Risk Factors Comparison 2024-02-09 to 2023-02-10 Form: 10-K

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This section highlights certain risks that could affect us and our businesses, broadly categorized ~~as~~ **in accordance with the risk types identified in our Enterprise Risk Management (ERM) Framework:** " Strategic ~~,~~ **&** Business **, Reputational** and ~~Competitive~~ **Country** Risks, " " **Operational and Compliance /** Legal ~~, Regulatory and Compliance~~ Risks " and " **Market, Funding & Liquidity,** Credit ~~, Liquidity~~ and ~~Market~~ **Model** Risks. " You should carefully consider each of the following risks and all of the other information set forth in this Annual Report on Form 10- K, including ~~the~~ **in** " Risk Management " ~~section~~ under " MD & A, " which describes our approach to identifying, monitoring and managing the risks we assume in conducting our businesses and provides certain quantitative and qualitative disclosures about market risks. The risks and uncertainties we face are not limited to those described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. Business and economic conditions are a major driver of our results of operations and difficult conditions in the business and economic environment may materially adversely affect our business. We offer a broad array of products and services to consumers, small businesses, mid- sized companies and large corporations and thus are very dependent upon the level of consumer and business activity and the demand for payment and financing products. Slow economic growth, economic contraction or shifts in broader consumer and business trends significantly impact customer behaviors, including spending on our cards, the ability and willingness of Card Members to borrow and pay amounts owed to us ~~,~~ and demand for fee- based products and services. Factors such as consumer spending and confidence, household income and housing prices, unemployment rates, business investment and inventory levels, bankruptcies, geopolitical instability ~~(including the ongoing military conflict in Ukraine)~~ , public policy decisions, government spending, international trade relationships, interest rates, taxes, inflation and deflation (including the effects of related governmental responses), energy costs, availability of capital and credit and the ~~continuing~~ **lingering** impacts of the COVID- 19 pandemic all affect the economic environment and, ultimately, our profitability. ~~Recently~~ **Additionally** , ~~levels of inflation have been significantly elevated. Sustained~~ **sustained** periods of high inflation may, among other things, increase certain of our expenses and erode consumer purchasing power, confidence and spending. An economic downturn or recession may result in higher unemployment and lower household income, consumer spending, corporate earnings and business investment, which may negatively impact spending on our cards and demand for our products, and increase delinquencies and write- off rates. Travel and entertainment (T & E) expenditures, which comprised approximately ~~25~~ **28** percent of our worldwide billed business during ~~2022~~ **2023** , for example, are sensitive to business and personal discretionary spending levels and tend to decline during general economic downturns. Likewise, spending by small business and corporate clients, which comprised approximately ~~45~~ **43** percent of our worldwide billed business during ~~2022~~ **2023** , depends in part on the economic environment and a favorable climate for continued business investment and new business formation. Increases in delinquencies and write- off rates as a result of increases in bankruptcies, unemployment rates, changes in customer behaviors or otherwise could also have a material adverse effect on our results of operations. The consequences of negative circumstances impacting us or the economic environment generally can be sudden and severe and can impact customer types and geographies in which we operate in very different ways. Our business is subject to the effects of geopolitical conditions, weather, natural disasters and other catastrophic events. Geopolitical conditions, terrorist attacks, **military conflicts,** natural disasters, severe weather, widespread health emergencies or pandemics, information or ~~cyber security~~ **cybersecurity** incidents (including intrusion into or degradation or unavailability of systems or technology by cyberattacks), operational incidents ~~,~~ and other catastrophic events can have a material adverse effect on our business. Political and social conditions, including actions ~~aimed at~~ upending geopolitical stability **(such as from tensions involving China and the U. S.)** , fiscal and monetary policies (including developments related to the U. S. federal debt ceiling **, budgetary issues and government shutdowns**), trade wars and tariffs, labor shortages ~~, prolonged or recurring government shutdowns~~ , regional or domestic hostilities, economic sanctions and the prospect or occurrence of more widespread conflicts could also negatively affect our business, operations and partners, consumer and business spending, including travel patterns and business investment, and demand for credit. Because we derive a portion of our revenues from travel- related spending, our business is sensitive to safety concerns related to travel and tourism, limitations on travel and mobility and health- related risks. In addition, disruptions in air travel and other forms of travel can result in the payment of claims under travel protection products we offer. The COVID- 19 pandemic had ~~, and continues to have,~~ widespread, rapidly evolving and unpredictable impacts on global society, economies, financial markets and consumer and business ~~spending~~ **behaviors** . The pandemic and resulting containment measures adversely impacted a significant portion of our network volumes. The global macroeconomic outlook continues to remain uncertain due to a variety of factors, including the emergence of new variants, impacts to the labor market, supply chain disruptions and inflation ~~, and the impacts of the pandemic may continue even as the pandemic subsides~~ . The extent to which our business and results of operations ~~could~~ **may** continue to be adversely affected by **this macroeconomic uncertainty** ~~the lingering impacts of the pandemic~~ will depend on numerous evolving factors and future developments, including the continued spread and severity of the virus and new variants; the ~~imposition or concern relating to the possible imposition of further containment measures; the~~ availability, distribution, use and effectiveness of treatments and vaccines; the extent and duration of ~~the~~ **lingering** ~~effect~~ **effects** on the economy, inflation, consumer confidence and consumer and business spending; **and** the impact on consumers and businesses as forbearance and government support programs end ~~;~~ **, including** the ~~continued stress~~ **end of the moratorium** on **student loan repayments. Several military conflicts are taking place across the world (such as the ongoing Russia- Ukraine and Israel- Hamas wars), which may adversely affect our** ~~businesses~~ -- **business,** ~~due to operational changes~~ and

geopolitical tensions may result in additional conflicts or escalate existing conflicts ~~staffing issues; and the extent of the continued resumption of normal operating conditions and customer behaviors~~ . Following the Russian invasion of Ukraine, we announced that we suspended ~~all~~ business operations in Russia and Belarus and this conflict has led to economic uncertainty and market disruptions, including ~~heightened energy prices, and~~ the imposition of financial and economic sanctions and export controls designed to constrain Russia. The **conflict in Israel and surrounding areas has also created economic uncertainty and regional instability, including due to the risk of escalation into a wider regional conflict, and resulted in the imposition of sanctions targeting Hamas- affiliated individuals and entities. The** broader consequences of ~~this~~ **these** ~~conflict~~ **conflicts** remain uncertain, but may include further sanctions, regional instability and geopolitical shifts, increased prevalence and sophistication of cyberattacks, potential retaliatory action ~~by customers or the Russian government~~ against companies such as us, heightened regulatory scrutiny related to sanctions compliance, increased inflation, further increases or fluctuations in commodity and energy prices, decreases in global travel, further disruptions to the global supply chain ~~and the availability of certain natural