

American Express Payment Services Limited

Registered number 06301718

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2024**

American Express Payment Services Limited

Report and Financial Statements for the year ended 31 December 2024

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American Express Payment Services Limited

Officers & Advisors

DIRECTORS

D Edelman - Chair
D Bailey - Chief Financial Officer
H Coventry
S Maheshwari
K McDonald
L Moseley
V Raynaud
S Shomstein

COMPANY SECRETARY

G Gill

INDEPENDENT AUDITORS

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Chartered Accountants and Statutory Auditors
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BANKERS

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76 Buckingham Palace Road
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American Express Payment Services Limited

Directors' Report for the year ended 31 December 2024

The Directors present their Directors' Report and the audited financial statements of American Express Payment Services Limited ("the Company" or "AEP SL") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is registered in England and Wales, domiciled in the United Kingdom and is part of the American Express group of companies ("American Express", "the Group" or "the Enterprise"). The Company's immediate parent is American Express International Inc. and the Company's ultimate parent and controlling entity is American Express Company, both incorporated in the United States of America.

The principal activity of the Company is the provision of merchant acquirer services. The Company also provides services to other companies within the American Express Group.

At the reporting date the Company has a single branch in Germany to service local employee related obligations. All other branches have been deregistered, the last of which was AEP SL Italy in December 2023.

Supervision and Regulation

The Company is authorised and regulated by the Financial Conduct Authority (FCA) as an authorised payment institution under the Payment Services Regulations 2017. The Company uses this authorisation to perform regulated payment services in the UK. The Company is also authorised by the FCA to conduct Payment Initiation Services (PIS) and Account Information Services (AIS). The Company uses its PIS license to offer Pay with Bank Transfer services.

The financial services industry in the UK, including the Company, is subject to rigorous scrutiny, high regulatory expectations, and a range of regulations. The regulatory landscape continues to evolve at pace, with several reform packages planned for 2025 and beyond, including, FCA proposals to support the Government's reforms for growth.

In addition to the FCA, the Company's activities are subject to regulation and supervision by the Payments Systems Regulator (PSR) and the Information Commissioner's Office (ICO). Regulators 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 to assess compliance with laws and regulations by regulators, as well as our own internal reviews, 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.

Key Regulations and Developments

Payments Regulation

In 2015, the EU adopted legislation in two parts, covering a wide range of topics across the payments industry. The first part was an EU-wide regulation on interchange fees (the Interchange Fee Regulation); and the second consisted of the Revised Payment Services Directive (the PSD2). The Group engages with the regulatory authorities responsible for overseeing and enforcing this legislation in the UK, the FCA and the PSR, as required.

American Express Payment Services Limited

Directors' Report for the year ended 31 December 2024 (Continued)

Key Regulations and Developments (Continued)

Payments Regulation (Continued)

The PSD2 makes revisions to the original Payment Services Directive adopted in 2007 ("PSD") and prescribes common rules across the EU for licensing and supervision of payment service providers. It also contains regulatory requirements on strong customer authentication, open access to customer data and payment capabilities, and measures to prevent security incidents. The Company and the Group comply with the legislation, which was transposed into the UK legislative framework by the Payment Services Regulations 2017. The Payment Services Regulations 2017, are currently under review by HM Treasury and FCA to simplify the current dual regime governing fair access.

Consumer Protection

The Company's consumer credit activities are subject to regulation and supervision by the FCA, with the regulator increasing focus on customer outcomes rather than just ensuring compliance with the rules and regulations. The Consumer Duty ('the Duty') came into force on 31 July 2023 for new and existing products or services that are open to sale and renewal (and 31 July 2024 for closed products and services). The Duty introduced a new "Principle" to the handbook, further raising standards in how firms assess and evidence that they are acting to deliver good outcomes for retail customers – throughout the lifecycle of the product. In particular, the Duty focuses on four outcomes: (i) Consumer Understanding; (ii) Products & Services; (iii) Customer Support and (iv) Price & Value.

The FCA continued to monitor firms' implementation of the Consumer Duty during 2024 setting out good practices and areas of improvement for payment firms and conducting a review of Consumer Duty Board Reports across 180 firms.

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

The Company is subject to regulation and supervision with respect to compliance with anti-money laundering ("AML"), countering financing of terrorism ("CFT"), and economic sanctions. Among other things, these laws and regulations require the Company to establish AML / CFT programmes that meet certain standards, including, in some instances, expanded reporting, particularly in the area of suspicious transactions, and enhanced information gathering and recordkeeping requirements.

Operational Resilience

New Rules relating to Operational Resilience were published in March 2021. These Rules required the Company, by March 2022, (i) to identify its Important Business Services (IBS); (ii) set impact tolerances for the IBS; (iii) perform mapping and testing; (iv) conduct lessons learned exercises; (v) develop communications plans and (vi) prepare annual self-assessment documentation. The Company made significant progress to enhance its Operational Resilience framework in order to meet the March 2025 deadline to ensure that it stays within its impact tolerances. This has involved utilising industry wide feedback and external guidance to strengthen its policies and procedures in this area to meet the requirements of these Rules.

Climate-Related Financial Disclosures

In January 2022 the UK announced new requirements for a range of entities to prepare annual climate-related financial disclosures in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The requirement is applicable to large private companies, such as the Company, and applies to accounting periods beginning on or after 6 April 2022.

The Company has implemented procedures to gather the information and data needed to facilitate clear and accurate climate-related financial disclosures and included TCFD-aligned climate-related disclosures for the first time in its 2023 financial statements. The 2024 disclosures are included in the Non-financial and Sustainability Information Statement, within the Strategic Report of these financial statements.

American Express Payment Services Limited

Directors' Report for the year ended 31 December 2024 (Continued)

GOVERNANCE

The Directors are responsible for managing the Company's affairs and for ensuring that the operations of the Company, including its branch, are carried out effectively and with due regard to the reputation of the Group and the requirements imposed upon it by law, regulation and relevant regulatory bodies.

To fulfil these responsibilities, the Company maintains a governance framework including the following management committees ("the Committees"), each reporting regularly to the Board:

- The Audit and Finance Committee; and
- The Risk Committee.

The Audit and Finance Committee focuses principally on the Company's financial accounting, internal control and integrity of its financial statements. It is chaired by the Chief Financial Officer and membership is made up of representatives from all relevant departments, including Tax, Treasury, Finance, Regulatory Compliance, and Controllershship. The Audit and Finance Committee meets in advance of every Board Meeting, to monitor key issues and changes within the Committee's remit, make non-critical decisions and to conclude upon items and/or risks which should be raised for the Board's consideration.

The Risk Committee (RC) supports the Board by giving oversight to the key operational risks identified for the Company. It is chaired by a Board Director who is a Senior Leader within the Global Merchant and Network Services (GMNS) Payment Facilitation & Merchants Partnerships business with its membership being made up of various representatives including, Global Merchant Services, Compliance, Technologies, Global Services Group, General Counsel's Organisation and the Outsourcing Governance team.

The RC has oversight of significant operational and compliance changes and issues arising within the Company. The RC is also responsible for ensuring that clear, effective and compliant processes are in place for managing third party and affiliate outsourcing arrangements. The RC meets in advance of every Board Meeting in order to consider items and/or risks which should be raised for the Board's consideration. The Board has implemented an escalation framework to ensure the effective reporting of risks, issues and changes within the Company to relevant key internal and external stakeholders. Additionally, the Group has established clearly defined communication processes and protocols between its international legal entities (including the Company) and Enterprise-level committees to enable more timely, relevant communication between teams, providing greater clarity in change management, better decision-making and communication.

Key features of this framework include top down and bottom up communications protocols, with the top down communication protocol ensuring early engagement of international legal entities in relevant Enterprise-level and risk management initiatives, and the bottom up communication protocol ensuring the international legal entities can escalate local developments that could pose a material risk.

As an authorised payment institution, the Company is required to maintain capital levels which exceed a prescribed level of minimum capital, as required by the Payment Services Regulations 2017. The Company currently has an FCA minimum capital requirement of £16.4m. Capital monitoring processes are in place to ensure the Company exceeds the minimum capital requirements at all times. The Company performs Company-level capital and liquidity stress testing for both base and severe scenarios, refreshed annually.

Disclosures on future strategies and risk management are included within the Strategic Report.

American Express Payment Services Limited

Directors' Report for the year ended 31 December 2024 (Continued)

RESULTS AND DIVIDENDS

The results for the full year are set out on page 36 and show the profit before taxation for the year ended 31 December 2024 of £75m (2023: £74m). The profit after taxation for the financial year was £57m (2023: £57m) and has been transferred to reserves. The Directors do not propose the payment of a dividend for the year ended 31 December 2024 (2023: £nil). Total Shareholders' Funds at 31 December 2024 stood at £330m (2023: £273m). The Financial Performance section of the Strategic Report gives a more detailed review of the Company's performance indicators.

OPERATIONS OUTSIDE THE UK

The Company has a wholly owned subsidiary in Spain, American Express Payments Europe S.L. (AEPE) and a branch in Germany. All other branches have been deregistered, the last of which was AEPSL Italy in December 2023.

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks. An overview of these risks and how they are managed by the Company is included in the Financial Risk Management section of the Strategic Report.

FUTURE DEVELOPMENTS

In line with Group strategy, the Company is focused on maintaining growth in an uncertain economic, political and regulatory environment, whilst managing costs and upholding service quality. The Strategic Report includes an Outlook, Principal Risks and Uncertainties section which considers how future developments may impact the Company.

DIRECTORS

The Directors of the Company who served during the year and up to the date of signing the financial statements were:

| | |
|--------------|---|
| D Edelman | Chairman |
| D Bailey | Chief Financial Officer |
| H Coventry | |
| A Holmes | (resigned 18 February 2025) |
| M Ganapathy | (appointed 8 May 2025, resigned 15 May 2025) |
| S Maheshwari | (appointed 15 March 2024) |
| K McDonald | |
| L Moseley | |
| N Paris | (appointed 13 June 2024, resigned 14 May 2025) |
| S Shomstein | |
| V Raynaud | |
| C Rivera | (appointed 15 March 2024, resigned 15 May 2025) |

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in S.234 of the Companies Act 2006, and as outlined in the Company's Articles of Association. Such a qualifying third-party indemnity provision was in force during the financial year and remains in force as at the date of approving the Directors' Report.

American Express Payment Services Limited

Directors' Report for the year ended 31 December 2024 (Continued)

EMPLOYEE ENGAGEMENT STATEMENT

As referenced in the Statement of Corporate Governance Arrangements, the American Express workforce within the UK, including, but not limited to, the Company's colleagues, is split among multiple UK based legal entities. Consequently, many of the Company's interactions with its colleagues, being cross functional in nature, are managed at a centralised level.

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 and lead. We believe that maintaining our strong workplace culture, adhering to our Blue Box values and ensuring that our people feel included, valued, recognised and backed, helps us attract, develop and engage the right talent for American Express' success. We do this by offering a compelling colleague value proposition, which includes a culture built on strong relationships, shared values and purpose, competitive pay and benefits that support our colleagues and their loved ones' holistic well-being, and meaningful work with many opportunities for career growth and development.

In 2024 American Express was voted one of the Top 25 Employers in the UK by LinkedIn, and we continually invest in programmes, benefits and resources to ensure our colleagues have the backing they need to be and deliver their best. Below are some of our flagship benefits programmes:

- Healthy Living highlights the importance of preventive care, encourages and rewards healthy actions, and delivers practical and accessible resources that promote a healthy lifestyle. The Company has a team dedicated to health and well-being, led by a Medical Director, which oversees the Healthy Living Hub (a wellness concierge primary health care service) including Occupational Health services, with integrated referral and clinical care pathways. All colleagues have access to GP-led primary care service, Virtual GP and physiotherapy services for fast and easy access to healthcare. As part of the benefits provision, there are health services included in the health care plan as well.
- Smart Saving empowers colleagues to strengthen their financial knowledge, achieve their financial goals, and plan for the future.
- Healthy Minds provides colleagues and their loved ones access to free high-quality counselling, a personalised health concierge service, and aims to increase mental health awareness across the Company.

We believe that maintaining our strong workplace culture, adhering to our Blue Box values and ensuring that our people feel respected, valued, recognised and backed helps us attract, develop and engage the right talent for American Express' success. We do this by offering a compelling colleague value proposition, which includes a culture built on strong relationships, shared values and purpose, competitive pay and benefits that support our colleagues and their loved ones' holistic well-being, and meaningful work with many opportunities for career growth and development. This includes providing reasonable accommodations (e.g. assistive aids, accessible training materials) to ensure that the opportunities are available to all, including those colleagues living with disabilities, or those who develop a disability during their work tenure. Where a colleague develops a disability during their work tenure, the Company seeks to make necessary and appropriate adjustments to ensure they can continue to grow both personally and professionally within American Express.

We also provide colleagues at all levels with access to a wide variety of resources - grounded in our business strategy, Leadership Behaviors, and Blue Box Values - to support their ongoing career growth and leadership development. The following are our custom enterprise programmes:

- Career Growth @ Amex provides clear guidelines to help colleagues navigate and grow in their careers, built on four pillars - Deliver, Reflect, Learn, and Connect.
- Leadership @ Amex helps colleagues develop and strengthen their leadership skills and supports people leaders in becoming great performance and career coaches.
- Feedback @ Amex fosters a culture of two-way informal and formal feedback to help colleagues strengthen their coaching and feedback skills.

Consultation with colleagues and their representatives, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests, and ensuring they are aware of the financial and economic performance of their business units and of the Company as a whole, is well established.

American Express Payment Services Limited

Directors' Report for the year ended 31 December 2024 (Continued)

EMPLOYEE ENGAGEMENT STATEMENT (Continued)

Communication continues through regular internal communications, newsletters, and briefing groups. The Group carries out an annual Colleague Experience Survey with a strong record of favorable results, which are communicated to all colleagues, discussed by the Board, and acted upon as necessary.

The Company aims to achieve a balance between delivering market competitive remuneration in order to attract and retain talent and optimising shareholder return. American Express has continued to reward and recognise the performance and dedication of colleagues with a focus on bolstering its competitive positioning through enhancements to the global short and long-term incentive programmes.

Eligible colleagues participate in equity awards with pay-outs that are linked to seniority and performance driven. A description of the plans and performance measures are available in the American Express Company's financial statements. See Note 4 for a summary description of the plans and the awards granted and outstanding during the year.

STAKEHOLDER ENGAGEMENT STATEMENT

The Board recognises that the fostering of good business relationships is crucial to the long-term success of the Company and Group as a whole. To this end, the Company has implemented an escalation framework (via the Committees) so that issues impacting the business and/or key stakeholders (including, but not limited to, the Company's suppliers and customers) are escalated to the Board for its consideration. This helps ensure that the Board has visibility of issues impacting the Company's key stakeholders and that such issues are dealt with and resolved in an effective, timely and appropriate manner.

In addition, American Express has a number of policies in place which require that, prior to the Board taking decisions deemed critical to the Company, the impact on a wide group of stakeholders is identified and considered. This better enables the Board to make informed decisions while acting in the best interests of the Company and its key stakeholders.

As directors of a regulated entity, the Board must also adhere to the FCA's Conduct Rules which, in addition to acting with integrity, due skill, care and diligence, include an obligation to pay due regard to the interests of customers and treat them fairly.

The Company's principal decisions during the financial year ended 31 December 2024 were centered around its long-term strategy and the control environment. Specifically, the Board received updates in relation to the economic and political landscape in the UK while also ensuring they were kept apprised on the regulatory developments in the UK. The Board took various decisions in relation to its Anti Money Laundering ("AML") programme. This included decisions in relation to the remediation and refresh of its merchants as well as to the Company's long term strategy in order to enhance its AML programme. They also made a decision to wind down the Company's Merchant Recruitment and Processing Servicing model over time. Other decisions throughout the year included ensuring that the Company had appropriate Business Continuity Plans specifically in place in relation to banking partners.

The Company continued to evolve its approach to the new FCA Consumer Duty, ensured it was setting high and clear standards of consumer protection, and continued to monitor this as it evolved. Another key focus for the Board in 2024 was to ensure that the Company was able to stay within the impact tolerances set for its important business services in line with the FCA's operational resilience rules which came fully in to force in March 2025.

