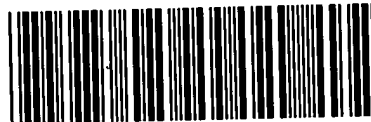


DON'T
STAPLE**OS AA01**Statement of details of parent law and other
information for an overseas company

Companies House



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13/05/2023

#264

COMPANIES HOUSE

✓ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

✗ **What this form is NOT for**
You cannot use this form to
an alteration of manner of
with accounting requirements

FRIDAY
SAT**Part 1 Corporate company name**Corporate name of
overseas company ①

American Express Europe LLC

UK establishment
number

B R 0 0 0 8 9 7

→ **Filling in this form**Please complete in typescript or in
bold black capitals.All fields are mandatory unless
specified or indicated by *① This is the name of the company in
its home state.**Part 2 Statement of details of parent law and other
information for an overseas company****A1 Legislation**Please give the legislation under which the accounts have been prepared and
audited.

Legislation ②

United States of America (US GAPP)

② This means the relevant rules or
legislation which regulates the
preparation of accounts.**A2 Accounting principles**

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**☒ **Yes.** Please enter the name of the organisation or other
body which issued those principles below, and then go to **Section A3.**③ Please insert the name of the
appropriate accounting organisation
or body.Name of organisation
or body ③

Financial Accounting Standards Board

REFERENCE FOR MOTO PAYMENT:
B2000897

OS AA01

Statement of details of parent law and other information for an overseas company


A3

Audited accounts

| | | |
|--------------------------------|---|---|
| Audited accounts | <p>Have the accounts been audited in accordance with a set of generally accepted auditing standards?</p> <p>Please tick the appropriate box.</p> <p><input type="checkbox"/> No. Go to Part 3 'Signature'.</p> <p><input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.</p> | <p>● Please insert the name of the appropriate accounting organisation or body.</p> |
| Name of organisation or body ● | International Standards on Auditing (UK) | |

Part 3

Signature

| | | |
|-----------|---|--|
| | I am signing this form on behalf of the overseas company. | |
| Signature | <p>Signature</p> <p>X  X</p> | |
| | <p>This form may be signed by:</p> <p>Director, Secretary, Permanent representative.</p> | |

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

| | |
|---------------|---------------------------|
| Contact name | Gurinderjit Gill |
| Company name | American Express |
| Address | Belgrave House |
| | 76 Buckingham Palace Road |
| Post town | London |
| County/Region | London |
| Postcode | S W 1 W 9 A X |
| Country | United Kingdom |
| DX | |
| Telephone | 07962372590 |



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
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Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1

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The Registrar of Companies, Companies House,
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Belfast, Northern Ireland, BT2 8BG.
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For further information, please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

American Express Europe LLC

Registered number FC011790

Financial Statements
December 31, 2022

American Express Europe LLC
Financial Statements for the year ended December 31, 2022
Index

| | Page(s) |
|--|----------------|
| Officers & Advisors..... | 1 |
| Statement of directors' responsibilities in respect of the financial statements | 2 |
| Independent Auditors' Report..... | 3 - 5 |
| Financial Statements | |
| Income Statement..... | 6 |
| Statement of Comprehensive Income..... | 7 |
| Balance Sheet..... | 8 |
| Cash Flow Statement | 9 |
| Statement of Shareholders' Equity..... | 10 |
| Notes to Financial Statements | 11 - 29 |

American Express Europe LLC

Officers & Advisors

DIRECTORS

J Griffiths (Chair)
C Barclay
J Huson
G Chamberlain
N Upadhyia (appointed September 20, 2022)
R Bird (resigned September 20, 2022)

COMPANY SECRETARY

G Gill

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

UK REGISTERED OFFICE

Belgrave House
76 Buckingham Palace Road
London
SW1W 9AX

REGULATORS

Civil Aviation Authority
Aviation House
Beehive Ring Road
Crawley
West Sussex
RH6 0YR

International Air Transport Association
The Metro Building
1 Butterwick
Hammersmith
London
W6 8DL

Association of British Travel Agents
30 Park Street
London
SE1 9EQ

American Express Europe LLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements in accordance with the accounting principles generally accepted in the United States of America (US GAAP) as issued by the Financial Accounting Standards Board (FASB), being the recognised set of standards for the preparation of financial statements in the country of incorporation.

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 responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether the accounting principles generally accepted in the United States of America (US GAAP) as issued by the Financial Accounting Standards Board (FASB) have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 also 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.

Independent auditors' report to the directors of American Express Europe LLC

Report on the audit of the financial statements

Opinion

In our opinion, American Express Europe LLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the accounting principles generally accepted in the United States of America.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Income Statement, the Statement of Comprehensive Income, the Cash Flow Statement, and the Statement of Shareholders' Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Independent auditors' report to the directors of American Express Europe LLC (Continued)

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 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.

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, 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.

Independent auditors' report to the directors of American Express Europe LLC (Continued)

Based on our understanding of the company and industry, we identified the principal risks of non-compliance with laws and regulations related to breaches of regulatory principles and compliance with relevant taxation laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 applying management bias in the judgements and assumptions. Audit procedures performed included:

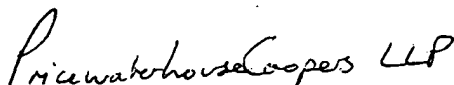
- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, including duplicates and reversals, backdated items, journals created and approved by the same individual and post close entries;
- Reviewing internal audit reports, and
- Challenging assumptions and judgements made by management in their accounting estimates,

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

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

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors as a body for management purposes to assist you to discharge your stewardship obligations and fiduciary responsibilities in accordance with our engagement letter dated 20 January 2023 and for no other purpose. We do not, in giving this opinion, 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, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP
Chartered Accountants
London
10 May 2023

