impact of a hypothetical 10 percent strengthening of the U.S. dollar would have been immaterial to projected earnings as of December 31, 2022. With respect to translation exposure of foreign subsidiary equity balances, including related foreign exchange forward contracts outstanding, a hypothetical 10 percent strengthening of the U.S. dollar would result in an immaterial reduction in other comprehensive income and equity as of December 31, 2022. With respect to anticipated earnings denominated in foreign currencies for the next twelve months, the adverse impact on pretax income of a hypothetical 10 percent strengthening of the U.S. dollar would be approximately $153 million as of December 31, 2022.

To a much lesser extent, we are also subject to market risk arising from activities conducted by our Foreign Exchange International Payments business. We aim to minimize market risk from these activities through hedging, where appropriate, and the establishment of limits.

The actual impact of interest rate and foreign exchange rate changes will depend on, among other factors, the timing of rate changes, the extent to which different rates do not move in the same direction or in the same direction to the same degree, changes in the cost, volume and mix of our hedging activities and changes in the volume and mix of our businesses.

FUNDING & LIQUIDITY RISK MANAGEMENT PROCESS

We define funding and liquidity risk as our inability to meet our ongoing financial and business obligations at a reasonable cost as they become due.

Our Board-approved Liquidity Risk Policy establishes the framework that guides and governs liquidity risk management.

Funding and liquidity risk is managed by the Funding and Liquidity Committee. To manage this risk, we seek to maintain access to a diverse set of cash, readily-marketable securities and contingent sources of liquidity, such that we can continuously meet our business requirements and expected future financing obligations for at least a twelve-month period in the event we are unable to raise new funds under our regular funding programs during a substantial weakening in economic conditions. We consider the trade-offs between maintaining too much liquidity, which can be costly and limit financial flexibility, and having inadequate liquidity, which may result in financial distress during a liquidity event.

Funding and liquidity risk is managed at an aggregate consolidated level as well as at certain subsidiaries in order to ensure that sufficient and accessible liquidity resources are maintained. The Funding and Liquidity Committee reviews forecasts of our aggregate and subsidiary cash positions and financing requirements, approves funding plans designed to satisfy those requirements under normal and stressed conditions, establishes guidelines to identify the amount of liquidity resources required and monitors positions and determines any actions to be taken.

MODEL RISK MANAGEMENT PROCESS

We define model risk as the risk of adverse consequences, such as financial loss, poor business and strategic decision making, damage to our reputation or customer harm, from decisions based on incorrect or misused model outputs and outcomes.

The Enterprise-Wide Model Risk Policy establishes the comprehensive framework for governing model risk. This policy is approved by the ERMC. The comprehensive risk management and governance framework includes procedures for model development, independent model validation, model risk reporting and change management capabilities that seek to minimize erroneous model methodology, outputs, and misuse. We also assess model performance and model-related issues on an ongoing basis and seek to address deficiencies in a timely manner. In addition, we utilize artificial intelligence and machine learning (AI/ML) models for a variety of business use cases. We perform extensive reviews and testing to reduce the risk that these AI/ML techniques result in adverse consequences.

STRATEGIC AND BUSINESS RISK MANAGEMENT PROCESS

We define strategic and business risk as the risk related to our inability to achieve our business objectives due to poor strategic decisions, including decisions related to mergers, acquisitions, and divestitures, poor implementation of strategic decisions or declining demand for our products and services.

Strategic decisions are reviewed and approved by business leaders and various committees and must be aligned with company policies. We seek to manage strategic and business risks through risk controls embedded in these processes as well as overall risk management oversight over business goals. Existing product performance is reviewed periodically by committees and business leaders. Mergers, acquisitions and divestitures can only be approved following Executive Committee due diligence, a comprehensive risk assessment by operational, market, credit and oversight leaders provided to the Chief Risk Officer and approval by either the Chief Risk Officer or appropriate risk committees. All new and material changes to products and services are reviewed and approved by the New Products Committee and appropriate credit or risk committees.

COUNTRY RISK MANAGEMENT PROCESS

We define country risk as the risk that economic, social, and/or political conditions and events in a country present. They might adversely impact us, primarily as a result of greater credit losses, increased operational or market risk or the inability to repatriate capital.

We manage country risk as part of the normal course of business. Policies and procedures establish country risk escalation thresholds to control and limit exposure, driven by processes that enable the monitoring of conditions in countries where we have exposure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) AND CLIMATE-RELATED RISK

We define climate-related risk as: (1) risks related to the transition to a low-carbon economy, which may include extensive changes pertaining to policy, legal, technology, market and reputational risks, and (2) risks related to the physical impacts of climate change, typically driven by acute physical risk such as increased severity of extreme weather events (e.g., cyclones, hurricanes, floods) and chronic physical risk which are longer-term shifts in climate patterns (e.g., sea level rise, chronic heat waves). Such transition and physical risk events driven by climate change can have broad impact on our customers, operations, suppliers and business.

Climate-related risk is interconnected and overarching across all risk types as it may manifest as credit risk, operational risk, market risk, liquidity risk or other risk types. We continue to enhance our focus on climate-related risk within our risk governance framework. We are currently performing a risk identification process for climate-related risk to determine the meaningfulness and measurability of the risk. Furthermore, ESG risks, with an emphasis on climate-related risk, are currently identified as an “emerging risk” within our risk governance framework.

CRITICAL ACCOUNTING ESTIMATES

Refer to Note 1 to the “Consolidated Financial Statements” for a summary of our significant accounting policies. Certain of our accounting policies requiring significant management assumptions and judgments are as follows:

RESERVES FOR CARD MEMBER CREDIT LOSSES

Reserves for Card Member credit losses represent our best estimate of the expected credit losses in our outstanding portfolio of Card Member loans and receivables as of the balance sheet date. The CECL methodology, which became effective January 1, 2020, requires us to estimate lifetime expected credit losses by incorporating historical loss experience, as well as current and future economic conditions over a reasonable and supportable period (R&S Period) beyond the balance sheet date.

In estimating expected credit losses, we use a combination of statistically based models and analysis of the results produced by these models to determine the quantitative and qualitative components of our total balance sheet reserves for credit losses. These quantitative and qualitative components entail a significant amount of judgment. The primary areas of judgment used in measuring the quantitative components of our reserves relate to the determination of the appropriate R&S Period, the modeling of the probability of and exposure at default, and the methodology to incorporate current and future economic conditions. We use these models and assumptions, combined with historical loss experience, to determine the reserve rates that are applied to the outstanding loan or receivable balances to produce our reserves for expected credit losses for the R&S Period. The qualitative component is intended to capture expected losses that may not have been fully captured in the quantitative component. Through an established governance structure, we consider certain external and internal factors, including emerging portfolio characteristics and trends, which consequentially may increase or decrease the reserves for Card Member credit losses.

The R&S Period, which is approximately three years, represents the maximum time-period beyond the balance sheet date over which we can reasonably estimate expected credit losses, using all available portfolio information, current economic conditions and forecasts of future economic conditions. Card Member loan products do not have a contractual term and balances can revolve if minimum required payments are made, causing some balances to remain outstanding beyond the R&S Period. To determine expected credit losses beyond the R&S Period, we immediately revert to long-term average loss rates. Card Member receivable products are contractually required to be paid in full; therefore, we have assumed the balances will be either paid or written-off no later than 180 days past due.

Within the R&S Period, our models use past loss experience and current and future economic conditions to estimate the probability of default, exposure at default and expected recoveries to estimate net losses at default. A significant area of judgment relates to how we apply future Card Member payments to the reporting period balances when determining the exposure at default. The nature of revolving loan products inherently includes a relationship between future payments and spend behavior, which creates complexity in the application of how future payments are either partially or entirely attributable to the existing balance at the end of the reporting period. Using historical customer behavior and other factors, we have assumed that future payments are first allocated to interest and fees associated with the reporting period balance and future spend. We then allocate a portion of the payment to the estimated higher minimum payment amount due because of any future spend. Any remaining portion of the future payment is then allocated to the remaining reporting period balance.

CECL requires that the R&S Period include an assumption about current and future economic conditions. We incorporate multiple macroeconomic scenarios provided to us by an independent third party. The estimated credit losses calculated from each macroeconomic scenario are reviewed each period and weighted to reflect management's judgment about uncertainty surrounding these scenarios. These macroeconomic scenarios contain certain variables, including unemployment rates and real GDP, that are significant to our models.

Macroeconomic Sensitivity

To demonstrate the sensitivity of estimated credit losses to the macroeconomic scenarios, we compared our modeled estimates under a baseline scenario to that under a pessimistic downside scenario. As of December 31, 2022, for every 10 percentage points change in weighting from the baseline scenario to the pessimistic downside scenario, the estimated credit losses increased by approximately $120 million.

The modeled estimates under these scenarios were influenced by the duration, severity and timing of changes in economic variables within each scenario and these macroeconomic scenarios, under different conditions or using different assumptions, could result in significantly different estimated credit losses. It is difficult to estimate how potential changes in specific factors might affect the estimated credit losses, and current results may not be indicative of the potential future impact of macroeconomic forecast changes.

In addition, this sensitivity analysis relates only to the modeled credit loss estimates under two scenarios without considering management's judgment on the relative weighting for those and other scenarios, including the weight that has been placed on the downside scenario at the balance sheet date, or any potential changes in other adjustments to the quantitative reserve component or the impact of management judgment for the qualitative reserve component, which may have a positive or negative effect on the results. Thus, the results of this sensitivity analysis are hypothetical and are not intended to estimate or reflect our expectations of any changes in the overall reserves for credit losses due to changes in the macroeconomic environment.

Refer to Note 3 to the "Consolidated Financial Statements" for further information on the range of macroeconomic scenario key variables used, in conjunction with other inputs described above, to calculate reserves for Card Member credit losses.

The process of estimating these reserves requires a high degree of judgment. To the extent our expected credit loss models are not indicative of future performance, actual losses could differ significantly from our judgments and expectations, resulting in either higher or lower future provisions for credit losses in any period.

LIABILITY FOR MEMBERSHIP REWARDS

The Membership Rewards program is our largest card-based rewards program. Card Members can earn points for purchases charged on their enrolled card products. A significant portion of our cards, by their terms, allow Card Members to earn bonus points for purchases at merchants in particular industry categories. Membership Rewards points are redeemable for a broad variety of rewards, including, but not limited to, travel, shopping, gift cards, and covering eligible charges. Points typically do not expire, and there is no limit on the number of points a Card Member may earn. Membership Rewards expense is driven by charge volume on enrolled cards, customer participation in the program and contractual arrangements with redemption partners.

We record a Membership Rewards liability that represents our best estimate of the cost of points earned that are expected to be redeemed by Card Members in the future. The Membership Rewards liability is impacted over time by enrollment levels, attrition, the volume of points earned and redeemed, and the associated redemption costs. We estimate the Membership Rewards liability by determining the URR and the weighted average cost (WAC) per point, which are applied to the points of current enrollees. Refer to Note 9 to the "Consolidated Financial Statements" for additional information.

The URR assumption is used to estimate the number of points earned by current enrollees that will ultimately be redeemed in future periods. We use statistical and actuarial models to estimate the URR of points earned to date by current Card Members based on redemption trends, card product type, enrollment tenure, card spend levels and credit attributes. The WAC per point assumption is used to estimate future redemption costs and is primarily based on redemption choices made by Card Members, reward offerings by partners, and Membership Rewards program changes. The WAC per point assumption is derived from 12 months of redemptions and is adjusted as appropriate for certain changes in redemption costs that are not representative of future cost expectations and expected developments in redemption patterns.

We periodically evaluate our liability estimation process and assumptions based on developments in redemption patterns, cost per point redeemed, partner contract changes and other factors.

The process of estimating the Membership Rewards liability includes a high degree of judgment. Actual redemptions and associated redemption costs could differ significantly from our estimates, resulting in either higher or lower Membership Rewards expense.

Changes in the Membership Rewards URR and WAC per point have the effect of either increasing or decreasing the liability through the current period Membership Rewards expense by an amount estimated to cover the cost of all points previously earned but not yet redeemed by current enrollees as of the end of the reporting period. As of December 31, 2022, an increase in the estimated URR of current enrollees of 25 basis points would increase the Membership Rewards liability and corresponding rewards expense by approximately $157 million. Similarly, an increase in the WAC per point of 1 basis point would increase the Membership Rewards liability and corresponding rewards expense by approximately $190 million.

GOODWILL RECOVERABILITY

Goodwill represents the excess of acquisition cost of an acquired business over the fair value of assets acquired and liabilities assumed. Goodwill is not amortized but is tested for impairment at the reporting unit level annually or when events or circumstances arise, such as adverse changes in the business climate, that would more likely than not reduce the fair value of the reporting unit below its carrying value. Our methodology for conducting this goodwill impairment testing contains both a qualitative and quantitative assessment.

We have the option to initially perform an assessment of qualitative factors in order to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The qualitative factors may include, but are not limited to, economic conditions, industry and market considerations, cost factors, overall financial performance of the reporting unit and other company and reporting unit-specific events. If we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we then perform the impairment evaluation using a more detailed quantitative assessment. We could also directly perform this quantitative assessment for any reporting unit, bypassing the qualitative assessment.

Our methodology for conducting the quantitative goodwill impairment testing is fundamentally based on the measurement of fair value for our reporting units, which inherently entails the use of significant management judgment. For valuation, we use a combination of the income approach (discounted cash flows) and market approach (market multiples) in estimating the fair value of our reporting units.

When preparing discounted cash flow models under the income approach, we estimate future cash flows using the reporting unit's internal multi-year forecast, and a terminal value calculated using a growth rate that we believe is appropriate in light of current and expected future economic conditions. To discount these cash flows we use our expected cost of equity, determined using a capital asset pricing model. When using the market method under the market approach, we apply comparable publicly traded companies' multiples (e.g., earnings, revenues) to our reporting units' operating results. The judgment in estimating forecasted cash flows, discount rates and market comparables is significant, and imprecision could materially affect the fair value of our reporting units.

We could be exposed to an increased risk of goodwill impairment if future operating results or macroeconomic conditions differ significantly from management's current assumptions.

INCOME TAXES

We are subject to the income tax laws of the United States, its states and municipalities and those of the foreign jurisdictions in which we operate. These tax laws are complex, and the manner in which they apply to the taxpayer's facts is sometimes open to interpretation. In establishing a provision for income tax expense, we must make judgments about the application of inherently complex tax laws.

Unrecognized Tax Benefits

We establish a liability for unrecognized tax benefits, which are the differences between a tax position taken or expected to be taken in a tax return and the benefit recognized in the financial statements.

In establishing a liability for an unrecognized tax benefit, assumptions may be made in determining whether, and the extent to which, a tax position should be sustained. A tax position is recognized only when it is more likely than not to be sustained upon examination by the relevant taxing authority, based on its technical merits. The amount of tax benefit recognized is the largest benefit that we believe is more likely than not to be realized on ultimate settlement. As new information becomes available, we evaluate our tax positions and adjust our unrecognized tax benefits, as appropriate.

Tax benefits ultimately realized can differ from amounts previously recognized due to uncertainties, with any such differences generally impacting the provision for income tax.

Deferred Tax Asset Realization

Deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities using the enacted tax rates expected to be in effect for the years in which the differences are expected to reverse.

Since deferred taxes measure the future tax effects of items recognized in the Consolidated Financial Statements, certain estimates and assumptions are required to determine whether it is more likely than not that all or some portion of the benefit of a deferred tax asset will not be realized. In making this assessment, we analyze and estimate the impact of future taxable income, reversing temporary differences and available tax planning strategies. These assessments are performed quarterly, taking into account any new information.

Changes in facts or circumstances can lead to changes in the ultimate realization of deferred tax assets due to uncertainties.

OTHER MATTERS

As previously disclosed, we identified during an internal review that over time certain current and former U.S. Card Members with multiple cards were not credited certain Membership Rewards points that they had earned. We completed our review of this matter in the fourth quarter of 2022, which resulted in an immaterial impact to our Consolidated Financial Statements for the year ended December 31, 2022.

RECENTLY ISSUED AND ADOPTED ACCOUNTING STANDARDS

Refer to the Recently Issued and Adopted Accounting Standards section of Note 1 to the "Consolidated Financial Statements."

GLOSSARY OF SELECTED TERMINOLOGY

Adjusted net interest income — A non-GAAP measure that represents net interest income attributable to our Card Member loans (which includes, on a GAAP basis, interest that is deemed uncollectible), excluding the impact of interest expense and interest income not attributable to our Card Member loans.

Airline-related volume — Represents spend at airlines as a merchant, which is included within T&E-related volume.

Asset securitizations — Asset securitization involves the transfer and sale of loans or receivables to a special-purpose entity created for the securitization activity, typically a trust. The trust, in turn, issues securities, commonly referred to as asset-backed securities that are secured by the transferred loans and receivables. The trust uses the proceeds from the sale of such securities to pay the purchase price for the transferred loans or receivables. The securitized loans and receivables of our Lending Trust and Charge Trust (collectively, the Trusts) are reported as assets and the securities issued by the Trusts are reported as liabilities on our Consolidated Balance Sheets.

Average discount rate — This calculation is generally designed to reflect the average pricing at all merchants accepting American Express cards and represents the percentage of network volumes retained by us from spend at merchants we acquire, or from merchants acquired by third parties on our behalf, net of amounts retained by such third parties. The average discount rate, together with billed business, drive our discount revenue.

Billed business (Card Member spending) — Represents transaction volumes (including cash advances) on payment products issued by American Express.

Capital ratios — Represents the minimum standards established by regulatory agencies as a measure to determine whether the regulated entity has sufficient capital to absorb on- and off-balance sheet losses beyond current loss accrual estimates. Refer to the Capital Strategy section under "Consolidated Capital Resources and Liquidity" for further related definitions under Basel III.

Card Member — The individual holder of an issued American Express-branded card.

Card Member loans — Represents revolve-eligible transactions on our card products, as well as any interest charges and associated card-related fees.

Card Member receivables — Represents transactions on our card products and card related fees that need to be paid in full on or before the Card Member's payment due date.

Cards-in-force — Represents the number of cards that are issued and outstanding by American Express (proprietary cards-in-force) and cards issued and outstanding under network partnership agreements with banks and other institutions, except for retail cobrand cards issued by network partners that had no out-of-store spending activity during the prior twelve months. *Basic cards-in-force* excludes supplemental cards issued on consumer accounts. Cards-in-force is useful in understanding the size of our Card Member base.

Charge cards — Represents cards that generally carry no pre-set spending limits and are primarily designed as a method of payment and not as a means of financing purchases. Each charge card transaction is authorized based on its likely economics reflecting a Card Member's most recent credit information and spend patterns. Charge Card Members must pay the full amount of balances billed each month, with the exception of balances that can be revolved under lending features offered on certain charge cards, such as Pay Over Time and Plan It, that allow Card Members to pay for eligible purchases with interest over time.

Cobrand cards — Cards issued under cobrand agreements with selected commercial partners. Pursuant to the cobrand agreements, we make payments to our cobrand partners, which can be significant, based primarily on the amount of Card Member spending and corresponding rewards earned on such spending and, under certain arrangements, on the number of accounts acquired and retained. The partner is then liable for providing rewards to the Card Member under the cobrand partner's own loyalty program.

Credit cards — Represents cards that have a range of revolving payment terms, structured payment features (e.g. Plan It), grace periods, and rate and fee structures.

Discount revenue — Discount revenue represents the amount we earn and retain from the merchant payable for facilitating transactions between Card Members and merchants on payment products issued by American Express.

Goods and Services (G&S)-related volume — Includes spend in merchant categories other than T&E-related merchant categories, which includes B2B spending by small and mid-sized enterprise customers in our CS and ICS segments.

Interest expense — Includes interest incurred primarily to fund Card Member loans and receivables, general corporate purposes and liquidity needs. Interest expense is divided principally into two categories: (i) deposits, which primarily relates to interest expense on deposits taken from customers and institutions, and (ii) debt, which primarily relates to interest expense on our long-term financing and short-term borrowings, (e.g., commercial paper, federal funds purchased, bank overdrafts and other short-term borrowings), as well as the realized impact of derivatives hedging interest rate risk on our long-term debt.

Interest income — Includes (i) interest on loans, (ii) interest and dividends on investment securities and (iii) interest income on deposits with banks and other.

Interest on loans — Assessed using the average daily balance method for Card Member loans. Unless the loan is classified as non-accrual, interest is recognized based upon the principal amount outstanding in accordance with the terms of the applicable account agreement until the outstanding balance is paid or written off.

Interest and dividends on investment securities — Primarily relates to our performing fixed-income securities. Interest income is recognized using the effective interest method, which adjusts the yield for security premiums and discounts, fees and other payments, so a constant rate of return is recognized on the outstanding balance of the related investment security throughout its term. Amounts are recognized until securities are in default or when it is likely that future interest payments will not be made as scheduled.

Interest income on deposits with banks and other — Primarily relates to the placement of cash in excess of near-term funding requirements in interest-bearing time deposits, overnight sweep accounts, and other interest-bearing demand and call accounts.

Loyalty coalitions — Programs that enable consumers to earn rewards points and use them to save on purchases from a variety of participating merchants through multi-category rewards platforms. Merchants in these programs generally fund the consumer offers and are responsible to us for the cost of rewards points; we earn revenue from operating the loyalty platform and by providing marketing support.

Net card fees — Represents the card membership fees earned during the period recognized as revenue over the covered card membership period (typically one year), net of the provision for projected refunds for Card Membership cancellation and deferred acquisition costs.

Net interest yield on average Card Member loans — A non-GAAP measure that is computed by dividing adjusted net interest income by average Card Member loans, computed on an annualized basis. Reserves and net write-offs related to uncollectible interest are recorded through provision for credit losses and are thus not included in the net interest yield calculation.

Net write-off rate — principal only — Represents the amount of proprietary consumer or small business Card Member loans or receivables written off, consisting of principal (resulting from authorized transactions), less recoveries, as a percentage of the average loan or receivable balance during the period.

Net write-off rate — principal, interest and fees — Includes, in the calculation of the net write-off rate, amounts for interest and fees in addition to principal for Card Member loans, and fees in addition to principal for Card Member receivables.

Network volumes — Represents the total of billed business and processed volumes.

Operating expenses — Represents salaries and employee benefits, professional services, data processing and equipment, and other expenses.

Processed revenue — Represents revenues related to network partnership agreements, comprising royalties, fees and amounts earned for facilitating transactions on cards issued by network partners. Processed revenue also includes fees earned on alternative payment solutions facilitated by American Express.

Processed volumes — Represents transaction volumes (including cash advances) on cards issued under network partnership agreements with banks and other institutions, including joint ventures, as well as alternative payment solutions facilitated by American Express.

Reserve build (release) — Represents the portion of the provisions for credit losses for the period related to increasing or decreasing reserves for credit losses as a result of, among other things, changes in volumes, macroeconomic outlook, portfolio composition and credit quality of portfolios. Reserve build represents the amount by which the provision for credit losses exceeds net write-offs, while reserve release represents the amount by which net write-offs exceed the provision for credit losses.

T&E-related volume — Represents spend on travel and entertainment, which primarily includes airline, cruise, lodging and dining merchant categories.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The forward-looking statements, which address our current expectations regarding business and financial performance, among other matters, contain words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “aim,” “will,” “may,” “should,” “could,” “would,” “likely,” “estimate,” “potential,” “continue” and similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update or revise any forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements, include, but are not limited to, the following:

- our ability to grow earnings per share in the future, which will depend in part on revenue growth, credit performance and the effective tax rate remaining consistent with current expectations and our ability to continue investing at high levels in areas that can drive sustainable growth (including our brand, value propositions, customers, colleagues, technology and coverage), controlling operating expenses, effectively managing risk and executing our share repurchase program, any of which could be impacted by, among other things, the factors identified in the subsequent paragraphs as well as the following: fiscal and monetary policies and macroeconomic conditions, such as recession risks, effects of inflation, higher interest rates, labor shortages or higher rates of unemployment, supply chain issues, energy costs and the continued effects of the pandemic; geopolitical instability, including the ongoing military conflict between Russia and Ukraine; the impact of any future contingencies, including, but not limited to, restructurings, investment gains or losses, impairments, changes in reserves, legal costs and settlements, the imposition of fines or civil money penalties and increases in Card Member remediation; issues impacting brand perceptions and our reputation; impacts related to new or renegotiated cobrand and other partner agreements; and the impact of regulation and litigation, which could affect the profitability of our business activities, limit our ability to pursue business opportunities, require changes to business practices or alter our relationships with Card Members, partners and merchants;
- our ability to grow revenues net of interest expense and the sustainability of our future growth, which could be impacted by, among other things, the factors identified above and in the subsequent paragraphs, as well as the following: a slowdown or increase in volatility in consumer and business spending volumes; the strengthening of the U.S. dollar beyond expectations; an inability to address competitive pressures, innovate in our products and services, expand into value-adding products and services and implement strategies and business initiatives, including within the premium consumer space, commercial payments and the global merchant network; the continued effects of the COVID-19 pandemic, including the spread and severity of the virus, the availability and effectiveness of treatments and vaccines, the imposition of further containment measures and the lingering impacts on customer behaviors, spending and travel patterns, any of which could further exacerbate the effects on economic activity and travel-related revenues; and merchant discount rates changing by a greater or lesser amount than expected;
- net card fees not performing consistently with expectations, which could be impacted by, among other things, a deterioration in macroeconomic conditions impacting the ability and desire of Card Members to pay card fees; higher Card Member attrition rates; the pace of Card Member acquisition activity; and our inability to address competitive pressures, develop attractive value propositions and implement our strategy of refreshing card products and enhancing benefits and services;
- net interest income, the effects of interest rates and the growth rate of loans outstanding being higher or lower than expectations, which could be impacted by, among other things, the behavior and financial strength of Card Members and their actual spending, borrowing and paydown patterns; our ability to effectively manage risk and enhance Card Member value propositions; changes in benchmark interest rates, including where such changes affect our assets or liabilities differently than expected; changes in capital and credit market conditions and the availability and cost of capital; credit actions, including line size and other adjustments to credit availability; the yield on Card Member loans not remaining consistent with current expectations; and the effectiveness of our strategies to capture a greater share of existing Card Members’ spending and borrowings, and attract new, and retain existing, customers;
- future credit performance, the level of future delinquency, reserve and write-off rates and the amount and timing of future reserve builds and releases, which will depend in part on macroeconomic factors such as unemployment rates, GDP and the volume of bankruptcies; the ability and willingness of Card Members to pay amounts owed to us; changes in consumer behavior that affect loan and receivable balances (such as paydown and revolve rates); the enrollment in, and effectiveness of, financial relief programs and the performance of accounts as they exit from such programs; collections capabilities and recoveries of previously written-off loans and receivables; and governmental actions that provide forms of relief with respect to certain loans and fees, such as limiting debt collections efforts and encouraging or requiring extensions, modifications or forbearance;
- the actual amount we spend on marketing in the future, which will be based in part on continued changes in the macroeconomic and competitive environment and business performance; our ability to realize marketing efficiencies, optimize investment spending and drive increases in revenue; the effectiveness of management's investment optimization process, management’s identification and assessment of attractive investment opportunities and the receptivity of Card

Members and prospective customers to advertising and customer acquisition initiatives and our ability to balance expense control and investments in the business;

- the actual amount to be spent on Card Member rewards and services and business development, and the relationship of these variable customer engagement costs to revenues, which could be impacted by continued changes in macroeconomic conditions and Card Member behavior as it relates to their spending patterns (including the level of spend in bonus categories), the redemption of rewards and offers (including travel redemptions) and usage of travel-related benefits; the costs related to reward point redemptions; higher-than-expected customer remediation expenses; inflation; further enhancements to product benefits to make them attractive to Card Members and prospective customers, potentially in a manner that is not cost-effective; new and renegotiated contractual obligations with business partners; and the pace and cost of the expansion of our global lounge collection;
- our ability to control operating expenses and the actual amount we spend on operating expenses in the future, which could be impacted by, among other things, salary and benefit expenses to attract and retain talent, including with respect to an increased colleague headcount; a persistent inflationary environment; our ability to realize operational efficiencies, including through automation; management's decision to increase or decrease spending in such areas as technology, business and product development, sales force, premium servicing and digital capabilities depending on overall business performance; our ability to innovate efficient channels of customer interactions and the willingness of Card Members to self-service and address issues through digital channels; restructuring activity; supply chain issues; fraud costs; information security or compliance expenses or consulting, legal and other professional services fees, including as a result of litigation or internal and regulatory reviews; the level of M&A activity and related expenses; information or cyber security incidents; the payment of civil money penalties, disgorgement, restitution, non-income tax assessments and litigation-related settlements; the performance of Amex Ventures and other of our investments; impairments of goodwill or other assets; and the impact of changes in foreign currency exchange rates on costs;
- our tax rate not remaining consistent with expectations, which could be impacted by, among other things, further changes in tax laws and regulation, our geographic mix of income, unfavorable tax audits and other unanticipated tax items;
- changes affecting our plans regarding the return of capital to shareholders, including increasing the level of our dividend, which will depend on factors such as capital levels and regulatory capital ratios; changes in the stress testing and capital planning process and new guidance from the Federal Reserve; our results of operations and financial condition; our credit ratings and rating agency considerations; required Company approvals; and the economic environment and market conditions in any given period;
- changes in the substantial and increasing worldwide competition in the payments industry, including competitive pressure that may materially impact the prices charged to merchants that accept American Express cards, the desirability of our premium card products, competition for new and existing cobrand relationships, competition from new and non-traditional competitors and the success of marketing, promotion and rewards programs;
- our ability to expand our leadership in the premium consumer space, which will be impacted in part by competition, brand perceptions (including perceptions related to merchant coverage) and reputation, and our ability to develop and market new benefits and value propositions that appeal to Card Members and new customers, offer attractive services and rewards programs and build greater customer loyalty, which will depend in part on identifying and funding investment opportunities, addressing changing customer behaviors, new product innovation and development, Card Member acquisition efforts and enrollment processes, including through digital channels, continuing to realize the benefits from strategic partnerships and evolving our infrastructure to support new products, services and benefits;
- our ability to build on our leadership in commercial payments, which will depend in part on competition, the willingness and ability of companies to use credit and charge cards for procurement and other business expenditures as well as use our other products and services for financing needs, perceived or actual difficulties and costs related to setting up card-based B2B payment platforms, our ability to offer attractive value propositions and new products to potential customers, our ability to enhance and expand our payment and lending solutions, and build out a multi-product digital ecosystem to integrate our broad product set, which is dependent on our continued investment in capabilities, features, functionalities, platforms and technologies;
- our ability to expand merchant coverage globally and our success, as well as the success of OptBlue merchant acquirers and network partners, in signing merchants to accept American Express, which will depend on, among other factors, the value propositions offered to merchants and merchant acquirers for card acceptance, the awareness and willingness of Card Members to use American Express cards at merchants, scaling, marketing and expanding programs to increase card usage, identifying new-to-plastic industries and businesses as they form, working with commercial buyers and suppliers to establish B2B acceptance, increasing coverage in priority international cities and countries and key industry verticals, and executing on our plans in China and for continued technological developments, including capabilities that allow for greater digital integration and modernization of our authorization platform;
- our ability to stay on the leading edge of technology and digital payment and travel solutions, which will depend in part on our success in evolving our products and processes for the digital environment, developing new features in the Amex app and enhancing our digital channels, building partnerships and executing programs with other companies, effectively utilizing artificial intelligence and increasing automation to address servicing and other customer needs, and supporting the

use of our products as a means of payment through online and mobile channels, all of which will be impacted by investment levels, new product innovation and development and infrastructure to support new products, services, benefits and partner integrations;

- our ability to grow internationally, which could be impacted by regulation and business practices, such as those capping interchange or other fees, mandating network access, favoring local competitors or prohibiting or limiting foreign ownership of certain businesses; the success of our network partners in acquiring Card Members and/or merchants; political or economic instability or regional hostilities, including as a result of the war in Ukraine and related geopolitical impacts, which could affect commercial activities; our ability to tailor products and services to make them attractive to local customers; and competitors with more scale and experience and more established relationships with relevant customers, regulators and industry participants;
- a failure in or breach of our operational or security systems, processes or infrastructure, or those of third parties, including as a result of cyberattacks, which could compromise the confidentiality, integrity, privacy and/or security of data, disrupt our operations, reduce the use and acceptance of American Express cards and lead to regulatory scrutiny, litigation, remediation and response costs, and reputational harm;
- changes in capital and credit market conditions, which may significantly affect our ability to meet our liquidity needs and expectations regarding capital ratios; our access to capital and funding costs; the valuation of our assets; and our credit ratings or those of our subsidiaries;
- our funding plan being implemented in a manner inconsistent with current expectations, which will depend on various factors such as future business growth, the impact of global economic, political and other events on market capacity, demand for securities we offer, regulatory changes, our ability to securitize and sell loans and receivables and the performance of loans and receivables previously sold in securitization transactions;
- our ability to implement our ESG strategies and initiatives, which depend in part on the amount and efficacy of our investments in product innovations, marketing campaigns, our supply chain and operations, and philanthropic, colleague and community programs; customer behaviors; and the cost and availability of solutions for a low carbon economy;
- legal and regulatory developments, which could affect the profitability of our business activities; limit our ability to pursue business opportunities or conduct business in certain jurisdictions; require changes to business practices or alter our relationships with Card Members, partners, merchants and other third parties, including our ability to continue certain cobrand relationships in the EU; exert further pressure on the merchant discount rates and our network business; result in increased costs related to regulatory oversight, litigation-related settlements, judgments or expenses, restitution to Card Members or the imposition of fines or civil money penalties; materially affect capital or liquidity requirements, results of operations or ability to pay dividends; or result in harm to the American Express brand;
- changes in the financial condition and creditworthiness of our business partners, such as bankruptcies, restructurings or consolidations, including of cobrand partners and merchants that represent a significant portion of our business, such as the airline industry, network partners or financial institutions that we rely on for routine funding and liquidity, which could materially affect our financial condition or results of operations; and
- factors beyond our control such as a further escalation of the war in Ukraine and other military conflicts, future waves of COVID-19 cases, the severity and contagiousness of new variants, severe weather conditions, natural disasters, power loss, disruptions in telecommunications, terrorism and other catastrophic events, any of which could significantly affect demand for and spending on American Express cards, delinquency rates, loan and receivable balances and other aspects of our business and results of operations or disrupt our global network systems and ability to process transactions.

A further description of these uncertainties and other risks can be found in “Risk Factors” above and our other reports filed with the SEC.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Refer to “Risk Management” under “MD&A” for quantitative and qualitative disclosures about market risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (GAAP), and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control —Integrated Framework (2013).

Based on management’s assessment and those criteria, we conclude that, as of December 31, 2022, our internal control over financial reporting is effective.

PricewaterhouseCoopers LLP, our independent registered public accounting firm, has issued an audit report appearing on the following page on the effectiveness of our internal control over financial reporting as of December 31, 2022.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of American Express Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of American Express Company and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of income, of comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for credit losses on certain financial instruments in 2020.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Reserves for Credit Losses on Card Member Loans

As described in Note 3 to the consolidated financial statements, reserves for credit losses on Card Member loans represent management's estimate of the expected credit losses in the Company's outstanding portfolio of Card Member loans as of the balance sheet date. The reserves for credit losses on Card Member loans was $3.7 billion as of December 31, 2022. Management estimates lifetime expected credit losses by incorporating historical loss experience, as well as current and future economic conditions over a reasonable and supportable period (R&S Period) beyond the balance sheet date. As disclosed by management, in estimating expected credit losses, management uses a combination of statistically-based models that entail a significant amount of judgment. The primary areas of judgment used in measuring the quantitative components of the Company's reserves relate to the determination of the appropriate R&S Period, the modeling of the probability of and exposure at default, and the methodology to incorporate current and future economic conditions. Management uses these models and assumptions, combined with historical loss experience, to determine the reserve rates that are applied to the outstanding loan balances to produce its reserves for expected credit losses. Within the R&S Period, the Company's models use past loss experience and current and future economic conditions to estimate the probability of default, exposure at default and expected recoveries to estimate net losses at default. Beyond the R&S Period, expected credit losses are estimated by immediately reverting to long-term average loss rates. Management also estimates the likelihood and magnitude of recovery of previously written off loans considering how long ago the loan was written off and future economic conditions. Additionally, management evaluates whether to include qualitative reserves to cover losses that are expected but may not be adequately represented in the quantitative methods or the economic assumptions. The qualitative reserves address possible limitations within the models or factors not included within the models, such as external conditions, emerging portfolio trends, the nature and size of the portfolio, portfolio concentrations, the volume and severity of past due accounts, or management risk actions.

The principal considerations for our determination that performing procedures relating to the reserves for credit losses on Card Member loans is a critical audit matter are (i) the estimate of the reserves for credit losses on Card Member loans involved significant judgment by management, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the models, significant inputs, qualitative reserves, and significant assumptions, including the R&S Period and the loss rates used to estimate expected credit losses beyond the R&S Period and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the reserves for credit losses on Card Member loans. These procedures also included, among others, testing management's process for estimating the reserves for credit losses on Card Member loans through (i) evaluating the appropriateness of management's methodology, (ii) testing the completeness and accuracy of significant inputs and (iii) evaluating the reasonableness of certain qualitative reserves and significant assumptions used to estimate the reserves. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of management's methodology and the reasonableness of certain qualitative reserves and certain significant assumptions, including the R&S Period and the loss rates used to estimate expected credit losses beyond the R&S Period.

Membership Rewards Liability

As described in Note 9 to the consolidated financial statements, the Membership Rewards liability represents management's estimate of the cost of Membership Rewards points earned that are expected to be redeemed in the future. The Membership Rewards liability was $12.8 billion as of December 31, 2022. The weighted average cost (WAC) per point and the Ultimate Redemption Rate (URR) are key assumptions used to estimate the liability. As disclosed by management, the URR assumption is used by management to estimate the number of points earned that will ultimately be redeemed in future periods. Management uses statistical and actuarial models to estimate the URR based on redemption trends, card product type, enrollment tenure, card spend levels and credit attributes. The WAC per point assumption is derived from 12 months of redemptions and is adjusted as appropriate for certain changes in redemption costs that are not representative of future cost expectations and expected developments in redemption patterns.

The principal considerations for our determination that performing procedures relating to the Membership Rewards liability is a critical audit matter are (i) the estimate of the URR involved significant judgment by management, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating the audit evidence relating to the models, significant inputs and assumptions used by management and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the estimate of the Membership Rewards liability, including the URR and WAC assumptions. These procedures also included, among others, (i) testing the completeness and accuracy of significant inputs to the statistical and actuarial models used to estimate the URR assumption, including redemption trends, card product type, enrollment tenure, and card spend levels, (ii) the involvement of professionals with specialized skill and knowledge to assist in developing an independent estimate of the URR assumption and comparing the independent estimate to management's assumption to evaluate its reasonableness and (iii) comparing our independently calculated Membership Rewards liability to management's estimate.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 10, 2023
We have served as the Company's auditor since 2005.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS	PAGE
Consolidated Statements of Income – For the Years Ended December 31, 2022, 2021 and 2020	93
Consolidated Statements of Comprehensive Income – For the Years Ended December 31, 2022, 2021 and 2020	94
Consolidated Balance Sheets – December 31, 2022 and 2021	95
Consolidated Statements of Cash Flows – For the Years Ended December 31, 2022, 2021 and 2020	96
Consolidated Statements of Shareholders' Equity – For the Years Ended December 31, 2022, 2021 and 2020	97
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	98
Note 1 – Summary of Significant Accounting Policies	98
Note 2 – Loans and Card Member Receivables	104
Note 3 – Reserves for Credit Losses	112
Note 4 – Investment Securities	115
Note 5 – Asset Securitizations	117
Note 6 – Other Assets	118
Note 7 – Customer Deposits	120
Note 8 – Debt	121
Note 9 – Other Liabilities	124
Note 10 – Stock-Based Compensation	125
Note 11 – Retirement Plans	127
Note 12 – Contingencies and Commitments	128
Note 13 – Derivatives and Hedging Activities	131
Note 14 – Fair Values	134
Note 15 – Guarantees	139
Note 16 – Common and Preferred Shares	139
Note 17 – Changes in Accumulated Other Comprehensive Income (Loss)	141
Note 18 – Service Fees and Other Revenue and Other Expenses	142
Note 19 – Restructuring	142
Note 20 – Income Taxes	143
Note 21 – Earnings Per Common Share (EPS)	146
Note 22 – Regulatory Matters and Capital Adequacy	147
Note 23 – Significant Credit Concentrations	149
Note 24 – Reportable Operating Segments and Geographic Operations	150
Note 25 – Parent Company	153

CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31 *(Millions, except per share amounts)*	**2022**	2021	2020
Revenues			
Non-interest revenues			
Discount revenue	**$ 30,739**	$ 24,563	$ 19,435
Net card fees	**6,070**	5,195	4,664
Service fees and other revenue	**4,521**	3,316	2,702
Processed revenue	**1,637**	1,556	1,301
Total non-interest revenues	**42,967**	34,630	28,102
Interest income			
Interest on loans	**11,967**	8,850	9,779
Interest and dividends on investment securities	**96**	83	127
Deposits with banks and other	**595**	100	177
Total interest income	**12,658**	9,033	10,083
Interest expense			
Deposits	**1,527**	458	943
Long-term debt and other	**1,236**	825	1,155
Total interest expense	**2,763**	1,283	2,098
Net interest income	**9,895**	7,750	7,985
Total revenues net of interest expense	**52,862**	42,380	36,087
Provisions for credit losses			
Card Member receivables	**627**	(73)	1,015
Card Member loans	**1,514**	(1,155)	3,453
Other	**41**	(191)	262
Total provisions for credit losses	**2,182**	(1,419)	4,730
Total revenues net of interest expense after provisions for credit losses	**50,680**	43,799	31,357
Expenses			
Card Member rewards	**14,002**	11,007	8,041
Business development	**4,943**	3,762	3,051
Card Member services	**2,959**	1,993	1,230
Marketing	**5,458**	5,291	3,696
Salaries and employee benefits	**7,252**	6,240	5,718
Other, net	**6,481**	4,817	5,325
Total expenses	**41,095**	33,110	27,061
Pretax income	**9,585**	10,689	4,296
Income tax provision	**2,071**	2,629	1,161
Net income	**$ 7,514**	$ 8,060	$ 3,135
Earnings per Common Share — (Note 21)[(a)]			
Basic	**$ 9.86**	$ 10.04	$ 3.77
Diluted	**$ 9.85**	$ 10.02	$ 3.77
Average common shares outstanding for earnings per common share:			
Basic	**751**	789	805
Diluted	**752**	790	806

(a) Represents net income less (i) earnings allocated to participating share awards of $57 million, $56 million and $20 million for the years ended December 31, 2022, 2021 and 2020, respectively, (ii) dividends on preferred shares of $57 million, $71 million and $79 million for the years ended December 31, 2022, 2021 and 2020, respectively, and (iii) equity-related adjustments of $16 million related to the redemption of preferred shares for the year ended December 31, 2021.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31 *(Millions)*		**2022**		2021		2020
Net income	**$**	**7,514**	$	8,060	$	3,135
Other comprehensive (loss) income:						
Net unrealized debt securities (losses) gains, net of tax		**(87)**		(42)		32
Foreign currency translation adjustments, net of hedges and tax		**(230)**		(163)		(40)
Net unrealized pension and other postretirement benefits, net of tax		**52**		155		(150)
Other comprehensive (loss) income		**(265)**		(50)		(158)
Comprehensive income	**$**	**7,249**	$	8,010	$	2,977

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

December 31 *(Millions, except share data)*		**2022**		2021
Assets				
Cash and cash equivalents				
Cash and due from banks (includes restricted cash of consolidated variable interest entities: 2022, $5; 2021, $11)	**$**	**5,510**	$	1,292
Interest-bearing deposits in other banks (includes securities purchased under resale agreements: 2022, $318; 2021, $463)		**28,097**		20,548
Short-term investment securities (includes restricted investments of consolidated variable interest entities: 2022, $54; 2021, $32)		**307**		188
Total cash and cash equivalents		**33,914**		22,028
Card Member receivables (includes gross receivables available to settle obligations of a consolidated variable interest entity: 2022, $5,193; 2021, $5,175), less reserves for credit losses: 2022, $229; 2021, $64		**57,384**		53,581
Card Member loans (includes gross loans available to settle obligations of a consolidated variable interest entity: 2022, $28,461; 2021, $26,587), less reserves for credit losses: 2022, $3,747; 2021, $3,305		**104,217**		85,257
Other loans, less reserves for credit losses: 2022, $59; 2021, $52		**5,357**		2,859
Investment securities		**4,578**		2,591
Premises and equipment, less accumulated depreciation and amortization: 2022, $9,850; 2021, $8,602		**5,215**		4,988
Other assets, less reserves for credit losses: 2022, $22; 2021, $25		**17,689**		17,244
Total assets	**$**	**228,354**	$	188,548
Liabilities and Shareholders' Equity				
Liabilities				
Customer deposits	**$**	**110,239**	$	84,382
Accounts payable		**12,133**		10,574
Short-term borrowings		**1,348**		2,243
Long-term debt (includes debt issued by consolidated variable interest entities: 2022, $12,662; 2021, $13,803)		**42,573**		38,675
Other liabilities		**37,350**		30,497
Total liabilities	**$**	**203,643**	$	166,371
Contingencies and Commitments (Note 12)				
Shareholders' Equity				
Preferred shares, 1.66^{2/3}$ par value, authorized 20 million shares; issued and outstanding 1,600 shares as of December 31, 2022 and 2021 (Note 16)		**—**		—
Common shares, $0.20 par value, authorized 3.6 billion shares; issued and outstanding 743 million shares as of December 31, 2022 and 761 million shares as of December 31, 2021		**149**		153
Additional paid-in capital		**11,493**		11,495
Retained earnings		**16,279**		13,474
Accumulated other comprehensive income (loss)		**(3,210)**		(2,945)
Total shareholders' equity		**24,711**		22,177
Total liabilities and shareholders' equity	**$**	**228,354**	$	188,548

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31 *(Millions)*		**2022**		2021		2020
Cash Flows from Operating Activities						
Net income	**$**	**7,514**	$	8,060	$	3,135
Adjustments to reconcile net income to net cash provided by operating activities:						
Provisions for credit losses		**2,182**		(1,419)		4,730
Depreciation and amortization		**1,626**		1,695		1,543
Stock-based compensation		**375**		330		249
Deferred taxes		**(1,189)**		294		(939)
Other items [(a)]		**365**		(772)		683
Originations of loans held-for-sale		**(277)**		—		—
Proceeds from sales of loans held-for-sale		**277**		—		—
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:						
Other assets		**1,391**		1,068		(1,785)
Accounts payable & other liabilities		**8,815**		5,389		(2,025)
Net cash provided by operating activities		**21,079**		14,645		5,591
Cash Flows from Investing Activities						
Sale of investment securities		**26**		62		69
Maturities and redemptions of investment securities		**1,892**		20,032		7,159
Purchase of investments		**(4,175)**		(1,517)		(20,562)
Net (increase) decrease in Card Member loans and receivables, and other loans		**(29,562)**		(27,557)		26,906
Purchase of premises and equipment, net of sales: 2022, $1; 2021, $88; 2020, $1		**(1,855)**		(1,550)		(1,478)
Acquisitions/dispositions, net of cash acquired		**(15)**		1		(597)
Other investing activities		**—**		—		135
Net cash (used in) provided by investing activities		**(33,689)**		(10,529)		11,632
Cash Flows from Financing Activities						
Net increase (decrease) in customer deposits		**25,902**		(2,468)		13,542
Net (decrease) increase in short-term borrowings		**(706)**		461		(4,627)
Proceeds from long-term debt		**23,230**		7,788		69
Payments of long-term debt		**(18,906)**		(11,662)		(15,593)
Issuance of American Express preferred shares		**—**		1,584		—
Redemption of American Express preferred shares		**—**		(1,600)		—
Issuance of American Express common shares		**56**		64		44
Repurchase of American Express common shares and other		**(3,502)**		(7,652)		(1,029)
Dividends paid		**(1,565)**		(1,448)		(1,474)
Net cash provided by (used in) financing activities		**24,509**		(14,933)		(9,068)
Effect of foreign currency exchange rates on cash and cash equivalents		**(13)**		(120)		364
Net increase (decrease) in cash and cash equivalents		**11,886**		(10,937)		8,519
Cash and cash equivalents at beginning of year		**22,028**		32,965		24,446
Cash and cash equivalents at end of year	**$**	**33,914**	$	22,028	$	32,965

Supplemental cash flow information

Cash and cash equivalents reconciliation		**2022**		2021		2020
Cash and cash equivalents per Consolidated Balance Sheets	**$**	**33,914**	$	22,028	$	32,965
Restricted balances included in Cash and cash equivalents		**544**		525		606
Total cash and cash equivalents, excluding restricted balances	**$**	**33,370**	$	21,503	$	32,359

(a) Includes net gains and losses on fair value hedges, net gains and losses on Amex Ventures investments and changes in equity method investments.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Millions, except per share amounts)	Total	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balances as of December 31, 2019	$ 23,071	$ —	$ 163	$ 11,774	$ (2,737)	$ 13,871
Cumulative effect of change in accounting principle - Reserve for Credit Losses [(a)]	(882)	—	—	—	—	(882)
Net income	3,135	—	—	—	—	3,135
Other comprehensive loss	(158)	—	—	—	(158)	—
Repurchase of common shares	(875)	—	(2)	(105)	—	(768)
Other changes, primarily employee plans	164	—	—	212	—	(48)
Cash dividends declared preferred Series B, $45,807.57 per share	(34)	—	—	—	—	(34)
Cash dividends declared preferred Series C, $52,919.91 per share	(45)	—	—	—	—	(45)
Cash dividends declared common, $1.72 per share	(1,392)	—	—	—	—	(1,392)
Balances as of December 31, 2020	22,984	—	161	11,881	(2,895)	13,837
Net income	8,060	—	—	—	—	8,060
Other comprehensive loss	(50)	—	—	—	(50)	—
Preferred shares issued	1,584	—	—	1,584	—	—
Redemption of preferred shares	(1,600)	—	—	(1,584)	—	(16)
Repurchase of common shares	(7,598)	—	(9)	(631)	—	(6,958)
Other changes, primarily employee plans	227	—	1	245	—	(19)
Cash dividends declared preferred Series B, $36,419.41 per share	(27)	—	—	—	—	(27)
Cash dividends declared preferred Series C, $26,317.47 per share	(23)	—	—	—	—	(23)
Cash dividends declared preferred Series D, $13,213.89 per share	(21)	—	—	—	—	(21)
Cash dividends declared common, $1.72 per share	(1,359)	—	—	—	—	(1,359)
Balances as of December 31, 2021	22,177	—	153	11,495	(2,945)	13,474
Net income	**7,514**	—	—	—	—	**7,514**
Other comprehensive loss	**(265)**	—	—	—	**(265)**	—
Repurchase of common shares	**(3,332)**	—	**(4)**	**(302)**	—	**(3,026)**
Other changes, primarily employee plans	**242**	—	—	**300**	—	**(58)**
Cash dividends declared preferred Series D, $35,993.05 per share	**(57)**	—	—	—	—	**(57)**
Cash dividends declared common, $2.08 per share	**(1,568)**	—	—	—	—	**(1,568)**
Balances as of December 31, 2022	**$ 24,711**	**$ —**	**$ 149**	**$ 11,493**	**$ (3,210)**	**$ 16,279**

(a) Represents $1,170 million, net of tax of $288 million, related to the impact as of January 1, 2020 of adopting the Current Expected Credit Loss (CECL) methodology for the recognition of credit losses on certain financial instruments.