American Express Payment Services Limited

Directors' Report for the year ended 31 December 2024 (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

CREDITOR PAYMENT POLICY

It is Company policy to pay vendors 60 days after receipt of a correct, undisputed, timely provided and properly due VAT invoice unless specific payment terms dictate otherwise. The Company has a range of payment tool options that can allow suppliers to be paid faster than the standard 60 days. The Company's average creditor period for 2024 was 40 days (2023: 40 days).

American Express Payment Services Limited

Directors' Report for the year ended 31 December 2024 (Continued)

POLITICAL AND CHARITABLE CONTRIBUTIONS


During the year, the Company made no donations to advance the causes of charitable organisations (2023: £nil), as all charitable contributions are made by American Express Corporate Social Responsibility on behalf of the Group. No donations were made by the Company for political purposes (2023: £nil).

The Company partners with local and national charities, forging impactful partnerships and providing volunteer opportunities for employees.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP are deemed to be reappointed as independent auditors under section 487(2) of the Companies Act 2006.

The Directors' Report and the financial statements on pages 36 to 66 were approved by the Board of Directors on 2 July 2025 and signed on its behalf by:

Signed by:

7F319C78BBA9498...

D Edelman
Chairman
2 July 2025

Signed by:

EBCDF257355E4BD...

D Bailey
Chief Financial Officer

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024

The Directors present their Strategic Report of American Express Payment Services Limited ("the Company") for the year ended 31 December 2024.

BUSINESS REVIEW

Objectives of the Company

The key objective of the Company is to generate business through its core activity of merchant acquiring services.

Business Strategy

Integral to this objective are activities to maintain and enhance existing merchant relationships, established through card acceptance agreements, and to expand the number of locations at which the American Express card is accepted. The Company continually seeks to improve the quality of service and value delivered to merchants.

The core elements of the Company's strategy are:

- Acquiring new merchants for the acceptance of American Express card transactions with a view to making significant progress on the Company's coverage footprint;
- Continuing to monitor the performance of its merchant acquirer offering against key competitors and ensuring good customer outcomes;
- Building and maintaining relationships with merchants, both directly and through third party partnerships such as payment facilitators and processors, to manage aspects of its merchant business;
- Maintaining and enhancing the relationship with entities that issue cards on the American Express network, to drive increased usage of the American Express card at the Company's acquired merchants;
- Continuing to grow our open banking payments business - Pay with Bank Transfer - growing volumes with our existing merchants and acquiring new merchants;
- Attracting and retaining talented colleagues;
- Focusing on increasing payment service revenues while managing costs, and improving efficiency; and
- Strengthening and uplifting our risk culture and capabilities to deliver the highest standards for risk and control management.

The Company continues to invest to strengthen its data management, business insights and marketing capabilities. In addition, the Company offers a Pay with Bank transfer service, allowing consumers to pay for purchases made online directly from their bank accounts. These developments enhance the broad range of premium value services delivered to merchants and are under-pinned by the Company's core competence in advanced payment services continuing the strategy of providing a premium service experience and operational excellence.

Employee Strategy

To support business objectives, key colleague-related strategies include:

- Embedding the Career Growth model and developing the leaders of the future through innovative learning experiences, and fostering a culture of two-way informal and formal feedback;
- Engaging colleagues to strengthen the Company's culture of inclusion, operational risk management and control risk management;
- Delivering an exceptional end-to-end internal and external recruiting experience; and
- Promoting holistic well-being for all colleagues across the moments that matter to them.

FINANCIAL PERFORMANCE

A number of performance indicators are used to monitor the Company's progress against its strategies and objectives. As part of the monitoring of the Company's financial performance, the Company reviews turnover, profitability, business volumes by industry sector, and key balance sheet metrics including capital adequacy and net assets. In addition, the Company also reviews further financial indicators including merchant credit risk and average discount rates. The following information (subject to commercial sensitivity) provides further detail as to how these have impacted the performance and position of the Company's business for the year.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

FINANCIAL PERFORMANCE (Continued)

Total reported business volumes, upon which discount revenue (turnover) is earned, for the year ended 31 December 2024 increased by 13% as compared to the prior year. The main driver of the growth was incremental spend and increased coverage. Turnover, net of customer rebates, for the year ended 31 December 2024 correspondingly increased by 11% compared to the prior year. The Company saw a nominal increase in entrepreneurial and strategic service fee revenue, which is linked to the profitability of AEPE's merchant acquiring business. During 2024 the Company continued to invest in marketing and promotional activities and merchant acquisition programmes to increase coverage, support merchant engagement and drive future growth. Regulatory capital at 31 December 2024 stood at £310m (2023: £247m), against a regulatory minimum of £16.4m.

The results for the full year are set out on page 36 and show that despite the increase in revenue year on year along with the increase in interest receivable and similar income, the increase in costs of sales and administrative expenses have resulted in the Company recording a similar result to the previous year with a profit before taxation for the year ended 31 December 2024 of £75m (2023: £74m). The profit after taxation for the financial year was £57m (2023: £57m) and has been transferred to reserves.

The net asset position of the Company at 31 December 2024 was £330m (2023: £273m).

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks. The Company places great significance on ensuring sound management of credit, funding and liquidity, capital and market risk.

The Company primarily adopts the American Express Group's Enterprise-wide Risk Management ("ERM") programme policies and strategies. The objective of the ERM is to identify, aggregate, monitor and manage risks in order to maintain and continuously improve risk management controls and processes that will enable profitable growth, while delivering outstanding customer service.

Institutional Credit Risk

The Company defines institutional credit risk as the risk of loss to the Company due to the non-payment of an amount contractually owed to the Company by a business or organisation. Institutional credit risk arises within the Company's merchant business, when the Company has a receivable from a merchant as a result of credit transactions, disputes, or discount revenue being settled on a gross basis. Institutional credit risk is affected by both general economic conditions and by merchant specific events.

The Company adheres to the American Express Institutional Credit Risk Management Policy which details its approach to managing institutional credit risk and assigns key governance responsibilities, prescribes rules for escalating risks, and sets forth American Express guidelines for measuring, assessing, and reporting institutional credit risk.

The Company is supported by a dedicated risk management team and enterprise wide 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 IMRC, 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.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

Institutional Credit Risk (Continued)

The IRMC formally reviews large institutional risk exposures to ensure compliance with Enterprise Risk Management guidelines and procedures and escalates them to the ERM Committee as appropriate. At the same time, the IRMC provides guidance to the business unit risk management teams to optimise risk-adjusted returns on capital. A centralised risk rating unit provides risk assessment of institutional obligors.

Exposure to the Airline and Travel Industry

The Company has multiple card acceptance arrangements with airlines. The ERM programme evaluates the risks posed by its airline partners and the overall airline strategy across the Group through comprehensive business analysis of global airlines, and the travel industry more broadly, including cruise lines, travel agencies, and tour operators. The Company is exposed to credit risk in these industries where payment has been remitted to the merchant for a card member purchase of tickets, but they have not yet been used or “flown”.

To mitigate this risk, the Company includes protective actions within its card acceptance agreements, which include modifying the merchant’s speed of pay and permitting a reserve to be created upon the occurrence of certain trigger events.

The Company has a reserve of £5.5m (2023: £5.0m) related to merchant receivable exposures as at 31 December 2024. Merchant receivable positions continue to be monitored closely and protective actions will be taken wherever possible.

The Group operates a funding arrangement under which amounts owed by group undertakings are cash settled on a monthly basis, with any resulting cash surplus being loaned to affiliate entities through short-term interest-bearing loans. As a result of the strong credit position and ongoing support provided by the Group, the level of credit risk attached to intercompany positions is limited.

Funding and Liquidity Risk

Funding and liquidity risk is defined as the inability of the Company to meet its ongoing financial and business obligations as they become due at a reasonable cost.

The Company primarily adopts the Enterprise-wide Liquidity Risk Policy, which establishes the framework that guides and governs liquidity risk management to ensure the Group and Company maintain franchise continuity during periods when regular sources of funding become impaired. Franchise continuity includes the ability to fulfil the cash requirements arising from providing its products and services as it would if its funding sources were not impaired, as well as satisfying its contractual cash obligations in the event it cannot raise new funds. The Company performs annual liquidity stress testing at a Company level (base and severe scenarios) to support franchise continuity assumptions.

The Group manages funding and liquidity risk by maintaining access to a diverse set of cash, readily-marketable securities and contingent sources of liquidity, such that each American Express operating company can continuously meet its business requirements and expected future finance obligations for at least a 12 month period, even in the event it is unable to raise new funds under its regular funding programmes. The Group balances 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.

The Audit and Finance Committee and the Board are informed of any changes in Group funding policy or practices that would materially affect the Company and its ability to continuously fund its business requirements. This includes an annual overview of the Company’s access to existing internal lines of credit from Group entities.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

Funding and Liquidity Risk (Continued)

In accordance with Group funding arrangements, cash is loaned by the Company to other Group entities through short-term loan arrangements. In accordance with the Primary Acquiring Operating Agreement, American Express Travel Related Company, Inc. (TRSCo) will remit to the Company the amount due for charges incurred by cards issued on the American Express network, on the day on which the Company is due to make payment for those charges to the merchant. Accordingly, through this contractual relationship with TRSCo and the ongoing support of the Group, sufficient liquidity exists to pay merchants and settle other liabilities as they fall due.

A letter has been secured from American Express Company confirming its intention to provide sufficient support to maintain the Company's safe and sound operations for a period of thirteen months from the date of signing these financial statements.

Capital Risk

The Company manages its capital within the guidelines set by the Board of Directors and Audit and Finance Committee.

As an authorised payment institution, the Company is required to maintain capital levels which exceed a prescribed level of minimum capital, as required by the Payment Services Regulations 2017. The Company currently has an FCA minimum capital requirement of £16.4m, against capital resources of £310m at 31 December 2024. Capital monitoring processes are in place to ensure the Company exceeds the FCA minimum capital requirements at all times.

The Company's capital is managed to ensure adherence to its minimum capital requirement as a payment institution, in addition to ensuring that it will be able to support its business objectives and continue as a going concern. The capital structure of the Company consists of the borrowings disclosed in Note 15 and equity attributable to equity holders of the Company, comprising share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity and Note 17.

Market Risk

Market risk is the risk to earnings or asset and liabilities values resulting from movements in market prices. The Company's market risk exposure includes:

- Interest rate risk driven by changes in the relationship between the interest rates on the Company's assets and the interest rates on the Company's liabilities; and
- Foreign exchange risk arising from earnings, funding, transactions and investments in currencies other than the functional currency.

The Company adopts the Market Risk Policy within the ERM programme, which establishes processes and criteria to minimise earnings volatility while supporting sustainable profit growth in relation to interest rate risk management.

(i) Interest Rate Risk

The Company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets are primarily cash or intercompany loans that receive and pay interest at floating short-term rates. American Express manages its exposure through having a mix of external and intercompany debt at both fixed and short-term rates consistent with its business operations and enterprise-wide Market and Liquidity Risk Policies.

For the purposes of interest rate risk management, the Company does not enter into any contract that gives rise to the recognition of derivative financial instruments for trading purposes.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

Market Risk (Continued)

(ii) Foreign Currency Risk

Foreign exchange exposures arise due to cross-currency transactions and balances from the Company's funding activities, cross-currency investing activities, such as in the equity of foreign subsidiaries, and revenues generated and expenses incurred in foreign currencies, which impact earnings.

The Company's foreign exchange risk is managed primarily by entering into foreign exchange spot transactions or hedged using foreign exchange forward contracts. These contracts are only entered into when the hedge costs are economically justified and are in notional amounts designed to offset pre-tax impacts from currency movements in the period in which they occur. The Company continues to enter into derivative forward foreign exchange contracts designated as net investment hedges to manage the Company's exposure to foreign exchange translation of the investment of its wholly owned Spanish subsidiary AEPE. Any translation gain movements caused by changes in foreign exchange rates impacting the Company's under hedged position are considered to be of limited risk.

The Company is not ultimately exposed to any transactional foreign exchange gains or losses as they are borne by a related Group entity. The Company's branch remits its profits (if any) to its UK parent on a monthly basis. As a result, there is no foreign exchange sensitivity from translation of its European branch into the functional currency.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES

The Company recognises the continued importance of climate-related considerations to its business. The second year TCFD-aligned climate-related financial disclosures have been produced in compliance with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, Sections 414C, 414A and 414CB of the Companies Act 2006. There have been advancements in how the Company manages both climate-related risks and opportunities through further risk assessments and updated assessment methodology. Progress has also continued in the UK against the wider Enterprise-level goals, including the implementation of energy efficiency initiatives at the Brighton office and data centre.

These TCFD-aligned climate-related financial disclosures provide information for stakeholders about how the Company handles priority climate-related risks and opportunities and how these link to the wider Enterprise-level structures where applicable. Where reference is made to the Company's activities and processes this does not include activities conducted by its branch in Germany ("AEPsL Germany") as this branch was deemed to be immaterial. In this report, the use of the term "material" and other similar terms is intended to reflect the Company's priority sustainability issues. Such terms are not used under the securities laws of any jurisdiction, or in the context of financial statements and financial reporting.

American Express prioritises sustainability issues based on relative importance to the business and stakeholders and this prioritisation is updated periodically. Extracts of Enterprise-level disclosures are included where relevant, and a full version of the 2023-2024 American Express Environmental, Social and Governance ("ESG") Report can be accessed through the link below. The ESG Report has not been audited by PricewaterhouseCoopers LLP but the environmental performance data included within it is covered by a limited level of assurance verification opinion provided by an external third party.

https://s26.q4cdn.com/747928648/files/doc_downloads/ESG/reporting-resources/2024/AXP_2023_2024_ESG_Report.pdf

These TCFD-aligned climate-related financial disclosures include forward-looking statements, which are subject to risks and uncertainties. The forward-looking statements, including American Express' aspirational ESG, climate or sustainability objectives and goals, contain words such as "expect", "plan", "aim", "will", "may", "could", "potential", "commit", "continue", "opportunities", or other similar expressions. Actual results may differ from those set forth in the forward-looking statements due to a variety of factors, including those set forth in American Express' 2023-2024 Environmental, Social and Governance Report, the Group's Annual Report on Form 10-K for the year ended 31 December 2024 and other Group filings with the U.S. Securities and Exchange Commission available at ir.americanexpress.com. Users of the TCFD-aligned climate-related financial disclosures included within these financial statements are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. American Express undertakes no obligation to update or revise any forward-looking statements and statements regarding American Express' future direction and intent are subject to change or withdrawal without notice.

As at 31 December 2024, the Company considered its present financial exposure to climate-related risk to be low and accordingly no references to the impacts of climate-related risks or opportunities are included in the notes to these financial statements.

1. GOVERNANCE

American Express operates a local and Enterprise-wide governance operating model. The operating structure has been established to enable the American Express Board of Directors ("American Express Board"), the Company Board, the Enterprise Executive Committee and the Company's Risk Committee to make decisions, manage risk and provide appropriate oversight of climate-related risks and opportunities. Further details on each governance element for the year ended 31 December 2024 are given in the following pages.

