

# **American Express Services Europe Limited**

*Registered number 01833139*

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

# American Express Services Europe Limited

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## Report and Financial Statements for the year ended 31 December 2024

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# American Express Services Europe Limited

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## Officers & Advisors

### DIRECTORS

H Lewis – Chairperson  
D Bailey – Chief Financial Officer  
A Aggarwal  
L Fenwick  
R Sharma  
C Taylor

### SECRETARY

G Gill

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
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London  
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### BANKERS

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### LEAD REGULATOR

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### REGISTERED OFFICE

Belgrave House  
76 Buckingham Palace Road  
London  
SW1W 9AX

# American Express Services Europe Limited

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## Directors' Report for the year ended 31 December 2024

The Directors present their Directors' Report and the audited financial statements of American Express Services Europe Limited ("the Company" or "AESEL") 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 Holdings Limited. The ultimate parent and controlling entity is American Express Company, incorporated in the United States of America.

The principal activity of the Company is the provision of financial services in relation to payment services.

The Company is engaged in the issuing of a wide range of charge cards and revolving credit cards, providing products and services to consumer and corporate clients. The Company also offers a range of rewards schemes, including those which award customers who hold the Company's cards ("Cardmembers") cashback or points based on the amount they spend. In May 2023 a decision was taken to exit the Foreign Exchange International Payments business (which provided a range of foreign currency payment solutions to business customers). The wind down of this business was completed in 2024 and the impact on these financial statements was immaterial.

The majority of customer servicing related to the issued cards is provided by the Company through its own organisation. In the past the Company operated in many European countries using a combination of passporting and/or its branch structure to issue cards. On 1 March 2019, the Company transferred certain passporting reliant card issuing operations in Europe ("2019 business transfer") to its Spanish subsidiary, American Express Europe S.A. ("AEESA") and Italian subsidiary, American Express Italia s.r.l. ("AEI"). Subsequently, the remaining Travel & Lifestyle Servicing ("TLS") business within the Sweden, Finland, Norway and Austria branches was transferred to the corresponding AEESA branch in those markets and the corresponding AESEL branches were deregistered. At the reporting date two branches ("AESEL Italy" and "AESEL Germany") remain, performing activities which are not reliant on passporting. AESEL Italy generates revenue through the servicing of AEI, and AESEL Germany services certain employee-related obligations.

The Company also provides other services to companies within the Group including technology, operational support, entrepreneurial and strategic services, as well as Cardmember servicing.

### 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 perform regulated consumer credit and insurance mediation activities. The Company uses its Consumer Credit permission to offer consumer credit to UK Cardmembers. As a result of the 2019 business transfer, regulated payment services and provision of consumer credit outside the UK are offered by two subsidiaries of the Company: AEI with respect to the card issuing business in Italy; and AEESA (and its branches) with respect to the residual card issuing business in the EEA (that the Company previously operated outside of the UK and Italy).

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.

# American Express Services Europe Limited

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

### 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.

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 the FCA to simplify the current dual regime governing fair access.

#### Consumer Credit and 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 came into force on 31 July 2023 for new and existing products or services that are open to sale and renewal. 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. Firms' systems and controls for the prevention of financial crime continued to be scrutinised by the FCA in 2024 with arrangements for Politically Exposed Persons ("PEPs") being the basis for a thematic review.

#### Senior Managers and Certification Regime ("SMCR")

In December 2019, the FCA extended the SMCR to all financial services firms that are regulated solely by the FCA and authorised under the Financial Services and Markets Act 2000, including the Company. The legislative and regulatory frameworks for SMCR continue to be under review by HM Treasury, the FCA and the Prudential Regulation Authority ("PRA").

#### 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 communication plans; and (vi) prepare annual self-assessment documentation. The Company has made significant progress to enhance its Operational Resilience framework 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.

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

### Key regulations and developments (continued)

#### 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 financial 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.

### STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

The Group is a globally integrated payments organisation that provides customers with access to products, insights and experiences that enrich lives and build business success. American Express' purpose, values and strategies are determined at a global level prior to being communicated to, and implemented in, local jurisdictions. Given the global nature and complexity of the Group's business operations, the Group has implemented a matrix organisational structure. This is composed of an extensive global network of legal entities from which it conducts its activities. The Company sits within this structure and is primarily responsible for the Group's card issuing activities in the UK, in addition to providing strategic and operational services to other legal entities within the Group. It is the responsibility of the AESEL Board ("the Board") to implement policies, principles and strategies in a manner that aligns with those set at the global level, while taking into account local legislation, operational requirements and opportunities, thereby contributing to a cohesive approach across the organisation.

The Board recognises the importance of good corporate governance and rigorous supervision of the management of the Company to ensure that business operations are conducted competently, with integrity and due regard to the interests of all stakeholders. Consequently, under the Companies (Miscellaneous Reporting) Regulations 2018, the Company applies the Wates Corporate Governance Principles for Large Private Limited Companies (published by the Financial Reporting Council ("FRC") in December 2018 and available on the FRC website). Details of the Company's corporate governance arrangements are set out below.

- **Purpose and leadership**

American Express strives to provide the world's best customer experience every day and to become essential to customers by providing differentiated products and services to help them achieve their aspirations. The Board is responsible for overseeing the Company's strategy, decisions, processes and culture in a manner that aligns with the Group's global approach, which provides for the long-term sustainability of both the Company and the Group's business. To this end, the Board hold regular meetings with key stakeholders across the Company's departmental groups to ensure that proper oversight and control of the Company's business is maintained and, where necessary, to provide constructive challenge.

This enables the Company's business and wider Group organisation to pursue opportunities in a manner consistent with American Express' principles. American Express' vision and strategies, while initially set at the global level, are designed to take account of the specific circumstances of different jurisdictions. The strategy for the UK is determined by UK management and reviewed by the Board, and is regularly communicated across the UK organisation in various formats such as internal announcements by senior leaders, many of whom sit on the Board, and/or regular leadership presentations ("town halls") that outline the progress of, and developments within, the UK business.

In addition, the Chairperson of the Board is also the UK Country Manager and regularly communicates to the UK organisation on various matters. The UK Country Manager has responsibility for the UK market, ensuring collaboration across multiple UK lines of business in support of the Group's strategic objectives and initiatives. The brand and attributes – trust, security and service – of American Express are key assets and the Group's continued success depends on its ability to preserve, grow and leverage the values of the brand. American Express' ability to attract and retain customers is highly dependent upon the external perceptions of the organisation, including its trustworthiness, business practices and workplace culture.

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

### STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS (continued)

- **Purpose and leadership (continued)**

The Group invests heavily in managing, marketing, promoting and protecting the brand, with the Company specifically focusing on developing and enhancing the brand in the UK. The Board, being comprised of senior UK based representatives from each line of business and other critical functions, is well placed to provide the necessary leadership, input and challenge required to manage, market, promote and protect the brand. The Board also seeks out the advice of relevant subject matter experts (both internal and external) where necessary. The Board is also able to ensure that a high level of accountability across the business is maintained so that product offerings and services are consistent with American Express' brand and values. While not legal entity specific, the Company also benefits from American Express internal policies which provide for effective procedures in cases of misconduct, anti-corruption, conflicts of interests, whistleblowing and more. American Express' culture and internal policies align with the overall purpose, strategy and brand of American Express where the Group holds itself to the highest standards of business ethics and integrity.

- **Board composition**

At the date of signing these financial statements, the Board is comprised of six executive directors. The Board is chaired by the UK Country Manager, H Lewis, who plays an important role in promoting open debate and constructive discussion. The Chair of the Board works closely with the Company Secretary to ensure that the Board receives accurate information in a clear and timely manner necessary for the Board to make informed decisions. The Chair also provides the leadership, guidance and challenge required for the Board, and individual directors, to remain effective in the task of setting and implementing the Company's direction and strategies.

The Company's business activities comprise multiple lines of business in a complex and regulated industry. Consequently, it is essential that the Board possesses the necessary collective knowledge, experience and skills in order to operate effectively. As such, the Board is comprised of senior UK based representatives from each line of business and other critical functions thereby enabling increased levels of oversight and accountability at the board level. The Board, together with its advisors, possess significant experience in areas such as general management, finance, sales/marketing, risk management, operations, technology, law, and regulatory compliance necessary to provide effective oversight. The Board's composition is reviewed regularly to ensure that the Board maintains the correct balance of skills and experience necessary to function properly and keep abreast of developments in a dynamic business environment and aligned with the SMCR. The Board is also provided with training sessions where necessary to ensure they are equipped to fulfil their obligations towards the Company. Members of the Board are expected to act with integrity and independence while possessing the energy, forthrightness, analytical skills, and commitment to devote the necessary time and attention to the Company's affairs. Directors are also expected to possess a willingness to challenge senior management and the ability to work collaboratively in an environment of trust. The Chair regularly ensures that time is dedicated for Directors to discuss and, where necessary, provide constructive challenge to management on key decisions the Board is asked to make. The Board continues to work to build an inclusive and diverse workplace that values every voice, rewards teamwork, celebrates different points of view, and reflects the diversity of the communities in which we operate.

### Directors' responsibilities

- (i) **Accountability**

Good governance is essential to maintaining rigorous supervision of the management of a Company, ensuring that business is done competently, with integrity and with due regard to the interests of all stakeholders. The Company is authorised and regulated by the FCA in the UK. On account of being a consumer credit firm with an annual revenue of £100m or more, it is subject to the SMCR as an Enhanced Firm. The SMCR is part of the FCA's drive to improve culture, governance and accountability within financial services firms. It aims to deter misconduct by improving individual accountability and awareness of conduct issues across firms. As such, each Director of the Company is considered a Senior Manager and has been allocated specific Prescribed Responsibilities and business activities linked to their role covered by a "Statement of Responsibility". All appointments to the Board are subject to FCA approval and Directors are required to agree to a Statement of Responsibility prior to being appointed to the Board. This means that Directors have a clear understanding of their roles and responsibilities prior to joining the Board, while ensuring that Directors take all reasonable steps in the furtherance of their duties and responsibilities on an ongoing basis.

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

### STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS (continued)

- **Directors' responsibilities**

- (i) **Accountability (continued)**

In addition to the above, each member of the Board is subject to the American Express Code of Conduct ("the Code"). The Code is intended to focus on areas of potential conflicts of interest and other ethical issues, provide mechanisms to report potential conflicts or unethical conduct and help to foster a culture of openness and accountability. All reporting of conflicts of interest is centrally managed by the Corporate Secretary's Office. Directors are required to review and renew their commitment to the Code annually.

- (ii) **Committees**

The Directors are responsible for managing the Company's affairs and for ensuring that the operations of the Company, including those of its branches, 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 Operational Risk Committee.

The Audit and Finance Committee focuses principally on the Company's financial accounting, internal controls and the integrity of its financial statements. It is chaired by the UK Market Controller 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 five times a year 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 Operational Risk Committee ("ORC") supports the Board by giving oversight to the key operational risks identified for the Company. The ORC is chaired by the UK Market Chief Compliance Officer and membership is made up of representatives of each of the Company's lines of business along with representatives from the Global Services Group, the Audit and Finance Committee, General Counsel's Organisation, Technologies, and Credit and Fraud Risk teams. Advisors from other key stakeholder groups such as Global Privacy, Compliance and Ethics, the Outsourcing Governance team, Global Security, and Colleague Engagement join as appropriate. The ORC has oversight of significant operational and compliance changes and issues arising within the Company. The ORC is also responsible for ensuring that clear, effective and compliant processes are in place for managing third party and affiliate outsourcing arrangements. The ORC meets in advance of every Board meeting in order to consider items and/or risks which should be raised for the Board's consideration. In addition to a Risk Tolerance Statement, 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.

- (iii) **Integrity of Information**

The Board receives information on all areas deemed crucial to maintaining proper oversight and control of the Company's business on a regular and timely basis from a wide group of stakeholders. Such information includes, but is not limited to, reports from the Audit and Finance Committee, ORC, Lines of Business, Compliance, Legal, Credit and Fraud Risk, Real Estate, Colleague Experience Group, Internal Audit, and Technology Risk & Information Security. In order to ensure the correct level of oversight and control over the business is maintained, the Board meets frequently throughout the course of the year.

# American Express Services Europe Limited

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

### STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS (continued)

- **Directors' responsibilities (continued)**

- (iii) Integrity of Information (continued)

All information the Board receives is provided by subject matter experts who have the relevant qualifications, experience and skills necessary to ensure the integrity of the information while also advising on developments impacting the Company. The Board has, or has access to, the right level of subject matter expertise to validate the integrity of the information. The Company, and groups supporting the Company, are subject to regular comprehensive reviews undertaken by the Group's Internal Audit function which reports to the Board on its findings on a regular basis.

- **Opportunity and risk**

The Group follows a consistent approach to strategic decision making and risk management, with the Board overseeing the implementation of strategies for the future growth of the Company.

Due to the size of the Company's business, the Board have taken certain steps to streamline the decision-making process to increase the overall effectiveness of the Company's operations. Consequently, certain decision-making powers have been delegated to the Committees or senior management, and controls put in place to safeguard the Company and the interests of other key stakeholders.

The Company maintains a risk profile that would, at a minimum, withstand the stresses of a severe macroeconomic downturn, while at the same time meeting the Company's capital goals. The Company controls its risk profile through its risk management processes, with a system of limits, escalations, and other controls. The Company evaluates its risk capacity and its risk profile, and may adjust its risk strategies, its business or capital plan, or its risk limits.

The Company is subject to the requirements of final guidance issued by the FCA in its amended "Payment Services and Electronic Money – Our Approach" document in November 2021. This aims to improve prudential risk management and the safeguarding of customer funds. 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 has an FCA minimum capital requirement for the forthcoming year of £15.7m. 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.

The Company remains subject to the requirement to undertake daily safeguarding of relevant funds and since 2021 has implemented the FCA's requirement to have the safeguarding process reviewed annually by a third party to ensure compliance. The reviews performed by the third party since 2021 have concluded that processes are in place to ensure customer funds are appropriately safeguarded.

The Company also maintains a Company-specific wind down plan, refreshed annually.

Disclosures on future strategies and risk management as well as a business outlook, with a summary of risks and uncertainties are included within the Strategic Report.

The Company has a robust internal control framework with clear roles and responsibilities for escalation and remediation of risks. The Committees, as referenced in the earlier section (Directors' responsibilities), each adhere to Terms of Reference to ensure appropriate escalations to the Board. 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.

# American Express Services Europe Limited

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

### STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS (continued)

- **Opportunity and risk (continued)**

The Company has the “three lines of defence” 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 function overseeing risk in the First line; and Third Line (internal audit) – the independent group providing assurance that the First and Second lines are operating effectively.

- **Remuneration**

The executive compensation programme is designed to support the longevity and stability of the Company by driving long-term business outcomes, promoting strong governance practices and encouraging responsible risk-taking. This is achieved by linking individual pay with the Company's performance on a diverse set of measures as well as financial and strategic goals. All senior executives have a large portion of compensation that is variable and covers annual and multi-year performance periods. Long-Term Incentive Awards are designed to align executives' interests with the Company's long-term performance using performance-based equity awards in the form of Performance Restricted Stock Units and Stock Options. Further, the Company Scorecard incentivises performance and includes key objectives in four categories: Shareholder, Customer, Colleague and Strategic.

To support strong oversight, the American Express Compensation and Benefits Committee approves performance goals across our categories and certifies performance outcomes.

- **Stakeholder relationships and engagement**

The Company considers its primary stakeholders to be its customers, internal and external suppliers, co-brand partners and its workforce. The Company's engagement with, and consideration of, these stakeholders is detailed below.

- (i) External Impacts

The Corporate Social Responsibility team works closely with the Global Real Estate, Global Risk & Compliance, Procurement and Technologies teams to identify, measure, manage and report on environmental risks, performance and opportunities. Further information is given in the TCFD-aligned climate-related financial disclosures included in the Non-Financial and Sustainability Information Statement within the Strategic Report, which also incorporates the Company's Streamlined Energy and Carbon Reporting.

- (ii) Stakeholders

External suppliers are identified and managed in accordance with the Company's Third Party Lifecycle Management Policy. The Company's Global Supply Management organisation completes risk assessments on suppliers in its scope, and the type and level of risk identified assists to prioritise those relationships along with: (i) the applicable due diligence artefacts to be collected and evaluated; (ii) the frequency of any ongoing reviews; and (iii) any specific language to be included in the procurement contract (e.g. relating to data security). The Company has an outsourcing policy which is maintained and controlled by the Outsourcing Governance team which reports into the ORC.

Due to the matrix structure within American Express, other entities within the Group constitute a significant portion of the Company's suppliers. These relationships are governed by American Express' internal governance, policies and controls, with arm's length pricing and formal intercompany agreement documentation.