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE COMPANY

We are a globally integrated payments company, providing customers with access to products, insights and experiences that enrich lives and build business success. Our principal products and services are credit and charge card products, along with travel and lifestyle related services, offered to consumers and businesses around the world. Our various products and services are offered globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are offered through various channels, including mobile and online applications, affiliate marketing, customer referral programs, third-party service providers and business partners, direct mail, telephone, in-house sales teams, and direct response advertising.

Refer to Note 24 for additional discussion of the products and services that comprise each segment. Corporate functions and certain other businesses and operations are included in Corporate & Other.

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Significant intercompany transactions are eliminated.

We consolidate entities in which we hold a “controlling financial interest.” For voting interest entities, we are considered to hold a controlling financial interest when we are able to exercise control over the investees’ operating and financial decisions. For variable interest entities (VIEs), the determination of which is based on the amount and characteristics of the entity’s equity, we are considered to hold a controlling financial interest when we are determined to be the primary beneficiary. A primary beneficiary is the party that has both: (1) the power to direct the activities that most significantly impact that VIE’s economic performance, and (2) the obligation to absorb the losses of, or the right to receive the benefits from, the VIE that could potentially be significant to that VIE.

Entities in which our voting interest in common equity does not provide it with control, but allows us to exert significant influence over operating and financial decisions, are accounted for under the equity method. We also have investments in equity securities where our voting interest is below the level of significant influence, including investments that we make in non-public companies in the ordinary course of business. Such investments are initially recorded at cost and adjusted to fair value through earnings for observable price changes in orderly transactions for identical or similar instruments of the same company or if they are determined to be impaired. See Note 4 for the accounting policy for our marketable equity securities.

FOREIGN CURRENCY

Transactions conducted in currencies other than the applicable functional currency of an entity are converted to the functional currency at the exchange rate on the transaction date. At the period end, monetary assets and liabilities are remeasured to the functional currency using period end rates. The resulting transaction gains and losses are recorded in Other, net expenses in the Consolidated Statements of Income.

For subsidiaries where the functional currency is not the U.S. dollar, the monetary assets and liabilities and results of operations are translated for consolidation purposes into U.S. dollars at period-end rates for monetary assets and liabilities and generally at average rates for results of operations. The resulting translation adjustments, along with any related qualifying hedge and tax effects, are included in accumulated other comprehensive income (loss) (AOCI), a component of shareholders’ equity. Translation adjustments, including qualifying hedge and tax effects, are reclassified to earnings upon the sale or substantial liquidation of investments in foreign operations.

AMOUNTS BASED ON ESTIMATES AND ASSUMPTIONS

Accounting estimates are an integral part of the Consolidated Financial Statements. These estimates are based, in part, on management's assumptions concerning future events. Among the more significant assumptions are those that relate to reserves for Card Member credit losses on loans and receivables, Membership Rewards liability, goodwill and income taxes. These accounting estimates reflect the best judgment of management, but actual results could differ.

INCOME STATEMENT

Revenue is recognized when obligations under the terms of a contract with our customers are satisfied. We are not required to disclose revenue that is expected to be recognized in future periods related to contracts that have an original expected duration of one year or less and contracts with variable consideration (e.g., discount revenue). Non-interest revenue expected to be recognized in future periods related to all other contracts with customers is not material.

Discount Revenue

Discount revenue represents the amount we earn and retain from the merchant payable for facilitating transactions between Card Members and merchants on payment products issued by American Express. The amount of fees charged for accepting our cards as payment, or merchant discount, varies with, among other factors, the industry in which the merchant conducts business, the merchant's overall American Express-related transaction volume, the method of payment, the settlement terms with the merchant, the method of submission of transactions and, in certain instances, the geographic scope of the card acceptance agreement between the merchant and us (e.g., local or global) and the transaction amount. Discount revenue is generally recorded at the time the Card Member transaction occurs.

Card acceptance agreements, which include the agreed-upon terms for charging the merchant discount fee, vary in duration. Our contracts with small- and mid-sized merchants generally have no fixed contractual duration, while those with large merchants are generally for fixed periods, which typically range from three to seven years in duration. Our fixed-period agreements may include auto-renewal features, which may allow the existing terms to continue beyond the stated expiration date until a new agreement is reached. We satisfy our obligations under these agreements over the contract term, often on a daily basis, including through the processing of Card Member transactions and the availability of our payment network.

In cases where the merchant acquirer is a third party (which is the case, for example, under our OptBlue program, or with certain of our network partners), we receive a network rate fee in our settlement with the merchant acquirer, which is individually negotiated between us and that merchant acquirer and is recorded as discount revenue at the time the Card Member transaction occurs.

Net Card Fees

Net card fees represent revenue earned from annual card membership fees, which vary based on the type of card and the number of cards for each account. These fees, net of acquisition costs and a reserve for projected refunds for Card Member cancellations, are deferred and recognized on a straight-line basis over the twelve-month card membership period as Net card fees in the Consolidated Statements of Income and are therefore more stable in relation to short term business or economic shifts. The unamortized net card fee balance is reported in Other liabilities on the Consolidated Balance Sheets.

Service Fees and Other Revenue

Service fees and other revenue includes service fees earned from merchants and other customers and travel commissions and fees, which are generally recognized in the period when the service is performed, and delinquency and foreign currency-related fees, which are primarily recognized in the period when they are charged to the Card Member. In addition, Service fees and other revenue includes income (losses) from our investments in which we have significant influence and therefore account for under the equity method. Refer to Note 18 for additional information.

Processed Revenue

Processed revenue primarily represents revenues related to network partnership agreements, comprising royalties, fees and amounts earned for facilitating transactions on cards issued by network partners. In our role as the operator of the American Express network, we settle with merchants and our third-party merchant acquirers on behalf of our network card issuing partners. The amount of fees charged for accepting American Express-branded cards is generally deducted from the payment to the merchant or third-party merchant acquirer and recorded as Processed revenue at the time the Card Member transaction occurs. Our network card issuing partners receive an issuer rate that is individually negotiated between that issuer and us and is recorded as contra-revenue within Processed revenue to the extent that there is revenue from the same customer, after which any additional issuer rate is recorded as expense in Business development. Processed revenue also includes fees related to alternative payment solutions, which are generally recognized when the service is performed.

Contra-revenue

Payments made pursuant to contractual arrangements with our merchants, network partners, and other customers are classified as contra-revenue, except where we receive goods, services or other benefits for which the fair value is determinable and measurable, in which case they are recorded as expense.

Interest Income

Interest on Card Member loans is assessed using the average daily balance method. Unless the loan is classified as non-accrual, interest is recognized based upon the principal amount outstanding, in accordance with the terms of the applicable account agreement, until the outstanding balance is paid, or written off.

Interest and dividends on investment securities primarily relate to our performing fixed-income securities. Interest income is recognized as earned using the effective interest method, which adjusts the yield for security premiums and discounts, fees and other payments, so that a constant rate of return is recognized on the investment security's outstanding balance. Amounts are recognized until securities are in default or when it becomes likely that future interest payments will not be made as scheduled.

Interest on deposits with banks and other is recognized as earned, and primarily relates to the placement of cash, in excess of near-term funding requirements, in interest-bearing time deposits, overnight sweep accounts, and other interest-bearing demand and call accounts.

Interest Expense

Interest expense includes interest incurred primarily to fund Card Member loans and receivables, general corporate purposes and liquidity needs, and is recognized as incurred. Interest expense is divided principally into two categories: (i) deposits, which primarily relates to interest expense on deposits taken from customers and institutions, and (ii) debt, which primarily relates to interest expense on our long-term debt and short-term borrowings, as well as the realized impact of derivatives used to hedge interest rate risk on our long-term debt.

Card Member Rewards

We issue charge and credit cards that allow Card Members to participate in various rewards programs (e.g., Membership Rewards, cash back and cobrand). Rewards expense is recognized in the period Card Members earn rewards, generally by spending on their enrolled card products. For Membership Rewards and cash back, we record a liability that represents the rewards that are expected to be redeemed, as well as, for Membership Rewards, the estimated cost of points earned. For cobrand, we record a liability based primarily on rewards earned on Card Member spending on cobrand cards, and make associated payments to our cobrand partners. The partner is liable for providing rewards to the Card Member under the cobrand partner's own loyalty program. Card Member rewards liabilities are impacted over time by enrollment levels, attrition, the volume of points earned and redeemed, and the associated redemption costs. Changes in the Card Member rewards liabilities during the period are taken as an increase or decrease to the Card Member rewards expense in the Consolidated Statements of Income.

Business Development

Business development expense includes payments to our cobrand partners, corporate client incentive payments earned on achievement of pre-set targets and certain payments to network partners. These costs are generally expensed as incurred.

Card Member Services

Card Member services expense represents costs incurred in providing our Card Members with various value-added benefits and services, which are generally expensed as incurred.

Marketing

Marketing expense includes costs incurred in the development and initial placement of advertising, which are expensed in the period in which the advertising first takes place. All other marketing expenses are generally expensed as incurred.

BALANCE SHEET

Cash and Cash Equivalents

Cash and cash equivalents include cash and amounts due from banks, interest-bearing bank balances, including securities purchased under resale agreements, restricted cash, and other highly liquid investments with original maturities of 90 days or less. Restricted cash primarily represents amounts related to Card Member credit balances as well as upcoming debt maturities of consolidated VIEs.

Goodwill

Goodwill represents the excess of the acquisition cost of an acquired business over the fair value of assets acquired and liabilities assumed. We allocate goodwill to our reporting units for the purpose of impairment testing. A reporting unit is defined as an operating segment, or a business that is one level below an operating segment, for which discrete financial information is regularly reviewed by the operating segment manager.

We evaluate goodwill for impairment annually as of June 30, or more frequently if events occur or circumstances change that would more likely than not reduce the fair value of one or more of our reporting units below its carrying value. Prior to completing the assessment of goodwill for impairment, we also perform a recoverability test of certain long-lived assets. We have the option to perform a qualitative assessment of goodwill impairment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. Alternatively, we can perform a more detailed quantitative assessment of goodwill impairment.

This qualitative assessment entails the evaluation of factors such as economic conditions, industry and market considerations, cost factors, overall financial performance of the reporting unit and other company and reporting unit-specific events. If we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we then perform the impairment evaluation using the quantitative assessment.

The quantitative assessment compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount exceeds the reporting unit's fair value, an impairment loss is recognized for the amount over and above the reporting unit's fair value.

When measuring the fair value of our reporting units in the quantitative assessment, we use widely accepted valuation techniques, applying a combination of the income approach (discounted cash flows) and market approach (market multiples). When preparing discounted cash flow models under the income approach, we use internal forecasts to estimate future cash flows expected to be generated by the reporting units. To discount these cash flows, we use the expected cost of equity, determined by using a capital asset pricing model. We believe the discount rates appropriately reflect the risks and uncertainties in the financial markets generally and specifically in our internally-developed forecasts. When using market multiples under the market approach, we apply comparable publicly traded companies' multiples (e.g., earnings or revenues) to our reporting units' operating results.

For the years ended December 31, 2022 and 2021, we performed a qualitative assessment in connection with our annual goodwill impairment evaluation and determined that it was more likely than not that the fair values of each of our reporting units exceeded their carrying values. In addition, during the year ended December 31, 2022, we performed a quantitative goodwill impairment assessment for those reporting units which were impacted by the realignment of our operating segments and concluded that their fair values exceeded their carrying values. Refer to Note 24 for further information on the realignment of our operating segments.

Premises and Equipment

Premises and equipment, including leasehold improvements, are carried at cost less accumulated depreciation. Costs incurred during construction are capitalized and are depreciated once an asset is placed in service. Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years for equipment, furniture and building improvements, and from 40 to 50 years for premises, which are depreciated based upon their estimated useful life at the acquisition date.

Certain costs associated with the acquisition or development of internal-use software are also capitalized and recorded in Premises and equipment. Once the specific software feature is ready for its intended use, these costs are amortized on a straight-line basis over the software's estimated useful life, generally 5 years. We review these assets for impairment using the same impairment methodology used for our intangible assets.

Leasehold improvements are depreciated using the straight-line method over the lesser of the remaining term of the leased facility, or the economic life of the improvement, and range from 5 to 10 years. We recognize lease restoration obligations at the fair value of the restoration liabilities when incurred and amortize the restoration assets over the lease term.

Leases

We have operating leases worldwide for facilities and equipment, which, for those leases with terms greater than 12 months, are recorded as lease-related assets and liabilities. We do not separate lease and non-lease components. Lease-related assets, or right-of-use assets, are recognized at the lease commencement date at amounts equal to the respective lease liabilities, adjusted for prepaid lease payments, initial direct costs and lease incentives. Lease liabilities are recognized at the present value of the contractual fixed lease payments, discounted using our incremental borrowing rate as of the lease commencement date or upon modification of the lease. Operating lease expense is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred.

OTHER SIGNIFICANT ACCOUNTING POLICIES

The following table identifies our other significant accounting policies, along with the related Note.

Significant Accounting Policy	Note Number	Note Title
Loans and Card Member Receivables	Note 2	Loans and Card Member Receivables
Reserves for Credit Losses	Note 3	Reserves for Credit Losses
Investment Securities	Note 4	Investment Securities
Asset Securitizations	Note 5	Asset Securitizations
Legal Contingencies	Note 12	Contingencies and Commitments
Derivative Financial Instruments and Hedging Activities	Note 13	Derivatives and Hedging Activities
Fair Value Measurements	Note 14	Fair Values
Guarantees	Note 15	Guarantees
Income Taxes	Note 20	Income Taxes

CLASSIFICATION OF VARIOUS ITEMS

Certain reclassifications of prior period amounts have been made to conform to the current period presentation.

RECENTLY ISSUED AND ADOPTED ACCOUNTING STANDARDS

In March 2022, the Financial Accounting Standards Board issued new accounting guidance on troubled debt restructuring (TDR) and write-offs, effective January 1, 2023, with early adoption permitted. The amendments eliminate the existing TDR guidance for those entities that have adopted Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, create a single loan modification accounting model and enhance disclosure requirements for loan modifications and write-offs. Beginning with the quarter ending March 31, 2023, our financial statements will reflect the adoption of this standard on a prospective basis. The updated guidance will not have a material impact to our Consolidated Financial Statements.

Effective January 1, 2020, we adopted the new credit reserving methodology, applicable to certain financial instruments, known as the Current Expected Credit Loss (CECL) methodology resulting in an increase in the reserves for total loans and receivables credit losses on adoption, which was recorded under a modified retrospective transition with an offset to the opening balance of retained earnings. Refer to Note 3 for how management estimates reserves for credit losses in accordance with the CECL methodology.

NOTE 2

LOANS AND CARD MEMBER RECEIVABLES

Our lending and charge payment card products that we offer to consumer, small business and corporate customers result in the generation of Card Member loans and Card Member receivables. We also extend credit to customers through non-card financing products, resulting in Other loans.

CARD MEMBER AND OTHER LOANS

Card Member loans are generally recorded at the time a Card Member enters into a point-of-sale transaction with a merchant and represent revolve-eligible transactions on our card products, as well as any finance charges and associated card-related fees. Card Members with outstanding revolving loans are required to make a minimum monthly payment, and the balances that Card Members choose to revolve are subject to finance charges. These loans have varying terms such as credit limits, interest rates, fees and payment structures, which can be revised over time based on new information about Card Members, and in accordance with applicable regulations and the respective product's terms and conditions.

Card Member loans are presented on the Consolidated Balance Sheets net of reserves for credit losses (refer to Note 3), and include principal and any related accrued interest and fees. Our policy generally is to cease accruing interest on a Card Member loan at the time the account is written off, and establish reserves for interest that we believe will not be collected.

Other loans are recorded at the time any extension of credit is provided to consumer and commercial customers for non-card financing products. These loans have a range of fixed terms such as interest rates, fees and repayment periods. Borrowers are typically required to make pre-established monthly payments over the term of the loan. Non-card financing products are not associated with a Card Member agreement, and instead are governed by a separate borrowing relationship. Other loans are presented on the Consolidated Balance Sheets net of reserves for credit losses, and include principal and any related accrued interest and fees.

Card Member and Other loans as of December 31, 2022 and 2021 consisted of:

(Millions)		**2022**		2021
Consumer [(a)]	**$**	**84,964**	$	70,467
Small Business		**22,947**		18,040
Corporate		**53**		55
Card Member loans		**107,964**		88,562
Less: Reserves for credit losses		**3,747**		3,305
Card Member loans, net	**$**	**104,217**	$	85,257
Other loans, net [(b)]	**$**	**5,357**	$	2,859

(a) Includes approximately $28.5 billion and $26.6 billion of gross Card Member loans available to settle obligations of a consolidated VIE as of December 31, 2022 and 2021, respectively.

(b) Other loans represent consumer and commercial non-card financing products, and Small Business Administration Paycheck Protection Program (PPP) loans. There were $7 million and $36 million of gross PPP loans outstanding as of December 31, 2022 and 2021, respectively. Other loans are presented net of reserves for credit losses of $59 million and $52 million as of December 31, 2022 and 2021, respectively.

CARD MEMBER RECEIVABLES

Card Member receivables are recorded at the time a Card Member enters into a point-of-sale transaction with a merchant and represent amounts due on our card products and card-related fees that need to be paid in full on or before the Card Member's payment due date.

Charge Card Members generally must pay the full amount billed each month. Card Member receivable balances are presented on the Consolidated Balance Sheets net of reserves for credit losses (refer to Note 3), and include principal and any related accrued fees.

Card Member receivables as of December 31, 2022 and 2021 consisted of:

(Millions)	**2022**	2021
Consumer	**$ 22,885**	$ 22,392
Small Business	**19,629**	17,977
Corporate[(a)]	**15,099**	13,276
Card Member receivables	**57,613**	53,645
Less: Reserves for credit losses	**229**	64
Card Member receivables, net	**$ 57,384**	$ 53,581

(a) Includes $5.2 billion of gross Card Member receivables available to settle obligations of a consolidated VIE as of both December 31, 2022 and 2021.

CARD MEMBER LOANS AND RECEIVABLES AGING

Generally, a Card Member account is considered past due if payment due is not received within 30 days after the billing statement date. The following table presents the aging of Card Member loans and receivables as of December 31, 2022 and 2021:

2022 (Millions)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Card Member Loans:					
Consumer	**$ 84,102**	**$ 281**	**$ 198**	**$ 383**	**$ 84,964**
Small Business	**22,731**	**81**	**49**	**86**	**22,947**
Corporate [(a)]	**(b)**	**(b)**	**(b)**	**—**	**53**
Card Member Receivables:					
Consumer	**22,634**	**83**	**56**	**112**	**22,885**
Small Business	**$ 19,330**	**$ 120**	**$ 69**	**$ 110**	**$ 19,629**
Corporate [(a)]	**(b)**	**(b)**	**(b)**	**$ 85**	**$ 15,099**

2021 (Millions)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Card Member Loans:					
Consumer	$ 69,960	$ 158	$ 112	$ 237	$ 70,467
Small Business	17,950	34	19	37	18,040
Corporate [(a)]	(b)	(b)	(b)	—	55
Card Member Receivables:					
Consumer	22,279	41	24	48	22,392
Small Business	$ 17,846	$ 59	$ 28	$ 44	$ 17,977
Corporate [(a)]	(b)	(b)	(b)	$ 42	$ 13,276

(a) For corporate accounts, delinquency data is tracked based on days past billing status rather than days past due. A Card Member account is considered 90 days past billing if payment has not been received within 90 days of the Card Member’s billing statement date. In addition, if we initiate collection procedures on an account prior to the account becoming 90 days past billing, the associated Card Member loan or receivable balance is classified as 90 days past billing. These amounts are shown above as 90+ Days Past Due for presentation purposes. See also (b).

(b) Delinquency data for periods other than 90+ days past billing is not available due to system constraints. Therefore, such data has not been utilized for risk management purposes. The balances that are current to 89 days past due can be derived as the difference between the Total and the 90+ Days Past Due balances.

CREDIT QUALITY INDICATORS FOR CARD MEMBER LOANS AND RECEIVABLES

The following tables present the key credit quality indicators as of or for the years ended December 31:

	2022			2021		
	Net Write-Off Rate			Net Write-Off Rate		
	Principal Only [(a)]	Principal, Interest & Fees [(a)]	30+ Days Past Due as a % of Total	Principal Only [(a)]	Principal, Interest & Fees [(a)]	30+ Days Past Due as a % of Total
Card Member Loans:						
Consumer	**0.9 %**	**1.2 %**	**1.0 %**	0.9 %	1.3 %	0.7 %
Small Business	**0.7 %**	**0.8 %**	**0.9 %**	0.6 %	0.8 %	0.5 %
Card Member Receivables:						
Consumer	**0.8 %**	**0.9 %**	**1.1 %**	0.3 %	0.4 %	0.5 %
Small Business	**1.1 %**	**1.2 %**	**1.5 %**	0.3 %	0.4 %	0.7 %
Corporate [(d)]	**(b)**	**0.4 %**	**(c)**	(b)	— %	(c)

(a) We present a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, as our practice is to include uncollectible interest and/or fees as part of our total provision for credit losses, a net write-off rate including principal, interest and/or fees is also presented.

(b) Net write-off rate based on principal losses only is not available due to system constraints.

(c) For corporate receivables, delinquency data is tracked based on days past billing status rather than days past due. Delinquency data for periods other than 90+ days past billing is not available due to system constraints. 90+ days past billing as a % of total was 0.6% and 0.3% as of December 31, 2022 and 2021, respectively.

(d) The net write-off rate for the year ended December 31, 2021 includes a $37 million partial recovery in Card Member receivables related to a corporate client bankruptcy, which had resulted in a write-off in the year ended December 21, 2020.

Refer to Note 3 for additional indicators, including external environmental qualitative factors, management considers in its evaluation process for reserves for credit losses.

IMPAIRED LOANS AND RECEIVABLES

Impaired loans and receivables are individual larger balance or homogeneous pools of smaller balance loans and receivables for which it is probable that we will be unable to collect all amounts due according to the original contractual terms of the customer agreement. We consider impaired loans and receivables to include (i) loans over 90 days past due still accruing interest, (ii) non-accrual loans and (iii) loans and receivables modified as troubled debt restructurings (TDRs).

In instances where the customer is experiencing financial difficulty, we may modify, through various financial relief programs, loans and receivables with the intention to minimize losses and improve collectability, while providing customers with temporary or permanent financial relief. We have classified loans and receivables in these modification programs as TDRs and continue to classify customer accounts that have exited a modification program as a TDR, with such accounts identified as “Out of Program TDRs.”

Such modifications to the loans and receivables primarily include (i) temporary interest rate reductions (possibly as low as zero percent, in which case the loan is characterized as non-accrual in our TDR disclosures), (ii) placing the customer on a fixed payment plan not to exceed 60 months and (iii) suspending delinquency fees until the customer exits the modification program. Upon entering the modification program, the customer’s ability to make future purchases is either limited, canceled, or in certain cases suspended until the customer successfully exits from the modification program. In accordance with the modification agreement with the customer, loans and/or receivables may revert back to the original contractual terms (including the contractual interest rate where applicable) when the customer exits the modification program, which is (i) when all payments have been made in accordance with the modification agreement or (ii) when the customer defaults out of the modification program.

Reserves for modifications deemed TDRs are measured individually and incorporate a discounted cash flow model. All changes in the impairment measurement are included within provisions for credit losses.

The following tables provide additional information with respect to our impaired loans and receivables as of December 31, 2022, 2021 and 2020:

	As of December 31, 2022					
			Accounts Classified as a TDR [c]			
2022 (Millions)	Over 90 days Past Due & Accruing Interest [a]	Non-Accruals [b]	In Program [d]	Out of Program[e]	Total Impaired Balance	Reserve for Credit Losses - TDRs
Card Member Loans:						
Consumer	**$ 252**	**$ 155**	**$ 781**	**$ 1,098**	**$ 2,286**	**$ 335**
Small Business	**54**	**34**	**267**	**380**	**735**	**108**
Corporate	**—**	**—**	**—**	**—**	**—**	**—**
Card Member Receivables:						
Consumer	**—**	**—**	**257**	**179**	**436**	**20**
Small Business	**—**	**—**	**403**	**402**	**805**	**40**
Corporate	**—**	**—**	**6**	**7**	**13**	**1**
Other Loans [f]	**3**	**2**	**19**	**2**	**26**	**—**
Total	**$ 309**	**$ 191**	**$ 1,733**	**$ 2,068**	**$ 4,301**	**$ 504**

	As of December 31, 2021					
			Accounts Classified as a TDR [c]			
2021 (Millions)	Over 90 days Past Due & Accruing Interest [a]	Non-Accruals [b]	In Program [d]	Out of Program[e]	Total Impaired Balance	Reserve for Credit Losses - TDRs
Card Member Loans:						
Consumer	$ 149	$ 82	$ 708	$ 997	$ 1,936	$ 415
Small Business	19	14	176	332	541	132
Corporate	—	—	—	—	—	—
Card Member Receivables:						
Consumer	—	—	133	130	263	9
Small Business	—	—	247	297	544	39
Corporate	—	—	1	6	7	—
Other Loans [f]	**1**	**—**	**67**	**2**	**70**	**1**
Total	**$ 169**	**$ 96**	**$ 1,332**	**$ 1,764**	**$ 3,361**	**$ 596**

2020 (Millions)	As of December 31, 2020					
	Over 90 days Past Due & Accruing Interest [(a)]	Non-Accruals [(b)]	Accounts Classified as a TDR [(c)]		Total Impaired Balance	Reserve for Credit Losses - TDRs
			In Program [(d)]	Out of Program[(e)]		
Card Member Loans:						
Consumer	$ 203	$ 146	$ 1,586	$ 248	$ 2,183	$ 782
Small Business	21	29	478	67	595	285
Corporate	—	—	—	—	—	—
Card Member Receivables:						
Consumer	—	—	240	34	274	60
Small Business	—	—	516	73	589	136
Corporate	—	—	18	2	20	3
Other Loans [(f)]	**2**	**1**	**248**	**6**	**257**	**80**
Total	**$ 226**	**$ 176**	**$ 3,086**	**$ 430**	**$ 3,918**	**$ 1,346**

(a) Our policy is generally to accrue interest through the date of write-off (typically 180 days past due). We establish reserves for interest that we believe will not be collected. Amounts presented exclude loans classified as a TDR.

(b) Non-accrual loans not in modification programs primarily include certain loans placed with outside collection agencies for which we have ceased accruing interest. Amounts presented exclude loans classified as TDRs.

(c) Accounts classified as a TDR include $48 million, $41 million and $32 million that are over 90 days past due and accruing interest and $17 million, $19 million and $11 million that are non-accruals as of December 31, 2022, 2021 and 2020, respectively.

(d) In Program TDRs include accounts that are currently enrolled in a modification program.

(e) Out of Program TDRs include $1,922 million, $1,621 million and $316 million of accounts that have successfully completed a modification program and $146 million, $143 million and $114 million of accounts that were not in compliance with the terms of the modification programs as of December 31, 2022, 2021 and 2020, respectively.

(f) Other loans primarily represent consumer and commercial non-card financing products.

Table of Contents

LOANS AND RECEIVABLES MODIFIED AS TDRs

The following tables provide additional information with respect to loans and receivables that were modified as TDRs during the years ended December 31:

2022	Number of Accounts (thousands)		Account Balances (millions) [(a)]	Average Interest Rate Reduction (% points)	Average Payment Term Extensions (# of months)
Troubled Debt Restructurings:					
Card Member Loans	**149**	**$**	**1,002**	**14**	**(b)**
Card Member Receivables	**27**		**900**	**(c)**	**20**
Other Loans [(d)]	**4**	**$**	**8**	**2**	**17**
Total	**180**	**$**	**1,910**		

2021	Number of Accounts (thousands)		Account Balances (millions) [(a)]	Average Interest Rate Reduction (% points)	Average Payment Term Extensions (# of months)
Troubled Debt Restructurings:					
Card Member Loans	112	$	789	13	(b)
Card Member Receivables	21		437	(c)	18
Other Loans [(d)]	4	$	13	3	16
Total	137	$	1,239		

2020	Number of Accounts (thousands)		Account Balances (millions) [(a)]	Average Interest Rate Reduction (% points)	Average Payment Term Extensions (# of months)
Troubled Debt Restructurings:					
Card Member Loans	272	$	2,347	14	(b)
Card Member Receivables	47		1,202	(c)	19
Other Loans [(d)]	9	$	345	3	16
Total	328	$	3,894		

(a) Represents the outstanding balance immediately prior to modification. The outstanding balance includes principal, fees and accrued interest on loans and principal and fees on receivables. Modifications did not reduce the principal balance.

(b) For Card Member loans, there have been no payment term extensions.

(c) We do not offer interest rate reduction programs for Card Member receivables as the receivables are non-interest bearing.

(d) Other loans primarily represent consumer and commercial non-card financing products.

The following tables provide information with respect to loans and receivables modified as TDRs that subsequently defaulted within twelve months of modification. A customer can miss up to three payments before being considered in default, depending on the terms of the modification program.

2022	Number of Accounts (thousands)	Aggregated Outstanding Balances Upon Default (millions) [(a)]
Troubled Debt Restructurings That Subsequently Defaulted:		
Card Member Loans	**14**	**$ 81**
Card Member Receivables	**3**	**38**
Other Loans [(b)]	**1**	**1**
Total	**18**	**$ 120**

2021	Number of Accounts (thousands)	Aggregated Outstanding Balances Upon Default (millions) [(a)]
Troubled Debt Restructurings That Subsequently Defaulted:		
Card Member Loans	24	$ 174
Card Member Receivables	5	56
Other Loans [(b)]	3	9
Total	32	$ 239

2020	Number of Accounts (thousands)	Aggregated Outstanding Balances Upon Default (millions) [(a)]
Troubled Debt Restructurings That Subsequently Defaulted:		
Card Member Loans	17	$ 127
Card Member Receivables	3	55
Other Loans [(b)]	3	6
Total	23	$ 188

(a) The outstanding balances upon default include principal, fees and accrued interest on loans, and principal and fees on receivables.

(b) Other loans primarily represent consumer and commercial non-card financing products.

NOTE 3

RESERVES FOR CREDIT LOSSES

Reserves for credit losses represent our best estimate of the expected credit losses in our outstanding portfolio of Card Member loans and receivables as of the balance sheet date. The CECL methodology requires us to estimate lifetime expected credit losses by incorporating historical loss experience, as well as current and future economic conditions over a reasonable and supportable period (R&S Period), which is approximately three years, beyond the balance sheet date. We make various judgments combined with historical loss experience to determine a reserve rate that is applied to the outstanding loan or receivable balance to produce a reserve for expected credit losses.

We use a combination of statistically-based models that incorporate current and future economic conditions throughout the R&S Period. The process of estimating expected credit losses is based on several key models: Probability of Default (PD), Exposure at Default (EAD), and future recoveries for each month of the R&S Period. Beyond the R&S Period, we estimate expected credit losses by immediately reverting to long-term average loss rates.

- PD models are used to estimate the likelihood an account will be written-off.
- EAD models are used to estimate the balance of an account at the time of write-off. This includes balances less expected repayments based on historical payment and revolve behavior, which vary by customer. Due to the nature of revolving loan portfolios, the EAD models are complex and involve assumptions regarding the relationship between future spend and payment behaviors.
- Recovery models are used to estimate amounts that are expected to be received from Card Members after default occurs, typically as a result of collection efforts. Future recoveries are estimated taking into consideration the time of default, time elapsed since default and macroeconomic conditions.

We also estimate the likelihood and magnitude of recovery of previously written off accounts considering how long ago the account was written off and future economic conditions, even if such expected recoveries exceed expected losses. Our models are developed using historical loss experience covering the economic cycle and consider the impact of account characteristics on expected losses.

Future economic conditions that are incorporated over the R&S Period include multiple macroeconomic scenarios provided to us by an independent third party. Management reviews these economic scenarios each period and applies judgment to weight them in order to reflect the uncertainty surrounding these scenarios. These macroeconomic scenarios contain certain variables, including unemployment rates and real gross domestic product (GDP), that are significant to our models.

We also evaluate whether to include qualitative reserves to cover losses that are expected but, in our assessment, may not be adequately represented in the quantitative methods or the economic assumptions. We consider whether to adjust the quantitative reserves (higher or lower) to address possible limitations within the models or factors not included within the models, such as external conditions, emerging portfolio trends, the nature and size of the portfolio, portfolio concentrations, the volume and severity of past due accounts, or management risk actions.

Lifetime losses for most of our loans and receivables are evaluated at an appropriate level of granularity, including assessment on a pooled basis where financial assets share similar risk characteristics, such as past spend and remittance behaviors, credit bureau scores where available, delinquency status, tenure of balance outstanding, amongst others. Credit losses on accrued interest are measured and presented as part of Reserves for credit losses on the Consolidated Balance Sheets and within the Provisions for credit losses in the Consolidated Statements of Income, rather than reversing interest income. Separate models are used for accounts deemed a troubled debt restructuring, which are measured individually and incorporate a discounted cash flow model. See Note 2 for information on troubled debt restructurings.

Loans and receivable balances are written off when we consider amounts to be uncollectible, which is generally determined by the number of days past due and is typically no later than 180 days past due for pay in full or revolving loans and 120 days past due for term loans. Loans and receivables in bankruptcy or owed by deceased individuals are generally written off upon notification.

The following table reflects the range of macroeconomic scenario key variables used, in conjunction with other inputs, to calculate reserves for credit losses:

	U.S. Unemployment Rate		U.S. GDP Growth (Contraction) [(a)]	
	December 31, 2022	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Fourth quarter of 2022	4%	4% - 9%	(0.1)%	2% -1%
First quarter of 2023	3% - 6%	3% - 9%	5% - (1)%	3% - 1%
Fourth quarter of 2023	3% - 8%	3% - 7%	6% - 0.2%	4% - 3%
Fourth quarter of 2024	3% - 7%	4% - 6%	3% - 2%	3%

(a) Real GDP quarter over quarter percentage change seasonally adjusted to annualized rates.

CHANGES IN CARD MEMBER LOANS RESERVE FOR CREDIT LOSSES

Card Member loans reserve for credit losses increased for the year ended December 31, 2022, primarily driven by an increase in loans outstanding, higher delinquencies and changes in macroeconomic forecasts, partially offset by the release of COVID-19 pandemic-driven reserves.

Card Member loans reserve for credit losses decreased for the year ended December 31, 2021, primarily due to improved portfolio quality and macroeconomic forecasts, in large part driven by improvement in unemployment rate projections, partially offset by an increase in loans outstanding.

The following table presents changes in the Card Member loans reserve for credit losses for the years ended December 31:

(Millions)	**2022**	2021	2020
Beginning Balance	**$ 3,305**	$ 5,344	$ 4,027
Provisions[(a)]	**1,514**	(1,155)	3,453
Net write-offs [(b)]			
Principal	**(837)**	(672)	(1,795)
Interest and fees	**(229)**	(207)	(375)
Other[(c)]	**(6)**	(5)	34
Ending Balance	**$ 3,747**	$ 3,305	$ 5,344

(a) Provisions for principal, interest and fee reserve components. Provisions for credit losses includes reserve build (release) and replenishment for net write-offs.

(b) Principal write-offs are presented less recoveries of $539 million, $657 million and $568 million for the years ended December 31, 2022, 2021 and 2020, respectively. Recoveries of interest and fees were not significant. Amounts include net (write-offs) recoveries from TDRs of $(209) million, $(171) million and $(134) million for the years ended December 31, 2022, 2021 and 2020, respectively.

(c) Primarily includes foreign currency translation adjustments of $(6) million for both the years ended December 31, 2022 and 2021, and $35 million for the year ended December 31, 2020.

CHANGES IN CARD MEMBER RECEIVABLES RESERVE FOR CREDIT LOSSES

Card Member receivables reserve for credit losses increased for the year ended December 31, 2022, primarily driven by higher delinquencies and growth in receivables outstanding.

Card Member receivables reserve for credit losses decreased for the year ended December 31, 2021, primarily due to improved portfolio quality and macroeconomic forecasts, in large part driven by improvement in unemployment rate projections, partially offset by an increase in receivables outstanding.

The following table presents changes in the Card Member receivables reserve for credit losses for the years ended December 31:

(Millions)	**2022**	2021	2020
Beginning Balance	**$ 64**	$ 267	$ 126
Provisions [(a)]	**627**	(73)	1,015
Net write-offs [(b)]	**(462)**	(129)	(881)
Other [(c)]	**—**	(1)	7
Ending Balance	**$ 229**	$ 64	$ 267

(a) Provisions for principal and fee reserve components. Provisions for credit losses includes reserve build (release) and replenishment for net write-offs.

(b) Net write-offs are presented less recoveries of $257 million, $378 million and $386 million for the years ended December 31, 2022, 2021 and 2020, respectively. Amounts include net recoveries (write-offs) from TDRs of $(73) million, $(64) million and $(47) million, for the years ended December 31, 2022, 2021 and 2020, respectively.

(c) Primarily includes foreign currency translation adjustments of $2 million, $(1) million and $5 million for the years ended December 31, 2022, 2021 and 2020, respectively.

NOTE 4

INVESTMENT SECURITIES

Investment securities principally include available-for-sale debt securities carried at fair value on the Consolidated Balance Sheets. The methodology for estimating credit losses for available for sale debt securities requires us to estimate lifetime credit losses for all available-for-sale debt securities in an unrealized loss position. When estimating a security's probability of default and the recovery rate, we assess the security's credit indicators, including credit ratings. If our assessment indicates that an estimated credit loss exists, we determine the portion of the unrealized loss attributable to credit deterioration and record a reserve for the estimated credit loss through the Consolidated Statements of Income in Other loans Provision for credit losses. Unrealized gains and any portion of a security's unrealized loss attributable to non-credit losses are recorded in the Consolidated Statements of Comprehensive Income, net of tax. We had accrued interest on our available-for-sale debt securities totaling $12 million as of both December 31, 2022 and 2021, presented as Other assets on the Consolidated Balance Sheets.

Investment securities also include equity securities carried at fair value on the Consolidated Balance Sheets with unrealized gains and losses recorded in the Consolidated Statements of Income as Other, net expense.

Realized gains and losses are recognized upon disposition of the securities using the specific identification method and recorded in the Consolidated Statements of Income as Other, net expense.

Refer to Note 14 for a description of our methodology for determining the fair value of investment securities.

The following is a summary of investment securities as of December 31:

	2022				2021			
Description of Securities *(Millions)*	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale debt securities:								
State and municipal obligations	**$ 64**	**$ —**	**$ (10)**	**$ 54**	$ 106	$ 5	$ —	$ 111
U.S. Government agency obligations	**5**	**—**	**—**	**5**	6	—	—	6
U.S. Government treasury obligations	**3,859**	**—**	**(73)**	**3,786**	1,680	25	(1)	1,704
Mortgage-backed securities [(a)]	**13**	**—**	**—**	**13**	17	1	—	18
Foreign government bonds and obligations	**633**	**—**	(1)	**632**	630	—	—	630
Other [(b)]	**47**	**—**	**—**	**47**	43	—	—	43
Equity securities [(c)]	**50**	**—**	**(9)**	**41**	66	17	(4)	79
Total	**$ 4,671**	**$ —**	**$ (93)**	**$ 4,578**	$ 2,548	$ 48	$ (5)	$ 2,591

(a) Represents mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.

(b) Represents investments in debt securities issued by Community Development Financial Institutions. Investments as of December 31, 2021 also include corporate debt securities.

(c) Equity securities comprise investments in common stock, exchange-traded funds and mutual funds.

The following table provides information about our available-for-sale debt securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2022 and 2021:

	2022				2021			
	Less than 12 months		12 months or more		Less than 12 months		12 months or more	
Description of Securities *(Millions)*	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
State and municipal obligations	**$ 52**	**$ (10)**	**$ —**	**$ —**	$ —	$ —	$ —	$ —
U.S. Government treasury obligations	**3,710**	**(72)**	**52**	**(1)**	477	(1)	—	—
Foreign government bonds and obligations	**549**	**(1)**	**—**	**—**	—	—	—	—
Total	**$ 4,311**	**$ (83)**	**$ 52**	**$ (1)**	$ 477	$ (1)	$ —	$ —

The gross unrealized losses on our available-for-sale debt securities are primarily attributable to an increase in the current benchmark interest rate. Overall, for the available-for-sale debt securities in gross unrealized loss positions, (i) we do not intend to sell the securities, (ii) it is more likely than not that we will not be required to sell the securities before recovery of the unrealized losses, and (iii) we expect that the contractual principal and interest will be received on the securities. We concluded that there was no credit loss attributable to the securities in an unrealized loss position for the periods presented.

The following table summarizes the gross unrealized losses for available-for-sale debt securities by ratio of fair value to amortized cost as of December 31, 2022 and 2021:

	Less than 12 months			12 months or more			Total		
Ratio of Fair Value to Amortized Cost *(Dollars in millions)*	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses
2022:									
90%–100%	**74**	**$ 4,287**	**$ (74)**	**3**	**$ 52**	**$ (1)**	**77**	**$ 4,339**	**$ (75)**
Less than 90%	**14**	**24**	**(9)**	**—**	**—**	**—**	**14**	**24**	**(9)**
Total as of December 31, 2022	**88**	**$ 4,311**	**$ (83)**	**3**	**$ 52**	**$ (1)**	**91**	**$ 4,363**	**$ (84)**
2021:									
90%–100%	5	$ 477	$ (1)	—	$ —	$ —	5	$ 477	$ (1)
Less than 90%	—	—	—	—	—	—	—	—	—
Total as of December 31, 2021	5	$ 477	$ (1)	—	$ —	$ —	5	$ 477	$ (1)

Weighted average yields and contractual maturities for available-for-sale debt securities with stated maturities as of December 31, 2022 were as follows:

(Millions)	Due within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years	Total
State and municipal obligations [(a)]	**$ —**	**$ —**	**$ 21**	**$ 33**	**$ 54**
U.S. Government agency obligations [(a)]	**—**	**—**	**1**	**4**	**5**
U.S. Government treasury obligations	**2,668**	**1,109**	**9**	**—**	**3,786**
Mortgage-backed securities [(a)(b)]	**—**	**—**	**—**	**13**	**13**
Foreign government bonds and obligations	**631**	**1**	**—**	**—**	**632**
Other [(c)]	**—**	**42**	**5**	**—**	**47**
Total Estimated Fair Value	**$ 3,299**	**$ 1,152**	**$ 36**	**$ 50**	**$ 4,537**
Total Cost	**$ 3,348**	**$ 1,177**	**$ 36**	**$ 60**	**$ 4,621**
Weighted average yield [(d)]	**2.63 %**	**3.19 %**	**5.06 %**	**2.85 %**	**2.80 %**

(a) The expected payments on state and municipal obligations, U.S. Government agency obligations and mortgage-backed securities may not coincide with their contractual maturities because the issuers have the right to call or prepay certain obligations.

(b) Represents mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.

(c) Represents investments in debt securities issued by Community Development Financial Institutions.

(d) Average yields for investment securities have been calculated using the effective yield on the date of purchase. Yields on tax-exempt investment securities have been computed on a tax-equivalent basis using the U.S. federal statutory tax rate of 21 percent.

NOTE 5

ASSET SECURITIZATIONS

We periodically securitize Card Member loans and receivables arising from our card businesses through the transfer of those assets to securitization trusts, American Express Credit Account Master Trust (the Lending Trust) and American Express Issuance Trust II (the Charge Trust and together with the Lending Trust, the Trusts). The Trusts then issue debt securities collateralized by the transferred assets to third-party investors.

The Trusts are considered VIEs as they have insufficient equity at risk to finance their activities, which are to issue debt securities that are collateralized by the underlying Card Member loans and receivables. Refer to Note 1 for further details on the principles of consolidation. We perform the servicing and key decision making for the Trusts, and therefore have the power to direct the activities that most significantly impact the Trusts' economic performance, which are the collection of the underlying Card Member loans and receivables. In addition, we hold all of the variable interests in both Trusts, with the exception of the debt securities issued to third-party investors. Our ownership of variable interests in the Lending Trust was $16.0 billion and $15.0 billion as of December 31, 2022 and 2021, respectively, and in the Charge Trust was $5.2 billion and $3.2 billion as of December 31, 2022 and 2021, respectively. These variable interests held by us provide us with the right to receive benefits and the obligation to absorb losses, which could be significant to both the Lending Trust and the Charge Trust. Based on these considerations, we are the primary beneficiary of the Trusts and therefore consolidate the Trusts.

The debt securities issued by the Trusts are non-recourse to us. The securitized Card Member loans and receivables held by the Lending Trust and the Charge Trust, respectively, are available only for payment of the debt securities or other obligations issued or arising in the securitization transactions (refer to Note 2). The long-term debt of each Trust is payable only out of collections on their respective underlying securitized assets (refer to Note 8).

Restricted cash and cash equivalents held by the Lending Trust was $59 million and $42 million as of December 31, 2022 and 2021, respectively, and by the Charge Trust was nil and $1 million as of December 31, 2022 and 2021, respectively. These amounts relate to collections of Card Member loans and receivables to be used by the Trusts to fund future expenses and obligations, including interest on debt securities, credit losses and upcoming debt maturities.

Under the respective terms of the Lending Trust and the Charge Trust agreements, the occurrence of certain triggering events associated with the performance of the assets of each Trust could result in payment of trust expenses, establishment of reserve funds, or, in a worst-case scenario, early amortization of debt securities. During the years ended December 31, 2022 and 2021, no such triggering events occurred.

NOTE 6

OTHER ASSETS

The following is a summary of Other assets as of December 31:

(Millions)		2022		2021
Goodwill	**$**	**3,786**	$	3,804
Other intangible assets, at amortized cost		**146**		201
Other [(a)]		**13,757**		13,239
Total	**$**	**17,689**	$	17,244

(a) Primarily includes net deferred tax assets, other receivables net of reserves, investments in non-consolidated entities, prepaid assets, tax credit investments and right-of-use lease assets.

GOODWILL

The changes in the carrying amount of goodwill reported in our reportable operating segments were as follows:

(Millions)		USCS		CS		ICS		GMNS		Total
Balance as of December 31, 2020	$	369	$	2,124	$	799	$	560	$	3,852
Acquisitions		—		—		—		—		—
Dispositions		—		—		(3)		—		(3)
Other [(a)]		(1)		(1)		(43)		—		(45)
Balance as of December 31, 2021	$	368	$	2,123	$	753	$	560	$	3,804
Acquisitions		**13**		**—**		**—**		**—**		**13**
Dispositions		**—**		**—**		**—**		**—**		**—**
Other [(a)]		**(2)**		**(1)**		**(28)**		**—**		**(31)**
Balance as of December 31, 2022	**$**	**379**	**$**	**2,122**	**$**	**725**	**$**	**560**	**$**	**3,786**

(a) Primarily includes foreign currency translation.

During the year ended December 31, 2022, we performed a quantitative goodwill impairment assessment for those reporting units which were impacted by the realignment of our operating segments and concluded that their fair values exceeded their carrying values. Accumulated impairment losses were $221 million as of both December 31, 2022 and 2021.

OTHER INTANGIBLE ASSETS

Intangible assets are amortized on a straight-line basis over their estimated useful lives of 1 to 22 years. We review long-lived assets and asset groups, including intangible assets, for impairment whenever events and circumstances indicate their carrying amounts may not be recoverable. An impairment is recognized if the carrying amount is not recoverable and exceeds the asset or asset group’s fair value.

The gross carrying amount for other intangible assets as of December 31, 2022 and 2021 was $720 million and $733 million, respectively, with accumulated amortization of $574 million and $532 million, respectively.

Amortization expense was $51 million, $57 million and $54 million for the years ended December 31, 2022, 2021 and 2020, respectively. For other intangible assets on the Consolidated Balance Sheets as of December 31, 2022, amortization expense is expected to be $49 million in 2023, $44 million in 2024, $20 million in 2025, $10 million in 2026, $9 million in 2027 and $14 million thereafter.

TAX CREDIT INVESTMENTS

We account for our qualified affordable housing (QAH) investments using the proportional amortization method (PAM), which we elected to implement on January 1, 2021 on a prospective basis, and other tax credit investments using the equity method of accounting. As of December 31, 2022 and 2021, we had $1,207 million and $1,124 million in tax credit investments, respectively, included in Other assets on the Consolidated Balance Sheets, of which $1,146 million and $1,084 million, respectively, related to QAH investments. Included in QAH investments as of December 31, 2022 and 2021, we had $980 million and $994 million, respectively, related to investments in unconsolidated VIEs for which we do not have a controlling financial interest.