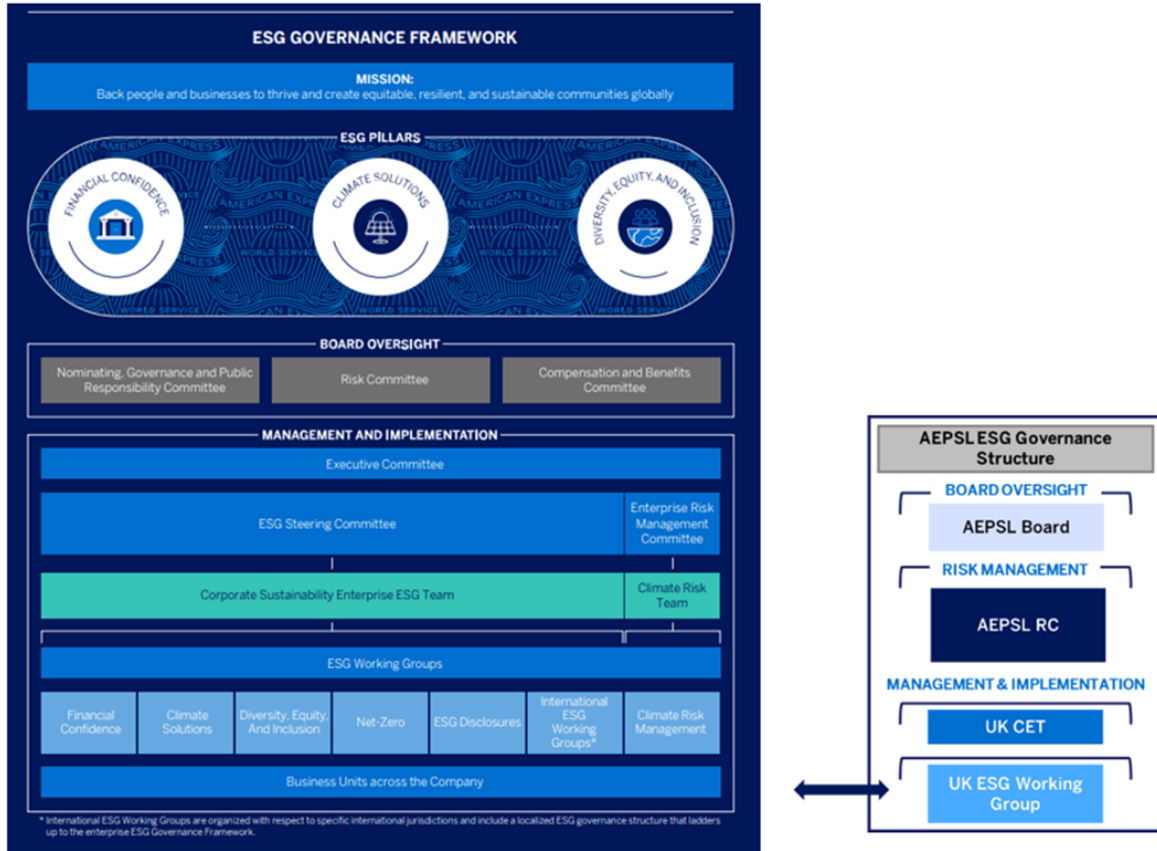
American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

1. GOVERNANCE (continued)

Table 1: Governance Overview



Company Board Oversight

The Company Board (the "Board") has oversight of UK climate risk. The Board manages local climate risk through relevant management committees, including the Company’s Risk Committee ("RC") which is chaired by a Board Director. The UK business relies on the strategic direction, support and systems of the Board to provide the required oversight, escalation routes and connectivity with the American Express Enterprise Board. Members of the RC are responsible for providing oversight of identification and measurement of the risks the Company is exposed to, including operational and climate-related risks. The Board Members successfully completed a training in July 2024 focused on TCFD reporting and its applicability to the business, facilitated by an external professional services firm.

American Express Board Oversight

Risk management is primarily overseen by the American Express Board of Directors through three Board Committees: The Risk Committee, the Nominating, Governance and Public Responsibility Committee and the Compensation and Benefits Committee. The American Express Board monitors the “tone at the top” and risk culture, and is responsible for overseeing emerging and strategic risks, including climate-related risks, which are included in the Enterprise Risk Management ("ERM") framework. The directors of the American Express Board possess a range of skills, backgrounds, experience, and viewpoints that American Express believe are integral to an effective and well-functioning board.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

1. GOVERNANCE (continued)

Management & Implementation

UK Country Executive Team ("CET")

The UK Country Executive Team is a management committee supporting the UK business, providing strategic oversight/direction, updates and input on UK changes and initiatives that may have a significant impact on the UK business, customers and colleagues. This includes ESG and climate risk management at a country or business unit level.

UK ESG Working Group

The UK ESG Working Group supports the UK CET in developing the UK's ESG-related initiatives including the management of climate-related risks and opportunities. It is a cross-functional group that represents and shares global ESG initiatives at a UK-level with the following aims:

- Promote effective ESG governance;
- Provide guidance on ESG strategy;
- Review data/reporting;
- Guide implementation throughout key business functions/units; and
- Monitor internal and external ESG trends.

A representative from the Enterprise ESG Steering Committee co-chairs the UK ESG Working Group alongside a senior executive who directly reports to the UK's Country Manager to further enhance the link between the UK and Enterprise on sustainability matters, including climate risk.

Enterprise Executive Committee

The Enterprise Executive Committee reviews and evaluates sustainability performance and long-term goals (inclusive of the UK). From 2021-2024, this included oversight of the Climate Solutions strategic pillar which aimed to enhance operations and capabilities to meet customer and community needs in the transition to a low-carbon future and to enhance the management of climate-related risks and opportunities across the business.

Enterprise ESG Steering Committee

The Enterprise ESG Steering Committee guides the Corporate Sustainability strategy and related policies and programmes, and in 2024 focused on the three ESG pillars, including Climate Solutions. The ESG Steering Committee is chaired by the Chief Corporate Affairs Officer ("CCAO") and includes senior executives from across the organisation including Corporate Affairs and Communications ("CA&C"), Finance, Controllership, General Counsel's Organisation, Government Affairs, Global Real Estate and Workplace Experience, Investor Relations, and Global Risk and Compliance, with UK representation from the UK Country Manager. The ESG Steering Committee meets at least quarterly to discuss sustainability topics, strategies, and initiatives and is supported by the Enterprise Climate Solutions Working Group, the Enterprise Net Zero Working Group and the Enterprise ESG Disclosures Working Group.

Enterprise Risk Management Committee

The Enterprise Risk Management Committee ("ERMC"), chaired by the Chief Risk Officer, is the highest level management committee to oversee all Enterprise-wide risks and is responsible for risk governance, risk oversight, and risk appetite, including the management of emerging risks, including climate-related risks.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

1. GOVERNANCE (continued)

Enterprise Corporate Sustainability Team

The Enterprise Corporate Sustainability Team is responsible for coordination of climate-related issues across the Enterprise. The team works closely with business units to monitor climate-related issues and opportunities, emissions reduction efforts, energy efficiency initiatives, climate-related product innovations, colleague engagement, and other initiatives.

Enterprise Climate Risk Team

The Enterprise Climate Risk Team sits within the ERM function, under the Global Risk and Compliance organisation. The Climate Risk Team has responsibility for establishing and managing a climate risk management programme that supports the identification, quantification, and monitoring of climate risk and the integration of climate risk into the risk management framework and other risk frameworks and processes.

Enterprise Climate Risk Management Working Group

The Enterprise Climate Risk Management Working Group is comprised of senior leaders with direct accountability to the ERMC to oversee climate risks. The objective of this working group is to enhance the Enterprise Risk Management framework to consider and integrate climate risks in the areas of risk governance, risk assessment, data, reporting, and scenario analysis.

Members of relevant working groups are selected based on expertise and knowledge of business goals or sustainability topics that are relevant to the Enterprise.

Climate Risk Training

In accordance with the TCFD-aligned requirements in the UK, the Company recognises the importance of comprehensive climate risk training which consists of distinct modules to build a strong understanding of sustainability principles and climate risk management across the organisation. In 2024, a mandatory training module specific to the sustainability regulatory environment was assigned to relevant first line control management and second line compliance colleagues in the UK. These efforts highlight the Company's commitment to preparing the workforce to manage climate-related risks effectively and contribute to sustainable organisational practices.

2. STRATEGY

At American Express, climate-related risks and opportunities inform the business, strategy, and financial planning across the direct operations, products and services, funding, and supply chain. Climate Solutions was one of the core pillars of the Enterprise ESG strategy from 2021 through 2024.

American Express has completed the environmental, social and governance goals under its 2021–2024 strategy, other than the continued work in support of Small Business Saturday and other Shop Small campaigns that will progress in 2025 and beyond. American Express is reviewing its approach on these topics as mandatory reporting requirements evolve globally.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

2. STRATEGY (continued)

Net-Zero

In August 2024, the Science Based Targets initiative (SBTi) validated American Express' net-zero target, consisting of both near-term and long-term emissions reduction targets. The SBTi also validated American Express' near-term partner engagement target.

SBTi Validated Science Based Targets¹

Overall Net-Zero Target

American Express Company commits to reach net-zero greenhouse gas ("GHG") emissions across the value chain by 2050.

Near-Term Targets

- Reduce absolute Scope 1 and 2 GHG emissions 60% by 2033 from a 2019 base year;
- Reduce absolute Scope 3 emissions 35% by 2033 from a 2019 base year;
- 75% of Membership Rewards redemption partners and cobrand partners by emissions, covering beyond the minimum boundary emissions from purchased goods and services, have science-based targets by 2028.

Long-Term Targets

- Reduce absolute Scope 1 and 2 GHG emissions 90% by 2050 from a 2019 base year and absolute Scope 3 GHG emissions 90% within the same timeframe.

Since 2023 American Express has worked with CDP (formerly the Carbon Disclosure Project) as a Supply Chain member to help assess the carbon emissions of the supply chain. As part of the work to achieve the SBTi validated net-zero target, American Express plans to work with vendors to encourage them to establish their own science-based emissions reduction targets and track, reduce, and eventually neutralise their own operational GHG emissions.

¹The emissions included in the SBTi-validated targets are determined in accordance with the SBTi's minimum target boundaries as provided in their Corporate Net-Zero Standard, which, among other things, generally cover 95% of Scope 1 and 2 emissions for both near- and long-term targets, and 67% and 90% of Scope 3 emissions for near- and long-term targets, respectively. Scope 3 emissions reflected in the net-zero and Scope 3 emissions reductions targets include those emissions from purchased goods and services, capital goods, fuel and energy-related activities, waste generated in operations, employee business travel, employee commuting, and investments. Emissions related to goods or services provided by third parties in connection with the Membership Rewards programme and cobrand cards are addressed separately through the near-term partner engagement target rather than as part of the net-zero and Scope 3 emissions reduction targets. The near-term partner engagement target – that partners representing 75% of these Membership Rewards and cobrand card-related emissions have science-based targets by 2028 – reflects emissions that are outside of SBTi's minimum boundary for Scope 3, Category 1 (purchased goods and services) emissions. Emissions with partners that are included within SBTi's minimum boundary for Scope 3, Category 1, are included in the net-zero and Scope 3 emissions reduction targets.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

3. RISK MANAGEMENT

Emerging risks, including climate risks, are included in the ERM framework and climate-related risks are currently managed as part of the ERM process. In 2024, these were considered in connection with developing climate-related goals and operational strategies by the Enterprise ESG Steering Committee with support from the Climate Solutions Working Group, Net-Zero Working Group and Climate Risk Management Working Group. As part of the annual refresh of the American Express Enterprise Risk Management Policy, an exercise is conducted to determine whether updates are needed to the defined priority risk types. The Key Emerging Risk programme feeds into this exercise with the aim of identifying and monitoring risks that could have significant financial, strategic, or reputational impact on the business. Climate-related risk is currently identified as an emerging risk and may manifest as credit, operational, market, liquidity, or other risk types.

In 2024, American Express put in a place a Climate Risk Management Standard to establish an Enterprise-wide framework to effectively identify, assess, measure, manage, monitor, and report climate-related risks across the business, operations, and activities of the Enterprise.

3a. Climate Risk: identification and assessment

American Express takes a strategic approach to managing the impacts of climate change, considering the risks and opportunities across the short-term, medium-term, and long-term. In 2024, time horizon definitions were updated to better align with the time horizons on which climate risk identification and assessment are conducted:

- Short-term: 0-5 years (formerly 0-3 years)
- Medium-term: 5-10 years (formerly 3-6 years)
- Long-term: 10+ years (formerly 6-10+ years)

Climate-related risks are defined as:

- Transition risks: Risks that arise from efforts to transition to a lower-carbon economy which may include current and emerging climate regulations/policies, technology, legal, and reputational risks.
- Physical risks: Risks resulting from climate change can be event driven (acute physical risks) or driven by longer-term shifts in climatic patterns (chronic physical risk).
 - a. Acute physical risks arise from weather-related events such as storms, floods, drought, or heatwaves, which are increasing in severity and frequency.
 - b. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss, and changes in soil productivity.

Risk events driven by climate change can have broad impacts on customers, operations, suppliers, partners, merchants and business. The UK business continues to enhance its focus on climate-related risks, which are currently identified as an “emerging risk” within the ERM Framework.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

3. RISK MANAGEMENT (continued)

3a. Climate Risk: identification and assessment (continued)

The risks that have been identified as having a climate-related factor are covered in the table below.

| Risk | Description | Process for Identifying, Assessing and Managing | Horizon |
|---------------------------------------|--|--|--------------------------------|
| Transition Risks (Regulatory & Legal) | American Express may be impacted by emerging regulations and policy changes in the transition to a low carbon economy and mandated reporting on climate-related impacts. There is also growing regulation and increased regulatory scrutiny in relation to green claims. Non-compliance may result in the business being subject to fines and other regulatory and legal consequences. | The regulatory change management monitoring programme (“RCM”) identifies, records and communicates new or changing laws, policies and regulations, including those relating to environmental matters, GHG emissions and climate risk. In the UK, the General Counsel’s Organisation and the Chief Compliance Officer for the Company are responsible for advising on regulatory risk including established and emerging regulations related to climate change. | Short-, medium- and long- term |
| Transition Risk (Reputational) | American Express’ business includes significant travel benefits and travel-related cobrands, which may attract public scrutiny and adversely impact the business if consumer travel preferences change. Reputational harm could also occur if responses to climate change and efforts relating to the Climate Solutions pillar of our 2021-2024 Enterprise sustainability strategy are viewed as inadequate. Failure to achieve progress in these areas on a timely basis, if at all, could impact reputation, colleague retention, and public perception of the business. | The ERM programme evaluates the risks posed by exposure to certain industries, which includes airline partners. The General Counsel’s Organisation and Corporate Affairs and Communications support all business lines and the RC in making informed reputational risk management decisions. | Short-, medium- and long- term |
| Transition Risk (Market) | American Express may be exposed to the risk of losing customers if customer demand for access to low carbon products and services increases, and competitors introduce products and services to address the demand before American Express does. In particular, there may be potential risks to not offering sustainable products or travel options through the consumer travel network. | American Express’ corporate and consumer business groups consider the risks associated with market demand and identify new low carbon product innovation opportunities. | Short- and medium- term |

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

3. RISK MANAGEMENT (continued)

3a. Climate Risk: identification and assessment (continued)

| Risk | Description | Process for Identifying, Assessing and Managing | Horizon |
|-----------------------------------|--|--|--------------------------------|
| Transition Risk (Technology) | Trends to invest in new technologies focused on energy efficiency can help reduce emissions and mitigate risks associated with business interruption from natural disasters. Many of these investments are costly and uncertain, exposing the Enterprise to risk if these technologies fail or are unsuccessful. | The Enterprise Technology team manages and evaluates these risks, which are integrated within the relevant risk management and due diligence processes. American Express continues to implement energy efficiency initiatives as detailed in the Streamlined Energy and Carbon Reporting within these financial statements and prior to implementing, the UK team considers the costs and risks associated with these opportunities. | Short-, medium- and long- term |
| Physical Risk (Acute and Chronic) | American Express operates facilities globally, including offices, data centres, and field sites that may be exposed to potential acute physical risks related to climate change. | The Enterprise Climate Risk Management team, in collaboration with the Global Real Estate & Workplace Experience team, conduct assessments to identify and quantify losses from physical climate risk events faced by American Express facilities. | Short-, medium- and long- term |

To identify and assess climate-related risks, qualitative and quantitative climate-related physical and transition risk and opportunity assessments are conducted to understand the current and potential impacts of climate change to the direct business operations, supply chain, and financial activities. The below details assessments and results conducted at an Enterprise and UK level in 2024. For information on past assessments undertaken, please refer to the 2023 Non-Financial and Sustainability Information Statement within the Company's 2023 financial statements or the American Express 2023-2024 ESG Report. Throughout 2025 the Company expects to continue to uplift scenario analysis and to enhance quantitative climate risk assessments with supporting data.