The Company has direct relationships with Cardmembers and businesses, actively working to engage with them through customer service, direct-to-customer channels, and social media. The Company believes that delivering products and services in a fair and transparent manner is critical to providing best-in-class customer service. As part of our fundamental commitment to meet customer credit needs, the Company is dedicated to engaging in customer practices that embody transparency, truthfulness, fairness, and a culture of non-discrimination throughout the credit lifecycle. 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.

# American Express Services Europe Limited

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

### STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS (continued)

- **Stakeholder relationships and engagement (continued)**

(ii) Stakeholders (continued)

The Company's activities are subject to regulation and supervision by various regulatory authorities in the UK, most notably the FCA, PSR and ICO. When providing information to regulators, either through interactions, reporting or ad hoc requests, the Company looks to ensure consistency, integrity and transparency. Additionally, the Company may seek to engage with regulators pro-actively to facilitate dialogue on regulatory change, either by taking part in formal consultation processes or through less formal engagement such as ad-hoc relationship meetings. The Compliance organisation, with input from the Board, maintains a regular dialogue with the Company's various regulators throughout the year to keep them apprised of developments on existing matters under review or make them aware of new items as and when they arise.

(iii) Workforce

The American Express workforce within the UK, including, but not limited to, the Company's employees (or colleagues), is split among multiple UK based legal entities. The employing entity is typically determined based on the line of business or the department in which an individual colleague sits. Consequently, many of American Express' interactions with the workforce, being cross functional in nature, are dealt with at a centralised level (such as the UK Country Executive Team and the UK Crisis Management Team) rather than at the Company level. These centralised teams consist of senior leaders based in the UK, some of whom also sit on the Board of the Company. American Express regularly engages with its workforce to solicit feedback and to share information via a variety of forums, including quarterly global town halls (company-wide and by line of business), regular UK market town halls, an annual Colleague Experience Survey designed to gain insights into workforce engagement and concerns, and a leader portal and email-based resources, which provide leaders and colleagues with the opportunity to seek advice and guidance on employment matters. Notwithstanding the above, certain decisions/actions which have the potential to impact a significant number of the Company's colleagues must first be approved by the Board.

Additionally, American Express has an Ethics Hotline, which provides colleagues and suppliers/vendors the opportunity to report concerns without fear of retaliation (i.e., confidentially and anonymously), as well as a UK Employee Forum, in which UK Employee Representatives meet at least twice annually with senior business leaders to discuss and provide feedback on business strategy, workforce management and financial results. Finally, UK employee policies are aligned to the Group's values and are reviewed regularly to ensure they are in line with statutory requirements and changes.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 40 and show the total profit before taxation was £73.2m (2023: £45.8m). The profit for the financial year amounted to £61.1m (2023: £34.8m) which has been transferred to reserves. The Directors do not propose the payment of a dividend in 2024 (2023: £nil). Total Shareholders' funds at 31 December 2024 stood at £1,265.3m (2023: £1,194.1m). The Financial Performance section of the Strategic Report gives a more detailed review of the Company's performance indicators.

### OPERATIONS OUTSIDE THE UK

The AESEL Austria branch was deregistered in 2024 and the Company has remaining branches in Germany and Italy. The Company also has directly owned subsidiaries in Spain, American Express de Espana S.A. ("AEDE") and American Express Europe S.A. ("AEESA") and a subsidiary in Italy, American Express Italia s.r.l ("AEI") (see Note 14 Investments).

### FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks. An overview of these risks is included in the Financial Risk Management section of the Strategic Report. Further details of how the risks are managed by the Company are provided in Note 4 Financial Risk Management.

# American Express Services Europe Limited

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

### 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, 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:

H Lewis - Chairperson  
D Bailey - Chief Financial Officer  
A Aggarwal  
L Fenwick  
B Sawyers (resigned 29 January 2025)  
R Sharma (appointed 5 August 2024)  
S Sterbenz (resigned 13 May 2024)  
C Taylor

### 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.

### 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.

# American Express Services Europe Limited

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

### EMPLOYEE ENGAGEMENT STATEMENT (continued)

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. 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 8 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.

# American Express Services Europe Limited

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

### STAKEHOLDER ENGAGEMENT STATEMENT (continued)

The Company's principal decisions during the financial year ended 31 December 2024 were centred around its long-term strategy and the control environment. Specifically, the Board received regular updates from its key lines of business including International Card Services ("ICS") and the Global Services Group ("GSG") who outlined their priorities to the Board. The Board also received updates in relation to fraud and credit risk in light of the changing economic landscape in the UK. The Board ensured they were kept apprised of regulatory developments in the UK.

The Company continued to evolve its approach to the new FCA Consumer Duty and 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. In terms of premises, the Board made a decision to enter into a lease for additional floors at its Belgrave House premises and decided to relocate colleagues from the current WeWork space, to premises on Buckingham Palace Road.

### 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 the 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.

# American Express Services Europe Limited

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

### CREDITOR PAYMENT POLICY

It is the Company policy to pay vendors 60 days after receipt of a correct, undisputed, timely provided and properly VAT due 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 19 days (2023: 20 days).

### POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Company made no charitable donations to advance the causes of charitable organisations (2023: £nil). Charitable donations are made by American Express Corporate Social Responsibility on behalf of the Group. No donations were made 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 40 to 104 were reviewed by the Board of Directors on 22 May 2025 and approved on the date specified below on its behalf by:

Signed by:  
  
9C5ED9E1D948434...  
H Lewis  
Chairperson

Signed by:  
  
EBCDF257355E4BD...  
D Bailey  
Chief Financial Officer

Date: 22 May 2025

# American Express Services Europe Limited

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## Strategic Report for the year ended 31 December 2024

The Directors present their Strategic Report of American Express Services Europe 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 payment business through its core activity of issuing American Express corporate and consumer cards, and providing payment services.

#### Business Strategy

To generate payment business the Company is focused on acquiring new customers, retaining existing ones, delivering high quality services and good customer outcomes, and incentivising spending through rewards and other benefits.

The core elements of the Company’s strategy are:

- Attracting new customers;
- Continuing to monitor the performance of its product range and taking into account the competitive environment;
- Maintaining a competitive, consistent and premium customer experience by ensuring value-added end-to-end service;
- Enhancing customer relationships through partnerships;
- Continuing to invest in incentives attached to card products, including the Membership Rewards programme;
- Attracting and retaining talented colleagues; and
- Focusing on sustainable growth, while controlling costs and improving efficiency.

#### 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, Cardmember billings, accounts receivable balances and associated credit indicators, movements in reserves for Cardmember losses, revenue, and expenses are reviewed. In addition, non-financial indicators such as cards in force are monitored.

Despite challenges in the macro-economic environment in 2024 the Company continued to see growth in billings across its UK consumer and corporate business. Total billings for the year to 31 December 2024 increased 13% on the year to 31 December 2023, driven by newly acquired Cardmembers spending across both travel and entertainment, and goods and services related categories.

Cards in force as at 31 December 2024 increased 12% on the year to 31 December 2023. This trend reflects a focus on attracting and retaining high spending premium Cardmembers, continued efforts to sustain the quality of the Company’s Cardmember base, and managed attrition of higher risk and dormant Cardmember accounts.

# American Express Services Europe Limited

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## Strategic Report for the year ended 31 December 2024 (continued)

### FINANCIAL PERFORMANCE (continued)

Turnover increased by 11% with the Company experiencing strong growth in: Revolve Interest Income due to interest rate increases from mid 2023 remaining in place through most of 2024 and an increase in the number of Cardmembers revolving their balances; Billing Credit Revenue (being the revenue AESEL earns from another group company for the services and functions it provides to the American Express network) due to growth in billings; Group Income due to increased Cardmember spend in foreign currencies offset by a decline in subsidiary profitability; and Card Fees due to the high levels of Cardmember acquisition and the fee increases introduced on certain products.

Administrative expenses increased by 11%. These were incurred in relation to the Company's payment services business and in providing other services to companies within the Group. Expenses attributable to the card issuing business can be both variable and fixed in nature. The main driver for the increase was the £472.4m (2023: £375.1m) loss on the sale of Cardmember loans and receivables to a related party, with an increase in the underlying value of the loan and receivable balances sold, as well as an increase in the discount paid due to higher interest rates. Other variable expenses such as Cobrand Expenses and Membership Rewards increased in line with billings and were in line with management's expectations.

Profit before taxation of £73.2m for the Company represents an increase of £27.4m, compared to the prior year profit before taxation of £45.8m. While the business saw a higher cost of funding due to rising interest rates on both the sale of Cardmember loans and receivables to a related party, and intercompany loans, this was more than offset by the growth in billings and the associated increase in revenues earned, resulting in an overall increase in profit.

### 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 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. Details of the financial risks that the Company is exposed to, and how the Company manages those risks, are given in Note 4 Financial Risk Management.

# American Express Services Europe Limited

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## 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, updated assessment methodology and opportunities managed by the Benefits & Loyalty team within UK Card Services. 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 branches in Italy and Germany as these branches were 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](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](http://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 Operating 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.

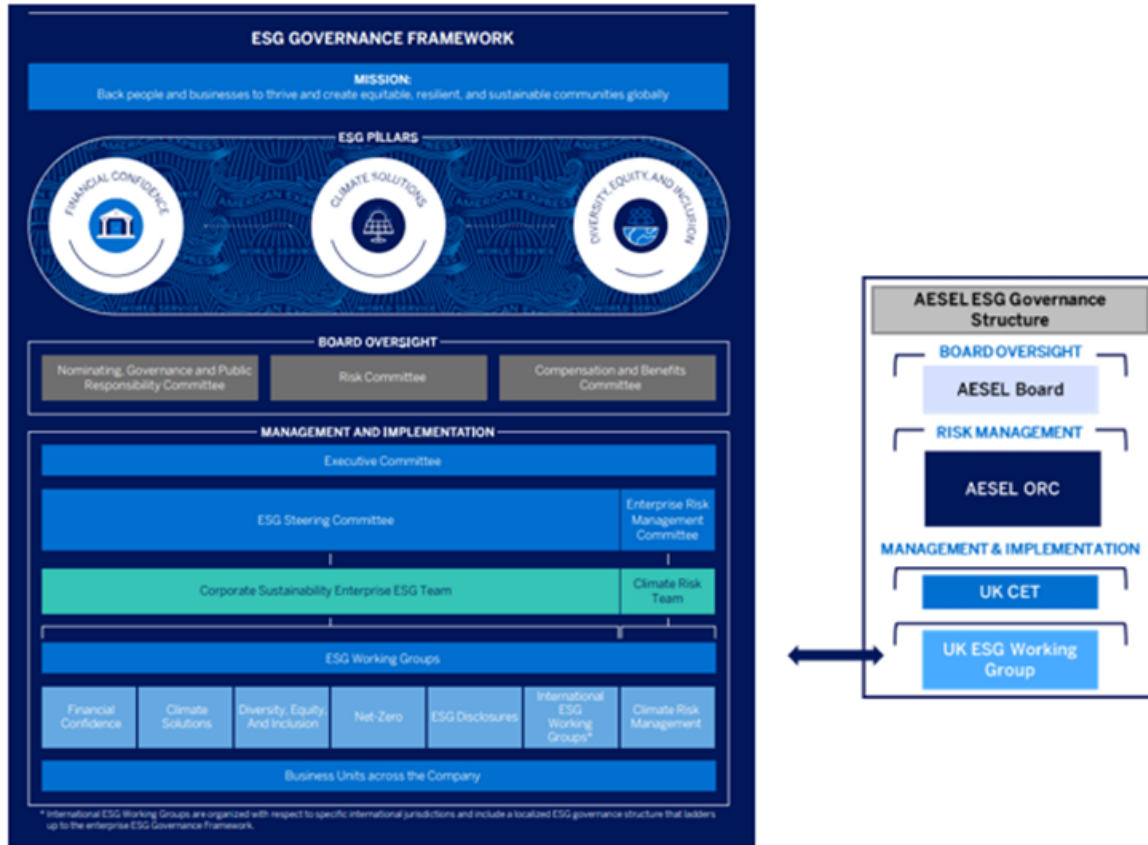
# American Express Services Europe Limited

## 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



#### Board Oversight

##### 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 Operational Risk Committee ("ORC") which is chaired by the UK Market Chief Compliance Officer. 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 ORC 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 May 2024 focused on TCFD reporting and its applicability to the business, facilitated by an external professional services firm. A further training was completed with an external law firm in June 2024 that provided an overview of the sustainability regulatory landscape and associated best practices for reporting.

# American Express Services Europe Limited

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## Strategic Report for the year ended 31 December 2024 (continued)

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

#### 1. Governance (continued)

##### American Express Board Oversight

Risk management is primarily overseen by the American Express Board of Directors (the "AXP Board") through three Board Committees: The Risk Committee, the Nominating, Governance and Public Responsibility Committee and the Compensation and Benefits Committee. The AXP 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 AXP Board possess a range of skills, backgrounds, experience, and viewpoints that American Express believe are integral to an effective and well-functioning board.

##### **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.

# American Express Services Europe Limited

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## 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 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.

##### 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.

# American Express Services Europe Limited

## Strategic Report for the year ended 31 December 2024 (continued)

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

#### 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.

#### 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 Targets<sup>1</sup>

##### 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.

<sup>1</sup>The 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 Services Europe Limited

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## 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 Services Europe 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)

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 ORC in making informed reputational risk management decisions.	Short-, medium- and long- term
Transition Risk (Market)	The Company 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 Services Europe 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)

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 ("GREWE") 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 undated 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.

#### Consumer and Small Business Services (SBS) quantitative physical risk assessment

In 2024, American Express conducted a quantitative physical risk assessment to estimate the potential impacts of climate change on the Consumer and SBS portfolio by evaluating geographic concentration of credit exposure. A third-party vendor provided physical climate hazard data at a geographic resolution that encompasses a wide range of climate-related hazards, including floods, wind, heat, cold, drought, hail, precipitation and wildfires.

# American Express Services Europe Limited

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## 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)

##### Consumer and Small Business Services (SBS) quantitative physical risk assessment (continued)

For the UK, the data was provided at Nomenclature of Territorial Units for Statistics ("NUTS") 3 geographic level under three distinct climate scenarios – RCP 2.6 (Sustainable and Green Pathway), RCP 4.5 (Middle of the Road), and RCP 8.5 (Business as usual or Fossil Fuel Development Scenario) – projected from 2020 to 2100 in five-year intervals. In RCP 8.5, emissions continue to rise throughout the 21st century and it is generally taken as the basis for worst-case climate change scenario. RCP 4.5 is described as an intermediate scenario where emissions peak around 2040, then decline. RCP 2.6 is a "very stringent" pathway, requiring emissions to start declining by 2020 and go to zero by 2100. This allows for the detailed evaluation of climate-related peril severity across different geographic regions and varying future climate scenarios. Hazard data from the vendor was converted into climate risk scores ranging from 0 to 100, representing the severity of climate-related hazards. These scores were then categorized into risk buckets: No Risk, Low Risk, Medium Risk, High Risk, and Red Flag. The analysis indicated that no regions fell into the High Risk or Red Flag categories across the assessed time periods and scenarios. Regions with the highest climate risk scores were mainly within the Medium Risk category, with a gradual increase in scores observed over the years and across scenarios.

#### 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, the UK ESG Working Group, and the Benefits & Loyalty team within UK Card Services.

##### 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 the Company 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.

# American Express Services Europe Limited

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## 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 (continued)

###### Membership rewards

As the transition to net zero accelerates in the UK, the Company 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. In 2024 the Company highlighted to customers that they can use MR points to help fund carbon removal projects.

###### Supporting green home improvement and electric vehicles

American Express products can be used to facilitate payments and financing for green infrastructure, and opportunities will be explored to support customers in continuing to use the American Express card as part of their transition to green home improvements and electric vehicles.

###### Integrating sustainability considerations into new products and product changes

The Company 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.

#### 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 Services Europe 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 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"> <li>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.</li> <li>Created Net-Zero Working Group to support implementation of net-zero strategy.</li> </ul>
	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"> <li>Refreshed the UK facilities quantitative risk assessment.</li> <li>Conducted a quantitative physical risk assessment on the 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.</li> <li>Enhanced the assessment and management of climate-related opportunities through the formation of a new team within UK Card Services.</li> </ul>
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 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 Footprint<sup>1</sup> tool available to select 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>

<sup>1</sup> 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 Services Europe 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 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"> <li>National Parks UK grant to restore and protect woodland, wetlands, meadows and peatlands, and connect young people with nature through inspirational experiences.</li> <li>Arbor Day Foundation grant to plant trees to support local communities in London and Brighton in the UK.</li> </ul>
	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"> <li>Green Week attended by over 150 colleagues with a showcase on sustainable businesses, and beach and park clean-ups.</li> <li>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.</li> </ul>

#### 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.<sup>1</sup>

<sup>1</sup> 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 Services Europe 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 operations.<sup>2</sup> 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.<sup>1</sup> 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 decarbonization 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.