As of December 31, 2022, we committed to provide funding related to certain of these QAH investments, which is expected to be paid between 2023 and 2040, resulting in $348 million in unfunded commitments reported in Other liabilities, of which $222 million specifically related to unconsolidated VIEs.

In addition, as of December 31, 2022 we had contractual off-balance sheet obligations to provide additional funding up to $13 million for these QAH investments, fully related to unconsolidated VIEs. We may be required to fund these amounts between 2023 and 2036.

During the years ended December 31, 2022 and 2021, we recognized QAH investment losses of $161 million and $226 million, respectively, with associated tax credits of $141 million and $135 million, respectively, in Income tax provision. During the year ended December 31, 2020 we recognized QAH investment equity method losses of $128 million, in Other, net expenses, with associated tax credits of $129 million, recognized in Income tax provision.

NOTE 7

CUSTOMER DEPOSITS

As of December 31, customer deposits were categorized as interest-bearing or non-interest-bearing as follows:

(Millions)		2022		2021
U.S.:				
Interest-bearing	**$**	**109,119**	$	83,304
Non-interest-bearing (includes Card Member credit balances of: 2022, $605; 2021, $527)		**663**		553
Non-U.S.:				
Interest-bearing		**15**		18
Non-interest-bearing (includes Card Member credit balances of: 2022, $439; 2021, $503)		**442**		507
Total customer deposits	**$**	**110,239**	$	84,382

Customer deposits by deposit type as of December 31 were as follows:

(Millions)		2022		2021
Savings and transaction accounts	**$**	**76,731**	$	66,142
Certificates of deposit:				
Direct		**2,765**		1,415
Third-party (brokered)		**13,331**		3,095
Sweep accounts —Third-party (brokered)		**16,297**		12,658
Other deposits		**71**		42
Card Member credit balances		**1,044**		1,030
Total customer deposits	**$**	**110,239**	$	84,382

The scheduled maturities of certificates of deposit as of December 31, 2022 were as follows:

(Millions)		2023		2024		2025		2026		2027		After 5 years		Total
Certificates of deposit	**$**	**5,790**	**$**	**6,554**	**$**	**2,939**	**$**	**27**	**$**	**786**	**$**	**—**	**$**	**16,096**

As of December 31, certificates of deposit in denominations of $250,000 or more, in the aggregate, were as follows:

(Millions)		2022		2021
U.S.	**$**	**998**	$	521
Non-U.S.		**1**		1
Total	**$**	**999**	$	522

NOTE 8

DEBT

SHORT-TERM BORROWINGS

Our short-term borrowings outstanding, defined as borrowings with original contractual maturity dates of less than one year, as of December 31 were as follows:

	2022		2021	
(Millions, except percentages)	Outstanding Balance	Year-End Stated Interest Rate on Debt [(a)]	Outstanding Balance	Year-End Stated Interest Rate on Debt [(a)]
Short-term borrowings [(b)]	**$ 1,348**	**0.94 %**	$ 2,243	0.58 %
Total	**$ 1,348**	**0.94 %**	$ 2,243	0.58 %

(a) For floating-rate issuances, the stated interest rates are weighted based on the outstanding principal balances and interest rates in effect as of December 31, 2022 and 2021.

(b) Includes borrowings from banks and book overdrafts with banks due to timing differences arising in the ordinary course of business.

We maintained a three-year committed, revolving, secured borrowing facility that gives us the right to sell up to $2.0 billion face amount of eligible certificates issued from the Lending Trust at any time through September 16, 2024. The facility was undrawn as of both December 31, 2022 and 2021. Additionally, certain of our subsidiaries maintained total committed lines of credit of $186 million and $145 million as of December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, $20.9 million and $7.2 million were drawn on these committed lines, respectively.

We paid $7.8 million in fees to maintain the secured borrowing facility in both 2022 and 2021. The committed facility does not contain a material adverse change clause, which might otherwise preclude borrowing under the facility, nor is it dependent on our credit rating.

LONG-TERM DEBT

Our long-term debt outstanding, defined as debt with original contractual maturity dates of one year or greater, as of December 31 was as follows:

	2022				2021		
(Millions, except percentages)	Original Contractual Maturity Dates	Outstanding Balance[(a)]	Year-End Interest Rate on Debt[(b)]	Year-End Interest Rate with Swaps[(b)(c)]	Outstanding Balance[(a)]	Year-End Interest Rate on Debt[(b)]	Year-End Interest Rate with Swaps[(b)(c)]
American Express Company (Parent Company only)							
Fixed Rate Senior Notes	**2023 - 2042**	**$ 23,813**	**3.34 %**	**4.00 %**	$ 18,324	3.02 %	2.03 %
Floating Rate Senior Notes	**2023 - 2026**	**3,000**	**4.78**	—	3,300	0.69	—
Fixed-to-Floating Rate Senior Notes	**2033**	**1,250**	**4.42**	—	—	—	—
Fixed Rate Subordinated Notes	**2024**	**574**	**3.63**	**5.46**	599	3.63	1.38
Fixed-to-Floating Rate Subordinated Notes	**2033**	**750**	**4.99**	—	—	—	—
American Express Credit Corporation							
Fixed Rate Senior Notes	**2027**	**328**	**3.30**	—	2,078	2.80	1.32
Floating Rate Senior Notes		—	—	—	300	0.87	—
Lending Trust							
Fixed Rate Senior Notes	**2023 - 2025**	**10,499**	**2.81**	—	8,199	2.01	1.82
Floating Rate Senior Notes	**2023**	**2,125**	**4.67**	—	3,325	0.49	—
Fixed Rate Subordinated Notes		—	—	—	212	2.72	—
Floating Rate Subordinated Notes	**2023**	**61**	**4.89**	—	79	0.68	—
Charge Trust							
Floating Rate Conduit Borrowings		—	—	—	2,000	0.40	—
Other							
Finance Leases	**2023 - 2024**	**3**	**5.76**	—	14	5.49	—
Floating Rate Borrowings	**2023 - 2025**	**254**	**0.41**	**— %**	297	0.42	— %
Unamortized Underwriting Fees		**(84)**			(52)		
Total Long-Term Debt		**$ 42,573**	**3.42 %**		$ 38,675	2.22 %	

(a) The outstanding balances include (i) unamortized discount, (ii) the impact of movements in exchange rates on foreign currency denominated debt and (iii) the impact of fair value hedge accounting on certain fixed-rate notes that have been swapped to floating rate through the use of interest rate swaps. Refer to Note 13 for more details on our treatment of fair value hedges.

(b) For floating-rate issuances, the stated interest rate on debt is weighted based on the outstanding principal balances and interest rates in effect as of December 31, 2022 and 2021.

(c) Interest rates with swaps are only presented when swaps are in place to hedge the underlying debt. The interest rates with swaps are weighted based on the outstanding principal balances and the interest rates on the floating leg of the swaps in effect as of December 31, 2022 and 2021.

Aggregate annual maturities on long-term debt obligations (based on contractual maturity or anticipated redemption dates) as of December 31, 2022 were as follows:

(Millions)	2023	2024	2025	2026	2027	Thereafter	Total
American Express Company (Parent Company only)	**$ 5,750**	**$ 7,500**	**$ 5,250**	**$ 2,450**	**$ 4,911**	**$ 4,273**	**$ 30,134**
American Express Credit Corporation	—	—	—	—	**339**	—	**339**
Lending Trust	**2,685**	**2,750**	**7,250**	—	—	—	**12,685**
Other	**76**	**114**	**67**	—	—	—	**257**
	$ 8,511	**$ 10,364**	**$ 12,567**	**$ 2,450**	**$ 5,250**	**$ 4,273**	**$ 43,415**
Unamortized Underwriting Fees							**(84)**
Unamortized Discount and Premium							**(522)**
Impacts due to Fair Value Hedge Accounting							**(236)**
Total Long-Term Debt							**$ 42,573**

We maintained a committed syndicated bank credit facility of $3.5 billion as of December 31, 2022 and 2021, all of which was undrawn as of the respective dates. The facility has a maturity date of October 15, 2024, and the availability of the facility is subject to compliance with certain covenants, principally our maintenance of a minimum Common Equity Tier 1 (CET1) risk-based capital ratio of 4.5 percent, with certain restrictions in relation to either accessing the facility or distributing capital to common shareholders in the event our CET1 risk-based capital ratio falls between 4.5 percent and 6.5 percent. As of December 31, 2022 and 2021, we were in compliance with the covenants contained in the credit facility.

Additionally, we maintained a three-year committed, revolving, secured borrowing facility that gives us the right to sell up to $3.0 billion face amount of eligible notes issued from the Charge Trust at any time through July 15, 2024. As of December 31, 2022 and 2021, nil and $2.0 billion were outstanding on this facility, respectively.

We paid $14.1 million and $15.7 million in fees to maintain these lines in 2022 and 2021, respectively. These committed facilities do not contain material adverse change clauses, which might otherwise preclude borrowing under the credit facilities, nor are they dependent on our credit rating.

We paid total interest, primarily related to short- and long-term debt, corresponding interest rate swaps and customer deposits, of $2.2 billion, $1.1 billion and $2.0 billion in 2022, 2021 and 2020, respectively.

NOTE 9

OTHER LIABILITIES

The following is a summary of Other liabilities as of December 31:

(Millions)		**2022**		2021
Membership Rewards liability	**$**	**12,789**	$	11,398
Deferred card and other fees, net		**3,027**		2,516
Employee-related liabilities [(a)]		**2,530**		2,528
Card Member rebate and reward accruals [(b)]		**2,126**		1,809
Income tax liability [(c)]		**1,651**		1,576
Other [(d)]		**15,227**		10,670
Total	**$**	**37,350**	$	30,497

(a) Includes employee benefit plan obligations and incentive compensation.

(b) Card Member rebate and reward accruals include payments to third-party reward partners and cash-back rewards.

(c) Includes repatriation tax liability of $1,012 million as of both December 31, 2022 and 2021, which represents our remaining obligation under the Tax Cuts and Jobs Act enacted on December 22, 2017 (Tax Act) to pay a one-time transition tax on unrepatriated earnings and profits of certain foreign subsidiaries, the net position for current federal, state and non-U.S. income tax liabilities, and deferred tax liabilities for foreign jurisdictions.

(d) Primarily includes negative cash balances for accounts without an associated overdraft credit facility, Travelers Cheques and other prepaid products, lease liabilities, accruals for general operating expenses, payments to cobrand partners, client incentives and dividends payable.

MEMBERSHIP REWARDS

The Membership Rewards program allows enrolled Card Members to earn points that can be redeemed for a broad variety of rewards including, but not limited to, travel, shopping, gift cards, and covering eligible charges. We record a Membership Rewards liability that represents management's best estimate of the cost of points earned that are expected to be redeemed by Card Members in the future. The weighted average cost (WAC) per point and the Ultimate Redemption Rate (URR) are key assumptions used to estimate the liability. We use statistical and actuarial models to estimate the URR based on redemption trends, card product type, enrollment tenure, card spend levels and credit attributes. The WAC per point assumption is derived from 12 months of redemptions and is adjusted as appropriate for certain changes in redemption costs that are not representative of future cost expectations and expected developments in redemption patterns.

The expense for Membership Rewards points is included in Card Member rewards expense. We periodically evaluate our liability estimation process and assumptions based on developments in redemption patterns, cost per point redeemed, partner contract changes and other factors.

DEFERRED CARD AND OTHER FEES, NET

The carrying amount of deferred card and other fees, net of deferred direct acquisition costs and reserves for membership cancellations, as of December 31, 2022 was as follows:

(Millions)		**2022**		2021
Deferred card and other fees [(a)]	**$**	**3,380**	$	2,838
Deferred direct acquisition costs		**(173)**		(169)
Reserves for membership cancellations		**(180)**		(153)
Deferred card and other fees, net	**$**	**3,027**	$	2,516

(a) Includes deferred fees for Membership Rewards program participants.

NOTE 10

STOCK-BASED COMPENSATION

STOCK OPTION AND AWARD PROGRAMS

Under our 2016 Incentive Compensation Plan (amended and restated effective May 5, 2020) and previously under our 2007 Incentive Compensation Plan (collectively, Incentive Compensation Plans), awards may be granted to employees and other key individuals who perform services for us and our participating subsidiaries. These awards may be in the form of stock options, restricted stock units or awards (collectively referred to as RSUs) or other incentives or similar awards designed to meet the requirements of non-U.S. jurisdictions.

For our Incentive Compensation Plans, there were a total of 9 million, 12 million and 14 million common shares unissued and available for grant as of December 31, 2022, 2021 and 2020, respectively, as authorized by our Board of Directors and shareholders. We generally issue new common shares upon exercise of options and vesting of RSUs.

Stock-based compensation expense recognized in Salaries and employee benefits in the Consolidated Statements of Income was $373 million, $326 million and $247 million in 2022, 2021 and 2020, respectively, with corresponding income tax benefits of $90 million, $78 million and $59 million in those respective periods.

A summary of stock option and RSU activity as of December 31, 2022, and corresponding changes during the year, are as follows:

	Stock Options		Service-Based RSUs		Service and Performance-Based RSUs	
(Shares in thousands)	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Grant Price	Shares	Weighted-Average Grant Price
Outstanding as of December 31, 2021	3,104	$ 93.33	1,875	$ 117.36	3,741	$ 114.22
Granted	**1,168**	**154.57**	**798**	**174.48**	**1,064**	**163.60**
Options exercised/RSUs vested	**(638)**	**88.81**	**(751)**	**113.19**	**(1,097)**	**89.58**
Forfeited	—	—	**(134)**	**139.77**	**(236)**	**137.42**
Expired	—	—	—	—	—	—
Outstanding as of December 31, 2022	**3,634**	**113.80**	**1,788**	**$ 142.92**	**3,472**	**$ 135.57**
Options vested and expected to vest as of December 31, 2022	**3,607**	**113.54**				
Options exercisable as of December 31, 2022	**1,699**	**$ 80.57**				

Stock-based compensation expense is generally recognized ratably based on the grant-date fair value of the awards, net of expected forfeitures, over the vesting period. Generally, the vesting period is the shorter of the vesting schedule as defined in each award agreement or the date an individual will become eligible to retire. Retirement eligibility is dependent upon age and/or years of service.

STOCK OPTIONS

Each stock option has an exercise price equal to the market price of our common stock on the date of grant. Stock options generally vest on the third anniversary of the grant date and have a contractual term of 10 years from the date of grant.

The fair value of options without market conditions is estimated on the date of grant using a Black-Scholes-Merton option-pricing model. The following weighted-average assumptions were used for options granted in 2022, 2021 and 2020:

	2022	2021	2020
Dividend yield	**1.0 %**	1.5 %	1.4 %
Expected volatility[(a)]	**31 %**	31 %	20 %
Risk-free interest rate	**1.7 %**	0.8 %	1.6 %
Expected life of stock option (*in years*)[(b)]	**7.1**	7.2	7.1
Weighted-average fair value per option	**$ 55.30**	$ 32.38	$ 25.83

(a) The expected volatility is based on both weighted historical and implied volatilities of our common stock price.

(b) The expected life of stock options was determined using both historical data and expectations of option exercise behavior.

Certain executives were awarded a grant of stock options on October 31, 2022 that vest, subject to achieving performance and market conditions. These options vest in tranches on the third and fourth anniversaries from the grant date, subject to continued employment through the applicable anniversary, and have a contractual term of seven years. The fair value was estimated at the grant date using a Monte Carlo valuation model assuming a dividend yield of 1.4 percent, expected volatility (based on both weighted historical and implied volatilities of our common stock price) of 34 percent, risk-free rate of 3.9 percent and an expected life of seven years, resulting in a fair value of $50.10.

The weighted-average remaining contractual life and the aggregate intrinsic value (the amount by which the fair value of our stock price exceeds the exercise price of the option) of the stock options outstanding, exercisable, and vested and expected to vest as of December 31, 2022, were as follows:

	Outstanding	Exercisable	Vested and Expected to Vest
Weighted-average remaining contractual life *(in years)*	**5.6**	**3.6**	**5.6**
Aggregate intrinsic value *(millions)*	**$ 131**	**$ 114**	**$ 131**

As of December 31, 2022, there was $46 million of total unrecognized compensation cost related to unvested options, which will be recognized over the weighted-average remaining vesting period of 3.0 years.

For stock options that were exercised during 2022, 2021 and 2020, the intrinsic value, based upon the fair value of our stock price at the date the options were exercised, was $56 million, $86 million and $47 million, respectively; cash received by the Company from the exercise of stock options was $56 million, $64 million and $44 million during those respective periods. The income tax benefit recognized in the Consolidated Statements of Income related to stock option exercises was $9 million, $14 million and $7 million in 2022, 2021 and 2020, respectively.

RESTRICTED STOCK UNITS/AWARDS

We grant RSUs that contain either a) service conditions or b) both service and performance conditions. RSUs containing only service conditions generally vest ratably over three years, or four years for awards granted prior to 2022, beginning with the first anniversary of the grant date. RSUs containing both service and performance conditions generally vest on the third anniversary of the grant date, and the number of shares earned depends on the achievement of predetermined Company metrics. RSU holders receive dividend equivalents or dividends.

Performance-based RSUs include a relative total shareholder return (r-TSR) modifier so that our actual shareholder return relative to a comparable peer group is one of the performance conditions that determines the number of shares ultimately issued upon vesting.

The fair value of RSUs that do not include the r-TSR modifier, including those that contain only service conditions, is measured using our stock price on the grant date. The fair value of service and performance-based RSUs that include the r-TSR modifier is determined using a Monte Carlo valuation model with the following weighted-average assumptions in 2022, 2021 and 2020:

	2022	2021	2020
Expected volatility[(a)]	**42 %**	41 %	19 %
Risk-free interest rate	**1.4 %**	0.2 %	1.4 %
Remaining performance period *(in years)*	**2.9**	2.9	2.9

(a) The expected volatility is based on historical volatility of our common stock price.

As of December 31, 2022, there was $247 million of total unrecognized compensation cost related to non-vested RSUs, which will be recognized over the weighted-average remaining vesting period of 1.7 years.

The weighted-average grant date fair value of RSUs granted in 2022, 2021 and 2020 was $168.26, $123.66 and $124.47, respectively.

For RSUs vested during 2022, 2021 and 2020, the total fair value, based upon our stock price at the date the RSUs vested, was $323 million, $227 million and $291 million, respectively.

LIABILITY-BASED AWARDS

Other incentive awards can be settled with cash or equity shares at our discretion and final Compensation and Benefits Committee approval. These awards are generally settled with cash and thus are classified as liabilities; therefore, the fair value is determined at the date of grant and remeasured quarterly as part of compensation expense over the vesting period. Cash paid upon vesting of these awards in 2022, 2021 and 2020 was $50 million, $53 million and $81 million, respectively.

NOTE 11

RETIREMENT PLANS

DEFINED CONTRIBUTION RETIREMENT PLANS

We sponsor defined contribution retirement plans, the principal plan being the Retirement Savings Plan (RSP), a 401(k) savings plan with a profit-sharing component. The RSP is a tax-qualified retirement plan subject to the Employee Retirement Income Security Act of 1974 and covers most employees in the United States. The total expense for all defined contribution retirement plans globally was $259 million, $269 million and $267 million in 2022, 2021 and 2020, respectively.

DEFINED BENEFIT PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Our primary defined benefit pension plans that cover certain employees in the United States and United Kingdom are closed to new entrants and existing participants do not accrue any additional benefits. Some employees outside the United States and United Kingdom are covered by local retirement plans, some of which are funded, while other employees receive payments at the time of retirement or termination under applicable labor laws or agreements. We comply with minimum funding requirements in all countries. We also sponsor unfunded other postretirement benefit plans that provide health care and life insurance to certain retired U.S. employees. For these plans, the total net benefit was $24 million, $26 million and $8 million in 2022, 2021 and 2020, respectively.

We recognize the funded status of our defined benefit pension plans and other postretirement benefit plans, measured as the difference between the fair value of the plan assets and the projected benefit obligation, on the Consolidated Balance Sheets. As of December 31, 2022 and 2021, the unfunded status related to the defined benefit pension plans and other postretirement benefit plans was $278 million and $414 million, respectively, and is recorded in Other liabilities.

NOTE 12

CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

In the ordinary course of business, we and our subsidiaries are subject to various pending and potential legal actions, arbitration proceedings, claims, investigations, examinations, regulatory proceedings, information gathering requests, subpoenas, inquiries and matters relating to compliance with laws and regulations (collectively, legal proceedings).

Based on our current knowledge, and taking into consideration our litigation-related liabilities, we do not believe we are a party to, nor are any of our properties the subject of, any legal proceeding that would have a material adverse effect on our consolidated financial condition or liquidity. However, in light of the uncertainties involved in such matters, including the fact that some pending legal proceedings are at preliminary stages or seek an indeterminate amount of damages, it is possible that the outcome of legal proceedings could have a material impact on our results of operations. Certain legal proceedings involving us or our subsidiaries are described below.

On February 25, 2020, we were named as a defendant in a case filed in the Superior Court of California, Los Angeles County, captioned Laurelwood Cleaners LLC v. American Express Co., et al., in which the plaintiff seeks a public injunction in California prohibiting American Express from enforcing its anti-steering and non-discrimination provisions and from requiring merchants "to offer the service of Amex-card acceptance for free." The case has been stayed pending the outcome of arbitration proceedings.

On January 29, 2019, we were named in a putative class action brought in the United States District Court for the Eastern District of New York, captioned Anthony Oliver, et al. v. American Express Company and American Express Travel Related Services Company Inc., in which the plaintiffs are holders of MasterCard, Visa and/or Discover credit cards (but not American Express cards) and allege they paid higher prices as a result of our anti-steering and non-discrimination provisions in violation of federal antitrust law and the antitrust and consumer laws of various states. Plaintiffs seek unspecified damages and other forms of relief. The court dismissed plaintiffs' federal antitrust claim, numerous state antitrust and consumer protection claims and their unjust enrichment claim. The remaining claims in plaintiffs' complaint arise under the antitrust laws of 11 states and the consumer protection laws of six states.

On March 8, 2016, plaintiffs B&R Supermarket, Inc. d/b/a Milam's Market and Grove Liquors LLC, on behalf of themselves and others, filed a suit, captioned B&R Supermarket, Inc. d/b/a Milam's Market, et al. v. Visa Inc., et al., for violations of the Sherman Antitrust Act, the Clayton Antitrust Act, California's Cartwright Act and unjust enrichment in the United States District Court for the Northern District of California, against American Express Company, other credit and charge card networks, other issuing banks and EMVCo, LLC. Plaintiffs allege that the defendants, through EMVCo, conspired to shift liability for fraudulent, faulty and otherwise rejected consumer credit card transactions from themselves to merchants after the implementation of EMV chip payment terminals. Plaintiffs seek damages and injunctive relief. An amended complaint was filed on July 15, 2016. On September 30, 2016, the court denied our motion to dismiss as to claims brought by merchants who do not accept American Express cards, and on May 4, 2017, the California court transferred the case to the United States District Court for the Eastern District of New York. On August 28, 2020, the court granted plaintiffs' motion for class certification.

In July 2004, we were named as a defendant in a putative class action filed in the Southern District of New York and subsequently transferred to the Eastern District of New York, captioned The Marcus Corporation v. American Express Co., et al., in which the plaintiffs allege an unlawful antitrust tying arrangement between certain of our charge cards and credit cards in violation of various state and federal laws. The plaintiffs in this action seek injunctive relief and an unspecified amount of damages.

In 2006, Mawarid Investments Limited filed a request for confidential arbitration under the 1998 London Court of International Arbitration Rules in connection with certain claims arising under a shareholders agreement between Mawarid and TRS relating to a joint venture between the parties, Amex (Middle East) BSC(c) (AEME). In 2008, the tribunal rendered a partial award, including a direction that an audit should take place to verify whether acquirer discount revenue related to transactions occurring with airlines located in the Middle East region had been properly allocated to AEME since its inception in 1992. In September 2021, the tribunal rendered a further partial award regarding the location of transactions through non-physical channels. In May 2022, the tribunal further clarified the 2021 partial award and the discount rate that should apply to transactions through non-physical channels. A final award is now expected in 2023.

In May 2020, we began responding to a review by the Office of the Comptroller of the Currency (OCC) and the Department of Justice (DOJ) Civil Division regarding historical sales practices relating to sales to small business customers in the United States. In January 2021, we received a grand jury subpoena from the United States Attorney's Office for the Eastern District of New York (EDNY) regarding these sales practices issues, as well as a Civil Investigative Demand from the Consumer Protection Bureau (CFPB) pertaining to its investigation into sales practices related to consumers. In January 2023, the CFPB notified us that its investigation was completed and that it does not intend to recommend an enforcement action be taken against us at this time. The OCC, DOJ and EDNY reviews and investigations are ongoing and could result in enforcement actions or other regulatory proceedings against us seeking fines or other remedial actions. We are cooperating with all inquiries.

We are being challenged in a number of countries regarding our application of value-added taxes (VAT) to certain of our international transactions, which are in various stages of audit, or are being contested in legal actions. While we believe we have complied with all applicable tax laws, rules and regulations in the relevant jurisdictions, the tax authorities may determine that we owe additional VAT. In certain jurisdictions where we are contesting the assessments, we were required to pay the VAT assessments prior to contesting.

Our legal proceedings range from cases brought by a single plaintiff to class actions with millions of putative class members to governmental proceedings. These legal proceedings involve various lines of business and a variety of claims (including, but not limited to, common law tort, contract, application of tax laws, antitrust and consumer protection claims), some of which present novel factual allegations and/or unique legal theories. While some matters pending against us specify the damages sought, many seek an unspecified amount of damages or are at very early stages of the legal process. Even when the amount of damages claimed against us are stated, the claimed amount may be exaggerated and/or unsupported. As a result, some matters have not yet progressed sufficiently through discovery and/or development of important factual information and legal issues to enable us to estimate an amount of loss or a range of possible loss, while other matters have progressed sufficiently such that we are able to estimate an amount of loss or a range of possible loss.

We have accrued for certain of our outstanding legal proceedings. An accrual is recorded when it is both (a) probable that a loss has occurred and (b) the amount of loss can be reasonably estimated. There may be instances in which an exposure to loss exceeds the accrual. We evaluate, on a quarterly basis, developments in legal proceedings that could cause an increase or decrease in the amount of the accrual that has been previously recorded, or a revision to the disclosed estimated range of possible losses, as applicable.

For those disclosed legal proceedings where a loss is reasonably possible in future periods, whether in excess of a recorded accrual for legal or tax contingencies, or where there is no such accrual, and for which we are able to estimate a range of possible loss, the current estimated range is zero to $200 million in excess of any accruals related to those matters. This range represents management's estimate based on currently available information and does not represent our maximum loss exposure; actual results may vary significantly. As such legal proceedings evolve, we may need to increase our range of possible loss or recorded accruals. In addition, it is possible that significantly increased merchant steering or other actions impairing the Card Member experience as a result of an adverse resolution in one or any combination of the disclosed merchant cases could have a material adverse effect on our business and results of operations.

COMMITMENTS

Total lease expense includes rent expenses, adjustments for rent concessions, rent escalations and leasehold improvement allowances and is recognized on a straight-line basis over the lease term. Total lease expense for the years ended December 31, 2022, 2021 and 2020 was $188 million, $161 million and $177 million, respectively.

Lease liabilities are recognized at the present value of the contractual fixed lease payments, discounted using our incremental borrowing rate as of the lease commencement date or upon modification of the lease. For lease liabilities outstanding as of December 31, 2022, the weighted average remaining lease term was 19 years and the weighted average rate used to discount lease commitments was 3 percent.

The following represents the maturities of our outstanding lease commitments as of December 31, 2022:

(Millions)		
2023	**$**	**157**
2024		**144**
2025		**121**
2026		**105**
2027		**93**
Thereafter		**892**
Total Outstanding Fixed Lease Payments	**$**	**1,512**
Less: Amount representing interest	**$**	**(539)**
Lease Liabilities	**$**	**973**

As of December 31, 2022, we had approximately $2.0 billion in financial commitments outstanding related to agreements with certain cobrand partners under which we are required to make a certain level of minimum payments over the life of the agreement, generally ranging from five to ten years. Such commitments are designed to be satisfied by the payment we make to such cobrand partners primarily based on Card Members' spending and earning rewards on their cobrand cards and as we acquire new Card Members. In the event these payments do not fully satisfy the commitment, we generally pay the cobrand partner up to the amount of the commitment in exchange for an equivalent value of reward points.

NOTE 13

DERIVATIVES AND HEDGING ACTIVITIES

We use derivative financial instruments to manage exposures to various market risks. These instruments derive their value from an underlying variable or multiple variables, including interest rates and foreign exchange rates, and are carried at fair value on the Consolidated Balance Sheets. These instruments enable end users to increase, reduce or alter exposure to various market risks and, for that reason, are an integral component of our market risk management. We do not transact in derivatives for trading purposes.

Market risk is the risk to earnings or asset and liability values resulting from movements in market prices. Our market risk exposures include:

- Interest rate risk due to changes in the relationship between the interest rates on our assets (such as loans, receivables and investment securities) and the interest rates on our liabilities (such as debt and deposits); and
- Foreign exchange risk related to transactions, funding, investments and earnings in currencies other than the U.S. dollar.

We centrally monitor market risks using market risk limits and escalation triggers as defined in our Asset/Liability Management Policy. Our market exposures are in large part by-products of the delivery of our products and services.

Interest rate risk primarily arises through the funding of Card Member receivables and fixed-rate loans with variable-rate borrowings, as well as through the risk to net interest margin from changes in the relationship between benchmark rates such as Prime, the secured overnight financing rate and the overnight indexed swap rate. Interest rate exposure within our charge card and fixed-rate lending products is managed by varying the proportion of total funding provided by short-term and variable-rate debt and deposits compared to fixed-rate debt and deposits. In addition, interest rate swaps are used from time to time to economically convert fixed-rate debt obligations to variable-rate obligations, or to convert variable-rate debt obligations to fixed-rate obligations. We may change the mix between variable-rate and fixed-rate funding based on changes in business volumes and mix, among other factors.

Foreign exchange exposures arise in four principal ways: (1) Card Member spending in currencies that are not the billing currency, (2) cross-currency transactions and balances from our funding activities, (3) cross-currency investing activities, such as in the equity of foreign subsidiaries, and (4) revenues generated and expenses incurred in foreign currencies, which impact earnings. Our foreign exchange risk is managed primarily by entering into agreements to buy and sell currencies on a spot basis or by hedging this market exposure, to the extent it is economical, through various means, including the use of derivatives such as foreign exchange forwards.

Derivatives may give rise to counterparty credit risk, which is the risk that a derivative counterparty will default on, or otherwise be unable to perform pursuant to, an uncollateralized derivative exposure. We manage this risk by considering the current exposure, which is the replacement cost of contracts on the measurement date, as well as estimating the maximum potential future exposure of the contracts over the next 12 months, considering such factors as the volatility of the underlying or reference index. To mitigate derivative credit risk, counterparties are required to be pre-approved by us and rated as investment grade, and counterparty risk exposures are centrally monitored.

A majority of our derivative assets and liabilities as of December 31, 2022 and 2021 are subject to master netting agreements with our derivative counterparties. Accordingly, where appropriate, we have elected to present derivative assets and liabilities with the same counterparty on a net basis in the Consolidated Balance Sheets. To further mitigate counterparty credit risk, we exercise our rights under executed credit support agreements with the respective derivative counterparties for our bilateral interest rate swaps and select foreign exchange contracts. These agreements require that, in the event the fair value change in the net derivatives position between the two parties exceeds certain dollar thresholds, the party in the net liability position posts collateral to its counterparty. All derivative contracts cleared through a central clearinghouse are collateralized to the full amount of the fair value of the contracts.

In relation to our credit risk, certain of our bilateral derivative agreements include provisions that allow our counterparties to terminate the agreement in the event of a downgrade of our debt credit rating below investment grade and settle the outstanding net liability position. As of December 31, 2022, these derivatives were not in a material net liability position and we had no material risk exposure to any individual derivative counterparty. Based on our assessment of the credit risk of our derivative counterparties and our own credit risk as of December 31, 2022 and 2021, no credit risk adjustment to the derivative portfolio was required.

Our derivatives are carried at fair value on the Consolidated Balance Sheets. The accounting for changes in fair value depends on the instruments' intended use and the resulting hedge designation, if any, as discussed below. Refer to Note 14 for a description of our methodology for determining the fair value of derivatives.

The following table summarizes the total fair value, excluding interest accruals, of derivative assets and liabilities as of December 31:

	Other Assets Fair Value		Other Liabilities Fair Value	
(Millions)	**2022**	2021	**2022**	2021
Derivatives designated as hedging instruments:				
Fair value hedges - Interest rate contracts [(a)]	**$ —**	$ 204	**$ 211**	$ —
Net investment hedges - Foreign exchange contracts	**350**	219	**251**	54
Total derivatives designated as hedging instruments	**350**	423	**462**	54
Derivatives not designated as hedging instruments:				
Foreign exchange contracts and other	**171**	167	**339**	85
Total derivatives, gross	**521**	590	**801**	139
Derivative asset and derivative liability netting [(b)]	**(257)**	(93)	**(257)**	(93)
Cash collateral netting [(c)]	**(11)**	(204)	**(212)**	(4)
Total derivatives, net	**$ 253**	$ 293	**$ 332**	$ 42

(a) For our centrally cleared derivatives, variation margin payments are legally characterized as settlement payments as opposed to collateral.

(b) Represents the amount of netting of derivative assets and derivative liabilities executed with the same counterparty under an enforceable master netting arrangement.

(c) Represents the offsetting of the fair value of bilateral interest rate contracts and certain foreign exchange contracts with the right to cash collateral held from the counterparty or cash collateral posted with the counterparty.

We posted $8 million and $11 million as of December 31, 2022 and 2021, respectively, as initial margin on our centrally cleared interest rate swaps; such amounts are recorded within Other assets on the Consolidated Balance Sheets and are not netted against the derivative balances.

DERIVATIVE FINANCIAL INSTRUMENTS THAT QUALIFY FOR HEDGE ACCOUNTING

Derivatives executed for hedge accounting purposes are documented and designated as such when we enter into the contracts. In accordance with our risk management policies, we structure our hedges with terms similar to those of the item being hedged. We formally assess, at inception of the hedge accounting relationship and on a quarterly basis, whether derivatives designated as hedges are highly effective in offsetting the fair value or cash flows of the hedged items. These assessments usually are made through the application of a regression analysis method. If it is determined that a derivative is not highly effective as a hedge, we will discontinue the application of hedge accounting.

FAIR VALUE HEDGES

A fair value hedge involves a derivative designated to hedge our exposure to future changes in the fair value of an asset or a liability, or an identified portion thereof, that is attributable to a particular risk.

Interest Rate Contracts

We are exposed to interest rate risk associated with our fixed-rate debt obligations. At the time of issuance, certain fixed-rate long-term debt obligations are designated in fair value hedging relationships, using interest rate swaps, to economically convert the fixed interest rate to a floating interest rate. We had $8.1 billion and $12.9 billion of fixed-rate debt obligations designated in fair value hedging relationships as of December 31, 2022 and 2021, respectively.

Gains or losses on the fair value hedging instrument principally offset the losses or gains on the hedged item attributable to the hedged risk. The changes in the fair value of the derivative and the changes in the hedged item may not fully offset due to differences between a debt obligation's interest rate and the benchmark rate, primarily due to credit spreads at inception of the hedging relationship that are not reflected in the fair value of the interest rate swap.

The following table presents the gains and losses recognized in Interest expense on the Consolidated Statements of Income associated with the fair value hedges of our fixed-rate long-term debt for the years ended December 31:

	Gains (losses)		
(Millions)	**2022**	2021	2020
Fixed-rate long-term debt	**$ 473**	$ 385	$ (405)
Derivatives designated as hedging instruments	**(476)**	(385)	409
Total	**$ (3)**	$ —	$ 4

The carrying values of the hedged liabilities, recorded within Long-term debt on the Consolidated Balance Sheets, were $7.8 billion and $13.1 billion as of December 31, 2022 and 2021, respectively, including the cumulative amount of fair value hedging adjustments of $(236) million and $237 million for the respective periods.

We recognized in Interest expense on Long-term debt a net decrease of $57 million for the year ended December 31, 2022 and net decreases of $256 million for both the years ended December 31, 2021 and 2020. These were primarily related to the net settlements including interest accruals on our interest rate derivatives designated as fair value hedges.

NET INVESTMENT HEDGES

A net investment hedge is used to hedge future changes in currency exposure of a net investment in a foreign operation. We primarily designate foreign currency derivatives as net investment hedges to reduce our exposure to changes in currency exchange rates on our investments in non-U.S. subsidiaries. We had notional amounts of approximately $12.5 billion and $12.6 billion of foreign currency derivatives designated as net investment hedges as of December 31, 2022 and 2021, respectively. The gain or loss on net investment hedges, net of taxes, recorded in AOCI as part of the cumulative translation adjustment, were gains of $237 million and $176 million and losses of $253 million for the years ended December 31, 2022, 2021 and 2020, respectively. Net investment hedge reclassifications out of AOCI into the Consolidated Statements of Income were not significant for the years ended December 31, 2022, 2021 and 2020, respectively.

DERIVATIVES NOT DESIGNATED AS HEDGES

We have derivatives that act as economic hedges, but are not designated as such for hedge accounting purposes. Foreign currency transactions from time to time may be partially or fully economically hedged through foreign currency contracts, primarily foreign exchange forwards. These hedges generally mature within one year. Foreign currency contracts involve the purchase and sale of designated currencies at an agreed upon rate for settlement on a specified date.

The changes in the fair value of derivatives that are not designated as hedges are intended to offset the related foreign exchange gains or losses of the underlying foreign currency exposures. We had notional amounts of approximately $21.7 billion and $19.0 billion as of December 31, 2022 and 2021, respectively. The changes in the fair value of the derivatives and the related underlying foreign currency exposures resulted in a net gain of $8 million, a net loss of $21 million and a net gain of $10 million for the years ended December 31, 2022, 2021 and 2020, respectively, that are recognized in Other, net expenses in the Consolidated Statements of Income.

In 2022, we recorded an embedded derivative with a notional amount of $78 million, related to seller earnout shares granted to us upon the completion of a business combination between our equity method investee, Global Business Travel Group, and Apollo Strategic Growth Capital. This embedded derivative had a fair value of $27 million as of December 31, 2022. The changes in the fair value of the embedded derivative resulted in gains of $4 million for the year ended December 31, 2022, which were recognized in Service fees and other revenue in the Consolidated Statements of Income.

NOTE 14

FAIR VALUES

Fair value is defined as the price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the principal or, in the absence of a principal, most advantageous market for the specific asset or liability.

GAAP provides for a three-level hierarchy of inputs to valuation techniques used to measure fair value, defined as follows:

- Level 1 — Inputs that are quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity can access.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability, including:

  – Quoted prices for similar assets or liabilities in active markets;

  – Quoted prices for identical or similar assets or liabilities in markets that are not active;

  – Inputs other than quoted prices that are observable for the asset or liability; and

  – Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 — Inputs that are unobservable and reflect our own estimates about the estimates market participants would use in pricing the asset or liability based on the best information available in the circumstances (e.g., internally derived assumptions surrounding the timing and amount of expected cash flows).

We monitor the market conditions and evaluate the fair value hierarchy levels at least quarterly. For the years ended December 31, 2022 and 2021, there were no Level 3 transfers.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES CARRIED AT FAIR VALUE

The following table summarizes our financial assets and financial liabilities measured at fair value on a recurring basis, categorized by GAAP's fair value hierarchy (as described in the preceding paragraphs), as of December 31:

	2022				2021			
(Millions)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Investment securities: [a]								
Equity securities	**$ 41**	**$ 40**	**$ 1**	**$ —**	$ 79	$ 78	$ 1	$ —
Debt securities	**4,537**	**—**	**4,490**	**47**	2,512	—	2,480	32
Derivatives, gross [a][b]	**521**	**—**	**494**	**27**	590	—	590	—
Total Assets	**5,099**	**40**	**4,985**	**74**	3,181	78	3,071	32
Liabilities:								
Derivatives, gross [a]	**801**	**—**	**801**	**—**	139	—	139	—
Total Liabilities	**$ 801**	**$ —**	**$ 801**	**$ —**	$ 139	$ —	$ 139	$ —

(a) Refer to Note 4 for the fair values of investment securities and to Note 13 for the fair values of derivative assets and liabilities, on a further disaggregated basis.

(b) Level 3 fair value reflects an embedded derivative. Management reviews and applies judgment to the valuation of the embedded derivative that is performed by an independent third party using a Monte Carlo simulation that models a range of probable future stock prices based on implied volatility in a risk neutral framework. Refer to Note 13 for additional information about this embedded derivative.

VALUATION TECHNIQUES USED IN THE FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES CARRIED AT FAIR VALUE

For the financial assets and liabilities measured at fair value on a recurring basis (categorized in the valuation hierarchy table above), we apply the following valuation techniques:

Investment Securities

When available, quoted prices of identical investment securities in active markets are used to estimate fair value. Such investment securities are classified within Level 1 of the fair value hierarchy.

When quoted prices of identical investment securities in active markets are not available, the fair values for our investment securities are obtained primarily from pricing services engaged by us, and we receive one price for each security. The fair values provided by the pricing services are estimated using pricing models, where the inputs to those models are based on observable market inputs or recent trades of similar securities. Such investment securities are classified within Level 2 of the fair value hierarchy. The inputs to the valuation techniques applied by the pricing services vary depending on the type of security being priced but are typically benchmark yields, benchmark security prices, credit spreads, prepayment speeds, reported trades and broker-dealer quotes, all with reasonable levels of transparency. The pricing services did not apply any adjustments to the pricing models used. In addition, we did not apply any adjustments to prices received from the pricing services.

We reaffirm our understanding of the valuation techniques used by our pricing services at least annually. In addition, we corroborate the prices provided by our pricing services by comparing them to alternative pricing sources. In instances where price discrepancies are identified between different pricing sources, we evaluate such discrepancies to ensure that the prices used for our valuation represent the fair value of the underlying investment securities. Refer to Note 4 for additional information on investment securities.

Within Level 3 of the fair value hierarchy are our holdings of debt securities issued by Community Development Financial Institutions. We take the carrying value for these investment securities to be a reasonable proxy for their fair value unless we determine, based on our internal credit model, that there are indicators that the contractual cash flows will not be received in full.

Derivative Financial Instruments

The fair value of our Level 2 derivative financial instruments is estimated by using third-party pricing models, where the inputs to those models are readily observable from active markets. The pricing models used are consistently applied and reflect the contractual terms of the derivatives as described below. We reaffirm our understanding of the valuation techniques at least annually and validate the valuation output on a quarterly basis.

The fair value of our interest rate swaps is determined based on a discounted cash flow method using the following significant inputs: the contractual terms of the swap such as the notional amount, fixed coupon rate, floating coupon rate and tenor, as well as discount rates consistent with the underlying economic factors of the currency in which the cash flows are denominated.

The fair value of foreign exchange forward contracts is determined based on a discounted cash flow method using the following significant inputs: the contractual terms of the forward contracts such as the notional amount, maturity dates and contract rate, as well as relevant foreign currency forward curves, and discount rates consistent with the underlying economic factors of the currency in which the cash flows are denominated.

Our Level 3 derivative financial instrument represents an embedded derivative in the form of seller earnout shares granted to us following the completion of a business combination between our equity method investee, Global Business Travel Group, and Apollo Strategic Growth Capital. The fair valuation is performed by an independent third party using a Monte Carlo Simulation technique that models a range of probable future stock prices using the following significant inputs: term of the earnout, initial stock price, annual expected volatility of the common stock over the expected term, annual risk-neutral rate of return over the contractual term and dividend yield, which is further reviewed by management.

Credit valuation adjustments are necessary when the market parameters, such as a benchmark curve, used to value derivatives are not indicative of our credit quality or that of our counterparties. We consider the counterparty credit risk by applying an observable forecasted default rate to the current exposure. Refer to Note 13 for additional information on derivative financial instruments.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES CARRIED AT OTHER THAN FAIR VALUE

The following table summarizes the estimated fair values of our financial assets and financial liabilities that are measured at amortized cost, and not required to be carried at fair value on a recurring basis, as of December 31, 2022 and 2021. The fair values of these financial instruments are estimates based upon the market conditions and perceived risks as of December 31, 2022 and 2021, and require management's judgment. These figures may not be indicative of future fair values, nor can the fair value of American Express be estimated by aggregating the amounts presented.

2022 ***(Billions)***	**Carrying Value**	**Corresponding Fair Value Amount**			
		Total	Level 1	Level 2	Level 3
Financial Assets:					
Financial assets for which carrying values equal or approximate fair value					
Cash and cash equivalents[a]	**$ 34**	**$ 34**	**$ 32**	**$ 2**	$ —
Other financial assets[b]	**60**	**60**	—	**60**	—
Financial assets carried at other than fair value					
Card Member and Other loans, less reserves[c]	**110**	**113**	—	—	**113**
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	**123**	**123**	—	**123**	—
Financial liabilities carried at other than fair value					
Certificates of deposit[d]	**16**	**16**	—	**16**	—
Long-term debt[c]	**$ 43**	**$ 42**	$ —	**$ 42**	$ —

2021 *(Billions)*	Carrying Value	Corresponding Fair Value Amount			
		Total	Level 1	Level 2	Level 3
Financial Assets:					
Financial assets for which carrying values equal or approximate fair value					
Cash and cash equivalents[a]	$ 22	$ 22	$ 20	$ 2	$ —
Other financial assets[b]	56	56	—	56	—
Financial assets carried at other than fair value					
Card Member and Other loans, less reserves[c]	88	91	—	—	91
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	105	105	—	105	—
Financial liabilities carried at other than fair value					
Certificates of deposit[d]	5	5	—	5	—
Long-term debt[c]	$ 39	$ 40	$ —	$ 40	$ —

(a) Level 2 fair value amounts reflect time deposits and short-term investments.

(b) Balances include Card Member receivables (including fair values of Card Member receivables of $5.2 billion held by a consolidated VIE as of both December 31, 2022 and 2021), other receivables and other miscellaneous assets.

(c) Balances include amounts held by a consolidated VIE for which the fair values of Card Member loans were $28.4 billion and $26.7 billion as of December 31, 2022 and 2021, respectively, and the fair values of Long-term debt were $12.3 billion and $13.9 billion as of December 31, 2022 and 2021, respectively.

(d) Presented as a component of Customer deposits on the Consolidated Balance Sheets.

VALUATION TECHNIQUES USED IN THE FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES CARRIED AT OTHER THAN FAIR VALUE

For the financial assets and liabilities that are not required to be carried at fair value on a recurring basis (categorized in the valuation hierarchy table), we apply the following valuation techniques to measure fair value:

Financial Assets For Which Carrying Values Equal Or Approximate Fair Value

Financial assets for which carrying values equal or approximate fair value include cash and cash equivalents, Card Member receivables, accrued interest and certain other assets. For these assets, the carrying values approximate fair value because they are short term in duration, have no defined maturity or have a market-based interest rate.

Financial Assets Carried At Other Than Fair Value

Card Member and Other loans, less reserves

Card Member and Other loans are recorded at historical cost, less reserves, on the Consolidated Balance Sheets. In estimating the fair value for our loans, we use a discounted cash flow model. Due to the lack of a comparable whole loan sales market for similar loans and the lack of observable pricing inputs thereof, we use various inputs to estimate fair value. Such inputs include projected income, discount rates and forecasted write-offs. The valuation does not include economic value attributable to future receivables generated by the accounts associated with the loans.

Financial Liabilities For Which Carrying Values Equal Or Approximate Fair Value

Financial liabilities for which carrying values equal or approximate fair value include accrued interest, customer deposits (excluding certificates of deposit, which are described further below), Travelers Cheques and other prepaid products outstanding, accounts payable, short-term borrowings and certain other liabilities for which the carrying values approximate fair value because they are short term in duration, have no defined maturity or have a market-based interest rate.

Financial Liabilities Carried At Other Than Fair Value

Certificates of Deposit

Certificates of deposit (CDs) are recorded at their historical issuance cost on the Consolidated Balance Sheets. Fair value is estimated using a discounted cash flow methodology based on the future cash flows and the discount rate that reflects the current market rates for similar types of CDs within similar markets.

Long-term Debt

Long-term debt is recorded at historical issuance cost on the Consolidated Balance Sheets adjusted for (i) unamortized discount and unamortized fees, (ii) the impact of movements in exchange rates on foreign currency denominated debt and (iii) the impact of fair value hedge accounting on certain fixed-rate notes that have been swapped to floating rate through the use of interest rate swaps. The fair value of our long-term debt is measured using quoted offer prices when quoted market prices are available. If quoted market prices are not available, the fair value is determined by discounting the future cash flows of each instrument at rates currently observed in publicly-traded debt markets for debt of similar terms and credit risk. For long-term debt, where there are no rates currently observable in publicly traded debt markets of similar terms and comparable credit risk, we use market interest rates and adjust those rates for necessary risks, including our own credit risk. In determining an appropriate spread to reflect our credit standing, we consider credit default swap spreads, bond yields of other long-term debt offered by us, and interest rates currently offered to us for similar debt instruments of comparable maturities.

NONRECURRING FAIR VALUE MEASUREMENTS

We have certain assets that are subject to measurement at fair value on a nonrecurring basis. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if they are determined to be impaired or where there are observable price changes for equity investments without readily determinable fair values.