resources~~ and other adverse effects on macroeconomic conditions. Hurricanes and other natural disasters have impacted spending and credit performance in the areas affected. Other disasters or catastrophic events in the future, and the impact of such events on certain industries or the overall economy, could have a negative effect on our business, results of operations and infrastructure, including our technology and systems. Climate change may exacerbate certain of these threats, including the frequency and severity of weather- related events. Card Members in California, **Florida,** New York ~~, Florida~~ , Texas, Georgia and New Jersey account for a significant portion of U. S. consumer and small business billed business and Card Member loans, and our results of operations could be impacted by events or conditions that disproportionately or specifically affect one or more of those states. Our operating results may materially suffer because of substantial and increasingly intense competition worldwide in the payments industry. The payments industry is highly competitive, and we compete with card networks, issuers and acquirers, paper- based transactions (e. g., cash and checks), bank transfer models (e. g., wire transfers and ACH), as well as evolving and growing alternative payment and financing providers. If we are not able to differentiate ourselves from our competitors, develop compelling value propositions for our customers and / or effectively grow in areas such as mobile and online payments and emerging technologies, we may not be able to compete effectively. We believe Visa and Mastercard are larger than we are in most countries based on purchase volume. As a result, card issuers and acquirers on the Visa and Mastercard networks may be able to benefit from the dominant position, scale, resources, marketing and pricing of those networks. Our business may also be negatively affected if we are unable to continue increasing merchant acceptance (including by merchants that accept cards on the Visa and Mastercard networks) and perceptions of coverage, or if our Card Members do not experience welcome acceptance of our cards. Some of our competitors have developed, or may develop, substantially greater financial and other resources than we have and may offer richer value propositions or a wider range of programs and services than we offer or may use more effective strategies to acquire and retain more customers, capture a greater share of spending and borrowings, develop more attractive cobrand card and other partner programs and maintain greater merchant acceptance than we have. Government actions or initiatives may also provide competitors with increased opportunities to derive competitive advantages and may create new competitors, including in some cases a government entity. We may not be able to compete effectively against these threats or respond or adapt to changes in consumer spending and borrowing habits as effectively as our competitors. Costs such as Card Member rewards and Card Member services expenses could continue to increase as we evolve our value propositions, including in response to increased competition. Spending on our cards could continue to be impacted by increasing consumer usage of credit and debit cards issued on other networks, as well as adoption of alternative payment mechanisms, systems and products. The fragmentation of customer spending to take advantage of different merchant or card incentives or for convenience with technological solutions may continue to increase. Revolving credit balances on our cards could also be impacted by alternative financing providers, such as point- of- sale lenders and buy now, pay later products. To the extent other payment and financing mechanisms, systems and products continue to successfully expand, our discount revenues earned from Card Member spending and our net interest income earned from Card Member borrowing could be negatively impacted. In addition, companies that control access to consumer and merchant payment method choices at the point of sale or through digital wallets, commerce- related experiences, mobile applications or other technologies could choose not to accept, suppress use of, or degrade the experience of using our products or could restrict our access to our customers and transaction data. Such companies could also require payments from us to participate in such digital wallets, experiences or applications or negotiate incentives or pricing concessions, impacting our profitability on transactions. The competitive value of our closed-loop data and demand for our products and services may also be diminished as traditional and non- traditional competitors use other, new data sources and technologies to derive similar insights and by certain regulations, such as open banking initiatives **that are increasingly being promoted by governments and regulators** , which may result in disintermediating existing financial services providers, steering customers away from our products and services or decreasing our attractiveness to partners. To the extent we expand into, or further grow in, new business areas and new geographic regions, such as mainland China, we will face competitors with more experience and more established relationships with relevant customers, regulators and industry participants, which could adversely affect our ability to compete. Laws and business practices that favor local competitors, require card transactions to be routed over domestic networks or prohibit or limit foreign ownership of certain businesses could limit our growth in international regions. We may face additional compliance and regulatory risks to the extent that we expand into new business areas, and we may need to dedicate more expense, time and resources to comply with regulatory requirements than our competitors, particularly those that are not regulated financial institutions. Many of our competitors are subject to different, and in some cases, less stringent, legislative and regulatory regimes, and some may have lower cost structures and more agile business models and systems. More restrictive laws and regulations that do not apply to all of our competitors can put us at a disadvantage, including prohibiting us from engaging in certain transactions, regulating our business practices or adversely affecting our cost structure. We face intense competition for partner relationships, which could result in a loss or renegotiation of these arrangements that could have a material adverse impact on our business and results of operations. In the ordinary course of our business we enter into different types of contractual arrangements with business partners in a variety of industries. For example, we **work** ~~have partnered~~ with **partners such as** Delta, Marriott, Hilton and British Airways ~~, as well as many others globally,~~ to offer cobranded cards for consumers and small businesses, and ~~through our Membership Rewards program we have partnered~~ with ~~businesses~~ **partners** in many industries, including Delta ~~and others in the airline industry~~ , to offer benefits **and rewards** to Card ~~Member~~ **Members** ~~participants~~ . See " Partners and Relationships " under " Business " for additional information on our business partnerships, including with Delta. Competition for relationships with key business partners is very intense and there can be no assurance we will be able to grow or maintain these partner relationships or that they will remain as profitable or valued by our customers. Establishing and retaining attractive cobrand card partnerships is particularly competitive among card issuers and networks as these partnerships typically appeal to high- spending loyal customers. All of our cobrand portfolios in the aggregate accounted for approximately ~~18~~ **21** percent of our worldwide network volumes for the year ended December 31, ~~2022~~ **2023** . Card Member loans related to our cobrand portfolios accounted for approximately 36 percent of our worldwide Card Member loans as of December 31, ~~2022~~ **2023** . Cobrand arrangements are entered into for a fixed period, generally ranging from five to ten years, and will terminate in accordance with their terms, including at the end of the fixed period unless extended or renewed at the option of the parties, or upon early termination as a result of an event of default or otherwise. We face the risk that we could lose partner relationships, even after we have invested significant resources in the relationships. **Additionally, partners may make changes to the products and services they offer, which may lower the value of our products, such as the cobranded cards we issue to our customers.