<sup>1</sup> 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.

<sup>2</sup> 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 Services Europe Limited

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## 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.<sup>1</sup>

The Belgrave House office in London is home to over 1,000 colleagues. Beginning in 2023, and in to 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 modernized over 130,000 square feet, incorporating sustainable elements into design, sourcing, and construction. During the renovation, American Express prioritized 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 2023<sup>2</sup>. 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.

<sup>1</sup> 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).

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

# American Express Services Europe 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 operations<sup>1</sup>.

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 operations<sup>1</sup>. 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.

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.

<sup>1</sup> 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. American Express' 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 Services Europe Limited

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## Strategic Report for the year ended 31 December 2024 (continued)

### STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)

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 tCO<sub>2</sub>e (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 a slight increase in total energy and location-based Scope 2 emissions compared to the previous year. The intensity ratio (tCO<sub>2</sub>e/employee) has also increased when comparing location-based and market-based metrics.

This is due in part to the fact that Belgrave House has been undergoing refurbishments and in the meantime coworking spaces in London were leased to support operations. This led to an increase in estimated energy consumption at our coworking spaces relative to our metered sites.

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, the total Scope 1, 2, and 3 (Category 6 - Business Travel) decreased for both market and location-based emissions 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 Services Europe 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	5,017,786	4,196,670
Fuel Oil	kWh	50,623	29,862
Mobile Fuel	kWh	—	122
<b>Total Direct Energy Consumption</b>	<b>kWh</b>	<b>5,068,409</b>	<b>4,226,654</b>
Purchased electricity	kWh	10,307,660	9,589,980
Solar	kWh	4,704	5,279
<b>Total Intermediate Energy Consumption</b>	<b>kWh</b>	<b>10,312,364</b>	<b>9,595,259</b>
<b>Transport</b>	<b>kWh</b>	<b>94,685</b>	<b>84,537</b>
<b>Total</b>	<b>kWh</b>	<b>15,475,458</b>	<b>13,906,450</b>

**Table 2: Annual tCO<sub>2</sub>e emissions**

Greenhouse Gas (GHG) Emissions	Unit	2024	2023
Scope 1 – Direct	tCO <sub>2</sub> e	936.76	1,132.67
Scope 2 (Location) – Indirect	tCO <sub>2</sub> e	2,134.20	1,985.84
Scope 2 (Market) – Indirect	tCO <sub>2</sub> e	—	—
Scope 3: Category 6 – Business Travel	tCO <sub>2</sub> e	22.85	20.5
<b>Total Scope 1, 2 (Location - based), 3 (Category 6 - Business Travel)</b>	<b>tCO<sub>2</sub>e</b>	<b>3,093.81</b>	<b>3,139.01</b>
<b>Total Scope 1, 2 (Market - based), 3 (Category 6 - Business Travel)</b>	<b>tCO<sub>2</sub>e</b>	<b>959.61</b>	<b>1,153.17</b>

**Table 3: tCO<sub>2</sub>e intensity metric**

Intensity Ratio	Unit	2024	2023
<b>Market-based</b>	tCO <sub>2</sub> e/employees	0.2729	0.2723
<b>Location-based</b>	tCO <sub>2</sub> e/ employees	0.8797	0.7412

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

# American Express Services Europe 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)

##### 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. The Company has evaluated and implemented several energy efficiency measures across its real estate portfolio. 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 <sub>2</sub> , 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
	Decarbonization Audit	—	—	0	£14,747		N/A
Sussex House	BMS Optimisations	154,278	30.2	£26,815	£4,372		0.2
	Reduce fabric frost protection from 16C to 14C.	65,520	12.0	£1,857	£0	Implemented in 2024	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
	Decarbonization Audit	—	—	—	£13,582		N/A

# American Express Services Europe Limited

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## 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 UK 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 Statement of Corporate Governance Arrangements and Financial Risk Management section 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 defence" approach to risk management (detailed within the opportunity and risk section of the Statement of Corporate Governance Arrangements).

During the year, the Board focused on several key areas including the TCFD-aligned climate-related financial disclosures and attendance at climate-related trainings, as well as Privacy and Data Protection, AML regulation and other regulatory reporting. The Board also considered its risk appetite framework, ensuring that it remained appropriate for the Company.

#### 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, and 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 that they achieve their goals in the right way.

# American Express Services Europe Limited

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## 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. In particular the Board decided to lease additional floors at its current Belgrave House location and to relocate colleagues from a WeWork space to premises on Buckingham Palace Road.

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.

# American Express Services Europe Limited

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## 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

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. 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 Holdings Limited (AEHL), is represented on the Board by the Company's Chief Financial Officer who is also a director of AEHL.

#### OUTLOOK, 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.

The investments that the Company has made over the past several years have ultimately sustained growth, positioning the Company well to continue to increase its share in the payments industry sector, and have also enabled operations to be redesigned leading to improved efficiency and customer service. The Company continues to invest carefully in order to capitalise on new opportunities for growth.

The Company offers a broad array of products and services to consumers, small businesses and commercial clients and thus is dependent upon the level of consumer and business activity to generate revenues. The Company continues to invest in its premium product offerings and customer adjacencies, such as instalment lending, to remain relevant to its Cardmember base and support their financial needs. Slow economic growth, economic contraction or shifts in broader consumer and business trends impact customer behaviours, including spending on cards, the ability and willingness of Cardmembers to borrow and pay amounts owed, and demand for fee-based products and services. 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 billings and cards in force growth across both consumer and commercial.

# American Express Services Europe Limited

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## Strategic Report for the year ended 31 December 2024 (continued)

### 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 May 22, 2025, which is the date the financial statements were available to be issued.

The Strategic Report was reviewed by the Board of Directors on 22 May 2025 and approved on the date specified below on its behalf by:

Signed by:  
  
9C5ED9E1D948434...  
H Lewis  
Chairperson

Signed by:  
  
EBCDF257355E4BD...  
D Bailey  
Chief Financial Officer

Date: 22 May 2025

# American Express Services Europe Limited

## INCOME STATEMENT

For the year ended 31 December 2024

	Note	2024 £000	2023 £000
<b>TURNOVER</b>	5, 6	<b>2,293,275</b>	2,070,638
Administrative expenses	7, 8	<u>(2,208,379)</u>	<u>(1,997,843)</u>
<b>OPERATING PROFIT</b>		<b>84,896</b>	72,795
Interest receivable and similar income	10	<b>53,183</b>	47,046
Interest payable and similar expenses	11	<u>(64,893)</u>	<u>(74,079)</u>
<b>PROFIT BEFORE TAXATION</b>	7	<b>73,186</b>	45,762
Tax on profit	12	<u>(12,111)</u>	<u>(10,951)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>61,075</b></u>	<u>34,811</u>

The notes on pages 45 to 104 form an integral part of the financial statements.

# American Express Services Europe Limited

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
Note	£000	£000
Profit for the financial year	<b>61,075</b>	34,811
<b>Other comprehensive income / (loss): items that may be reclassified to income statement:</b>		
Foreign exchange gain	<b>2,498</b>	6,763
Loss on net investment hedges	16 <b>(1,259)</b>	(963)
Total other comprehensive income	<b>1,239</b>	5,800
Total comprehensive income for the year net of tax	<b>62,314</b>	40,611

The notes on pages 45 to 104 form an integral part of the financial statements.

# American Express Services Europe Limited

## BALANCE SHEET

As at 31 December 2024

Registered number: 01833139

	Note	2024 £000	2023 £000
<b>FIXED ASSETS</b>			
Tangible assets	13	125,670	119,034
Investments	14	140,768	140,768
		<b>266,438</b>	259,802
<b>CURRENT ASSETS</b>			
Stocks		2,570	5,383
Debtors	17	3,390,287	3,160,357
Cash at bank and in hand	18	77,070	191,105
		<b>3,469,927</b>	3,356,845
<b>TOTAL ASSETS</b>		<b>3,736,365</b>	3,616,647
<b>CREDITORS: Amounts falling due within one year</b>	19	<b>(2,142,968)</b>	(2,054,821)
<b>NET CURRENT ASSETS</b>		<b>1,326,959</b>	1,302,024
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,593,397</b>	1,561,826
<b>CREDITORS: Amounts falling due after more than one year</b>	20	<b>(104,354)</b>	(147,986)
<b>PROVISIONS FOR LIABILITIES</b>	23	<b>(223,745)</b>	(219,766)
<b>NET ASSETS</b>		<b>1,265,298</b>	1,194,074

# American Express Services Europe Limited

## BALANCE SHEET


As at 31 December 2024

Registered number: 01833139

	Note	2024 £000	2023 £000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	25	211,788	211,788
Share premium account		52,574	52,574
Share-based payment reserve		30,154	21,244
Translation reserve		(2,756)	(5,254)
Retained earnings		973,538	913,722
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>1,265,298</b>	<b>1,194,074</b>

The financial statements on pages 40 to 104 were approved by the Board of Directors on 22 May 2025 and signed on its behalf by:

Signed by:  
  
 9C5ED9E1D948434...  
 H Lewis  
 Chairperson

Signed by:  
  
 EBCDF257355E4BD...  
 D Bailey  
 Chief Financial Officer

Date: 22 May 2025

The notes on pages 45 to 104 form an integral part of the financial statements.

# American Express Services Europe Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Registered number: 01833139

	Called-up share capital	Share premium account	Share-based payment reserve	Translation reserve	Retained earnings	Total Shareholders' Funds
	£000	£000	£000	£000	£000	£000
<b>At 1 January 2024</b>	211,788	52,574	21,244	(5,254)	913,722	1,194,074
Profit for the financial year	—	—	—	—	61,075	61,075
Other comprehensive income / (loss)	—	—	—	2,498	(1,259)	1,239
<b>Total comprehensive income</b>	—	—	—	2,498	59,816	62,314
Current and Deferred tax movements in equity (Note 12)	—	—	8,773	—	—	8,773
Share-based payments charge	—	—	23,911	—	—	23,911
Recharge paid to parent for share-based payments	—	—	(23,774)	—	—	(23,774)
<b>At 31 December 2024</b>	<b>211,788</b>	<b>52,574</b>	<b>30,154</b>	<b>(2,756)</b>	<b>973,538</b>	<b>1,265,298</b>

	Called-up share capital	Share premium account	Share-based payment reserve	Translation reserve	Retained earnings	Total Shareholders' Funds
	£000	£000	£000	£000	£000	£000
<b>At 1 January 2023</b>	211,788	52,574	18,557	(12,017)	879,874	1,150,776
Profit for the financial year	—	—	—	—	34,811	34,811
Other comprehensive income / (loss)	—	—	—	6,763	(963)	5,800
<b>Total comprehensive income</b>	—	—	—	6,763	33,848	40,611
Current and Deferred tax movements in equity (Note 12)	—	—	2,480	—	—	2,480
Share-based payments charge	—	—	22,479	—	—	22,479
Recharge paid to parent for share-based payments	—	—	(22,272)	—	—	(22,272)
<b>At 31 December 2023</b>	<b>211,788</b>	<b>52,574</b>	<b>21,244</b>	<b>(5,254)</b>	<b>913,722</b>	<b>1,194,074</b>

# American Express Services Europe Limited

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## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 December 2024

#### 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of American Express Services Europe Limited (“AESEL” or “the Company”) is the provision of financial services in relation to payment services.

The Company is engaged in the issuing of a wide range of charge cards and revolving credit cards, including the provision of products and services related to consumer and commercial clients. The Company also offers a range of rewards schemes, including those which award customers who hold the Company’s cards (“Cardmembers”) cashback or points, based on the amount they spend. The Company completed the wind down of its Foreign Exchange International Payments business in 2024.

AESEL is a private company limited by shares, registered in England and Wales, domiciled in the United Kingdom and is part of the American Express group of companies (“the Group”). The address of its registered office is Belgrave House, 76 Buckingham Palace Road, London, SW1W 9AX.

#### 2. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of the Company for the year ended 31 December 2024 were reviewed by the Board of Directors on 22 May 2025 and approved on the Board’s behalf by H Lewis 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. (“AEII”) incorporated in the United States of America, a larger Group entity incorporated outside of the European Economic Area.

The Company's immediate parent is American Express Holdings Limited, a subsidiary of AEII. American Express Holdings Limited owns 90.75% of the Company. Until November 2024 the remaining 9.25% (being 80.88% of the Company's preference shares) belonged to Amex NL Holdings 99, LLC (another subsidiary of AEII). Following an exercise to simplify the legal entity structure within the American Express Group in November 2024, the remaining 9.25% share was transferred to AEII. AEII 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 Company and American Express International Inc. financial statements can be obtained from American Express Company, American Express Tower, World Financial Center, New York, NY 10285, USA.

The material accounting policies adopted by the Company are set out in Note 3.

#### 3. 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:

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.1 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 May 22, 2025, which is the date the financial statements were available to be issued. The functional currency of the Company is pounds sterling (£) and the financial statements and notes 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 3.22.

The Company has taken advantage of the following disclosure exemptions allowed under FRS 101:

- 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).
- the requirements of paragraph 52 of IFRS 16 Leases.
- the requirements of IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of
  - paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
  - paragraph 73(e) of IAS 16 Property, plant and equipment;
  - 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; and
  - 111 cash flow statement information;
- 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 18A 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.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.1 Basis of preparation (continued)

##### (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 January 1, 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 May 23, 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.

##### (b) Standards and amendments early adopted by the Company

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

#### 3.2 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 for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- income and expenses for each Income Statement are translated at average exchange rate; and
- all resulting exchange differences are recognised in other comprehensive income.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.3 Tangible assets

##### *Cost*

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses which are recognised within administrative expenses. Costs include expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Right-of-use assets are recognised and measured at the respective lease liabilities, adjusted by prepaid lease payments, initial direct costs, and offset by lease incentives received.

##### *Depreciation*

Depreciation is provided on a straight-line basis to write off the net cost of each item of property or plant and equipment to its residual value over their expected useful life to the Company. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

Right-of-use assets are depreciated over the shorter of the useful life and the lease term.

The estimated useful lives of each class of assets are:

Leasehold improvements	- 5 to 10 years
Furniture & fittings	- 3 to 8 years
Plant and machinery	- 3 to 8 years
Right-of-use assets	- 1 to 15 years
Assets in course of construction	- not depreciated until ready for use

In the event of an impairment trigger event being enacted, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing net proceeds with carrying amount and are included in administrative expenses.

Repairs and maintenance (as opposed to improvements and enhancements of existing assets) are charged to the Income Statement during the period in which they are incurred.

#### 3.4 Investments

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

#### 3.5 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).

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.5 Impairment of non-financial assets (continued)

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.

#### 3.6 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 as 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.

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 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 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 Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.6 Financial assets (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. Fair value is determined in the manner described in Note 15.

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 intends to realise the assets more than 12 months 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 presented in the Income Statement within administrative expenses in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the Income Statement as part of other income when the Company's right to receive payment is established.

Cardmember loans or receivables which are held within a business model whose objective is achieved by selling the financial assets are classified under IFRS 9 as mandatorily measured at FVTPL.

#### (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 which 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.

Certain Cardmember loans and receivables are classified under IFRS 9 as mandatorily measured at amortised cost because they are held within a business model whose objective is achieved by collecting contractual cash flows. These balances relate to minor portfolios that are not sold to a related party.

#### (i) Cardmember receivables

Cardmember receivables represent amounts due from charge card customers. These receivables are recorded at the time a Cardmember enters into a point-of-sale transaction with a merchant. Cardmember receivable balances at amortised cost are presented on the Balance Sheet net of reserves for expected credit losses, and include principal and any related accrued fees.

IFRS 9 classification is dependent on the relevant business model applied (see Notes 3.6(a) and 3.6(b)).

#### (ii) Cardmember loans

Cardmember loans represent amounts due from lending product customers and also include balances with extended payment terms on certain Charge card products. These loans are recorded at the time a lending Cardmember enters into a point-of-sale transaction with a merchant or when a Charge card customer enters into an extended payment arrangement. Cardmember loans at amortised cost are presented on the Balance Sheet net of reserves for Cardmember expected credit losses, and include accrued interest receivable and fees as of the Balance Sheet date.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.6 Financial assets (continued)

##### (b) Financial assets at amortised cost (continued)

IFRS 9 classification is dependent on the relevant business model applied (see Notes 3.6(a) and 3.6(b)).

##### (iii) Other loans

Other loans are recorded at the time any extension of credit is provided to consumer and commercial customers for financing products not associated with a Cardmember agreement, such as consumer instalment loans and lines of credit offered to small business customers.

##### (iv) Loans due from Group undertakings

Loans due from Group undertakings represent amounts due from other Group companies. Expected credit losses are not material given the nature of the lending and the strong credit position of the Group.

##### (v) Other debtors

Other debtors relate to regular trade receivables due to the Company in the normal course of business. Expected credit losses are not material given the typically short term nature of these balances.