We estimate the Level 3 fair value of equity investments without readily determinable fair values based on price changes as of the date of new similar equity financing transactions completed by the companies in our portfolio. Impairments on such investments are recorded to account for the difference between the estimated fair value and carrying value of an investment based on a qualitative assessment of impairment indicators such as business performance, general market conditions and the economic and regulatory environment. When an impairment triggering event occurs, the fair value measurement is generally derived by taking into account all available information, such as share prices of publicly traded peer companies, internal valuations performed by our investees, and other third-party fair value data. The fair value of impaired investments represents a Level 3 fair value measurement. The carrying value of equity investments without readily determinable fair values totaled $1.0 billion and $1.3 billion as of December 31, 2022 and 2021, respectively. As of December 31, 2022, approximately $0.6 billion represented a nonrecurring Level 3 fair value measurement for certain of our equity investments. There were no nonrecurring Level 3 fair value measurements related to our equity investments without readily determinable fair values as of December 31, 2021. These amounts are included within Other assets on the Consolidated Balance Sheets. We recorded unrealized gains of $94 million, $729 million and $113 million for the years ended December 31, 2022, 2021 and 2020, respectively. Unrealized losses representing impairments were $388 million, $2 million and $20 million for the years ended December 31, 2022, 2021 and 2020, respectively. Since the adoption of new accounting guidance on the recognition and measurement of financial assets and financial liabilities on January 1, 2018, cumulative unrealized gains for equity investments without readily determinable fair values totaled $1.2 billion and $1.1 billion as of December 31, 2022 and 2021, respectively, and cumulative unrealized losses representing impairments were $394 million and $10 million as of December 31, 2022 and 2021, respectively.

In addition, we also have certain equity investments measured at fair value using the net asset value practical expedient. Such investments were immaterial as of both December 31, 2022 and 2021.

NOTE 15

GUARANTEES

The maximum potential undiscounted future payments and related liability resulting from guarantees and indemnifications provided by us in the ordinary course of business were $1 billion and $21 million, respectively, as of December 31, 2022 and $1 billion and $24 million, respectively, as of December 31, 2021, all of which were primarily related to our real estate arrangements and business dispositions.

To date, we have not experienced any significant losses related to guarantees or indemnifications. Our recognition of these instruments is at fair value. In addition, we establish reserves when a loss is probable and the amount can be reasonably estimated.

NOTE 16

COMMON AND PREFERRED SHARES

The following table shows authorized shares and provides a reconciliation of common shares issued and outstanding for the years ended December 31:

(Millions, except where indicated)	**2022**	2021	2020
Common shares authorized *(billions)* [(a)]	**3.6**	3.6	3.6
Shares issued and outstanding at beginning of year	**761**	805	810
Repurchases of common shares	**(20)**	(46)	(7)
Other, primarily stock option exercises and restricted stock awards granted	**2**	2	2
Shares issued and outstanding as of December 31	**743**	761	805

(a) Of the common shares authorized but unissued as of December 31, 2022, approximately 18 million shares are reserved for issuance under employee stock and employee benefit plans.

On September 23, 2019, the Board of Directors authorized the repurchase of up to 120 million common shares from time to time, subject to market conditions and in accordance with our capital plans. This authorization replaced the prior repurchase authorization and does not have an expiration date. During 2022, 2021 and 2020, we repurchased 20 million common shares with a cost basis of $3.3 billion, 46 million common shares with a cost basis of $7.6 billion, and 7 million common shares with a cost basis of $0.9 billion, respectively. The cost basis includes commissions paid of $4.2 million, $5.6 million and $1.0 million in 2022, 2021 and 2020, respectively. As of December 31, 2022, we had approximately 36 million common shares remaining under the Board share repurchase authorization.

Common shares are generally retired by us upon repurchase (except for 2.4 million shares held as treasury shares as of December 31, 2022 and 2.5 million shares held as treasury shares as of both December 31, 2021 and 2020); retired common shares and treasury shares are excluded from the shares outstanding in the table above. The treasury shares, with a cost basis of $262 million, $271 million and $279 million as of December 31, 2022, 2021 and 2020, respectively, are included as a reduction to Additional paid-in capital in Shareholders' equity on the Consolidated Balance Sheets.

PREFERRED SHARES

The Board of Directors may authorize the issuance of up to 20 million preferred shares at a par value of $\$1.66^{2/3}$ per share without further shareholder approval. We have the following perpetual Fixed Rate Reset Noncumulative Preferred Share series issued and outstanding as of December 31, 2022:

	Series D
Issuance date	August 3, 2021
Securities issued	1,600 Preferred shares; represented by 1,600,000 depositary shares
Dividend rate per annum	3.55% through September 14, 2026; resets September 15, 2026 and every subsequent 5-year anniversary at 5-year Treasury rate plus 2.854%
Dividend payment date	Quarterly beginning September 15, 2021
Earliest redemption date	September 15, 2026
Aggregate liquidation preference	$1,600 million
Carrying value [(a)]	$1,584 million

(a) Carrying value, presented in the Statements of Shareholders' Equity, represents the issuance proceeds, net of underwriting fees and offering costs.

In the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, the preferred shares then outstanding take precedence over our common shares for the payment of dividends and the distribution of assets out of funds legally available for distribution to shareholders. We may redeem the outstanding series of preferred shares at $1 million per preferred share (equivalent to $1,000 per depositary share) plus any declared but unpaid dividends in whole or in part, from time to time, on any dividend payment date on or after the earliest redemption date, or in whole, but not in part, within 90 days of certain bank regulatory changes.

In 2021, we paid $1.6 billion to redeem in full the previously outstanding Series B and Series C preferred shares. The difference between the redemption value and carrying value of the redeemed Series B and Series C preferred shares resulted in a $16 million reduction to net income available to common shareholders for the year ended December 31, 2021.

There were no warrants issued and outstanding as of December 31, 2022, 2021 and 2020.

NOTE 17

CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

AOCI is a balance sheet item in Shareholders' equity on the Consolidated Balance Sheets. It is comprised of items that have not been recognized in earnings but may be recognized in earnings in the future when certain events occur. Changes in each component for the three years ended December 31 were as follows:

(Millions), net of tax	Net Unrealized Gains (Losses) on Debt Securities	Foreign Currency Translation Adjustment Gains (Losses), Net of Hedges [(a)]	Net Unrealized Pension and Other Postretirement Benefit Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Balances as of December 31, 2019	$ 33	$ (2,189)	$ (581)	$ (2,737)
Net change	32	(40)	(150)	(158)
Balances as of December 31, 2020	65	(2,229)	(731)	(2,895)
Net change	(42)	(163)	155	(50)
Balances as of December 31, 2021	23	(2,392)	(576)	(2,945)
Net change	**(87)**	**(230)**	**52**	**(265)**
Balances as of December 31, 2022	**$ (64)**	**$ (2,622)**	**$ (524)**	**$ (3,210)**

(a) Refer to Note 13 for additional information on hedging activity.

The following table shows the tax impact for the years ended December 31 for the changes in each component of AOCI presented above:

	Tax expense (benefit)		
(Millions)	**2022**	2021	2020
Net unrealized (losses) gains on debt securities	**$ (27)**	$ (13)	$ 9
Foreign currency translation adjustment, net of hedges	**75**	51	(62)
Pension and other postretirement benefits	**27**	52	(28)
Total tax impact	**$ 75**	$ 90	$ (81)

Reclassifications out of AOCI into the Consolidated Statements of Income, net of taxes, were not significant for the years ended December 31, 2022, 2021 and 2020.

NOTE 18

SERVICE FEES AND OTHER REVENUE AND OTHER EXPENSES

The following is a detail of Service fees and other revenue for the years ended December 31:

(Millions)	2022	2021	2020
Service fees	**$ 1,444**	$ 1,385	$ 1,280
Foreign currency-related revenue	**1,202**	624	517
Delinquency fees	**809**	637	772
Travel commissions and fees	**507**	244	102
Other fees and revenues	**559**	426	31
Total Service fees and other revenue	**$ 4,521**	$ 3,316	$ 2,702

The following is a detail of Other expenses for the years ended December 31:

(Millions)	2022	2021	2020
Data processing and equipment	**$ 2,606**	$ 2,431	$ 2,334
Professional services	**2,074**	1,958	1,789
Net unrealized and realized losses (gains) on Amex Ventures investments	**302**	(767)	(152)
Other	**1,499**	1,195	1,354
Total Other expenses	**$ 6,481**	$ 4,817	$ 5,325

NOTE 19

RESTRUCTURING

We periodically initiate restructuring programs to support new business strategies and to enhance our overall effectiveness and efficiency. In connection with these programs, we will typically incur severance and other exit costs.

We had $135 million, $67 million and $197 million accrued in total restructuring reserves as of December 31, 2022, 2021 and 2020, respectively. Restructuring expense, which primarily relates to new severance charges, net of revisions to existing reserves, was $142 million, $(10) million and $125 million for the years ended December 31, 2022, 2021 and 2020, respectively. The cumulative expense relating to the restructuring programs that were in progress during 2022 and initiated at various dates between 2019 and 2022 was $270 million, the majority of which has been reflected within Corporate & Other.

NOTE 20

INCOME TAXES

The components of income tax expense for the years ended December 31 included in the Consolidated Statements of Income were as follows:

(Millions)	**2022**	2021	2020
Current income tax expense:			
U.S. federal	**$ 2,445**	$ 1,656	$ 1,122
U.S. state and local	**339**	351	339
Non-U.S.	**476**	328	639
Total current income tax expense	**3,260**	2,335	2,100
Deferred income tax (benefit) expense:			
U.S. federal	**(763)**	231	(931)
U.S. state and local	**(117)**	22	(119)
Non-U.S.	**(309)**	41	111
Total deferred income tax (benefit) expense	**(1,189)**	294	(939)
Total income tax expense	**$ 2,071**	$ 2,629	$ 1,161

A reconciliation of the U.S. federal statutory rate of 21 percent as of December 31, 2022, 2021 and 2020, to our actual income tax rate was as follows:

	2022	2021	2020
U.S. statutory federal income tax rate	**21.0 %**	21.0 %	21.0 %
(Decrease) increase in taxes resulting from:			
Tax credits and tax-exempt income [(a)]	**(0.9)**	(0.1)	(4.1)
State and local income taxes, net of federal benefit	**3.1**	3.0	3.7
Non-U.S. subsidiaries' earnings	**(0.1)**	1.1	2.4
Tax settlements and lapse of statute of limitations	**(2.1)**	(0.3)	(1.6)
Valuation allowances	**(0.1)**	—	4.0
Other	**0.7**	(0.1)	1.6
Actual tax rates	**21.6 %**	24.6 %	27.0 %

(a) Includes the implementation of PAM related to investments in QAH projects for the year ended December 31, 2021.

We record a deferred income tax (benefit) provision when there are differences between assets and liabilities measured for financial reporting and for income tax return purposes. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse.

The significant components of deferred tax assets and liabilities as of December 31 are reflected in the following table:

(Millions)		2022		2021
Deferred tax assets:				
Reserves not yet deducted for tax purposes	$	**4,052**	$	3,637
Employee compensation and benefits		**353**		359
Net operating loss and tax credit carryforwards		**411**		398
Other		**776**		809
Gross deferred tax assets		**5,592**		5,203
Valuation allowance		**(537)**		(472)
Deferred tax assets after valuation allowance		**5,055**		4,731
Deferred tax liabilities:				
Intangibles and fixed assets		**671**		1,320
Deferred revenue		**126**		189
Deferred interest		**118**		133
Investment in joint ventures		**17**		183
Other		**618**		521
Gross deferred tax liabilities		**1,550**		2,346
Net deferred tax assets	$	**3,505**	$	2,385

The net operating loss and tax credit carryforward balance as of December 31, 2022, shown in the table above, is related to pre-tax U.S. federal and non-U.S. net operating loss (NOL) carryforwards of $27 million and $1.0 billion, respectively, and foreign tax credit (FTC) carryforwards of $121 million. If not utilized, certain U.S. federal and non-U.S. NOL carryforwards will expire between 2023 and 2037, whereas others have an unlimited carryforward period. The FTC carryforwards will expire between 2030 and 2032.

A valuation allowance is established when management determines that it is more likely than not that all or some portion of the benefit of the deferred tax assets will not be realized. The valuation allowances for both periods presented above are associated with certain non-U.S. deferred tax assets, state NOLs, and FTC carryforwards.

Accumulated earnings of certain non-U.S. subsidiaries, which totaled approximately $1.1 billion as of December 31, 2022, are intended to be permanently reinvested outside the U.S. We do not provide for state income and foreign withholding taxes on foreign earnings intended to be permanently reinvested outside the U.S. Accordingly, state income and foreign withholding taxes, which would have aggregated to approximately $0.1 billion as of December 31, 2022, have not been provided on those earnings.

Net income taxes paid by us during 2022, 2021 and 2020, were approximately $3.0 billion, $1.6 billion and $2.2 billion, respectively. These amounts include estimated tax payments and cash settlements relating to prior tax years.

We are subject to the income tax laws of the United States, its states and municipalities and those of the foreign jurisdictions in which we operate. These tax laws are complex, and the manner in which they apply to the taxpayer's facts is sometimes open to interpretation. Given these inherent complexities, we must make judgments in assessing the likelihood that a tax position will be sustained upon examination by the taxing authorities based on the technical merits of the tax position. A tax position is recognized only when, based on management's judgment regarding the application of income tax laws, it is more likely than not that the tax position will be sustained upon examination. The amount of benefit recognized for financial reporting purposes is based on management's best judgment of the largest amount of benefit that is more likely than not to be realized on ultimate settlement with the taxing authority given the facts, circumstances and information available at the reporting date. We adjust the level of unrecognized tax benefits when there is new information available to assess the likelihood of the outcome.

We are under continuous examination by the Internal Revenue Service (IRS) and tax authorities in other countries and states in which we have significant business operations. The tax years under examination and open for examination vary by jurisdiction. We are currently under examination by the IRS for the 2017 and 2018 tax years.

The following table presents changes in unrecognized tax benefits:

(Millions)	**2022**	2021	2020
Balance, January 1	**$ 1,024**	$ 790	$ 726
Increases:			
Current year tax positions	**119**	64	57
Tax positions related to prior years	**30**	225	105
Effects of foreign currency translations	**—**	—	—
Decreases:			
Tax positions related to prior years	**(30)**	(14)	(24)
Settlements with tax authorities	**(74)**	(15)	(15)
Lapse of statute of limitations	**(104)**	(17)	(58)
Effects of foreign currency translations	**(3)**	(9)	(1)
Balance, December 31	**$ 962**	$ 1,024	$ 790

Included in the unrecognized tax benefits of $1.0 billion, $1.0 billion and $0.8 billion for December 31, 2022, 2021 and 2020, respectively, are approximately $750 million, $780 million and $580 million, respectively, that, if recognized, would favorably affect the effective tax rate in a future period.

We believe it is reasonably possible that our unrecognized tax benefits could decrease within the next twelve months by as much as $150 million, principally as a result of potential resolutions of prior years' tax items with various taxing authorities. The prior years' tax items include unrecognized tax benefits relating to the deductibility of certain expenses or losses and the attribution of taxable income to a particular jurisdiction or jurisdictions. Of the $150 million of unrecognized tax benefits, approximately $118 million relates to amounts that, if recognized, would impact the effective tax rate in a future period.

Interest and penalties relating to unrecognized tax benefits are reported in the income tax provision. For the years ended December 31, 2022, 2021 and 2020, we recognized approximately $10 million, $40 million and $260 million, respectively, in expenses for interest and penalties.

We had approximately $380 million accrued for the payment of interest and penalties as of both December 31, 2022 and 2021.

NOTE 21

EARNINGS PER COMMON SHARE (EPS)

The computations of basic and diluted EPS for the years ended December 31 were as follows:

(Millions, except per share amounts)		**2022**		2021		2020
Numerator:						
Basic and diluted:						
Net income	**$**	**7,514**	$	8,060	$	3,135
Preferred dividends		**(57)**		(71)		(79)
Equity-related adjustments [(a)]		**—**		(16)		—
Net income available to common shareholders		**7,457**		7,973		3,056
Earnings allocated to participating share awards [(b)]		**(57)**		(56)		(20)
Net income attributable to common shareholders	**$**	**7,400**	$	7,917	$	3,036
Denominator: [(b)]						
Basic: Weighted-average common stock		**751**		789		805
Add: Weighted-average stock options [(c)]		**1**		1		1
Diluted		**752**		790		806
Basic EPS	**$**	**9.86**	$	10.04	$	3.77
Diluted EPS	**$**	**9.85**	$	10.02	$	3.77

(a) Represents the difference between the redemption value and carrying value of the Series C and Series B preferred shares, which were redeemed on September 15, 2021 and November 15, 2021, respectively. The carrying value represents the original issuance proceeds, net of underwriting fees and offering costs for the preferred shares.

(b) Our unvested restricted stock awards, which include the right to receive non-forfeitable dividends or dividend equivalents, are considered participating securities. Calculations of EPS under the two-class method exclude from the numerator any dividends paid or owed on participating securities and any undistributed earnings considered to be attributable to participating securities. The related participating securities are similarly excluded from the denominator.

(c) The dilutive effect of unexercised stock options excludes from the computation of EPS 0.39 million, 0.01 million and 0.53 million of options for the years ended December 31, 2022, 2021 and 2020, respectively, because inclusion of the options would have been anti-dilutive.

NOTE 22

REGULATORY MATTERS AND CAPITAL ADEQUACY

We are supervised and regulated by the Board of Governors of the Federal Reserve System (the Federal Reserve) and are subject to the Federal Reserve's requirements for risk-based capital and leverage ratios. Our U.S. bank subsidiary, American Express National Bank (AENB), is subject to supervision and regulation, including regulatory capital and leverage requirements, by the OCC.

Under the risk-based capital guidelines of the Federal Reserve, we are required to maintain minimum ratios of CET1, Tier 1 and Total (Tier 1 plus Tier 2) capital to risk-weighted assets, as well as a minimum Tier 1 leverage ratio (Tier 1 capital to average adjusted on-balance sheet assets).

Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional, discretionary actions by regulators, that, if undertaken, could have a direct material effect on our operating activities.

As of December 31, 2022 and 2021, we met all capital requirements to which we were subject and maintained regulatory capital ratios in excess of those required to qualify as well capitalized.

The following table presents the regulatory capital ratios:

(Millions, except percentages)	CET 1 capital	Tier 1 capital	Total capital	CET 1 capital ratio	Tier 1 capital ratio	Total capital ratio	Tier 1 leverage ratio
December 31, 2022: [a]							
American Express Company	**$ 20,030**	**$ 21,627**	**$ 24,926**	**10.3 %**	**11.1 %**	**12.8 %**	**9.9 %**
American Express National Bank	**$ 14,820**	**$ 14,820**	**$ 17,273**	**11.3 %**	**11.3 %**	**13.2 %**	**9.7 %**
December 31, 2021: [a]							
American Express Company	$ 17,554	$ 19,186	$ 21,506	10.5 %	11.5 %	12.9 %	10.5 %
American Express National Bank	$ 13,085	$ 13,085	$ 15,283	11.8 %	11.8 %	13.7 %	10.5 %
Well-capitalized ratios [b]							
American Express Company				N/A	6.0 %	10.0 %	N/A
American Express National Bank				6.5 %	8.0 %	10.0 %	5.0 %
Minimum capital ratios [c]				4.5 %	6.0 %	8.0 %	4.0 %
Effective Minimum [d]							
American Express Company				7.0 %	8.5 %	10.5 %	4.0 %
American Express National Bank				7.0 %	8.5 %	10.5 %	4.0 %

(a) Capital ratios reported using Basel III capital definitions and risk-weighted assets using the Basel III standardized approach.

(b) Represents requirements for bank holding companies and banking subsidiaries to be considered "well capitalized" pursuant to regulations issued under the Federal Reserve Regulation Y and the Federal Deposit Insurance Corporation Improvement Act, respectively. There is no CET1 capital ratio or Tier 1 leverage ratio requirement for a bank holding company to be considered "well capitalized."

(c) As defined by the regulations issued by the Federal Reserve and OCC.

(d) Represents Basel III minimum capital requirement and applicable regulatory buffers as defined by the federal banking regulators, which includes the stress capital buffer for American Express Company and the capital conservation buffer for American Express National Bank.

RESTRICTED NET ASSETS OF SUBSIDIARIES

Certain of our subsidiaries are subject to restrictions on the transfer of net assets under debt agreements and regulatory requirements. These restrictions have not had any effect on our shareholder dividend policy and management does not anticipate any impact in the future. Procedures exist to transfer net assets between the Company and its subsidiaries, while ensuring compliance with the various contractual and regulatory constraints. As of December 31, 2022, the aggregate amount of net assets of subsidiaries that are restricted to be transferred was approximately $12.0 billion.

BANK HOLDING COMPANY DIVIDEND RESTRICTIONS

We are limited in our ability to pay dividends by the Federal Reserve, which could prohibit a dividend that would be considered an unsafe or unsound banking practice. It is the policy of the Federal Reserve that bank holding companies generally should pay dividends on preferred and common stock only out of net income available to common shareholders generated over the past year, and only if prospective earnings retention is consistent with the organization's current and expected future capital needs, asset quality and overall financial condition. Moreover, bank holding companies are required by statute to be a source of strength to their insured depository institution subsidiaries and should not maintain dividend levels that undermine their ability to do so. On an annual basis, we are required to develop and maintain a capital plan, which includes planned dividends. We may be subject to limitations and restrictions on our dividends, if, among other things, (i) our regulatory capital ratios do not satisfy applicable minimum requirements and buffers or (ii) we are required to resubmit our capital plan.

BANK DIVIDEND RESTRICTIONS

In the year ended December 31, 2022, AENB paid dividends from retained earnings to its parent of $4.6 billion. AENB is limited in its ability to pay dividends by banking statutes, regulations and supervisory policy. In general, applicable federal and state banking laws prohibit, without first obtaining regulatory approval, insured depository institutions, such as AENB, from making dividend distributions if such distributions are not paid out of available retained earnings or would cause the institution to fail to meet capital adequacy standards. If AENB's risk-based capital ratios do not satisfy minimum regulatory requirements and applicable buffers, it will face graduated constraints on dividends and other capital distributions. In determining the dividends to pay its parent, AENB must also consider the effects on applicable risk-based capital and leverage ratio requirements, as well as policy statements of the federal regulatory agencies. In addition, AENB's banking regulators have authority to limit or prohibit the payment of a dividend by AENB under a number of circumstances, including if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound banking practice in light of the financial condition of the banking organization.

NOTE 23

SIGNIFICANT CREDIT CONCENTRATIONS

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to American Express' total credit exposure. Our customers operate in diverse industries, economic sectors and geographic regions.

The following table details our maximum credit exposure of the on-balance sheet assets by category as of December 31:

(Billions)		2022		2021
Individuals: [(a)]	$	**156**	$	131
United States		**129**		108
Outside the United States [(b)]		**27**		23
Institutions:				
Financial services [(c)]		**36**		24
Other [(d)]		**17**		15
U.S. Government and agencies [(e)]		**4**		2
Total on-balance sheet	$	**213**	$	172

(a) Primarily reflects loans and receivables from global consumer and small business Card Members, which are governed by individual credit risk management.

(b) The geographic regions with the largest concentration outside the United States include the United Kingdom, Japan, the European Union, Australia, Canada and Mexico.

(c) Represents banks, broker-dealers, insurance companies and savings and loan associations, which are governed by institutional credit risk management.

(d) Primarily reflects loans and receivables from global corporate Card Members, which are governed by institutional credit risk management.

(e) Represent debt obligations of the U.S. Government and its agencies, states and municipalities and government-sponsored entities. Risk management for these balances is governed by our Asset and Liability Management Committee.

As of December 31, 2022 and 2021, our most significant concentration of credit risk was with individuals. These amounts are generally advanced on an unsecured basis. However, we review each potential customer's credit application and evaluate the applicant's financial history and ability and willingness to repay. We also consider credit performance by customer tenure, industry and geographic location in managing credit exposure.

As of December 31, 2022 and 2021, we had approximately $350 billion and $327 billion, respectively of unused credit, primarily available to customers as part of established lending product agreements, of which approximately 80 percent was related to customers within the United States in both periods. Total unused credit does not represent potential future cash requirements, as a significant portion of this unused credit will likely not be drawn. Our charge card products generally have no pre-set spending limit and therefore are not reflected in unused credit.

NOTE 24

REPORTABLE OPERATING SEGMENTS AND GEOGRAPHIC OPERATIONS

REPORTABLE OPERATING SEGMENTS

We consider a combination of factors when evaluating the composition of our reportable operating segments, including the results reviewed by the chief operating decision maker, economic characteristics, products and services offered, classes of customers, product distribution channels, geographic considerations (primarily United States versus outside the United States), and regulatory environment considerations.

Effective for the first quarter of 2022, we updated the methodology used to allocate certain revenues; prior period amounts have been recast to conform to current period presentation.

Effective for the third quarter of 2022, we realigned our reportable segments to reflect organizational changes announced during the second quarter of 2022. Prior periods have been recast to conform to the new reportable operating segments.

The following is a brief description of the primary business activities of our four new reportable operating segments:

- U.S. Consumer Services (USCS), which issues a wide range of proprietary consumer cards and provides services to U.S. consumers, including travel and lifestyle services as well as banking and non-card financing products.
- Commercial Services (CS), which issues a wide range of proprietary corporate and small business cards and provides services to U.S. businesses, including payment and expense management, banking and non-card financing products. CS also issues proprietary corporate cards and provides services to select global corporate clients.
- International Card Services (ICS), which issues a wide range of proprietary consumer, small business and corporate cards outside the United States. ICS also provides services to our international customers, including travel and lifestyle services, and manages certain international joint ventures and our loyalty coalition businesses.
- Global Merchant and Network Services (GMNS), which operates a global payments network that processes and settles card transactions, acquires merchants and provides multi-channel marketing programs and capabilities, services and data analytics, leveraging our global integrated network. GMNS manages our partnership relationships with third-party card issuers (including our network partnership agreements in China), merchant acquirers and a prepaid reloadable and gift card program manager, licensing the American Express brand and extending the reach of the global network.

Corporate functions and certain other businesses and operations are included in Corporate & Other.

The following table presents certain selected financial information for our reportable operating segments and Corporate & Other as of or for the years ended December 31, 2022, 2021 and 2020:

(Millions, except where indicated)	USCS	CS	ICS	GMNS	Corporate & Other (a)	Consolidated
2022						
Total non-interest revenues	**$ 16,440**	**$ 12,196**	**$ 8,262**	**$ 6,123**	**$ (54)**	**$ 42,967**
Revenue from contracts with customers (b)	**12,478**	**10,844**	**5,301**	**5,603**	**(7)**	**34,219**
Interest income	**8,457**	**2,070**	**1,453**	**23**	**655**	**12,658**
Interest expense	**983**	**697**	**654**	**(329)**	**758**	**2,763**
Total revenues net of interest expense	**23,914**	**13,569**	**9,061**	**6,475**	**(157)**	**52,862**
Pretax income (loss)	**5,400**	**2,880**	**578**	**2,954**	**(2,227)**	**9,585**
Total assets *(billions)*	**$ 94**	**$ 51**	**$ 37**	**$ 20**	**$ 26**	**$ 228**
2021						
Total non-interest revenues	$ 12,989	$ 9,833	$ 6,761	$ 5,021	$ 26	$ 34,630
Revenue from contracts with customers (b)	9,823	8,659	4,368	4,694	172	27,716
Interest income	6,328	1,408	1,116	16	165	9,033
Interest expense	395	330	442	(92)	208	1,283
Total revenues net of interest expense	18,922	10,911	7,435	5,129	(17)	42,380
Pretax income (loss)	5,958	2,936	929	1,874	(1,008)	10,689
Total assets *(billions)*	$ 77	$ 45	$ 33	$ 15	$ 19	$ 189
2020						
Total non-interest revenues	$ 10,125	$ 8,210	$ 5,877	$ 4,209	$ (319)	$ 28,102
Revenue from contracts with customers (b)	7,261	7,123	3,663	3,948	(21)	21,974
Interest income	7,009	1,532	1,244	18	280	10,083
Interest expense	787	508	379	(82)	506	2,098
Total revenues net of interest expense	16,347	9,234	6,742	4,309	(545)	36,087
Pretax income (loss)	3,103	1,013	521	1,294	(1,635)	4,296
Total assets *(billions)*	$ 65	$ 35	$ 28	$ 14	$ 49	$ 191

(a) Corporate & Other includes adjustments and eliminations for intersegment activity.

(b) Includes discount revenue, certain service fees and other revenue and processed revenues from customers.

Total Revenues Net of Interest Expense

We allocate discount revenue and certain other revenues among segments using a transfer pricing methodology. Within the USCS, CS and ICS segments, discount revenue generally reflects the issuer component of the overall discount revenue generated by each segment's Card Members; within the GMNS segment, discount revenue generally reflects the network and acquirer component of the overall discount revenue being allocated.

Net card fees, processed revenue and certain other revenues are directly attributable to the segment in which they are reported.

Interest and fees on loans and certain investment income is directly attributable to the segment in which it is reported. Interest expense represents an allocated funding cost based on a combination of segment funding requirements and internal funding rates.

Provisions for Credit Losses

The provisions for credit losses are directly attributable to the segment in which they are reported.

Expenses

Card Member rewards and Card Member services expenses are included in each segment based on the actual expenses incurred. Business development and Marketing expenses are included in each segment based on the actual expenses incurred. Global brand advertising is primarily allocated to the segments based on the relative levels of revenue.

Salaries and employee benefits and other expenses reflect both costs incurred directly within each segment, as well as allocated expenses. The allocated expenses include service costs, which primarily reflect salaries and benefits associated with our technology and customer servicing groups, and overhead expenses. Service costs are allocated based on activities directly attributable to the segment, and overhead expenses are allocated based on the relative levels of revenue and Card Member loans and receivables.

GEOGRAPHIC OPERATIONS

The following table presents our total revenues net of interest expense and pretax income (loss) from continuing operations in different geographic regions based, in part, upon internal allocations, which necessarily involve management's judgment.

Effective for the first quarter of 2022, we changed the way in which we allocate certain overhead expenses by geographic region. As a result, prior period pretax income (loss) from continuing operations by geography has been recast to conform to current period presentation; there was no impact at a consolidated level.

(Millions)	United States	EMEA[a]	APAC[a]	LACC[a]	Other Unallocated[b]	Consolidated
2022						
Total revenues net of interest expense	**$ 41,396**	**$ 4,871**	**$ 3,835**	**$ 2,917**	**$ (157)**	**$ 52,862**
Pretax income (loss) from continuing operations	**10,383**	**550**	**376**	**500**	**(2,224)**	**9,585**
2021						
Total revenues net of interest expense	$ 33,103	$ 3,643	$ 3,418	$ 2,238	$ (22)	$ 42,380
Pretax income (loss) from continuing operations	10,325	460	420	494	(1,010)	10,689
2020						
Total revenues net of interest expense	$ 28,263	$ 3,087	$ 3,271	$ 2,019	$ (553)	$ 36,087
Pretax income (loss) from continuing operations	5,422	187	328	273	(1,914)	4,296

(a) EMEA represents Europe, the Middle East and Africa; APAC represents Asia Pacific, Australia and New Zealand; and LACC represents Latin America, Canada and the Caribbean.

(b) Other Unallocated includes net costs which are not directly allocated to specific geographic regions, including costs related to the net negative interest spread on excess liquidity funding and executive office operations expenses.

NOTE 25

PARENT COMPANY

PARENT COMPANY – CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years Ended December 31 *(Millions)*	**2022**	2021	2020
Revenues			
Non-interest revenues			
Other	**$ 388**	$ 343	$ 480
Total non-interest revenues	**388**	343	480
Interest income	**614**	96	228
Interest expense	**857**	482	630
Total revenues net of interest expense	**145**	(43)	78
Expenses			
Salaries and employee benefits	**408**	359	333
Other	**372**	346	562
Total expenses	**780**	705	895
Pretax loss	**(635)**	(748)	(817)
Income tax benefit	**(244)**	(248)	(236)
Net loss before equity in net income of subsidiaries and affiliates	**(391)**	(500)	(581)
Equity in net income of subsidiaries and affiliates	**7,905**	8,560	3,716
Net income	**$ 7,514**	$ 8,060	$ 3,135
Net unrealized pension and other postretirement benefits, net of tax	**10**	151	(91)
Other comprehensive (loss) income, net	**(275)**	(201)	(67)
Comprehensive income	**$ 7,249**	$ 8,010	$ 2,977

PARENT COMPANY – CONDENSED BALANCE SHEETS

As of December 31 *(Millions)*	**2022**	2021
Assets		
Cash and cash equivalents	**$ 8,188**	$ 5,341
Equity in net assets of subsidiaries and affiliates	**24,702**	22,623
Loans to subsidiaries and affiliates	**22,658**	17,848
Due from subsidiaries and affiliates	**1,342**	1,207
Other assets	**156**	158
Total assets	**57,046**	47,177
Liabilities and Shareholders' Equity		
Liabilities		
Accounts payable and other liabilities	**2,271**	2,107
Due to subsidiaries and affiliates	**632**	443
Debt with subsidiaries and affiliates	**—**	136
Long-term debt	**29,432**	22,314
Total liabilities	**32,335**	25,000
Shareholders' Equity		
Total shareholders' equity	**24,711**	22,177
Total liabilities and shareholders' equity	**$ 57,046**	$ 47,177

PARENT COMPANY – CONDENSED STATEMENTS OF CASH FLOWS

Years Ended December 31 *(Millions)*		**2022**		2021		2020
Cash Flows from Operating Activities						
Net income	**$**	**7,514**	$	8,060	$	3,135
Adjustments to reconcile net income to cash provided by operating activities:						
Equity in net income of subsidiaries and affiliates		**(7,905)**		(8,560)		(3,716)
Dividends received from subsidiaries and affiliates		**5,549**		9,102		2,679
Other operating activities, primarily with subsidiaries and affiliates		**160**		(305)		732
Net cash provided by operating activities		**5,318**		8,297		2,830
Cash Flows from Investing Activities						
(Increase) decrease in loans to subsidiaries and affiliates		**(4,850)**		(176)		11,434
Investments in subsidiaries and affiliates		**(1)**		(60)		(52)
Other investing activities		**—**		—		74
Net cash (used in) provided by investing activities		**(4,851)**		(236)		11,456
Cash Flows from Financing Activities						
Net decrease in short-term debt from subsidiaries and affiliates		**(136)**		(2,636)		(3,289)
Proceeds from long-term debt		**13,202**		3,000		—
Payments of long-term debt		**(5,675)**		(5,000)		(2,000)
Issuance of American Express preferred shares		**—**		1,584		—
Redemption of American Express preferred shares		**—**		(1,600)		—
Issuance of American Express common shares		**56**		64		44
Repurchase of American Express common shares and other		**(3,502)**		(7,652)		(1,029)
Dividends paid		**(1,565)**		(1,448)		(1,474)
Net cash provided by (used in) financing activities		**2,380**		(13,688)		(7,748)
Net increase (decrease) in cash and cash equivalents		**2,847**		(5,627)		6,538
Cash and cash equivalents at beginning of year		**5,341**		10,968		4,430
Cash and cash equivalents at end of year	**$**	**8,188**	$	5,341	$	10,968

Supplemental cash flow information

Years Ended December 31 *(Millions)*		**2022**		2021		2020
Non-Cash Investing Activities						
Loans to subsidiaries and affiliates	**$**	**—**	$	(1,787)	$	(4,971)
Non-Cash Financing Activities						
Short-term debts from subsidiaries and affiliates		**—**		—		4,971
Proceeds from long-term debt	**$**	**—**	$	1,787	$	—

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the requisite time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

“Management’s Report on Internal Control over Financial Reporting,” which sets forth management’s evaluation of internal control over financial reporting, and the “Report of Independent Registered Public Accounting Firm” on the effectiveness of our internal control over financial reporting as of December 31, 2022 are set forth in “Financial Statements and Supplementary Data.”

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEMS 10, 11, 12 and 13. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE; EXECUTIVE COMPENSATION; SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS; CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We expect to file with the SEC in March 2023 (and, in any event, not later than 120 days after the close of our last fiscal year), a definitive proxy statement, pursuant to SEC Regulation 14A in connection with our Annual Meeting of Shareholders to be held May 2, 2023, which involves the election of directors. The following information to be included in such proxy statement is incorporated herein by reference:

- Information included under the caption "Corporate Governance at American Express — Our Corporate Governance Framework — Our Board's Independence"
- Information included under the caption "Corporate Governance at American Express — Our Board Committees — Board Committee Responsibilities"
- Information included under the caption "Corporate Governance at American Express — Our Corporate Governance Framework — Director Attendance"
- Information included under the caption "Corporate Governance at American Express — Compensation of Directors"
- Information included under the caption "Stock Ownership Information"
- Information included under the caption "Corporate Governance at American Express — Item 1 — Election of Directors for a Term of One Year"
- Information included under the caption "Executive Compensation"
- Information under the caption "Corporate Governance at American Express — Certain Relationships and Transactions"

In addition, the information regarding executive officers called for by Item 401(b) of Regulation S-K may be found under the caption "Information About Our Executive Officers" in this Report.

We have adopted a set of Corporate Governance Principles, which together with the charters of the four standing committees of the Board of Directors (Audit and Compliance; Compensation and Benefits; Nominating, Governance and Public Responsibility; and Risk), our Code of Conduct (which constitutes our code of ethics) and the Code of Business Conduct for the Members of the Board of Directors, provide the framework for our governance. A complete copy of our Corporate Governance Principles, the charters of each of the Board committees, the Code of Conduct (which applies not only to our Chief Executive Officer, Chief Financial Officer and Controller, but also to all our other colleagues) and the Code of Business Conduct for the Members of the Board of Directors may be found by clicking on the "Corporate Governance" link found on our Investor Relations website at http://ir.americanexpress.com. We also intend to disclose any amendments to our Code of Conduct, or waivers of our Code of Conduct on behalf of our Chief Executive Officer, Chief Financial Officer or Controller, on our website. You may also access our Investor Relations website through our main website at www.americanexpress.com by clicking on the "Investor Relations" link, which is located at the bottom of the Company's homepage. (Information from such sites is not incorporated by reference into this report.) You may also obtain free copies of these materials by writing to our Corporate Secretary at our headquarters.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information set forth under the heading “Item 2 — Ratification of Appointment of Independent Registered Public Accounting Firm — PricewaterhouseCoopers LLP Fees and Services,” which will appear in our definitive proxy statement in connection with our Annual Meeting of Shareholders to be held May 2, 2023, is incorporated herein by reference.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a)

1. *Financial Statements*:

   See the “Index to Consolidated Financial Statements” under “Financial Statements and Supplementary Data.”

2. *Financial Statement Schedules*:

   All schedules are omitted since the required information is either not applicable, not deemed material, or shown in the Consolidated Financial Statements.

3. *Exhibits*:

   The following exhibits are filed as part of this report. The exhibit numbers preceded by an asterisk (*) indicate exhibits electronically filed herewith. All other exhibit numbers indicate exhibits previously filed and are hereby incorporated herein by reference. Exhibits numbered 10.1 through 10.32 are management contracts or compensatory plans or arrangements.

3.1	Company's Amended and Restated Certificate of Incorporation, as amended through April 20, 2022 (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended March 31, 2022).
3.2	Company's By-Laws, as amended through October 19, 2022 (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 2022).
4.1	The instruments defining the rights of holders of long-term debt securities of the Company and its subsidiaries are omitted pursuant to Section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The Company hereby agrees to furnish copies of these instruments to the SEC upon request.
4.2	Description of American Express Company's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (incorporated by reference to Exhibit 4.2 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2020).
* 10.1	American Express Company Deferred Compensation Plan for Directors and Advisors, as amended and restated effective January 1, 2023.
10.2	American Express Company 2007 Pay-for-Performance Deferral Program Document (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated November 20, 2006 (filed November 22, 2006)).
10.3	Description of amendments to 1994–2006 Pay-for-Performance Deferral Programs (incorporated by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2006).
10.4	American Express Company 2006 Pay-for-Performance Deferral Program Guide (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated November 21, 2005 (filed November 23, 2005)).
10.5	American Express Company 2005 Pay-for-Performance Deferral Program Guide (incorporated by reference to Exhibit 10.10 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2004).
10.6	Description of American Express Company Pay-for-Performance Deferral Program (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated November 22, 2004 (filed January 28, 2005)).
10.7	Amendment to the Pre-2008 Nonqualified Deferred Compensation Plans of American Express Company (incorporated by reference to Exhibit 10.19 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2008).
10.8	American Express Company Retirement Plan for Non-Employee Directors, as amended (incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1988).
10.9	Certificate of Amendment of the American Express Company Retirement Plan for Non-Employee Directors dated March 21, 1996 (incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1995).
10.10	American Express Key Executive Life Insurance Plan, as amended (incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the fiscal year ended December 31, 1991).
10.11	Amendment to American Express Company Key Executive Life Insurance Plan (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 1994).

10.12	Amendment to American Express Company Key Executive Life Insurance Plan, effective as of January 22, 2007 (incorporated by reference to Exhibit 10.22 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2006).
10.13	Amendment to American Express Company Key Executive Life Insurance Plan, effective as of January 1, 2011 (incorporated by reference to Exhibit 10.24 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2010).
10.14	American Express Key Employee Charitable Award Program for Education (incorporated by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1990).
10.15	American Express Directors' Charitable Award Program (incorporated by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1990).
10.16	American Express Company Salary/Bonus Deferral Plan (incorporated by reference to Exhibit 10.20 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1988).
10.17	Amendment to American Express Company Salary/Bonus Deferral Plan (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 1994).
10.18	American Express Senior Executive Severance Plan, as amended and restated effective May 1, 2018 (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended June 30, 2018).
10.19	Amendments of (i) the American Express Salary/Bonus Deferral Plan and (ii) the American Express Key Executive Life Insurance Plan (incorporated by reference to Exhibit 10.37 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1997).
* 10.20	Twelfth Amendment and Restatement of the American Express Retirement Restoration Plan (f/k/a Supplemental Retirement Plan) (as amended and restated effective as of January 1, 2023).
10.21	American Express Company 2003 Share Equivalent Unit Plan for Directors, as amended and restated, effective January 1, 2015 (incorporated by reference to Exhibit 10.38 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2015).
* 10.22	Description of Compensation Payable to Non-Management Directors, effective January 1, 2022.
10.23	American Express Company 2007 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated April 23, 2007 (filed April 27, 2007)).
10.24	American Express Company 2007 Incentive Compensation Plan Master Agreement (as amended and restated effective January 23, 2012) (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated January 23, 2012 (filed January 27, 2012)).
10.25	Form of nonqualified stock option award agreement for executive officers under the American Express Company 2007 Incentive Compensation Plan (for awards made after January 26, 2016) (incorporated by reference to Exhibit 10.43 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2015).
10.26	American Express Company 2016 Incentive Compensation Plan (as amended and restated effective May 5, 2020) (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated May 5, 2020 (filed May 7, 2020)).

10.27	Form of nonqualified stock option award agreement for executive officers under the American Express Company 2016 Incentive Compensation Plan (for awards made after May 2, 2016) (incorporated by reference to Exhibit 10.41 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2016).
10.28	Form of restricted stock unit award agreement for executive officers under the American Express Company 2016 Incentive Compensation Plan (for awards made after May 2, 2016) (incorporated by reference to Exhibit 10.42 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2016).
10.29	Form of award agreement for executive officers in connection with Performance Grant awards (a/k/a Executive Annual Incentive Awards) under the American Express Company 2016 Incentive Compensation Plan (for awards made after May 2, 2016) (incorporated by reference to Exhibit 10.43 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2016).
10.30	Amendment to the Form of nonqualified stock option award agreement and Form of restricted stock unit award for executive officers under the American Express Company 2016 Incentive Compensation Plan (for awards made on or after January 29, 2020) (incorporated by reference to Exhibit 10.41 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2019).
* 10.31	Amendment to the Form of restricted stock unit award agreement and Form of nonqualified stock option award agreement for executive officers under the American Express Company 2016 Incentive Compensation Plan (for awards made on or after February 1, 2023).
10.32	Form of notice agreement in connection with Annual Incentive Awards under the American Express Company 2016 Incentive Compensation Plan (incorporated by reference to Exhibit 10.42 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2019).
10.33	Restated Letter Agreement, dated May 6, 2019, between American Express Company and Berkshire Hathaway Inc., on behalf of itself and its subsidiaries (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated May 6, 2019 (filed May 6, 2019)).
10.34	Time Sharing Agreement, dated February 13, 2018, by and between American Express Travel Related Services Company, Inc. and Stephen J. Squeri (incorporated by reference to Exhibit 10.48 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2017).
10.35	Amendment No. 1, dated March 29, 2019, to the Time Sharing Agreement, dated February 13, 2018, by and between American Express Travel Related Services Company, Inc. and Stephen J. Squeri (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended March 31, 2019).
10.36	Amendment No. 2, dated July 26, 2019, to the Time Sharing Agreement, dated February 13, 2018, by and between American Express Travel Related Services Company, Inc. and Stephen J. Squeri (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 2019).
10.37	Amendment No. 3, dated December 15, 2020, to the Time Sharing Agreement, dated February 13, 2018, by and between American Express Travel Related Services Company, Inc. and Stephen J. Squeri (incorporated by reference to Exhibit 10.46 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2020).
10.38	Amendment No. 4, dated December 28, 2021, to the Time Sharing Agreement, dated February 13, 2018, by and between American Express Travel Related Services Company, Inc. and Stephen J. Squeri (incorporated by reference to Exhibit 10.46 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2021).
10.39	Amendment No. 5, dated July 27, 2022, to the Time Sharing Agreement, dated February 13, 2018, by and between American Express Travel Related Services Company, Inc. and Stephen J. Squeri (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 2022).
* 21	Subsidiaries of the Company.

* 23	Consent of PricewaterhouseCoopers LLP.
* 31.1	Certification of Stephen J. Squeri, Chief Executive Officer, pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
* 31.2	Certification of Jeffrey C. Campbell, Chief Financial Officer, pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
* 32.1	Certification of Stephen J. Squeri, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
* 32.2	Certification of Jeffrey C. Campbell, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
* 101.INS	XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
* 101.SCH	XBRL Taxonomy Extension Schema Document
* 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
* 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
* 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
* 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
* 104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN EXPRESS COMPANY

/s/ JEFFREY C. CAMPBELL

Jeffrey C. Campbell
Vice Chairman and Chief Financial Officer

February 10, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the date indicated.

/s/ STEPHEN J. SQUERI	/s/ MICHAEL O. LEAVITT
Stephen J. Squeri **Chairman, Chief Executive Officer and Director**	**Michael O. Leavitt** **Director**
/s/ JEFFREY C. CAMPBELL	/s/ THEODORE J. LEONSIS
Jeffrey C. Campbell **Vice Chairman and Chief Financial Officer**	**Theodore J. Leonsis** **Director**
/s/ JESSICA LIEBERMAN QUINN	/s/ DEBORAH P. MAJORAS
Jessica Lieberman Quinn **Executive Vice President and Corporate Controller** **(Principal Accounting Officer)**	**Deborah P. Majoras** **Director**
/s/ THOMAS J. BALTIMORE, JR.	/s/ KAREN L. PARKHILL
Thomas J. Baltimore, Jr. **Director**	**Karen L. Parkhill** **Director**
/s/ CHARLENE BARSHEFSKY	/s/ CHARLES E. PHILLIPS, JR.
Charlene Barshefsky **Director**	**Charles E. Phillips, Jr.** **Director**
/s/ JOHN J. BRENNAN	/s/ LYNN A. PIKE
John J. Brennan **Director**	**Lynn A. Pike** **Director**
/s/ PETER CHERNIN	/s/ DANIEL L. VASELLA
Peter Chernin **Director**	**Daniel L. Vasella** **Director**
/s/ WALTER J. CLAYTON III	/s/ LISA W. WARDELL
Walter J. Clayton III **Director**	**Lisa W. Wardell** **Director**
/s/ RALPH DE LA VEGA	/s/ CHRISTOPHER D. YOUNG
Ralph de la Vega **Director**	**Christopher D. Young** **Director**

February 10, 2023

STATISTICAL DISCLOSURE BY BANK HOLDING COMPANIES

The accompanying supplemental information should be read in conjunction with the "MD&A", "Consolidated Financial Statements" and notes thereto.

Distribution of Assets, Liabilities, and Shareholders' Equity; Interest Rates and Interest Differential

The following tables provide a summary of our consolidated average balances including major categories of interest-earning assets and interest-bearing liabilities along with an analysis of net interest earnings. Consolidated average balances, interest, and average yields are segregated between U.S. and non-U.S. offices. Assets, liabilities, interest income and interest expense are attributed to the United States and outside the United States based on the location of the office recording such items.

	2022			2021			2020		
Years Ended December 31, *(Millions, except percentages)*	Average Balance [(a)]	Interest Income	Average Yield	Average Balance [(a)]	Interest Income	Average Yield	Average Balance [(a)]	Interest Income	Average Yield
Interest-earning assets									
Interest-bearing deposits in other banks									
U.S.	**$ 22,022**	**$ 462**	**2.1 %**	$ 25,583	$ 34	0.1 %	$ 31,446	$ 100	0.3 %
Non-U.S.	**2,005**	**95**	**4.7**	2,291	54	2.4	2,367	51	2.2
Federal funds sold and securities purchased under agreements to resell									
Non-U.S.	**381**	**29**	**7.6**	196	10	5.1	184	11	6.0
Short-term investment securities									
U.S.	**580**	**7**	**1.2**	360	—	—	658	7	1.1
Non-U.S.	**93**	**2**	**2.2**	106	—	—	97	1	1.0
Card Member loans [(b)]									
U.S.	**82,991**	**10,215**	**12.3**	66,436	7,553	11.4	65,559	8,196	12.5
Non-U.S.	**12,378**	**1,423**	**11.5**	9,614	1,086	11.3	9,018	1,196	13.3
Other loans [(b)]									
U.S.	**3,819**	**310**	**8.1**	2,341	181	7.7	4,078	342	8.4
Non-U.S.	**264**	**19**	**7.2**	126	30	23.8	139	45	32.4
Taxable investment securities [(c)]									
U.S.	**3,196**	**67**	**2.1**	13,765	62	0.5	14,002	100	0.7
Non-U.S.	**648**	**23**	**3.5**	634	16	2.5	612	21	3.4
Non-taxable investment securities [(c)]									
U.S.	**29**	**2**	**9.8**	87	3	4.7	128	5	5.1
Other assets [(d)]									
Primarily U.S.	**10**	**4**	**n.m.**	16	4	n.m.	38	8	n.m.
Total interest-earning assets [(e)]	**$ 128,416**	**$ 12,658**	**9.9 %**	$ 121,555	$ 9,033	7.4 %	$ 128,326	$ 10,083	7.9 %
U.S.	**$ 112,647**	**$ 11,067**		$ 108,588	$ 7,837		$ 115,909	$ 8,758	
Non-U.S.	**$ 15,769**	**$ 1,591**		$ 12,967	$ 1,196		$ 12,417	$ 1,325	

n.m. Denotes rates determined to not be meaningful.