American Express Europe LLC

Income Statement

| Years Ended December 31 (<i>US\$ Thousands</i>) | Note | 2022 | 2021 |
|--|------|--------|---------|
| Revenues | | | |
| Travel commission and fees | | 12,317 | 6,972 |
| Intercompany service fees | 11 | 59,572 | 52,984 |
| Total non-interest revenue | | 71,889 | 59,956 |
| Interest income | | | |
| Interest on loans to affiliates | 11 | 24,064 | 7,036 |
| Deposits with bank and other | | 400 | 18 |
| Total interest income | | 24,464 | 7,054 |
| Interest expense | | | |
| Interest on loans from affiliates | 11 | 23,294 | 2,587 |
| Short-term borrowings and other | | 2,066 | 363 |
| Total interest expense | | 25,360 | 2,950 |
| Net interest (expense)/income | | (896) | 4,104 |
| Total revenues net of interest (expense)/income | | 70,993 | 64,060 |
| Provisions for losses | | 704 | 300 |
| Total revenues net of interest (expense)/income after provision for losses | | 70,289 | 63,760 |
| Expenses | | | |
| Salary and employee benefits | 5 | 47,964 | 38,717 |
| Professional services | | 4,242 | 4,200 |
| Occupancy and equipment | | 5,278 | 4,207 |
| Communications | | 112 | 105 |
| Intercompany service fee expense | 11 | 8,679 | 7,186 |
| Other expenses | | 1,046 | 426 |
| Total expenses | | 67,321 | 54,841 |
| Pretax income | | 2,968 | 8,919 |
| Income tax expense | 8 | (421) | (5,065) |
| Net income | | 2,547 | 3,854 |

The Notes on pages 11 to 29 form an integral part of the financial statements.

American Express Europe LLC

Statement of Comprehensive Income

| Years Ended December 31 (<i>US\$ Thousands</i>) | 2022 | 2021 |
|--|---------|-------|
| Net income | 2,547 | 3,854 |
| Other comprehensive expense | | |
| Foreign currency translation adjustments, net of tax | (5,999) | (334) |
| Other comprehensive expense | (5,999) | (334) |
| Comprehensive (expense) / income | (3,452) | 3,520 |

The Notes on pages 11 to 29 form an integral part of the financial statements.


American Express Europe LLC

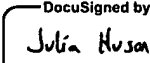
Balance Sheet

| As at December 31 (US\$ Thousands) | Note | 2022 | 2021 |
|---|------|------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | 9 | 297,359 | 57,917 |
| Accounts receivable | 10 | 53,476 | 43,276 |
| Premises and equipment | | 2 | 5 |
| Loans to affiliates | 11 | 2,359,685 | 2,955,603 |
| Due from affiliates | 11 | 1,205,249 | 1,494,570 |
| Derivative financial assets | 12 | 115,933 | 50,488 |
| Other assets | | 159 | 160 |
| Total assets | | 4,031,863 | 4,602,019 |
| Liabilities and Shareholders' Equity | | | |
| Liabilities | | | |
| Accounts payable | 13 | 1,709,018 | 1,276,909 |
| Short-term borrowings | 14 | — | 230,962 |
| Due to affiliates | 11 | 1,082,944 | 866,760 |
| Short-term affiliate debt | 11 | 878,736 | 827,483 |
| Long-term affiliate debt | 11 | 47,976 | 1,120,939 |
| Net deferred tax liability | 8 | 7,743 | 8,490 |
| Derivative financial liabilities | 12 | 99,836 | 63,179 |
| Other liabilities | | 9,531 | 7,766 |
| Total liabilities | | 3,835,784 | 4,402,488 |
| Contingencies and Commitments | 15 | — | — |
| Shareholders' Equity | | | |
| Membership interest | | 50,000 | 50,000 |
| Additional paid-in capital | | 85,283 | 85,283 |
| Retained earnings | | 68,804 | 66,257 |
| Accumulated other comprehensive loss | | | |
| Foreign currency translation adjustments | 16 | (8,008) | (2,009) |
| Total accumulated other comprehensive loss | | (8,008) | (2,009) |
| Total shareholders' equity | | 196,079 | 199,531 |
| Total liabilities and shareholders' equity | | 4,031,863 | 4,602,019 |

The Notes on pages 11 to 29 form an integral part of the financial statements.

The financial statements on pages 6 to 29 were approved by the Board of Directors on May 9, 2023 and signed on its behalf by:

DocuSigned by:

 8FB9FC8B5A4A4F6...
 J Griffiths
 Chairman
 May 9, 2023

DocuSigned by:

 23D5EFD2E31342E...
 J Huson
 Director

American Express Europe LLC

Cash Flow Statement

| Years ended December 31 (<i>US\$ Thousands</i>) | 2022 | 2021 |
|---|--------------------|--------------------|
| Cash Flows from Operating Activities | | |
| Net income | 2,547 | 3,854 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Provision for losses | 704 | 300 |
| Depreciation and amortization | 3 | 5 |
| Deferred taxes, net | (747) | 2,152 |
| Stock-based compensation | 376 | 328 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable and accrued interest | (76,349) | 58,799 |
| Due to / (from) affiliates, net | 505,505 | 386,879 |
| Other operating assets | 1 | 37 |
| Accounts payable and other liabilities | 470,725 | 293,289 |
| Cash collateral | (570) | 2,530 |
| Net cash provided by operating activities | 902,195 | 748,173 |
| Cash Flows from Investing Activities | | |
| Decrease / (Increase) in loans to affiliates | 595,918 | (1,406,394) |
| Sale / (purchase) of plant and equipment | — | (2) |
| Net cash provided / (used in) by investing activities | 595,918 | (1,406,396) |
| Cash Flows from Financing Activities | | |
| Net (decrease) / increase in short-term borrowings | (230,962) | 16,886 |
| Net (decrease) / increase in long-term affiliate debt | (1,072,963) | 188,190 |
| Net increase in short-term affiliate debt | 51,253 | 436,653 |
| Net cash (used in) / provided by financing activities | (1,252,672) | 641,729 |
| Effect of exchange rate changes on cash | (5,999) | (334) |
| Net increase / (decrease) in cash and cash equivalents | 239,442 | (16,828) |
| Cash and cash equivalents at beginning of year | 57,917 | 74,745 |
| Cash and cash equivalents at end of year | 297,359 | 57,917 |

The Notes on pages 11 to 29 form an integral part of the financial statements.

American Express Europe LLC

Statement of Shareholders' Equity

| Years Ended December 31, 2022 and 2021 (US\$ Thousands) | Total Shareholders' Equity | Additional Paid-in Capital | Membership Interests | Accumulated Other Comprehensive (Loss) / Income | Retained Earnings |
|---|----------------------------------|----------------------------------|-------------------------|--|----------------------|
| Balances as of January 1, 2021 | 196,011 | 85,283 | 50,000 | (1,675) | 62,403 |
| Net income | 3,854 | — | — | — | 3,854 |
| Other comprehensive expense | (334) | — | — | (334) | — |
| Balances as of December 31, 2021 | 199,531 | 85,283 | 50,000 | (2,009) | 66,257 |
| Net income | 2,547 | — | — | — | 2,547 |
| Other comprehensive expense | (5,999) | — | — | (5,999) | — |
| Balances as of December 31, 2022 | 196,079 | 85,283 | 50,000 | (8,008) | 68,804 |

The Notes on pages 11 to 29 form an integral part of the financial statements.