#### 3.7 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) Cardmember loans and receivables

For the purposes of a collective evaluation of impairment, Cardmember loans and receivables are grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past due status and other relevant factors, with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The aggregation of financial instruments to assess whether there are changes in credit risk on a collective basis may change over time as new information becomes available on groups of, or individual, financial instruments.

The expected credit losses in a group of financial assets that are collectively evaluated for impairment are estimated in a way that reflects:

- (i) an unbiased and probability-weighted amount that is determined by evaluating a range on the basis of possible outcomes;
- (ii) the time value of money; and
- (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

A credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract, and the cash flows that the entity expects to receive. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

##### (b) Loans due from Group undertakings

Loans due 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 Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.8 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.

#### 3.9 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.

#### 3.10 Derivative financial instruments and hedge accounting

Derivative financial instruments allow the Company and its customers to transfer, modify or reduce their foreign exchange, interest rate and credit risks. These are either held for hedging in relation to the Company's net investment hedges, or for trading purposes where derivatives are non-designated hedges relating to the Company's other foreign currency exposures.

##### (a) Derivatives

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 are 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 basis (by counterparty) 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 15.

##### (b) Hedge accounting

Derivative financial instruments that are entered into for hedging purposes are designated as such when the Company enters into the contract. For all derivative financial instruments that are designated for hedging activities, the Company formally documents all of the hedging relationships between the hedge instruments and the hedged items at the inception of the relationships. Management also formally documents its risk management objectives and strategies for entering into the hedge transactions.

In accordance with its risk management policies, the Company generally structures its hedges with very similar terms to the hedged items; therefore, when applying the accounting requirements, the Company generally recognises insignificant amounts of ineffectiveness through earnings. If it is determined that a derivative is not highly effective as a hedge, the Company will discontinue the application of hedge accounting.

The Company has a formal process for assessing whether derivatives designated as hedges are highly effective in offsetting the fair value or cash flows of hedged items, at inception and on a monthly basis. These assessments are usually made through the application of the 'dollar-offset' method.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.10 Derivative financial instruments and hedge accounting (continued)

##### (b) Hedge accounting (continued)

##### Hedges of net investments

The Company designates certain derivatives as hedges of a net investment in a foreign operation (net investment hedge).

A net investment hedge in a foreign operation is used to hedge future changes in currency exposure of a net investment in a foreign operation. Hedges of net investments in foreign operations, including monetary items that are accounted for as part of the net investment, are accounted for similarly to cash flow hedges; the effective portion of the gain or loss on the hedging instrument is recognised directly in equity and the ineffective portion is recognised immediately in the Income Statement. The cumulative gain or loss previously recognised in equity is recognised in the Income Statement on the disposal or partial disposal of the foreign operation.

The foreign exchange gains/losses on net investment hedging instruments in relation to non-consolidated subsidiaries are recognised in the Income Statement.

Further information about the Company's hedging arrangements is given in Note 16.

#### 3.11 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. Until May 2024 it also included funds held on behalf of customers in safeguarded accounts, primarily generated by Cardmember overpayments or refunds. From May 2024 the Company changed its method of safeguarding from the segregation method to the insurance or comparable guarantee method, at which time funds were no longer required to be held in the safeguarded accounts, to the extent that they are covered by the insurance bond.

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.

#### 3.12 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.

#### 3.13 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, 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 as borrowings, trade creditors, other creditors and accruals in the Balance Sheet. Preference shares which are mandatorily redeemable on a specific date, are classified as liabilities.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.13 Financial liabilities (continued)

##### (c) Financial loan commitments

These commitments represent the amount of unutilised credit outstanding on the Cardmember loans and Cardmember receivables with a pre-set credit limit issued by the Company. There is no deemed commitment in respect of Cardmember receivables with no pre-set credit limit given that they are recorded at the time a Cardmember enters into a point-of-sale transaction with a merchant, and represent amounts due on card products and card-related fees that need to be paid in full on or before the Cardmember's payment due date. Given that Cardmember loans are classified as FVTPL (due to past practice of selling these assets), IFRS 9 requires the recognition of an undrawn commitment which is also classified as FVTPL. The fair value of the undrawn commitment leverages the IFRS 9 expected credit loss calculation methodology for the unfunded commitment (refer to Note 3.22 on accounting estimates and judgements and Note 15 classification of financial instruments) and is reported as part of other creditors. The Company has not provided any loan commitments at below market interest rates or that can be settled net in cash or by delivering or issuing another financial instrument.

#### 3.14 Borrowings

Borrowings are recognised initially at fair value, generally their cash equivalents, net of transaction costs incurred. Borrowings are subsequently measured 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.

#### 3.15 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, deferred income tax is not accounted for if it arises from initial recognition of goodwill or from the 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.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.15 Current and deferred tax (continued)

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.

#### 3.16 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 the Balance Sheet date are discounted to present value.

##### (c) Pension obligation

American Express Company provides pension arrangements for employees through defined benefit plans in the UK, Germany and Italy, and through 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 the plan. As a result, 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 (UK and Germany), 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 by 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.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.16 Employee benefits (continued)

##### (d) Share-based compensation plans (continued)

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.

#### 3.17 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.

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.

#### 3.18 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:

- Billing Credit revenue is earned from another Group company for the services and functions the Company provides to the American Express network. The revenue that the Company earns is a proportion of the billings generated by its Cardmembers, on account of their spend. Revenue is recognised in the period in which the Cardmember spend occurs and is presented net of a trademark royalty payable to another Group company, where UK card issuing profitability requires the payment of a royalty. The Company satisfies its obligations under these agreements over the contract term, often on a daily basis, through the processing of Cardmember transactions and the availability of the payment network.
- Card fees represent revenue earned from annual card membership fees, which vary based on the type of card and the number of cards for each account. The Company offers various card products, including both charge and lending products, with a range of associated services and benefits. The annual fee entitles the Cardmember to use the card to make purchases at merchants on the American Express network, as well as providing the Cardmember with access to the card-related services and benefits. Benefits associated with a card product may include access to the Membership Rewards program, or a third-party reward program, and the ability to earn points that are redeemable for a variety of goods and services in these programs by spending on the card product. The Company satisfies its obligations to the Cardmember over the annual membership term, through the processing of Cardmember transactions and enabling the availability of the card-related benefits and services.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.18 Revenue recognition (continued)

Card fees, net of a reserve for projected refunds for Cardmember cancellation, are deferred and recognised on a straight-line basis over the 12-month card membership period as net card fees in the Income Statement for both credit and charge card products. The unamortised net card fee balance is reported in creditors in the Balance Sheet. Incremental costs incurred to acquire Cardmembers are capitalised as an asset within debtors and amortised on a straight-line basis over the expected Cardmember account life which is estimated based on historical experience and any relevant current information. Cash rewards or statement credits representing cash consideration payable to Cardmembers are recorded as a reduction of the card fee, with any excess classified as expense, when the statement credit is awarded to the Cardmember.

- Spread revenue arises from remittance and money changing operations and is recognised when there is an exchange rate difference arising from the buying and selling of foreign currencies, as these currency transactions take place.
- Interest revenue is recognised using the effective interest rate method based upon the principal amount outstanding in accordance with the terms of the applicable account agreement (further information is provided in Note 3.20). Interest revenue incorporates interest earned in relation to assets held at both amortised cost and FVTPL.
- Other commissions and fees include certain variable fees charged to Cardmembers, including foreign currency conversion fees and delinquency fees. Currency conversion and delinquency fees are primarily recognised in the period in which the Cardmember uses the card-related service (such as the foreign currency conversion).
- Revenue from services to other related Group entities arises when the Company performs a service on behalf of another related Group entity. The Company charges the related Group entity on an arm's length basis, with this revenue being recognised in the period in which the service is provided. The Company determines these revenues using either traditional transaction methods or transactional profit methods. This category of revenue includes post-2019 business transfer operating model income for the Company's entrepreneurial role which is calculated using a combination of inputs, including subsidiary targeted arm's length profit margins and subsidiary Cardmember spend. Entrepreneurial fee income is recognised throughout the year based on forecast data and aligned to actual results at the end of the reporting period.

#### 3.19 Membership rewards expense

Cardmembers can earn Membership Rewards points for purchases charged on their enrolled card products. Membership Rewards points are redeemable for a broad variety of rewards, including travel, shopping, gift cards, and statement credits. Membership Rewards points do not expire unless a Cardmember terminates their relationship with American Express, and there is no limit on the number of points a Cardmember may earn. Membership Rewards expense is driven by spend volume on enrolled cards, customer redemption behaviour and contractual arrangements with redemption partners.

The Company records a Membership Rewards liability that represents the estimated cost of Membership Rewards points earned that are expected to be redeemed by Cardmembers in the future. The Membership Rewards liability is impacted over time by enrolment levels, attrition, the volume of points earned and redeemed, and the associated redemption costs. The Company estimates the Membership Rewards liability by determining the ultimate redemption rate ("URR") and the weighted average cost ("WAC") per point, which are applied to the points of current enrollees. The URR assumption is used to estimate the number of Membership Rewards points earned by current enrollees that will ultimately be redeemed in future periods.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.19 Membership rewards expense (continued)

The URR is applied to all points earned since inception by current enrollees, and the points utilised since inception are deducted. The WAC is then applied to the remaining points figure to calculate the Membership Rewards liability. The Company uses statistical and actuarial models to estimate the URR of points earned to date by current Cardmembers based on redemption trends, card product type, enrolment tenure, card spend levels and credit attributes. The WAC per point assumption is used to estimate future redemption costs and is primarily based on redemption choices made by Cardmembers, reward offerings by partners, and Membership Rewards program changes. The WAC per point assumption is derived from the previous 12 months of redemptions and is adjusted as appropriate for certain changes in redemption costs that are not representative of future cost expectations and expected developments in redemption patterns. The Membership Rewards liability is measured on a discounted basis.

#### 3.20 Interest income and expense

Interest on Group financing activities and Cardmember lending is earned or recognised using the average daily balance method. Interest is recognised based upon the loan principal amount outstanding in accordance with the terms of the applicable account agreement until the outstanding balance is paid or written-off.

Interest income is presented gross of the related interest expense. Interest income associated with Cardmember lending is presented as turnover and represents income earned from the fair valued assets. Interest income on Group related financing activities is presented as interest receivable and similar income.

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.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

For amortised cost receivables that are not credit impaired (“stage 1” and “stage 2”), interest income is calculated based on the gross carrying amount of the asset. When a receivable is impaired (“stage 3”), interest income will be calculated based on the net carrying amount (net of credit allowances). Interest income on impaired loans is recognised using the original effective interest rate. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

#### 3.21 Leases

The Company primarily maintains operating leases for its office real estate facilities, under non-cancellable and cancellable lease agreements.

The Company recognises right-of-use assets and lease liabilities for operating leases with terms greater than twelve months. The Company’s policy is not to separate lease and non-lease components when measuring the real estate right-of-use assets and lease liabilities.

Lease liabilities are recognised at lease commencement date and measured at the present value of the remaining contractual fixed lease payments, discounted using the Company’s incremental borrowing rate. Right-of-use assets are recognised and measured at the respective lease liabilities, adjusted by prepaid lease payments, initial direct costs, and offset by lease incentives received.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.21 Leases (continued)

Right-of-use assets are depreciated over the shorter of the useful life and the lease term. Variable lease payments are excluded from the right-of-use assets and lease liabilities, and are recognised in the period in which the obligation for those payments is incurred.

The Company presents right-of-use assets in tangible assets and lease liabilities in creditors in the Balance Sheet. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases (real estate leases that have a lease term of 12 months or less) and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 3.22 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 judgement in applying the Company's accounting policies.

##### Estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Membership Rewards liability

The Company records a Membership Rewards liability that represents the estimated cost of Membership Rewards points earned that are expected to be redeemed by Cardmembers in the future. The factors that can impact the Membership Rewards liability (including enrolment levels, attrition and earning and redemption behaviours), and the basis on which the liability is calculated, are detailed in Note 3.20. The Company has detailed the judgements applied in determining the methodology for the calculation of the Membership Rewards liability within this note.

The Company periodically evaluates its liability estimation process and assumptions based on changes in cost per point redeemed, partner contract changes and developments in redemption patterns, which may be impacted by product refreshes, changes in redemption options and mix of proprietary cards-in-force. The process of estimating the Membership Rewards liability includes a high degree of judgement. Actual redemptions and associated redemption costs could differ significantly from these estimates, resulting in either higher or lower Membership Rewards expense. Changes in the Membership Rewards URR and WAC per point have the effect of either increasing or decreasing the liability through the current period 'Cardmember rewards and benefits' expense (part of administrative expenses) by an amount estimated to cover the cost of points previously earned but not yet redeemed by current enrollees as of the end of the reporting period.

An increase of 1% (100 bps) in the URR would result in an increase in the Membership Rewards provision of £9.6m. A 10% increase in the WAC would result in an increase in the Membership Rewards provision of £22.7m. Given the methodology for calculating the Membership Rewards liability (applying the URR to the points earned since inception, then deducting actual points redeemed since inception to calculate the reservable points bank to which the WAC is applied, rather than applying the URR and WAC to the net unredeemed points since inception), the 1% increase applied to the URR does not lead to a direct 1% increase in the Membership Rewards provision.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.22 Accounting estimates, assumptions and judgements (continued)

##### Estimates and assumptions (continued)

- Fair value of undrawn commitments

The fair value of undrawn commitments is calculated using the unfunded IFRS 9 expected credit loss calculation methodology as a proxy (refer to the judgements associated with this methodology later in this note).

Note 4 (e) Expected Credit Loss ("ECL") measurement, provides details of the methodology and key inputs used to estimate the expected credit losses on the unfunded commitment, including when a significant increase in credit risk has occurred and what forward looking macroeconomic information to incorporate. Significant estimation is required in determining which macroeconomic scenarios to incorporate and the relative weightings ascribed to each scenario. The nature of this balance is sensitive and driven by movements in credit risk. A 20 percentage point movement in the scenario weightings from optimistic to pessimistic results in the estimated losses on the unfunded commitment, and consequently the undrawn commitment liability, increasing by approximately £5.6m.

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

##### Judgements

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

##### *Business model assessment and FVTPL designation of Cardmember loans and receivables*

As outlined in Note 3.6 (a) and (b) Cardmember loans and receivables are classified as FVTPL where they are part of the business model whose objective is achieved by selling those loans and receivables to an affiliate entity on a regular basis. The Company's judgement in making this determination and consequently in classifying those Cardmember loans and receivables at FVTPL is formed on the basis of management's intention to continue such sales for the foreseeable future and the past practice of realising cashflows on these assets through sale.

##### *Fair value of undrawn commitment* – Note 3.13(a) Financial liabilities at fair value through profit or loss

Under IFRS 9, the undrawn commitment in relation to future Cardmember spend is measured at fair value when there is a past practice of selling the assets resulting from these commitments shortly after origination. Management applied judgement in determining that the undrawn commitment should only consist of the expected credit losses on future spend, discounted at the effective interest rate. In assessing whether the fair value of future card fees and future expenses to support the commitment should be included within this fair value calculation, management concluded that both elements relate more to the overall Cardmember relationship rather than specifically the undrawn commitment. These elements were therefore excluded. The calculation of the fair value of the undrawn commitments leverages IFRS 9 expected credit loss calculation methodology (see Note 4(e) for further details). Other methodologies could also be applied but management have made a judgement to apply this approach.

# American Express Services Europe Limited

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.22 Accounting estimates, assumptions and judgements (continued)

##### Judgements (continued)

###### *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 judgement 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 26 for further details).

###### *Membership Rewards liability*

The choice of methodology used to estimate the Membership Rewards liability requires the application of judgement. A judgement has been made that the most appropriate way of reflecting expected unused points when customers leave, is to apply the URR to to all points earned since inception (by current enrollees) and deduct the points utilised to date to determine the number of remaining points for which a provision is required. Alternative methodologies could be used, for example a first in first out approach, which would result in a different liability.

### 4. FINANCIAL RISK MANAGEMENT

#### (a) Governance

Risk management of the Company is overseen by its Directors who are responsible for managing the Company's affairs and for ensuring that the operations of the Company, including those of its branches, 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, each reporting regularly to the Board:

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

For further details on the committees and the responsibilities of the Directors, please refer to the Directors' and Strategic Reports.

The Company primarily adopts the Group's Enterprise-wide Risk Management ("ERM") programme policies and strategies. The objective of the ERM is to identify, aggregate, monitor, measure, report 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.

#### (b) Capital risk management

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

# American Express Services Europe Limited

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### (b) Capital risk management (continued)

The Company has an FCA minimum capital requirement for the year of £15.7m which is considerably lower than the capital levels it maintains. Capital monitoring processes are in place to ensure the Company exceeds the minimum capital requirement at all times. The Company is also required to undertake daily safeguarding of relevant funds.