** We may also choose to not renew certain cobrand relationships. Network volumes could decline and Card Member attrition could increase, in each case, significantly as a result of the termination of one or more cobrand partnership relationships. In addition, some of our cobrand arrangements provide that, upon expiration or termination, the cobrand partner may purchase or designate a third party to purchase the loans generated with respect to ~~its program~~ **such cobranded card portfolio** , which could result in the loss of the card accounts and a significant decline in our Card Member loans outstanding. We regularly seek to extend or renew cobrand arrangements in advance of the end of the contract term and face the risk that existing relationships will be renegotiated with less favorable terms for us or that we may be unable to renegotiate on terms that are acceptable to us, as competition for such relationships continues to increase. We make payments to our cobrand partners, which can be significant, based primarily on the amount of Card Member spending and corresponding rewards earned on such spending and, under certain arrangements, on the number of accounts acquired and retained. The amount we pay to our cobrand partners has increased, particularly in the United States, and may continue to increase as arrangements are renegotiated due to increasingly intense competition for cobrand partners among card issuers and networks. The loss of exclusivity arrangements with business partners, the loss of the partner relationship altogether (whether by non- renewal at the end of the contract period, such as the end of our relationship with Costco in the United States in 2016, or as the result of a merger, legal or regulatory action or otherwise ~~, such as the withdrawal of American Airlines in 2014 from our Airport Club Access program for Centurion ® and Platinum Card ® Members~~) or the renegotiation of existing partnerships with terms that are significantly worse for us could have a material adverse impact on our business and results of operations. See " Our business is subject to **evolving and** comprehensive government regulation and supervision, which could materially adversely affect our results of operations and financial condition " **above** for information on the uncertainty regarding our cobrand and agent relationships in the EU. In addition, any publicity associated with the loss of any of our key business partners could harm our reputation, making it more difficult to attract and retain Card Members and merchants, and could weaken our negotiating position with our remaining and prospective business partners. Arrangements with our business partners represent a significant portion of our business. We are exposed to risks associated with our business partners, including reputational issues, business slowdowns, bankruptcies, liquidations, restructurings and consolidations, and the possible obligation to make payments to our partners. Our success is, in many ways, dependent on the success of our partners. From customer acquisition to cobranding arrangements, from participation in our rewards programs to facilitating B2B supplier payments for our corporate clients, we rely on our business partners across many aspects of our company and our arrangements with business partners represent a significant portion of our business. Some of our partners manage certain aspects of our customer relationships, such as our OptBlue partners. To the extent any of our partners fail to effectively promote and support our products, experience a slowdown in their business, operational disruptions, reputational issues or loss of consumer confidence, or are otherwise unable to meet our expectations or those of their other stakeholders, our business may be materially negatively impacted. **For example, the operational rights relating to our prepaid reloadable and gift card business are owned by a business partner and the reloadable operations have experienced disruptions and compliance issues that impacted the ability of our prepaid customers to load and use their cards. If such operations are interrupted, suspended, terminated or otherwise experience further issues in the future, it could further negatively impact our customers' experience, result in additional costs, litigation and regulatory action, and harm our business and reputation.** We **also** face the risk that existing relationships will be renegotiated with less favorable terms for us or that we may be unable to renegotiate on terms that are acceptable to us. In addition, we may be obligated to make or accelerate payments to certain business partners such as cobrand partners upon the occurrence of certain triggering events such as a shortfall in certain performance and revenue levels. If we are not able to effectively manage these triggering events, we could unexpectedly have to make payments to these partners, which could have a negative effect on our financial condition and results of operations. See Note 12 to ~~our~~ **the** " Consolidated Financial Statements " for additional information on financial commitments related to agreements with certain cobrand partners. Similarly, we are exposed to risk from bankruptcies, liquidations, insolvencies, financial distress, restructurings, consolidations, operational outages, ~~cyber security~~ **cybersecurity** incidents and other similar events that may occur in any industry representing a significant portion of our network volumes, which could negatively impact particular card products and services (and volumes generally) and our financial condition and results of operations. We have previously and may in the future pre- purchase loyalty points from certain of our cobrand partners, the value of which may diminish to the extent such partners cease operations or such points become less desirable to our customers. We could also be materially impacted if we were obligated or elected to reimburse Card Members for products and services purchased from merchants that have ceased operations or stopped accepting our cards. For example, we are exposed to credit risk in the airline industry to the extent we protect Card Members against non- delivery of purchases, such as where we have remitted payment to an airline for a Card Member purchase of tickets that have not yet been used or " flown. " If we are unable to collect the amount from the airline, we may bear the loss for the amount credited to the Card Member. At December 31, ~~2022~~ **2023** , our best estimate of the maximum amount of billed business for purchases that had yet to be delivered by, or could be charged back to, merchants was $ ~~31~~ **35** . ~~1~~ **3** billion. This amount assumes all such merchants worldwide cease operations and thus are no longer available to deliver such purchases or to accept such chargebacks, and that all such billed business results in claims- in- full by Card Members. Such a maximum amount has not been indicative of our actual loss exposure in the past and we have not experienced significant losses related to these exposures to date; however, our historical experience may not be representative in the current environment given the current global economic, financial and geopolitical conditions. ~~See Note 12 to the " Consolidated Financial Statements " for additional information regarding this exposure.~~ For additional information relating to **operational risks of our business partners, see " We rely on third- party providers for acquiring and servicing customers, technology, platforms and other services integral to the operations of our businesses. These third parties may act in ways that could materially harm our business " below and for** the general risks related to the airline industry, see " Risk Management — Institutional Credit Risk — Exposure to the Airline and Travel Industry " under " MD & A. " We face continued intense competitive pressure that may materially impact the prices we charge for accepting our cards for payment, as well as the risk of losing merchant relationships, which could have a material adverse impact on our business and results of operations. We face pressure from competitors that primarily rely on sources of revenue other than discount revenue or have lower costs that can make their pricing for card acceptance more attractive. Merchants, business partners and third- party merchant acquirers and aggregators are also able to negotiate incentives, pricing concessions and other favorable contractual provisions from us as a condition to accepting our cards, being cobrand partners, offering benefits to our Card Members or signing merchants on our behalf. As merchants become even larger (such as the largest tech companies), we may have to increase