(a) Averages based on month-end balances.

(b) Average non-accrual loans were included in the average U.S Card Member loan balances in amounts of $121 million for both 2022 and 2021, and $275 million for 2020. Average other loan balances for U.S. include average non-accrual loans of $1 million for both 2022 and 2021, and $3 million for 2020. Average non-accrual loans are considered to determine the average yield on loans.

(c) Average yields for both taxable and non-taxable investment securities have been calculated using amortized cost balances and do not include changes in fair value recorded in other comprehensive loss. Average yield on non-taxable investment securities is calculated on a tax-equivalent basis using the U.S. federal statutory tax rate of 21 percent for 2022, 2021 and 2020.

(d) Amounts include (i) average equity securities balances, which are included in investment securities on the Consolidated Balance Sheets, and (ii) the associated income.

(e) The average yield on total interest-earning assets is adjusted for the impacts of the items mentioned in footnote (c).

Years Ended December 31, *(Millions, except percentages)*	**2022** Average Balance (a)	2021 Average Balance (a)	2020 Average Balance (a)
Non-interest-earning assets			
Cash and due from banks			
U.S.	**$ 2,794**	$ 2,729	$ 2,205
Non-U.S.	**742**	868	823
Card Member receivables, net			
U.S.	**34,527**	30,039	27,414
Non-U.S.	**19,973**	16,632	16,009
Reserves for credit losses on Card Member and other loans			
U.S.	**(2,972)**	(3,964)	(4,682)
Non-U.S.	**(272)**	(369)	(526)
Other assets (b)			
U.S.	**16,621**	16,589	14,680
Non-U.S.	**5,650**	5,514	5,830
Total non-interest-earning assets	**77,063**	68,038	61,753
U.S.	**50,970**	45,393	39,617
Non-U.S.	**26,093**	22,645	22,136
Total assets	**205,479**	189,593	190,079
U.S.	**163,617**	153,981	155,526
Non-U.S.	**$ 41,862**	$ 35,612	$ 34,553
Percentage of total average assets attributable to non-U.S. activities	**20.4 %**	18.8 %	18.2 %

(a) Averages based on month-end balances.

(b) Includes premises and equipment, net of accumulated depreciation and amortization.

Years Ended December 31, (Millions, except percentages)	2022 Average Balance (a)	2022 Interest Expense	2022 Average Rate	2021 Average Balance (a)	2021 Interest Expense	2021 Average Rate	2020 Average Balance (a)	2020 Interest Expense	2020 Average Rate
Interest-bearing liabilities									
Customer deposits									
U.S.									
Savings	**$ 85,198**	**$ 1,245**	**1.5 %**	$ 78,084	$ 314	0.4 %	$ 69,796	$ 697	1.0 %
Time	**9,356**	**254**	**2.7**	6,092	139	2.3	9,898	237	2.4
Demand	**1,300**	**23**	**1.8**	692	2	0.3	752	5	0.7
Non-U.S.									
Time	**6**	**—**	**—**	8	—	—	11	1	9.1
Other deposits	**11**	**5**	**45.5**	11	3	27.3	11	3	27.3
Short-term borrowings									
U.S.	**8**	**—**	**—**	3	—	—	769	18	2.3
Non-U.S.	**1,894**	**19**	**1.0**	1,983	12	0.6	2,017	11	0.5
Long-term debt and other (b)									
U.S.	**39,322**	**1,197**	**3.0**	38,157	808	2.1	48,690	1,123	2.3
Non-U.S.	**273**	**20**	**7.3**	326	5	1.5	336	3	0.9
Total interest-bearing liabilities	**$ 137,368**	**$ 2,763**	**2.0 %**	$ 125,356	$ 1,283	1.0 %	$ 132,280	$ 2,098	1.6 %
U.S.	**$ 135,184**	**$ 2,719**		$ 123,028	$ 1,263		$ 129,905	$ 2,080	
Non-U.S.	**$ 2,184**	**$ 44**		$ 2,328	$ 20		$ 2,375	$ 18	
Non-interest-bearing liabilities									
Accounts payable									
U.S.	**$ 4,982**			$ 4,289			$ 4,642		
Non-U.S.	**5,796**			5,107			4,737		
Customer deposits(c)									
U.S.	**534**			494			766		
Non-U.S.	**474**			569			682		
Other liabilities									
U.S.	**25,080**			22,925			18,954		
Non-U.S.	**7,865**			6,943			6,016		
Total non-interest-bearing liabilities	**44,731**			40,327			35,797		
U.S.	**30,596**			27,708			24,362		
Non-U.S.	**14,135**			12,619			11,435		
Total liabilities	**182,099**			165,683			168,077		
U.S.	**165,780**			150,736			154,267		
Non-U.S.	**16,319**			14,947			13,810		
Total shareholders' equity	**23,380**			23,910			22,002		
Total liabilities and shareholders' equity	**$ 205,479**			$ 189,593			$ 190,079		
Percentage of total average liabilities attributable to non-U.S. activities	**9.0 %**			9.0 %			8.2 %		
Interest rate spread			**7.9 %**			6.4 %			6.3 %
Net interest income and net average yield on interest-earning assets(d)		**$ 9,895**	**7.7 %**		$ 7,750	6.4 %		$ 7,985	6.2 %

(a) Averages based on month-end balances.

(b) Interest expense primarily reflects interest on long-term financing and interest incurred on derivative instruments in qualifying hedging relationships on the hedged debt instruments.

(c) U.S. non-interest-bearing Customer deposits include average Card Member credit balances of $502 million, $470 million and $742 million for 2022, 2021 and 2020, respectively. Non-U.S. non-interest-bearing Customer deposits include average Card Member credit balances of $471 million, $568 million and $679 million for 2022, 2021 and 2020, respectively.

(d) Net average yield on interest-earning assets is defined as net interest income divided by average total interest-earning assets as adjusted for the items mentioned in footnote (c) from the table on A-1.

Changes in Net Interest Income − Volume and Rate Analysis [a]

The following table presents the amount of changes in interest income and interest expense due to changes in both average volume and average rate. Major categories of interest-earning assets and interest-bearing liabilities have been segregated between U.S. and non-U.S. offices. Average volume/rate changes have been allocated between the average volume and average rate variances on a consistent basis based upon the respective percentage changes in average balances and average rates.

	2022 Versus 2021			2021 Versus 2020		
	Increase (Decrease) due to change in:			Increase (Decrease) due to change in:		
Years Ended December 31, *(Millions)*	Average Volume[b]	Average Rate[c]	Net Change	Average Volume[b]	Average Rate[c]	Net Change
Interest-earning assets						
Interest-bearing deposits in other banks						
U.S.	**$ (5)**	**$ 433**	**$ 428**	$ (19)	$ (47)	$ (66)
Non-U.S.	**(7)**	**48**	**41**	(2)	5	3
Federal funds sold and securities purchased under agreements to resell						
Non-U.S.	**9**	**10**	**19**	1	(2)	(1)
Short-term investment securities						
U.S.	**—**	**7**	**7**	(3)	(4)	(7)
Non-U.S.	**—**	**2**	**2**	—	(1)	(1)
Card Member loans						
U.S.	**1,882**	**780**	**2,662**	110	(753)	(643)
Non-U.S.	**312**	**25**	**337**	79	(189)	(110)
Other loans						
U.S.	**114**	**15**	**129**	(146)	(15)	(161)
Non-U.S.	**33**	**(44)**	**(11)**	(4)	(11)	(15)
Taxable investment securities						
U.S.	**(47)**	**52**	**5**	(1)	(37)	(38)
Non-U.S.	**—**	**7**	**7**	1	(6)	(5)
Non-taxable investment securities						
U.S.	**(2)**	**1**	**(1)**	(2)	—	(2)
Other assets						
Primarily U.S.	**(2)**	**2**	**—**	(5)	1	(4)
Change in interest income	**$ 2,287**	**$ 1,338**	**$ 3,625**	$ 9	$ (1,059)	$ (1,050)
Interest-bearing liabilities						
Customer deposits						
U.S.						
Savings	**$ 29**	**$ 902**	**$ 931**	$ 83	$ (466)	$ (383)
Time	**74**	**41**	**115**	(91)	(7)	(98)
Demand	**2**	**19**	**21**	—	(3)	(3)
Non-U.S.						
Time	**—**	**—**	**—**	—	(1)	(1)
Other deposits	**—**	**2**	**2**	—	—	—
Short-term borrowings						
U.S.	**—**	**—**	**—**	(18)	—	(18)
Non-U.S.	**(1)**	**8**	**7**	—	1	1
Long-term debt and other						
U.S.	**25**	**364**	**389**	(243)	(72)	(315)
Non-U.S.	**(1)**	**16**	**15**	—	2	2
Change in interest expense	**128**	**1,352**	**1,480**	(269)	(546)	(815)
Change in net interest income	**$ 2,159**	**$ (14)**	**$ 2,145**	$ 278	$ (513)	$ (235)

(a) Refer to footnotes from "Distribution of Assets, Liabilities and Shareholders' Equity" for additional information.

(b) Represents the change in volume multiplied by the prior year rate.

(c) Represents the sum of the change in rate multiplied by the prior year volume and the change in rate multiplied by the change in volume.

Weighted average yields and contractual maturities for available-for-sale debt securities with stated maturities

The following table presents weighted average yields by contractual maturities for available-for-sale debt securities with stated maturities as of December 31, 2022:

Weighted average yield [a]	Due within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years	Total
State and municipal obligations	**— %**	**— %**	**5.76 %**	**2.39 %**	**3.50 %**
U.S. Government agency obligations	**—**	**—**	**3.26**	**3.04**	**3.06**
U.S. Government treasury obligations	**2.03**	**3.22**	**4.77**	**—**	**2.38**
Mortgage-backed securities	**—**	**—**	**—**	**4.19**	**4.19**
Foreign government bonds and obligations	**5.25**	**4.20**	**—**	**—**	**5.25**
Other	**— %**	**2.51 %**	**2.75 %**	**— %**	**2.53 %**

(a) Weighted average yields for investment securities have been calculated using the effective yield on the date of purchase. Yields on tax-exempt investment securities have been computed on a tax-equivalent basis using the U.S. federal statutory tax rate of 21 percent.

Maturities and Sensitivities to Changes in Interest Rates

The following table presents contractual maturities of loans and Card Member receivables by customer type, and distribution between fixed and floating interest rates for loans due after one year based upon the stated terms of the loan agreements.

December 31, *(Millions)*	2022				
	Within 1 year [(a)]	1-5 years [(b) (c)]	5-15 years [(c)]	After 15 years [(c)]	Total
Loans					
Consumer	**$ 84,645**	**$ 319**	**$ —**	**$ —**	**$ 84,964**
Small Business	**22,858**	**89**	**—**	**—**	**22,947**
Corporate	**53**	**—**	**—**	**—**	**53**
Other	**1,000**	**4,289**	**104**	**23**	**5,416**
Total loans	**$ 108,556**	**$ 4,697**	**$ 104**	**$ 23**	**$ 113,380**
Loans due after one year at fixed interest rates					
Consumer		**$ 319**	**$ —**	**$ —**	**$ 319**
Small Business		**89**	**—**	**—**	**89**
Other		**4,177**	**5**	**23**	**4,205**
Loans due after one year at variable interest rates					
Other		**112**	**99**	**—**	**211**
Total loans		**$ 4,697**	**$ 104**	**$ 23**	**$ 4,824**
Card Member receivables					
Consumer	**$ 22,814**	**$ 71**	**$ —**	**$ —**	**$ 22,885**
Small Business	**19,494**	**135**	**—**	**—**	**19,629**
Corporate	**15,099**	**—**	**—**	**—**	**15,099**
Total Card Member receivables	**$ 57,407**	**$ 206**	**$ —**	**$ —**	**$ 57,613**

(a) Card Member loans have no stated maturity and are therefore included in the due within one year category. However, many of our Card Members will revolve their balances, which may extend their repayment period beyond one year for balances outstanding as of December 31, 2022. Card member receivables are due upon receipt of Card Member statements and have no stated interest rate and are therefore included in the due within one year category.

(b) Card Member loans and receivables due after one year represent Troubled Debt Restructurings (TDRs). Card Members experiencing financial difficulties are offered modification programs wherein a long-term concession (more than 12 months) has been granted to the borrower and are classified as TDRs.

(c) Other loans due after one year primarily represents installment loans.

Credit Quality Indicators for Loans and Card Member Receivables

The following table summarizes the ratio of all loans and Card Member receivables categories.

Years Ended December 31, *(Millions, except percentages and where indicated)*		2022		2021
Card Member loans				
Consumer				
Net write-offs — principal less recoveries	**$**	**692**	$	576
Net write-offs — interest and fees less recoveries	**$**	**203**	$	190
Average consumer loans *(billions)* [a]	**$**	**74.8**	$	61.0
Principal only net write-offs / average consumer loans outstanding [b]		**0.9 %**		0.9 %
Principal, interest and fees net write-offs / average consumer loans outstanding [b]		**1.2 %**		1.3 %
Small Business				
Net write-offs — principal less recoveries	**$**	**145**	$	96
Net write-offs — interest and fees less recoveries	**$**	**26**	$	17
Average small business loans (billions) [a]	**$**	**20.5**	$	15.0
Principal only net write-offs / average small business loans outstanding [b]		**0.7 %**		0.6 %
Principal, interest and fees net write-offs / average small business loans outstanding [b]		**0.8 %**		0.8 %
Other loans				
Net write-offs	**$**	**22**	$	21
Average Other loans *(billions)* [a]	**$**	**4.1**	$	2.5
Net write-offs/average other loans outstanding [b]		**0.5 %**		0.9 %
Card Member receivables				
Consumer				
Net write-offs — principal less recoveries	**$**	**177**	$	63
Net write-offs — fees less recoveries	**$**	**15**	$	11
Average consumer receivables *(billions)* [a]	**$**	**21.3**	$	19.2
Principal only net write-offs / average consumer receivables outstanding [b]		**0.8 %**		0.3 %
Principal and fees net write-offs / average consumer receivables outstanding [b]		**0.9 %**		0.4 %
Small Business				
Net write-offs — principal less recoveries	**$**	**198**	$	46
Net write-offs — fees less recoveries	**$**	**17**	$	11
Average small business receivables *(billions)* [a]	**$**	**18.6**	$	15.8
Principal only net write-offs / average small business receivables outstanding [b]		**1.1 %**		0.3 %
Principal and fees net write-offs / average small business receivables outstanding [b]		**1.2 %**		0.4 %
Corporate				
Net write-offs — principal and fees less recoveries	**$**	**55**	$	(2)
Average corporate receivables *(billions)* [a]	**$**	**14.7**	$	11.8
Principal and fees net write-offs / average corporate receivables outstanding [b]		**0.4 %**		— %
Reserve for credit losses	**$**	**4,035**	$	3,421
Non-accrual loans [c]	**$**	**191**	$	96
Reserve for credit losses as a percentage of total loans and Card Member receivables [d]		**2.4 %**		2.4 %
Non-accrual loans as a percentage of total loans [d]		**0.2 %**		0.1 %
Reserve for credit losses as a percentage of non-accrual loans [e]		**1994.3 %**		3476.3 %

(a) Averages are based on month-end balances for the periods presented.
(b) The net write-off rate presented is on a worldwide basis and is based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, as our practice is to include uncollectible interest and/or fees as part of our total provision for credit losses, a net write-off rate including principal, interest and/or fees is also presented.
(c) Non-accrual loans not in modification programs primarily include certain loans placed with outside collection agencies for which we have ceased accruing interest. Amounts presented exclude loans classified as TDR. Higher non-accrual loans are primarily driven by higher legal placements.
(d) Refer to "Maturities and Sensitivities to Changes in Interest Rates" for total outstanding balance of loans and Card Member receivables.
(e) Refer to "Allocation of reserve for credit losses" for reserve related to Card Member loans and other loans.

Allocation of Reserve for Credit Losses

The following table shows the reserve for credit losses allocated to Card Member loans, Card Member receivables and Other loans.

December 31, *(Millions, except percentages)* Reserve for credit losses at end of year applicable to	2022 Amount	2022 Percentage [(a)]	2021 Amount	2021 Percentage [(a)]
Card Member loans	**$ 3,747**	**93 %**	$ 3,305	97 %
Card Member receivables	**229**	**6**	64	2
Other loans	**59**	**1**	52	1
Total Reserve for credit losses	**$ 4,035**	**100 %**	$ 3,421	100 %

(a) Percentage of reserve for credit losses on Card Member loans, Card Member receivables and Other loans to the total reserve.

Uninsured Time Certificates of Deposit

The following table presents the amount of uninsured time certificates of deposit issued by us in our U.S. and non-U.S. offices, further segregated by time remaining until maturity. For any account holder with aggregate deposits in excess of insured limits, the uninsured deposits are calculated proportionately as a percentage of total deposits for each category of deposits held as of the reporting date.

	By remaining maturity as of December 31, 2022				
(Millions)	3 months or less	Over 3 months but within 6 months	Over 6 months but within 12 months	Over 12 months	Total
U.S. [(a)]	**$ 45**	**$ 56**	**$ 177**	**$ 170**	**$ 448**
Non U.S. [(b)]	**$ 1**	**$ 1**	**$ 3**	**$ —**	**$ 5**

(a) We offer deposits within our U.S. bank subsidiary, AENB. These funds are currently insured up to $250,000 per account holder through the FDIC.

(b) Includes time deposits in certain of our Non-U.S. offices, that exceed the insurance limit as defined by the regulatory rules in individual markets.

EXHIBIT 10.1

AMERICAN EXPRESS COMPANY
AMERICAN EXPRESS NATIONAL BANK

DEFERRED COMPENSATION PLAN FOR DIRECTORS AND ADVISORS
(As amended and restated effective January 1, 2023)

Section 1. Effective Date

The original effective date of this Deferred Compensation Plan for Directors and Advisors (this "Plan") was October 1, 1973. This Plan was most recently amended and restated on April 1, 2018. This Plan is further amended and restated as provided herein effective January 1, 2023.

Section 2. Eligibility

Any Director of or Advisor to the Board of Directors of American Express Company (the "Company") and/or any Director of American Express National Bank ("AENB," successor by conversion and merger to American Express Centurion Bank and American Express Bank, FSB) (hereinafter a "Director" or an "Advisor") who is not an officer or employee of the Company, AENB or a subsidiary thereof is eligible to participate in this Plan. All deferral and related elections in effect under this Plan prior to the date hereof on behalf of any Director of or Advisor to the Company and any Director of AENB, American Express Centurion Bank and American Express Bank, FSB eligible to participate in this Plan shall continue to apply until such elections are revoked or revised.

Section 3. Administration

The Nominating and Governance Committee (the "Committee") of the Board of Directors shall administer this Plan. The Committee shall have all the powers necessary to administer this Plan, including the right to interpret the provisions of this Plan and to establish rules and prescribe any forms for the administration of this Plan. The Committee may delegate its authority under this Plan to the Company's Corporate Secretary (the "Administrator") to take administrative and other specified actions, subject to such terms and limitations as the Committee may impose.

Section 4. Deferral Elections

A Director may elect for any calendar year to defer receipt of 50% or 100% of the compensation payable to the Director for service as a Director or Advisor of the Company and AENB, and including service on Committees of the Boards of Directors thereof.

A deferral election with respect to the compensation earned in a particular calendar year shall be made no later than the end of the preceding calendar year; provided, however, to the extent permissible under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the treasury regulations and other official guidance issued thereunder (collectively, "Section 409A"), a Director who is newly elected to the Board of Directors during a calendar year may make an irrevocable deferral election within thirty (30) days after his or her election to the Board of Directors, which irrevocable deferral election shall only apply to the Director's compensation earned after the date such deferral election became irrevocable. To the extent permissible under Section 409A, the Administrator may permit an individual who has been nominated for election to the Board of Directors of the Company or AENB to make his or her irrevocable deferral election before the date of the individual's election to such Board of Directors, in which case the election would apply to the Director's compensation earned on and after the date on which the individual is elected to such Board of Directors.

If the Director's irrevocable deferral election is received by the Administrator prior to their initial election or appointment as a Director, it will be effective subject to and upon their election or appointment as a Director and will apply to compensation earned on or after the date of their initial election or appointment as a Director. If the Director's irrevocable deferral election is received by the Administrator within 30 days after their initial election or appointment as a Director, it will be effective upon its receipt and will apply to compensation earned after the date it is received. If the Director's irrevocable deferral election is received by the Administrator after 30 days following their initial election or appointment as a Director (and before January 1 of the following calendar year), it will be effective as of and apply to their compensation earned on or after January 1 of the calendar year following the calendar year in which they were initially elected or appointed as a Director.

Unless the Administrator provides otherwise prior to the start of a subsequent calendar year, a Director's deferral election for a calendar year shall apply to each subsequent calendar year thereafter unless and until the Director revokes or changes his or her deferral election prior to the subsequent calendar year.

Section 5. Director Class Year Accounts

Compensation deferred by a Director will be credited to bookkeeping accounts established under this Plan. The compensation deferred by a Director attributable to calendar years prior to 2015 shall be credited to one account, and the compensation deferred by a Director for calendar year 2015 and each calendar year thereafter shall be credited to separate accounts for each such calendar year. For purposes of this Plan, the account established for the compensation deferred by a Director attributable to calendar years prior to 2015 shall be referred to as the Director's "Pre-2015 Class Year Account" and the account established for the compensation deferred by a Director attributable to calendar year 2015 and each calendar year thereafter shall be referred to as the Director's "Class Year Account" for the respective calendar year (e.g., the account established for the compensation deferred by a Director attributable to calendar year 2015 shall be referred to as the Director's "2015 Class Year Account" and the account established for the compensation deferred by a Director attributable to calendar year 2016 shall be referred to as the Director's "2016 Class Year Account"). And for purposes of this Plan, the Pre-2015 Class Year Account and each Class Year Account of a Director for a calendar year may be referred to individually as a "Class Year Account," and collectively as the "Class Year Accounts" of the Director.

The compensation deferred by a Director will be credited to his or her accounts effective as of the last day of the calendar quarter to which such compensation relates, except that in the event of the first occurrence of a Payment Event Date (as defined in Section 10(a) below) during a calendar quarter for which the Director has deferred all or a portion of his or her compensation, any compensation deferred by the Director for the calendar quarter in which such Payment Event Date occurs will be credited to the Director's account effective as of such Payment Event Date.

Section 6. Investment Options

Amounts held in a Director's Class Year Accounts will be credited and debited with earnings and losses based on the hypothetical investment options made available by the Company (the "Investment Options"). Unless the Committee provides otherwise, the available Investment Options for a Director's Class Year Accounts shall be an option with credits based on a rate linked to 120% of the applicable federal rate (the "AFR-Based Option") and an option linked to the performance of the Company's common stock, par value $0.20 per share (the "Share Equivalent Option"), each as more completely described below.

At the time that a Director makes an election to defer receipt of his or her compensation for a calendar year pursuant to Section 4, the Director may choose to have the amounts credited to the Class Year Account for that calendar year allocated in one of the following ways: (i) 100% to the AFR-Based Option; (ii) 100% to the Share Equivalent Option; or (iii) 50% to the AFR-Based Option and 50% to the Share Equivalent Option, or among the Investment Options available for such Class Year Account in such proportions as allowed by the Committee for such calendar year.

Unless the Administrator provides otherwise prior to the start of a subsequent calendar year, a Director's Investment Options election for a calendar year shall apply to each subsequent calendar year thereafter unless and until the Director changes his or her Investment Options election prior to such subsequent calendar year.

(a) AFR-Based Option

(A) Amounts for which a Director has chosen the AFR-Based Option shall be credited with interest at a rate equal to 120% of the applicable federal long-term rate for December of the preceding calendar year, as prescribed under Section 1274(d) of the Code (the "AFR") (e.g., amounts that are credited during 2016 shall be credited at a rate equal to the AFR for December 2015). Interest credited pursuant to this Section 6(a) shall be compounded daily, or on such other frequency specified by the Administrator for such purpose from time to time.

(B) For purposes of Section 10 below, the amounts for which a Director has elected the AFR-Based Option that are payable to a Director on a Payment Event Date will be valued by crediting such amounts with the AFR through the applicable Payment Event Date.

(b) Share Equivalent Option

(A) Amounts for which a Director has chosen the Share Equivalent Option will be converted hypothetically into a number of units equivalent to a number of shares of the Company's common stock, par value $0.20 per share ("SEUs"), determined by dividing the amount of deferred compensation in each calendar quarter for which the Director has chosen the Share Equivalent Option, by the average of the closing prices of the Company's common stock, par value $0.20 per share (the "Common Stock"), for the last fifteen (15) trading days of such calendar quarter; provided, however, in the event of an occurrence of a Payment Event Date during a calendar quarter, the amounts of the compensation deferred by the Director for the calendar quarter in which the Payment Event Date occurs will be converted hypothetically into a number of SEUs determined by dividing such amount for which the Director has chosen the Share Equivalent Option, by the average of the closing prices of the Common Stock for the fifteen (15) trading days immediately preceding such Payment Event Date.

(B) On the date on which the Company pays a dividend on the Common Stock, dividend equivalents in the form of additional SEUs will be credited to a Director's Class Year Accounts for the number of SEUs equal to (i) the per-share cash dividend, divided by the closing price of the Common Stock on the dividend payment date, multiplied by (ii) the number of SEUs credited to each such Class Year Account on the shareholder record date applicable to such dividend payment.

(C) In the event of any change in the outstanding Common Stock by reasons of any stock split, stock dividend, split up, split-off, spin-off, recapitalization, merger, consolidation, rights offering, reorganization, combination or exchange of shares, a sale by the Company of all or part of its assets, any distribution to the shareholders other than a normal cash dividend, or other extraordinary or unusual event, the number of SEUs credited to a Director's Class Year Accounts shall be automatically adjusted on the same basis so that the proportionate interest of the Director shall be maintained as before the occurrence of such event.

(D) For purposes of Section 10 below, the SEUs payable to a Director on a Payment Event Date will be valued by multiplying the applicable number of SEUs payable by the average of the closing prices of the Common Stock for the fifteen (15) trading days immediately preceding the applicable Payment Event Date.

The Administrator may in his or her discretion allow a Director to change the Investment Options for an existing Class Year Account at any time after such Director's separation from service, pursuant to such rules and restrictions as the Administrator may prescribe.

Section 7. Credits to Class Year SEU Award Accounts for SEU Plan Awards

A number of SEUs equal to the number of Share Equivalent Units, if any, awarded to a Director during a calendar year under the American Express Company 2003 Share Equivalent Unit Plan for Directors, as amended and restated from time to time (the "SEU Plan") for calendar year 2015 and subsequent calendar years, will be credited to a bookkeeping account established under this Plan for such Director for that calendar year. A Director's SEUs attributable to awards of Share Equivalent Units under the SEU Plan for calendar year 2015 and each calendar year thereafter shall be credited to separate accounts for each such calendar year, and such separate account shall be referred to as the Director's "Class Year SEU Award Account" for the respective calendar year (e.g., the account established for the Director's SEUs attributable to awards of Share Equivalent Units under the SEU Plan for 2015 shall be referred to as the Director's "2015 Class Year SEU Award Account" and the account established for the Director's SEUs attributable to awards of Share Equivalent Units under the SEU Plan for calendar year 2016 shall be referred to as the Director's "2016 Class Year SEU Award Account"). And for purposes of this Plan, each Class Year SEU Award Account of a Director for a calendar year may be referred to individually as a "Class Year SEU Award Account," and collectively as the "Class Year SEU Award Accounts" of the Director.

If a Director has a Pre-2015 Class Year Account for the compensation deferred by the Director attributable to calendar years prior to 2015, then the Director's SEUs attributable to awards of Share Equivalent Units under the SEU Plan for calendar years prior to 2015 shall be credited to such existing Pre-2015 Class Year Account and treated as SEUs under the Share Equivalent Option, and adjusted and paid accordingly. If a Director does not have a Pre-2015 Class Year Account for the compensation deferred by the Director attributable to calendar years prior to 2015, then the Director's SEUs attributable to awards of Share Equivalent Units under the SEU Plan for calendar years prior to 2015 shall be credited to a new Pre-2015 Class Year Account and treated as SEUs under the Share Equivalent Option.

The SEUs to be credited pursuant to this Section 7 for calendar year 2015 and each calendar year thereafter shall be credited to a Class Year SEU Award Account for such calendar year at the time specified by the SEU Plan, and thereafter, shall be adjusted, valued and paid in the same manner as the SEUs credited to a Class Year Account under the Share Equivalent Option.

The Administrator may in his or her discretion allow a Director to change the Investment Options for an existing Class Year SEU Award Account at any time after such Director's separation from service, pursuant to such rules and restrictions as the Administrator may prescribe.

Section 8. Payment Elections

(a) A Director who is newly elected to the Board of Directors of the Company or AENB may make an irrevocable payment election, which will be applicable to the Director's Class Year Account and Class Year SEU Award Account for the calendar year in which the individual is elected to such Board of Directors, as to the time and form of payment of such Class Year Account and Class Year SEU Award Account as follows:

(A) Time of Payment. Either:

i. upon the Director's separation from service; or

ii. on a specified anniversary following the Director's separation from service, but not later than the tenth (10th) anniversary thereafter.

(B) Form of Payment. In cash, in either:

(i) a lump sum; or

(ii) a specified number of annual installments (not to exceed ten (10)).

To the extent permissible under Section 409A, a Director who is newly elected to the Board of Directors of the Company or AENB shall make the payment election provided by this Section 8(a) for his or her Class Year Account and Class Year SEU Award Account for the year in which the individual is elected to such Board of Directors, within thirty (30) days after his or her election to such Board of Directors (or to the extent permissible under Section 409A, the Administrator may permit an individual who has been nominated for election to the Board of Directors of the Company or AENB during a calendar year to make his or her irrevocable election before the date of the individual's election to such Board of Directors, applicable if the individual is so elected to such Board of Directors).

If a Director does not make a payment election under this Section 8(a) for his or her Class Year Account and Class Year SEU Award Account within the time permitted, or a Director is not permitted by Section 409A to make a payment election under this Section 8(a) for such accounts, then the Director will be deemed to have elected to receive such accounts in a lump sum upon such Director's separation from service.

The payment election (or default payment election) under this Section 8(a) for a calendar year shall apply to both a Director's Class Year Account and Class Year SEU Award Account for such calendar year.

(b) For each subsequent calendar year following the calendar year in which a Director is first elected to the Board of Directors, the Director may make an irrevocable payment election, which will be applicable to the Director's Class Year Account and Class Year SEU Award Account for such subsequent calendar year, specifying the time and form of payment of such Class Year Account and Class Year SEU Award Account from the options described in Sections 8(a)(A) and (B) above.

A Director shall make the payment election provided by this Section 8(b) for his or her Class Year Account and Class Year SEU Award Account for a subsequent calendar year no later than the end of the preceding calendar year.

Unless the Administrator provides otherwise prior to the start of a subsequent calendar year, a Director's actual (or default) payment election for his or her Class Year Account and Class Year SEU Award Account for a calendar year shall apply to his or her Class Year Account and Class Year SEU Award Account for each subsequent calendar year thereafter unless and until the Director makes a new payment election under this Section 8(b) for such Class Year Account and Class Year SEU Award Account prior to the subsequent calendar year.

The payment election (or default payment election) under this Section 8(b) for a subsequent calendar year shall apply to both a Director's Class Year Account and Class Year SEU Award Account for such subsequent calendar year.

(c) A Director may change an existing (or default) payment election in effect for a Class Year Account and Class Year SEU Award Account for a calendar year by making a subsequent payment election, provided that such subsequent payment election:

(A) does not take effect for twelve (12) months following the date such subsequent election becomes effective;

(B) specifies a new permissible payment date (or a new permissible payment commencement date in the case of annual installment payments) that is no sooner than five years after the original payment date (or the original payment commencement date in the case of installment payments); and

(C) the new payment date (or a new payment commencement date in the case of annual installment payments) is no later than the tenth (10th) anniversary of the Director's separation from service.

Any change to a Director's existing payment election (or default payment election) for a calendar year shall apply to both his or her Class Year Account and Class Year SEU Award Account for such calendar year.

(d) Upon a Director's separation from service, the Director's payment election in effect on such date for each of the Director's Class Year Accounts and Class Year SEU Award Accounts shall govern the time and form of the payment of each Class Year Account and Class Year SEU Award Account, respectively, for purposes of Section 10 below.

Section 9. Death Prior to Receipt

In the event that a Director dies prior to receipt of any or all of the amounts payable to him or her pursuant to this Plan, except as otherwise provided by this Section 9, any amounts that are then credited to the Director's Class Year Accounts and Class Year SEU Award Accounts shall be paid to the legal representative of the Director's estate pursuant to Section 10 below.

The Administrator may allow Directors to designate a beneficiary or beneficiaries to receive payment of their respective Class Year Accounts and Class Year SEU Award Accounts in the event of the Director's death, and to prescribe the terms of and procedures for any such beneficiary designations. In the event that the Administrator allows Directors to make such beneficiary designations, then in the event of the death of a Director with a valid beneficiary election in place at that time, amounts that are then credited to such deceased Director's Class Year Accounts and Class Year SEU Award Accounts shall be paid to the designated beneficiary or beneficiaries of the deceased Director pursuant to and in accordance with the terms of such valid beneficiary designation (instead of to the legal representative of the Director's estate). Any payments under this Section 9 shall be paid in a lump sum.

Section 10. Time and Amount of Payment

(a) Time of Payment. A Director's Class Year Accounts and Class Year SEU Award Accounts will each be paid (or commence to be paid in the case of installment payments) on the Payment Event Date applicable to and in effect for such Class Year Account or Class Year SEU Award Account, as elected by the Director or otherwise provided by this Plan.

With respect to each Class Year Account and Class Year SEU Award Account, "Payment Event Date" shall mean the date of the Director's separation from service or the specified anniversary following the Director's separation from service no later than the tenth (10th) anniversary thereof, whichever is applicable to such Class Year Account or Class Year SEU Award Account pursuant to Section 8 (including Section 8(c)), or if earlier, the date of the Director's death as provided by Section 9.

Payment of a Class Year Account or Class Year SEU Award Account shall be made in a lump sum or a specified number of installments, which is applicable to such Class Year Account or Class Year SEU Award Account pursuant to Section 8 (including Section 8(c)), or if payment is made as a result of the death of a Director, in a lump sum as provided by Section 9.

In the case of a Class Year Account or Class Year SEU Award Account payable in installment payments, each anniversary of the initial Payment Event Date for such Class Year Account or Class Year SEU Award Account will also be treated as a Payment Event Date.

A payment to be made on a given Payment Event Date will be made or commenced as soon as administratively practicable following the Payment Event Date, but no later than 90 days thereafter (or such later date permitted by Section 409A).

(b) Amount of Payment. The amount to be paid for a Class Year Account or Class Year SEU Award Account on a Payment Event Date will be calculated as of the applicable Payment Event Date pursuant to Section 6 above through such applicable Payment Event Date. No interest, dividend equivalents or other earnings will be credited on amounts payable on a given Payment Event Date between such applicable Payment Event Date and the actual date on which such payment is made to or received by the Director.

If the Director elects to receive payment of a Class Year Account or a Class Year SEU Award Account in a specified number of annual installments, each installment will be paid proportionally, based on the number of remaining installment payments and the balance of the Class Year Account or Class Year SEU Award Account, as applicable, including the related earnings and losses credited and debited to such Class Year Account or Class Year SEU Award Account pursuant to Section 6 and this Section 10. (As an example, if a Director chooses to have an account paid in four annual installments, the payment for the first year shall be 1/4 of the value of the account; the payment for the second year shall be 1/3 of the value of the account; the payment for the third year shall be 1/2 of the value of the account; and the payment for the fourth year shall be 1/1 of the value of the account.)

In the case of a Class Year Account or Class Year SEU Award Account payable in installment payments, the Class Year Account or Class Year SEU Award Account, as applicable, shall be valued as of the Payment Event Date for each installment.

Section 11. Director's Rights Unsecured

The right of any Director to receive future payments under the provisions of this Plan shall be an unsecured, contractual claim against the general assets of the Company. This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any segregation of assets for the payment of any amounts under this Plan.

Participants may not sell, transfer, assign, pledge, levy, attach, encumber or alienate any amounts payable under this Plan.

Section 12. Statement of Account

The Company will provide or make available to each Director a statement of account that will confirm the Director's Class Year Account and Class Year SEU Award Account balance(s) as of the end of the preceding quarter, or on such more frequent basis as determined by the Administrator. The Administrator may provide for such statement of accounts to be in writing (including electronic format) or by means of access to such information in electronic format.

Section 13. Amendment

This Plan may be amended at any time and from time to time by the Board of Directors of the Company; provided, however, that the Board of Directors may not adopt any amendment that would (a) materially and adversely affect any right of or benefit to any Director with respect to any of the benefits theretofore credited without such Director's written consent, or (b) result in a violation of Section 409A. Any amendment to this Plan that would cause a violation of Section 409A shall be null and void and of no effect.

Section 14. Termination

This Plan shall terminate upon the adoption of a resolution of the Board of Directors terminating this Plan. The termination of this Plan shall not affect the distribution of the Class Year Accounts and Class Year SEU Award Accounts maintained under this Plan, and the balances of each Class Year Account and Class Year SEU Award Account shall continue to become due and payable in accordance with the provisions of this Plan in effect immediately prior to the termination of this Plan and each Director's payment election (or default payment election) applicable to such Class Year Account and Class Year SEU Award Account; provided, however, if the Board of Directors so chooses, notwithstanding any other provision in this Plan, the payment of all Class Year Accounts and Class Year SEU Award Accounts may be accelerated upon the termination of this Plan to the extent permissible under and in accordance with Section 1.409A-3(j)(4)(ix) of the treasury regulations.

Section 15. Section 409A

This Plan and the benefits provided thereunder, including SEUs credited pursuant to Section 7, are intended to comply with the requirements of Section 409A, and this Plan, and with respect to SEUs credited pursuant to Section 7, together with the SEU Plan, shall be administered and interpreted consistent with such intention and the American Express Section 409A Compliance Policy.

* * * * *

EXHIBIT 10.20

TWELFTH AMENDMENT AND RESTATEMENT
OF THE
AMERICAN EXPRESS
RETIREMENT RESTORATION PLAN

(formerly known as the Supplemental Retirement Plan)

(As amended and restated effective as of January 1, 2023)

TABLE OF CONTENTS

ARTICLE 1 HISTORY AND EFFECTIVE DATES		**1**
Section 1.1	**History**	1
Section 1.2	**Effective Date**	5
Section 1.3	**Transition Rules**	5
Section 1.4	**Modification of Certain Grandfathered Benefits**	5
ARTICLE 2 DEFINITIONS		**6**
Section 2.1	**Definitions**	6
Section 2.2	**Qualified Plan Definitions**	11
Section 2.3	**Gender and Number**	11
ARTICLE 3 ADMINISTRATION		**12**
Section 3.1	**Administrator**	12
Section 3.2	**Authority**	12
ARTICLE 4 ELIGIBILITY		**12**
Section 4.1	**Eligibility**	12
Section 4.2	**Participation**	12
ARTICLE 5 SUPPLEMENTAL BENEFITS		**13**
Section 5.1	**Benefits Under the RP**	13
Section 5.2	**Benefits in Excess of Limits Under the RSP**	14
Section 5.3	**Crediting of Account**	17
Section 5.4	**Supplemental Benefits Payment Election**	18
ARTICLE 6 ELECTIVE DEFERRALS		**22**
Section 6.1	**Notification**	22
Section 6.2	**Participation**	22

Section 6.3	Newly Eligible Employees	23
Section 6.4	Deferrable Compensation	23
Section 6.5	Deferral Benefits Election	25
Section 6.6	Crediting of Deferred Amounts	26
ARTICLE 7 EARNINGS		26
Section 7.1	RP-Related Account	26
Section 7.2	RSP-Related Account	27
Section 7.3	Deferral Accounts	27
Section 7.4	Hypothetical Investment Method	27
Section 7.5	Interest Method	29
Section 7.6	Special Restrictions	29
ARTICLE 8 PAYMENT OF BENEFITS		30
Section 8.1	Supplemental Account Payments (Other than Payments Due to Death or Disability)	30
Section 8.2	Deferral Account Payments (Other than Payments Due to Death or Disability)	31
Section 8.3	Designation of Beneficiaries	33
Section 8.4	Death	34
Section 8.5	Disability	35
Section 8.6	Unforeseeable Emergency	36
Section 8.7	Company Offset	36
Section 8.8	Withholding	37
Section 8.9	De Minimis Lump Sum Payment	37
ARTICLE 9 CHANGE IN CONTROL		37
Section 9.1	Change in Control	37
Section 9.2	Effect of Change in Control	39
ARTICLE 10 CLAIMS PROCEDURES		41

Section 10.1	Claim	41
Section 10.2	Claim Decision	42
Section 10.3	Request for Review	43
Section 10.4	Review of Decision	43
Section 10.5	Arbitration	45
Section 10.6	Burden of Proof	46
Section 10.7	Administrator’s Sole Authority	46
ARTICLE 11 AMENDMENT & TERMINATION		**46**
Section 11.1	Plan Amendment	46
Section 11.2	Effect of Plan Termination	46
ARTICLE 12 GENERAL PROVISIONS		**46**
Section 12.1	Unfunded Status	46
Section 12.2	Non-Transferable	47
Section 12.3	No Right to Continued Employment	47
Section 12.4	Plan Benefits Not Compensation Under Employee Benefit Plans	47
Section 12.5	Compliance with Section 409A	47
Section 12.6	No Guarantee of Tax Consequences	47
Section 12.7	Limitations on Liability	48
Section 12.8	Severability	48
Section 12.9	Captions	48
Section 12.10	Governing Law	48

TWELFTH AMENDMENT AND RESTATEMENT
OF THE
AMERICAN EXPRESS
RETIREMENT RESTORATION PLAN
(formerly known as the Supplemental Retirement Plan)

(As amended and restated effective as of January 1, 2023)

ARTICLE 1
HISTORY AND EFFECTIVE DATES

Section 1.1 History.

(a) On November 26, 1973, the Board of Directors (the "Board") of American Express Company ("Amex") authorized and approved the adoption of the American Express Supplementary Pension Plan (the "Plan") to supplement retirement benefits provided under the American Express Retirement Plan and other retirement and savings plans sponsored by Amex for a select group of management or highly compensated individuals.

(b) On July 1, 1994, the Board authorized and directed the amendment and restatement of the Plan pursuant to the provisions of Section VII thereof. The Plan was amended and restated generally effective March 1, 1995, and renamed the American Express Company Supplemental Retirement Plan. The Plan was subsequently amended through December 31, 2004.

(c) On July 25, 2005, the Board amended and restated the Plan (immediately prior to such amendment and restatement, the "Prior SRP Plan"), effective January 1, 2005. Except as otherwise expressly provided herein, Participants who were in "pay status" as of January 1, 2005 continue to have the payment of their Supplemental Benefits governed solely by the terms of the Prior SRP Plan; provided, however, that effective with payments made in calendar year 2006 and thereafter, payments other than monthly annuity payments which would have been made on April 1 of any year under the Prior SRP Plan are made on July 1 of such year. Participants who were not in "pay status" as of January 1, 2005 are governed from and after such date by the terms of the Plan, as amended and restated, and as further amended and restated from time to time. For purposes of this section, a Participant was in "pay status" as of January 1, 2005 if he or she was entitled to benefits under the Plan as of January 1, 2005, with payments scheduled to begin on or before April 1, 2005.

(d) Effective as of October 1, 2005, Ameriprise Financial, Inc. ("AFI") ceased to be a participating employer in Amex's tax-qualified retirement plans and the components of such plans covering AFI participants were transferred to new plans established by AFI in a transaction that complied with Section 414(l) of the Internal Revenue Code of 1986, as amended (the "Code"). In connection with that transaction, the component of the Prior SRP Plan and the Plan covering AFI participants were similarly transferred, and active and retired AFI participants and AFI beneficiaries ceased participation in and no longer have any benefits under the Prior SRP Plan or the Plan.

(e) Generally effective July 1, 2007, benefit accruals under the American Express Retirement Plan, as amended (the "RP"), were ceased. In addition, generally effective as of July 1, 2007, Amex adopted certain changes to the American Express Incentive Savings Plan, as amended, and renamed such plan the American Express Retirement Savings Plan (the "RSP").

(f) On January 22, 2007, the Board amended and restated the Plan, generally effective July 1, 2007, to reflect the changes made to the RP and the RSP, to allow for the elective deferral of compensation under the Plan, and to rename the Plan the American Express Supplemental Retirement Plan.

(g) On November 19, 2007, the Compensation and Benefits Committee (the "CBC") approved the First Amendment to the American Express Supplemental Retirement Plan to provide for the payment of Plan benefits to employees of American Express Bank who would be transferring to the buyer in the sale transaction.

(h) In November 2007, the Employee Benefits Administration Committee ("EBAC"), pursuant to the authority delegated to it, approved the amendment and restatement of the Plan to reflect certain non-material amendments thereto. On November 19, 2007, the CBC approved an amendment to the Plan to provide for accelerated vesting of ROE interest on Deferral Benefits upon the death or disability of a Participant. Effective December 31, 2007, the Executive Vice President of Human Resources, pursuant to the authority delegated to him, approved the amendment and restatement of the Plan to reflect the amendments approved by EBAC and the CBC.

(i) Effective March 29, 2008, the Senior Vice President of Human Resources, Global Compensation & Benefits, pursuant to the authority delegated to him, added a new Section 4.4(b)(v) and amended Section 4.5(c) to make certain changes related to the acquisition of GE Corporate Payment Services.

(j) On July 15, 2008, the Vice President of Global Benefits, pursuant to the authority delegated to him, amended Section 4.4(c) of the Plan to clarify the calculation of Company Contributions for Additional Years of Service.

(k) The Plan was amended and restated, effective January 1, 2009, by the Vice President of Global Benefits, pursuant to the authority delegated to him, to incorporate the prior amendments made to the Plan during 2008, to make the changes necessary or advisable for compliance with Section 409A of the Code and the treasury regulations and other official guidance issued thereunder, and to make certain other non-material amendments to the Plan.

(l) The Plan was amended and restated, effective March 30, 2009, by the Senior Vice President Global Compensation and Benefits, pursuant to the authority delegated to him, (i) to cease certain Company matching contributions and certain Company conversion contributions for the pay period commencing March 30, 2009 through the pay period ending January 3, 2010, and (ii) to disregard the temporary salary reductions in effect for the pay period commencing March 30, 2009 through the pay period ending on January 3, 2010, for purposes of determining a Participant's "Compensation" with respect to crediting his or her RSP-Related Account.

(m) The Plan was amended and restated, effective December 1, 2009, by the Vice President of Global Benefits, pursuant to the authority delegated to him, (i) to expand the class of employees eligible to receive SRP-RSP benefits, and (ii) to remove PG Awards as compensation eligible for elective deferrals.

(n) The Plan was amended and restated, effective January 1, 2011 except as otherwise stated, by the Senior Vice President Global Compensation & Benefits, pursuant to the authority delegated to him by the CBC, to require Participants to defer salary or bonus in order to receive Company Matching Contributions that cannot be provided under the RSP due to the limitations of Section 401(a)(17) of the Code, to eliminate tax gross-up provisions in connection with a Change in Control, to make changes with respect to the Plan's investment crediting process, to alter certain procedures regarding distributions, and to rename the Plan as the American Express Retirement Restoration Plan.

(o) On May 4, 2012, the EBAC Administrative Delegate, pursuant to the authority delegated to her by Section 1.3 of the Plan, approved Schedule C setting forth in greater detail the payment timing rules applicable to Deferral Plan benefits attributable to years prior to 2011 and governed by earlier deferral plans maintained by the Company that have been consolidated into the Plan.

(p) Generally effective January 1, 2012, the Senior Vice President Global Compensation & Benefits, pursuant to the authority delegated to him by the CBC, adopted the Third Amendment to the Plan to change the process for the first year of eligibility payment timing elections for Company Matching Contributions, Company Conversion Contributions and Company Profit-Sharing Contributions and to make certain other administrative clarifications.

(q) Generally effective January 1, 2013, the Senior Vice President Global Compensation & Benefits, pursuant to the authority delegated to him, adopted the Fourth Amendment to the Plan to amend Section 2.1(y) to clarify how Incentive Pay is calculated, Section 4.2(b)(i) to clarify eligibility based on having an Account from a prior Plan Year, Sections 5.3(c)(i) and 7.4 to make certain changes to the available hypothetical investment options, Sections 8.1(a), 8.2(c)(i)(A) and 8.2(c)(ii) to clarify the payment of benefits to a Participant who experiences a Separation from Service and is later re-employed, and Section 8.3 to provide for the termination of prior beneficiary designations under certain circumstances.

(r) Generally effective January 1, 2013, the Senior Vice President Global Compensation & Benefits, pursuant to the authority delegated to him, adopted the Fifth Amendment to the Plan to amend Section 2.1(g) to clarify the exclusion of non-qualified deferred compensation, Section 2.1(y) to revise the definition of Incentive Pay and Schedule B to remove the AEB Bonus.

(s) Effective August 8, 2013, the Senior Vice President of Human Resources, Global Compensation & Benefits, pursuant to the authority delegated to him, adopted the Sixth Amendment to the Plan to add Schedule D regarding the termination of the Plan with respect to Participants who were employees of American Express Publishing Corporation in connection with the sale of such business to Time Inc. and accelerate the payment of their benefits in accordance with the requirements of Treasury Regulation Section 1.409A-3(j)(4)(ix)(B).