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 the business' objectives and continue as a going concern. In order to support these objectives, the capital structure of the Company is monitored on a monthly basis. The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 21, cash at bank and in hand disclosed in Note 18 and amounts attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in Note 25 and the Statement of Changes in Equity.

#### (c) Market risk

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

- Interest rate risk due to changes in the relationship between the interest rates on the Company's assets such as loans and receivables and the interest rates on the Company's liabilities such as debt and deposits; and
- Foreign exchange risk related to transactions funding, earnings, and investments in currencies other than the Company's functional currency in its operations outside the UK.

The Company adopts the Group's Enterprise-wide Risk Policy within the ERM programme, whose objective includes identifying and managing market risk exposures within the policy limits in the context of the Group's overall business model, while supporting sustainable earnings growth. This is accomplished by identifying, measuring and reporting such exposures on a periodic basis and by managing its exposures within the policy limits.

##### (i) Interest rate risk management

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets are primarily cash, intercompany loans and Cardmember loans and receivables. The Company manages its interest rate 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.

Residual interest rate exposure within the Company's charge card and lending products along with the exposure from 'Loans due to/from Group undertakings' is managed at a Group level by varying the proportion of total funding provided by variable-rate debt and deposits compared to fixed-rate debt and deposits. The Group may change the mix between variable-rate and fixed-rate funding based on changes in business volumes and mix, among other factors.

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

The table below summarises the re-pricing profiles of the Company's financial instruments and other assets and liabilities at their carrying value on 31 December 2024. Items are allocated to time periods by reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

# American Express Services Europe Limited

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

### 4. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Market risk (continued)

##### (i) Interest rate risk management (continued)

	0 – 3 months £000	3 – 12 months £000	1-5 years £000	Over 5 years £000	Non- interest bearing £000	Total £000
<b>2024</b>						
<b>ASSETS</b>						
Cash at bank and in hand	71,595	—	—	—	5,475	77,070
Debtors:						
- Cardmember receivables	—	—	—	—	284,492	284,492
- Receivables from Group undertakings	—	—	—	—	1,069,478	1,069,478
- Other debtors	—	—	—	—	5,351	5,351
Derivative financial instruments	—	—	—	—	33,714	33,714
Loans:						
- Cardmember lending	408,017	—	—	—	—	408,017
- Loans due from Group undertakings	1,315,607	—	9,587	—	—	1,325,194
- Loans due from related parties	46	—	—	—	—	46
<b>Financial Assets</b>	<b>1,795,265</b>	<b>—</b>	<b>9,587</b>	<b>—</b>	<b>1,398,510</b>	<b>3,203,362</b>
<b>Other Financial and Non-Financial Assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>533,003</b>	<b>533,003</b>
<b>TOTAL ASSETS</b>	<b>1,795,265</b>	<b>—</b>	<b>9,587</b>	<b>—</b>	<b>1,931,513</b>	<b>3,736,365</b>
<b>LIABILITIES</b>						
Trade and other creditors	12,186	8,045	45,082	17,514	218,721	301,548
Amounts due to group undertakings	—	—	—	—	10,004	10,004
Accruals	—	—	—	—	235,730	235,730
Derivative financial instruments	—	—	—	—	3,297	3,297
Borrowings:						
- Loans due to Group undertakings	—	17,960	1,507,015	—	—	1,524,975
<b>Financial Liabilities</b>	<b>12,186</b>	<b>26,005</b>	<b>1,552,097</b>	<b>17,514</b>	<b>467,752</b>	<b>2,075,554</b>
<b>Other Financial and Non-Financial Liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>395,513</b>	<b>395,513</b>
<b>TOTAL LIABILITIES</b>	<b>12,186</b>	<b>26,005</b>	<b>1,552,097</b>	<b>17,514</b>	<b>863,265</b>	<b>2,471,067</b>
<b>NET INTEREST RATE GAP</b>	<b>1,783,079</b>	<b>(26,005)</b>	<b>(1,542,510)</b>	<b>(17,514)</b>	<b>1,068,248</b>	<b>1,265,298</b>

# American Express Services Europe Limited

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

### 4. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Market risk (continued)

##### (i) Interest rate risk management (continued)

	0 – 3 months £000	3 – 12 months £000	1-5 years £000	Over 5 years £000	Non- interest bearing £000	Total £000
<b>2023</b>						
<b>ASSETS</b>						
Cash at bank and in hand	120,367	—	—	—	70,738	191,105
Debtors:						
- Cardmember receivables	—	—	—	—	397,980	397,980
- Receivables from Group undertakings	—	—	—	—	838,972	838,972
- Other debtors	—	—	—	—	8,081	8,081
Derivative financial instruments	—	—	—	—	6,041	6,041
Loans:						
- Cardmember lending	430,700	—	—	—	—	430,700
- Loans due from Group undertakings	—	—	1,234,945	—	—	1,234,945
- Loans due from related parties	34	—	—	—	—	34
<b>Financial Assets</b>	<b>551,101</b>	<b>—</b>	<b>1,234,945</b>	<b>—</b>	<b>1,321,812</b>	<b>3,107,858</b>
<b>Other Financial and Non-Financial Assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>508,789</b>	<b>508,789</b>
<b>TOTAL ASSETS</b>	<b>551,101</b>	<b>—</b>	<b>1,234,945</b>	<b>—</b>	<b>1,830,601</b>	<b>3,616,647</b>
<b>LIABILITIES</b>						
Trade and other creditors	12,862	6,154	36,486	26,649	227,681	309,832
Amounts due to group undertakings	—	—	—	—	272,368	272,368
Accruals	—	—	—	—	230,522	230,522
Derivative financial instruments	—	—	—	—	5,276	5,276
Borrowings:						
- Loans due to Group undertakings	—	1,160,455	84,851	—	—	1,245,306
<b>Financial Liabilities</b>	<b>12,862</b>	<b>1,166,609</b>	<b>121,337</b>	<b>26,649</b>	<b>735,847</b>	<b>2,063,304</b>
<b>Other Financial and Non-Financial Liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>359,269</b>	<b>359,269</b>
<b>TOTAL LIABILITIES</b>	<b>12,862</b>	<b>1,166,609</b>	<b>121,337</b>	<b>26,649</b>	<b>1,095,116</b>	<b>2,422,573</b>
<b>NET INTEREST RATE GAP</b>	<b>538,239</b>	<b>(1,166,609)</b>	<b>1,113,608</b>	<b>(26,649)</b>	<b>735,485</b>	<b>1,194,074</b>

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 4. FINANCIAL RISK MANAGEMENT (continued)

##### (c) Market risk (continued)

##### (ii) Interest rate sensitivity

The sensitivity analysis is a measure of the potential change in net interest income over the prior financial year and held constant throughout the reporting period. A 100bps basis point change is used when assessing interest rate risk and represents management's assessment of the possible change in interest rates and the potential impact to earnings. This effect is calculated by applying a 1% (100bps) shift up or down on base interest rates across every currency interest rate for intercompany loans, bank balances and SOR (sale of receivables) balances.

For the year ended 31 December, if base interest rates had been 1% (100 bps) higher or lower\* across each currency:

	2024		2023	
	1% higher £000	1% lower £000	1% higher £000	1% lower £000
<b>Impact on profit or loss before taxes</b>	<b>(51,202)</b>	<b>51,202</b>	(43,505)	43,505
<b>Impact on equity</b>	<b>(38,401)</b>	<b>38,401</b>	(33,273)	33,273

\*Lower base of interest rate is currently capped at zero for the purpose of calculating the Interest Rate sensitivity associated with Loans due and from Group undertakings in line with the associated agreements.

For the purpose of the sensitivity calculation interest payable and receivable has been applied to all accounts, given that the majority of balances are interest bearing.

##### (iii) Foreign currency risk management

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

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.

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 4. FINANCIAL RISK MANAGEMENT (continued)

##### (c) Market risk (continued)

##### (iii) Foreign currency risk management (continued)

The table below shows the net foreign exchange positions of the Company by major non-sterling currencies as at the Balance Sheet date.

	US Dollars £000	Euro £000	Other £000	Total £000
<b>2024</b>				
<b>FINANCIAL ASSETS</b>				
Cash at bank and in hand	2,750	6,945	539	10,234
Debtors:				
- Cardmember receivables	—	27,559	—	27,559
- Receivables from Group undertakings	3,425	59,245	1,738	64,408
- Other debtors	603	935	45	1,583
Loans:				
- Loans due from Group undertakings	—	1,325,194	—	1,325,194
- Loans to related parties	—	8	—	8
<b>TOTAL FINANCIAL ASSETS</b>	<b>6,778</b>	<b>1,419,886</b>	<b>2,322</b>	<b>1,428,986</b>
<b>FINANCIAL LIABILITIES</b>				
Trade and other creditors	11,106	8,728	25	19,859
Amounts due to Group undertakings	—	252	—	252
Accruals	20,035	10,247	—	30,282
Borrowings:				
- Loans due to Group undertakings	—	41,758	—	41,758
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>31,141</b>	<b>60,985</b>	<b>25</b>	<b>92,151</b>
<b>Total</b>	<b>(24,363)</b>	<b>1,358,901</b>	<b>2,297</b>	<b>1,336,835</b>

# American Express Services Europe Limited

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

### 4. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Market risk (continued)

##### (iii) Foreign currency risk management (continued)

	US Dollars £000	Euro €000	Other £000	Total £000
<b>2023</b>				
<b>FINANCIAL ASSETS</b>				
Cash at bank and in hand	9,292	5,629	1,515	16,436
Debtors:				
- Cardmember receivables	—	29,879	—	29,879
- Receivables from Group undertakings	7,243	51,762	32	59,037
- Other debtors	747	796	—	1,543
Loans:				
- Loans due from Group undertakings	—	1,234,945	—	1,234,945
- Loans to related parties	—	11	—	11
<b>TOTAL FINANCIAL ASSETS</b>	<b>17,282</b>	<b>1,323,022</b>	<b>1,547</b>	<b>1,341,851</b>
<b>FINANCIAL LIABILITIES</b>				
Trade and other creditors	17,124	13,806	—	30,930
Amounts due to Group undertakings	889	6,973	197	8,059
Accruals	18,688	12,894	—	31,582
Borrowings:				
- Loans due to Group undertakings	—	66,391	—	66,391
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>36,701</b>	<b>100,064</b>	<b>197</b>	<b>136,962</b>
<b>Total</b>	<b>(19,419)</b>	<b>1,222,958</b>	<b>1,350</b>	<b>1,204,889</b>

# American Express Services Europe Limited

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 4. FINANCIAL RISK MANAGEMENT (continued)

##### (c) Market risk (continued)

##### *(iv) Foreign currency sensitivity*

All transactional foreign exchange gains or losses are borne by a related Group entity, including foreign exchange gains or losses on loans to or from other Group entities.

The Company's branches, with the exception of its Italian Branch, remit their profits (if any) to the UK parent on a monthly basis. As a result only the Italian branch will have net assets subject to foreign currency sensitivity impacting other equity when translated into the functional currency of the Company.

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 net assets within its Italian branch. As a result, there is limited foreign exchange exposure to the Company recorded in other comprehensive income. Residual reported translation movements represent the under hedged position in relation to the Company's Italian branch, where flexing for any significant change in foreign exchange rate will have in an immaterial impact to the Company's overall hedging position. 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.

##### (d) Credit risk management

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

##### *(i) Individual credit risk*

The Company defines individual credit risk as the risk of loss to the Company due to non-payment of an amount contractually owed to the Company by an individual, whether acting as an individual or on behalf of their small business.

Individual credit risk arises from consumer and small business Cardmember loans and receivables, and term loans. These portfolios consist of millions of customers across multiple industries and levels of net worth. The Company benefits from the high-quality credit profile of its customers, which is driven by brand, premium customer servicing, product features and risk management capabilities which span underwriting, customer management and collections. Externally, the risk in these portfolios is generally correlated with broad economic trends, such as unemployment rates and GDP growth. A customer's ability and willingness to repay the Company can be negatively impacted not only by economic, market, political and social conditions but also by a customer's other payment obligations, and increasing leverage can result in a higher risk that customers will default or become delinquent in their obligations to the Company.

The Company adheres to the Enterprise Individual Credit Risk Management Policy, which assigns key governance responsibilities, prescribes rules for escalating risks and sets forth the Company's guidelines for measuring, assessing, and reporting individual credit risk.

Business unit leaders and Chief Credit Officers take the lead in managing the credit risk process. These Chief Credit Officers are guided by the Individual Credit Risk Committee ("ICRC") at a Group level, which is responsible for implementation and enforcement of the Enterprise Individual Credit Risk Management Policy. The ICRC ensures compliance with the Enterprise-wide Risk Management Committee ("ERMC") guidelines and procedures and escalates to the ERMC as appropriate. Individual credit risk management across prospecting, approvals, collections and fraud prevention is supported by sophisticated proprietary scoring and decision-making models that use up-to-date information on prospects and customers, such as spending and payment history and data feeds from credit bureaus.

# American Express Services Europe Limited

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 4. FINANCIAL RISK MANAGEMENT (continued)

##### (d) Credit risk management (continued)

###### (i) Individual credit risk (continued)

The Company has developed data-driven economic decision logic for customer interactions to better serve its customers. The majority of the Company's overall exposure to individual credit risk related to Cardmember loans and receivables at a point in time is mitigated by the sale of Cardmember loans and receivables to a related party, and the short term nature of the Cardmember receivables arising from Charge products.

###### (ii) Institutional credit risk

Institutional credit risk represents 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.

In addition to the individual credit risk, financial difficulties associated with the corporates engaged can also indirectly contribute to the credit risk attached to the commercial charge cards and foreign currency payment solutions.

Unlike individual credit risk, institutional credit risk is characterised by a lower loss frequency but higher severity. It is affected both by general economic conditions and by client-specific events. The absence of large losses in any given year or over several years is not necessarily representative of the level of risk of institutional portfolios, given the infrequency of loss events in such portfolios.

The Company adheres to the Enterprise Institutional Credit Risk 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.

Similar to individual credit risk, business units taking institutional credit risks are supported by embedded Enterprise-wide Chief Credit Officers. These officers are responsible for the implementation and enforcement of the Enterprise Institutional Credit Risk Management Policy and for providing guidance to each business unit with substantial institutional credit risk exposures.

The Chief Credit Officers formally review large institutional exposures to ensure compliance with the ERM guidelines and procedures and escalates them to the Board as appropriate. A centralised risk rating unit and a specialised airline risk group provide independent risk assessment of institutional obligors.

Cardmember loans and receivables are sold for funding purposes. This business model has the primary objective of realising cash flow through the sale of the financial assets, and also mitigates the exposure to institutional credit risk.

The Company also has various intercompany loans both to and from other Group entities. These facilities, and amounts drawn, are centrally managed by Treasury. The level of credit risk attached to intercompany positions is limited, given that all entities are part of the same financially strong group. 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.

###### (iii) Significant credit concentration and credit quality

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Company's total credit exposure. The Company's customers operate in diverse industries, economic sectors and geographic regions. The maximum exposure to credit risk for debtors, derivative financial instruments and related party loans equals their carrying amount.

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 4. FINANCIAL RISK MANAGEMENT (continued)

##### (d) Credit risk management (continued)

##### (iii) Significant credit concentration and credit quality (continued)

The maximum exposure to credit risk for Cardmember loans and Cardmember receivables with a pre-set spending limit equals the balance outstanding at year end (see table below) plus the undrawn committed facilities (disclosed in Note 27 - Commitments).

With the exception of Cardmember loans, the following table represents the Company's maximum credit exposure (therefore excluding debtor categories that have no credit risk) by type of customer or counterparty, including the credit exposure associated with derivative financial instruments, at 31 December:

	2024	2023
	£000	£000
Cash and deposits with regulated financial institutions	77,070	191,105
Cardmember receivables	284,492	397,980
Cardmember loans	408,017	430,700
All other financial assets	2,433,783	2,088,073

As disclosed in the table above, at 31 December 2024 the Company's most significant concentration of credit risk was with institutions included within other financial assets. These mainly comprise loans and amounts due from other Group companies and the Company is not exposed to any significant credit risk on these balances.

Cardmember loans and Cardmember receivables disclosed above include the Cardmember loans and Cardmember receivables carried at fair value amounting to £408.0m (2023: £430.7m) and £256.8m (2023: £367.7m) respectively. The majority of the Company's exposure is mitigated by the sale of Cardmember loans and Cardmember receivables to a related party.

Cardmember loans and Cardmember receivables on 'individual' accounts are generally advanced on an unsecured basis. However, the Company reviews each potential customer's credit application and evaluates the applicant's financial history and ability and willingness to repay. The Company also considers credit performance by customer tenure, industry and geographic location in managing credit exposure. Information on credit quality is given in the relevant notes to the financial statements including Note 17.