American Express Europe LLC

Notes to Financial Statements

December 31, 2022

1. Basis of Preparation

The Company

American Express Europe LLC ("the Company") is incorporated in Delaware, United States of America (US). The Company is part of the American Express Group and has a registered branch in England and Wales (BR000897). The company's immediate parent is American Express Holdings 2 Limited, incorporated in England and Wales. The ultimate parent and controlling undertaking is American Express Company ("American Express"), incorporated in the US. The smallest Group undertaking within which the Company is included is American Express International, Inc. ("AEII") which is also incorporated in the US. Copies of the AEII financial statements can be obtained from American Express Company, 200 Vesey Street, New York, NY 10285, USA.

The Company operates with two separate divisions and accordingly has two distinct principal activities, being: the provision of travel and lifestyle services to customers through its branch operation in the UK; and the provision of services to other American Express Group companies, operating as the multicurrency Clearing House for American Express internationally.

The Company has various transactions with American Express and its subsidiaries. See Note 11 to the Financial Statements for information regarding transactions with affiliates.

The Company is licensed through its travel services operations by the Civil Aviation Authority (CAA) and the International Air Transport Association (IATA) and is also a member of the Association of British Travel Agents (ABTA).

In its role as a treasury foreign exchange and settlement function, the Company, as a wholly owned subsidiary of American Express, a US Banking Entity, is required to perform various foreign exchange trading activities, for which it is required to comply with elements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including the Volcker Rule, DTCC regulatory reporting, and Margining of certain Non-Cleared Derivatives.

Principles of Preparation

By virtue of its branch operation, the Company is deemed to have an establishment in the UK and therefore complies with Part 34 of the Companies Act 2006 and SI 2009/1801 'The Overseas Company Regulations 2009'. The Company is not required to prepare and disclose financial statements under parent law (Delaware General Corporation Law and the Delaware Limited Liability Company Act), so under the Overseas Company Regulations 2009 chooses to prepare financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) as issued by the Financial Accounting Standards Board (FASB), being the recognized set of standards for the preparation of financial statements in the country of incorporation.

The financial statements of the Company 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. All monetary amounts are presented in thousands unless otherwise indicated.

The Board remains satisfied with the appropriateness of preparing the financials on a going concern basis following the additional consideration of the Company's ongoing support from the American Express Group, including a letter of support issued by American Express Company. The Company has performed an evaluation of subsequent events through May 9, 2023, which is the date the financial statements were available to be issued.

American Express Europe LLC

Notes to Financial Statements (Continued)

December 31, 2022

1. Basis of Preparation (Continued)

Recently Adopted Accounting Standards

In March 2020, the Financial Accounting Standards Board issued new accounting guidance related to the effects of reference rate reform on financial reporting. The guidance, effective for reporting periods through December 31, 2022, provides accounting relief for contract modifications that replace an interest rate impacted by reference rate reform (e.g., LIBOR) with a new alternative reference rate. The guidance is applicable to investment securities, receivables, loans, debt, leases, derivatives and hedge accounting elections and other contractual arrangements. The Company adopted the guidance in 2020, with no material impact on our financial position, results of operations and cash flows. There were no significant changes to the Company's accounting policies, business processes or internal controls as a result of adopting the new guidance.

There are no applicable recently issued accounting standards that the Company is aware of.

2. LIBOR Transition

In response to the reference rate reform, the Company amended its contracts to replace references to LIBOR and updated its operational processes, IT systems and models to transition to alternative reference rates from 1st January 2022.

The Company held six loans with affiliate entities which were impacted by the rate reform and needed to be transitioned to alternative reference rates. Three loans with USD LIBOR rates were transitioned to term Secured Overnight Funding Rates (SOFR), 1 loan with CHF LIBOR rates was transitioned to the Swiss Average Rate Overnight (SARON) compounded index, and two loans with GBP LIBOR rates were transitioned to term Sterling Overnight Indexed Average rates. The impact to the Company of transitioning to the new rates was immaterial.

3. Summary of Significant Accounting Policies

Foreign Currency

The Company operates with two separate divisions, recording clear and separable activities. On this basis the divisions have been established with different functional currencies and the entity operates with a dual functional currency. For the purposes of presenting its financial statements, the Company adopts a reporting currency of US Dollars.

The travel and lifestyle services division recognizes revenues and expenses in pounds sterling, which are translated into US Dollars for reporting purposes at the average month-end exchange rates during the year. Monetary assets and liabilities are translated into US Dollars based upon 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 transaction. The resulting translation adjustments, along with any related tax effects are included in accumulated other comprehensive income, a component of shareholders' equity.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

3. Summary of Significant Accounting Policies (Continued)

Foreign Currency (Continued)

The Clearing House division recognizes revenues and expenses in US Dollars, with transactions denominated in other foreign currencies translated into US Dollars at the average month-end exchange rates during the year. Monetary assets and liabilities are translated into US Dollars based upon 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 transaction. The resulting exchange gains and losses are borne by a related Group entity.

Amounts Based on Estimates and Assumptions

Accounting estimates are an integral part of the financial statements. These estimates are based, in part, on management's assumptions concerning future events. Assumptions include provisions, where necessary, within accounts receivable, other liabilities, stock-based compensation expense, fair value measurement and income taxes. These accounting estimates reflect the best judgment of management, but actual results could differ.

Income Statement

Travel Commissions and Fees

The Company earns travel commissions and fees from travel suppliers (for example, airlines, hotel and car rental companies) on tickets issued, sales and other services based on contractual agreements. Commissions and fees from travel suppliers are recognized at the time a reservation is made, net of anticipated cancellations, or over the term of the contract.

Intercompany Service Fees

The Company earns revenue when it performs a service on behalf of other American Express Group companies. This includes services provided to card issuing entities in providing travel and lifestyle and global benefits services to their card members. Income is based on a mark-up of operating costs incurred, or in the case of certain travel and lifestyle services, operating costs incurred net of travel commissions and fees earned, and is billed monthly. The Company provides the services to the related companies over time, and revenue is recognized as services are provided.