(t) Effective September 26, 2013, the Senior Vice President Global Compensation & Benefits, pursuant to the authority delegated to him, adopted the Seventh Amendment to the Plan to add Section 8.9 to allow for certain de minimis lump sum payments.

(u) Effective January 1, 2014, the Senior Vice President, Global Compensation & Benefits, pursuant to the authority delegated to him, adopted the Eighth Amendment to the Plan to amend Section 6.5(a) to provide for an earlier deadline for annual deferrals of the third Friday of December preceding the applicable Plan Year and to add Schedule E regarding continued participation by Participants who are or become employees of the joint venture involving the Global Business Travel business.

(v) Generally effective January 1, 2017, the Senior Vice President, Global Total Rewards and Learning, pursuant to the authority delegated to him, adopted the Ninth Amendment to the Plan to amend Section 2.1(y) to revise the definition of Incentive Pay, Section 2.1(pp) to omit the definition of RSP Match Percentage, Section 5.2(b)(iii) to revise the terms of Matching Contributions, Section 5.3(a)(iii)(A) to provide for the Automatic New Participant Supplemental Election, and Sections 5.4(a)(iii)(A) and 6.2(b) to provide rules on eligibility for open enrollment and special enrollment.

(w) Effective December 17, 2018, the Executive Vice President, Global Total Rewards and Medical, pursuant to the authority delegated to him, adopted the Tenth Amendment to the Plan to update the Claims Procedures for revised Department of Labor regulations addressing claims procedures for disability-related benefits.

(x) Effective January 1, 2020, EBAC, pursuant to the authority given to it by the Plan, interpreted the Plan to impose a limit on the amount of Incentive Pay that may be elected to be deferred of 85 percent and to provide for a deadline for annual deferrals of the December 15 preceding the applicable Plan Year, or if December 15 is on a weekend, the following Monday.

(y) Effective September 10, 2020, EBAC, pursuant to the authority given to it by the Plan, imposed an eligibility requirement for participation in the Plan that the Employee be in Band 35 and above.

(z) Effective December 9, 2021, the Executive Vice President, Colleague Total Rewards & Well-being, pursuant to the authority delegated to him, adopted the Eleventh Amendment to the Plan to amend Section 2.1(g) to revise the definition of Base Salary, Section 2.1(y) to revise the definition of Incentive Pay, Section 5.2(b)(ii) to revise the terms of Company Profit Sharing Contributions to address Company Discretionary Profit Sharing Contributions and Company Fixed Rate Contributions, Section 5.4(d) to clarify that a former Employee who again becomes a Participant after being rehired is allowed to make the one-time modification under such section regardless of whether the Participant had made a one-time modification for benefits earned prior to Separation from Service, and Schedule B to remove the specified arrangements that qualify as Incentive Pay in light of the revisions made to the definition of Incentive Pay in Section 2.1(y).

(aa) The Plan was amended and restated, effective January 1, 2023, by the Executive Vice President, Colleague Total Rewards & Well-being, pursuant to the authority delegated to him by the CBC, to incorporate all of the prior amendments and EBAC interpretations and to make certain ministerial revisions.

(bb) The Plan has remained in effect since its adoption and has been construed and operated as a “top-hat plan” under Sections 201(2), 301(a)(3), and 401(a)(1) of the

Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 2520.104-23 of the United States Department of Labor Regulations.

Section 1.2 Effective Date. Except as expressly provided otherwise herein, the Plan as amended and restated hereby is generally effective January 1, 2023, provided that provisions which are clarifying in nature reflect the intended interpretation of pre-existing plan terms and are effective as of the date that the relevant original provision was added to the Plan.

Section 1.3 Transition Rules.

(a) Supplemental Benefits. Each Participant's accrued benefit under the Prior SRP Plan as of December 31, 2004 ("Grandfathered Supplemental Benefits") was determined by the Administrator in accordance with Section 409A of the Code and Notice 2005-1. Grandfathered Supplemental Benefits are governed by and administered in accordance with the Prior SRP Plan, provided, however, that any election with respect to Grandfathered Supplemental Benefits may not materially modify the rights, terms or conditions of the Prior SRP Plan.

(b) Deferral Benefits. Deferral Benefits have been provided under the Deferral Plan, which for Plan Years ending on or before December 31, 2007, was the American Express Salary Deferral Plan, the American Express Pay-for-Performance Deferral Programs and any other similar non-qualified plans for the deferral of compensation available in such Plan Years (collectively, the "Prior Deferral Plan"), and for Plan Years beginning on or after January 1, 2008, is this Plan. The Deferral Benefits that were earned and vested prior to January 1, 2005 (the "Grandfathered Deferral Benefits") remained subject to the Prior Deferral Plan. Effective October 27, 2010, earnings credits on Grandfathered Deferral Benefits were administered in accordance with Article 7 of this Plan. Finally, such amendments also provided that in the event of a Change in Control, additional earnings credits due as a result of the Change in Control under the terms of the Prior Deferral Plan shall be credited at the AFR, as defined herein. All other benefits have been governed by and administered solely in accordance with the Plan, as amended and restated from time to time. Effective January 1, 2011, the Formerly Grandfathered Deferral Benefits lost their Grandfathered Benefits status and were distributed in accordance with Section 1.4 below. All other Grandfathered Deferral Benefits (including any remaining Grandfathered Deferral Benefits attributable to Degrandfathered Participants) shall continue to be Grandfathered Deferral Benefits, subject to the Prior Deferral Plan.

(c) For convenience of reference, the details regarding the form and timing of payment of Grandfathered Supplemental Benefits, Grandfathered Deferral Benefits, and/or Formerly Grandfathered Deferral Benefits may be set forth on an Appendix to this Plan document, which may be updated or clarified by the Administrator from time to time (provided that such an Appendix shall not alter the form or timing of payment of such benefits from the form and timing provided for by this Section, the Prior SRP Plan and the Prior Deferral Plan, as applicable).

Section 1.4 Modification of Certain Grandfathered Benefits.

(a) Effective January 1, 2011, the Formerly Grandfathered Deferral Benefits of each Degrandfathered Participant which are not scheduled to be in pay status by December 31, 2016 shall be payable in a lump sum on March 1, 2012 unless otherwise elected pursuant to Section 1.4(b). Formerly Grandfathered Deferral Benefits which are scheduled for payment on March 1, 2012 will be credited with earnings under the Interest Credit Method through December 31, 2011, provided, however, that if a Participant becomes an Executive Officer, earnings credited to such Participant's Formerly Grandfathered Deferral Benefits shall not exceed the AFR (except to the extent earnings in excess of the AFR have been paid out prior to the Participant's becoming an Executive Officer). For the portion of 2012 prior to the date of payment, earnings on Formerly Grandfathered Deferral Benefits shall be credited with earnings at the AFR.

(b) On or before December 31, 2010, each Degrandfathered Participant could elect to have his or her formerly Grandfathered Deferral Benefits paid to him or her in a lump sum or five, 10 or 15 substantially equal annual installments, and (i) on a specified date (which must be a January 1 or July 1) that is no earlier than July 1, 2017 (or as soon thereafter as administratively practicable, but no later than 90 days), or (ii) upon his or her Retirement (but no earlier than July 1, 2017), and in the case of a Participant who elected installment payments, payment will continue as of each subsequent January 1 or July 1, whichever is applicable (or as soon thereafter as administratively feasible, but in no event later than 90 days); provided that a Degrandfathered Participant who elects to be paid at Retirement or who elects a specified date and experiences a Separation from Service prior to the selected specified date shall have Deferral Benefits paid as of the later of (i) July 1, 2017 or (ii) the January 1 or July 1 which is at least six months following his or her Separation from Service (or, in either case, as soon thereafter as administratively practicable, but no later than 90 days), provided that in the case of an election of installment payments, payment will commence as of the later of July 1, 2017 or the July 1 in the calendar year following the year of Separation from Service and continue each July 1 thereafter (or as soon thereafter as administratively feasible, but in no event later than 90 days). If a Participant dies before payment is completed, payment shall be handled in accordance with Section 8.4 as applicable to Post-2010 Deferral Benefits. In any event, such subsequent election shall not become effective until January 1, 2012. If a Degrandfathered Participant files an election to delay payment, his or her Formerly Grandfathered Deferral Benefits will be credited with earnings under the Interest Credit Method through December 31, 2011, provided, however, that if a Participant becomes an Executive Officer, earnings credited to such Participant's Formerly Grandfathered Deferral Benefits shall not exceed the AFR (except to the extent earnings in excess of the AFR have been paid out prior to the Participant's becoming an Executive Officer). Such Formerly Grandfathered Deferral Benefits shall transition to the Hypothetical Investment Method as of January 1, 2012.

ARTICLE 2
DEFINITIONS

Section 2.1 Definitions. As used in the Plan, the following terms have the meanings indicated below:

(a) "Account" means, with respect to a Participant, his or her Deferral Account and Supplemental Account, collectively.

(b) "Administrator" means the Employee Benefits Administration Committee, including any individual(s) to whom the Employee Benefits Administration Committee delegates authority under the Plan, or such other committee or individual(s) authorized to act as the Administrator by the Committee.

(c) "Affiliate" means any corporation or other trade or business under common control with Amex, as further defined in the Qualified Retirement Plans.

(d) "AFR" means 120% of the applicable federal long-term rate for December of the prior Plan Year, as prescribed under Section 1274(d) of the Code.

(e) "Automatic New Participant Supplemental Election" means the irrevocable Supplemental Election made by the Company immediately prior to the date that an Employee first becomes a Participant with respect to certain Supplemental Benefits pursuant to Section 5.4(a)(iii).

(f) "Band 50 Determination Date" means, for each Plan Year, the date in the prior Plan Year selected by the Administrator during such prior Plan Year as the determination date for determining whether an Employee is in Band 50 or above.

(g) "Base Salary" means Total Pay as defined in the RSP, but excluding Incentive Pay and non-qualified deferred compensation (this exclusion being intended to prevent duplication and to exclude other types of non-qualified deferred compensation, but by way of clarification not being intended to prevent Deferral Benefits from being taken from Base Salary or the add-back of amounts contributed as Deferral Benefits when Company contributions under this plan are calculated as provided herein).

(h) "Beneficiary" means the individual or entity designated by a Participant in accordance with procedures established by the Administrator to receive the Participant's Supplemental Account or Deferral Account in the event of the Participant's death.

(i) "Benefits" means, with respect to a Participant, his or her Deferral Benefits and Supplemental Benefits, collectively.

(j) "Code" means the Internal Revenue Code of 1986, as amended.

(k) "Committee" means the Compensation and Benefits Committee of the Board, or such successor committee as may be designated by the Board.

(l) "Company" means Amex, any of its subsidiaries and any Affiliates which have become participating employers in a Qualified Retirement Plan.

(m) "Deferral Account" means, with respect to a Participant for a given Plan Year, the book reserve account established by Amex for the Participant for such Plan Year pursuant to Section 6.6.

(n) "Deferral Benefits" means, with respect to a Participant, the benefits credited under the Plan with respect to amounts withheld at the Participant's election from a Participant's compensation which would otherwise have been paid in cash, as adjusted for earnings and losses pursuant to the terms of the Plan.

(o) "Deferral Benefits Eligibility Date" shall be determined in accordance with the rules set forth in Section 6.2.

(p) "Deferral Election" means, with respect to a given Plan Year, an election made by an eligible Employee with respect to his or her Deferral Benefits for such Plan Year under Article 6.

(q) "Deferral Plan" means:

(i) for Plan Years ending on or before December 31, 2007, the American Express Salary Deferral Plan, the American Express Pay-for-Performance Deferral Programs and any other similar non-qualified plans for the deferral of compensation available in such Plan Years; and

(ii) for Plan Years beginning on or after January 1, 2008, the elective account balance non-qualified deferred compensation component of this Plan and such other non-qualified plans or arrangements for the deferral of compensation as determined by the Administrator, in its sole discretion.

(r) "Degrandfathered Participant" means a Participant who had Grandfathered Deferral Benefits immediately prior to October 27, 2010 which are not scheduled to be in pay status by December 31, 2016 and is (i) a Non-Executive Officer as of October 27, 2010 and (ii) not scheduled to be Retirement Eligible by December 31, 2013. By way of clarification, no person who is a Retiree as of October 27, 2010 shall be a Degrandfathered Participant.

(s) "Disability" has the meaning given such term by Section 409A. Whether a Participant has a Disability shall be determined in accordance with Section 409A and the Section 409A Policy.

(t) "Employee" means an elected or appointed officer of the Company or any other individual whom the Administrator identifies as an employee of the Company, and whose compensation is reported on a Form W-2, regardless of whether the use of such form is subsequently determined to be erroneous.

(u) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(v) "Executive Officer" means an employee in Band 99 as of October 27, 2010; provided, however, that if a person becomes a Band 99 employee after such date, such person will be considered an Executive Officer for purposes of Section 7.3 as of the date he becomes a Band 99 employee.

(w) "Former GE Employees" means those Participants who were hired directly pursuant to the requirements of the Asset Purchase Agreement dated as of March 26, 2008, among General Electric Capital Corporation, GE Capital Financial Inc., General Electric Company, American Express Travel Related Services Company, Inc. and American Express Bank, FSB.

(x) "Formerly Grandfathered Deferral Benefits" means Benefits which were Grandfathered Deferral Benefits as of October 27, 2010, (i) which are not scheduled to be in pay status by December 31, 2016 and (ii) which are attributable to Degrandfathered Participants. As of January 1, 2011, Formerly Grandfathered Deferral Benefits attributable to Degrandfathered

Participants shall no longer be Grandfathered Deferral Benefits governed by the Prior Deferral Plan, but rather shall become benefits subject to the terms of this Plan as of such date (as amended from time to time).

(y) "Incentive Pay" means Total Pay as defined in the RSP that is overtime, an annual incentive cash award, or any other incentive cash award, but excluding non-qualified deferred compensation (this exclusion being intended to prevent duplication and to exclude other types of non-qualified deferred compensation, but by way of clarification not being intended to prevent Deferral Benefits from being taken from Incentive Pay or the add-back of amounts contributed as Deferral Benefits when Company contributions under this Plan are calculated as provided herein). The Committee reserves the right, in its discretion, to designate additional or different items as "Incentive Pay" for purposes of the Plan; provided, however, that no such designation may impact the amounts to be deferred under a Deferral Election already in effect except to the extent that such an impact is (i) permitted by Section 409A and (ii) specified in such inclusion or exclusion action.

(z) "Insiders" means Participants who are or may be required to file reports under Section 16(a) of the Exchange Act with respect to equity securities of Amex.

(aa) "Investment Committee" shall mean the Retirement Savings Plan Investment Committee.

(bb) "Minimum Schedule Rate" means, for a calendar year, the "Below ROE Target Range" rate for such calendar year under the metric set forth in Schedule A, as in effect for that calendar year.

(cc) "Moody's A Rate" means, for a calendar year, the average corporate bond yield rate for such calendar year, as announced by Moody's Investor Services for borrowers rated "A."

(dd) "Non-Executive Officer" means a Participant who is not an Executive Officer or a Retiree.

(ee) "Participant" means an Employee who accrues benefits under the Plan.

(ff) "Plan Year" means,

(i) for Supplemental Benefits under Article 5, the calendar year with reference to which benefits are determined under the Qualified Retirement Plan; and

(ii) for Deferral Benefits under Article 6, the specified calendar year.

(gg) "Policy" means the American Express Company Employment Arbitration Policy and Employment Arbitration Acknowledgment Form.

(hh) "Post-2010 Deferral Benefits" means Deferral Benefits (representing dollars deferred pursuant to a Participant's Deferral Election, adjusted for all earnings and losses under the Plan) which are attributable to compensation earned by the Participant in 2011 and subsequent Plan Years.

(ii) "Pre-2011 Deferral Benefits" means Deferral Benefits (representing dollars deferred pursuant to a Participant's Deferral Election, adjusted for all earnings and losses under the Plan) which are attributable to compensation earned by the Participant in 2010 and prior Plan Years (regardless of when an amount deferred would otherwise have been paid in cash). By way of clarification, benefits for Plan Years ending on or before December 31, 2007 are not governed by the payment rules set forth in Article 8 of this document but by the payment rules set forth in the relevant Prior Deferral Plan document, which for convenience of reference may be reflected on an Appendix to this document.

(jj) "Qualified Retirement Plan" means the RP and/or the RSP, as the context may imply.

(kk) "Retiree" means a Participant who, as of October 27, 2010, was not an Executive Officer, and (i) who as of October 27, 2010, has had a Retirement, or (ii) who is receiving serial separation pay or has signed a separation agreement as of October 27, 2010 and will be Retirement Eligible on or before the last day of the separation period. By way of clarification, a Participant whose balance was retained under the Plan at the time of the spin-off of Ameriprise Financial, Inc. pursuant to a written agreement that such person would be permitted to remain in the Plan and be treated as a Retirement Eligible Participant is also a Retiree.

(ll) "Retirement" means a voluntary Separation from Service by a Participant who is Retirement Eligible on the date of such Separation from Service.

(mm) "Retirement Eligible" means, with respect to a Participant, he or she is age 55 or older with ten or more actual or deemed years of service with the Company. By way of clarification, "deemed years of service" shall be honored for this purpose only if granted by the time the Participant becomes a Participant.

(nn) "RP-Related Account" means, with respect to a Participant, the book reserve account established by the Company for the Participant pursuant to Section 5.1.

(oo) "RSP-Related Account" means, with respect to a Participant, the book reserve account established by the Company for the Participant pursuant to Section 5.2.

(pp) [intentionally omitted]

(qq) "Schedule Rate" means, for a calendar year, the applicable rate for such calendar year determined under the metric set forth in Schedule A, as in effect for that calendar year.

(rr) "Section 401(a)(17) Limitation" refers to the limitation on the dollar amount of Compensation which may be taken into account under the Qualified Retirement Plans under Section 401(a)(17) of the Code.

(ss) "Section 409A" means Section 409A of the Code, together with the treasury regulations and other official interpretations or guidance issued thereunder.

(tt) "Section 409A Policy" means the American Express Section 409A Compliance Policy, as amended from time to time, and any successor policy thereto.

(uu) "Section 415 Limitations" refers to the limitations on benefits for defined benefit pension plans and defined contribution plans which are imposed by Section 415 of the Code.

(vv) "Separation from Service" has the meaning given such term by Section 409A. Whether a Participant has a Separation from Service shall be determined in accordance with Section 409A and the Section 409A Policy.

(ww) "Severance Plan" means, collectively, (i) the American Express Senior Executive Severance Plan, effective January 1, 1994, as amended and restated effective May 1, 2018, and as further amended from time to time, and any successor plan thereto, (ii) the American Express Severance Pay Plan, effective January 1, 1987, as amended and restated effective August 1, 2014, and as further amended from time to time, and any successor plan thereto, and (iii) the American Express Supplemental Unemployment Benefit Plan effective as of August l, 2014, as amended from time to time, and any successor plan thereto.

(xx) "Stock Fund" means the RSP Stock Fund.

(yy) "Supplemental Account" means, with respect to a Participant, his or her RP-Related Account and RSP-Related Account, collectively.

(zz) "Supplemental Benefits" means, with respect to a Participant, the benefits under his or her Supplemental Account.

(aaa) "Supplemental Distribution" means a distribution to a Participant from his or her Supplemental Account.

(bbb) "Supplemental Election" means the election made by a Participant, or in the case of an Automatic New Participant Supplemental Election, by the Company, with respect to the Participant's Supplemental Account under Section 5.4.

(ccc) "Trust" means the trust established by Amex pursuant to Section 9.2(a), which is intended to be classified for federal income tax purposes as a "grantor trust" within the meaning of Subpart E, Part I, Subchapter J, Chapter 1, Subtitle A of the Code.

(ddd) "Unforeseeable Emergency" means a severe financial hardship of the Participant resulting from (i) an illness or accident of the Participant, the Participant's spouse or the Participant's dependent (as defined in Section 152 of the Code, without regard to paragraphs (b)(1), (b)(2) and (d)(1)(B) thereof), (ii) a loss of the Participant's property due to casualty, or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined by the Administrator based on the relevant facts and circumstances and in accordance with Section 409A.

Section 2.2 Qualified Plan Definitions. Capitalized terms not otherwise defined in the Plan shall have the same meaning set forth in the related Qualified Retirement Plan, to the extent applicable, as the context may imply.

Section 2.3 Gender and Number. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. For all purposes of the Plan, where the context admits, the singular shall include the plural, and the plural shall include the singular.

ARTICLE 3
ADMINISTRATION

Section 3.1 Administrator. The Plan shall be administered by the Administrator.

Section 3.2 Authority. Except as otherwise provided by the Committee (subject to the limitation on the Committee's authority under Section 10.7), the Administrator shall have full power, authority and discretion to interpret, construe and administer the Plan, and such interpretation and construction thereof and actions taken thereunder shall be binding on all persons for the purposes so stated by the Administrator. The Administrator may correct any defect, supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Administrator deems necessary or desirable. In the event of a mathematical or accounting error made, or other similar mistake, the Administrator shall have power in its discretion to cause such equitable adjustments to be made to correct for such errors as it considers appropriate in the circumstances. Any decision of the Administrator in the administration of the Plan shall be final and conclusive and binding upon all Participants and Beneficiaries. The Administrator, in its discretion, may delegate its authority and responsibilities, and references to "the Administrator" shall be deemed also to refer to persons to whom such authority and responsibilities are delegated, to the extent of such delegation.

ARTICLE 4
ELIGIBILITY

Section 4.1 Eligibility. Participation in this Plan shall be limited to Employees who meet the requirements of Section 4.2, and shall automatically occur for such Employees, provided that the Administrator may designate, on a case-by-case basis, Employees or categories of Employees who shall not be eligible to participate in all or any portion of this Plan, and provided further, that the determination of eligible Employees shall be made consistent with the requirement that the Plan be a "top-hat" plan for purposes of ERISA. Unless the Administrator determines otherwise, Employees must be in Band 35 or above to become eligible to participate in the Plan.

Section 4.2 Participation. To become a Participant in the Plan, an Employee must satisfy Section 4.1 and:

(a) be a participant under a Qualified Retirement Plan maintained by the Company. Participation by an Employee in a Qualified Retirement Plan shall be determined pursuant to and in accordance with the eligibility criteria applicable under such Qualified Retirement Plan; and

(b) for the relevant Plan Year:

(i) have an Account under the Plan from a prior Plan Year (provided that, solely for purposes of determining eligibility to participate, a Participant who would have had an Account balance had he or she accepted a previous offer to participate in the Plan shall be treated as having an Account balance); or

(ii) receive Total Pay (as defined under the RSP, without regard to the Section 401(a)(17) Limitation) in excess of the Section 401(a)(17) Limitation; or

(iii) be employed in Band 50 or above as of the Band 50 Determination Date in the prior Plan Year (provided that an individual newly hired into or promoted to Band 50 or newly eligible while in Band 50 after the Band 50 Determination Date and not already a Participant eligible for open enrollment may be permitted by the Administrator (in its discretion, and in accordance with such administrative policies as the Administrator may establish) to participate in open enrollment for the coming Plan Year); or

(iv) accrue benefits under a Qualified Retirement Plan in excess of the Section 415 Limitation.

ARTICLE 5
SUPPLEMENTAL BENEFITS

Section 5.1 Benefits Under the RP. If a Participant is a participant under the RP, other than a terminated participant, the Company shall establish an RP-Related Account for such Participant, which shall be determined as follows:

(a) "Compensation" for RP Credits. For purposes of RP credits under this Section 5.1, "Compensation" has the meaning given such term in the RP, provided that the Committee may, in its discretion, designate additional or different items as Compensation for purposes of this Section 5.1. Effective with the 2003 performance year (which awards were granted in 2004) and thereafter, "Compensation" for purposes of RP credits under this Section 5.1 shall include the value of restricted stock awards granted to certain Participants in lieu of cash supplemental Annual Incentive Awards.

(b) Contribution Credits. There shall be credited to a Participant's RP-Related Account for each Plan Year, in accordance with Section 5.3, an amount equal to the excess, if any, of: (x) the Contribution Credits that would have been credited to a Participant's Defined Benefit Account Balance under the RP for the Plan Year if the Plan's definition of Compensation was used, the Section 401(a)(17) Limitation was ignored, and the Participant had not elected or been required to defer the receipt of any Compensation pursuant to a Deferral Plan, over (y) the actual Contribution Credits credited to the Participant's Defined Benefit Account Balance under the RP for the Plan Year. No credits shall be made to a Participant's RP-Related Account pursuant to this Section 5.1(b) for any pay period ending on or after July 1, 2007.

(c) Benefits Formula. The formula of the benefits for a Plan Year under this Section 5.1 shall be determined by the Administrator and applied in a uniform manner for all similarly situated Participants.

(d) Additional Years of Service.

(i) Certain Participants, as determined by the Company in its sole discretion, may be deemed to have rendered five additional Years of Service under the Plan. For each such Participant, subject to such terms and conditions as the Company may impose upon such benefits by special agreement with such Participant (in the event of a conflict with this Section 5.1(d), such special agreement shall control), an additional amount shall be credited to the Participant's RP-Related Account equal to the excess, if any of: (x) the total cumulative Contribution Credits that would have been credited to the Participant's RP-Related Account under this Section 5.1 had the Participant rendered such additional Years of Service under the

RP, over (y) the actual total cumulative Contribution Credits credited to the Participant's RP-Related Account under this Section 5.1 as of the date the Participant is eligible for such benefits under the Plan. Subject to the terms of the special agreement with each such Participant, such amounts shall be calculated and credited to the RP-Related Account established for the Participant in accordance with Section 5.3 under procedures to be determined from time to time by the Administrator and consistently applied to similarly situated Participants. Unless otherwise determined by the Administrator or agreed in a special agreement with the Participant, amounts credited under this Section 5.1(d) shall be subject to five-year vesting, and such amounts shall be forfeited by the Participant if the Participant's service with the Company terminates for any reason other than death or disability (as defined in the RP) before five years of actual service have been rendered to the Company by such Participant.

(ii) For each Participant with a special agreement described in Section 5.1(d)(i) who has not accrued five Years of Service as of July 1, 2007, the Participant shall be entitled to receive the credit described in Section 5.1(d)(i) for the 2007 Plan Year as if the RP had remained in effect through December 31, 2007, and the Participant were an active participant in the RP through such date. Regardless of any special agreement described in Section 5.1(d)(i), a Participant shall not be entitled to receive any credit under this Section 5.1 for the 2008 Plan Year or later.

Section 5.2 Benefits in Excess of Limits Under the RSP. If a Participant is a participant in the RSP, other than a terminated participant, the Company shall establish an RSP-Related Account for such Participant, which shall be determined as follows:

(a) <u>"Compensation" for RSP Credits</u>.

(i) *Definition*. For purposes of RSP credits under this Section 5.2, "<u>Compensation</u>" has the meaning given the term "Total Pay" in the RSP, provided that the Committee may, in its discretion, designate additional or different items as Compensation for purposes of this Section 5.2. Effective July 1, 2007, "Compensation" for purposes of RSP credits under this Section 5.2 shall include the value of restricted stock awards granted to certain Participants in lieu of cash Annual Incentive Awards, subject to the limitation set forth in Section 5.2(a)(ii).

(ii) *Limitation*. "Compensation" of a Participant who is in Band 50 or above for purposes of RSP credits under this Section 5.2 shall not include any Incentive Pay (including the value of any restricted stock awards granted to certain Participants in lieu of cash Annual Incentive Awards) in excess of one times his or her Base Salary. For purposes of this provision, a Participant's pay band and Base Salary shall be determined as of January 1 of each Plan Year (or, if the Participant was not employed as an Eligible Employee on January 1, the date the Participant becomes or is rehired as an Eligible Employee, and in the case of a Participant who terminates employment and is rehired as an Eligible Employee within the same Plan Year, the application of this rule shall be determined by pay band as of the date of rehire as an Eligible Employee with respect to Company contributions other than those accrued (and as to which the Participant had met all the prerequisites for receipt) prior to rehire). In addition, Incentive Pay subject to this limitation shall only be those amounts actually paid in the Plan Year, regardless of when such amounts were earned.

(iii) *Temporary Salary Reductions Disregarded*. In determining the Compensation of a Participant for purposes of this Section 5.2, “Total Pay” under the RSP shall be determined by disregarding the temporary salary reductions in effect for the pay period commencing March 30, 2009 through the pay period ending on January 3, 2010.

(b) Contribution Credits. The following amounts shall be credited to the Participant’s RSP-Related Account for each Plan Year, in accordance with Section 5.3:

(i) *Company Stock Contribution*. An amount equal to: (A) one percent of the sum of: (1) the Participant’s Compensation, calculated without the Section 401(a)(17) Limitation or Section 415 Limitations, plus (2) that portion of a Participant’s Compensation deferred during such Plan Year pursuant to a Deferral Plan, minus (B) the amount actually allocated as a Company Stock Contribution to the account of the Participant under the RSP. For purposes of this Section 5.2(b)(i), the Section 401(a)(17) Limitation shall be deemed to apply pro ratably to each regularly scheduled pay period for each Plan Year. No credits shall be made to a Participant’s RSP-Related Account pursuant to this Section 5.2(b)(i) for any pay period ending on or after July 1, 2007.

(ii) *Company Profit-Sharing Contribution*. An amount equal to: (A) the Company Profit-Sharing Contribution percentage utilized for purposes of the RSP for that Plan Year for such Participant (which, for the avoidance of doubt, shall be the percentage utilized for any Company Discretionary Profit Sharing Contribution and/or Company Fixed Rate Contribution, as applicable) times the sum of: (1) the Participant’s Compensation, calculated without the Section 401(a)(17) Limitation or Section 415 Limitations, plus (2) that portion of a Participant’s Compensation deferred during such Plan Year pursuant to a Deferral Plan, minus (B) the amount actually allocated as a Company Profit-Sharing Contribution (which, for the avoidance of doubt, shall be the amount actually allocated as a Company Discretionary Profit Sharing Contribution and/or Company Fixed Rate Contribution, as applicable) to the Account of the Participant under the RSP. Unless otherwise expressly provided in the Plan, benefits credited under this Section 5.2(b)(ii) at the time of a Supplemental Distribution shall be restricted to a Participant’s vested portion, as determined under the applicable provisions of the RSP. Any non-vested portion of such deferred compensation to be paid shall be forfeited.

(iii) *Company Matching Contribution*.

(A) Effective with Compensation paid on or after January 1, 2017, each eligible Participant who meets the eligibility requirements for a Qualified Matching Contribution (or other type of matching contribution) under the RSP (but without regard to whether or not he or she contributes under the RSP) shall receive a Matching Contribution each Plan Year equal to the Participant’s salary reduction amount (from Base Salary, Incentive Pay or a combination of both) contributed pursuant to a Deferral Election under Article 6 for such Plan Year (up to a maximum of six percent of the Participant’s Compensation which is not counted under the RSP either because it is in excess of the Section 401(a)(17) Limitation for the Plan Year or because it has been deferred under a Deferral Plan). Compensation for this purpose will not include amounts paid prior to a Participant’s Entry Date under the RSP with respect to Qualified Matching Contributions (or other type of matching contributions, as applicable).

(B) Separately from any Matching Contribution calculated under (A), a Participant will be provided a Matching Contribution equal to the amount of Qualified Matching Contribution (or other type of matching contribution) that would have been provided to the Participant under the RSP, but was not able to be provided solely on account of the limitations of Section 415 of the Code.

(C) The vesting of Matching Contributions will parallel the vesting rules applicable under the RSP.

(iv) *Company Conversion Contribution*.

(A) Except as otherwise provided by Section 5.2(b)(iv)(B), an amount equal to: (1) the Company Conversion Contribution percentage utilized for purposes of the RSP for that Plan Year for such Participant times the sum of: (a) the Participant's Compensation, calculated without the Section 401(a)(17) Limitation or Section 415 Limitations, plus (b) that portion of a Participant's Compensation deferred during such Plan Year pursuant to a Deferral Plan, minus (2) the amount actually allocated as a Company Conversion Contribution to the Account of the Participant under the RSP. Unless otherwise expressly provided in the Plan, benefits credited under this Section 5.2(b)(iv)(A) at the time of a Supplemental Distribution shall be restricted to a Participant's vested portion, as determined under the applicable provisions of the RSP. Any non-vested portion of such deferred compensation to be paid shall be forfeited. Pursuant to the terms of the RSP, no Company Conversion Contributions are made for periods after December 31, 2017 for employees in Band 50 and above, or for periods after December 31, 2018 for employees below Band 50; accordingly, no Company Conversion Contributions are made under the Plan for such periods.

(B) No Company conversion contributions were made for the pay period commencing March 30, 2009 through the pay period ending January 3, 2010 to any Participant; provided, however, the preceding limitation did not apply to Participants who were Retirement Eligible as of December 31, 2009. For the avoidance of doubt, when Company conversion contributions resumed after the pay period ending on January 3, 2010, such contributions resumed in the same amount as in effect immediately prior to the pay period beginning on March 30, 2009; provided, however, that the Company continued to retain the right to modify, amend or terminate the Plan and any contributions thereunder at any time for any reason whatsoever.

(v) *Transition Contributions for Certain Former GE Capital Employees*. For Former GE Employees, an amount equal to: (A) the Transition Contribution percentage utilized for purposes of the RSP for that Plan Year for such Participant times the sum of: (1) the Participant's Compensation, calculated without the Section 401(a)(17) Limitation or Section 415 Limitations, plus (2) that portion of a Participant's Compensation deferred during such Plan Year pursuant to a Deferral Plan, minus (B) the amount actually allocated as a Transition Contribution to the Account of the Participant under the RSP. Notwithstanding the foregoing, if an individual would be eligible for both Company Conversion Contributions under Section 5.2(b)(iv) and Transition Contributions under this Section 5.2(b)(v), such individual shall only receive the greater of the Company Conversion Contributions and the Transition Contributions to which he or she would otherwise be entitled during such period of dual eligibility. Unless otherwise expressly provided in the Plan, benefits credited under this

Section 5.2(b)(v) at the time of a Supplemental Distribution shall be restricted to a Participant's vested portion, as determined under the applicable provisions of the RSP. Any non-vested portion of such deferred compensation to be paid shall be forfeited. The right to Transition Contributions under this Section shall expire at the same time as the right to Transition Contributions under the RSP. Pursuant to the terms of the RSP, no Transition Contributions are made for periods after March 31, 2011.

(vi) *No Disability Contributions*. The RSP provides for certain contributions to be made on account of qualifying RSP participants who are "disabled" as defined under the RSP. For the avoidance of doubt, this Plan does not provide for such continuing contributions on account of a disability.

(c) Company Contribution for Additional Years of Service. Certain Participants, as determined by the Company in its sole discretion, may be deemed to have rendered five additional Years of Service under the RSP. For each such Participant, for the period of January 1, 2008 and thereafter, subject to such terms and conditions as the Company may impose upon such benefits by special agreement with such Participant (in the event of a conflict with this Section 5.2(c), such special agreement shall control), an additional amount shall be credited to the Participant's RSP-Related Account equal to 80 percent (or such lower percentage specified in the special agreement) of the Participant's annual rate of base salary (as of the Participant's date of hire), before any reduction for any amounts deferred by the Participant pursuant to Section 401(k) or Section 125 of the Code, or pursuant to a Deferral Plan or any other non-qualified plan which permits the voluntary deferral of compensation. Subject to the terms of the special agreement with each such Participant, such amounts shall be calculated under procedures to be determined from time to time by the Administrator and consistently applied to similarly situated Participants. Unless otherwise determined by the Administrator or agreed in the special agreement with the Participant, amounts credited under this Section 5.2(c) shall be subject to five-year vesting, and such amounts shall be forfeited by the Participant if the Participant's service with the Company terminates for any reason other than death or disability (as defined in the RSP) before five years of actual service have been rendered to the Company by such Participant. Amounts described in this Section 5.2(c) shall be credited to the RSP-Related Account established for the Participant in accordance with Section 5.3.

Section 5.3 Crediting of Account.

(a) Time and Manner. Amounts described in this Article 5 shall be credited to the Supplemental Account established for a Participant at such times and in such manner as may be determined by the Administrator. In making such credits, the Administrator shall generally attempt to, but shall not be required to, credit accounts at a time and in a manner as similar as possible to the time and manner for the crediting of similar amounts under the Qualified Retirement Plans; provided, however, that:

(i) unless the Administrator determines otherwise, amounts credited to a Supplemental Account with respect to the application of the Section 415 Limitations to the RP shall be estimated by the Administrator at the time of a Participant's Separation from Service, based on such assumptions as the Administrator may reasonably impose and consistently applied to similarly situated Participants, and assuming that the Participant would begin receiving benefits under the RP at the time of the Participant's Separation from Service, or if later, at the earliest possible date that the Participant could start to receive benefits under the RP, and such estimated amount shall be credited immediately preceding the date upon which the Participant will receive (or commence receiving, in the case of installment payments) payment of benefits under the Plan; and

(ii) unless otherwise determined by the Administrator or agreed in a special agreement with a Participant, amounts credited to a Supplemental Account pursuant to Section 5.2(c) shall be determined as of and credited on the one-year anniversary of the later of the date of the special agreement or the first day of the Participant's employment by the Company. The Administrator shall apply such procedures consistently to similarly situated Participants.

(b) Company Stock Contributions. Amounts described in Section 5.2(b)(i) shall be initially credited to the RSP-Related Account established for a Participant, to a subaccount relating to the Stock Fund. For purposes of the Plan, the amount of such credits shall be determined by the Administrator in a manner determined by the Administrator to be reasonably consistent with similar determinations made under the Stock Fund.

(c) Other Contributions. Amounts described in Section 5.2(b)(ii) (profit-sharing contributions), Section 5.2(b)(iii) (matching contributions), Section 5.2(b)(iv) (conversion contributions), Section 5.2(b)(v) (GE Capital transition contributions) and Section 5.2(c) (special agreement credits) shall be credited to the RSP-Related Account established for a Participant, which shall contain various subaccounts selected by the Administrator in its sole and exclusive discretion, representing the various investment funds available to a Participant under the RSP as provided for in the Plan; provided that:

(i) amounts may not be directed to the Stock Fund in excess of limits established by the Plan or Administrator pursuant to Article 7, and any amounts directed to the Stock Fund in excess of those limits will be redirected in accordance with Article 7; and

(ii) unless otherwise determined by the Administrator, no subaccount shall be established under the Plan to coincide with any self-directed brokerage account which may be available under the RSP.

(d) Additional Accounts. The Administrator may, in its sole and exclusive discretion, establish additional book reserve accounts from time to time. The procedures to reflect and credit increases, decreases, interest, dividends, and other income, gains and losses shall be determined by the Administrator in its sole and exclusive discretion.

Section 5.4 Supplemental Benefits Payment Election. Any Supplemental Benefits payable under the Plan shall be paid in cash from the general assets of the Company in the form elected by the Participant subject to the following:

(a) In accordance with rules and procedures adopted by the Administrator in compliance with Section 409A, existing Participants, including Participants (other than those in pay status on December 31, 2004) under the Prior SRP Plan, may make Supplemental Elections as follows:

(i) Participants who have not previously made an initial Supplemental Election under Section 5.4(b), whether under the Plan or under the Prior SRP Plan, may make such an initial Supplemental Election on or before the date set by the Administrator, which shall not be later than December 31, 2005.

(ii) Participants who have previously made an initial Supplemental Election under Section 5.4(b), whether under the Plan or under the Prior SRP Plan, but who have not previously modified such election under Section 5.4(d), whether under the Plan or under the Prior SRP Plan, may change such Supplemental Election on or before the date set by the Administrator, which shall not be later than December 31, 2005, to elect any payment form permissible under Section 5.4(b) and Section 409A, regardless of whether such Supplemental Election lengthens or shortens the period over which payments from the Plan shall be made. For the avoidance of doubt, any such distribution which accelerates payments from the Plan shall not cause any reduction in the amounts otherwise payable hereunder. Notwithstanding Section 5.4(d), if made on or before December 31, 2005 in accordance with this Section 5.4(a)(ii), such subsequent Supplemental Election shall be made in accordance with Section 409A, but, to the extent permitted under Section 409A transition guidance, need not comply with the requirement regarding a minimum additional deferral period of five years. Any such subsequent Supplemental Election made under this Section 5.4(a)(ii) shall constitute a modification for purposes of the one-time limitation contained in Section 5.4(d), and no additional modification will thereafter be permitted under Section 5.4(d).

(iii) Employees who first become Participants after December 31, 2005 may make an initial Supplemental Election in accordance with rules and procedures adopted by the Administrator in compliance with Section 409A, which, with respect to Employees who first become Participants on or after January 1, 2012 and individuals who first become entitled to Supplemental Benefits as a result of Compensation paid during the fourth quarter of 2011 (by way of clarification, it is intended that individuals included in an enrollment process attributable to the third quarter of 2011 or an earlier quarter will not be covered by this rule, regardless of whether such individuals filed elections regarding Deferral Benefits and/or Supplemental Benefits at that time or instead were made subject to a default election), shall be applied as follows:

(A) A Participant's initial Supplemental Election shall not be effective with respect to Company contributions described in the following paragraphs:

(i) In the case of a Participant who first receives Compensation with respect to which Company contributions are credited under this Plan for the first, second or third quarter of the calendar year, or in the case of a new Participant in Band 50 or above, whose 30 day election period under Article 6 (or open enrollment period offered in lieu of a special enrollment period) expires no later than December 31st of the Participant's first calendar year as a Band 50 Employee eligible to participate in this Plan, or in the case of a new Participant who is not in Band 50 or above, who is permitted to file an election during open enrollment under Article 6 for the following calendar year, such Participant's initial Supplemental Election shall not be effective with respect to Company contributions calculated based on Compensation paid prior to the end of the first calendar year beginning on or after the date on which the Participant first is paid Compensation with respect to which Company contributions under this Plan are calculated, or in which the Participant is otherwise described in this paragraph.

(ii) In the case of a Participant who first is paid Compensation with respect to which Company contributions are calculated for the fourth quarter of a calendar year or who in the case of a new Participant in Band 50 or above, has a 30 day election period under Article 6 expiring later than December 31st of the Participant's first calendar year as a Band 50 Employee eligible to participate in this Plan and is not enrolled via the annual enrollment process in lieu of special enrollment, or in the case of a new Participant who is not in Band 50 or above, who is not permitted to participate in open enrollment under Article 6 for the following calendar year, such Participant's initial Supplemental Election shall not be effective with respect to Company contributions calculated based on Compensation paid prior to the end of the second calendar year beginning on or after the date the Participant is first paid Compensation with respect to which Company contributions are calculated, or in which the Participant is otherwise described in this paragraph.

(iii) For the avoidance of doubt, solely for the purposes of determining which Supplemental Benefits are subject to the Automatic New Participant Supplemental Election, a Participant with Compensation with respect to which Supplemental Benefits could be calculated is considered for purposes of this subsection to have such Supplemental Benefits calculated, regardless of whether the Participant actually qualifies for such Supplemental Benefits to be credited to the Participant's Account. For example, a Participant's failure to satisfy the service requirement or make contributions required to receive Company Matching Contributions, or the Company's decision not to make contributions, shall not impact the duration of the Automatic New Participant Supplemental Election.

(B) Instead, with respect to Company contributions not covered by the Participant's Supplemental Election, the Company shall be deemed to have made an Automatic New Participant Supplemental Election for the Participant (or his or her beneficiary, in the event of the Participant's death) to receive his or her Supplemental Benefits attributable to such contributions in the form of a single lump sum as of the January 1 or July 1 that is at least six months following the earliest of his or her Separation from Service or the date of Disability or death, as applicable (or as soon as administratively feasible thereafter, but in any event no later than 90 days).

(C) Company contributions that are not subject to the Automatic New Participant Supplemental Election by reason of being calculated with respect to Compensation paid later than the time periods set forth in Section 5.4(a)(iii)(A) above shall be subject to a Participant's initial Supplemental Election.

(D) With respect to an Employee who was a former Participant and again becomes a Participant after being rehired by the Company following his or her Separation from Service, the election rules in this Section shall apply to the Company Matching Contributions, Company Conversion Contributions and Company Profit-Sharing Contributions made to such Participant following his or her rehire date as if the rehire date (or if later, the resumption of eligibility to participate) were the date of initial participation eligibility.

(iv) Participants who have previously made both a Supplemental Election and a modification to such Supplemental Election shall be subject to the rules of Section 5.4(d) prohibiting any further changes to their Supplemental Elections. However, any Participant who was not in pay status (as defined in Section 1.1(c)) on January 1, 2005 and who previously made a modification to an initial Supplemental Election which accelerated the time period for payments from the Plan shall not have any reduction in the amounts otherwise payable hereunder (notwithstanding Section V(D)(1)(b)(ii) of the Prior SRP Plan).

(b) A Participant may elect to receive his or her Supplemental Benefits that are not covered by the Automatic New Participant Supplemental Election in a single lump-sum payment or in annual installments payable over a period of five, ten or 15 consecutive calendar years. Except as provided in Section 5.4(d), a Participant may not modify his or her initial Supplemental Election described in the preceding sentence. Such subsequent Supplemental Election shall apply to the payment of all Supplemental Benefits under the Plan and the Prior SRP Plan that are not covered by the Automatic New Participant Supplemental Election (except for benefits that were in pay status on December 31, 2004). A Participant's reemployment after Separation from Service shall not affect benefits attributable to periods prior to his or her Separation from Service, and he or she shall be subject to a new Automatic New Participant Supplemental Election and initial Supplemental Election with respect to post-reemployment benefits.

(c) If a Participant fails to make a valid, timely Supplemental Election in accordance with Section 5.4(a) and the rules and procedures adopted by the Administrator, such Participant shall be deemed to have made an initial Supplemental Election to receive his or her Supplemental Benefits that are not covered by the Automatic New Participant Supplemental Election in the form of a single lump sum as of the January 1 or July 1 that is at least six months following the earliest of his or her Separation from Service or the date of Disability or death, as applicable (or as soon as administratively feasible thereafter, but in any event no later than 90 days).

(d) A Participant who has not previously modified an initial Supplemental Election may make a one-time modification to his or her initial Supplemental Election to elect a different form of payment for Supplemental Benefits under the Plan that are not covered by the Automatic New Participant Supplemental Election. To be effective, such a modification shall be made by filing a written notice of modification in such form and manner as the Administrator may prescribe; provided, however, that the modification must comply with Section 409A, including the requirements regarding: (i) a minimum additional deferral period of five years, and (ii) the subsequent Supplemental Election not being effective until 12 months after it is made. A Participant may not change the payment method of his or her Supplemental Benefits after his or her Separation from Service. Notwithstanding the previous sentence, with respect to an Employee who was a former Participant and again becomes a Participant after being rehired by the Company following his or her Separation from Service, the one-time modification under this Section 5.4(d) shall be permitted with respect to such Participant's initial Supplemental Election made following his or her rehire date, regardless of whether the Participant had also made such a modification for benefits earned prior to Separation from Service. By way of clarification, the Automatic New Participant Supplemental Election cannot be modified.

ARTICLE 6
ELECTIVE DEFERRALS

Section 6.1 Notification. Employees eligible to participate in the Plan for a Plan Year with respect to Deferral Benefits will be notified by Amex of their eligibility to participate for such Plan Year. If Amex erroneously notifies an individual of his or her eligibility to participate, and such individual does not meet the requirements of Section 4.2 or such individual has been excluded by the Administrator pursuant to Section 4.1, such erroneous notification shall not cause the individual to be eligible, and any Deferral Election made by such ineligible individual shall be null and void and of no effect to the extent permissible under Section 409A.

Section 6.2 Participation. An eligible Employee for a Plan Year who was a Participant in the prior Plan Year as of the Band 50 Determination Date, or who is employed in Band 50 or above as of the Band 50 Determination Date in the prior Plan Year, or who otherwise becomes employed in Band 50 or above or first becomes eligible while in Band 50 or above prior to the end of the prior Plan Year and is authorized by the Administrator to participate in enrollment shall become a Participant in the Plan with respect to Deferral Benefits for such Plan Year by making a Deferral Election in accordance with Section 6.5 for the Plan Year. Such an Employee's Deferral Benefits Eligibility Date for the Plan Year shall be January 1. In addition to the foregoing, the following special rules apply to the extent permitted by Section 6.3:

(a) In the case of an Employee who is not already a Participant in the Plan, the Employee shall be considered eligible to participate as of the date he or she first is employed in Band 50 or above (or, in the case of an employee who was in Band 50 or above but not eligible for a Qualified Retirement Plan, as of the date the Employee (while still in Band 50 or above) becomes eligible for a Qualified Retirement Plan) and shall be permitted to file an election within 30 days of such date. Such Employee's Deferral Benefits Eligibility Date shall be the first payroll period beginning after the expiration of the 30-day period. Notwithstanding the foregoing, the Administrator may establish procedures regarding coordination of special enrollment and open enrollment opportunities for Employees who would otherwise become eligible for Band 50 or above special enrollment at the end of the Plan Year, and/or may otherwise impose limits on the availability of special enrollment in appropriate circumstances.

(b) In the case of an Employee who is not already a Participant in the Plan and is not employed in Band 50 or above, the following rules shall apply:

(i) An Employee who was not otherwise eligible to participate in Deferral Benefits for a Plan Year and first satisfies the requirements for participation during one of the first three quarters of the Plan Year by reason of exceeding the Section 401(a)(17) Limitation will become eligible to participate in Deferral Benefits under the Plan effective January 1 of the following Plan Year, which shall be such Employee's Deferral Benefits Eligibility Date, and may participate in the Plan's open enrollment period.

(ii) An Employee who was not otherwise eligible to participate in Deferral Benefits for a Plan Year and first satisfied the requirements for participation during the final calendar quarter of the Plan Year by reason of exceeding the Section 401(a)(17) Limitation will become eligible to participate in Deferral Benefits under the Plan as of the first pay period beginning after the first day of the second month of the first calendar quarter of the following

Plan Year (the first day of such pay period being the Deferral Benefits Eligibility Date), and may make an election in advance of such date and in accordance with Section 6.3 by the deadline established by the Administrator.