UK facilities quantitative physical risk assessment

In 2024, there was a refresh to the underlying data of the 2023 quantitative climate-related physical risk assessment on the Company's six UK facilities to measure the impact of physical risk events under the Intergovernmental Panel on Climate Change's RCP 4.5 and 8.5 scenarios. This included the data and operating centre in Brighton and offices in London and Burgess Hill. Each site was examined for six potential acute and chronic risks from the physical impacts of climate change; floods, storms, wildfires, drought, cold waves, and heat waves. The updated analysis indicates that there would be no significant losses. In addition to the quantitative assessment, there is an Enterprise Resilience qualitative assessment overlay to estimate the concentration of each of the business functions operating from the UK.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

3. RISK MANAGEMENT (continued)

3b. Climate Opportunities: identification and assessment

At American Express, there is continued progress to enhance the management of climate-related risks and opportunities across the business. Climate-related risks influence the operational strategy, and opportunities have been identified to minimise these risks, including by continuing to invest in energy efficiency projects and renewable energy. Across the value chain, climate-related opportunities exist for low-carbon products and services. To respond to changes in consumer preferences, the Company continues to identify and explore relevant opportunities in the UK.

Oversight of climate-related opportunities is provided by the Enterprise Corporate Sustainability Steering Committee and the UK ESG Working Group.

Climate-Related Opportunities

In the 2020 and 2021 climate-related physical and transition risk assessments, American Express identified climate-related opportunities in the short-, medium-, and long-term across the timeframe between 2025 and 2040 that may have financial or strategic impacts on the business. Measures to support with emissions reduction include maintaining carbon neutrality, continuing to invest in energy efficiency projects, onsite renewable electricity generation, renewable Energy Attribute Certificates (EACs), and carbon offsets. In 2024, American Express implemented new technologies in the travel booking tool that help encourage colleagues to select sustainable travel options, including sustainable travel tips, highlighting sustainable hotel and air travel options, and offering EV car rentals in select locations.

Recycled plastic cards

American Express has been working to reduce consumption of virgin plastic, beginning in 2019 with the introduction of the first American Express card manufactured from reclaimed plastic. In 2024, approximately 97% of the total plastic cards issued by American Express in the UK have been made from recycled or reclaimed plastic, achieving the Enterprise goal for the vast majority of plastic cards issued by American Express to be made from at least 70% recycled or reclaimed plastic by the end of 2024.

Membership rewards

As the transition to net zero accelerates in the UK, American Express expects that consumers and small businesses will increasingly look to businesses for ways to help manage their carbon footprint, alongside individual choices. The Membership Rewards ("MR") loyalty currency, used across many of the products, is a versatile platform which enables customers to choose how to use their rewards.

Supporting green home improvement and electric vehicles

The Company is working to acquire merchants with business activities related to green infrastructure to ensure customers can continue to use their American Express card as part of their transition to green home improvements and electric vehicles.

Integrating sustainability considerations into new products and product changes process

American Express continuously assesses the market fit of its products and propositions to ensure they are in line with its future growth strategy, and to ensure they are suitable for customers, utilising Consumer Duty-compliant frameworks. The Company has updated the governance process around new products and product changes to consider environmental impacts.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

4. METRICS AND TARGETS

The Company aims to minimise the impact of operations on the environment through adhering to its science-based targets. Relevant metrics and targets, as well as data, assumptions and methodologies, have been developed and are expected to continue to be refined for the UK going forward.

In late 2024, American Express completed the majority of the goals under the current environmental, social, and governance strategy announced in 2021, including all of the Climate Solutions pillar goals at the Enterprise level and in the UK. The following disclosures provide details on selected metrics and supporting methodologies (where applicable) that support an understanding of American Express' impact, as well as the progress being made against set goals. Where the data allows, metrics are provided for historical periods to enable review of trends and progress over time. As data assumptions and methodologies are refined year-over-year, historical period data may not always be updated to reflect the ongoing data enhancements.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

4. METRICS AND TARGETS (continued)

Table 3: Progress against the Advance Climate Solutions pillar

| American Express Strategic Objective | American Express Goal | Status | Progress |
|---|--|---|--|
| Minimise the climate impact and manage the climate-related risks and opportunities | Commit to net-zero emissions in alignment with the Science Based Targets initiative (SBTi) | ACHIEVED (including specific activities taking place in UK) | <ul style="list-style-type: none"> Achieved goal to commit to net-zero emissions in alignment with the SBTi by achieving a key milestone on the net-zero journey in August 2024 by receiving validation of the net-zero target, consisting of both near-term and long-term targets, from the SBTi. American Express will continue to work towards making progress on its SBTi validated targets. Created Net-Zero Working Group to support implementation of net-zero strategy. |
| | Enhance the management of climate-related risks and opportunities across the business | | <p>The UK ESG Working Group supports the UK’s response and management of climate-related risks and opportunities. Additionally:</p> <ul style="list-style-type: none"> Refreshed the UK facilities quantitative risk assessment. Conducted a quantitative physical risk assessment on American Express's UK Consumer and Small Business Services ("SBS") portfolio. The analysis found that no regions fell into the highest-risk or red flag categories across the assessed time periods and scenarios. However, the overall trend indicates a gradual increase in Climate Risk scores over the years, with more regions shifting towards the medium-risk category. |
| Enable customers and partners to transition to a low-carbon economy through the development of new capabilities | Pilot low-carbon product innovations, including carbon tracking and offset solutions | ACHIEVED | <p>Several American Express corporate clients in the UK have access to Enterprise-level offerings which are available to help customers and partners better understand their environmental impact and contribute to carbon removal efforts. These include an expanded Carbon Footprint¹ tool available to select American Express corporate clients since 2023, including clients in the UK.</p> <p>Additionally, the Company continues to identify and explore relevant opportunities in the UK.</p> |

¹ The estimated information provided by the Carbon Footprint Dashboard is for generalised informational purposes only and does not constitute financial, tax, accounting, legal, or other professional advice on any subject matter.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

4. METRICS AND TARGETS (continued)

Table 3: Progress against the Advance Climate Solutions pillar (continued)

| American Express Strategic Objective | American Express Goal | Status | Progress |
|---|---|--|--|
| Support community programmes and initiatives to help build more climate-resilient and equitable communities | Provide at least \$10 million to support initiatives, partnerships, and programmes that address the adverse effects of climate change and pollution on communities from 2021 through 2025 | EXCEEDED (including specific activities in the UK) | American Express provided \$10.4 million in grants globally to back low-carbon communities from September 2021 through December 2022 and exceeded the goal. In 2023, American Express began focusing the Backing Low-Carbon Communities priorities to support the \$100 million grant initiative and help small businesses grow sustainably, thrive, and, when impacted by natural disasters and climate events, recover stronger. In 2024, the UK provided £143,230 in grants including: <ul style="list-style-type: none"> National Parks UK grant to restore and protect woodland, wetlands, meadows and peatlands, and connect young people with nature through inspirational experiences. Arbor Day Foundation grant to plant trees to support local communities in London and Brighton in the UK. |
| Support community programmes and initiatives to help build more climate resilient and equitable communities | Engage colleagues in sustainability initiatives through the Green2Gether programme | ACHIEVED (specific activities in the UK) | American Express' Green2Gether networks of colleagues convene to support sustainability and environmental efforts across our offices and in their communities. A series of UK Green2Gether initiatives were organised in 2024: <ul style="list-style-type: none"> Green Week attended by over 150 colleagues with a showcase on sustainable businesses, and beach and park clean-ups. Earth Month attended by around 100 colleagues with events focused on sustainable food solutions, including plant-based food tasting and discussions on the role of carbon ratings on food in helping people make more sustainable choices. |

Operational Environmental Performance

Since 2019, American Express has tracked progress against a number of operational environmental goals. With the validation of the revised science-based targets in alignment with SBTi, the former operational environmental goals are being folded into the net-zero strategy and efforts.

Maintaining CarbonNeutral® Certified Operations

Since 2018, American Express has maintained CarbonNeutral® certified operations in accordance with the CarbonNeutral Protocol, a leading third-party framework, through reduced GHG emissions, renewable energy credits, and carbon offsets.¹

¹ Operations include all the managed facilities, field sites, and data centres. Managed facilities are individual properties operationally managed by the global real estate team and housing critical business functions. Field sites are individual properties that are not operationally managed by the global real estate team but directly by the business units. They are typically smaller sites, less than 30,000 square feet (including airport lounges, foreign exchange kiosks, and sales offices), that are owned or leased by American Express. The company's achievement of CarbonNeutral certified operations covers Scope 1 (direct emissions from sources owned or controlled by American Express), Scope 2 (indirect location-based and market-based emissions), Scope 3 emissions (Category 5 waste generated in operations and Category 6 business travel) through renewable energy credits, carbon offsets, and reduced GHG emissions.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

4. METRICS AND TARGETS (continued)

Operational Environmental Performance (continued)

Maintaining CarbonNeutral® Certified Operations (continued)

American Express purchased carbon offsets that support solar power development, and reforestation. These projects offset the Scope 1 and 2 emissions, such as fuel and steam consumption, and select categories of Scope 3 emissions, including those from certain activities related to colleague business travel and waste generated in the operations². Maintaining CarbonNeutral® certified operations is separate from the net zero commitment and as American Express continues to evolve its sustainability strategy, there is a plan to review and update the approach to carbon neutrality.

Renewable Energy at Offices and Data Centres

American Express' global operations consist primarily of offices, field sites, and data centres, with data centres representing a large portion of the energy usage. To support the goal to continue powering the operations with 100% renewable electricity, American Express purchases Energy Attribute Certificates ("EAC"s) and generates onsite renewable electricity.¹ In 2024, American Express purchased 2,318 MWh of Renewable Energy Guarantees of Origin ("REGO"s), which verify the production of renewable electricity in an amount equivalent to total electricity consumption in the UK. American Express' EAC purchases are aligned with the technical guidance from RE100, a global coalition of businesses committed to using 100% renewable electricity. In 2024, approximately 6,000 kWh of renewable solar electricity was generated on site for the UK data centre in Brighton.

Making Progress on Energy Efficiency and Emissions

The Company continues to evaluate and implement energy efficiency initiatives across the real estate portfolio. In 2023, American Express performed audits at multiple offices in the UK. The audits included reviews of site technology, energy consumption profiles and opportunities to reduce carbon emissions through real estate investments. The overall evaluation and cost-benefit analysis of activities provided recommendations and a timeline of activities to support emissions reduction initiatives and inform decision making for facility upgrades. As a result of the audit findings, in 2024, the Company initiated the implementation of a number of energy efficiency projects in the UK including:

- Large scale project at the biggest office in the UK to replace compact fluorescent lighting with LED fittings and replace fan coil units with newer more efficient units
- Replacement of an air-cooled chiller in the UK with a newer more energy efficient air-cooled chiller.
- Re-fitting out of office space in the UK including building management system adaptations and improvements.
- Continuation of building management system settings and strategy optimisations across UK.
- Continuation of decarbonisation and water efficiency audits across the UK real estate in order to find carbon reduction and sustainably related opportunities.

The implementation of energy efficiency measures American Express completed in the UK in 2023 and 2024 are expected to save approximately 2,000,000 kWh of energy per year. Continuing to implement findings from the emissions reduction audits is an important step as American Express works towards near-term and long-term emissions reduction targets.

¹ Operations include all the managed facilities, field sites, and data centres. Managed facilities are individual properties operationally managed by the global real estate team and housing critical business functions. Field sites are individual properties that are not operationally managed by the global real estate team but directly by the business units. They are typically smaller sites, less than 30,000 square feet (including airport lounges, foreign exchange kiosks, and sales offices), that are owned or leased by American Express. The company's achievement of CarbonNeutral certified operations covers Scope 1 (direct emissions from sources owned or controlled by American Express), Scope 2 (indirect location-based and market-based emissions), Scope 3 emissions (Category 5 waste generated in operations and Category 6 business travel) through renewable energy credits, carbon offsets, and reduced GHG emissions.

² Carbon offsets purchased offset the Scope 1 and 2 and Scope 3 Category 5 Waste and Category 6 Business Travel emissions included in the Environmental Performance Data Summary in the Supporting Data section of this report and additional offsets with respect to certain other categories of Scope 3 emissions in order to align with the CarbonNeutral Protocol.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

4. METRICS AND TARGETS (continued)

Operational Environmental Performance (continued)

Sustainable Workplace Design

American Express aims to follow sustainability best practices such as adhering to and achieving certifications in US Green Building Council's Leadership in Energy and Environmental Design (LEED) standards and other international green building standards, including BREEAM, NABERS, GreenMark, HQE, Effinergie+, WELL, and local building standards. American Express is also working to improve the sustainability, comfort, quality, and flexibility of the offices globally to support colleagues' overall well-being.

As of 31 December 2024, 82% of the UK real estate portfolio achieved green building certifications, up from 59% in 2023. This is attributed to Belgrave House, which achieved WELL Certification™ at the Platinum level, the highest certification level, in recognition of the buildings performance across evidence-based policy, design, and operational strategies focused on occupant health and well-being.¹

The Belgrave House office in London is home to over 1,000 colleagues. Beginning in 2023, and into 2024, it underwent a complete refurbishment to provide an upgraded office environment with flexible workspaces and amenities that support collaboration and well-being. The project modernised over 130,000 square feet, incorporating sustainable elements into design, sourcing, and construction. During the renovation, American Express prioritised recycling, upcycling, and waste avoidance. American Express selected furniture with high rates of recyclability and recycled content, used Forest Stewardship Council-certified sustainable materials and low-emitting paints, adhesives, and sealants to ensure healthier indoor air quality, leading to achieving WELL Certification™ at the Platinum level and WELL Health & Safety Rating in 2024. The Sussex House office in Burgess Hill and 1 John Street office in Brighton also achieved a WELL Health & Safety Rating in 2024.

Waste Reduction

American Express is working to reduce and divert landfill-bound waste and manage water consumption from operations. In 2024, the overall waste diversion rate from landfills across American Express managed facilities in the UK where waste data is reported was 78%, an increase from 72% in 2023². The UK continues to implement initiatives to support these goals, including recycling and composting programmes and engaging colleagues in waste reduction efforts as part of the Green2Gether programme.

Operating an Environmentally and Socially Responsible Supply Chain

American Express is committed to working with suppliers who share its values regarding sustainability and responsible sourcing. In 2024, the UK sourced 100% of its direct marketing, customer communications, and office paper from certified responsibly managed forests, up from 99.8% in 2023. This includes paper certified by the Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), and Programme for the Endorsement of Forest Certification (PEFC).

American Express' GHG inventory is managed through a centralised team with data inputs collected from relevant business units across the Enterprise. Emissions are calculated in alignment with the Greenhouse Gas Protocol's operational control approach and third-party verified using the ISO14064-3 standard.

¹ Green building certified percentage is represented by the total year-end square footage certified out of total year-end building square footage. This includes leased or owned facilities actively occupied by American Express (excluding parking lot square footage) that have achieved certification under a global or locally recognised third-party environmental building certification system as meeting their performance criteria (LEED, BREEAM, NABERS, GreenMark, HQE, Effinergie+, and WELL).

² Managed facilities where waste data is reported represent approximately 93% (548,129 ft²) of the American Express UK managed facilities footprint in 2024.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Since 2018, the American Express Group has been CarbonNeutral®, powered by 100% renewable electricity across its global operations¹.

As part of the Company's commitment to comply with all relevant environmental legislation, this section of the Strategic Report discloses the Company's operational energy consumption and greenhouse gas ("GHG") emissions, and energy efficiency measures in line with the UK government's Streamlined Energy and Carbon Reporting (SECR) initiative, including data from this financial year and the prior year (January to December; 2024 and 2023).