Due to the way the Company is remunerated, the revenue recorded for services provided to other American Express Group companies will never fall below the actual operating costs incurred in providing the services (excluding net interest income / (expense)).

Interest Income

Interest income consists primarily of interest on loans to affiliates generated as a result of the Clearing House function which the Company provides to other American Express Group companies and is recognized as earned.

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

Interest Expense

Interest expense includes interest incurred on the Company's long-term and short-term borrowings, which are required to provide funding for the Clearing House function which the Company provides to other American Express Group companies, and for general purposes and liquidity needs. Interest expense is recognized as incurred.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

3. Summary of Significant Accounting Policies (Continued)

Occupancy Expenses

The Company occupies space in buildings leased by another Group company, receiving an occupancy charge-out from the affiliate company based on headcount. The Company has concluded that these intercompany charge-outs do not meet the definition of a lease, as there is no formal agreement governing the charge-out and the Company does not have the ability to direct the use of the assets throughout the period of use. Accordingly, the intercompany charge-out of occupancy costs incurred by the Company is treated as a service for accounting purposes, with the lease asset and liability being recorded in the legal entity that signs the agreement with the third-party lessor.

Other Expenses, net

Other expenses, net includes travel and entertainment expenses, services and supplies, and other operating expenses.

Balance Sheet

Cash and Cash equivalents

Cash and cash equivalents include cash and amounts due from banks, interest-bearing bank balances and other highly liquid investments with original maturities of 90 days or less.

Accounts Receivable

Accounts receivable relate to travel and regular trade receivables due to the Company in the normal course of business, together with third party receivables in respect of Clearing House activities performed on behalf of other American Express Group companies.

Reserve for losses

Reserves for losses represent management's best estimate of the expected credit losses in the Company's outstanding portfolio of receivables as of the balance sheet date. The CECL methodology, which became effective January 1, 2020, requires an estimate of lifetime expected credit losses to be made by incorporating historical loss experience, as well as current and future economic conditions over a reasonable and supportable period beyond the balance sheet date. Various judgments are made combined with historical loss experience to calculate a reserve rate that is applied to the outstanding receivable balance to produce a reserve for expected credit losses.

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

Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation. Costs incurred during construction are capitalized and are depreciated once an asset is placed in service. Depreciation is computed using the straight-line method over the estimated useful lives of assets, which range from 3 to 5 years for equipment.

Due From / To Affiliates

The Company reports its amounts due from / to affiliates on a net by counterparty basis in line with the settlement arrangements in place.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

3. Summary of Significant Accounting Policies (Continued)

Accounts Payable

Accounts payable relate to travel and regular vendor payables due from the Company in the normal course of business, together with third party payables in respect of Clearing House activities performed on behalf of other American Express Group companies.

Short Term Borrowings

Short term borrowings, defined as borrowings with a maturity date of less than one year, represents overdrafts with banks.

Other Significant Accounting Policies

The following table identifies the Company's other significant accounting policies, the Note and page where the Note can be found.

| Significant Accounting Policy | Note Number | Note Title | Page |
|------------------------------------|-------------|------------------------------------|------|
| Fair Value Measurements | Note 4 | Fair Values | 15 |
| Stock Based Compensation | Note 6 | Stock Plans | 17 |
| Retirement Plans | Note 7 | Retirement Plans | 19 |
| Income Taxes | Note 8 | Income Tax Expense / (Benefit) | 20 |
| Derivatives and Hedging Activities | Note 12 | Derivatives and Hedging Activities | 25 |

4. Fair Values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the Company's principal or, in the absence of a principal, most advantageous market for the specific asset or liability.

US GAAP provides for a three-level hierarchy of inputs to valuation techniques used to measure fair value, defined as follows:

- Level 1 – Inputs that are quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity can access.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability, including:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in markets that are not active
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3 – inputs that are unobservable and reflect the Company's own estimates about the estimates market participants would use in pricing the asset or liability based on the best information available in the circumstances (e.g. internally derived assumptions surrounding the timing and amount of expected cash flows). The Company did not measure any financial instruments presented on the Balance Sheet at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, 2022 and 2021.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

4. Fair Values (Continued)

The Company monitors the market conditions and evaluates the fair value hierarchy levels at least quarterly. For the years ended December 31, 2022 and 2021, there were no Level 3 transfers.

Financial Assets and Financial Liabilities Carried at Fair Value

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis, categorized by US GAAP's fair value hierarchy as Level 2 (as described in the preceding paragraphs), as of December 31:

| | 2022 | 2021 |
|----------------------------------|---------|---------|
| (US\$ Thousands) | Level 2 | Level 2 |
| Assets: | | |
| Derivative, gross ^(a) | 161,791 | 71,082 |
| Liabilities: | | |
| Derivative, gross ^(a) | 146,024 | 83,533 |

^(a) Refer to Note 12 for the fair values of derivatives assets and liabilities, on a further disaggregated basis.

Valuation Techniques Used in the Fair Value Measurement of Financial Assets and Financial Liabilities Carried at Fair Value

For the financial assets and liabilities measured at fair value on a recurring basis (categorized in the valuation hierarchy table above) the Company applies the following valuation techniques:

Derivative Financial Instruments

The fair value of the Company's derivative financial instruments is estimated by using third-party pricing models where the inputs to those models are readily observable from active markets. The pricing models used are consistently applied and reflect the contractual terms of the derivatives as described below. 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 is determined based on a discounted cash flow method using the following significant inputs: the contractual terms of the forward contracts such as the notional amount, maturity dates and contract rate, as well as relevant foreign currency forward curves, and discount rates consistent with the underlying economic factors of the currency in which the cash flows are denominated.

Credit valuation adjustments are necessary when the market parameters, such as a benchmark curve, used to value derivatives 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. Refer to Note 12 for additional information on derivative financial instruments.