the amount of incentives and / or concessions we provide to them. We also face the risk of losing a merchant relationship that could materially adversely affect our network volumes, ability to retain current Card Members and attract new Card Members and therefore, our business and results of operations. Our ~~average~~ merchant discount ~~rate~~ **rates** ~~has~~ **have** been impacted by regulatory changes affecting competitor pricing in certain international countries and may in the future be impacted by pricing regulation. We have also experienced erosion of our ~~average~~ merchant discount ~~rate~~ **rates** as we increase merchant acceptance. We may not be successful in significantly expanding merchant acceptance or offsetting rate erosion with volumes at new merchants. In addition, the regulatory environment and differentiated payment models and technologies from non- traditional players in the alternative payments space could pose challenges to our traditional payment model and adversely impact our ~~average~~ merchant discount ~~rate~~ **rates** . Some merchants, including large tech companies and other large merchants, continue to invest in their own payment and financing solutions, such as proprietary- branded mobile wallets, using both traditional and new technology platforms. If merchants are able to drive broad consumer adoption and usage, it could adversely impact our ~~average~~ merchant discount ~~rate~~ **rates** and network and loan volumes. A continuing priority of ours is to drive greater and differentiated value to our merchants that, if not successful, could negatively impact our discount revenue and financial results. We may not succeed in maintaining merchant discount rates or offsetting the impact of declining merchant discount rates, for the reasons discussed above and others, which could materially and adversely affect our revenues and profitability, and therefore our ability to invest in innovation and in value- added services for merchants, business partners and Card Members. Surcharging or steering by merchants could materially adversely affect our business and results of operations. In certain countries, such as Australia **, Canada (other than in Quebec)** and certain Member States in the EU, and in certain states in the United States, merchants are ~~expressly~~ permitted by law to surcharge certain card purchases ~~and, as a result of a litigation settlement, surcharging of credit card purchases is permitted by merchants in certain jurisdictions in Canada~~ . In jurisdictions allowing surcharging, we have seen merchant surcharging on American Express cards in certain merchant categories, and in some cases, either the surcharge is greater than that applied to Visa and Mastercard cards or Visa and Mastercard cards are not surcharged at all (practices that are known as differential surcharging), even though there are many cards issued on competing networks that have an equal or greater cost of acceptance for the merchant. We also encounter merchants that accept our cards, but tell their customers that they prefer to accept another type of payment or otherwise seek to suppress use of our cards or certain of our cards, which could become more prevalent with the existence of debit cards on the American Express network. Our Card Members value the ability to use their cards where and when they want to, and we, therefore, take steps to meet our Card Members' expectations and to protect the American Express brand by prohibiting discrimination through provisions in our merchant contracts, including non- discrimination and honor- all- cards provisions, subject to local legal requirements. We have increasingly relied on merchant acquirers, aggregators and processors to manage certain aspects of our merchant relationships. When we work with such third parties, we are dependent on them to promote and support the acceptance and usage of our cards, but they may have business interests, strategies or goals that are inconsistent with ours. New products, such as debit cards on the American Express network, could fail to gain market acceptance and American Express cards could become less desirable to consumers and businesses generally due to surcharging, steering or other forms of discrimination, which could result in a decrease in cards- in- force, coverage and transaction volumes. The impact could vary depending on such factors as: the industry or manner in which a surcharge is levied; how Card Members are surcharged or steered to other card products or payment forms at the point of sale; the ease and speed of implementation for merchants, merchant acquirers, aggregators, processors or other merchant service providers, including as a result of new or emerging technologies; the size and recurrence of the underlying charges; and whether and to what extent these actions are applied to other forms of payment, including whether it varies depending on the type of card (e. g., credit or debit), product, network, acquirer or issuer. Discrimination against American Express cards could have a material adverse effect on our business, financial condition and results of operations, particularly where it only or disproportionately impacts credit card usage or card usage generally, our Card Members or our business. We may not be successful in our efforts to promote card usage **or attract new Card Members** , including through marketing and promotion, merchant acceptance and Card Member rewards and services, or to effectively control the costs of such investments, both of which may materially impact our profitability. Revenue growth is dependent on increasing consumer and business spending on our cards, growing loan balances and increasing fee revenue. We have been investing in a number of growth initiatives, including to attract new Card Members, retain existing Card Members and capture a greater share of customers' total spending and borrowings. There can be no assurance that our investments will continue to be effective, particularly as consumer and business behaviors continue to change. In addition, if we develop new products or offers that attract customers looking for short- term incentives rather than incentivize long- term loyalty, Card Member attrition and costs could increase. Increasing spending on our cards also depends on our continued expansion of merchant acceptance of our cards. If we are unable to continue growing merchant acceptance and perceptions of coverage or merchants decide to no longer accept American Express cards, our business could suffer. Expanding our service offerings, adding customer acquisition channels and forming new partnerships or renewing current partnerships could have higher costs than our current arrangements, fail to resonate with customers, adversely impact our ~~average~~ **merchant** discount ~~rate~~ **rates** or dilute our brand. Another way we invest in customer value is through our Membership Rewards program, as well as other Card Member benefits. Any significant change in, or failure by management to reasonably estimate, actual redemptions of Membership Rewards points and associated redemption costs could adversely affect our profitability. We rely on third parties for certain redemption options and may not be able to continue to offer such redemption options in the future, which could diminish the value of the program for our Card Members. Our two largest redemption partners are Amazon and Delta. In addition, many credit card issuers have instituted rewards and cobrand programs and **other benefits** ~~may introduce programs~~ and services that are similar to ~~or~~ **ours and may be** more attractive ~~than ours~~ . ~~Our~~ **An** inability to differentiate our products and services could materially adversely affect us. We may not be able to cost- effectively manage and expand Card Member benefits, including containing the growth of marketing, promotion, rewards and Card Member services expenses in the future. If such expenses increase beyond our expectations, we will need to find ways to offset the financial impact by increasing other areas of revenues such as fee- based revenues, decreasing operating expenses or other investments in our business, or both. We may not succeed in doing so, particularly in the current competitive and regulatory environment. In addition, increased costs as a result of inflation, colleague retention and recruitment, supply chain issues and shortages of materials such as chips for our cards may require that we reduce investments in other areas. Our brand and reputation are key assets of our Company, and our business may be materially affected by how we are perceived in the marketplace. Our brand and its attributes are key assets, and we believe our