Methodology

American Express emissions are calculated in line with the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard (revised edition). The boundaries of the GHG inventory are defined using the operational control approach and cover certain emissions within our operations across scopes 1, 2 and 3:

Scope 1 – Direct emissions from mobile fleet vehicles*, stationary combustion of fuels in buildings, and fugitive hydrofluorocarbon ("HFC") emissions from air conditioning systems

Scope 2 – Indirect emissions from purchased electricity

Scope 3 – Other indirect emissions from business travel in employee-owned vehicles *

*For SECR reporting, energy consumption (and therefore GHG emissions) from the UK vehicle fleet is quantified based on actual mile reports for each UK entity. There were no company owned vehicles in 2024 in the UK, only claimed mileage in personal vehicles. For 2023 emissions and fuel economy conversions were sourced from UK DEFRA ("Department for Environmental, Food and Rural Affairs") GHG Conversion Factors 2023 updated on 28 June 2023. For reporting purposes, all cars are assumed to be average type with unknown fuel. Scope 3 emissions do not include emissions from employee business travel in third-party air, rail, rental cars or other forms of transportation such as taxis, livery, and/or ride share services, or emissions from other employee business travel impacts, such as hotel stays. Scope 3 emissions included in SECR reporting are not comparable to Scope 3 emissions reported at the Enterprise level.

The operations of American Express data centres, office facilities, mobile fleet and business travel represent GHG emissions included in the Enterprise's goal to remain CarbonNeutral® across its operations¹. Data is gathered on an ongoing basis, with primary evidence being sourced from office managers and managed centrally via the GHG Inventory Management Plan. Electricity intensity factor was used to estimate consumption for facilities where no metered data was available. The intensity factor was calculated by the country average of metered American Express sites.

American Express follows the GHG Protocol Scope 2 Guidance for quantifying Scope 2 emissions from purchased electricity, steam, and chilled water. Specifically, American Express quantifies and reports two Scope 2 emissions totals, using a 'location-based' method and a 'market-based' method. The location-based method considers average emission factors for the electricity grids that provide electricity to American Express. The market-based method considers contractual arrangements under which the Company procures Renewable Energy Certificates (RECs) and carbon offsets.

^[1] Operations include all American Express managed facilities, field sites, and data centres. Managed facilities are individual properties operationally managed by the global real estate team and housing critical business functions. Field sites are individual properties that are not operationally managed by the global real estate team but directly by the business units. They are typically smaller sites, less than 30,000 square feet (including airport lounges, foreign exchange kiosks, and sales offices), that are owned or leased by American Express. The company's goal to remain carbon neutral covers Scope 1 (direct emissions from sources owned or controlled by American Express), Scope 2 (indirect location-based and market-based emissions), Scope 3 emissions (Category 5 waste generated in operations and Category 6 business travel) through renewable energy credits, carbon offsets, and reduced GHG emissions. To align with the CarbonNeutral Protocol, additional carbon offsets were purchased with respect to certain categories of Scope 3 emissions that are not included.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)

To calculate Scope 1 fugitive emissions for HVAC and cooling of buildings, actual recharge of refrigerant from preventative maintenance reports was used to calculate fugitive emissions, otherwise assumptions were made regarding capacity and square footage of facility. For sites where actual data is not available, an annual leakage rate (in percent of capacity) for building HVAC was assumed to be 10% based on EPA guidance. Refrigerant capacity of facilities was assumed based on facility area and US National Average sq. ft./ton capacity for office buildings as determined by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) and 2.52lb/ton refrigerant charge capacity was assumed per cooling-ton based on TRANE research of HFC-134a. It is assumed that estimated facilities use the refrigerant HFC-134a. In 2024, four out of ten of UK sites provided actual data on their refrigerant systems and this data was used to calculate fugitive emissions for the location. For such cases, where data is not available, emissions have been calculated in line with screening method described in US EPA Center for Corporate Climate Leadership: Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases.

The primary metric that American Express uses for annual comparison of emissions is tCO₂e (tonnes of carbon dioxide equivalent) per employee.

UK Annual Energy Consumption & Carbon Emissions

Due to the nature of the UK business, in some instances multiple legal entities occupy the same office space and so are jointly responsible for energy consumed in that particular space. For SECR purposes, American Express has estimated entity-specific UK energy consumption and GHG emissions based on the proportion of each entity's employee headcount within that space. The following tables summarise the entity-specific energy consumption and subsequent emissions.

As shown in Tables 1 and 2, the Company had an increase in total energy and location-based Scope 2 emissions compared to the previous year. The intensity ratio (tCO₂e/employee) increased for location-based emissions but decreased slightly for market-based emissions over the same period.

This is mostly due to increased occupancy within the offices due to the change in AMEX policy regarding required office attendance. The increased number of occupants in the offices over 2024 is likely to have increased cooling demand on the electrically powered chillers throughout the UK region of the estate.

Additionally, Scope 1 mobile data was not present in 2024 mileage reports as company cars no longer operate in the UK. Thus, Scope 1 mobile emissions are not included in the 2024 inventory. However, Scope 3 Business Travel emissions from employee owned vehicles increased over the same period. As a result of all the above mentioned changes, the total Scope 1, 2, and 3 (Category 6 - Business Travel) market-based emissions decreased and location-based emissions increased marginally between 2023 and 2024.

The summary information in Tables 1, 2, and 3 provides certain metrics related to the Company's environmental performance for the years ended 31 December 2024, and 2023. Environmental data is subject to significant inherent measurement uncertainty and may be based on estimates and management assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees; actual results could differ. Reporting on environmental data, including the quantification of greenhouse gas emissions continues to evolve as data quantity and quality, estimation methodologies, industry standards, and measurement tools improve. Updates may be made in the future as American Express continues to refine its methodologies and collect and report this data.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued) UK Annual Energy Consumption & Carbon Emissions (continued)

Table 1: Annual Energy Consumption

| Energy | Unit | 2024 | 2023 |
|--|------------|------------------|------------------|
| Natural Gas | kWh | 552,013 | 413,291 |
| Fuel Oil | kWh | 5,836 | 3,370 |
| Mobile Fuel | kWh | — | 1,454 |
| Total Direct Energy Consumption | kWh | 557,849 | 418,115 |
| Purchased electricity | kWh | 1,172,191 | 1,090,153 |
| Solar | kWh | 562 | 636 |
| Total Intermediate Energy Consumption | kWh | 1,172,753 | 1,090,789 |
| Transport | kWh | 28,720 | 21,068 |
| Total | kWh | 1,759,322 | 1,529,972 |

Table 2: Annual tCO₂e emissions

| Greenhouse Gas (GHG) Emissions | Unit | 2024 | 2023 |
|--|-------------------------|---------------|---------------|
| Scope 1 – Direct | tCO ₂ e | 101.15 | 117.56 |
| Scope 2 (Location) – Indirect | tCO ₂ e | 242.70 | 225.74 |
| Scope 2 (Market) – Indirect | tCO ₂ e | — | — |
| Scope 3: Category 6 – Business Travel | tCO ₂ e | 6.93 | 5.11 |
| Total Scope 1, 2 (Location - based), 3 (Category 6 - Business Travel) | tCO₂e | 350.78 | 348.41 |
| Total Scope 1, 2 (Market - based), 3 (Category 6 - Business Travel) | tCO₂e | 108.08 | 122.67 |

Table 3: tCO₂e intensity metric

| Intensity Ratio | Unit | 2024 | 2023 |
|-----------------------|-------------------------------|--------|--------|
| Market-based | tCO ₂ e/employees | 0.2457 | 0.2524 |
| Location-based | tCO ₂ e/ employees | 0.7973 | 0.7169 |

As part of its public disclosure, American Express' ESG Report includes a detailed section summarising the Group's global energy consumption and global GHG inventory. The link below provides access to the latest ESG Report. The ESG Report has not been audited by PricewaterhouseCoopers LLP but the environmental performance data included within it is covered by a limited level of assurance verification opinion provided by an external third party.

https://s26.q4cdn.com/747928648/files/doc_downloads/ESG/reporting-resources/2024/AXP_2023_2024_ESG_Report.pdf

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

Efficiency Measures

Since 2019, American Express has tracked progress against a number of operational environmental goals. With the validation of its revised science-based targets in alignment with SBTi, American Express is folding its former operational environmental goals into its net-zero strategy and efforts. Highlights of American Express' operational environmental performance in 2024 include continuing to power its operations with 100% renewable electricity, following the technical guidance from RE100, a global coalition of businesses committed to using 100% renewable electricity. American Express has maintained its CarbonNeutral® certified operations through renewable energy credits, carbon offsets, investing in internal energy efficiency measures, and reduced energy and GHG emissions.

American Express has evaluated and implemented several energy efficiency measures across its real estate portfolio in the UK. Examples of measures implemented during reporting year 2024 are listed in Table 4:

Table 4: Energy efficiency projects

| Location | Project name | Estimated Savings (kWh) | Estimated Savings (tonnes CO ₂ , location based) | Estimated Savings p.a. (£) | Cost (£) | Status | Payback (years) |
|-----------------------|--|-------------------------|---|----------------------------|------------|--------------------------------|-----------------|
| 1 John Street | Replace fluorescent light fittings with LED fittings with smart controls | 439,992 | 91.1 | £135,786 | £1,842,668 | Implementation ongoing in 2024 | 13.6 |
| | Replace 508x 'Ability Delta' Fan Coil Controllers | 26,138 | 5.4 | £8,066 | £926,056 | | 114.8 |
| 36 Mighell Street | Replace fluorescent light fittings with LED fittings with smart controls / EMEA-UK-RDC-LED Lighting Installation | 114,155 | 23.6 | £34,582 | £179,899 | | 5.6 |
| Belgrave House | Replace HFC refrigerants with less harmful alternatives or upgrade technology / Replace chiller | 35,478 | 7.3 | £11,495 | £222,851 | | 19.4 |
| | BMS / controls optimisations | 61,752 | 12.4 | £14,941 | £3,240 | | 0.2 |
| | Decarbonisation Audit | — | — | 0 | £14,747 | | N/A |
| Sussex House | BMS Optimisations | 154,278 | 30.2 | £26,815 | £4,372 | Implemented in 2024 | 0.2 |
| | Reduce fabric frost protection from 16C to 14C. | 65,520 | 12.0 | £1,857 | £0 | | 0.0 |
| | Reduce LTHW primary flow temp from 85C to 75C | 65,520 | 12.0 | £1,857 | £0 | | 0 |
| | Reduce time schedule for all floors from 05:00 - 18:00 to 06:00 - 18:00 | 29,390 | 6.1 | £8,927 | £0 | | 0 |
| | Increase CHW hold off setpoint from 10C to 13C | 71,203 | 14.7 | £21,628 | £0 | | 0 |
| | Reduce closed floor time schedules from 2hours to 1.5hours | 44,085 | 9.1 | £13,391 | £0 | | 0 |
| | Change gas fired boilers from operating 24/7 365 to operate on demand from LTHW and DHW circuits. | 291,167 | 53.3 | £8,255 | £0 | | 0 |
| Decarbonisation Audit | — | — | — | £13,582 | | N/A | |

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006 which is summarised as follows:

A Director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. The Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Company. Furthermore, it is important that they understand both the short and long-term consequences of these decisions.

The following paragraphs summarise how the Directors fulfil their duties:

1. Risk management

The Company provides services to its customers in a highly regulated environment. As the Company grows, its business and risk environment become more complex. It is therefore vital that the Board effectively identify, evaluate, manage and mitigate the risks faced by the Company, and that their approach to risk management is continually evolving. For details of the Company's principal risks and uncertainties, and how the Board and wider governance structure manages the Company's risk environment, please refer to the Governance and Financial Risk Management sections of the Directors' and Strategic Reports respectively.

The Company has a robust internal control framework with clear roles and responsibilities for escalation and remediation of risks. The framework consists of governance, risk assessment, issue management, and reporting and monitoring by which the Company identifies, assesses, measures, monitors and controls risks facing the business. The Company has the "three lines of defense" approach to risk management. Independence is maintained from First Line (the business) - functions directly initiating revenue, expense management, or risk decision activities; Second Line (compliance function) - independent functions overseeing risk in the First Line; and Third Line (internal audit) - independent group providing assurance that the First and Second Lines are operating effectively.

During the year, the Board focused on several key areas including the TCFD-aligned climate-related financial disclosures, the creation of appropriate climate related governance structures in the UK and attendance at climate-related training, as well as FCA Consumer Duty, AML regulation and other regulatory reporting. The Board continued to closely monitor the risks to the Company's employees, merchants and business partners.

2. Our People

The Company is committed to being a responsible business. The Board's behaviour on behalf of the Company is aligned with the expectations of our people, customers, investors, communities and society as a whole. People are at the heart of what the Company does. For the Company's business to succeed, the Directors are ultimately responsible for managing colleague performance and development, bringing through talent whilst ensuring that the Company operates as efficiently as possible. The Board must also ensure that all colleagues share common values that inform and guide their behaviour, so they achieve their goals in the right way.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006 (Continued)

2. Our People (continued)

During the year, the Board received regular updates from the Global Real Estate team in respect of the UK building footprint.

The Board continues to work alongside the Colleague Experience Group to attract and retain talent by allowing all workers to take advantage of the Amex Flex working model, splitting time between home and the office. The Board has also considered the potential impacts of employee turnover on the Company and continues to update the succession planning for key roles.

For further details on our people, please refer to the Employee Engagement Statement in the Directors' Report.

3. Business relationships

The Company's strategy, implemented by the Directors, prioritises organic growth, by continually enhancing the Company's customer value propositions, its brand and developing and maintaining strong client relationships. The Company values all of its suppliers and partners and has multi-year contracts with many of them.

The Directors believe that delivering products and services in a fair and transparent manner is critical to providing best-in-class customer service. As part of its fundamental commitment, the Company is dedicated to engaging in customer practices that embody transparency, truthfulness, fairness, and a culture of non-discrimination.

The Company manages and mitigates customer practices risk through dedicated resources and ongoing monitoring, testing, and oversight. This also applies to third-party vendors and their subcontractors, also known as fourth-party vendors.

For further details on business relationships and the actions the Board took during 2024 in respect of business relationships, please refer to the Stakeholder Engagement Statement within the Directors' Report.

4. Community and environment

The Company's approach is to use its position of strength to create positive change for the people and communities with which it interacts. The Board, on behalf of the Company, wants to leverage the expertise of its people and enable colleagues to support local communities.

The Board considers the impacts of all its decisions on the community and the environment. During the year, the Board received briefings on the Enterprise Environmental, Social and Governance strategy and discussed how that strategy could be applied to the Company. The Board have also received updates on relevant climate-related topics as detailed within the TCFD-aligned climate-related financial disclosures which are included for the second time in these financial statements. For further details concerning the environment please refer to the 'Non-Financial and Sustainability Information Statement' and 'Streamlined Energy and Carbon Reporting' sections included earlier in this Strategic Report.

5. Shareholders

The Company is a wholly owned subsidiary within the American Express group, whose ultimate parent is listed on the New York Stock Exchange. The Board of American Express Company is committed to openly engaging with its shareholders, as it recognises the importance of a continuing effective dialogue, whether with major institutional investors, private or employee shareholders. It is important to American Express that shareholders understand its strategy and objectives, so these must be explained clearly and any issues or questions raised be properly considered. The Company Board (the "Board") ensures that it applies consistent shareholder priorities.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2024 (Continued)

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006 (Continued)

5. Shareholders (continued)

To this end, the Board regularly reviews its business strategy to ensure the steps being taken in this regard align with the American Express shareholder priorities and that said strategies maximise shareholder return.

The Company's immediate parent, American Express International Inc. ("AEII"), is represented on the Board by the Company's Chief Financial Officer who is also a Director of AEII.

OUTLOOK, PRINCIPAL RISKS AND UNCERTAINTIES

In line with Group strategy, the Company is focused on maintaining growth in an uncertain economic, political and regulatory environment whilst managing costs and upholding service quality.

AEPSL's market positioning and broad range of premium value services will enable it to continue to drive its strategy in the short term and be well placed to develop even stronger merchant relationships and take advantage of growth opportunities into the future.


The average merchant discount rate charged by the Company continues to see modest levels of erosion due to the impacts of large merchant and key partner negotiations, with that trend expected to continue as merchant acceptance is increased.

The Company offers a broad range of services to merchants who supply consumers, small businesses and commercial clients and thus is dependent upon the level of consumer and business activity. Factors such as consumer spending and confidence, inflation, interest rates, energy costs, household income, unemployment rates and geopolitical instability all affect the economic environment and, ultimately, the Company's profitability. Despite challenges in the macro-economic environment the Company continues to see strong growth in volumes.