Nonrecurring Fair Value Measurements

The Company did not have any material assets that were measured at fair value for impairment on a nonrecurring basis during the years ended December 31, 2022 and 2021.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

5. Salary and Employee Benefits

The components of salary and employee benefit expense included in the Statement of Income for the years ended December 31 were as follows:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|----------------------------|---------------|-------------|
| Wages and salaries | 37,852 | 31,876 |
| Social security costs | 4,790 | 4,123 |
| Other pension costs | 4,079 | 2,179 |
| Restructuring charges | 867 | 211 |
| Stock compensation expense | 376 | 328 |
| Total | 47,964 | 38,717 |

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

| | 2022 | 2021 |
|--------------|-------------|-------------|
| Managers | 85 | 75 |
| Associate | 668 | 518 |
| Total | 753 | 593 |

6. Stock Plans

The following is a description of the American Express Stock Option and Awards Programs, sponsored by American Express, in which the Company's employees participate:

Equity-settled share-based payments

Under the American Express 2016 Incentive Compensation Plan (amended and restated effective May 5, 2020) and previously under the 2007 Incentive Compensation Plan (collectively, Incentive Compensation Plans), awards may be granted to employees and other individuals who perform services for American Express Company and its participating subsidiaries. These awards may be in the form of stock options, restricted stock units or awards (collectively referred to as RSAs), other incentives and similar awards designed to meet the requirements of non-U.S. jurisdictions.

Stock-based compensation expense recognized in Salaries and employee benefits in the Income Statement was \$0.4 million and \$0.3 million in 2022 and 2021, respectively, with corresponding income tax benefits of \$0.1 million in each of those respective years.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

6. Stock Plans (Continued)

A summary of the Company's RSA activity as of December 31, 2022, and corresponding changes during the year, is presented below:

| | Service-Based RSAs | | Service and Performance Based RSAs | |
|--|--------------------|------------------------------|------------------------------------|------------------------------|
| | Shares | Weighted Average Grant Price | Shares | Weighted Average Grant Price |
| Outstanding as of January 1, 2022 | 5,979 | US \$115.73 | — | — |
| Granted | 2,042 | 177.06 | 112 | 163.42 |
| Transferred In/ Transferred Out ^(a) | 766 | — | — | — |
| Exercised / Vested during year | (3,181) | 111.70 | — | — |
| Forfeited | (127) | 177.06 | — | — |
| Outstanding as of December 31, 2022 | 5,479 | \$138.96 | 112 | \$163.42 |

(a) Represents awards to employees who transferred in or out of the Company to other American Express subsidiaries.

Stock-based compensation expense is generally recognized ratably based on the grant-date fair value of the award, net of expected forfeitures, over the vesting period. The vesting period is the shorter of the vesting schedule as defined in each award agreement or the date an individual will become eligible to retire. Retirement eligibility is dependent upon age and/or years of service.

Restricted stock awards and units

American Express grants RSAs that contain either a) service conditions or b) both service and performance conditions. RSAs containing only service conditions generally vest over three years, or four years for awards granted prior to 2022, beginning with the first anniversary of the grant date. RSAs containing both service and performance conditions generally vest on the third anniversary of the grant date, and the number of shares earned depends on the achievement of predetermined metrics. All RSA holders receive non-forfeitable dividends or dividend equivalents.

Performance-based RSAs include a relative total shareholder return (r-TSR) modifier so that American Express' 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 RSAs that do not include the r-TSR modifier, including those that contain only service conditions, is measured using the stock price of American Express on the grant date. The fair value of service and performance-based RSAs that include the r-TSR modifier is determined using a Monte Carlo valuation model with the following weighted-average assumptions in 2022:

| | 2022 |
|---|-------|
| Expected Volatility ^(a) | 42 % |
| Risk free interest rate | 1.4 % |
| Remaining performance period (in years) | 2.9 |

(a) The expected volatility is based on historical volatility of American Express' common stock price.

As of December 31, 2022, there was \$0.1 million of total unrecognized compensation cost related to non-vested RSAs, which will be recognized ratably over the weighted-average remaining vesting period of 1.1 years.

The weighted average grant date fair value of RSAs granted in 2022 and 2021 was \$176.35 and \$116.26, respectively.

For RSAs vested during 2022 and 2021, the total fair value, based upon American Express' stock price at the date the RSAs vested, was \$0.5 million and \$0.5 million, respectively.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

6. Stock Plans (Continued)

The cost of these awards is expensed by the Company over the vesting period and a resulting liability payable to American Express is established. The Company is required to reimburse American Express over the vesting period for stock awards issued to its employees.

7. Retirement Plans

The Company's employees participate in defined contribution retirement plans. Expenses related to these plans are allocated to participating subsidiaries and recognised as expense in the Company's Statement of Income. The total expense for all defined contribution plans was \$2.4 million and \$2.1 million in 2022 and 2021, respectively.

Certain employees participate in the Company's defined benefit retirement plan (DB) which is sponsored by American Express and is accounted for following multiemployer guidance in these subsidiary financial statements. Expenses related to the DB plan are allocated by American Express to participating subsidiaries. The Company records expense based on actuarially determined amounts in accordance with US GAAP governing retirement benefits. Contributions made to the DB plan are recorded by the Company with an offsetting charge to the related asset account. The total net benefit was \$0.3 million and \$1.6 million in 2022 and 2021, respectively.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

8. Income Tax Expense / (Benefit)

The Company is a U.S. Limited Liability Company (LLC) with a branch in the UK and is a disregarded entity for U.S. tax purposes. Following the reorganization on March 1, 2020, ownership of the Company was transferred to American Express Holdings 2 Limited, a UK Corporation. Prior to March 1, 2020 the results of operations of the Company were included in the consolidated U.S. federal income tax return of American Express. Under an agreement with American Express, these taxes are recognized on a separate company basis. If income tax benefits for net operating losses, future tax deductions and foreign tax credits cannot be recognized on a separate company basis, such benefits are then recognized based upon a share, derived by formula, of those deductions and credits that are recognizable on an American Express consolidated reporting basis. Following the reorganization, from 2021 the Company only files a corporate tax return in the UK.