continued success depends on our ability to preserve, grow and realize the benefits of the value of our brand. Our ability to attract and retain consumer and small business Card Members and corporate clients is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, privacy and data protection, management, workplace culture, merchant acceptance, financial condition, response to political and social issues or catastrophic events ~~(including our response to the COVID- 19 pandemic and natural disasters)~~ and other subjective qualities. Negative perceptions or publicity regarding these matters — even if related to seemingly isolated incidents and whether or not factually correct — could erode trust and confidence and damage our reputation among existing and potential Card Members, corporate clients, merchants and partners, which could make it difficult for us to attract new customers and maintain existing ones. Negative public opinion could result from actual or alleged conduct in any number of activities or circumstances, including card practices, regulatory compliance, the use and protection of customer information, conduct by our colleagues and policy engagement, including activities of the American Express Company Political Action Committee, and from actions taken by regulators or others in response thereto. Discussion about such matters in social media channels can also cause rapid, widespread reputational harm to our brand. Our brand and reputation may also be harmed by actions taken by third parties that are outside our control. For example, any shortcoming of or controversy related to a third-party service provider, business partner, merchant acquirer or network partner may be attributed by Card Members and merchants to us, thus damaging our reputation and brand value. Our brand may also be negatively impacted by acceptance of American Express cards by merchants in certain industries, when American Express cards are used for payment for legal, but controversial, products and services or any government inquiries or legislative scrutiny related to card acceptance or usage. The lack of acceptance, suppression of card usage or surcharging by merchants can also negatively impact perceptions of our brand and our products, lower overall transaction volume and increase the attractiveness of other payment products or systems. Adverse developments with respect to our industry, including the creation and implementation of new merchant categories codes, may also negatively impact our reputation, or result in greater regulatory or legislative scrutiny or litigation against us. Furthermore, as a corporation with headquarters and operations located in the United States **and a brand name referring to the United States** , a negative perception of the United States arising from its political or other positions could harm the perception of our company and our brand. **These risks to our brand and reputation, as well as other risks described in this Risk Factors section, are heightened by the increasing sophistication and availability of artificial intelligence technology that can assist with the creation of deepfakes and increase the velocity of distribution of disinformation.** Although we monitor developments for areas of potential risk to our reputation and brand, negative perceptions or publicity could materially and adversely affect our business volumes, revenues and profitability. We ~~publicly share certain information about our ESG initiatives. We~~ may face increased scrutiny related to ~~these activities from governments, regulators, the media, investors, colleagues, customers and other stakeholders, including from parties that oppose ESG initiatives. Responding to ESG considerations and the implementation of~~ our ESG goals and initiatives ~~involves risk and uncertainties~~ , **which could result**

~~requires investments and depends~~ in **litigation and other adverse consequences** ~~part on third- party performance or data that is outside of our control~~. There can be no assurance that we will achieve our ESG goals ~~and initiatives~~ **, which depend in part on third- party performance or data that is outside of our control,** or that any such achievements will have the desired results. **Further, our ESG goals and the methodologies for reporting may change over time and we may be subject to new legal and regulatory requirements related to ESG matters.** Our **failure or perceived** failure to achieve progress in these areas on a timely basis, if at all, **or inaccurate perceptions or misrepresentations of our ESG goals and initiatives** could impact our reputation, colleague **hiring and** retention and public perceptions of our business **We may not** be able to effectively manage the operational and compliance risks to which we are exposed.We consider operational risk to be the risk of loss due to,among other things,inadequate or failed processes,people or information systems,or impacts from the external environment (e.g.,natural disasters).Operational risk includes,among others,the risk that error or misconduct could result in a material financial misstatement,a failure to monitor a third party' s compliance with regulatory or legal requirements, **or** a failure to adequately monitor and control access to,or use of,data in our systems we grant to third parties ~~or a failure to satisfy our obligations to our customers with respect to our products and services~~.As processes or organizations are changed ~~or become more complex~~ , **or** ~~we grow in size,~~ new products and services are introduced,such as new lending features,debit products ~~,~~ **and** checking accounts ~~and digital collectibles,or we become subject to more stringent or complicated regulatory requirements~~ ,we may not **fully appreciate or** identify ~~or address~~ new operational risks **that may arise from such changes** .Through human error,fraud or malfeasance,conduct risk can result in harm to customers,legal liability,fines,sanctions,customer remediation and brand damage.Compliance risk arises from violations of,or failure to conform or comply with,laws,rules,regulations,internal policies and procedures **,** and ethical standards.We need to continually update and enhance our control environment to address operational and compliance risks.Operational and compliance failures,deficiencies in our control environment or an inability to maintain **an ethical workplace and** high standards of business conduct can expose us to reputational and legal risks as well as **fines,civil money penalties or payment of damages and can lead to diminished business opportunities and diminished ability to expand key operations.** . A major information or ~~cyber security~~ **cybersecurity** incident or an increase in fraudulent activity could lead to reputational damage to our brand and material legal, regulatory and financial exposure, and could reduce the use and acceptance of our products and services. We and third parties collect, process, transfer, host, store, analyze, retain, provide access to and dispose of account information, payment transaction information, and certain types of personally identifiable and other information pertaining to our customers and colleagues in connection with our cards and other products and in the normal course of our business. Global financial institutions like us, as well as our customers, colleagues, regulators, service providers and other third parties, have experienced a significant increase in information ~~and cyber~~ security **and cybersecurity** risk in recent years and will likely continue to be the target of increasingly sophisticated cyberattacks, including computer viruses, malicious or destructive code, ransomware, social engineering attacks (including phishing, impersonation and identity takeover attempts) **, artificial intelligence- assisted deepfake attacks and disinformation campaigns** , corporate espionage, hacking, website defacement, denial- of- service attacks, exploitation of vulnerabilities and other attacks and similar disruptions from the misconfiguration or unauthorized use of or access to computer systems. These threats can arise from external parties, as well as insiders who knowingly or unknowingly engage in or enable malicious cyber activities. There are a number of motivations for cyber threat actors, including criminal activities such as fraud, identity theft and ransom, corporate or nation- state espionage, political agendas, public embarrassment with the intent to cause financial or reputational harm, intent to disrupt information technology systems and supply chains, and to expose and exploit potential security and privacy vulnerabilities in corporate systems and websites. Cyber **threat actors