GOING CONCERN

The Board remain satisfied with the appropriateness of preparing the financial statements on a going concern basis having considered severe but plausible scenarios and given the reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future, as well as considering the Group's intention to provide ongoing support to the Company and the integral nature of the Company's operations to the broader group. The directors' assessment is for a period of 12 months from the date of approval of the financial statements. A letter has been secured from American Express Company to express its intention to support the Company's liquidity position and maintain its safe and sound operations for the thirteen months following the signing of these financial statements. The Company has performed an evaluation of subsequent events through July 2, 2025, which is the date the financial statements were available to be issued.

The Strategic Report was reviewed by the Board of Directors on 2 July 2025 and approved on the date specified below on its behalf by:

Signed by:

 7F319C78BBA9498...
 D Edelman
 Chairman

Signed by:

 EBCDF257355E4BD...
 D Bailey
 Chief Financial Officer

Date: 2 July 2025

American Express Payment Services Limited

INCOME STATEMENT

For the year ended 31 December 2024

| | <i>Note(s)</i> | 2024 £'000 | 2023 £'000 |
|--|----------------|--------------------|---------------|
| TURNOVER | 3 | 1,205,373 | 1,087,075 |
| Cost of sales | | (1,053,692) | (932,628) |
| GROSS PROFIT | | 151,681 | 154,447 |
| Administrative expenses | 4,8 | (134,609) | (129,460) |
| OPERATING PROFIT | | 17,072 | 24,987 |
| Interest receivable and similar income | 6 | 57,531 | 49,464 |
| Interest payable and similar expenses | 7 | — | (4) |
| PROFIT BEFORE TAXATION | 8 | 74,603 | 74,447 |
| Tax on profit | 9 | (17,943) | (16,977) |
| PROFIT FOR THE FINANCIAL YEAR | | 56,660 | 57,470 |

The Notes on pages 40 to 66 form an integral part of the financial statements.

American Express Payment Services Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | 2024 | 2023 |
|---|----------------------|---------------|
| | £'000 | £'000 |
| Profit for the financial year | 56,660 | 57,470 |
| Total comprehensive income for the year | <u>56,660</u> | <u>57,470</u> |

The Notes on pages 40 to 66 form an integral part of the financial statements.

American Express Payment Services Limited

BALANCE SHEET

As at 31 December 2024

Registered number: 06301718

| | <i>Note</i> | 2024 £'000 | 2023 £'000 |
|---|-------------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Investments | 10 | 53,526 | 53,526 |
| | | <u>53,526</u> | <u>53,526</u> |
| CURRENT ASSETS | | | |
| Debtors | 13 | 1,475,213 | 1,310,475 |
| Cash at bank and in hand | 14 | 6,473 | 3,550 |
| | | <u>1,481,686</u> | <u>1,314,025</u> |
| TOTAL ASSETS | | <u>1,535,212</u> | <u>1,367,551</u> |
| CREDITORS: Amounts falling due within one year | 15 | <u>(1,204,761)</u> | <u>(1,094,521)</u> |
| NET CURRENT ASSETS | | 276,925 | 219,504 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 330,451 | 273,030 |
| PROVISIONS FOR LIABILITIES | 16 | <u>(270)</u> | <u>(143)</u> |
| NET ASSETS | | <u>330,181</u> | <u>272,887</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 13,150 | 13,150 |
| Share-based payment reserve | | 2,724 | 2,090 |
| Translation reserve | | 7,795 | 7,795 |
| Retained earnings | | <u>306,512</u> | <u>249,852</u> |
| TOTAL SHAREHOLDERS' FUNDS | | <u>330,181</u> | <u>272,887</u> |

The Notes on pages 40 to 66 form an integral part of the financial statements.

The financial statements on pages 36 to 66 were approved by the Board of Directors on 2 July 2025 and signed on its behalf by:

Signed by:

Daniel Edelman

7F319C78BBA9498...

D Edelman
Chairman

July 2, 2025

Signed by:

David Bailey

EBCDF257355E4BD...

D Bailey
Chief Financial Officer

American Express Payment Services Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Registered number: 06301718

| | Called up share capital £000 | Share-based payment reserve £000 | Translation reserve £000 | Retained earnings £000 | Total Shareholders' Funds £000 |
|---|---------------------------------------|---|--------------------------------|------------------------------|---|
| At 1 January 2024 | 13,150 | 2,090 | 7,795 | 249,852 | 272,887 |
| Profit for the financial year | — | — | — | 56,660 | 56,660 |
| Total comprehensive income for the year | — | — | — | 56,660 | 56,660 |
| Current and deferred tax movements in equity (Note 9) | — | 626 | — | — | 626 |
| Share based payments charge | — | 1,825 | — | — | 1,825 |
| Recharge paid to parent for share based payments | — | (1,817) | — | — | (1,817) |
| At 31 December 2024 | 13,150 | 2,724 | 7,795 | 306,512 | 330,181 |

| | Called up share capital £000 | Share-based payment reserve £000 | Translation reserve £000 | Retained earnings £000 | Total Shareholders' Funds £000 |
|---|---------------------------------------|---|--------------------------------|------------------------------|---|
| At 1 January 2023 | 13,150 | 1,897 | 7,795 | 192,382 | 215,224 |
| Profit for the financial year | — | — | — | 57,470 | 57,470 |
| Total comprehensive income for the year | — | — | — | 57,470 | 57,470 |
| Current and deferred tax movements in equity (Note 9) | — | 170 | — | — | 170 |
| Share based payments charge | — | 1,636 | — | — | 1,636 |
| Recharge paid to parent for share based payments | — | (1,613) | — | — | (1,613) |
| At 31 December 2023 | 13,150 | 2,090 | 7,795 | 249,852 | 272,887 |

The Notes on pages 40 to 66 form an integral part of the financial statements.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of American Express Payment Services Limited (the "Company" or "AEPsL") for the year ended 31 December 2024 were reviewed by the Board of Directors on 2 July 2025 and approved on the Board's behalf by D Edelman and D Bailey.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company is able to take advantage of certain disclosure exemptions available under FRS 101 as it is a wholly owned subsidiary of American Express Company.

The Company has taken advantage of the exemptions under s401 of the Companies Act 2006 not to prepare consolidated financial statements as it is a wholly owned subsidiary of American Express International Inc. incorporated in the United States of America, a larger group entity incorporated outside of the European Economic Area.

The Company is a private company limited by shares, registered in England and Wales and domiciled in the United Kingdom. The Company's immediate parent is American Express International Inc., incorporated in the United States of America, which is the parent undertaking of the smallest group in which the Company's results are consolidated. The ultimate parent and controlling entity is American Express Company, incorporated in the United States of America, which is the parent undertaking of the largest group in which the Company's results are consolidated. Copies of the American Express International Inc. and American Express Company financial statements can be obtained from American Express Company, American Express Tower, World Financial Center, New York, NY 10285, USA.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies which have been consistently applied in the preparation of these financial statements are set out below.

2.1. Basis of preparation

The financial statements are prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101. The financial statements are prepared on a going concern basis under the historical cost convention, modified by the revaluation of certain financial instruments and derivatives to fair value through profit and loss. The Board remain satisfied with the appropriateness of preparing the financial statements on a going concern basis having considered severe but plausible scenarios and given the reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future, as well as considering the Group's intention to provide ongoing support to the Company and the integral nature of the Company's operations to the broader group. The directors' assessment is for a period of 12 months from the date of approval of the financial statements. A letter has been secured from American Express Company to express its intention to support the Company's liquidity position and maintain its safe and sound operations for the thirteen months following the signing of these financial statements. The Company has performed an evaluation of subsequent events through to 2 July 2025, which is the date the financial statements were available to be issued. The functional currency is pounds sterling (£) and the financial statements are presented in pounds sterling with values rounded to the nearest thousand (£'000) unless otherwise stated.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.19.

The Company has taken advantage of the following disclosure exemptions allowed under FRS101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1. Basis of preparation (Continued)

- the requirements of IAS 1 ‘Presentation of Financial Statements’ paragraph 38 to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
- the requirements of the following paragraphs of IAS 1 ‘Presentation of Financial Statements’:
 - 10(d) *statement of cash flows*;
 - 10(f) *balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements*;
 - 16 *statement of compliance with all IFRS*;
 - 38(a) *requirement for minimum of two primary statements, including cash flow statements*;
 - 38(b)-(d) and 40 (a) *additional comparative information*;
 - 111 *cash flow statement information*; and
 - 134-136 *capital management disclosures*.
- the requirements of IAS 7 ‘Statement of Cash Flows’ to prepare a statement of cash flows;
- the requirements of IAS 8 ‘Accounting Policies Changes in Accounting Estimates and Errors’ paragraphs 30 and 31, concerning new IFRS that have been issued but are not yet effective;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a) 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 ‘Revenue from Contracts with Customers’;
- the requirements of IAS 24 ‘Related Party Disclosures’ paragraphs 17 and 18 to disclose the compensation of key management personnel; and
- the requirements of IAS 24 ‘Related Party Disclosures’ to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

(a) Standards and Interpretations effective in 2024

The entity has adopted the following standards and amendments to standards with an initial date of application of 1 January 2024.

- **Amendments to IAS 1, Presentation of financial statements on classification of liabilities**
The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. There is also clarity of what the standard means when it refers to the ‘settlement’ of a liability. The amendment does not significantly affect the Company’s financial statements.
- **Amendments to IAS 12 Income Taxes – International Tax Reform Pillar Two Model Rules**
Pillar Two legislation has been enacted in the United Kingdom, effective 1 January 2024. The Company has performed an assessment of the Company’s exposure to Pillar Two income taxes. Based on the assessment performed, no income tax expense has been included in the statement of profit or loss in 2024 related to Pillar Two income taxes (2023: not applicable). On 23 May 2023, the International Accounting Standards Board (IASB) issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12. The Company has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two taxes.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1. Basis of preparation (Continued)

(b) Standards and amendments early adopted by the Company

No new or amended standards and interpretations were adopted early by the Company.

2.2. Foreign currency translation

(a) Functional and presentational currency

The Company records financial transactions in a variety of currencies across its operating units. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements of the Company are presented in 'Pounds Sterling' (£), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are translated into the functional currency based on exchange rates prevailing at the end of the year; non-monetary assets and liabilities are translated at the historic exchange rate at the date of the transaction. The resulting exchange gains and losses are borne by a related Group entity.

Translation differences on financial instruments measured at fair value through profit or loss are reported as part of the fair value gain or loss in the Income Statement.

(c) Foreign Branches

The assets and liabilities of foreign branches that have a different functional currency are translated into pounds sterling (£) as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rate; and
- resulting exchange differences are recognised in other comprehensive income.

2.3. Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

2.4. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever market or economic events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (i.e. the higher of an asset's fair value less costs to sell and its value-in-use). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the Income Statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.5. Financial assets

The Company classifies its financial assets at fair value through profit or loss (FVTPL) and at amortised cost. The Company did not hold any financial assets classified at fair value through other comprehensive income (FVTOCI) during the reporting period.

The classification is determined on the basis of both: (1) the Company's business model for managing the financial assets and (2) the contractual cash flow characteristics of the financial asset. For an asset to be measured at amortised cost, the contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The Company classifies loans to affiliates, amounts owed to group undertakings, trade debtors and cash at amortised cost and derivative assets at FVTPL.

Interest is the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Management determines the classification of financial assets and liabilities at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is generally irrevocable.

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrower

(a) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments (that would otherwise be measured at fair value through profit or loss) to present subsequent changes in fair value in other comprehensive income. The Company may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if in doing so either:

- (i) eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial assets or liabilities or recognising the gains and losses on them on different bases; or
- (ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.5. Financial assets (Continued)

(a) Financial assets at fair value through profit or loss (continued)

Financial assets cannot be transferred into or out of this category after inception except under very specific circumstances, whereby they are recognised initially at fair value, with transaction costs taken directly to the Income Statement. Financial assets at fair value through profit and loss are subsequently measured at fair value.

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid price in an active market wherever possible. Where no such active market exists for the particular asset, the Company uses valuation techniques to arrive at the fair value. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. Commonly used techniques include the use of prices obtained in recent arms-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows, discounted at actively quoted interest rates. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them to support the conclusion that such valuations meet the requirements of FRS 101, including the level in the fair value hierarchy in which such valuations should be classified. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. Profits or losses are only recognised on initial recognition when such profits can be measured solely by reference to observable current market transactions or valuation techniques based solely on observable market inputs.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of the instruments. The fair value of other financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Assets in this category are classified as current assets if they are expected to be realised within 12 months after the balance sheet date. If the Company's management intends to realise the assets 12 months or more after the balance sheet date, they are classified as non-current.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are borne by a related group entity.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.5. Financial assets (Continued)

(b) Financial assets at amortised cost

Financial assets at amortised cost are financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Financial assets at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Financial assets at amortised cost as disclosed in the balance sheet include the following categories:

(i) Loans due from group undertakings

Loans due from group undertakings represents unsecured loans extended by the Company to other group companies. Interest is computed on actual daily principal outstanding during the preceding monthly period and is paid either monthly or annually. Expected credit losses are not material given the nature of the lending and the strong credit position of the Group.

(ii) Amounts owed by group undertakings

Amounts owed by group undertakings represent amounts recoverable for services within the American Express Group. Expected credit losses are not material given the typically short-term nature of these balances and the strong credit position of the Group.

(iii) Trade debtors

Trade debtors relate to regular trade receivables due to the Company in the normal course of business. Trade debtor balances are presented on the balance sheet net of reserves for expected credit losses.

2.6. Impairment of financial assets

The Company assesses financial assets, other than those at fair value through profit or loss, for credit losses at each Balance Sheet date, and measures loss allowance for expected credit losses. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company will measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The Company will measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

(a) Trade debtors

Given the short-term nature of trade and other debtors the loss allowance is determined by the lifetime expected credit losses. Forward looking information that indicates the debtor will experience financial difficulties, enter bankruptcy or financial reorganisation, default or become delinquent is incorporated in the determination of the loss allowance.

(b) Loans due from and amount owed by Group undertakings

Loans due and amounts owed by from Group undertakings represent amounts due from other Group companies and as such are not subject to any material impairment losses given the nature of the lending and the strong credit position of the Group.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.7. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. A transferred asset and the associated liability are not offset where a transfer of a financial asset does not qualify for derecognition.

2.8. Derecognition of financial instruments, including receivables

Financial instruments are derecognised when the rights to receive cash flows have expired or a transfer of the financial instruments has taken place where the Company has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognition.

Transfers of financial assets that do not meet derecognition criteria are accounted for as secured borrowings in the Balance Sheet. Financial liabilities are derecognised when they are extinguished.

2.9. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of the Company's derivative financial instruments is determined using either market quotes or valuation models that are based upon the net present value of estimated future cash flows and incorporate current market data inputs. The Company reports its derivative assets and liabilities on a net by counterparty basis where management has the legal right of offset under enforceable netting arrangements and intends to settle on a net basis or to realise the asset and settle the liability simultaneously. Fair value is determined in the manner described in Note 11.

Derivatives not designated as hedges

The Company has 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. The changes in fair value for derivatives that are not designated as hedges are borne by a related Group entity.

The foreign exchange gains/losses on hedging instruments in relation to non-consolidated subsidiaries are recognised in the income statement.

2.10. Cash at bank and in hand

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. Bank overdrafts are shown as bank loans and overdrafts within creditors falling due within one year on the Balance Sheet.

All cash and bank balances and money market instruments are carried at the principal amount. Interest is recognised using the effective interest method.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.11. Financial liabilities

(a) Financial liabilities at fair value through profit or loss

Financial instruments are classified in this category if they are derivatives, held for trading, or if they are designated by management under the fair value option.

Financial liabilities at fair value through profit or loss are initially measured at fair value, with transaction costs taken directly to the Income Statement, and subsequently stated at fair value, with any resultant gain or loss recognised in the Income Statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability.

(b) Other financial liabilities

Other financial liabilities are initially measured at fair value, generally their cash equivalents, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised in the income statement on an effective yield basis. Other financial liabilities are classified bank loans and overdrafts, amounts owed to group undertakings, trade creditors, other creditors and accruals in the balance sheet.