(iii) By way of clarification, an Employee does not have a special enrollment right merely because he or she exceeds the Section 415 limit under a Qualified Retirement Plan.

(iv) By way of clarification, the date an Employee exceeds the Section 401(a)(17) Limit is determined based on Compensation for the Plan Year, regardless of whether some portion of that Compensation is excluded from Supplemental Benefits calculations because the Participant had not yet completed the service requirement for Company contributions.

(c) Except as expressly permitted under this Section, mid-year elections are not allowed. A mid-year election may not be made, even if otherwise permitted under this Section, unless the Employee also satisfies all the requirements of Section 6.3, and must be filed by the deadline established by the Administrator. All Deferral Elections will become irrevocable as of the day before the Deferral Benefits Eligibility Date, or such earlier date as is established by the Administrator.

Section 6.3 Newly Eligible Employees. To the extent permissible under Section 409A and Section 6.2, Employees who become eligible to participate in the Plan during a Plan Year with respect to Deferral Benefits and who have not previously been eligible to participate in an elective account-balance deferred compensation arrangement (as defined for purposes of Section 409A) of Amex or its subsidiaries may be offered by Amex the opportunity to participate in the Plan for the Plan Year in accordance with Section 6.2. In the case of an Employee who had previously been eligible to participate in an elective account-balance deferred compensation arrangement (as defined for purposes of Section 409A) of Amex or its subsidiaries (regardless of whether he or she chose to do so), that Employee may be treated as newly eligible to participate and entitled to mid-year enrollment to the extent permitted by Section 6.2 if:

(a) The Employee had received payment of all amounts under the Plan's Deferral Account and any other elective account-balance plan and, as of the date of the last payment was not eligible to continue participation in the Plan's Deferral Benefits or any other elective account-balance plan, disregarding for this purpose any right to delay payment; or

(b) The Employee had ceased to be eligible to participate in Deferral Benefits under the Plan and all other elective account-balance plans and had not been eligible to participate in Deferral Benefits under the Plan or any other elective account-balance plan at any time during the 24-month period ending on the date the Employee again became eligible (disregarding for purposes of determining the Employee's eligibility the right to accrue earnings on amounts in the Plan or other elective account-balance plan), regardless of whether the Employee has received payments of amounts previously deferred.

Section 6.4 Deferrable Compensation.

(a) <u>Eligible Compensation</u>.

(i) An eligible Employee for a Plan Year may elect to defer a specified amount from one or more of the following items:

(A) the Employee's Base Salary to be paid during that Plan Year; and

(B) the Employee's Incentive Pay to be paid in the second Plan Year to commence after the election is made (excluding any amounts that would otherwise be Incentive Pay but which are earned prior to the start of the Plan Year following the Plan Year in which the Deferral Election is filed).

(ii) Notwithstanding Section 6.4(a)(i), an Employee who becomes eligible to participate in the Plan with respect to Deferral Benefits during a Plan Year who is offered the opportunity by Amex to participate as described in Section 6.3 may only elect to defer a specified amount from one or more of the following items:

(A) the Employee's Base Salary for the Plan Year of the Deferral Election which is paid for payroll periods beginning on and after the Employee's Deferral Benefits Eligibility Date; and

(B) a portion of the Employee's Incentive Pay to be paid in the following Plan Year, calculated by multiplying the amount of each Incentive Pay payment made in the following Plan Year by a percentage, such percentage to be determined by dividing the number of days remaining in the calendar year as of the Employee's Deferral Benefits Eligibility Date by 365 or, in the case of an Employee hired during the performance period, by the total number of days in the performance period measured from the date of hire.

(b) Maximum Deferral. The Administrator shall impose the following limits on Deferral Benefits, provided that the Administrator (in its sole discretion) may waive an otherwise applicable limit so long as such waiver is approved no later than the day before the date a Deferral Election becomes effective.

(i) The Administrator shall limit the amount that may be deferred from (A) Base Salary to be paid in the following Plan Year and (B) Incentive Pay to be paid in the second following Plan Year, to 100 percent of the Participant's Base Salary rate in effect as of the December 31st of the Plan Year during which the Deferral Election is filed (or with respect to an Employee who becomes eligible to participate in the Plan with respect to Deferral Benefits during a Plan Year, shall limit the amount that may be deferred from Base Salary paid in such Plan Year and Incentive Pay paid in the following Plan Year (1) if the Employee becomes eligible to participate in the Plan by reason of being hired into or a promotion to Band 50 or above (or a transfer to eligible status while in Band 50), 100 percent of the Employee's Base Salary rate in effect as of the date he or she becomes eligible to so participate; (2) if the Employee becomes eligible to participate in the Plan by reason of exceeding the Section 401(a)(17) Limitation, 100 percent of the Employee's Base Salary rate in effect as of the last day of the calendar quarter preceding the date he or she becomes eligible to so participate pursuant to Section 6.2(b)). The Administrator shall calculate this limit by (X) subtracting the percentage of Base Salary elected to be deferred from 100 percent, (Y) multiplying the Base Salary rate times the percentage obtained under clause (X), and (Z) limiting the Incentive Pay Deferral Benefits for the second following (or, in the case, of mid-year enrollment, the following) Plan Year to the dollar amount obtained under clause (Y). By way of clarification, a Participant's actual Base Salary Deferral Benefits will vary in amount, depending on actual Base Salary paid, but shall not affect this maximum limit on Incentive Pay in the second following (or in the case of mid-year enrollment, the following) Plan Year.

(ii) All Deferral Elections shall be limited to the amount of any payment otherwise payable in cash, net of applicable withholdings.

(iii) The Administrator may, in its discretion, impose further limits on the amount or percentage that can be deferred from Base Salary and/or Incentive Pay for a given Plan Year. Any such limit will be imposed no later than the day before the date the Deferral Election takes effect. Unless and until the Administrator decides otherwise, the maximum percentage of Incentive Pay that may be elected is 85 percent.

(c) Computation of Deferral Amounts. The Administrator may specify that Deferral Elections must be made as a percentage of Base Salary and Incentive Pay, respectively, as a dollar amount of Base Salary and Incentive Pay, respectively, or in some other reasonable fashion. The Administrator may permit the use of multiple methods of calculating Deferral Elections or require use of a single method. The Administrator may permit Employees to specify that a Deferral Election shall apply only to the extent that the Employee is paid amounts in excess of the Section 401(a)(17) Limitation.

Section 6.5 Deferral Benefits Election.

(a) Time of Deferral Election. An eligible Employee for a Plan Year who wants to participate in the Plan with respect to Deferral Benefits for a Plan Year must make an irrevocable Deferral Election for the Plan Year on or before the December 15 of the preceding Plan Year, or if December 15 is on a weekend, the following Monday, or as of such other deadline as the Administrator may establish (but in all events prior to the beginning of such Plan Year); provided, however, that an Employee permitted under Section 6.2 to make a mid-year Deferral Election for the Plan Year in which he or she becomes eligible to participate may make a Deferral Election by the deadline established under that Section (or by such earlier deadline as may be established by the Administrator).

(b) Form of Deferral Election. A Deferral Election for a Plan Year shall be made in the manner and by the deadlines prescribed by the Administrator.

(c) Contents of Deferral Election. In his or her Deferral Election for a Plan Year, the Employee shall specify:

(i) the items of his or her compensation eligible for deferral under Section 6.4(a) that the Employee wishes to defer for the Plan Year and the amount of each such item to be deferred, provided that the amount of all items to be deferred complies with Section 6.4(b) and any administrative limits imposed on elections made for such Plan Year;

(ii) in the case of an Employee in Band 50 or above as of the Band 50 Determination Date in the prior Plan Year (or a non-Participant who first becomes an eligible Band 50 Employee after such date and is permitted by the Administrator to participate in open enrollment for the following Plan Year on account of such hire or promotion into Band 50):

(A) the time when his or her Deferral Benefits for such Plan Year shall be paid, which shall be either (A) the Separation from Service of the Participant, or (B) a specified date at least five years after the last day of the Plan Year at the time of the election; and

(B) the form of payment of his or her Deferral Benefits for the Plan Year, which shall be (A) a lump sum, or (B) five, ten or 15 substantially equal annual installments.

In the event that an Employee's Deferral Election pursuant to Section 6.5(a) and Section 6.5(b), does not specify both a valid time of payment pursuant to Section 6.5(c)(ii)(A) and a valid form of payment pursuant to Section 6.5(c)(ii)(B), such Employee shall be deemed to have elected a lump-sum payment as of the January 1 or July 1 that is at least six months following his or her Separation from Service (or as soon as administratively feasible thereafter, but in any event no later than 90 days).

By way of clarification, an Employee who is not in Band 50 or above as of the Band 50 Determination Date for the prior Plan Year may not file a special election regarding time and form of payment for Deferral Benefits for a Plan Year. Instead, the Supplemental Election (without regard to the Automatic New Participant Supplemental Election) made pursuant to Section 5.4 will also apply to such Deferral Benefits. However, as set forth above, in the case of a new Participant who is enrolled as a result of being hired into or promoted to Band 50 (or transferring to eligible status while in Band 50 or above) after such date, the Administrator may permit such Employee to participate in open enrollment for the following Plan Year as a Band 50 or above Employee.

(d) Withholding of Amounts Deferred. For each Plan Year, the Base Salary portion of a Participant's Deferral Election shall be withheld from each regularly scheduled Base Salary payroll, and the Incentive Pay portion of a Participant's Deferral Election shall be withheld at the time the Incentive Pay is or otherwise would be paid to the Participant.

Section 6.6 Crediting of Deferred Amounts. The Administrator shall establish and maintain a Deferral Account with respect to each Participant's Deferral Benefits. Amounts deferred by a Participant shall be credited to the Deferral Account established for the Participant at such times and in such manner as may be determined by the Administrator. The Administrator may divide the Deferral Account into subaccounts for purposes of tracking earnings and losses in accordance with Article 7.

ARTICLE 7
EARNINGS

Section 7.1 RP-Related Account. For each Participant, the RP-Related Account established pursuant to Section 5.1 shall be increased by the Imputed Earnings Credit (as such term is defined in the RP), not less frequently than annually, under procedures and at times determined by the Administrator and consistently applied for similarly situated Participants. Such earnings shall be credited at the same interest rate and computed in a similar manner (to the extent administratively feasible) as Imputed Earnings Credits are computed under the RP for each Plan Year.

Section 7.2 RSP-Related Account. A Participant's RSP-Related Account shall be credited with earnings under the Hypothetical Investment Method set forth below.

Section 7.3 Deferral Accounts.

(a) For Plan Year 2011 and later, a Participant's Deferral Benefits for such Plan Year shall be credited with earnings under the Hypothetical Investment Method set forth below. For the avoidance of doubt, 2010 Incentive Pay paid in 2011 and deferred pursuant to a Deferral Election will be considered 2010 Deferral Benefits for purposes of this Section.

(b) For Executive Officers, such Participant's Deferral Benefits for Plan Years prior to 2011 shall be credited with earnings under the Hypothetical Investment Method set forth below effective for all earnings credited in any Plan Year beginning on or after January 1, 2011 and under the Interest Method set forth below for earnings credited in 2010 and prior Plan Years; provided, however, that earnings credited in 2010 (to the extent not paid out by October 27, 2010) will not exceed the AFR if Amex's ROE is Below ROE Target Range; and provided further that for those Executive Officers who received payment in the 2010 Plan Year prior to October 27, 2010, earnings on the amounts paid prior to October 27, 2010 were calculated based on the Interest Method without reference to any AFR limitation.

(c) For Non-Executive Officers, such Participant's Deferral Benefits for Plan Years prior to 2011 shall be credited with earnings under the Interest Method set forth below through December 31, 2011; provided, however, that if a Participant becomes an Executive Officer during 2011, earnings for 2011 credited to such Participant's Deferral Benefits for Plan Years prior to 2011 shall not exceed the AFR (except to the extent earnings in excess of the AFR have been paid out prior to the Participant's becoming an Executive Officer). For 2012 and subsequent years, the Hypothetical Investment Method shall apply.

(d) For Retirees, such Participant's Deferral Benefits for Plan Years prior to 2011 shall be credited with earnings under the Interest Method set forth below through December 31, 2012, and under the Hypothetical Investment Method set forth below effective January 1, 2013.

Section 7.4 Hypothetical Investment Method.

(a) For each Participant, credits to his or her RSP-Related and Deferral Account (to the extent subject to the Hypothetical Investment Method) shall be made to such subaccounts thereunder as directed by such Participant, using the subaccounts described in Section 5.3, provided, however, that with respect to Deferral Benefits attributable to Plan Years prior to 2011, the Participant may elect to have all or some of such Deferral Benefits invested in an investment option that credits earnings at the AFR instead of in the Stock Fund or the RSP-based investment options, and provided further that no Participant may transfer amounts to the subaccount representing the Stock Fund to the extent that such transfer would result in the aggregate Company Stock holdings of such Participant under the Plan exceeding ten percent of (i) the total value of his or her Deferral Account (determined at the time of the transfer) with respect to the investment of the Deferral Account or (ii) the total value of his or her RSP-Related Account (determined at the time of the transfer) with respect to the investment of the RSP-Related Account, nor may a Participant direct that more than ten percent of new contributions made to the RSP-Related Account or the Deferral Account, respectively, be directed to the subaccount representing the Stock Fund. If more than one subaccount is available, a Participant must designate, on a form or other medium acceptable to the Administrator, in one-percent increments, the amounts to be credited to each subaccount. A Participant shall be allowed to amend such designation consistent with the frequency of investment changes offered the Participant under rules governing the RSP for a given Plan Year, subject to any different or additional rules as may be established by the Administrator for this Plan. If a Participant has directed the transfer of amounts to the Stock Fund and the credits to the relevant Account of a Participant to the subaccount relating to the Stock Fund would result in the aggregate Company Stock holdings of such Participant under the Plan exceeding ten percent of the total value of such Account (determined at the time of the transfer) or has directed new contributions to an Account to the Stock Fund in an amount which would result in new contributions to such Account's subaccount representing the Stock Fund exceeding ten percent of new contributions to such Account, then such Participant shall be deemed to have selected, with respect to any such excess, the default subaccount designated by the Administrator (which shall be deemed to be the subaccount representing the fund designated as the default fund under the RSP, unless the Administrator directs the use of a different fund).

(b) To the extent a Participant elects to invest in the subaccount representing the Stock Fund, subject to Section 7.4(d) and Section 7.6, the limit on such investments set forth above, and such rules as may be adopted by the Administrator, the performance of the book reserve subaccount established for each Participant pursuant to Section 5.3 or Section 6.6 shall reflect the performance of the Stock Fund. Such subaccount shall reflect such increases or decreases in value from time to time, whether from dividends, gains, losses or otherwise, as may be experienced by the Stock Fund. Subject to Section 7.6 and to such rules as may be adopted by the Administrator, a Participant may elect to transfer credits among the Stock Fund and one or more subaccounts representing other investment options in a manner similar to the rules for such transfers under the RSP and such different or additional rules as the Administrator may establish for this Plan; provided, however, no Participant may transfer amounts to the subaccount representing the Stock Fund to the extent that such transfer would violate a limit on such investment established by the Plan or the Administrator.

(c) To the extent the Participant does not elect (or is not permitted) to invest in the subaccount representing the Stock Fund, subject to Section 7.4(d), and to such rules as may be adopted by the Administrator, the performance of each book reserve subaccount established for each Participant shall reflect the performance of the investment fund that the Participant elects to have such subaccount represent. Each such subaccount shall reflect such increases or decreases in value from time to time, whether from dividends, gains, losses or otherwise, as that experienced by the related investment fund under the RSP or, in the case of the AFR investment option, as indicated by the AFR. Subject to Section 7.6, credits to such subaccounts may be transferred to any other subaccount under the Plan in a manner similar to the rules for such transfers under the RSP, on such terms and at such times as permitted with respect to the related investment funds under the RSP and such similar rules as may be established for the AFR option, subject in each case to such rules as may be adopted by the Administrator for this Plan. If a Participant fails to affirmatively designate one or more subaccounts pursuant to this Section 7.4(c), subject to rules established by the Administrator, such Participant shall be deemed to have selected a default account selected by the Administrator (which shall be deemed to be the subaccount representing the fund designated as the default fund under the RSP, unless the Administrator directs the use of a different fund). Notwithstanding the foregoing, the Administrator may, in its sole discretion, provide that one or more investment funds available under the RSP, including any self-directed brokerage account which may be available under the RSP, shall not be available for designation under the Plan.

(d) The subaccounts shall be valued subject to such reasonable rules and procedures as the Administrator may adopt and apply to all Participants similarly situated with an effort to value such subaccounts as if amounts designated were invested at similar times and in manners, subject to administrative convenience, as amounts are invested, and subject to the same market fluctuation factors used in valuing such investments in the RSP.

Section 7.5 Interest Method. With respect to Deferral Accounts governed by the Interest Method:

(a) Under the Interest Method, a Participant's Deferral Account for a Plan Year shall be credited with interest equivalents each calendar year at the Schedule Rate in effect for the calendar year, subject to any limitations established under the Plan.

(b) The amounts in such Deferral Account shall vest as follows:

(i) *Principal*. The principal amount of a Participant's Deferral Account for a Plan Year shall be 100 percent vested at all times.

(ii) *Earnings*. Until January 1, 2011, with respect to amounts credited with earnings under the Interest Method, the earnings on a Participant's Deferral Benefits for a Plan Year for a given calendar year at the Minimum Schedule Rate for the calendar year shall be 100 percent vested as such earnings are accrued and credited, and the portion of the earnings on a Participant's Deferral Benefits for a Plan Year for a given calendar year at the applicable Schedule Rate in excess of the Minimum Schedule Rate for the calendar year, if any, shall become vested on the date that the Participant becomes Retirement Eligible, or upon the earlier death or Disability of the Participant, and thereafter as such earnings are accrued and credited. Effective December 31, 2010, all earnings amounts under the Interest Method with respect to Deferral Benefits not yet paid out shall be fully vested.

Section 7.6 Special Restrictions.

(a) The provisions of this Section 7.6 shall apply to Insiders. Such provisions shall apply during all periods that such Participants are Insiders, including any period following cessation of Insider status during which such Participants are required to report transactions pursuant to Rule 16a-2(b) (or its successor) under the Exchange Act. This Section 7.6 shall be automatically applicable to any Participant who, on and after the date hereof, becomes an Insider. For purposes of the foregoing, the effective date of this Section 7.6 shall be the date the Participant becomes an Insider. At such time as any Participant ceases to be an Insider (and any period contemplated by Rule 16a-2(b) has expired), this Section 7.6 shall cease to be applicable to such Participant.

(b) Notwithstanding anything in the Plan to the contrary, (i) except as set forth below, credits to the Account of an Insider may not be made to a subaccount that reflects the performance of the Stock Fund, (ii) credits made to the Account of an Insider at any time may not be transferred to a subaccount that reflects the performance of the Stock Fund and (iii) credits made to an Insider's Account at any time, and credits to a subaccount of an Insider that reflects the performance of the Stock Fund (which credits could only have been made when such individual was not an Insider) may not be transferred, withdrawn, paid out or otherwise changed, other than (A) pursuant to the Participant's payment election or the rules governing distribution in the event of the Participant's death (but only at such time as distribution is permitted under the securities rules, it being intended that a delay in the normal payment schedule occur only to the extent required by securities rules, as permitted by Section 409A) or (B) pursuant to applicable forfeiture provisions contained in the Plan.

(c) It is intended that the crediting of amounts to the accounts of Insiders that represents the performance of the Stock Fund is intended to qualify for exemption from Section 16 under Rule 16b-3(d) under the Exchange Act. The Administrator shall, with respect to Insiders, administer and interpret all Plan provisions in a manner consistent with such exemption.

ARTICLE 8
PAYMENT OF BENEFITS

Section 8.1 Supplemental Account Payments (Other than Payments Due to Death or Disability).

(a) By way of clarification, the rules set forth in this Section shall be applied separately to the portion of the Participant's Supplemental Benefits that is subject to the Automatic New Participant Supplemental Election and the remainder of the Participant's Supplemental Benefits that is not covered by the Automatic New Participant Supplemental Election, to the extent that the Participant's Supplemental Election differs from the Automatic New Participant Supplemental Election. Subject to Section 8.1(b), payment of Supplemental Benefits shall be made as follows: (i) if the governing Election calls for a lump-sum payment, it shall be made on the first January 1 or July 1 which is at least six months following the Participant's Separation from Service for any reason (other than death or Disability) from the Company, or as soon thereafter as administratively feasible, but in no event later than 90 days; and (ii) if the governing Election calls for annual installment payments, they shall begin on July 1 of the calendar year following the Participant's Separation from Service for any reason (other than death or Disability) from the Company, or as soon thereafter as administratively feasible, but in no event later than 90 days, and shall continue on each July 1 (or as soon thereafter as administratively feasible, but in no event later than 90 days) thereafter for the period selected by the Participant. A Participant who has experienced a Separation from Service and is to receive or has begun receiving payments as set forth above, shall continue receiving any remaining payments according to the terms in effect on the date of his or her Separation from Service, even if later re-employed by the Company.

(b) If a Participant has made the one-time modification to his or her initial Supplemental Election pursuant to Section 5.4(a)(ii) or Section 5.4(d) and such subsequent Supplemental Election has become effective prior to the Participant's Separation from Service, then payment of such Participant's Supplemental Benefits (to the extent governed by the amended Election) pursuant to Section 8.1(a) shall be made, or commence in the case of annual installments, on the date that is five years later than the date such Supplemental Benefits would otherwise be made or commence pursuant to Section 8.1(a). The rehire of a Participant during this intervening period will not affect the payment schedule. The Automatic New Participant Supplemental Election may not be modified, and accordingly the portion of the benefit subject to the Automatic New Participant Supplemental Election will not be subject to any five-year delay.

(c) If a Participant has elected annual installment payments, each annual installment payment shall be determined by multiplying the amount of the Participant's Supplemental Benefits by a fraction, the numerator of which is one, and the denominator of which is the number of remaining payments (e.g., if the Participant elected five installments, the first annual installment payment would be the amount of the Participant's Supplemental Benefits multiplied by 1/5, the second annual installment payment would be the remaining amount of the Participant's Supplemental Benefits multiplied by 1/4, etc.).

(d) The payment of Supplemental Benefits to a Participant under this Section 8.1 shall be limited to a Participant's vested portion of his or her Supplemental Account at the time of distribution. Unless otherwise expressly provided in the Plan, a Participant's vested portion shall be determined under the vesting provisions of the Qualified Retirement Plans. Any non-vested portion of amounts credited to a Participant hereunder shall be forfeited.

Section 8.2 Deferral Account Payments (Other than Payments Due to Death or Disability).

(a) Generally Applicable Rules for Payment to Participants. With respect to Post-2010 Deferral Benefits, payments not made on account of death or Disability will be governed by Section 8.1 except to the extent that a Participant was eligible to make a special payment election with respect to such Deferral Benefits pursuant to Section 6.5, in which case payment will be governed by Section 8.2(b) or Section 8.2(c), as applicable. Pre-2011 Deferral Benefits not payable on account of death or Disability will be paid in accordance with Section 8.2(b)(i) or Section 8.2(c)(i), as applicable.

(b) Specified Date Elections for Employees in Band 50 or Above. If a Participant designated a specified date as the time when some or all of the Deferral Benefits of such Participant are to be paid, and the Participant has not had a Separation from Service, died or incurred a Disability as of the specified date, then payment of the Deferral Account shall be made as follows:

(i) In the case of Pre-2011 Deferral Benefits, (A) if the Participant elected a lump-sum payment of some or all of such Deferral Benefits, it shall be made on the first March 15 or September 15 following the specified date (or if the Participant designated March 15 or September 15 as the specified date, payment shall be made on such specified date), or as soon thereafter as administratively feasible, but in no event later than 90 days; and (B) if the Participant elected annual installment payments of some or all of such Deferral Benefits, payment shall begin on the first March 15 or September 15 following the specified date (or if the Participant designated March 15 or September 15 as the specified date, payment shall begin on such specified date), or as soon thereafter as administratively feasible, but in no event later than 90 days, and shall continue on each March 15 (or as soon thereafter as administratively feasible, but in no event later than 90 days) thereafter for the period selected by the Participant. If a Participant who is to receive or has begun receiving payments in annual installments under this Section 8.2(b)(i) experiences a Separation from Service before having received all of the annual installments to which the Participant is entitled, then if the Participant is Retirement Eligible at the time of his or her Separation from Service, the Participant shall receive or continue to receive the remaining annual installment payments as scheduled, and if the Participant is not Retirement Eligible at the time of his or her Separation from Service, then the remaining installments shall be paid to the Participant in a lump sum pursuant to Section 8.2(c)(i).

(ii) In the case of Post-2010 Deferral Benefits, (A) if the Participant elected a lump-sum payment of some or all of such Deferral Benefits, it shall be made on the first January 1 or July 1 coinciding with or following the specified date or as soon thereafter as administratively feasible, but in no event later than 90 days, and (B) if the Participant elected annual installment payments of some or all of such Deferral Benefits, payment shall begin on the first January 1 or July 1 coinciding with or following the specified date, or as soon thereafter as administratively feasible, but in no event later than 90 days, and continue each January 1 or July 1 (as applicable) thereafter (or as soon thereafter as administratively feasible, but in no event later than 90 days) for the period selected by the Participant. If a Participant who is to receive or has begun receiving payments in annual installments under this Section 8.2(b)(ii) experiences a Separation from Service before having received all of the annual installments to which the Participant is entitled, then the Participant shall receive or continue to receive the remaining annual installment payments as scheduled.

(c) Separation from Service for Employees in Band 50 or Above. If a Participant has a Separation from Service for any reason other than death or Disability, regardless of whether the Participant designated a later specified date as the time when some or all Deferral Benefits are to be paid, then Deferral Benefits subject to a Deferral Election that specifies time and form of payment under Section 6.5 will be paid as follows:

(i) In the case of Pre-2011 Deferral Benefits:

(A) If a Participant is Retirement Eligible at the time of his or her Separation from Service, then payment of the Participant’s Deferral Benefits shall be made as follows: (A) if the Participant elected a lump-sum payment of some or all Deferral Benefits, payment of such Deferral Benefits shall be made on the first March 15 or September 15 which is at least six months following the Participant’s Separation from Service from the Company, or as soon thereafter as administratively feasible, but in no event later than 90 days; and (B) if the Participant elected annual installment payments of some or all Deferral Benefits, payment of such Deferral Benefits shall begin on the first March 15 or September 15 which is at least six months following the Participant’s Separation from Service from the Company, or as soon thereafter as administratively feasible, but in no event later than 90 days, and shall continue on each March 15 (or as soon thereafter as administratively feasible, but in no event later than 90 days) thereafter for the period selected by the Participant. A Participant who has experienced a Separation from Service and is to receive or has begun receiving payments as set forth above, shall continue receiving any remaining payments according to the terms in effect on the date of his or her Separation from Service, even if later re-employed by the Company.

(B) If a Participant is not Retirement Eligible at the time of his or her Separation from Service, then regardless of the Participant's Deferral Elections, payment of all of the Participant's Deferral Benefits shall be made in a lump sum on the first March 15 or September 15 which is at least six months following the Participant's Separation from Service, or as soon thereafter as administratively feasible, but in no event later than 90 days.

(ii) In the case of Post-2010 Deferral Benefits, upon Separation from Service, payment of the Participant's Deferral Benefits shall be made as follows: (A) if the Participant elected a lump-sum payment of some or all Deferral Benefits, payment of such Deferral Benefits shall be made on the first January 1 or July 1 which is at least six months following the Participant's Separation from Service from the Company, or as soon thereafter as administratively feasible, but in no event later than 90 days; and (B) if the Participant elected annual installment payments of some or all Deferral Benefits, payment of such Deferral Benefits shall begin on the first July 1 in the calendar year following the Participant's Separation from Service from the Company, or as soon thereafter as administratively feasible, but in no event later than 90 days, and shall continue on each July 1 (or as soon thereafter as administratively feasible, but in no event later than 90 days) thereafter for the period selected by the Participant. A Participant who has experienced a Separation from Service and is to receive or has begun receiving payments as set forth above, shall continue receiving any remaining payments according to the terms in effect on the date of his or her Separation from Service, even if later re-employed by the Company.

(d) Calculation of Installments. If a Participant will receive payment of some or all Deferral Benefits in annual installment payments, each annual installment payment shall be determined by multiplying the amount of the Deferral Benefits being paid pursuant to such Deferral Election by a fraction, the numerator of which is one, and the denominator of which is the number of remaining payments (e.g., if the Participant is to receive payment of the entire amount in his or her Deferral Account in five installments, the first annual installment payment would be the amount of the Participant's Deferral Account multiplied by 1/5, the second annual installment payment would be the remaining amount of such Deferral Account multiplied by 1/4, etc.).

(e) Payment Limited to Vested Amount. The payment of a Participant's Deferral Account for a Plan Year under this Section 8.2 shall be limited to a Participant's vested portion of his or her Deferral Account at the time of distribution. Any non-vested portion of amounts credited to a Participant hereunder shall be forfeited.

Section 8.3 Designation of Beneficiaries. A Participant may separately designate a Beneficiary or Beneficiaries entitled to receive payment of his or her Supplemental Account and his or her Deferral Account by filing written notice of such designation with the Administrator in such form as the Administrator may prescribe. A Participant may revoke or modify such designation at any time by a further written designation in such form as the Administrator may prescribe. A Participant's Beneficiary designation shall be deemed automatically revoked in the event of the death of the Beneficiary or, if the Beneficiary is the Participant's spouse, in the event of dissolution of marriage. If no designation is in effect at the time Benefits payable under the relevant Account become due, the Beneficiary of such Account shall be deemed to be the Participant's surviving spouse, if any, and if not, the Participant's estate.

Effective for Participants who die on or after January 1, 2013, if a Participant has designated his or her spouse as his or her beneficiary for either or both Accounts, that designation shall automatically become null and void in the event of the Participant's divorce, without prejudice, however, to any rights the former spouse may be granted pursuant to a domestic relations order applicable to the Plan. In the event that a beneficiary designation is voided hereunder, the benefit shall be paid as if the former spouse had pre-deceased the Participant. A Participant who wishes the former spouse to be his or her beneficiary may file a new beneficiary designation form naming the former spouse after the date of divorce. These rules will also apply in the event a beneficiary is permitted to designate a beneficiary and becomes divorced from the person named as beneficiary. Notwithstanding the foregoing, neither the Plan nor any other person will be liable for payment made to a named beneficiary prior to the date that the Plan is notified that such person is a divorced spouse.

Section 8.4 Death.

(a) Supplemental Account. Upon a Participant's death, payment of the Participant's Supplemental Account shall be made to the Participant's Beneficiary or Beneficiaries designated to receive the Participant's Supplemental Account. If a Participant dies while still actively employed by the Company, the payment of his or her Supplemental Account shall be made as a single lump-sum payment on the first January 1 or July 1 which is at least six months following the Participant's death, or as soon thereafter as administratively feasible, but in no event later than 90 days. If a Participant elects annual installment payments and dies after such installment payments have commenced (or while waiting for installments to commence in the event that payment was delayed following Separation from Service as the result of a modification of a Supplemental Election), any remaining installment payments shall be made to the Participant's Beneficiary or Beneficiaries as a single lump-sum payment on the first January 1 or July 1 which is at least six months following the Participant's death, or as soon thereafter as administratively feasible, but in no event later than 90 days. By way of clarification, if a Participant dies after Separation from Service but before the January 1 or July 1 (or other payment date within 90 days thereafter) that is six months after the Separation from Service, payment in a lump sum shall be made to the beneficiary on the originally scheduled date. To the extent however, that the Participant's payment had been delayed five years due to his or her modification of his or her Supplemental Election, the Plan will make payment in accordance with the death benefit provisions and will not wait for the five-year period to elapse.

(b) Deferral Account. Upon a Participant's death, payment of the Participant's Deferral Account shall be made to the Participant's Beneficiary or Beneficiaries designated to receive the Participant's Deferral Account.

(i) With respect to Pre-2011 Deferral Benefits, if a Participant dies while still actively employed by the Company, the payment of his or her Deferral Account shall be made as a single lump-sum payment on the first March 15 or September 15 which is at least six months following the Participant's death, or as soon thereafter as administratively feasible, but in no event later than 90 days. If a Participant elects annual installment payments and dies after such installment payments have commenced, any remaining installment payments shall be made to the Participant's Beneficiary or Beneficiaries as a single lump-sum payment on the first March 15 or September 15 which is at least six months following the Participant's death, or as soon thereafter as administratively feasible, but in no event later than 90 days. By way of clarification, if a Participant dies after Separation from Service but before the March 15 or September 15 (or other payment date within 90 days thereafter) that is six months after the Separation from Service, payment in a lump sum shall be made to the beneficiary on the originally scheduled date.

(ii) With respect to Post-2010 Deferral Benefits, if a Participant dies while still actively employed by the Company, the payment of his or her Deferral Account shall be made as a single lump-sum payment on the first January 1 or July 1 which is at least six months following the Participant's death, or as soon thereafter as administratively feasible, but in no event later than 90 days. If a Participant elects annual installment payments and dies after such installment payments have commenced (or while waiting for installments to commence in the event that payment was delayed following Separation from Service as the result of a modification of a Supplemental Election applicable to such Deferral Benefits), any remaining installment payments shall be made to the Participant's Beneficiary or Beneficiaries as a single lump-sum payment on the first January 1 or July 1 which is at least six months following the Participant's death, or as soon thereafter as administratively feasible, but in no event later than 90 days. By way of clarification, if a Participant dies after Separation from Service but before the January 1 or July 1 (or other payment date within 90 days thereafter) that is six months after the Separation from Service, payment in a lump sum shall be made to the beneficiary on the originally scheduled date. To the extent however, that the Participant's payment had been delayed five years due to his or her modification of a Supplemental Election that also applies to his or her Deferral Benefits, the Plan will make payment in accordance with the death benefit provisions and will not wait for the five-year period to elapse.

Section 8.5 Disability.

(a) Supplemental Account. By way of clarification, the rules set forth in this Section shall be applied separately to the portion of the Participant's Supplemental Benefits that is subject to the Automatic New Participant Supplemental Election and the remainder of the Participant's Supplemental Benefits that is not covered by the Automatic New Participant Supplemental Election, to the extent that the Participant's Supplemental Election differs from the Automatic New Participant Supplemental Election. In the event of the Disability of a Participant, payment of the Participant's Supplemental Account shall be made as follows: (i) if the governing Election calls for a lump-sum payment of his or her Supplemental Account, payment shall be made on the first January 1 or July 1 which is at least six months following the Participant's date of Disability, or as soon thereafter as administratively feasible, but in no event later than 90 days; and (ii) if the governing Election calls for annual installment payments of his or her Supplemental Account, payment shall begin on July 1 of the calendar year following the Participant's date of Disability, or as soon thereafter as administratively feasible, but in no event later than 90 days, and shall continue on each July 1 (or as soon thereafter as administratively feasible, but in no event later than 90 days) thereafter for the period selected by the Participant.

(b) Deferral Accounts. In the event of the Disability of a Participant, payment of the Participant's Deferral Benefits shall be made as follows:

(i) With respect to Pre-2011 Deferral Benefits, (A) if the Participant elected a lump-sum payment of some or all of his or her Deferral Benefits, payment of such Deferral Benefits shall be made on the first March 15 or September 15 which is at least six months following the Participant's date of Disability, or as soon thereafter as administratively feasible, but in no event later than 90 days; and (B) if the Participant elected annual installment payments with respect to some or all of his or her Deferral Benefits, payment of such Deferral Benefits shall begin on the first March 15 or September 15 which is at least six months following the Participant's date of Disability, or as soon thereafter as administratively feasible, but in no event later than 90 days, and shall continue on each March 15 (or as soon thereafter as administratively feasible, but in no event later than 90 days) thereafter for the period selected by the Participant for such Deferral Benefits.

(ii) With respect to Post-2010 Deferral Benefits, (A) if the Participant elected a lump-sum payment of some or all of his or her Deferral Benefits, payment of such Deferral Benefits shall be made on the first January 1 or July 1 which is at least six months following the Participant's date of Disability, or as soon thereafter as administratively feasible, but in no event later than 90 days; and (B) if the Participant elected annual installment payments with respect to some or all of his or her Deferral Benefits, payment of such Deferral Benefits shall begin on July 1 of the calendar year following the Participant's date of Disability, or as soon thereafter as administratively feasible, but in no event later than 90 days, and shall continue on each July 1 (or as soon thereafter as administratively feasible, but in no event later than 90 days) thereafter for the period selected by the Participant for such Deferral Benefits.

Section 8.6 Unforeseeable Emergency. If a Participant experiences an Unforeseeable Emergency, the Participant may petition the Administrator to receive a partial or full payout from the Plan. The payout, if any, from the Plan shall not exceed the lesser of (a) the Participant's vested Account balance, or (b) the amount necessary to satisfy the Unforeseeable Emergency, plus amounts necessary to pay federal, state, or local income taxes or penalties reasonably anticipated as a result of the distribution. A Participant shall not be eligible to receive a payout from the Plan to the extent that the Unforeseeable Emergency is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (iii) by cessation of a Deferral Election under this Plan. If the Administrator, in its sole discretion, approves a Participant's petition for payout from the Plan, such payout shall be made in a lump sum on the date on which such approval occurs, or as soon as administratively feasible thereafter, but in no event later than 90 days. At the time of its determination, and to the extent permissible by Section 409A, the Administrator shall determine how any payment under this Section 8.6 will be applied against the Participant's Account and the subaccounts thereunder.

Section 8.7 Company Offset. Notwithstanding anything in the Plan, the RP or the RSP to the contrary, to the maximum extent permitted by Section 409A and applicable law, any amount otherwise due or payable under the Plan may be forfeited, or its payment suspended, at the discretion of the Administrator, to apply toward or recover any claim the Company may have against the Participant, including but not limited to, for the enforcement of Amex's Detrimental Conduct provisions under its long-term incentive award plan, to recover a debt to the Company or to recover a benefit overpayment under a Company benefit plan or program. No amounts shall be offset against a Participant's Account prior to the date on which the offset amounts would otherwise be distributed to the Participant unless otherwise permitted by Section 409A. An offset shall be made only to the extent and in the manner permitted by the Section 409A Policy.

Section 8.8 Withholding. The Company shall be entitled to deduct from any payment under the Plan, regardless of the form of such payment, the amount of all applicable income and employment taxes, if any, required by law to be withheld with respect to such payment or may require the Participant to pay to it such tax prior to and, to the extent permissible under Section 409A, as a condition of the making of such payment.

Section 8.9 De Minimis Lump Sum Payment. Notwithstanding the other provisions of the Plan, the Administrator may, in its sole discretion, make a mandatory lump sum pay-out of a Participant's Account at any time, provided that such pay-out amount shall be in an amount equal to the lump sum value of such Account determined for the date of such pay-out; and further provided that such pay-out (1) accompanies the termination and liquidation of the Participant's entire interest under the Plan and all similar arrangements that constitute an account balance plan under Section 1.409A-1(c)(2) of the Treasury Regulations; and (2) the payment is not greater than the applicable dollar amount under Section 402(g)(1)(B) of the Code.

ARTICLE 9
CHANGE IN CONTROL

Section 9.1 Change in Control. "Change in Control" means the happening of any of the following:

(a) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25 percent or more of either (i) the then outstanding common shares of Amex (the "Outstanding Company Common Shares") or (ii) the combined voting power of the then outstanding voting securities of Amex entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that such beneficial ownership shall not constitute a Change in Control if it occurs as a result of any of the following acquisitions of securities: (A) any acquisition directly from Amex; (B) any acquisition by Amex or any corporation, partnership, trust or other entity controlled by Amex (a "Subsidiary"); (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Amex or any Subsidiary; (D) any acquisition by an underwriter temporarily holding Amex securities pursuant to an offering of such securities; (E) any acquisition by an individual, entity or group that is permitted to, and actually does, report its beneficial ownership on Schedule 13-G (or any successor schedule), provided that, if any such individual, entity or group subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor schedule), then, for purposes of this subsection, such individual, entity or group shall be deemed to have first acquired, on the first date on which such individual, entity or group becomes required to or does so report, beneficial ownership of all of the Outstanding Company Common Stock and Outstanding Company Voting Securities beneficially owned by it on such date; or (F) any acquisition by any corporation pursuant to a reorganization, merger or consolidation if, following such reorganization, merger or consolidation, the conditions described in clauses (i), (ii) and (iii) of Section 9.1(c) are satisfied. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") became the beneficial owner of 25 percent or more of the Outstanding Company Common Shares or Outstanding Company Voting Securities as a result of the acquisition of Outstanding Company Common Shares or Outstanding Company Voting Securities by Amex which, by reducing the number of Outstanding Company Common Shares or Outstanding Company Voting Securities, increases the proportional number of shares beneficially owned by the Subject Person; provided, that if a Change in Control would be deemed to have occurred (but for the operation of this sentence) as a result of the acquisition of Outstanding Company Common Shares or Outstanding Company Voting Securities by Amex, and after such share acquisition by Amex, the Subject Person becomes the beneficial owner of any additional Outstanding Company Common Shares or Outstanding Company Voting Securities which increases the percentage of the Outstanding Company Common Shares or Outstanding Company Voting Securities beneficially owned by the Subject Person, then a Change in Control shall then be deemed to have occurred; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Amex's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation; or

(c) The consummation of a reorganization, merger, statutory share exchange, consolidation, or similar corporate transaction involving Amex or any of its direct or indirect Subsidiaries (each a "Business Combination"), in each case, unless, following such Business Combination, (i) the Outstanding Company Common Shares and the Outstanding Company Voting Securities immediately prior to such Business Combination, continue to represent (either by remaining outstanding or being converted into voting securities of the resulting or surviving entity or any parent thereof) more than 50 percent of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns Amex or all or substantially all of Amex's assets either directly or through one or more subsidiaries), (ii) no Person (excluding Amex, any employee benefit plan (or related trust) of Amex, a Subsidiary or such corporation resulting from such Business Combination or any parent or subsidiary thereof, and any Person beneficially owning, immediately prior to such Business Combination, directly or indirectly, 25 percent or more of the Outstanding Company Common Shares or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 25 percent or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination (or any parent thereof) or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination (or any parent thereof) were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Business Combination; or

(d) The consummation of the sale, lease, exchange or other disposition of all or substantially all of the assets of Amex, unless such assets have been sold, leased, exchanged or disposed of to a corporation with respect to which following such sale, lease, exchange or other disposition (i) more than 50 percent of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation (or any parent thereof) entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Shares and Outstanding Company Voting Securities immediately prior to such sale, lease, exchange or other disposition in substantially the same proportions as their ownership immediately prior to such sale, lease, exchange or other disposition of such Outstanding Company Common Shares and Outstanding Company Voting Shares, as the case may be, (ii) no Person (excluding Amex and any employee benefit plan (or related trust) of Amex or a Subsidiary or of such corporation or a subsidiary thereof and any Person beneficially owning, immediately prior to such sale, lease, exchange or other disposition, directly or indirectly, 25 percent or more of the Outstanding Company Common Shares or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 25 percent or more of respectively, the then outstanding shares of common stock of such corporation (or any parent thereof) and the combined voting power of the then outstanding voting securities of such corporation (or any parent thereof) entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of such corporation (or any parent thereof) were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale, lease, exchange or other disposition of assets of Amex; or

(e) Approval by the shareholders of Amex of a complete liquidation or dissolution of Amex.

Section 9.2 Effect of Change in Control. This Section 9.2 shall apply in the event of a Change in Control.

(a) Rabbi Trust. Notwithstanding Section 12.1 and any other provision herein to the contrary, to the extent permitted by Section 409A without penalty, effective immediately upon a Change in Control, the entire value of each Participant's Account under the Plan shall be maintained in the Trust established by Amex for this purpose and the Company shall transfer to the Trust an amount sufficient to fund the entire value of each Participant's Account.

(b) Account Earnings.

(i) *RSP-Related Account*.

(A) Notwithstanding Section 7.4(b), effective immediately upon a Change in Control, to the extent a subaccount of an RSP-Related Account established on behalf of a Participant reflects, or by the terms of the Plan should in the future reflect, the performance of the Stock Fund, it shall thereafter reflect the performance of the Stable Value Fund.

(B) Notwithstanding Section 7.4(c), in the event that any time after a Change in Control either (A) the RSP is frozen or terminated and is not replaced by a comparable qualified investment savings plan, or (B) there are no investment funds available under the RSP (or successor qualified investment savings plan) to which a Participant may direct the investment of his or her RSP-Related Account, then a Participant's RSP-Related Account shall thereafter be credited with earnings of at least the AFR.

(ii) *Deferral Accounts*.

(A) If earnings are credited to all or part of a Deferral Account under the Interest Method, notwithstanding Article 7, effective immediately upon a Change in Control, the applicable Schedule Rate shall be no less than the Moody's A Rate for the year of the Change in Control and any year thereafter during which the Interest Method applies, provided that in the case of a person who is an Executive Officer for purposes of Article 7, the applicable Schedule Rate shall be no greater than the AFR if Amex's (or its successor's) ROE is Below Target Range.

(B) If earnings are credited to all or part of a Deferral Account under the Hypothetical Investment Method, the relevant portion of such Account shall be handled in the same manner as the Participant's RSP-Related Account under Section 9.2(b)(i).

(C) If a Participant who is eligible to receive lump-sum separation pay under the Severance Plan experiences a Separation from Service within the two-year period following a Change in Control, and the Participant would have become Retirement Eligible during the serial separation period for which the Participant would have been eligible in a non-Change-in-Control situation, then upon such Separation from Service, the Participant shall immediately become 100 percent vested in the earnings on his or her Deferral Account under Section 7.5(b)(i) as if the Participant were Retirement Eligible on the date of the Separation from Service, if not already fully vested.

(c) Golden Parachute Excise Taxes.

(i) In the event that any payment or benefit received or to be received by a Participant hereunder in connection with a Change in Control or termination of such Participant's employment (hereinafter referred to collectively as the "Payments") will be subject to the excise tax referred to in Section 4999 of the Code (the "Excise Tax"), then the Payments shall be reduced to the extent necessary so that no portion of the Payments is subject to the Excise Tax but only if (a) the net amount of all Total Payments (as hereinafter defined), as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments) is greater than or equal to (b) the net amount of such Total Payments without any such reduction (but after subtracting the net amount of federal, state and local income and employment taxes on such Total Payments and the amount of Excise Tax to which the Participant would be subject in respect of such unreduced Total Payments; provided, however, that the Participant may elect in writing to have other components of his or her Total Payments reduced prior to any reduction in the Payments hereunder.

(ii) For purposes of determining whether the Payments will be subject to the Excise Tax, the amount of such Excise Tax and whether any Payments are to be reduced hereunder: (A) all payments and benefits received or to be received by the Participant in connection with such Change in Control or the termination of such Participant's employment, whether pursuant to the terms of this Plan or any other plan, arrangement or agreement with the Company, any Person whose actions result in such Change in Control, or any Person affiliated with the Company or such Person (collectively, "Total Payments") shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of the accounting firm which was, immediately prior to the Change in Control, the Company's independent auditor, or if that firm refuses to serve, by another qualified firm, whether or not serving as independent auditors, designated by the Committee (the "Firm"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(2)(A) or Section 280G(b)(4)(A) of the Code; (B) no portion of the Total Payments the receipt or enjoyment of which the Participant shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (C) all "excess parachute payments" within the meaning of Section 280G(b)(2) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of the Firm, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(g)(4)(B) of the Code) in excess of the "base amount" (within the meaning of Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax; and (D) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Firm in accordance with the principles of Sections 280G(d)(3) and (4) of the Code and regulations or other guidance thereunder. For purposes of determining whether any Payments in respect of a Participant shall be reduced, a Participant shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation (and state and local income taxes at the highest marginal rate of taxation in the state and locality of such Participant's residence, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes) in the calendar year in which the Payments are made. The Firm will be paid reasonable compensation by the Company for its services.

(iii) As soon as practicable following a Change in Control, but in no event later than 30 days thereafter, the Company shall provide to each Participant with respect to whom it is proposed that Payments be reduced, a written statement setting forth the manner in which the Total Payments in respect of such Participant were calculated and the basis for such calculations, including, without limitation, any opinions or other advice the Company has received from the Firm or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

ARTICLE 10
CLAIMS PROCEDURES

Section 10.1 Claim.

(a) A claimant who believes that he or she is being denied Benefits to which he or she is entitled under the Plan or who otherwise has a claim involving the Plan may file a written request for such Benefits or written description of the claim (as applicable) with the Administrator, setting forth his or her claim for Benefits or other claim involving the Plan.

(b) No action may be commenced against any Plan party after the earliest to occur of the following dates: the date that is 90 days after the date of the final denial of the appeal, or the date that is one year from the date a cause of action accrued. For purposes of this Article 10, a cause of action is considered to have accrued when the person bringing the legal action knew, or in the exercise of reasonable diligence should have known, that a Plan party has clearly repudiated the claim or legal position which is the subject of the action, regardless of whether such person has filed a claim in accordance with the provisions of this Article 10. The Administrator shall be the Plan's agent for service of process.

(c) Any person requesting Benefits or wishing to assert a claim must exhaust all remedies under the Plan's claims procedures before being entitled to seek relief under Section 10.5.

Section 10.2 Claim Decision.

(a) Except as otherwise provided by Section 10.2(b), the Administrator shall reply to any claim filed under Section 10.1 within 90 days of receipt, unless it determines to extend such reply period for an additional 90 days for reasonable cause and notifies the claimant in advance of the reasons for the extension and the date by which the Administrator expects to make a decision. If the claim is denied in whole or in part, such reply shall include a written explanation, using language calculated to be understood by the claimant, setting forth:

(i) the specific reason or reasons for such denial;

(ii) the specific reference to relevant provisions of the Plan on which such denial is based;

(iii) a description of any additional material or information necessary for the claimant to perfect his or her claim and an explanation why such material or such information is necessary;

(iv) appropriate information as to the steps to be taken if the claimant wishes to submit the claim for review, including an explanation of the claimant's right to access and receive copies of relevant documents;

(v) the time limits for requesting a review under Section 10.3 and for review under Section 10.4; and

(vi) the claimant's right to bring an action under Section 502 of ERISA (subject to Section 10.5) if the claim is denied on review.