have increasingly demonstrated advanced capabilities, including the rapid integration of new technology such as advanced forms of artificial intelligence and quantum computing. Cyber** threats, including attacks from state sponsored or nation- state actors, can increase during periods of diplomatic or armed conflict, such as the ongoing ~~conflict in~~ **Russia-** Ukraine **and Israel- Hamas wars** . Our networks and systems are subject to constant attempts to disrupt our business operations and capture, destroy, manipulate or expose various types of information relating to corporate trade secrets, customer information, including Card Member, travel and loyalty program data, colleague information and other sensitive business information, including acquisition activity, non- public financial results and intellectual property. For example, we and other U. S. financial services providers have been the target of distributed denial- of- service attacks ~~from sophisticated third parties~~ . We develop and maintain systems and processes aimed at detecting and preventing information ~~and cyber~~ security **and cybersecurity** incidents and fraudulent activity, which require significant investment, maintenance and ongoing monitoring and updating as technologies and regulatory requirements change, new vulnerabilities and exploits are discovered and as efforts to overcome security measures become more sophisticated. In addition, we maintain cyber crisis response procedures and regularly test our procedures to remain prepared and reduce the risk of harm to our business operations, customers and third parties in the event of an information or ~~cyber security~~ **cybersecurity** incident. Despite our efforts and the efforts of third parties that process, transmit or store our data and data of our customers and colleagues or support our operations, such as service providers, merchants and regulators, the possibility of information, operational and ~~cyber security~~ **cybersecurity** incidents, malicious social engineering **, password mismanagement** , corporate espionage, fraudulent or other malicious activities and human error or malfeasance cannot be eliminated entirely and will evolve as new and emerging technology is deployed, including **quantum computing and** the increasing use of ~~personal mobile and computing devices and communications~~ platforms that are outside of our network and control environments. For example, we are aware that certain of our third- party ~~vendors~~ **service providers** have been the victims of ransomware and other cyberattacks, in some instances ~~affecting~~ **that affected** our data or the services they provide to us. In addition, new products and services, such as checking accounts and non- card lending, may lead to an increase in the number or types of cyber attacks and our exposure to fraud and other malfeasance. Risks associated with such incidents and activities include theft of funds and other monetary loss, disruption of our operations and the unauthorized disclosure, release, gathering, monitoring, misuse, modification, loss or destruction of confidential, proprietary, trade secret or other information (including account data information). An incident may not be detected until well after it occurs and the severity and potential impact may not be fully known for a substantial period of time after it has been discovered. Our ability to address incidents may also depend on the timing and nature of assistance that may be provided from relevant governmental or law enforcement agencies. Information, operational or ~~cyber security~~ **cybersecurity** incidents, fraudulent activity and other actual or perceived failures to maintain confidentiality, integrity, availability of services, privacy and / or security has led to increased regulatory scrutiny and may lead to regulatory investigations and intervention (such as mandatory card reissuance), consent decrees, increased litigation (including class action litigation), response costs (including notification and remediation costs), fines, negative assessments of us and our subsidiaries by banking regulators and rating agencies, reputational and financial damage to our brand, negative impacts to our partner relationships, and reduced usage of our products and services, all of which could have a material adverse impact on our business. The disclosure of sensitive company information could also undermine our competitive advantage and divert management attention and resources. Successful cyberattacks, data breaches, disruptions or other incidents related to the actual or perceived failures to maintain confidentiality, integrity **, data availability** , privacy and / or security at other large financial institutions, large retailers, travel and hospitality companies, government agencies or other market participants, whether or not we are impacted, could lead to a general loss of customer confidence that could negatively affect us, including harming the market perception of the effectiveness of our security measures or harming the reputation of the financial system in general, which could result in reduced use of our products and services. Such events could also result in legislation and additional regulatory requirements. Although we maintain cyber insurance, there can be no assurance that liabilities or losses we may incur will be covered under such policies or that the amount of insurance will be adequate. The uninterrupted operation of our information systems is critical to our success and a significant disruption could have a material adverse effect on our business and results of operations. Our information technology systems and those of our third parties upon which we rely, including our transaction authorization, clearing and settlement systems, and data centers, have experienced ~~in limited instances~~ and may continue to experience service disruptions or degradation, which may result from technology malfunction, sudden increases in processing or other volumes, natural disasters and weather events, fires, accidents, technology change management issues, power outages, internet outages, telecommunications failures, fraud, denial- of- service, ransomware and other cyberattacks, inadequate infrastructure in lesser- developed markets, technology capacity management issues, terrorism, computer viruses, vulnerabilities in hardware or software, physical or electronic break- ins, or similar events. Service disruptions or degradations can prevent access to our online services and account information, compromise or limit access to company or customer data, impede or prevent transaction processing **, communications to customers** and financial reporting, disrupt ordinary business operations, result in contractual penalties or obligations, trigger regulatory reporting obligations, and lead to regulatory investigations and fines, increased regulatory oversight, and litigation (including class action litigation). Any such service disruption or degradation could adversely affect the perception of the reliability of our products and services and materially adversely affect our overall business, reputation and results of operations. **Our** ~~We rely on third- party providers for acquiring and servicing customers, technology, platforms and other services integral to the operations of our businesses. These third parties may act in ways that could materially harm our~~ business . We rely on third- party...... be materially adversely affected. Our industry is subject to rapid and significant technological changes. In...... services and adapting to technological changes and evolving industry standards is complex, costly and...... changing legislative and regulatory environment, an **and comprehensive government** inability to develop appropriate governance and controls...... or business or new laws and regulations - **regulation** ~~),~~ and **supervision** ~~harm our business generally. It may take us longer than expected to fully realize the anticipated benefits of these transactions, and those benefits may ultimately be smaller than anticipated or may not be realized at all~~ , which could materially adversely affect our business and operating results, including as......, which could materially adversely affect our results of operations and financial condition. We are subject to **evolving and** comprehensive government regulation and supervision in jurisdictions around the world, which significantly affects our business and requires continual enhancement of our compliance efforts. Supervision efforts and the enforcement of existing laws and regulations impact the scope and profitability of our existing business activities, limit our ability to pursue certain business