The components of income tax expense included in the Statement of Income were as follows:

| Year ended December 31, (US\$ Thousands) | 2022 | 2021 |
|---|-------|-------|
| Current income tax (benefit) / expense: | | |
| U.S. federal | 127 | 1,602 |
| U.S. state | 40 | 25 |
| Non-U.S. | 355 | 1,269 |
| Total current income tax (benefit) / expense | 522 | 2,896 |
| Deferred income tax (benefit) / expense | | |
| U.S. federal | — | 14 |
| U.S. state | — | (1) |
| Non-U.S. | (101) | 2,156 |
| Total deferred income tax (benefit) / expense | (101) | 2,169 |
| Total income tax (benefit) / expense | 421 | 5,065 |

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

8. Income Tax Expense / (Benefit) (Continued)

A reconciliation of the UK statutory tax rate to the Company's actual income tax rates for 2022 and 2021 was as follows:

| | 2022 | 2021 |
|--|-------|-------|
| Tax at UK rate | 19.0% | 19.0% |
| Increase / (decrease) in taxes resulting from: | | |
| Prior year adjustment | -0.2% | 12.0% |
| Non-deductible expenses | 0.3% | 0.5% |
| Others | -4.9% | 0% |
| UK tax rate change | 0% | 25.3% |
| Actual tax rates | 14.2% | 56.8% |

The Company records a deferred income tax (benefit) or expense when there are differences between assets and liabilities measured for financial reporting and for income tax return purposes. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. A valuation allowance is established when management determines that it is more likely than not that all or some portion of the benefit of the deferred tax assets will not be realized.

The significant components of deferred tax assets and liabilities at December 31 are reflected in the following table:

| (US\$ Thousands) | 2022 | 2021 |
|---|--------|--------|
| Deferred tax assets: | | |
| Reserves not yet deducted for tax purposes | 138 | 144 |
| Foreign fixed asset | 5,300 | 5,154 |
| Others | 817 | 211 |
| Gross deferred tax assets | 6,255 | 5,509 |
| Less: Valuation allowance | — | — |
| Gross deferred tax assets after valuation allowance | 6,255 | 5,509 |
| Deferred tax liabilities: | | |
| Employee compensation & benefits | 13,998 | 13,720 |
| Others | — | 279 |
| Gross deferred tax liabilities | 13,998 | 13,999 |
| Net deferred tax liabilities | 7,743 | 8,490 |

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

8. Income Tax Expense / (Benefit) (Continued)

A tax position is recognized only when, based on management's judgment regarding the application of income tax laws, it is more likely than not that the tax position will be sustained upon examination. The amount of benefit recognized for financial reporting purposes is based on management's best judgment of the largest amount of benefit that is more likely than not to be realized on ultimate settlement with the taxing authorities given the facts, circumstances and information available at the reporting date. The Company adjusts the level of unrecognized tax benefits when there is new information available to assess the likelihood of the outcome.

The Company does not have any unrecognized tax benefits as of December 31, 2022 and 2021. Interest and penalties on income taxes, if any, are reported in the income tax provision.

American Express is under continuous examination by His Majesty's Revenue & Customs (HMRC). The tax years open for examination by HMRC in the UK are 2021 onwards.

The Company's income tax payable / (receivable) to American Express was (\$0.0m) and (\$0.2m) at December 31, 2022 and 2021, respectively.

Net income taxes paid / (received) by the Company were \$0.3m for the year ended December 31, 2022 and \$0.6m for the year ended December 31, 2021.

9. Cash and Cash Equivalents

Cash and Cash Equivalent as of December 31, 2022 and 2021 consisted of:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|----------------------------------|----------------|-------------|
| Cash at bank | 27,547 | 20,741 |
| Interest-bearing deposits | 269,812 | 37,176 |
| Cash and cash equivalents | 297,359 | 57,917 |

Certain American Express Group companies, including the Company, participate in group banking arrangements with third-party banks ("the Banks"). Under the terms of these arrangements, the Company's cash deposits with the Banks are available to be offset against outstanding overdraft balances of other participating American Express Group companies. The Company's exposure to these arrangements is limited to the funds held with the Banks which, as at December 31, 2022, amounted to \$241.39 million (2021: \$6.95 million).

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

10. Accounts Receivable

Accounts receivable as of December 31, 2022 and 2021 consisted of:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|---------------------------------|---------------|---------------|
| Clearing House receivables | 52,819 | 43,799 |
| Travel receivables | 3,533 | 3,110 |
| Less: Reserve for losses | (2,876) | (3,633) |
| Accounts receivable, net | 53,476 | 43,276 |

All of the above amounts are due within one year. Accounts receivable are carried at cost less reserves which approximates fair value due to the short-term nature thereof.

Reserves for receivables are determined based on the methodology outlined in Note 3 and are typically fully reserved for after 90 or 180 days past due, when the underlying amounts are no longer expected to be recovered. In addition assessments, incorporating past events, current conditions and future economic conditions, are performed on a case by case basis and additional reserves are booked when required. Management have also given consideration to the inclusion of qualitative reserves to cover losses that are expected, but may not be adequately represented in the quantitative methods or economic assumptions. Amounts are generally written off when 360 days past due.

11. Transactions With American Express and its Subsidiaries

In addition to the transactions described elsewhere in the financial statements and the notes thereto, the Company has various transactions with American Express and its subsidiaries. The amounts resulting from these transactions included in the Financial Statements for the year ended December 31 are as follows:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|---------------------------|-----------|-----------|
| Balance Sheet | | |
| Loans to affiliates | 2,359,685 | 2,955,603 |
| Due from affiliates | 1,205,249 | 1,494,570 |
| Due to affiliates | 1,082,944 | 866,760 |
| Short-term affiliate debt | 878,736 | 827,483 |
| Derivative assets | 83,088 | 15,304 |
| Derivative liabilities | 49,403 | 39,280 |
| Long-term affiliate debt | 47,976 | 1,120,939 |

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

11. Transactions With American Express and its Subsidiaries (Continued)

Loans to affiliates represents unsecured loans payable on demand extended by the Company to affiliates on a floating rate, and for the years ended December 31 comprises the following:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|---|------------------|------------------|
| Loans to affiliates: | | |
| American Express Carte France, SA ^(a) | 1,023,879 | 1,067,562 |
| American Express Europe SA ^{(a), (b)} | 681,294 | 739,093 |
| American Express Credit Corporation ^(c) | 286,600 | — |
| American Express Services Europe Limited ^(a) | 237,207 | 997,396 |
| American Express de España SAU ^(a) | 130,705 | 137,981 |
| American Express Bank LLC ^(d) | — | 13,571 |
| Total | 2,359,685 | 2,955,603 |

^(a) Interest is computed on actual daily principal outstanding during the preceding monthly period on a 365-day basis and is paid annually until the principal is repaid.

^(b) Interest is computed on actual daily principal outstanding during the preceding monthly period on a 360-day basis and is paid annually until the principal is repaid.