(b) If the claim is a claim that requires a determination regarding whether a Participant is disabled to be made by the Administrator (and not by some party other than the Administrator or the Plan for purposes other than a benefit determination under the Plan), the Administrator will respond to the claim within a reasonable period of time and in any case within 45 days (provided that the Administrator may utilize up to two 30-day extension periods, in each case to the extent that the Administrator determines that circumstances beyond the control of the Plan so require, and shall in each case provide the claimant with an advance notice setting forth the reasons for the extension and the date by which the Administrator expects to render a decision, the standards on which entitlement to Benefits is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve such issues). In the event that additional information is necessary to resolve a claim requiring the Administrator to rule on the Participant's disabled status, the claimant shall be afforded at least 45 days to provide the information (during which time the periods to provide notice and a decision on the claim shall be tolled).

(c) In the event of a claim requiring the Administrator to rule on the Participant's disabled status, the Administrator's written notice of claim denial shall provide the claimant (in addition to the items described in Section 10.2(a)) with (i) a discussion of the decision, including an explanation of the basis for disagreeing with or not following the views presented by the claimant to the Administrator of health care professionals treating the claimant and vocational professionals who evaluated the claimant, the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the claim denial, without regard to whether the advice was relied upon by the Administrator in denying the claim, and a determination of disability by the Social Security Administration presented by the claimant to the Administrator, (ii) a copy of any internal rule, guideline, protocol or other similar criterion relied upon during the claims process or a statement that no such internal rules, guidelines, protocols or other similar criteria exist, and (iii) if a medical necessity or experimental treatment or similar exclusion or limit was imposed, the Administrator will provide an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to the claimant's medical circumstances) or a statement that such an explanation will be provided free of charge upon request.

Section 10.3 Request for Review.

(a) Except as otherwise provided by Section 10.3(b), within 60 days after the receipt by the claimant of the written explanation described above, the claimant may request in writing that the Administrator review its determination. The claimant, or his or her duly authorized representative, may, but need not, review the relevant documents and submit issues and comments in writing for consideration by the Administrator. Reasonable access to and copies of any documents, records and other information relevant to the claim will be provided free of charge upon request, subject to attorney-client, attorney work-product and other applicable privilege rules unless otherwise required by ERISA. Except as otherwise provided by Section 10.3(b), if the claimant does not request a review of the initial determination within such 60-day period, the claimant shall be barred and estopped from challenging the determination.

(b) In the event of a claim requiring the Administrator to make a determination regarding the Participant's disabled status, the claimant shall have 180 days after receipt of the written explanation described above to request in writing that the determination be reviewed, and shall be barred and estopped from challenging the determination if he or she does not request a review of the initial determination within such 180-day period.

Section 10.4 Review of Decision.

(a) After considering all materials presented by the claimant, the Administrator will render a written decision, setting forth the specific reasons for the decision and containing specific references to the relevant provisions of the Plan on which the decision is based. The decision on review shall normally be made within 60 days after the Administrator's receipt of the claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified of the reasons for the extension and the date as of which the Administrator expects to make a decision, and the time limit shall be 120 days. If additional information is needed, the deadline for the Administrator's responses will be tolled for the time period granted to the claimant to provide the information (or the date that the claimant actually provides the information, if earlier). The decision shall be in writing using language calculated to be understood by the claimant, and shall set forth:

(i) the specific reason or reasons for such denial;

(ii) the specific reference to relevant provisions of the Plan on which such denial is based;

(iii) a statement that the claimant is entitled, upon request and free of charge, to receive reasonable access to and copies of all documents, records and other information relevant to the claimant's claim (subject to attorney-client, attorney work-product and other applicable privilege rules unless otherwise required by ERISA); and

(iv) the claimant's right to bring an action under Section 502 of ERISA now that the claim has been denied on appeal (subject to Section 10.5) and, in the case of a decision regarding the Participant's disabled status, the applicable limitations period under Section 10.1(b) that applies to the claimant's right to bring such an action, including the calendar date on which the claimant's right to bring such an action expires.

(b) In the event of a claim requiring the Administrator to make a determination regarding the Participant's disabled status, the Administrator shall ensure that no deference is afforded to the prior determination, that the persons who made the initial determination on behalf of the Administrator shall not be involved in the review, and that the persons who make the decision on review on behalf of the Administrator are not subordinates of the original decision-makers. The Administrator shall not consider, generate or rely upon any new or additional information, or issue an appeal denial based on any new or additional rationale, without first providing the claimant, free of charge, with the new or additional evidence or rationale. The information shall be provided as soon as possible and sufficiently in advance of the deadline for the Administrator to render a decision on review so that the claimant will have a reasonable opportunity to respond prior to that date. In the event that a medical judgment is required, the persons conducting the review shall consult with a health care professional of appropriate training and experience in the relevant field of medicine and shall identify any medical or vocational experts consulted to the claimant. No health care professional consulted in the course of the review shall be a person consulted in the course of the original determination (or a subordinate of such person). The claim determination on review of a claim requiring the Administrator to make a determination regarding the Participant's disabled status shall be provided within 45 days (90 days, if the Administrator determines that special circumstances require an extension and so informs the claimant). If additional information is needed, the deadline for the Administrator's response will be tolled for the time period granted to the claimant to provide the information (or the date that the claimant actually provides the information, if earlier). In the event of such a claim denial, in addition to the items required above, the Administrator shall provide (i) a discussion of the decision, including an explanation of the basis for disagreeing with or not following the views presented by the claimant to the Administrator of health care professionals treating the claimant and vocational professionals who evaluated the claimant, the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the claim denial, without regard to whether the advice was relied upon by the Administrator in denying the claim, and a determination of disability by the Social Security Administration presented by the claimant to the Administrator, (ii) a copy of any internal rule, guideline, protocol or other similar criterion relied upon during the claims process or a statement that no such internal rules, guidelines, protocols or other similar criteria exist, and (iii) if a medical necessity or experimental treatment or similar exclusion or limit was imposed, the Administrator will provide an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to the claimant's medical circumstances) or a statement that such an explanation will be provided free of charge upon request.

(c) All decisions on review shall be final and shall bind all parties concerned to the maximum extent permitted by law.

Section 10.5 Arbitration. Notwithstanding anything herein to the contrary, and except with respect to a claim which requires the Administrator to make a determination with respect to the Participant's disabled status (unless the Participant consents to binding arbitration of such claim) or any other claim as to which mandatory arbitration is prohibited by law and the claimant does not consent to arbitration, upon completion of the claims process set forth in this Article 10, the Administrator or a claimant will have the right to compel binding arbitration with respect to any claim involving the Plan. By way of clarification, the right to compel binding arbitration applies with equal force to any claim which the claimant attempts to bring outside the claims process, but the Plan requires the claimant to exhaust his or her administrative remedies before arbitrating or litigating his or her claim. If any party to a claim chooses to compel arbitration, the process and procedure shall be governed by the terms and conditions of the Policy, to the extent such Policy is consistent with the terms of the Plan. This includes, but is not limited to, the Policy's prohibition against claims being arbitrated on a class action basis or on bases involving claims brought in a representative capacity on behalf of any other similarly situated party, and therefore all Plan Participants, Beneficiaries and persons claiming to be a Participant or Beneficiary, as well as any other person with a claim involving the Plan, waive the right to act on a representative basis with respect to the Plan or any other person or class of persons in an arbitration proceeding hereunder or to be part of any class action; provided, however, that this Section is not intended to, and does not, waive or invalidate any statutory rights or remedies that cannot be waived or invalidated hereby, and in the event that a remedy cannot be granted in arbitration pursuant to the terms of this clause, such a remedy may, if required by law to be available in the claimant's situation without the possibility of waiver, be sought in court. In addition, if any party chooses to compel arbitration, the arbitrator will be bound by the substantive terms of the Plan and ERISA (including, but not limited to, the standard of review required by ERISA, which requires the arbitrator to defer to the factual findings and Plan interpretations of the Administrator unless such findings and interpretations are arbitrary and capricious).

Section 10.6 Burden of Proof. Notwithstanding anything herein to the contrary, to the extent a claimant asserts entitlement to Benefits or otherwise makes a claim based upon facts not contained in the Plan's records, such person shall be required to provide satisfactory affirmative evidence of such facts. For the avoidance of doubt, if a person claims entitlement to Benefits based upon service or compensation (including but not limited to claims with respect to Base Salary, Incentive Pay, or Compensation for RSP-Related Account or RP-Related Account purposes) that is not reflected in the Plan's records, such person must provide satisfactory affirmative evidence of such service or compensation. The Administrator shall have the sole and exclusive discretion to determine whether the above-referenced affirmative evidence is satisfactory.

Section 10.7 Administrator's Sole Authority. Notwithstanding Section 3.2 or any other provision of the Plan, the Administrator shall have the sole and exclusive authority with respect to any matter, action or decision under this Article 10, and the Committee shall have neither any authority with respect to such matters, nor the right or ability to limit or to interfere in any way with the Administrator's authority with respect to such matters.

ARTICLE 11
AMENDMENT & TERMINATION

Section 11.1 Plan Amendment. The Committee or its delegate may, at any time, amend or terminate the Plan, provided that the Committee may not reduce or modify the amount of any Benefit payable to a Participant or any Beneficiary receiving Benefit payments at the time the Plan is amended or terminated. Notwithstanding the foregoing, the Committee shall not have the right to amend or modify the terms and provisions of the Plan to the extent such amendment or modification would result in a violation of Section 409A. In particular, amendments to the definitions of Base Salary or Incentive Pay hereunder shall not be made in a manner which would result in an impermissible alteration to an existing Deferral Election.

Section 11.2 Effect of Plan Termination. If the Plan is terminated, no additional deferrals or contributions shall be credited to any Participant Account hereunder. Following Plan termination, Participants' Accounts shall be paid at such time and in such form as provided under Article 8. Notwithstanding the foregoing, either at the time of termination or on a subsequent date, the Committee may, in its discretion, determine to distribute the then existing Account balances of Participants and Beneficiaries and, following such distribution, there shall be no further obligation to any Participant or Beneficiary under the Plan; provided, however, that the authority granted to the Committee under this Section 11.2 shall be implemented in compliance with the requirements of and only to the extent permissible under Section 409A.

ARTICLE 12
GENERAL PROVISIONS

Section 12.1 Unfunded Status. Nothing in the Plan shall create, or be construed to create, a trust of any kind or fiduciary relationship between the Company and the Participant, his or her designated Beneficiary, or any other person. Any funds deferred under the provisions of the Plan shall be construed for all purposes as a part of the general funds of the Company, and any right to receive payments from the Company under the Plan shall be no greater than the right of any unsecured general creditor. The Company may, but need not, purchase any securities or instruments as a means of hedging its obligations to any Participant under the Plan.

Section 12.2 Non-Transferable. The right of any Participant, or other person, to the payment of deferred compensation under the Plan shall not be assigned, transferred, pledged or encumbered except by the laws of descent and distribution.

Section 12.3 No Right to Continued Employment. Participation in the Plan shall not be construed as conferring upon the Participant the right to continue in the employ of the Company as an executive or in any other capacity. The Company expressly reserves the right to dismiss any employee at any time without liability for the effect such dismissal might have upon him or her hereunder.

Section 12.4 Plan Benefits Not Compensation Under Employee Benefit Plans. Any deferred compensation payable under the Plan shall not be deemed salary or other compensation to the Participant for the purpose of computing the benefits under any plan or arrangement (including but not limited to any “employee benefit plan” under ERISA) except as expressly provided in such plan or arrangement.

Section 12.5 Compliance with Section 409A. The Plan is intended to comply with Section 409A, and shall be interpreted, operated and administered consistent with this intent and the Section 409A Policy. To the extent the terms of the Plan fail to qualify for exemption from or to satisfy the requirements of Section 409A, the Plan may be operated in compliance with Section 409A pending amendment to the extent authorized by the Internal Revenue Service. In such circumstances, the Plan will be administered in a manner which adheres as closely as possible to its existing terms while complying with Section 409A.

Section 12.6 No Guarantee of Tax Consequences.

(a) The Company makes no representations or warranties and assumes no responsibility as to the tax consequences to any Participant who enters into a deferred compensation agreement with the Company pursuant to the Plan or any such Participant’s Beneficiary. Further, payment by the Company to the Participant (or to a Participant’s Beneficiary or Beneficiaries) in accordance with the terms of the Plan, including any designation of Beneficiary on file with the Administrator at the time of the Participant’s death, shall be binding on all interested parties and persons, including the Participant’s heirs, executors, administrators and assigns, and shall discharge the Company, its directors, officers and employees from all claims, demands, actions or causes of action of every kind arising out of or on account of the Participant’s participation in the Plan, known or unknown, for himself or herself, his or her heirs, executors, administrators and assigns.

(b) No person connected with the Plan in any capacity, including, but not limited to, the Company and its directors, officers, agents and employees, makes any representation, commitment, or guarantee that any tax treatment, including, but not limited to, Federal, state and local income, estate and gift tax treatment, will be applicable to any amounts deferred under the Plan, or paid to or for the benefit of a Participant or Beneficiary under the Plan, or that such tax treatment will apply to or be available to a Participant or Beneficiary on account of participation in the Plan.

(c) Any agreement executed pursuant to the Plan shall be deemed to include the above provision of this Section 12.6.

Section 12.7 Limitations on Liability. Neither the establishment of the Plan nor any modification thereof, nor the creation of any account under the Plan, nor the payment of any benefits under the Plan shall be construed as giving to any Participant or other person any legal or equitable right against the Company, or any officer or employer thereof except as provided by law or by any Plan provision. No person (including the Company) in any way guarantees any Participant's Account from loss or depreciation, whether caused by poor investment performance of a deemed investment or the inability to realize upon an investment due to an insolvency affecting an investment vehicle or any other reason. In no event shall the Company or any successor, employee, officer, director or stockholder of the Company, be liable to any person on account of any claim arising by reason of the provisions of the Plan or of any instrument or instruments implementing its provisions (except that the Company shall make benefit payments in accordance with the terms of the Plan), or for the failure of any Participant, Beneficiary or other person to be entitled to any particular tax consequences with respect to the Plan, or any credit or distribution hereunder.

Section 12.8 Severability. If any provision of the Plan is held to be illegal or void, such illegality or invalidity shall not affect the remaining provisions of the Plan, but shall be fully severable, and the Plan shall be construed and enforced as if said illegal or invalid provision had never been inserted herein.

Section 12.9 Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be considered in the construction of the Plan.

Section 12.10 Governing Law. The Plan shall be construed in accordance with and governed by the laws of the State of New York to the extent not superseded by federal law, without reference to the principles of conflict of laws.

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SCHEDULE A

DEFERRAL ACCOUNT SCHEDULE RATE

Under the Interest Method, the Schedule Rate used to determine the earnings credited on a Participant's Deferral Accounts for such calendar year shall be determined under the following metric, based on Amex's "ROE" for such calendar year and its "ROE Target Range" for such calendar year:

Amex's ROE	Schedule Rate
Below ROE Target Range	Moody's A Rate
Within ROE Target Range	9%
Above ROE Target Range	11%

Amounts credited under this Schedule are subject to any caps imposed by Article 7 of the Plan, including the limitation of amounts credited to an Executive Officer to an amount which will not exceed the AFR when required by Section 7.3.

Amex's "ROE" for a calendar year means Amex's consolidated annual return on equity for such calendar year, as reported by Amex, subject to adjustment for significant accounting changes as determined by the Committee in its sole discretion.

Amex's "ROE Target Range" for a calendar year means the ROE target range announced by Amex and in effect on January 1st of such calendar year.

Except as otherwise provided by Section 9.2(b)(ii) of the Plan, the Schedule Rate under this Schedule A for any calendar year may be changed by the Committee, prospectively or retrospectively, in its sole discretion, without prior notice to or consent of Participants or Beneficiaries.

SCHEDULE B

RESERVED

SCHEDULE C

Prior Deferral Plan Benefit Payment Appendix

Pursuant to Section 1.3 of the Plan, this Schedule C sets forth in greater detail the payment timing rules applicable to Deferral Plan benefits attributable to years prior to 2011 and governed by earlier deferral plans maintained by the Company that have been consolidated into the Plan.

Nothing herein alters the timing or form of a payment from the timing or form applicable under the governing plan document. In the event of any conflict, the governing plan document will control. This Schedule C is intended to be used for administrative purposes only, and may be updated or clarified from time to time by the Administrator without further authorization from the Company, provided that no modification to this Schedule C can alter the time or form of a benefit payment or otherwise have any impact not permitted by Section 409A of the Code.

Payment dates are approximate; payment may be made within 90 days of the identified payment date in accordance with the Treasury Regulations under Section 409A of the Code.

Pre-2008 Deferral Plans

Some pre-2008 plans include money that was earned and vested as of December 31, 2004 and has been treated as "grandfathered" and thus exempt from Section 409A. Principal for years up to and including 2004 is considered grandfathered, as is interest for years prior to 1999, and interest in the 1999-2004 years to the extent that the Participant was Retirement Eligible by December 31, 2004. Interest for the 1999-2004 Deferral Plans for Participants who were not Retirement Eligible by December 31, 2004 is never considered grandfathered, regardless of whether it exceeded the minimum interest crediting amount for the year. "Grandfathered" status does not have a practical impact except in the case of an employee who receives severance payments from the Company.

References to "termination of employment" or similar concepts refer to "Separation from Service" for non-grandfathered benefits. For grandfathered benefits, the definition in effect under the prior plan document will control.

The rules governing these benefits are NOT reflected in Article 8 of the Plan, which addresses only Deferral Plan benefits from 2008-2010 (as "Pre-2011 Deferral Benefits") and current Deferral Plan benefits (as "Post-2010 Deferral Benefits").

If a Participant elected to be paid at a specified date or as of retirement + X years (X could be up to 10)

- If the Participant elected a specified date AND is still active on the specified date, the Participant will be paid according to specified date election *(this rule will NEVER be applicable to a Participant who elected payment as of retirement + X years):*
    - If lump sum elected, paid in a lump sum on the first March 15/September 15 on/following the elected date.

- If installments elected, payments begin on the first March 15/September 15 on/following elected date, with subsequent installments paid on each March 15.
  - If termination occurs during payment, and the Participant is **<u>not</u>** Retirement Eligible[1] upon termination, the remainder of the installments are paid in a lump sum on the first March 15/Sept 15 that is at least 6 months following termination.

- If the Participant is Retirement Eligible at the time of termination, the Participant will be <u>paid according to elections</u>:
  - If lump sum elected, paid in a lump sum on the first March 15/September 15 on/following the specified date (even if later than termination of employment). For example:
    - Participant elected to be paid on March 15, 2015. The Participant terminates employment on January 1, 2013, and is Retirement Eligible at that time. Payment will be made on March 15, 2015.
    - Participant elected to be paid five years after retirement. The Participant retires in 2013 and is Retirement Eligible at that time. Payment will be made in 2018.
  - If installments elected, payments begin on the first March 15/September 15 on/following elected date (even if later than termination of employment), subsequent installments will be paid on each March 15.
  - **Commencement could be <u>AFTER</u> retirement**. *(This is different from the rule for current Deferral Plan benefits.)*
- If a Participant was <u>not</u> Retirement Eligible upon termination, and terminates from employment <u>before</u> the specified date, the Participant is paid in a <u>lump sum</u> on the first March 15/September 15 that is at least 6 months following termination.
- If the Participant is going out on severance, see Severance Flow Chart and follow questions. **Severance may delay start of any payments based on termination of employment/retirement for GRANDFATHERED amounts, since it may delay deemed termination of employment.**

- **If the Participant elected to be paid at retirement**
  - If the Participant is Retirement Eligible upon termination, the Participant will be <u>paid according to elections</u>:
    - If lump sum elected, paid in a lump sum on the first March 15/September 15 that is at least 6 months following retirement.

[1] "Retirement Eligible" means that the Participant is at least age 55 AND has at least 10 years of service.

        - If installments elected, payments begin on the first March 15/September 15 that is at least 6 months following retirement; subsequent installments will be paid on each March 15.
    - If not Retirement Eligible upon termination, paid in a lump sum on the first March 15/September 15 that is at least 6 months following termination.
    - If the Participant is going out on severance, see Severance Flow Chart and follow questions. **Severance may delay start of any payments based on termination of employment/retirement for GRANDFATHERED amounts based on termination of employment, since it may delay deemed termination of employment.**
- **If the Participant leaves the Company as a result of Disability**
    - The Participant will be paid according to elections.
    - If lump sum elected, paid in a lump sum on the first March 15/September 15 that is at least 6 months following date of disability.
    - If installments elected, payments begin on the first March 15/September 15 that is at least 6 months following date of disability; subsequent installments will be paid on each March 15.
- **If the Participant dies before payments begin or before receiving all installments**
    - The balance of the Participant's account will be paid as a lump sum to the Participant's designated beneficiary on the first March 15/September 15 that is at least 6 months following date of death.

2008-2010 Plans

These plans do not include any "grandfathered" money and are subject to Section 409A of the Code in their entirety. The rules governing these benefits are set forth in Article 8 of the Plan document as the rules applicable to "Pre-2011 Deferral Benefits."

- **If the Participant elected to be paid on a specified date**
    - If the Participant does not separate from service prior to the specified date, the Participant will be paid according to elections:
        - If lump sum elected, paid in a lump sum on the first March 15/September 15 on/following the elected date.
        - If installments elected, payments begin on the first March 15/September 15 on/following elected date; subsequent installments will be paid on each March 15.
            - If Separation from Service occurs during payment, and the Participant is **not** Retirement Eligible upon Separation from Service, the remainder of the installments are paid in a lump sum on the first March 15/Sept 15 that is at least 6 months following Separation from Service. If the Participant is

Retirement Eligible upon Separation from Service, installments continue on schedule.

- o If the Participant separates from service before the specified date and is Retirement Eligible upon Separation from Service, the Participant will be paid according to the elected form (lump sum or installments) but always as of the first March 15/September 15 that is six months following separation from service:
  - ■ If lump sum elected, paid in a lump sum on the first March 15/September 15 that is six months following Separation from Service.
  - ■ If installments elected, payments begin on the first March 15/September 15 that is six months following Separation from Service, subsequent installments paid on each March 15.
  - ■ **Note that payment will NOT be delayed until the specified date, in contrast to the pre-2008 rule.**
- o If the Participant is not Retirement Eligible upon Separation from Service, and separates from service prior to the specified date, the Participant will be paid in a lump sum on the first March 15/September 15 that is at least 6 months following termination.
- o Severance status will NOT affect payment of benefits from these years; no benefits are grandfathered and hence severance does not delay Separation from Service.

■ **If the Participant elected to be paid at retirement**

- o If the Participant is Retirement Eligible upon Separation from Service, the Participant is paid according to elections:
  - ■ If lump sum elected, paid in a lump sum on the first March 15/September 15 that is at least 6 months following Separation from Service.
  - ■ If installments elected, payments begin on the first March 15/September 15, that is at least 6 months following Separation from Service; subsequent installments will be paid on each March 15.
- o If the Participant is not Retirement Eligible upon Separation from Service, paid in a lump sum on the first March 15/September 15 that is at least 6 months following Separation from Service.
- o Severance status will not affect payment of benefits from these years; none of them are grandfathered and hence severance does not delay separation from service.

■ **If the Participant dies or is Disabled, the usual death/Disability benefit rules for Pre-2011 Deferral Benefits apply**

Special Rule for Degrandfathered Participants' Degrandfathered Benefits Under Section 1.3 of the Plan

These rules apply to degrandfathered principal only. Interest for the relevant years was never grandfathered, and hence is not affected by the degrandfathering transition. For the interest portion of the account balance, see the rules for Pre-2008 Deferral Plan benefits.

- **If the Participant did NOT Make an election regarding degrandfathered benefits**
  - The Participant will be paid in a lump sum in March of 2012.
- **If the Participant elected a specified date and that specified date occurs prior to Participant's Separation from Service**
  - Specified date could not be earlier than July 2017.
  - If the Participant elected a lump sum, the Participant will be paid in a lump sum on the January 1 or July 1 that is the specified date; if the Participant elected installments, the first installment will be paid on the January 1 or July 1 that is the specified date, and subsequent installments will be paid on each January 1 or July 1 (the same as the first payment) thereafter.
  - If the Participant separates from service after the specified date but during the payment period, payments continue as scheduled. Separation from Service does not affect payment form or timing.
- **If the Participant elected a specified date but separates from service prior to that date OR if the Participant elected to be paid at retirement**
  - If the Participant elected lump sum, paid in a lump sum on the later of July 1, 2017 or the first January 1 or July 1 that is at least six months after the Separation from Service date.
  - If the Participant elected installments, the first installment is paid on the later of July 1, 2017 or the July 1 of the calendar year following the Separation from Service date, and subsequent installments will be paid on each July 1 thereafter.
- **If the Participant dies, the usual death benefit rules for Post-2010 Deferral Benefits apply**

SCHEDULE D

The Plan is hereby irrevocably terminated, effective as of and contingent on the closing of the transactions described in the Purchase and Sale Agreement by and between American Express Travel Related Services Company, Inc. and a subsidiary of Time Inc. (the "Termination Date"), solely with respect to the Participants in the Plan who are employees of American Express Publishing Corporation on the Termination Date ("Publishing Participants"). As of the Termination Date, all crediting of Plan accounts of Publishing Participants shall cease. Each Publishing Participant's remaining accrued and unpaid benefits shall be paid to such participant in accordance with the requirements of Treasury Regulation Section 1.409A-3(j)(4)(ix)(B) and on a date within twelve months of the Termination Date. The benefit to be paid to each Publishing Participant shall be determined in accordance with the Plan's provisions. All benefits under the Plan shall be paid only in a manner that complies with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.

SCHEDULE E

American Express Global Business Travel Divestiture

Effective upon the establishment of the proposed joint venture involving the Global Business Travel business (as it may be defined in one or more documents governing the joint venture) (the "Business"), this Schedule shall govern Plan participation by individuals who are Participants in this Plan and who as of or after the establishment of the Business are or become employees of one or more entities forming part of the Business under circumstances in which the documents governing the Business obligate the Business to provide such individuals with benefits comparable to those offered by the Company for some period of time (a "Business Employee"). In the event of any conflict between this Schedule E and other provisions of the Plan, this Schedule shall control for Business Employees; provided, however, that nothing in this Schedule shall affect the time of payment, form of payment or amount of benefits accrued prior to the date this Schedule becomes applicable to a Participant, or the Participant's other rights and obligations with respect to such benefits.

ARTICLE 1
CONTINUED PARTICIPATION

Section 1.1 Eligibility to Participate. A Business Employee may continue to participate in this Plan during such period as may be established under the documents governing the Business as the period during which the Business Employee will receive benefits comparable to those offered by the Company.

(a) In order to be entitled to participate, the Business Employee must have been a Participant in the Plan immediately prior to the establishment of the Business (or, if later, the date the employee became a Business Employee) (in either case, the Business Employee's "Transition Date"), or must have been offered the opportunity to enroll prior to his or her Transition Date and must either have enrolled in the Plan prior to the Transition Date or after the Transition Date but prior to the enrollment deadline that would have applied if the Business Employee had remained an Employee of the Company.

(b) The Administrator retains the discretion to decline to permit continued participation by any Business Employee, so long as such exclusion does not cause a violation of Section 409A.

(c) Participation under this Schedule is intended to be limited to a select group of management or highly compensated employees, so as to maintain the qualification of the Plan as a "top-hat" plan for purposes of ERISA.

Section 1.2 Termination of Participation. A Business Employee's ability to continue to make and receive contributions under the Plan will terminate as of the earlier of:

(a) The date the Business Employee has a Separation from Service from the Business (or such later date as is required by Section 409A), provided that an individual who is rehired prior to termination of participation under paragraph (b) below may resume participation in accordance with the terms of the Plan, this Schedule and Section 409A;

(b) The later of the following dates (which dates and hence the applicable time of termination of participation may differ for different types of contributions):

(i) The end of the period during which comparable benefits are required under the documents governing the Business; or

(ii) The date cessation of contributions is permissible under Section 409A.

Section 1.3 Change of Status. An individual who was a Business Employee but who again becomes an Employee of the Company will cease to have participation in the Plan governed by this Schedule, except for benefits attributable to his or her time as a Business Employee, and provided that this change in status will not invalidate any elections filed as a Business Employee.

ARTICLE 2
CONTRIBUTIONS

Section 2.1 Deferral Benefits. Deferral Benefits will be deducted from each participating Business Employee's Base Salary and Incentive Pay in accordance with the Business Employee's timely filed Deferral Election and the following rules:

(a) The term "Base Salary" shall be deemed to include amounts paid by the Business that correspond on the relevant payroll system to amounts which would be "Base Salary" if paid by the Company to an Employee, determined in compliance with applicable law.

(b) The term "Incentive Pay" shall be deemed to include amounts paid by the Business that correspond on the relevant payroll system to amounts which would be "Incentive Pay" if paid by the Company to an Employee, determined in compliance with applicable law.

(c) For purposes of determining whether any Deferral Election that takes effect after the Participant reaches the Section 401(a)(17) Limitation has been activated, compensation from the Company and the Business will be aggregated unless otherwise required by law.

(d) A Business Employee's Deferral Elections filed prior to the individual's becoming a Business Employee shall not be affected by the individual's change in status to a Business Employee. A Business Employee may not file a new Deferral Election after his or her participation ceases in accordance with Article 1 of this Schedule (without prejudice to the Business Employee's rights under Article 1 of this Schedule to resume participation and file any appropriate Deferral Elections upon qualifying to do so again).

Section 2.2 Supplemental Benefits. Supplemental Benefits may be allocated to a Business Employee's RSP-Related Account in such amounts as Amex may determine, in its sole discretion. Without limiting Amex's discretion under the foregoing, Amex is expressly authorized to take into account amounts paid by the Business when calculating Supplemental Benefits for a Business Employee attributable to periods after the establishment of the Business.

Section 2.3 No Duplication. Nothing herein entitles any Business Employee or other person to duplicative benefits.

Section 2.4 Funding of Benefits. Benefits under the Plan shall at all times be unfunded obligations of the Company, without prejudice to the Company's right to require the Business to provide it (or any rabbi trust established under the Plan) with such payments as may be agreed between the Company and the Business from time to time. No such agreement may give the Plan, any Participant or any Beneficiary a right to any such funds or to payment of Plan benefits in preference to the general creditors of the Business, and any amounts paid to the Company (or any rabbi trust established under the Plan) by the Business with respect to the Plan shall remain subject to the claims of the general creditors of the Business to the extent necessary to preserve the unfunded nature of the Plan.

ARTICLE 3
VESTING

Vesting of benefits shall be determined in the same fashion as if employment with the Business were employment with the Company, and the vesting of contributions shall be accelerated to the extent the vesting of similar contributions is accelerated under the RSP with respect to Business Employees; provided, however, that with respect to Company contributions attributable to employment with the Business, the normal vesting schedule applicable to comparable contributions under the Business' 401(k) plan shall apply and vesting will not be accelerated.

ARTICLE 4
EARNINGS

Credits to a Participant's Deferral Account and RSP-Related Account with respect to benefits earned while a Business Employee shall be made in accordance with Article 7 of the Plan.

ARTICLE 5
PAYMENT OF BENEFITS

Section 5.1 Normal Time and Form of Payment. The time and form of payment for a Business Employee shall be determined as if employment with the Business were employment with the Company, and a Participant shall not experience a Separation from Service merely on account of employment with the Business instead of the Company, unless otherwise provided by Section 409A. A Participant shall not be treated as commencing a new period of participation in the Plan merely because of employment with the Business instead of the Company, although a Participant who Separates from Service from the Business and subsequently is rehired shall be subject to the normal rules for rehires (as expressly modified by this Schedule E, if applicable to the Participant upon rehire).

Section 5.2 Separation from Service. Once a Participant becomes a Business Employee, the occurrence of a Separation from Service shall be determined by treating the Business (along with any affiliates of the Business treated as a single employer with the Business under Section 414(b) or (c) of the Code, using the 80 percent common ownership standard) as the "service recipient." (In the event of any future transactions involving the Business or other events which may require alteration of the definition of "service recipient," the application of the Separation from Service rules shall be adjusted as necessary to continue to comply with

Section 409A.) If the Participant subsequently again becomes an Employee of the Company, benefits attributable to the Participant's reemployment by the Company shall be governed by the Plan's normal rules regarding Separation from Service, but benefits attributable to periods during and prior to the Participant's employment as a Business Employee shall continue to be governed by this Section.

Section 5.3 Beneficiaries. A Participant's designation of a Beneficiary will not be affected merely because the Participant becomes a Business Employee.

ARTICLE 6
MISCELLANEOUS

Section 6.1 Reservation of Rights. The Committee reserves the right to amend or terminate this Schedule or any other part of the Plan at any time, without the approval of any individual (including Business Employees), subject to compliance with Section 409A.

Section 6.2 Scope of Schedule. Nothing in this Schedule gives any Business Employee or any other individual a right to payment of benefits superior to that of any other Participant or Beneficiary under the Plan, or the right to be hired by or remain in the employ of the Company, the Business or any affiliate of either. Nothing in the Plan or this Schedule is intended to create any third-party beneficiary rights under the documents governing the establishment of the Business.

Section 6.3 Construction. The Administrator shall have the right to construe, interpret and administer this Schedule to the same extent as the rest of the Plan, and to decide any claims arising from this Schedule pursuant to the Plan's normal claims process. This Schedule constitutes part of the Plan and shall at all times be interpreted in a manner compliant with Section 409A.

EXHIBIT 10.22

DESCRIPTION OF COMPENSATION PAYABLE TO NON-MANAGEMENT DIRECTORS

Upon the recommendation of the Nominating and Governance Committee of the Board of Directors of American Express Company, on December 7, 2021, the Board approved the payment of the following compensation to each non-management director of the Board in respect of his/her service on the Board effective January 1, 2022:

- an annual retainer of $110,000; provided that this amount shall be reduced by $20,000 if the Director does not attend at least 75% of the meetings of the Board and meetings of the committees on which the Director serves;
- a grant of Share Equivalent Units having a value of $220,000 to be awarded under the 2003 Share Equivalent Unit Plan for Directors upon the Director’s election or reelection to the Board at the Annual Meeting of Shareholders;
- an annual retainer of $40,000 for the chairs of the Audit and Compliance Committee and the Risk Committee, and an annual retainer of $30,000 for the chairs of the Compensation and Benefits Committee and the Nominating, Governance and Public Responsibility Committee;
- an annual retainer of $20,000 for each member of the Audit and Compliance Committee and the Risk Committee, and an annual retainer of $15,000 for each member of the Compensation and Benefits Committee, and the Nominating, Governance and Public Responsibility Committee;
- an annual lead director fee of $100,000 (delivered as $25,000 in cash and $75,000 in Share Equivalent Units); and
- reimbursement of customary expenses for attending Board, committee, and shareholder meetings.

EXHIBIT 10.31

AMENDMENT
TO
RESTRICTED STOCK UNIT AWARD AGREEMENT (BAND 99)
AND
NONQUALIFIED STOCK OPTION AWARD AGREEMENT (BAND 99)

I. Amendment to Restricted Stock Unit Award Agreement (Band 99)

Section 2, Section 3 and Section 6(c) of the Restricted Stock Unit Award Agreement (Band 99) are hereby amended and restated, effective for awards granted on or after February 1, 2023, to provide in their entity as follows:

Section 2. Death or Disability.

(a) Death. Notwithstanding anything in this Agreement to the contrary, (i) if a Participant ceases Employment by reason of the Participant's death before the Vesting Date, or (ii) if a Participant ceased Employment by reason of the Participant's Retirement before the Vesting Date, the Award continued pursuant to Section 3 and the Participant dies before the Vesting Date, then the Participant's Award shall immediately vest on the date of the Participant's death, the RSU Payout Percentage for the Participant's Award shall be 100% and the Participant's Award shall no longer be subject to the vesting conditions set forth in Section 1(b) or Section 1(c). For the avoidance of doubt, if the Participant ceased Employment by reason of the Participant's Retirement before the Vesting Date and the Award did not continue pursuant to Section 3, this Section 2(a) shall not apply.

(b) Disability. Notwithstanding anything in this Agreement to the contrary, if a Participant ceases Employment by reason of the Participant's Disability before the Vesting Date, then the Participant's Award shall immediately vest on the date of the Participant's Disability, the RSU Payout Percentage for the Participant's Award shall be 100% and the Participant's Award shall no longer be subject to the vesting conditions set forth in Section 1(b) or Section 1(c).

Section 3. Retirement.

(a) Participants Outside European Union and United Kingdom. If a Participant's home base country is outside the European Union and the United Kingdom, then: (A) if the Participant ceases Employment by reason of the Participant's Early Retirement before the Vesting Date, and the date of Early Retirement is more than one year after the Date of Grant, the Participant's Award shall continue and vest on the Vesting Date for the number of Earned Shares determined under Section 1(c); and (B) if the Participant ceases Employment by reason of the Participant's Full Retirement before the Vesting Date, the Participant's Award shall continue and vest on the Vesting Date for the number of Earned Shares determined under Section 1(c); in each case, without regard to the vesting condition set forth in Section 1(b) and except as otherwise provided by Section 2(a) in the event of the death of the Participant after Retirement and before the Vesting Date.

(b) Participants Within European Union or United Kingdom. If a Participant's home base country is in the European Union or the United Kingdom, then if the Participant ceases Employment by reason of the Participant's EU/UK Retirement before the Vesting Date, and the date of EU/UK Retirement is more than one year after the Date of Grant, the Participant's Award shall continue and vest on the Vesting Date for the number of Earned Shares determined under Section 1(c), without regard to the vesting condition set forth in Section 1(b) and except as otherwise provided by Section 2(a) in the event of the death of the Participant after EU/UK Retirement and before the Vesting Date.

Section 6. Payment.

(c) Retirement. Subject to Section 6(f), Section 6(h) and Section 6(i), the Company shall issue to a Participant the number of Earned Shares from the vesting of the Participant's Award pursuant to Section 3, less the number of any shares withheld or cancelled to satisfy withholding obligations for Tax-Related Items pursuant to Section 6(i), at the time specified by Section 6(a) (or at the time provided by Section 6(b) in the event of the death of the Participant after Retirement and before the Vesting Date).

II. Amendment to Nonqualified Stock Option Award Agreement (Band 99)

Section 3(a) and Section 4(a) of the Nonqualified Stock Option Award Agreement (Band 99) are hereby amended and restated, effective for awards granted on or after February 1, 2023, to provide in their entity as follows:

Section 3. Death or Disability.

(a) Vesting.

(i) *Death*. Notwithstanding anything in this Agreement to the contrary, (i) if a Participant ceases Employment before the Vesting Date by reason of the Participant's death while holding the Option, and the Option has not expired and has not vested, or (ii) if a Participant ceased Employment by reason of the Participant's Retirement before the Vesting Date, the Option continued pursuant to Section 4 and the Participant dies before the Vesting Date while holding the Option, and the Option has not expired and has not vested, then the Participant's Option shall immediately vest and become exercisable for the Number of Shares on the date of the Participant's death, and shall no longer be subject to the vesting conditions set forth in Section 1(b) or Section 1(c), and the Option may be exercised as to any or all of the Number of Shares, as described by Section 3(b). For the avoidance of doubt, if the Participant ceased Employment by reason of the Participant's Retirement before the Vesting Date and the Option did not continue pursuant to Section 4, this Section 3(a) shall not apply.

(ii) *Disability*. Notwithstanding anything in this Agreement to the contrary, if a Participant ceases Employment before the Vesting Date by reason of the Participant's Disability while holding the Option, and the Option has not expired and has not vested, then the Participant's Option shall immediately vest and become exercisable for the Number of Shares on the date of the Participant's death or Disability, and shall no longer be subject to the vesting conditions set forth in Section 1(b) or Section 1(c), and the Option may be exercised as to any or all of the Number of Shares, as described by Section 3(b).

Section 4. Retirement.

(a) Vesting.

(i) *Participants Outside European Union and United Kingdom*. If a Participant's home base country is outside the European Union and the United Kingdom, then: (A) if the Participant ceases Employment by reason of the Participant's Early Retirement before the Vesting Date, and the date of Early Retirement is more than one year after the Date of Grant, the Participant's Option shall continue and vest and become exercisable on the Vesting Date; and (B) if the Participant ceases Employment by reason of the Participant's Full Retirement before the Vesting Date, the Participant's Option shall continue and vest and become exercisable on the Vesting Date; in each case, without regard to the vesting condition set forth in Section 1(b), but subject to the attainment of the performance requirement of Section 1(c); and in each case, except as otherwise provided by Section 3(a)(i) in the event of the death of the Participant after Retirement and before the Vesting Date.

(ii) *Participants Within European Union or United Kingdom*. If a Participant's home base country is in the European Union or the United Kingdom, then if the Participant ceases Employment by reason of the Participant's EU/UK Retirement before the Vesting Date, and the date of EU/UK Retirement is more than one year after the Date of Grant, the Participant's Option shall continue and vest and become exercisable on the Vesting Date, without regard to the vesting condition set forth in Section 1(b), but subject to the attainment of the performance requirement of Section 1(c), except as otherwise provided by Section 3(a)(i) in the event of the death of the Participant after EU/UK Retirement and before the Vesting Date.

(iii) *Forfeiture and Cancellation*. If a Participant ceases Employment by reason of the Participant's Retirement, and the Participant's Option does not continue pursuant to Section 4(a)(i) or Section 4(a)(ii), the Option shall be forfeited and cancelled by the Company.

* * * * *

EXHIBIT 21

SUBSIDIARIES OF AMERICAN EXPRESS COMPANY
as of December 31, 2022

Unless otherwise indicated by an asterisk (*), all of the voting securities of these subsidiaries are directly or indirectly owned by the registrant. The indentation reflects the principal parent of each subsidiary.

Name	Country Name	Jurisdiction
American Express Company	United States	New York
56th Street AXP Campus LLC	United States	Arizona
American Express Bank LLC	Russian Federation	Russian Federation
American Express Banking Corp.	United States	New York
American Express Travel Related Services Company, Inc.	United States	New York
Accertify, Inc.	United States	Delaware
AE Innovation Labs Holdings, LLC	United States	Delaware
American Express Innovation Laboratories Limited	Ireland	Ireland
American Express Bank (Mexico) S.A. Institucion de Banca Multiple	Mexico	Mexico
American Express Bank Services, S.A. de C.V.	Mexico	Mexico
American Express Company (Mexico) S.A. de C.V.	Mexico	Mexico
American Express Insurance Services, Agente de Seguros, S.A. de C.V.	Mexico	Mexico
American Express Credit Corporation	United States	Delaware
American Express Credit Mexico, LLC	United States	Delaware
American Express Overseas Credit Corporation Limited	Jersey	Jersey
AEOCC Funding Australia Limited	Jersey	Jersey
AEOCC Management Company Limited	Jersey	Jersey
American Express Overseas Credit Corporation N.V.	Netherlands Antilles	Netherlands Antilles
American Express Netherlands B.V.	Netherlands	Netherlands
Credco Receivables Corp.	United States	Delaware
American Express International (NZ), Inc.	United States	Delaware
American Express Kabbage Inc.	United States	Delaware
Kabbage Payments, LLC	United States	Delaware
American Express Limited	United States	Delaware
American Express (Malaysia) SDN. BHD.	Malaysia	Malaysia
American Express European Holdings B.V.	Netherlands	Netherlands
American Express Holdings G.K.	Japan	Japan
American Express International, Inc.	United States	Delaware
AE Exposure Management Limited	Jersey	Jersey
American Express (India) Private Limited	India	India

American Express Business Solutions (India) Private Limited	India	India
American Express (Thai) Company Limited	Thailand	Thailand
American Express Asia Network Consulting (Beijing) Limited Company	China	China
American Express Continental, LLC	United States	Delaware
American Express Australia Limited	Australia	Victoria
Centurion Finance Limited	New Zealand	New Zealand
American Express Dutch Capital, LLC	United States	Delaware
American Express Holdings Limited	United Kingdom	England and Wales
American Express Services Europe Limited	United Kingdom	England and Wales
American Express de Espana, S.A. (Sociedad Unipersonal)	Spain	Spain
Amex Asesores de Seguros, S.A. (Sociedad Unipersonal)	Spain	Spain
American Express Europe, S.A.	Spain	Spain
American Express Italia S.r.l.	Italy	Italy
American Express UK Pension Plan Trustees Limited	United Kingdom	England and Wales
American Express Travel Holdings Netherlands B.V.	Netherlands	Netherlands
American Express Holland Holdings B.V.	Netherlands	Netherlands
American Express, spol. s r.o.	Czech Republic	Czech Republic
Amex Funding Management (Europe) Limited	Jersey	Jersey
Loyalty Partner GmbH	Germany	Germany
Loyalty Partner Holdings B.V.	Netherlands	Netherlands
PAYBACK Italia S.r.l.	Italy	Italy
Payback Mexico S. de R.L. de C.V.	Mexico	Mexico
Loyalty Partner Solutions GmbH	Germany	Germany
Payback GmbH	Germany	Germany
Loyalty Partner Polska Sp. z o.o.	Poland	Poland
PAYBACK Austria GmbH	Austria	Austria
Amex Funding Management Holdings Limited	Jersey	Jersey
Amex (Middle East) B.S.C. (closed)*	Bahrain	Bahrain
American Express Saudi Arabia (C) JSC*	Saudi Arabia	Saudi Arabia
Amex Al Omania LLC*	Oman	Oman
AMEX (Middle East) QFC LLC *	Qatar	Qatar
Amex Egypt Company Limited Liability Company*	Egypt	Egypt
Amex Global Holdings C.V.	Netherlands	Netherlands
Amex NL Holdings 99, LLC	United States	Delaware
American Express Holdings Netherlands CV	Netherlands	Netherlands
American Express Group Services Limited	United Kingdom	England and Wales

American Express Holdings 2 Limited	United Kingdom	England and Wales
American Express Europe LLC	United States	Delaware
American Express International (Taiwan), Inc.	China	Taiwan
American Express International Holdings, LLC	United States	Delaware
American Express Argentina S.A.	Argentina	Argentina
American Express Holdings (France) SAS	France	France
American Express France SAS	France	France
American Express Canada Holdings B.V.	Netherlands	Netherlands
American Express Holding AB	Sweden	Sweden
Amex Agenzia Assicurativa S.r.l.	Italy	Italy
Amex Canada Inc.	Canada	Ontario
American Express Carte France SA	France	France
American Express Japan Co., Ltd.	Japan	Japan
American Express Payment Services Limited	United Kingdom	England and Wales
American Express Payments Europe, S.L.U.	Spain	Spain
American Express Services India Private Limited	India	India
American Express Swiss Holdings GmbH	Switzerland	Switzerland
Swisscard AECS GmbH*	Switzerland	Switzerland
American Express TLS HK Limited	China	Hong Kong
American Express Travel Holdings Netherlands Cooperatief U.A.	Netherlands	Netherlands
Amex General Insurance Agency, Inc.	China	Taiwan
Pocket Concierge Inc.	Japan	Japan
American Express Netherlands Holdings B.V.	Netherlands	Netherlands
American Express Brasil Assessoria Empresarial Ltda.	Brazil	Brazil
PT American Express Indonesia	Indonesia	Indonesia
American Express Marketing & Development Corp.	United States	Delaware
American Express MFP, Inc.	United States	Delaware
American Express National Bank	United States	United States
American Express Receivables Financing Corporation III LLC	United States	Delaware
American Express Prepaid Card Management Corporation	United States	Arizona
American Express Receivables Financing Corporation II	United States	Delaware
American Express Receivables Financing Corporation VIII LLC	United States	Delaware
American Express Ventures SBIC GP, LLC	United States	Delaware
American Express Ventures SBIC, L.P.	United States	Delaware
Amex Bank of Canada	Canada	Ontario
Amex Services, Inc.	United States	Delaware
Angel Acquisition LLC	United States	Delaware
Asesorias e Inversiones American Express Chile Limitada	Chile	Chile
AXP Insurance Master Trust	United States	New York
Cavendish Holdings, Inc.	United States	Delaware

Express (Hangzhou) Technology Services Company Limited *	China	China
LoungeBuddy, Inc.	United States	Delaware
Mez Mobile, Inc.	United States	Delaware
Resy Network, Inc.	United States	Delaware
Resy Network Limited	United Kingdom	England and Wales
Resy Network Pty Ltd	Australia	Australia
Travellers Cheque Associates Limited	United Kingdom	England and Wales
AMEX Assurance Company	United States	Illinois
AAC Statutory Trust	United States	Delaware
Amexco Insurance Company	United States	Vermont
Rexport, Inc.	United States	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 33-53801, 333-142710, 333-211159, and 333-240077) and Form S-3 (No. 2-89469, 333-32525 and 333-253057) of American Express Company of our report dated February 10, 2023 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 10, 2023

EXHIBIT 31.1

CERTIFICATION

I, Stephen J. Squeri, certify that:

1. I have reviewed this annual report on Form 10-K of American Express Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2023

/s/ Stephen J. Squeri
Stephen J. Squeri
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Jeffrey C. Campbell, certify that:

1. I have reviewed this annual report on Form 10-K of American Express Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2023

/s/ Jeffrey C. Campbell
Jeffrey C. Campbell
Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of American Express Company (the “Company”) for the fiscal year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Stephen J. Squeri, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen J. Squeri
Name: Stephen J. Squeri
Title: Chief Executive Officer
Date: February 10, 2023

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being “filed” as part of the Form 10-K or as a separate disclosure document for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that this Exhibit 32.1 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of American Express Company (the “Company”) for the fiscal year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Jeffrey C. Campbell, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey C. Campbell
Name: Jeffrey C. Campbell
Title: Chief Financial Officer
Date: February 10, 2023

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being “filed” as part of the Form 10-K or as a separate disclosure document for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that this Exhibit 32.2 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.