opportunities and adopt new technologies, compromise our competitive position, and affect our relationships with Card Members, partners, merchants, service providers and other third parties. New laws or regulations could similarly affect our business, increase ~~our~~ **the** costs **and complexity** of doing business, impact what we are able to charge for, or offer in connection with, our products and services, impose conflicting obligations, and require us to change certain of our business practices and invest significant management attention and resources, all of which could adversely affect our results of operations and financial condition. Legislators and regulators around the world are aware of each other' s approaches to the regulation of the financial services industry. Consequently, a development in one country, state or region may influence regulatory approaches in another ~~. In preparation for the completion of Brexit, numerous EU laws and regulations were separately adopted into UK domestic legislation in order to ensure continuity. However, the UK plans to evaluate the extent to which these EU- legacy laws and regulations should change going forward and has already indicated some areas where it may take a different approach from the EU. To the extent that different regulatory systems impose overlapping or inconsistent requirements on the conduct of our business, we face complexity and additional costs in our compliance efforts, as well as potential regulatory enforcement actions and penalties~~ . If we fail to satisfy regulatory requirements or maintain our financial holding company status, our financial condition and results of operations could be adversely affected, and we may be restricted in our ability to take certain capital actions (such as declaring dividends or repurchasing outstanding shares) or engage in certain business activities or acquisitions, which could compromise our competitive position. Additionally, our banking regulators have wide discretion in the examination and the enforcement of applicable banking statutes and regulations and may restrict our ability to engage in certain business activities or acquisitions or require us to maintain more capital. **In response to recent bank failures and stress in the banking sector, legislators and**

regulators have increased their scrutiny of financial institutions and are proposing new measures and regulations, including those related to capital levels, liquidity standards, deposit concentrations and risk management practices, as well as increased deposit assessments. As we continue to grow, we expect to become subject to heightened regulatory expectations and more stringent regulatory requirements, such as becoming a Category III or Category II firm for purposes of the U. S. federal bank regulatory agencies' enhanced prudential standards, which may increase our compliance costs and adversely affect our business. Legislators and regulators continue to focus on the operation of card networks, including interchange fees paid to card issuers in payment networks such as Visa and Mastercard, network routing practices and the fees merchants are charged to accept cards. Even where we are not directly regulated, regulation of bankcard fees significantly negatively impacts the discount revenue derived from our business, including as a result of downward pressure on our discount rate from decreases in competitor pricing in connection with caps on interchange fees. In some cases, regulations also extend, or may extend, to certain aspects of our business, such as network and cobrand arrangements, new products or services we may offer, or the terms of card acceptance for merchants, including terms relating to non- discrimination and honor- all- cards. For example, we have exited our network **licensing** businesses in the EU and Australia as a result of regulation in those jurisdictions. In addition, there is uncertainty as to when or how interchange fee caps and other provisions of payments legislation might apply when we work with cobrand partners and agents in the EU. In a ruling issued on February 7, 2018, the EU Court of Justice confirmed the validity of ~~the application of the~~ fee ~~caps~~ **capping** and other provisions in circumstances where three- party networks issue cards with a cobrand partner or through an agent, although the ruling provided only limited guidance as to when or how the provisions might apply in such circumstances and remains subject to differing interpretations by regulators and participants in cobrand arrangements. ~~As a result~~ **On August 29, 2023, the Dutch Trade and Industry Appeals Tribunal referred questions to the EU Court of Justice on the interpretation of the application of the interchange fee caps in connection with an administrative proceeding by the Netherlands Authority for Consumers and Markets regarding our cobrand relationship with KLM Royal Dutch Airlines. Given differing interpretations by regulators and participants in cobrand arrangements** , we are subject to regulatory action, penalties and the possibility we will not be able to maintain our existing cobrand and agent relationships in the EU. **Legislators and regulators have also increased their focus on limiting fees associated with card and banking products, such as the recent proposed rule by the CFPB related to credit card fees for late payments, which could negatively impact our fee revenue. Legislators and regulators also continue to focus on consumer protection, including product design and pricing constructs, account management and security, credit bureau reporting, disclosure rules, marketing and debt collection practices. Any new requirements or increased enforcement of existing requirements may result in increased scrutiny of our pricing, underwriting and account management practices, the imposition of fines and customer remediation, higher compliance costs, restrictions on our ability to issue cards, appropriately price for the value of our products or partner with other financial institutions and otherwise result in changes to our business practices, which could materially and adversely impact our revenue growth and profitability.** We are subject to ~~certain~~ **significant** ~~provisions~~ -- **supervision** ~~of the Bank Secrecy Act, as amended by the Patriot Act~~ and **regulation** ~~the AMLA,~~ with ~~regard~~ **respect** to ~~maintaining effective~~ **compliance with** AML / CFT ~~programs. Similar AML / CFT requirements apply under the~~ laws ~~of most~~ **and sanctions regimes in numerous** jurisdictions ~~where we operate~~ . As regulators increase their focus in ~~this~~ **these** ~~area~~ **areas** , new technologies such as digital currencies develop ~~and~~ **, near real- time money movement solutions are adopted,** we introduce new products like checking accounts **and geopolitical tensions increase** , we face increased costs related to oversight, supervision and potential fines. Our AML / CFT programs have become the subject of heightened scrutiny in some countries, including certain Member States in the EU. Any errors, failures or delays in complying with AML / CFT **and sanctions** laws, perceived deficiencies in our **related compliance** ~~AML / CFT~~ programs or association of our business with money laundering, terrorist financing, tax fraud or other illicit activities **or sanctioned persons, entities, governments or countries** can give rise to significant supervisory, criminal and civil proceedings and lawsuits, which could result in significant penalties and forfeiture of assets, loss of licenses or restrictions on business activities, or other enforcement actions, and our reputation may suffer due to our customers' association with certain countries, persons or entities or the existence of any such transactions. ~~Various regulatory agencies and legislatures are also considering regulations and legislation covering identity theft, account management guidelines, credit bureau reporting, disclosure rules, security and marketing that would impact us directly, in part due to increased scrutiny of our underwriting and account management standards. Any new requirements may restrict our ability to issue cards or partner with other financial institutions, which could adversely affect our revenue growth.