^(c) Interest is computed on actual daily principal outstanding during the preceding monthly period on a 360-day basis and is paid monthly until the principal is repaid.

^(d) Loan agreement terminated in August 2022.

Due from / to affiliates as of December 31 comprises the following:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|---|-----------|-----------|
| Intercompany receivables ^(a) | 1,205,249 | 1,494,570 |
| Intercompany payables ^(a) | 1,082,944 | 866,760 |

^(a) Represents intercompany positions arising from the provision of clearing and settlement services to other Group companies, which are settled monthly.

Short-term affiliate debt as of December 31 comprises the following:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|--|----------------|----------------|
| Short-term affiliate debt: | | |
| American Express Payments Europe, SL ^(a) | 567,830 | 555,231 |
| American Express Payment Services Limited ^(a) | 205,932 | 270,437 |
| American Express Travel Holdings Netherlands B.V. ^(b) | 103,000 | — |
| American Express, spol. s r.o. ^(c) | 1,974 | 1,815 |
| Total | 878,736 | 827,483 |

^(a) Interest is computed on a floating rate on actual daily principal outstanding during the preceding monthly period on a 365-day basis and is payable at monthly intervals.

^(b) Interest is computed on a floating rate on actual daily principal outstanding during the preceding monthly period on a 360-day basis and is paid annually until the principal is repaid.

^(c) Interest is computed on a floating rate on actual daily principal outstanding during the preceding monthly period on a 365-day basis and is paid annually until the principal is repaid

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

11. Transactions With American Express and its Subsidiaries (Continued)

Long-term affiliate debt, due more than 12 months after the Balance Sheet date, as of December 31 comprises the following:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|--|---------------|------------------|
| Long-term affiliate debt: | | |
| Loyalty Partner GmbH ^(b) | 33,826 | 163,891 |
| American Express Services Europe Ltd – Germany Branch ^(b) | 14,150 | 12,935 |
| American Express Company ^(a) | — | 942,400 |
| American Express Services Europe Ltd – Sweden Branch ^(b) | — | 1,713 |
| Total | 47,976 | 1,120,939 |

^(a) Interest is computed on a floating rate on actual daily principal outstanding during the preceding monthly period on a 360-day basis and is paid annually until the principal is repaid.

^(b) Interest is computed on a floating rate on actual daily principal outstanding during the preceding monthly period on a 365-day basis and is paid annually until the principal is repaid.

The amounts resulting from transactions with affiliates included in the Statement of Income for the years ended December 31 are as follows:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|-----------------------------------|--------|--------|
| Intercompany service fees | 59,572 | 52,984 |
| Interest on loans to affiliates | 24,064 | 7,036 |
| Interest on loans from affiliates | 23,294 | 2,587 |
| Intercompany service fee expense | 8,679 | 7,186 |
| Occupancy expense | 4,819 | 3,585 |
| Stock compensation expense | 376 | 328 |

12. Derivatives and Hedging Activities

Derivatives Not Designated as Hedges

The Company uses derivatives to manage exposures to various market risks. These instruments derive their value from an underlying variable or multiple variables, including foreign exchange rates, and are carried at fair value on the Balance Sheet. These instruments enable end users to increase, reduce or alter exposure to various market risks and, for that reason, are an integral component of the Company's market risk management. The Company does not transact in derivatives for trading purposes.

Market risk is the risk to earnings or asset and liability values resulting from movements in market prices. The Company's market risk exposures include foreign exchange risk related to earnings, funding and transactions in currencies other than the U.S. dollar. The Company centrally monitors market risks using market risk limits and escalation triggers as defined in the American Express Asset/Liability Management Policy.

Foreign exchange risk is generated by cross-currency transactions, foreign currency balance sheet exposures, and foreign currency earnings in branches outside the United States. The Company's foreign exchange risk is managed primarily by entering into agreements to buy and sell currencies on a spot basis or by hedging this market exposure, to the extent it is economical, through various means, including the use of derivatives such as foreign exchange forwards.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

12. Derivatives and Hedging Activities (Continued)

Derivatives may give rise to counterparty credit risk, which is the risk that a derivative counterparty will default on, or otherwise be unable to perform pursuant to, an uncollateralized derivative exposure. The Company manages this risk by considering the current exposure, which is the replacement cost of contracts on the measurement date, as well as estimating the maximum potential value of the contracts over the next 12 months, considering such factors as the volatility of the underlying or reference index. To mitigate derivative credit risk, counterparties are required to be pre-approved by the Company and rated as investment grade, and counterparty risk exposures are centrally monitored.

A number of the Company's derivative assets and liabilities as of December 31, 2022 and 2021 are subject to master netting agreements with its derivative counterparties. Accordingly, where appropriate, the Company has elected to present derivative assets and liabilities with the same counterparty on a net basis in the Balance Sheet. To further mitigate counterparty credit risk, the Company exercises its rights under executed credit support agreements with the respective derivative counterparties for select foreign exchange contracts. These agreements require that, in the event the fair value change in the net derivatives position between the two parties exceeds certain dollar thresholds, the party in the net liability position posts collateral to its counterparty.

In relation to credit risk, certain of the Company's bilateral derivative agreements include provisions that allow its counterparties to terminate the agreement in the event of a downgrade of the Group's debt credit rating below investment grade and settle the outstanding net liability position. Based on an assessment of the credit risk of the Company's derivative counterparties and the Group's credit risk as of December 31, 2022 and 2021, no credit risk adjustment to the derivative portfolio was required.

The Company's derivatives are carried at fair value on the Balance Sheet. The accounting for changes in fair value depends on the instruments' intended use and the resulting hedge designation, if any, as discussed below. Refer to Note 4 for a description of the Company's methodology for determining the fair value of derivatives.

The following table summarizes the total fair value, excluding interest accruals, of derivative assets and liabilities as of December 31:

| | Derivative Financial Assets | | Derivative Financial Liabilities | |
|--|------------------------------------|-------------------------|---|-------------------------|
| | Fair Value | | Fair Value | |
| <i>(US\$ Thousands)</i> | 2022 | 2021 (restated*) | 2022 | 2021 (restated*) |
| Derivatives not designated as hedging instruments | | | | |
| Foreign exchange contracts | 161,791 | 71,082 | 146,024 | 83,533 |
| Total derivatives, gross | 161,791 | 71,082 | 146,024 | 83,533 |
| Cash collateral netting ^(a) | — | (240) | (330) | — |
| Derivative asset and derivative liability netting ^(b) | (45,858) | (20,354) | (45,858) | (20,354) |
| Total derivatives, net | 115,933 | 50,488 | 99,836 | 63,179 |

* Restated to present the gross positions having previously been presented net.