##### (e) Expected Credit Loss ("ECL") measurement

The Company determines the "stage" of the major financial assets based on the criteria below, and measures the expected credit losses on its financial instruments with inputs discussed in the following sections. The expected credit losses calculated in this way in respect of the unfunded commitment are used as a proxy for the fair value of the undrawn commitments as disclosed in Note 15.

In cases where a models-based methodology is deployed, the Company uses the rebuttable presumption "backstop" provided in IFRS 9; that is, accounts that are current are assigned to Stage 1, accounts that are 30 days past due but less than 90 days past due are assigned Stage 2, and accounts that are 90 days past due or credit impaired are assigned Stage 3.

In addition to the "backstop" used for Stage 2 pre-set spending limit accounts, the Company also uses a quantitative methodology based on probability of default to determine assets that have experienced a significant increase in credit risk prior to payment delinquency. Assets that have experienced a significant increase in credit risk are classified in Stage 2, even if they are not yet 30 days past due in payment.

In some cases, where insufficient historical data is available and portfolio sizes are small, models cannot be deployed. However, to compute ECL as near to the IFRS 9 method as possible the Company has decided to deploy simpler and non-econometric models.

# American Express Services Europe Limited

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

### 4. FINANCIAL RISK MANAGEMENT (continued)

#### (e) Expected Credit Loss ("ECL") measurement (continued)

The Company has not used the low credit risk practical expedient for any financial asset as of 31 December 2024.

#### (i) Significant increase in Credit Risk

The criteria for determining whether a financial instrument has experienced a significant increase in credit risk since initial recognition varies by financial asset, and includes both qualitative and quantitative factors. The majority of the Company's overall exposure to credit risk is mitigated by the sale of Cardmember loans and receivables to a related party.

##### *Cardmember receivables with no pre-set spending limit*

The Company considers that credit risk has increased significantly when the account is more than 30 days past due. The increased risk is due to the fact that, given the nature of Charge products, Cardmembers are expected to pay down their balance in full at each billing cycle.

##### *Cardmember loans and receivables with a pre-set spending limit*

An account is assigned to Stage 2 if the 39 month Comprehensive Capital Analysis and Review ("CCAR") probability of default ("PD") in the reporting month has increased more than a threshold amount, compared to the 39 month CCAR PD assessed at origination.

Where the simpler and non-econometric models are deployed, the Company considers that credit risk has increased significantly when the account is more than 30 days past due.

The probability of default increase threshold is approximated by the mean plus one standard deviation of the absolute change in probability of default for each risk group (segmented by market, product and account tenure). This calculation is used as a proxy for the relative approach required under IFRS 9.

#### (ii) Definition of default

##### *Cardmember receivables and Cardmember loans*

The Company considers an account to be in default when it is more than 90 days past due, or in the event of credit cancellation due to credit reasons.

#### (iii) Measurement of Expected Credit Losses

##### *Cardmember loans and receivables*

Under the IFRS 9 expected credit loss model, the Company uses a sophisticated approach to incorporate past events, current conditions, and future economic conditions. The process of estimating 12-month and lifetime credit reserves involves account level risk-based inputs, which includes the following key variables: probability of default, exposure at default, and loss given default:

- Probability of default models are used to estimate an account's conditional probability of default and its unconditional probability of default. Conditional probability of default is the likelihood an account will write-off, attrite or neither in each month of the forecast. Unconditional probability of default is the cumulative likelihood an account will write-off within a certain forecast period;
- Exposure at default models are used to estimate an account's balance before defaulting; and

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 4. FINANCIAL RISK MANAGEMENT (continued)

##### (e) Expected Credit Loss ("ECL") measurement (continued)

##### (iii) Measurement of Expected Credit Losses (continued)

- Loss given default is the final output of the expected credit loss model for all accounts in the portfolio. Loss given default is the final component needed to project net write offs. It is equal to the projected gross write offs minus expected recoveries. Recoveries are the amounts received from Cardmembers after default occurs, typically as a result of collection efforts. The amount of recoveries available to be recouped is a function of the size of the past gross write-off.

Where insufficient historical data exists, the Company uses a simplified method for the non-model tools that utilises loss rates and roll rate method. The non-model tools project incurred gross write-offs and recoveries for lending products and charge products with a pre-set spending limit only, and apply a tail adjustment beyond the incurred loss period to measure lifetime ECLs on assets classified in Stage 2 and Stage 3.

While there has been no significant change made to the estimation techniques and significant assumptions made during the reporting period, management have also given consideration to the inclusion of qualitative reserves to cover losses that are expected but, in management's assessment may not be adequately represented in the quantitative methods or economic assumptions.

##### (iv) Forward-looking information

##### *Cardmember loans and receivables*

The Company has defined the "reasonable and supportable" forward-looking period to be 39 months, and explicitly considers macro-economic forward-looking information for this period. All other forward-looking information will be included in current models or addressed via a qualitative reserve.

The Company usually considers three possible economic scenarios when incorporating forward looking information into the estimation of expected credit losses, a "baseline", an "optimistic" and a "pessimistic" scenario. Each economic scenario is weighted based on probabilities obtained from independent rating agencies. Management reviews these economic scenarios and applies judgement to weight them in order to reflect uncertainty surrounding these scenarios. These macroeconomic scenarios contain certain variables, including unemployment rates and real gross domestic product, that are significant to the models. The multiple macroeconomic variables will be used for two purposes: 1) to determine the stages of assets based on the weighted average probability of default prior to expected credit loss measurement; and 2) to derive the weighted average probability of default, exposure at default and loss given default scores as the key inputs for the expected credit loss measurement. For the measurement of expected credit losses as of 31 December 2024, the Company has weighted 20% to the optimistic scenario, 60% to the baseline scenario and 20% to the pessimistic scenario.

The following table reflects the range of UK unemployment rates in the macroeconomic scenarios used for the measurement of expected credit losses as of 31 December 2024:

	<b>31 December 2024</b>
<b>UK Unemployment Rate</b>	
Fourth quarter of 2024	4.06% - 4.85%
First quarter of 2025	4.05% - 5.59%
Second quarter of 2025	4.06%- 6.07%
Third quarter of 2025	4.03% - 6.54%
Fourth quarter of 2025	3.93% - 6.99%
Fourth quarter of 2026	3.67% - 7.32%
Fourth quarter of 2027	3.85% - 7.24%

# American Express Services Europe Limited

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 4. FINANCIAL RISK MANAGEMENT (continued)

##### (f) Funding & Liquidity risk management

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

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, including the sale of Cardmember loans and receivables to a related party, 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.

To manage funding and liquidity risk, the Group seeks to maintain 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 financing obligations for at least a twelve-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 Company understands that the Group will maintain access to these diverse liquidity sources, which are available to the Company. The sources will be maintained in amounts sufficient to meet the Company's business requirements and expected future financial obligations for a period of at least twelve months in the event the Company is unable to raise new funds under its regular funding programmes during a substantial weakening in economic conditions. The Company actively maintains a mixture of sustainable long-term and short-term finance that is designed to ensure that it has sufficient available funds for business continuity.

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.

While the Company is perceived to carry little in the way of funding and liquidity risk, management have secured a letter from American Express Company which expresses its intention to support the Company's liquidity position and maintain its safe and sound operations for the thirteen months from the date of signing these financial statements.

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 4. FINANCIAL RISK MANAGEMENT (continued)

##### (f) Funding & Liquidity risk management (continued)

##### Liquidity Risk

The following table details the Company's remaining contractual maturity for its non-derivative and derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which the Company can be required to pay.

2024	On Demand £000	Up to 1 month £000	1 to 3 months £000	3 to 12 months £000	1 to 5 years £000	Over 5 years £000	Total £000
<b>LIABILITIES</b>							
Trade and other payables (Note 19 & 20)	—	137,573	93,334	8,045	45,082	17,514	301,548
Amounts due to group undertakings	—	10,004	—	—	—	—	10,004
Accruals	—	235,730	—	—	—	—	235,730
Derivative financial instruments	—	1,177	1,875	245	—	—	3,297
<b>Borrowings:</b>							
- Loans due to Group undertakings	1,483,217	—	—	—	41,758	—	1,524,975
<b>Financial Liabilities</b>	<b>1,483,217</b>	<b>384,484</b>	<b>95,209</b>	<b>8,290</b>	<b>86,840</b>	<b>17,514</b>	<b>2,075,554</b>
<b>Other Financial and Non-Financial Liabilities</b>							<b>395,513</b>
<b>TOTAL LIABILITIES</b>							<b>2,471,067</b>
2023	On Demand £000	Up to 1 month £000	1 to 3 months £000	3 to 12 months £000	1 to 5 years £000	Over 5 years £000	Total £000
<b>LIABILITIES</b>							
Trade and other payables (Note 19 & 20)	—	159,000	81,543	6,154	36,486	26,649	309,832
Amounts due to group undertakings	—	272,368	—	—	—	—	272,368
Accruals	—	230,522	—	—	—	—	230,522
Derivative financial instruments	—	54	502	4,720	—	—	5,276
<b>Borrowings:</b>							
- Loans due to Group undertakings	—	—	—	1,160,455	84,851	—	1,245,306
<b>Financial Liabilities</b>	<b>—</b>	<b>661,944</b>	<b>82,045</b>	<b>1,171,329</b>	<b>121,337</b>	<b>26,649</b>	<b>2,063,304</b>
<b>Other Financial and Non-Financial Liabilities</b>							<b>359,269</b>
<b>TOTAL LIABILITIES</b>							<b>2,422,573</b>

# American Express Services Europe Limited

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 5. TURNOVER

Turnover comprises revenue derived from Cardmember spending, card fees including delinquency fees, and interest received on Cardmember loans classified as FVTPL of £1,736.7m (2023: £1539.6m) and revenue from services to other Group companies of £556.6m (2023: £531.0m). Where UK card issuing profitability requires the payment of a royalty, these amounts are net of a trademark royalty payable to another Group company. No royalty was payable in 2024 or 2023.

#### 6. SEGMENTAL REPORTING

Turnover by territory or region is as follows:

	<b>Turnover</b>	
	<b>2024</b>	2023
	<b>£000</b>	£000
UK	<b>2,283,331</b>	2,061,648
Italy	<b>9,944</b>	8,990
	<b><u>2,293,275</u></b>	<u>2,070,638</u>

# American Express Services Europe Limited

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

### 7. PROFIT BEFORE TAXATION

	2024 £000	2023 £000
Profit before taxation is stated after charging/(crediting):		
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	1,042	1,006
Fees payable to the Company's auditors and its associates for:		
- Services to the American Express UK Pension Plan Trustees	32	31
- Services pursuant to legislation	9	9
- Other services	4	4
Loss on derivative financial instruments	7	533
Depreciation of tangible assets	14,826	20,319
Depreciation of right of use assets	9,215	8,461
Loss on disposal of tangible assets	113	50
Cardmember rewards and benefits	754,806	666,030
Net fair value loss on financial assets/liabilities mandatorily measured at fair value through profit or loss <sup>(a)</sup>	472,406	375,103
Gain on net investment hedge in relation to non-consolidated subsidiaries	(11,157)	(6,191)
Impairment of Cardmember receivables <sup>(b)</sup>	2,556	4,062
Impairment of Cardmember loans <sup>(b)</sup>	8,194	9,824
Operating lease rentals		
- Land and buildings	5,001	4,333
- Others	199	170

Administrative expenses include staff costs, Cardmember rewards and benefits expense, fair value loss on financial assets classified as FVTPL, impairment of Cardmember loans and receivables, marketing and other administrative expenses.

<sup>(a)</sup>This expense relates to the fair value loss in respect of Cardmember loans and receivables (see Note 15).

<sup>(b)</sup>Expense primarily consists of fraud loss.

# American Express Services Europe Limited

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

8. STAFF COSTS	2024 £000	2023 £000
Wages and salaries	332,162	328,136
Other employee benefits	13,078	12,623
Social security costs	47,087	45,050
Other pension costs	55,694	54,775
Stock compensation expense	23,911	22,479
	<u>471,932</u>	<u>463,063</u>

Included within staff costs is an amount of £8.4m (2023: £13.8m) related to restructuring expenses.

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

	2024 Number	2023 Number
Sales and marketing	894	926
Customer servicing	1,441	1,646
Technologies development and support	817	788
Other support groups	950	962
	<u>4,102</u>	<u>4,322</u>

### (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 and a contractual term of 10 years from the date of grant. Stock options generally vest on the third anniversary.

9,909 stock options were outstanding at 31 December 2024 (2023: 4,000). 4,000 stock options were exercised during 2024 (2023: 1,000) at a weighted average exercise price of USD 200.74 (2023: USD 65.43).

The following information applies to options outstanding at the end of each year:

	31 December 2024			31 December 2023		
	Weighted average exercise price	Number of options	Weighted average remaining contractual life / Years	Weighted average exercise price	Number of options	Weighted average remaining contractual life / Years
<b>Range of exercise prices</b>						
\$40.01-\$200.74	\$200.74	9,909	9.08	\$65.43	4,000	2.33

# American Express Services Europe Limited

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

### 8. STAFF COSTS

#### b) Restricted stock awards and units

An RSU grant 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 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 0.95 years (2023: 0.99 years).

As at 31 December 2024 there were 371,457 (2023: 379,533) RSUs outstanding. During 2024, 158,855 (2023: 195,626) RSUs vested with a weighted average grant price of USD 127.34 each (2023: USD 136.54).

# American Express Services Europe Limited

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

### 9. DIRECTORS' REMUNERATION

	<b>2024</b>	2023
	<b>£000</b>	£000
Emoluments	<b>2,241</b>	2,312
Amounts receivable under long term incentive schemes	<b>737</b>	881
Pension costs	<b>51</b>	51
	<b>3,029</b>	3,244

The number of Directors to whom retirement benefits were accruing in respect of qualifying services during the year ended 31 December 2024 were as follows:

	<b>2024</b>	2023
	<b>No.</b>	No.
Money purchase schemes	<b>7</b>	6

During the year, eight Directors (2023: seven) exercised share options in American Express Company, the ultimate parent company, and/or received common stock in American Express Company as a result of Restricted Stock Awards ("RSUs") vesting in the year.

The following remuneration was earned by the highest paid Director:

	<b>2024</b>	2023
	<b>£000</b>	£000
Emoluments including receivable under long term incentive scheme	<b>956</b>	876
Pension costs	<b>10</b>	7
	<b>966</b>	883

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.

Services provided by employees of one American Express group company to another fall under the Enterprise-wide Transfer Pricing Policy and are recharged if appropriate.

# American Express Services Europe Limited

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

### 10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2024 £000	2023 £000
Interest earned from Group undertakings	48,592	39,159
Other interest receivable	4,591	7,887
	<u>53,183</u>	<u>47,046</u>

### 11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2024 £000	2023 £000
Interest payable to Group undertakings	63,855	73,687
Other interest payable	1,038	392
	<u>64,893</u>	<u>74,079</u>

### 12. TAX ON PROFIT

	2024 £000	2023 £000
Profit before taxation	73,186	45,762
Tax charge on profit at effective rate 25% (2023: 23.52%)	18,297	10,763
<u>Adjusted for the effects of:</u>		
Non-deductible expenses	(2,067)	663
Tax rate changes	—	(561)
Effect of overseas tax rate changes - Italy	2,074	1,850
Adjustment in respect of prior years	506	(1,301)
Others	(69)	(5)
Unrelieved foreign tax not previously recognised	—	30
Net deferred tax asset not previously recognised	(6,373)	(566)
Share-based payments net tax deduction	(257)	78
<b>Total tax charge on profit</b>	<u>12,111</u>	<u>10,951</u>

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

	2024	2023
	£000	£000
<b>12. TAX ON PROFIT (continued)</b>		
<b><u>Current income tax</u></b>		
<b>UK tax</b>		
Current income tax	9,508	14,772
Adjustment in respect of prior years	(8,999)	1,430
Less: relief for overseas tax	(3,212)	(516)
	<u>(2,703)</u>	<u>15,686</u>
<b>Overseas tax</b>		
Current income tax	3,212	546
Adjustment in respect of prior years	(5,840)	(7,972)
Total current tax	<u>(5,331)</u>	<u>8,260</u>
<b><u>Deferred tax</u></b>		
<b>UK tax</b>		
Origination and reversal of temporary differences	24	(3,839)
Adjustment in respect of prior years	8,599	(718)
Impact of change in tax rate	—	(561)
	<u>8,623</u>	<u>(5,118)</u>
<b>Overseas tax</b>		
Origination and reversal of temporary differences	2,073	1,850
Adjustment in respect of prior years	6,746	5,959
Total deferred tax	<u>17,442</u>	<u>2,691</u>
<b>Income tax expense</b>	<u>12,111</u>	<u>10,951</u>
	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Taxation on items not (credited) / charged to the Income Statement</b>		
<b>Current tax credit</b>		
Tax deduction on share options / awards in excess of expense recognised	(2,474)	(1,305)
Adjustment in respect of prior years	3	27
<b>Deferred tax charge / (credit)</b>		
Tax deduction on share options / awards in excess of expense recognised	(6,302)	(1,089)
Impact of change in tax rate	—	(113)
<b>Total</b>	<u>(8,773)</u>	<u>(2,480)</u>

#### Factors affecting the tax charge for the year:

The deferred tax has been calculated at the UK statutory tax rate of 25%. The Company has an unrecognised deferred tax asset of £3.7m (2023: £6.4m) relating to temporary differences in its overseas branches.