2.12. Borrowings

Borrowings are recognised initially at fair value, generally their cash equivalents, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the Balance Sheet date are presented as current borrowings even if the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the Balance Sheet date and before the financial statements are authorised for issue.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. All other borrowing costs are recognised as an expense in the income statement using the effective interest method in the period in which they are incurred.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.13. Current and deferred tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset where the deferred tax balances relate to the same taxation authority, and a legally enforceable right to offset exists. Current tax assets and tax liabilities are offset (where a legally enforceable right exists) where the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax charges and credits are recognised in the Income Statement, except to the extent that they relate to items recognised in other comprehensive income or directly in equity. In this case, the tax charge is also recognised in other comprehensive income or directly in equity.

2.14. Employee benefits

(a) Wages and salaries, annual leave and sick leave and bonuses

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date as a result of restructuring or whenever an employee accepts voluntary redundancy in exchange for termination benefits. The Company recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal. Benefits falling due more than 12 months after Balance Sheet date are discounted to present value.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.14. Employee benefits (Continued)

(c) Pension obligations

American Express Company provides pension arrangements for employees through defined benefit plans and defined contribution schemes in the UK and Germany.

The participating employers of the UK plan share the associated risks of the plan under common control, with no stated policy of sharing net defined benefit cost or for determining the contributions to be paid by each sponsoring employer. None of the participating legal entities have been assessed as being sponsoring employers of these plans.

As a result, the American Express UK legal entities account for the plans as if they were a defined contribution arrangement, with additional disclosure notes for the material plans, compliant with IAS 19. Contributions are charged to the Income Statement in the period in which they are paid. Payments to the Company's defined contribution stakeholder pension schemes are recognised as an expense as they fall due.

(d) Share based compensation plans

The Company issues equity-settled share-based awards as compensation for services rendered by certain employees. All awards are measured as equity-settled awards. The cost of these awards are generally recognised 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 time from the date the award is granted to the earlier of the vesting date defined in each award agreement or the date the colleague will become eligible to retire. Retirement eligibility is dependent upon age and/or years of service.

The fair value of options granted is determined using the Black-Scholes-Merton option pricing model. Restricted stock awards or units (collectively referred to as "RSUs") that do not include the Relative Total Shareholder Return (R-TSR) modifier are valued using American Express Company's stock price on the date of grant. The performance-based Restricted Stock awards or units that include the R-TSR modifier are valued using a Monte Carlo valuation model.

The R-TSR modifier is a specific performance condition that defines total shareholder return as the stock price appreciation over the performance period in comparison to American Express' peers and is a determining factor in the final shares issued to an employee. As options and awards on American Express Company shares are granted by the ultimate parent company to the employees of the Company, those awards are accounted for in equity. The Company has an obligation to repay the ultimate parent company for the share-based payments, and that repayment is offset against equity to the extent that it has been paid or is payable to the ultimate parent company.

2.15. Provisions and contingent liabilities

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised on future operating losses. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate of the obligation.

Provisions are measured at the present value of the expected required expenditures to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.15. Provisions and contingent liabilities (Continued)

Contingent liabilities are disclosed when there is a present obligation that arises from past events but are not recognised because the amount of the obligations cannot be measured reliably, or where there is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2.16. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17. Revenue recognition

Revenue comprises income arising in the course of the Company's ordinary activities, net of value added and other taxes, rebates and discounts. The Company recognises revenue at an amount that reflects the consideration to which it expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised as follows:

- **Discount Revenue:** Discount revenue primarily represents the amount the Company earns from the merchant for facilitating transactions between card members and the merchant. The amount of fees charged, or merchant discount, varies with, among other factors, the industry in which the merchant conducts business, the merchant's overall transaction volume, the timing and method of payment to the merchant, the method of submission of transactions and, in certain instances, the geographic scope of the card acceptance agreement signed with American Express (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 outline the agreed-upon terms for charging the merchant discount fee, vary in duration. 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. 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.

The Company satisfies its obligations under these agreements over the contract term, often on a daily basis, through the processing of card member transactions and the availability of the payment network. When a cardmember returns goods, it will generate a credit transaction with the merchant, but the merchant discount amount is generally retained by the Company.

- **Other Merchant Services:** The Company earns other revenue from merchants for services which include marketing and administration. Revenue in respect of these services is recognised by the Company in the period in which the services were performed.
- **Entrepreneurial and Strategic Services:** The Company provides entrepreneurial and strategic support to grow and develop the American Express merchant business in Europe, which is calculated using a combination of inputs including subsidiary targeted arm's length profit margins. This variable consideration is recognised as revenue throughout the year to the extent reversal is considered highly unlikely and is aligned to actual results at the end of the reporting period.
- **Other Services to Group Companies:** The Company earns revenue when it performs a service on behalf of another related Group entity. The Company charges the related Group entity on an arm's length basis, with revenue being recognised in the period in which the service is provided.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.18. Interest receivable and interest payable

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Interest expense includes interest incurred on the Company's long term and short-term borrowings which are required to fund general purposes and liquidity needs.

2.19. Critical accounting estimates, assumptions, and judgements

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

(a) Critical accounting estimates

There are a number of estimates made in the preparation of the financial statements. However, these are not considered critical accounting estimates based on the IAS 1 definition.

(b) Critical judgements in applying accounting policies

The preparation of the financial statements involves a number of judgments. The items with a higher degree of judgment or complexity are:

Defined benefit pension scheme

Certain employees participate in defined benefit pension schemes with several participating employers sharing the risks between entities under common control. The plans do not have a stated policy for sharing net defined benefit cost or for determining the contributions to be paid by each participating legal entity for these schemes. None of the participating legal entities have been assessed as being sponsoring employers of the plans. In the judgment of the directors, the Company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore, the scheme is accounted for as a defined contribution scheme, see Note 19 for further details.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

3. TURNOVER

| | 2024 | 2023 |
|--|-------------------------|------------------|
| | £'000 | £'000 |
| Merchant discount revenue, net of merchant rebates | 1,128,182 | 1,019,248 |
| Other merchant services | 34,398 | 27,497 |
| Entrepreneurial and strategic services | 33,703 | 33,220 |
| Other services to American Express Group companies | 9,090 | 7,110 |
| | <u>1,205,373</u> | <u>1,087,075</u> |

All turnover for the financial year originated within the UK.

4. STAFF COSTS

| | 2024 | 2023 |
|---|----------------------|---------------|
| | £'000 | £'000 |
| Wages and salaries | 41,343 | 38,207 |
| Social security costs | 5,308 | 5,097 |
| Other pension costs | 5,194 | 4,845 |
| Stock compensation expense (Share based payment charge) | 1,825 | 1,636 |
| | <u>53,670</u> | <u>49,785</u> |

Included within Staff Costs is an amount of £0.9m (2023: £0.7m) related to restructuring expense.

The monthly average number of staff employed by the Company during the year was as follows:

| | 2024 | 2023 |
|----------------------|-------------------|------------|
| | Number | Number |
| Sales and marketing | 315 | 290 |
| Customer servicing | 172 | 211 |
| Other support groups | 25 | 37 |
| | <u>512</u> | <u>538</u> |

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

4. STAFF COSTS (Continued)

Details of the stock plans are set out below:

(a) Stock Options

Each stock option has an exercise price equal to the market price of American Express Company's common stock on the grant date. Stock options generally vest on the third anniversary, and have a contractual term of 10 years from the date of grant.

Stock options outstanding at 31 December 2024 were Nil (2023: Nil). No stock options were exercised during 2024 (2023: Nil).

(b) Restricted Stock Units or Awards (RSUs)

An RSU is a grant of American Express Company's common stock, which contains either (a) service conditions or (b) both service and performance conditions. Once vested, the employees receive common shares of American Express Company.

RSUs containing only service conditions generally vest rateably 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 that an employee receives from performance based RSUs generally ranges from zero to 120% of target depending on the achievement of predetermined American Express Company's performance metrics. RSU holders receive dividend equivalents or dividends.

Performance-based RSUs include a relative total shareholder return (R-TSR) modifier so that American Express Company's 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 American Express Company's stock price on the date of grant. The fair value of the performance-based RSUs that include the R-TSR modifier is determined using a Monte Carlo valuation model using assumptions based on the historical volatility of American Express Company's common stock price, the historical correlations of American Express Company's common stock price and that of each of the companies in the performance peer group and the risk-free interest rate, each for a period equal to the estimated remaining performance period. As of 31 December 2024, the total outstanding RSUs are expected to vest over a weighted average period of 0.88 years (2023: 0.91 years).

As at 31 December 2024, there were 27,421 (2023: 26,102) RSUs outstanding. During 2024, 12,322 (2023: 12,219) RSUs vested with a weighted average grant price of USD 138.71 each (2023: USD 134.08 each).

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2024

5. DIRECTORS' REMUNERATION

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Emoluments | 2,236 | 1,632 |
| Amounts receivable under long term incentive schemes | 1,056 | 524 |
| Pension costs | 209 | 152 |
| | <u>3,501</u> | <u>2,308</u> |

The number of Directors to whom retirement benefits were accruing in respect of qualifying services during the year ended 31 December were as follows:

| | 2024 Number | 2023 Number |
|------------------------|----------------|----------------|
| Money purchase schemes | <u>11</u> | <u>8</u> |

During the year ended 31 December 2024 eleven (2023: eight) Directors exercised share options in American Express Company, the ultimate parent company, and/or received common stock in American Express Company as a result of RSUs vesting in the year.

The following remuneration was earned by the highest paid Director:

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Emoluments including amounts receivable under long term incentive schemes | 831 | 667 |
| Pension Costs | 6 | 6 |
| | <u>837</u> | <u>673</u> |

In addition, the highest paid Director also exercised share options in American Express Company, the ultimate parent company, and/or received common stock in American Express Company as a result of RSUs vesting in the year.

Three Directors (2023: two) who served during the year are employed by and received their remuneration from another American Express group company; services provided by employees of one American Express group company to another fall under the enterprise-wide Transfer Pricing Policy and are recharged appropriately.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

6. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2024 | 2023 |
|--------------------|---------------|--------|
| | £'000 | £'000 |
| Group undertakings | 57,531 | 49,464 |
| | 57,531 | 49,464 |

7. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2024 | 2023 |
|------------------------|--------------|-------|
| | £'000 | £'000 |
| Other interest payable | — | 4 |
| | — | 4 |

8. PROFIT BEFORE TAXATION

| | 2024 | 2023 |
|---|---------------|--------|
| | £'000 | £'000 |
| Profit before taxation is stated after charging: | | |
| Fees payable to the Company's auditors for the audit of the Company's annual financial statements | 340 | 326 |
| Marketing, business development & professional services | 38,920 | 39,081 |

Administrative expenses include staff costs, marketing, business development & professional service costs and other administrative expenses.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

9. TAX ON PROFIT

The differences between the taxation reflected in the financial statements and the amounts calculated at the statutory rate of 25.0% (2023: 23.5%) are as follows:

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Profit before taxation | 74,603 | 74,447 |
| Tax calculated at a tax rate of 25% (2023: 23.52%) | <u>18,651</u> | <u>17,510</u> |
| Adjusted for the effects of: | | |
| Non-taxable income | (872) | (488) |
| Prior year adjustments | 187 | (40) |
| Rate change impact | — | (45) |
| Permanent difference in respect of share-based payments | (23) | 40 |
| Total Tax expense | <u>17,943</u> | <u>16,977</u> |
| | 2024 £'000 | 2023 £'000 |
| Current income tax | | |
| UK Tax | | |
| Current income tax | 17,138 | 17,485 |
| Prior Year Adjustments | 164 | (40) |
| | <u>17,302</u> | <u>17,445</u> |
| Overseas tax | | |
| Prior year adjustments | 24 | — |
| Total Current Tax | <u>17,326</u> | <u>17,445</u> |
| Deferred Tax | | |
| Origination and reversal of temporary differences | 617 | (422) |
| Impact of change in tax rate | — | (46) |
| Total Deferred Tax | <u>617</u> | <u>(468)</u> |
| Income Tax expense | <u>17,943</u> | <u>16,977</u> |

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

9. TAX ON PROFIT (Continued)

Taxation on items not (credited) / charged to the income statement

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Current Tax credit | | |
| Tax deduction on share options / awards in excess of expense recognised | (134) | (93) |
| Adjustment for prior years | (11) | (24) |
| Deferred Tax credit | | |
| Tax deduction on share options / awards in excess of expense recognised | (481) | (47) |
| Impact of change in tax rate | — | (6) |
| Total | (626) | (170) |

Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon:

| | Fixed Assets £'000 | Provisions £'000 | Share- based Payments £'000 | Total £'000 |
|--------------------------------------|--------------------------|---------------------|--------------------------------------|----------------|
| At 1 January 2024 | 4,396 | 69 | 905 | 5,370 |
| (Debit) / Credit to Income Statement | (791) | (6) | 180 | (617) |
| Credit to Equity | — | — | 481 | 481 |
| Tax rate change to Income Statement | — | — | — | — |
| Tax rate change to Equity | — | — | — | — |
| At 31 December 2024 | 3,605 | 63 | 1,566 | 5,234 |

| | Fixed Assets £'000 | Provisions £'000 | Share- based Payments £'000 | Total £'000 |
|-------------------------------------|--------------------------|---------------------|--------------------------------------|----------------|
| At 1 January 2023 | 3,992 | 54 | 803 | 4,849 |
| Credit to Income Statement | 380 | 14 | 28 | 422 |
| Credit to Equity | — | — | 47 | 47 |
| Tax rate change to Income Statement | 24 | 1 | 21 | 46 |
| Tax rate change to Equity | — | — | 6 | 6 |
| At 31 December 2023 | 4,396 | 69 | 905 | 5,370 |

Factors affecting the tax charge for the year:

The deferred tax has been calculated at the UK statutory rate of 25%. There is no unrecognised deferred tax for the year ended 31 December 2024 and 2023.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

10. INVESTMENTS

| | | |
|-----------------------------------|---------------|---------------|
| | 2024 | 2023 |
| | £'000 | £'000 |
| Investment in subsidiaries | | |
| Cost: | | |
| At 1 January and 31 December | <u>53,526</u> | <u>53,526</u> |

| Undertaking | Percentage of shares held | Description of shares held | Principal Activity | Registered Office Address |
|---------------------------------------|---------------------------|----------------------------|--------------------|--|
| American Express Payments Europe S.L. | 100% | Ordinary €10 | Merchant Acquirer | Avenida del Partenon, 12-14, Campo de la Naciones, Madrid, 28042 |

American Express Payments Europe S.L. (“AEPE”) is a company limited under Spanish Law which operates as a Merchant Acquirer.

The percentage of shares held reflects the position at both 31 December 2024 and 31 December 2023.

11. FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE

The table below presents the Company’s financial assets and liabilities that are measured at fair value at 31 December 2024 and 2023, by valuation method. The different levels have been defined as follows:

- Level 1 – inputs that are quoted prices (unadjusted) for identical assets or liabilities in active markets (such as publicly traded derivatives, and equity securities).
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) for example over-the-counter derivatives.
- Level 3 – inputs that are unobservable and reflect the Company’s own assumptions about the assumptions 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).

For the years ended December 31, 2024 and 2023, there were no Level 3 transfers.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

11. FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (Continued)

| | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
|--------------------------------------|-----------------|-----------------|-----------------|---------------|
| At 31 December 2024 | | | | |
| Assets | | | | |
| Derivative financial assets | | | | |
| - Forward foreign exchange contracts | — | 6,773 | — | 6,773 |
| Total assets | — | 6,773 | — | 6,773 |
| Liabilities | | | | |
| Derivative financial liabilities | | | | |
| - Forward foreign exchange contracts | — | 1,948 | — | 1,948 |
| Total liabilities | — | 1,948 | — | 1,948 |
| | | | | |
| At 31 December 2023 | | | | |
| Assets | | | | |
| Derivative financial assets | | | | |
| - Forward foreign exchange contracts | — | 224 | — | 224 |
| Total assets | — | 224 | — | 224 |
| Liabilities | | | | |
| Derivative financial liabilities | | | | |
| - Forward foreign exchange contracts | — | 495 | — | 495 |
| Total liabilities | — | 495 | — | 495 |

The fair value of the Company's derivative instruments is estimated using internal pricing models, where the inputs to those models are readily available from actively quoted markets. The pricing models are consistently applied and reflect the contractual terms of the derivatives. The Company reaffirms its understanding of the valuation techniques at least annually and validates the valuation output on a quarterly basis. The Company's derivative instruments are classified within Level 2 of the fair value hierarchy.