^(a) Represents the offsetting of certain foreign exchange contracts with the right to cash collateral held from the counterparty or cash collateral posted with the counterparty.

^(b) Represents the amount of netting of derivative assets and derivative liabilities executed with the same counterparty under an enforceable master netting arrangement.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

12. Derivatives and Hedging Activities (Continued)

Derivatives Not Designated as Hedges

The Company has derivatives that act as economic hedges but are not designated as such for hedge accounting purposes. Foreign currency transactions from time to time may be partially or fully economically hedged through foreign currency contracts, primarily foreign exchange forwards. These hedges generally mature within one year. Foreign currency contracts involve the purchase and sale of designated currencies at an agreed upon rate for settlement on a specified date.

The changes in the fair value of derivatives that are not designated as hedges are intended to offset the related foreign exchange gains or losses of the underlying foreign currency exposures. The changes in fair value for derivatives that are not designated as hedges are borne by a related Group entity, hence there is no impact on pre-tax earnings in the Statement of Income for the years ended December 31, 2022 and 2021.

13. Accounts Payable

Accounts payable as of December 31, 2022 and 2021 consisted of:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|-------------------------|------------------|------------------|
| Clearing House payables | 1,702,983 | 1,272,626 |
| Travel payables | 6,034 | 4,277 |
| Vendor payables | 1 | 6 |
| Total | 1,709,018 | 1,276,909 |

All of the above amounts are due within one year. Accounts payable are carried at cost which approximates fair value due to the short-term nature thereof.

Clearing House payables are non-interest bearing and are generally settled within 30 days.

Travel payables are non-interest bearing and are generally settled within 30 days of the date of travel.

Vendor payables are non-interest bearing and are normally settled within 60 days of the submission of an invoice.

14. Short-Term Borrowings

The Company's short-term borrowings outstanding (excluding debt with affiliates), defined as borrowings with original contractual maturity dates of less than one year, as of December 31 were as follows:

| <i>(US\$ Thousands)</i> | 2022 | | 2021 | |
|-------------------------------|---------------------|--|---------------------|--|
| | Outstanding Balance | Year-End Stated Interest Rate on Debt ^(a) | Outstanding Balance | Year-End Stated Interest Rate on Debt ^(a) |
| Borrowed funds ^(b) | — | — % | 229,619 | 0.08 % |
| Other ^(c) | — | — % | 1,343 | 2.25 % |
| Total | — | | 230,962 | |

^(a) For floating rate issuances, the standard interest rates are weighted based on the outstanding principal balances and interest rates in effect as of December 31, 2022 and 2021.

^(b) American Express Company and its subsidiaries maintain credit and debit balances with Standard Chartered Bank plc whereby both parties in effect treat the balances as a single account. A pre-agreed pledge account balance is maintained and the Company, in its capacity as Clearing House, balances the pledge on a daily basis. The balancing entity may be in credit or debit balance to ensure the overall pledge account balance is maintained.

^(c) Primarily consists of a group banking arrangement with Lloyds Bank plc, whereby the cash deposit and overdraft balances of participating American Express Group companies in the UK were able to be offset against each other. The arrangement was cancelled in March 2023.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

15. Contingencies and Commitments

Contingencies

In the ordinary course of business, the Company is subject to governmental examinations, information gathering requests, subpoenas, inquiries and investigations. The Company believes that it is not a party to any legal proceeding that would have a material adverse effect on the Company's financial condition or liquidity.

16. Accumulated Other Comprehensive Loss

Accumulated other comprehensive income / loss (AOCI) is comprised of foreign currency gains and losses arising on the translation of foreign operations. The components of foreign currency translation adjustments included in the Shareholder's Equity section of the Balance Sheet as of December 31 were as follows:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|--|----------------|----------------|
| Foreign currency translation adjustments (gross) | (9,876) | (3,877) |
| Current / deferred taxes | 1,868 | 1,868 |
| Foreign currency translation adjustments (net of tax) | (8,008) | (2,009) |

No amounts were reclassified out of AOCI into the Income Statement for the years ended December 31, 2022 and 2021.

17. Significant Credit Concentrations

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Company's total credit exposure. The Company's customers operate in diverse industries, economic sectors and geographic regions.

The following table details the Company's maximum credit exposure by category at December 31:

| <i>(US\$ Thousands)</i> | 2022 | 2021 |
|---------------------------------------|------------------|------------------|
| On-balance sheet: | | |
| Due from affiliates ^(a) | 3,648,022 | 4,465,477 |
| Financial institutions ^(b) | 330,204 | 93,101 |
| All other ^(c) | 53,625 | 43,441 |
| Total on-balance sheet | 4,031,851 | 4,602,019 |

^(a) Primarily due from affiliates and loans to affiliates.

^(b) Financial institutions primarily includes debt obligations of banks.

^(c) All other primarily includes receivables from third parties held in respect of Clearing House activities.

At December 31, 2022 and 2021, the Company's most significant concentration of credit risk was with affiliates.

American Express Europe LLC
Notes to Financial Statements (Continued)
December 31, 2022

17. Significant Credit Concentrations (Continued)

Management has considered the recoverability of balances owed by affiliates (a), financial institutions (b) and third parties (c):

The balance sheet, capital and liquidity profile of American Express Company remains very strong, with capital ratios that are well above its targets and regulatory requirements. These robust liquidity and capital levels provide the Group with significant flexibility to maintain the strength of its balance sheet through evolving circumstances. Accordingly, the recoverability of amounts due from affiliates is not considered to be significantly at risk.

There are no known risks associated with the recoverability of amounts due from financial institutions.

The risk of non-recovery for third party receivables held in respect of Clearing House activities lies with the other Group entities who hold the business relationship. The Company also holds third party receivables from Travel companies (\$3.5m at December 31, 2022), but the cost of any provisions or write-offs in respect of these balances will be passed to another Group entity as a result of the charge-out mechanisms in place.

18. Subsequent Events

The Company evaluated subsequent events occurring through May 09, 2023, the date the financial statements were available to be issued, noting no events required additional disclosure.