# American Express Services Europe Limited

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

### 12. TAX ON PROFIT (continued)

#### Deferred tax

##### UK

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

	Tangible Assets	Share-based payments	Other temporary differences	Offset to overseas deferred tax	Total
	£000	£000	£000	£000	£000
As at 1 January 2024	43,922	13,549	3,478	(12,777)	48,172
Credit/(Debit) to Income Statement	(7,519)	2,182	(1,060)	6,373	(24)
Credit to Equity	—	6,302	—	—	6,302
Adjustment in respect of prior years through Income Statement	(8,877)	—	278	—	(8,599)
<b>As at 31 December 2024</b>	<b>27,526</b>	<b>22,033</b>	<b>2,696</b>	<b>(6,404)</b>	<b>45,851</b>
	Tangible Assets	Share-based payments	Other temporary differences	Offset to overseas deferred tax	Total
	£000	£000	£000	£000	£000
As at 1 January 2023	39,368	11,834	3,993	(13,343) †	41,852
Credit/(Debit) to Income Statement	3,684	211	(622)	566	3,839
Credit to Equity	—	1,089	—	—	1,089
Adjustment in respect of prior years through Income Statement	638	—	80	—	718
Tax rate change to Income Statement	232	302	27	—	561
Tax rate change to Equity	—	113	—	—	113
<b>As at 31 December 2023</b>	<b>43,922</b>	<b>13,549</b>	<b>3,478</b>	<b>(12,777)</b>	<b>48,172</b>

# American Express Services Europe Limited

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

### 12. TAX ON PROFIT (continued)

#### Deferred tax (continued)

##### Italy

	<b>Provision for credit losses £000</b>	<b>Other temporary differences £000</b>	<b>Tax losses £000</b>	<b>Total £000</b>
At 1 January 2024	22,643	248	21,395	44,286
Revaluation of opening balance	(1,025)	(7)	(968)	(2,000)
Adjustment for prior years through Income Statement	—	(55)	(6,691)	(6,746)
Credit/(Debit) to Income Statement	(9,966)	2	7,891	(2,073)
<b>At 31 December 2024</b>	<b>11,652</b>	<b>188</b>	<b>21,627</b>	<b>33,467</b>

	<b>Provision for credit losses £000</b>	<b>Other temporary differences £000</b>	<b>Tax losses £000</b>	<b>Total £000</b>
At 1 January 2023	30,105	387	16,884	47,376
Revaluation of opening balance	2,999	38	1,682	4,719
Adjustment for prior years through Income Statement	—	(20)	(5,939)	(5,959)
Credit/(Debit) to Income Statement	(10,461)	(157)	8,768	(1,850)
<b>At 31 December 2023</b>	<b>22,643</b>	<b>248</b>	<b>21,395</b>	<b>44,286</b>

# American Express Services Europe Limited

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

### 13. TANGIBLE ASSETS

	Leasehold improvements £000	Furniture and fittings £000	Plant and machinery £000	Assets in course of construction £000	Right of use Assets £000	Total £000
<b>Cost:</b>						
At 1 January 2024	103,687	14,575	35,126	21,891	97,424	272,703
Exchange differences	(3)	(115)	(149)	(12)	(548)	(827)
Net transfers to other Group companies	—	(462)	(21)	—	—	(483)
Additions	1,658	2,577	8,350	7,724	10,711	31,020
Transfers	22,410	—	—	(22,410)	—	—
Disposals	(16,396)	(20)	(4,129)	—	—	(20,545)
<b>At 31 December 2024</b>	<b>111,356</b>	<b>16,555</b>	<b>39,177</b>	<b>7,193</b>	<b>107,587</b>	<b>281,868</b>
<b>Accumulated depreciation:</b>						
At 1 January 2024	78,622	10,876	24,548	—	39,623	153,669
Exchange differences	—	(111)	(102)	—	(398)	(611)
Net transfers to other Group companies	—	(458)	(9)	—	—	(467)
Charge for the year	6,268	841	7,717	—	9,215	24,041
Disposals	(16,396)	(9)	(4,029)	—	—	(20,434)
<b>At 31 December 2024</b>	<b>68,494</b>	<b>11,139</b>	<b>28,125</b>	<b>—</b>	<b>48,440</b>	<b>156,198</b>
<b>Net book value:</b>						
<b>At 31 December 2024</b>	<b>42,862</b>	<b>5,416</b>	<b>11,052</b>	<b>7,193</b>	<b>59,147</b>	<b>125,670</b>
At 31 December 2023	25,065	3,699	10,578	21,891	57,801	119,034

# American Express Services Europe Limited

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

### 14. INVESTMENTS

Investments comprise of the Company's wholly owned subsidiaries, American Express Italia s.r.l., American Express de Espana S.A. and American Express Europe S.A.

#### Investment in Subsidiaries

	<b>2024</b>	2023
	<b>£000</b>	£000
Investments, at cost and net book value:		
At 1 January and 31 December	<b>140,768</b>	140,768

Undertaking	Percentage of shares held	Description of shares held	Principal activity	Office address
American Express Italia s.r.l.	100%	Ordinary	Trading Company	Viale Alexander Gustave Eiffel 15, 00148, Rome, Italy
American Express de Espana S.A.	100%	Ordinary	Holding Company	Avenida del Partenon, 12-14, Campo de las Naciones, Madrid, 28042
American Express Europe S.A.	54%	Ordinary	Trading Company	Avenida del Partenon, 12-14, Campo de las Naciones, Madrid, 28042

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

American Express Europe S.A. is a wholly owned subsidiary of the Company by virtue of the remaining 46% of its shares being owned by American Express de Espana S.A.

# American Express Services Europe Limited

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

### 15. CLASSIFICATION OF FINANCIAL INSTRUMENTS

As at 31 December 2024	Amortised Cost £000	Financial assets at fair value through Profit and Loss Account £000	Total £000
<b>ASSETS</b>			
Cash at bank and in hand	77,070	—	77,070
Debtors:			
- Cardmember receivables	27,739	256,753	284,492
- Receivables from Group undertakings	1,069,478	—	1,069,478
- Other debtors	5,351	—	5,351
Derivative financial instruments	—	33,714	33,714
Loans:			
- Cardmember loans	—	408,017	408,017
- Loans due from Group undertakings	1,325,194	—	1,325,194
- Loans to related parties	46	—	46
<b>Financial Assets</b>	<b>2,504,878</b>	<b>698,484</b>	<b>3,203,362</b>
<b>Other Financial and Non-Financial Assets</b>			<b>533,003</b>
<b>Total Assets</b>			<b>3,736,365</b>

As at 31 December 2024	Amortised Cost £000	Financial liabilities measured through Profit and Loss Account £000	Total £000
<b>LIABILITIES</b>			
Trade and other payables:			
- Trade creditors	81,148	—	81,148
- Amounts due to Group undertakings	10,004	—	10,004
- Other creditors	134,065	86,335	220,400
Accruals	235,730	—	235,730
Borrowings:			
- Loans due to Group undertakings	1,524,975	—	1,524,975
Derivative financial instruments	—	3,297	3,297
<b>Financial Liabilities</b>	<b>1,985,922</b>	<b>89,632</b>	<b>2,075,554</b>
<b>Other Financial and Non-Financial Liabilities</b>			<b>395,513</b>
<b>Total Liabilities</b>			<b>2,471,067</b>
<b>Equity</b>			<b>1,265,298</b>
<b>Total Liabilities and Equity</b>			<b>3,736,365</b>

# American Express Services Europe Limited

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

### 15. CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

As at 31 December 2023	Amortised Cost £000	Financial assets at fair value through Profit and Loss Account £000	Total £000
<b>ASSETS</b>			
Cash at bank and in hand	191,105	—	191,105
Debtors:			
- Cardmember receivables	30,231	367,749	397,980
- Receivables from Group undertakings	838,972	—	838,972
- Other debtors	8,081	—	8,081
Derivative financial instruments	—	6,041	6,041
Loans:			
- Cardmember loans	—	430,700	430,700
- Loans due from Group undertakings	1,234,945	—	1,234,945
- Loans to related parties	34	—	34
<b>Financial Assets</b>	<b>2,303,368</b>	<b>804,490</b>	<b>3,107,858</b>
<b>Other Financial and Non-Financial Assets</b>			<b>508,789</b>
<b>Total Assets</b>			<b>3,616,647</b>
As at 31 December 2023	Amortised Cost £000	Financial liabilities at fair value through Profit and Loss Account £000	Total £000
<b>LIABILITIES</b>			
Trade and other payables:			
- Trade creditors	68,681	—	68,681
- Amounts due to Group undertakings	272,368	—	272,368
- Other creditors	167,793	73,358	241,151
Accruals	230,522	—	230,522
Borrowings:			
- Loans due to Group undertakings	1,245,306	—	1,245,306
Derivative financial instruments	—	5,276	5,276
<b>Financial Liabilities</b>	<b>1,984,670</b>	<b>78,634</b>	<b>2,063,304</b>
<b>Other Financial and Non-Financial Liabilities</b>			<b>359,269</b>
<b>Total Liabilities</b>			<b>2,422,573</b>
<b>Equity</b>			<b>1,194,074</b>
<b>Total Liabilities and Equity</b>			<b>3,616,647</b>

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 15. CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

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; and
- 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).

There were no transfers between levels in the year. The movement in fair value in the year in relation to the effective portion of net investment hedges has been taken to other comprehensive expense. The movement in fair value in the year for all other assets and liabilities has been taken to administrative expenses.

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
<b>As at 31 December 2024</b>				
<b>Assets</b>				
Derivative financial assets				
- Forward foreign exchange contracts	—	33,714	—	33,714
Financial assets at fair value through profit or loss				
- Cardmember receivables	—	—	256,753	256,753
- Cardmember loans	—	—	408,017	408,017
<b>Total assets</b>	<b>—</b>	<b>33,714</b>	<b>664,770</b>	<b>698,484</b>
<b>Liabilities</b>				
Derivative financial liabilities				
- Forward foreign exchange contracts	—	3,297	—	3,297
Fair value of undrawn commitments	—	—	86,335	86,335
<b>Total liabilities</b>	<b>—</b>	<b>3,297</b>	<b>86,335</b>	<b>89,632</b>
<b>As at 31 December 2023</b>				
<b>Assets</b>				
Derivative financial assets				
- Forward foreign exchange contracts	—	6,041	—	6,041
Financial assets at fair value through profit or loss				
- Cardmember receivables	—	—	367,749	367,749
- Cardmember loans	—	—	430,700	430,700
<b>Total assets</b>	<b>—</b>	<b>6,041</b>	<b>798,449</b>	<b>804,490</b>
<b>Liabilities</b>				
Derivative financial liabilities				
- Forward foreign exchange contracts	—	5,276	—	5,276
Fair value of undrawn commitments	—	—	73,358	73,358
<b>Total liabilities</b>	<b>—</b>	<b>5,276</b>	<b>73,358</b>	<b>78,634</b>

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 15. CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

##### Derivative financial instruments

The Company enters into derivative financial instruments that are either held for hedging purposes in relation to the Company's economic hedges and net investment hedges or held for trading purposes in relation to non-designated hedges.

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.

##### Cardmember loans and receivables

The fair value of Cardmember loans and receivables is determined using the discount charged on the sale of these assets to a related party. This discount was determined in an arm's length manner after taking into account compensation for the buyer's risk of loss and funding costs. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

As a result of these assets being sold each month end the majority of the remaining balance at the reporting date consists of unbilled Cardmember spend.

For Cardmember loans and receivables, the Company performed a sensitivity analysis by adjusting the discount charged for the subsequent sale of these assets to a related party by 0.25% (25 bps) (2023: 0.25% (25 bps)). This adjustment is representative of a range that is consistent with observed past sales in the current year and management's assessment of forecast movements in the buyer's risk of loss and funding cost.

	<b>Carrying amount as at 31 December 2024 £000</b>	<b>Impact of sensitivity analysis (+/-) £000</b>	<b>Carrying amount as at 31 December 2023 £000</b>	<b>Impact of sensitivity analysis (+/-) £000</b>
<b>Financial assets</b>				
Cardmember Receivables	256,753	645	367,749	924
Cardmember Loans	408,017	1,026	430,700	1,084

The weighted average discount rate applied to the sold Cardmember loans and receivables during the year was 0.63% (2023: 0.58%). The impact of the discount rate on the fair value adjustment to Cardmember loans and receivables is given below, with the profit & loss impacts captured in Note 7 Profit before taxation.

# American Express Services Europe Limited

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

### 15. CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

#### Cardmember loans and receivables (continued)

Below is an analysis of movement in Cardmember loans and receivables during the year:

	<b>2024</b>	2023
	<b>£000</b>	£000
<b>Fair value of Cardmember receivables and loans at 1 January</b>	<b>798,449</b>	304,015
Foreign exchange impact	613	(3,040)
Cardmember spend, interest and other charges during the year	69,433,212	61,585,968
Proceeds received from the sale of Cardmember loans and receivables	(69,121,446)	(60,723,733)
Fair value adjustments <sup>(a)</sup>	(446,058)	(364,761)
<b>Fair value of Cardmember loans and receivables at 31 December</b>	<b>664,770</b>	798,449

<sup>(a)</sup> Fair value adjustments are determined using the discount rate applied to the sold Cardmember loans and receivables.

#### Fair value of undrawn commitments

Reported within Other creditors is £86.3m (2023: £73.4m) relating to the fair value of undrawn commitments (Note 20). This balance consists of the fair value of the undrawn commitment in relation to Cardmember loans and Cardmember receivables with pre-set spending limits classified as FVTPL (Note 3.13(c)). The fair value calculation leverages the unfunded commitment IFRS 9 expected credit loss calculation methodology as a proxy for the fair value of undrawn commitments.

The fair value of undrawn commitments is a significant accounting estimate and Note 3.22 provides sensitivity analysis around the weighting between the optimistic, baseline and pessimistic scenarios.

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 16. DERIVATIVE FINANCIAL INSTRUMENTS

Until the exit from the Company's Foreign Exchange International Payments business during 2024, derivative financial instruments included forward contracts for the purchase and sale of foreign currencies. These instruments allowed the Company and its customers to transfer, modify or reduce their foreign exchange, interest rate and credit risks. The following outlines the nature and terms of the most common types of derivatives used:

- (i) 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 derivative financial instruments shown in the following tables are either held for hedging purposes in relation to the Company's economic hedges and net investment hedges or (for comparatives only) held to manage market risk in relation to the Company's Foreign Exchange International Payments business. 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. Changes in fair values of futures contracts which are exchange traded are subject to daily settlement and the margins relating to these futures contracts are included in balances with the counterparty.

At 31 December:	2024			2023		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
	£000	£000	£000	£000	£000	£000
<b>Derivatives held for hedging</b>						
Forward foreign exchange:						
Designated as net investment hedge	12,701	36	—	21,947	88	—
Other	236,420	4,948	224	276,140	496	500
<b>Total</b>	<b>249,121</b>	<b>4,984</b>	<b>224</b>	<b>298,087</b>	<b>584</b>	<b>500</b>
<b>Derivatives held for trading</b>						
Forward foreign exchange	1,738,020	28,730	3,073	1,766,251	5,457	4,776
<b>Total</b>	<b>1,738,020</b>	<b>28,730</b>	<b>3,073</b>	<b>1,766,251</b>	<b>5,457</b>	<b>4,776</b>

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedge item is less than 12 months. 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. For information about the methods and assumptions used in determining the fair value of derivatives see Note 15 Classification of financial instruments. The Company's derivative instruments are classified within Level 2 of the fair value hierarchy.

Other derivatives held for hedging represent forward foreign exchange contracts entered into for the purposes of hedging the Company's subsidiary foreign currency exposure. Gains or losses associated with these derivatives have been recognised in the Income Statement.

Included within other comprehensive expense is a loss of £1.3m for 2024 (2023: loss of £1m) in relation to the Company's effective portion of its derivatives designated as net investment hedges. No ineffective portions of hedges were recorded for 2024 (2023: £nil) in the Income Statement within administrative expenses. Reported foreign exchange loss from the Company's derivatives not designated in a hedge accounting relationship were £0.007m (2023: loss of £0.533m).