The fair value of foreign exchange forward contracts are 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.

Credit and debit valuation adjustments are necessary when the market parameters (for example, a benchmark curve) used to value the derivative instruments are not indicative of the credit quality of the Company or its counterparties. The Company considers the counterparty credit risk by applying an observable forecasted default rate to the current exposure.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments

Derivative financial instruments include forward contracts for the purchase and sale of foreign currencies. These instruments allow the Company to transfer, modify or reduce their foreign exchange, interest rate and credit risks.

Forward foreign exchange contracts are agreements to exchange a specified amount of one currency for another on a future date at an agreed rate.

The other derivatives act as economic hedges but are not designated as such for hedge accounting purposes. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative receivables) and negative (derivative payables) fair values at the balance sheet date are analysed below.

At 31 December:

(£'000)

| Particulars | 2024 | | | 2023 | | |
|------------------------------------|--------------------|--------------|--------------|--------------------|------------|-------------|
| | Notional Amount | Fair Value | | Notional Amount | Fair Value | |
| | | Assets | Liabilities | | Assets | Liabilities |
| Forward foreign exchange contracts | 227,236 | 5,850 | 1,867 | 142,775 | 135 | 147 |
| Other derivatives* | 87,116 | 923 | 81 | 130,893 | 89 | 348 |
| Total | 314,352 | 6,773 | 1,948 | 273,668 | 224 | 495 |

*Other derivatives represent forward foreign exchange contracts entered into for the purposes of economically hedging the Company's subsidiary foreign currency exposure. For the Company's standalone reporting, no hedge accounting is applied and gains or losses associated with these derivatives have been recognised in the income statement.

The Company only holds derivatives which are short term in nature, maturing within 12 months. The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the Balance Sheet.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

13. DEBTORS

| | 2024 £'000 | 2023 £'000 |
|--|------------------|------------------|
| Trade debtors | 50,875 | 49,963 |
| Less: reserves | (5,475) | (4,943) |
| Loans due from group undertakings | 1,405,110 | 1,042,092 |
| Amounts owed by group undertakings | 11,079 | 217,028 |
| Deferred tax asset (refer Note 9) | 5,234 | 5,370 |
| Derivative financial instruments (refer Note 12) | 6,773 | 224 |
| Prepayments | 1,617 | 741 |
| | <u>1,475,213</u> | <u>1,310,475</u> |

The debtors above include the following non-current amounts:

| | 2024 £'000 | 2023 £'000 |
|-----------------------------------|---------------|---------------|
| Deferred tax asset (refer Note 9) | 5,234 | 5,370 |
| | <u>5,234</u> | <u>5,370</u> |

Reserves on trade debtors are determined based on the methodology outlined in Note 2.6 and are typically fully reserved for after 90 days past due, when the underlying amounts are no longer expected to be recovered. In addition, assessments incorporating past events, current conditions and future economic conditions, are performed on a case by case basis and additional reserves are booked when required. Management have also given consideration to the inclusion of qualitative reserves to cover losses that are expected, but may not be adequately represented in the quantitative methods or economic assumptions. Amounts are generally written off when 360 days past due.

Loans due from group undertakings are unsecured and repayable on demand loans extended by the Company to affiliates on a floating rate. Interest is computed on actual daily principal outstanding during the preceding monthly period on a 365-day basis and is payable at monthly or annual intervals. The carrying amount is deemed to approximate the fair value due to the short term nature of balances.

Amounts owed by group undertakings are unsecured and repayable on demand. The carrying amount is deemed to approximate the fair value due to the short term nature of balances.

14. CASH AT BANK AND IN HAND

| | 2024 £'000 | 2023 £'000 |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | 6,473 | 3,550 |
| | <u>6,473</u> | <u>3,550</u> |

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

15. CREDITORS: amounts falling due within one year

| | 2024 £'000 | 2023 £'000 |
|--|------------------|------------------|
| Trade creditors | 896,717 | 1,056,526 |
| Accruals and deferred income | 17,677 | 17,389 |
| Derivative financial instruments (Note 12) | 1,948 | 495 |
| Amounts owed to group undertakings | 269,332 | — |
| Other taxation and social security | 1,687 | 1,150 |
| Corporation tax | 17,029 | 17,208 |
| Other creditors | 371 | 1,753 |
| | <u>1,204,761</u> | <u>1,094,521</u> |

In accordance with the Primary Acquiring Operating Agreement, TRSCo will remit to AEPSL the amount due for charges incurred by cards issued on the American Express network, on the day on which AEPSL is due to make payment for those charges to the merchant. Accordingly, sufficient liquidity exists to pay merchants as they fall due.

Included within Creditors is £1,186m (2023: £1,076m) classified as financial liabilities.

The current portion of trade and other creditors are carried at cost which approximates fair value due to the short-term nature thereof.

Terms and conditions of the above financial instruments are:

- (i) Trade creditors are non-interest bearing and predominantly consist of Merchant payables which are normally settled within 30 days, together with vendor payables which are normally settled within 60 days.
- (ii) Other creditors are non-interest bearing and are normally settled within 60 days.
- (iii) Amounts owed to group undertakings are unsecured and repayable on demand.

16. PROVISIONS FOR LIABILITIES

Restructuring Reserve

| | £000 |
|----------------------------|------------|
| At 1 January 2024 | 143 |
| Increase in Provision | 2,089 |
| Utilisation | (788) |
| Releases | (1,174) |
| At 31 December 2024 | <u>270</u> |

Restructuring provision

From time to time, the Company initiates restructuring programmes to become more efficient and effective, and to support new business strategies. These programmes are generally completed within a year of when they are initiated. In connection with these programmes, the Company will typically incur severance and other exit costs. During the year ended 31 December 2024, the Company recognised £0.9m (2023: £0.7m) of restructuring charges.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

17. CALLED UP SHARE CAPITAL

| | 2024 Number | 2023 Number | 2024 £000 | 2023 £000 |
|---|--------------------|--------------------|----------------|----------------|
| <i>Authorised</i> | | | | |
| Ordinary shares of £1 each | <u>100,000,000</u> | <u>100,000,000</u> | <u>100,000</u> | <u>100,000</u> |
| <i>Issued, called up and fully paid</i> | | | | |
| Ordinary shares of £1 each | <u>13,150,000</u> | <u>13,150,000</u> | <u>13,150</u> | <u>13,150</u> |
| | <u>13,150,000</u> | <u>13,150,000</u> | <u>13,150</u> | <u>13,150</u> |

18. DIVIDENDS PAID

The Directors do not propose the payment of a dividend during the year ended 31 December 2024 (2023: £nil).

19. PENSIONS

American Express provides retirement benefits through a variety of arrangements comprising defined benefit and defined contribution plans. The material plans ('the Plans') comprise the American Express UK Pension Plan ('the UK Plan') and several pension arrangements in Germany ('the German Plans').

The UK and German Plans and the related costs are assessed in accordance with the advice of qualified independent actuaries. The Plans identified have several participating employers sharing the risks between entities under common control. Both the UK and German Plans do not have a stated policy for sharing net defined benefit cost or for determining the contributions to be paid by each participating legal entity for these schemes. None of the participating legal entities have been assessed as being sponsoring employers of these Plans. As a result, American Express UK legal entities account for these Plans as if they were defined contribution arrangements with additional disclosure notes compliant with the IAS19 requirements for these types of arrangements. The information of these Plans as a whole is presented below.

The UK Plan

The UK Plan is a defined benefit pension plan with a normal retirement age of 65. The UK Plan was offered to employees who joined the company before 1 July 2006 and has a weighted average duration of around 11 years. The UK Plan was closed to future accrual on 31 July 2013, although the link to future salary increases was retained up to the end of 2016. The benefit payable from the Plan varies depending on whether the member joined before 1996 or after. For those joining before 1996, there is a pension benefit payable from the Plan that increases in line with statutory requirements. For those joining after 1996, there is a lump sum benefit payable at retirement which the employees can use to purchase an annuity or transfer to an approved plan. All employees in the UK are now offered a defined contribution scheme.

The UK Plan operates under trust law and is governed by a Trustee board in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Plan's assets are held by the trust.

The contributions paid to the UK Plan are agreed with the Trustees on the basis of a valuation carried out by the Scheme Actuary. Principal factors that the Scheme Actuary will have regard to include the covenant offered by the Sponsor, the level of risk in the Plan, the Plan's investment strategy and the Plan's funding level. In compliance with the Pensions Act 2004, the Sponsor and the Trustee agreed a scheme-specific funding target, statement of funding principles, a schedule of contributions and a recovery plan accordingly.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

19. PENSIONS (Continued)

The UK Plan (Continued)

The IAS19 liability is most sensitive to changes in discount rate, which depends on market yields on Sterling-denominated AA-rated corporate bonds. In addition to the interest rate risk, the value of liability also depends on the assumptions made about future inflation and life expectation and the risks associated with actual experience in these two areas differing over the long term from the assumptions adopted.

German Plans

There are five defined benefit plans in Germany, of which only one is open to new hires. The normal retirement age is generally 65 and the benefit is generally paid as a lump sum at retirement, although one Plan pays a monthly pension for life. The weighted average duration of the German Plans is around 11 years.

The German Plans are unfunded with the exception of the open Plan, which is a cash balance Plan with assets held in insurance contracts and where there is a guaranteed minimum level of investment return applied to members' cash balance account. For the most part therefore, each participating employer pays and records the cost of benefits as they arise.

As benefits are paid mostly as lump sums, the total liability is not dependent on the level of inflationary increases of pension benefits in payment or the period of time the pension will be paid (life expectancy) and so the Plans are not exposed to inflationary or significant longevity risks. The total liability is dependent on future salary increase levels (linked to the level of benefits payable) and the discount rate (which depends on market yields on Euro-denominated AA corporate bonds). These are the two main risks affecting the level of the German Plans' liabilities.

Key assumptions and valuation results

The key assumptions used to value the UK and German Plans' liabilities based on IAS19 requirements together with the results obtained are set out below. Although there are multiple plans in Germany, all plans were valued using the same financial and demographic assumptions.

| Assumptions | Nominal % pa | | | |
|--------------------------------------|---|---|------------------|------------------|
| | UK | | Germany | |
| | 2024 | 2023 | 2024 | 2023 |
| Discount rate | 5.40 | 4.50 | 3.40 | 3.20 |
| Rate of increase in salaries | n/a | n/a | 3.25 | 3.25 |
| Social Security increases | n/a | n/a | 2.50 | 2.50 |
| Rate of pension increase in payment* | 0.00-3.06 | 0.00-3.06 | 2.30 | 2.30 |
| Rate of increase in price inflation | | | | |
| RPI** | 3.25 | 3.25 | n/a | n/a |
| CPI** | 2.75 | 2.75 | 2.30 | 2.30 |
| Mortality table | SAPS S3 mortality table | SAPS S3 mortality table | Heubeck 2018G | Heubeck 2018G |
| | CMI 2023 model (with smoothing and covid experience adjustments) with trend of 1.50% per annum | CMI 2022 model (with smoothing and covid experience adjustment) with trend of 1.50% per annum | | |

* post 88 GMP = 2.27%; pre 1997 excess = 0%; April 1997 to April 2005 = 3.06%; post April 2005 = 2.05%

** RPI = Retail Price Inflation; CPI = Consumer Price Inflation

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

19. PENSIONS (Continued)

Key assumptions and valuation results (continued)

The table below shows the value of IAS19 liabilities and assets as at 31 December 2024.

| IAS19 Defined Benefit Obligation and Market Value of Assets | UK | | Germany | |
|---|-----------|-----------|-----------|-----------|
| | 2024 (£m) | 2023 (£m) | 2024 (£m) | 2023 (£m) |
| Present value of Plan liabilities | 807.1* | 891.3* | 85.5 | 89.7 |
| Market value of assets** | 836.1* | 876.0* | 5.7 | 5.4 |
| Deficit | 29.0 | (15.3) | (79.8) | (84.3) |
| Sensitivity analysis - 2024 Defined Benefit Obligation | | | | |
| Discount rate assumption being 1% higher | 736.9* | | 77.1 | |
| Discount rate assumption being 1% lower | 891.1* | | 95.0 | |

* Includes £52m of Additional Voluntary Contribution (“AVCs”) (£55m in 2023)

** There are no self-invested assets in the UK Plan or in the German Plans

As a result of the 2018 and 2021 UK court rulings requiring the equalisation of Guaranteed Minimum Pensions (GMP) in UK pension schemes including historic transfer values, the UK Plan liabilities include an allowance for GMP equalisation.

The German Plans are for the majority unfunded with only 7% of the liabilities covered by assets. It is common practice in Germany for defined benefit plans to be unfunded. German plan assets are 100% invested in insurance contracts. The UK Plan’s major asset categories are shown in the table below .

| Asset Allocation as at 31 December | 2024 (£m) | 2023 (£m) |
|---|-----------|-----------|
| Domestic equities | 5.8 | 12.5 |
| Foreign equities | 113.3 | 181.5 |
| Government bonds* | 360.2 | 304.4 |
| Corporate bonds | 29.3 | 32.6 |
| Buy-in contract | 145.8 | 165.3 |
| Additional voluntary contributions (AVCs) | 51.9 | 54.8 |
| Cash and cash equivalents | 34.7 | 31.8 |
| Other | 95.1 | 93.1 |
| Total | 836.1 | 876.0 |

*Includes Liability Driven Portfolio

There was a special event in 2017 for the UK Plan involving a pensioner buy-in transaction to partially insure the UK pensioner liabilities. The value of the buy-in contract is £145.8m and has been included within the allocation above. The assets under the “Other” category represent amounts mainly invested in diversified funds and include investments in hedge funds which make use of different investment styles including the use of derivatives.

All securities invested by the UK Plan have a quoted market price in an active market (with the exception of £154.9m mainly attributable to the pensioner buy-in contract).

The assets and liabilities shown above include defined contribution assets and liabilities (from AVCs) as at 31 December 2024.

American Express Payment Services Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2024

19. PENSIONS (Continued)

Contributions

The employer contributions to the UK Plan and German Plans during the calendar years 2023 and 2024 and the expected amounts for 2025 are summarised in the table below.

| Country/Plan(s) | Expected 2025 Contributions (£m) | Actual 2024 Contributions (£m) | Actual 2023 Contributions (£m) |
|-----------------|-------------------------------------|-----------------------------------|-----------------------------------|
| UK | 14.6 | 21.5* | 21.5* |
| Germany** | 5.3 | 2.6 | 2.4 |

* In addition during 2024, the employer contributed £58.3m (2023: £54.4m) (including salary sacrifice contributions) to the defined contribution Stakeholder Plan in the UK. The Company contributed £5.3m (2023: £4.9m) of this amount.

** Contributions in Germany include benefit payments made directly by the employer and contributions into the Cash Balance Plan.

20. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments for the year ended 31 December 2024 (2023: Nil).

21. RELATED PARTY TRANSACTIONS

The Company had no transactions with Directors or Key Management Personnel during the year ended 31 December 2024 (2023: Nil) except for the transactions relating to Directors' emoluments disclosed in Note 5.

22. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events that have occurred since the Balance Sheet date that affect the financial statements of the Company.

Independent auditors' report to the members of American Express Payment Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, American Express Payment Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2024; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority and the Payment Services Regulations 2017, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Making enquiries with management and those charged with governance, including review of minutes of meetings in so far as they related to the financial statements and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of correspondence with the regulators;
- Incorporating an element of unpredictability into the nature, timing and/or extent of our testing;
- Identifying and testing journal entries, including entries with unusual account combinations;
- Challenging the assumptions and judgements made by the management in their accounting estimates, in particular in relation to the pensions disclosure; and
- Testing of the financial statement disclosures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink that reads "Daniel Pearce". The signature is written in a cursive, flowing style with a large initial 'D'.

Daniel Pearce (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 July 2025