# American Express Services Europe Limited

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

<b>17. DEBTORS</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Cardmember loans	<b>408,017</b>	430,700
Cardmember receivables	<b>284,492</b>	397,980
Loans due from Group undertakings	<b>1,325,194</b>	1,234,945
Loans due from related parties	<b>46</b>	34
Receivables from Group undertakings	<b>1,069,478</b>	838,972
Deferred tax asset (Note 12)	<b>79,318</b>	92,457
Other debtors	<b>25,723</b>	32,448
Corporation tax	<b>81,261</b>	61,582
Deferred Cardmembers acquisition costs	<b>61,826</b>	51,228
Prepayments and accrued income	<b>21,218</b>	13,970
Derivative financial instruments (Note 16)	<b>33,714</b>	6,041
	<b>3,390,287</b>	3,160,357

The debtors above include the following non-current amounts:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Loans due from Group undertakings	<b>9,587</b>	1,234,945
Deferred tax asset (Note 12)	<b>79,318</b>	92,457
Deferred Cardmembers acquisition costs (Note 17.2)	<b>44,206</b>	37,826
Prepayments and accrued income	<b>4,008</b>	269
	<b>137,119</b>	1,365,497

Reported within Cardmember loans, Cardmember receivables, Loans due from Group undertakings and Loans due from related parties are the following financial assets held at amortised cost:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Cardmember receivables	28,141	30,872
Provision for impairment of Cardmember receivables	(402)	(641)
	<b>27,739</b>	30,231
Loans due from Group undertakings & related parties	1,325,240	1,234,979
	<b>1,325,240</b>	1,234,979
Total	<b>1,352,979</b>	1,265,210

For Cardmember loans and receivables, the carrying amount is deemed to approximate fair value due to the short term nature of the balances.

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 17. DEBTORS (continued)

##### 17.1 Analysis of provision for impairment on Cardmember receivables

The majority of the Company's Cardmember loans and receivables are sold to a related party on a monthly basis and are therefore classified as FVTPL. For the small proportion of the Company's Cardmember receivables that are not sold, the total provision for impairment on Cardmember receivables as at 31 December 2024 was £0.4m which has decreased from £0.6m as at 31 December 2023. The table below details the associated staging and expected credit loss movements during 2024.

(amounts in £'000)

	2024							
	Cardmember Receivables							
	12 month Expected Credit Losses (Stage 1)		Lifetime Expected Credit Losses					
	Gross Carrying Value	Allowance	Not Credit Impaired (Stage 2)		Credit Impaired (Stage 3)		Total Gross Carrying Value	Total Allowance
Gross Carrying Value			Allowance	Gross Carrying Value	Allowance			
At 1 January 2024	30,436	370	274	135	162	136	30,872	641
Transfer to 12-month ECL	127	71	(97)	(44)	(31)	(26)	(1)	1
Transfer to lifetime ECL not credit impaired	(29)	—	29	—	—	—	—	—
Transfer to lifetime ECL credit impaired	(165)	(2)	(6)	(3)	172	5	1	—
Change due to stage assignment transfer	(91)	(71)	58	34	(64)	74	(97)	37
New financial assets originated	3,320	23	10	9	117	75	3,447	107
Write-offs	—	—	(16)	(16)	(626)	(623)	(642)	(639)
Change in Gross Carrying value / Net remeasurement of loss allowance	(4,497)	(174)	(143)	(63)	498	518	(4,142)	281
Other	(1,282)	(11)	(11)	(9)	(4)	(6)	(1,297)	(26)
<b>At 31 December 2024</b>	<b>27,819</b>	<b>206</b>	<b>98</b>	<b>43</b>	<b>224</b>	<b>153</b>	<b>28,141</b>	<b>402</b>

# American Express Services Europe Limited

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

### 17. DEBTORS (continued)

#### 17.1 Analysis of provision for impairment on Cardmember receivables (continued)

(amounts in £'000)

	2023							
	Cardmember Receivables							
	12 month Expected Credit Losses (Stage 1)		Lifetime Expected Credit Losses					
			Not Credit Impaired (Stage 2)		Credit Impaired (Stage 3)			
	Gross Carrying Value	Allowance	Gross Carrying Value	Allowance	Gross Carrying Value	Allowance	Total Gross Carrying Value	Total Allowance
At 1 January 2023	35,537	150	531	154	244	185	36,312	489
Transfer to 12-month ECL	261	73	(261)	(73)	—	—	—	—
Transfer to lifetime ECL not credit impaired	(202)	(1)	202	1	—	—	—	—
Transfer to lifetime ECL credit impaired	(233)	(1)	—	—	233	1	—	—
Change due to stage assignment transfer	(201)	(74)	(31)	77	(70)	138	(302)	141
New financial assets originated	4,127	49	101	53	—	—	4,228	102
Write-offs	—	—	(59)	(59)	(1,493)	(1,493)	(1,552)	(1,552)
Change in Gross Carrying value / Net remeasurement of loss allowance	(8,279)	176	(200)	(16)	1,252	1,308	(7,227)	1,468
Other	(574)	(2)	(9)	(2)	(4)	(3)	(587)	(7)
<b>At 31 December 2023</b>	<b>30,436</b>	<b>370</b>	<b>274</b>	<b>135</b>	<b>162</b>	<b>136</b>	<b>30,872</b>	<b>641</b>

# American Express Services Europe Limited

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

### 17. DEBTORS (continued)

#### 17.2 Deferred Cardmember Acquisition Costs

Deferred Cardmember acquisition costs relate to incremental fees paid to third-parties to obtain Cardmember contracts, as well as certain set-up or fulfilment costs required to provide the card services, such as the cost of the plastic card. These costs are amortised on a straight line basis over the estimated Cardmember account life, as this reflects the period over which the Company will provide the related card services and benefit from the acquisition and fulfilment costs. The estimated Cardmember account life is reviewed annually to ensure an appropriate deferral period is being applied, and adjusted if necessary. In 2024 the deferral periods ranged from 3 to 7 years (2023: 5 to 7 years). In 2024 amortisation amounting to £16.4m (2023: £12.5m) was recognised within administrative expenses. There was no impairment loss in relation to the costs capitalised.

A reconciliation of deferred Cardmembers acquisition cost as follows:

	<b>£000</b>
At 1 January 2024	51,228
Cost deferred during the year	27,033
Expense recognised during the year	(16,435)
<b>At 31 December 2024</b>	<b>61,826</b>
Current	17,620
Non-current	44,206
	<b>61,826</b>

# American Express Services Europe Limited

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

### 18. CASH AT BANK AND IN HAND

	2024	2023
	£000	£000
Cash at bank and in hand	<u>77,070</u>	<u>191,105</u>

Included within cash at bank is £nil (2023: £64.0m) held on behalf of customers in designated client fund accounts. No funds are held in designated client fund accounts at 31 December 2024 due to the Company's change in safeguarding method from the segregation method to the insurance or comparable guarantee method during the year.

### 19. CREDITORS: amounts falling due within one year

	2024	2023
	£000	£000
Trade creditors	81,148	68,681
Loans due to Group undertakings (Note 21)	1,483,217	1,160,455
Amounts due to Group undertakings	10,004	272,368
Derivative financial instruments (Note 16)	3,297	5,276
Other taxation and social security	12,449	10,987
Corporation tax	—	48
Lease liabilities (Note 22)	9,923	8,081
Other creditors	158,278	180,109
Accruals	235,730	230,522
Deferred income (Note 24)	148,922	118,294
	<u>2,142,968</u>	<u>2,054,821</u>

The current portion of trade and other payables 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 are normally settled within 60 days.
- (ii) Loans due to Group undertakings and falling due within one year are unsecured and are subject to a variable rate of interest. The contractual maturity of amounts is disclosed in Note 4(f).

Reported within Creditors: amounts falling due within one year are Loans due to Group undertakings which are further disclosed in Borrowings (Note 21).

Reported within Other creditors is £86.3m (2023: £73.4m) relating to undrawn commitments classified as FVTPL (Note 15).

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 20. CREDITORS: amounts falling due after more than one year

	2024 £000	2023 £000
Loans due to Group undertakings (Note 21)	41,758	84,851
Lease liabilities (Note 22)	60,318	60,520
Other creditors	2,278	2,615
	<u>104,354</u>	<u>147,986</u>

#### 21. BORROWINGS

	2024 £000	2023 £000
<b>Non-current</b>		
Loans due to Group undertakings	41,758	84,851
<b>Current</b>		
Loans due to:		
Group undertakings	1,483,217	1,160,455
Others	82	80
	<u>1,525,057</u>	<u>1,245,386</u>

#### 22. LEASE LIABILITIES

Lease liabilities included in Creditors as at 31 December are as follows:

	2024 £000	2023 £000
Current	9,923	8,081
Non-current	60,318	60,520
<b>Total</b>	<u>70,241</u>	<u>68,601</u>

The total cash outflow for leases in 2024 was £14.1m (2023: £13.9m).

The following sets out a maturity analysis of the Company's lease liabilities under IFRS 16 with the present value, as of 31 December:

	2024 £000	2023 £000
No later than 1 year	11,349	9,326
Later than 1 year and no later than 5 years	46,925	38,403
Later than 5 years	16,691	25,847
<b>Total</b>	<u>74,965</u>	<u>73,576</u>
Future finance charges	(4,724)	(4,975)
<b>Lease Liabilities</b>	<u>70,241</u>	<u>68,601</u>

# American Express Services Europe Limited

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

### 23. PROVISIONS FOR LIABILITIES

	Restructuring	Dilapidation	Membership rewards	Other	Total
	£000	£000	£000	£000	£000
<b>Cost:</b>					
At 1 January 2024	6,482	380	212,878	26	219,766
Exchange differences	—	—	(109)	—	(109)
Increase in provision	11,278	12	183,474	58	194,822
Utilisations	(11,853)	—	(177,196)	(40)	(189,089)
Releases	(2,924)	—	—	—	(2,924)
Discounting of provision (net of unwinding of discount)	—	—	1,279	—	1,279
<b>At 31 December 2024</b>	<b>2,983</b>	<b>392</b>	<b>220,326</b>	<b>44</b>	<b>223,745</b>

#### 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 initiation. In connection with these programmes, the Company will typically incur severance and other exit costs. During 2024, the Company recognised £11.3m (2023: £14.0m) of restructuring charges, and releases of £2.9m (2023: £0.2m) for adjustments of previously accrued amounts due to revisions of prior estimates.

#### Dilapidation provision

The dilapidation provision represents the estimated cost of returning buildings leased by the Company to their original state prior to their occupation by the Company, where the requirement to do so is specified in the terms and conditions of the lease.

#### Membership rewards

The Company records a Membership Rewards liability that represents the estimated cost of Membership Rewards points earned that are expected to be redeemed by Cardmembers in the future. Further details in respect of the calculation of the liability are given in Notes 3.19 and 3.22. The Membership Rewards liability is considered to be a current liability as, while the liability is expected to be settled over time, the Company does not have the unconditional right to defer settlement beyond one year. The Membership rewards liability is recorded on a discounted basis.

#### Other provisions

Other provisions comprise the aggregate anticipated cost of various outstanding claims and litigation cases. Potential liabilities have been assessed in line with the Company's accounting policy on Provisions and Contingent Liabilities, and have been provided for accordingly.

# American Express Services Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 24. DEFERRED INCOME

	2024 £000	2023 £000
Deferred card fees income	148,776	118,278
Other deferred income	146	16
	<u>148,922</u>	<u>118,294</u>

A reconciliation of deferred card fees income is as follows:

	2024 £000
At 1 January 2024	118,278
Card fees deferred during the year	309,368
Revenue recognised during the year	(278,836)
Other foreign currency adjustments	(34)
<b>At 31 December 2024</b>	<u><b>148,776</b></u>

#### 25. CALLED UP SHARE CAPITAL

*Issued, called up and fully paid*

	2024 No.	2023 No.	2024 £000	2023 £000
Ordinary shares of £1 each	184,348,573	184,348,573	184,349	184,349
Preference shares of \$1 each	47,604,000	47,604,000	27,439	27,439
	<u>231,952,573</u>	<u>231,952,573</u>	<u>211,788</u>	<u>211,788</u>

The Company does not have a limited amount of authorised capital.

The \$1 preference shares have diluted voting rights, one vote for every two shares held. In any year when the Company's distributable profits exceed the amount which would be necessary in order to declare and pay a dividend of \$0.20 per share but no dividend is declared, the holders accrue the right to a deferred dividend of \$0.20 per share, which shall be payable in the event of a return of capital or otherwise at the discretion of the Company. On winding up, the \$1 preference shareholders rank above ordinary shareholders and are entitled to receive the amounts paid up plus an additional amount of \$1 dollar per preference share held; deferred dividends rank for payment after amounts paid up on ordinary shares.

The \$1 preference share capital is converted at the historic exchange rate as at the date of issuance.

# American Express Services Europe Limited

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2024

#### 26. 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 IAS 19 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.

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.

# American Express Services Europe Limited

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

### 26. PENSIONS (continued)

#### German Plans (continued)

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 IAS 19 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 CMI 2023 model (with smoothing and covid experience adjustments) with trend of 1.50% per annum	SAPS S3 mortality table CMI 2022 model (with smoothing and covid experience adjustments) with trend of 1.50% per annum	Heubeck 2018G	Heubeck 2018G

\* post 88 GMP = 2.27%; pre 1997 excess = 0.00%; April 1997 to April 2005 = 3.06%; post April 2005 = 2.05%

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

# American Express Services Europe Limited

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

### 26. PENSIONS (continued)

#### Key assumptions and valuation results (continued)

The table below shows the value of IAS 19 liabilities and assets as at 31 December 2024.

IAS 19 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
Surplus / (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	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).

# American Express Services Europe Limited

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

### 26. PENSIONS (continued)

#### Key assumptions and valuation results (continued)

The assets and liabilities shown above include defined contribution assets and liabilities (from AVCs) as at 31 December 2023.

#### Contributions

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

Country/Plan(s)	2025 Expected 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 £45.4m (2023: £41.7m) of this amount.

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

### 27. COMMITMENTS

The Company has commitments to extend credit to its Cardmembers for its lending products and those charge products which include a pre-set spending limit. These commitments are not contractual and are cancellable at the discretion of the Company if there is an objectively justifiable reason to do so. The commitment for these products represents the maximum potential credit risk, assuming the amount is fully utilised and the Cardmember defaults and collection efforts are unsuccessful. As at 31 December 2024 these commitments were £33,083.2m (2023: £28,310.2m). These amounts are not fully drawn by the Company's Cardmembers and, therefore these amounts in aggregate are not indicative of future cash requirements. Management does not expect any material adverse consequence to the Company's financial position to result from these commitments.

At 31 December 2024 the Company had Co-Brand commitments of £25.2m (2023: £32.2m) in respect of non-cancellable minimum annual payments and marketing fees. The Co-Brand agreements allow the Company to issue both consumer and corporate co-branded products and this amount is due to be paid over a period not exceeding four years.

At 31 December 2024 the Company had capital commitments of £0.4m relating to retentions following the completion of the Belgrave House refurbishment project in 2024 (2023: £2.2m in respect of the second phase of the Belgrave House refurbishment project).

# American Express Services Europe Limited

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

### 28. CONTINGENT LIABILITIES

There are no contingent liabilities for the year ended 31 December 2024.

### 29. RELATED PARTY TRANSACTIONS

In 2024, Directors and other Key Management Personnel held American Express personal cards during the year which are issued by the Company under the normal terms of business, with no instances of bad debt to note for the applicable accounts. The aggregate value of these amounts are provided below:

<b>Directors and Key Management Personnel</b>	<b>2024 £'000</b>
Balance at 1 January *	48
Transactions made in the year	717
Remittances paid in the year	<u>(677)</u>
Balance at 31 December*	<u>88</u>

\*amounts are inclusive of Close Family Member balances

The highest card balance of any individual Director or Key Management Personnel in the year was £0.03m (2023: £0.02m).

#### **Total Commitments**

Total commitments outstanding refers to the total of any undrawn amounts on credit cards provided to Directors and Key Management Personnel.

Total unfunded commitments outstanding as at 31 December 2024 were £0.2m (2023: £0.2m).

### 30. EVENTS AFTER THE BALANCE SHEET DATE

On February 3, 2025 the Company signed a new lease agreement for additional floors at its Belgrave House site. The lease commitment associated with this new agreement is £93.5m. The Company is expected to take control of the additional floors in early 2027.

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

## Report on the audit of the financial statements

### Opinion

In our opinion, American Express Services Europe 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 7, we have provided no non-audit services to the company in the period under audit.

### **Conclusions relating to going concern**

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's forecasts and stresses, with a focus on capital and liquidity risk, and testing their reasonableness, including by comparison to historic performance;
- Considering the American Express group's intention to provide ongoing support to the Company as well as the integral nature of the Company's operations to the broader group;
- Assessing the capital and liquidity position of the ultimate parent undertaking; and
- Reading and evaluating the adequacy of the disclosures made in the financial statements in relation 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 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 tax 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 fair value of the undrawn commitment, membership reward liability and 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](http://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  
22 May 2025