~~ See " Supervision and Regulation **" under " Business** " for more information about certain laws and regulations to which we are subject and their impact on us. Litigation and regulatory actions could subject us to significant fines, penalties, judgments and / or requirements resulting in significantly increased expenses, damage to our reputation and / or a material adverse effect on our business **and results of operations** . At any given time, we are involved in a number of legal proceedings, including class action lawsuits **, mass arbitrations and similar actions** . Many of these actions ~~have included~~ - **include** claims for substantial compensatory or punitive damages **and require us to incur significant costs for legal representation, arbitration fees or other legal or related services** . While we have historically relied on our arbitration clause in agreements with customers to limit our exposure to class action litigation, there can be no assurance that we will continue to be successful in enforcing our arbitration clause in the future, including as a result of possible regulation that would require that our consumer arbitration clause not apply to cases filed in court as class actions, and claims of the type we previously arbitrated could be subject to the complexities, risks and costs associated with class action cases. The continued focus of merchants on issues relating to the acceptance of various forms of payment may lead to additional litigation and other legal actions. Given the inherent uncertainties involved in litigation, and the very large or indeterminate damages sought in some matters asserted against us, there is significant uncertainty as to the ultimate liability we may incur from litigation ~~and financial condition~~ .We expect that financial institutions,such as us,will continue to face significant regulatory scrutiny,with regulators taking formal enforcement actions against financial institutions in addition to addressing supervisory concerns through non- public supervisory actions or findings,which could involve restrictions on our activities,among other limitations,that could adversely affect our business.In addition,a violation of law or regulation by another financial institution could give rise to an investigation by regulators and other governmental agencies of the same or similar practices by us.Further,a single event may give rise to numerous and overlapping investigations and proceedings.External publicity concerning investigations can increase the scope and scale of investigations and lead to **further regulatory inquiries** . We are also involved at any given time with governmental and regulatory inquiries, investigations and proceedings. Regulatory **scrutiny has continued to increase in a number of areas, and regulatory** action could subject us to significant fines, penalties or other requirements resulting in Card Member reimbursements, increased expenses, limitations or conditions on our business activities, and damage to our reputation and our brand, all of which could **materially** adversely affect our **business and** results of operations and financial condition. We expect that...... investigations and lead to further regulatory inquiries . For example, as previously disclosed ~~,~~ **and described** in ~~May 2020~~ **more detail in Note 12 to the " Consolidated Financial Statements** , **"** we ~~began responding~~ **are cooperating with governmental investigations related** to **certain** ~~a review by the OCC and the Department~~ of **our** ~~Justice (DOJ) Civil Division regarding~~ historical sales practices **and have already paid** ~~relating to sales to small business customers in the United States. In January 2021, we received~~ a **civil money penalty pursuant to a settlement with** ~~grand jury subpoena from the United States Attorney' s Office for the Eastern District of New York (EDNY) regarding these~~ -- **the OCC with respect to its investigation. Other investigations of our historical** sales practices ~~issues, as well as a Civil Investigative Demand from the CFPB pertaining to its investigation into sales practices related to consumers. In January 2023, the CFPB notified us that its investigation was completed and that it does not intend to recommend an enforcement action be taken against us at this time. The OCC, DOJ and EDNY reviews and investigations~~ are ongoing ~~and could result in enforcement actions or other regulatory proceedings against us seeking fines or other remedial actions. We are cooperating with all inquiries. We continue to review and enhance our processes and controls related to our sales practices and business conduct generally, take disciplinary and remedial actions where appropriate, and provide information regarding our reviews to our regulators, including the Federal Reserve. We also face an increased risk of litigation and governmental and regulatory scrutiny as a result of the effects of the pandemic on market and economic conditions, such as a renewed focus on fair lending laws, and actions governmental authorities take in response to those conditions, and in connection with our ESG- related disclosures and initiatives~~ . Legal proceedings regarding provisions in our merchant contracts, including non- discrimination and honor- all- cards provisions, could have a material adverse effect on our business and result in additional litigation and / or arbitrations, changes to our merchant agreements and / or business practices, substantial monetary damages and damage to our reputation and brand. We are, and have been in the past, a defendant in a number of actions, including legal proceedings and proposed class actions, challenging certain provisions of our card acceptance agreements. See Note 12 to the " Consolidated Financial Statements " for a description of certain outstanding legal proceedings. An adverse outcome in these proceedings could have a material adverse effect on our business and results of operations, require us to change our merchant agreements in a way that could expose our cards to increased merchant steering and other forms of discrimination that could impair the Card Member experience, result in additional litigation and / or arbitrations, impose substantial monetary damages and damage our reputation and brand. Even if we were not required to change our merchant agreements, changes in Visa' s and Mastercard' s policies or practices as a result of legal proceedings, lawsuit settlements or regulatory actions pending against them could result in changes to our business practices and materially and adversely impact our profitability. We **rely on third- party providers for acquiring and servicing customers, technology, platforms and other services integral to the operations of our businesses. These third parties may act in ways that could materially harm our business. We rely on third- party service providers, cobrand partners, merchants, affiliate marketing firms, processors, aggregators, network partners and other third parties for services that are integral to our operations and** are subject to ~~capital adequacy and liquidity rules, and if we fail to meet these~~ -- **the** rules, our business would be materially...... revisions to the standardized approach for credit risk and operational risk capital requirements are adopted....... " We are subject to restrictions that **activities of such** ~~limit our ability to pay dividends and repurchase our capital stock. Our subsidiaries are also subject to restrictions that limit their~~ - **third parties** ~~ability to pay dividends to us, which~~ may adversely affect our ~~liquidity .We rely on third- party service providers,cobrand partners,merchants,affiliate marketing firms,processors,aggregators,network partners and other third parties for services that are integral to our operations and are subject to the risk that activities of such third parties may adversely affect our~~ business.As outsourcing,specialization of functions,third- party digital services and technology innovation within the payments industry increase (including with respect to mobile technologies,tokenization,big data,artificial intelligence and cloud- based solutions),more third parties are involved in processing card transactions,handling our data and supporting our operations.For example,we rely on third parties for the timely transmission of accurate information across our global network,card acquisition and provision of services to our customers.We have experienced in certain limited circumstances and may continue to experience disruptions or other events at our third parties or our third parties ~~'~~ **'** service providers,including their failure to fulfill their obligations and the information, ~~cyber security~~ **cybersecurity** and operational incidents described above.Such disruptions could interrupt or compromise the quality of our services to customers,impact the confidentiality,integrity,availability and security of our data,lead to fraudulent transactions on our cards or other products,impact our business,cause brand or reputational damage,and lead to costs associated with responding to such a disruption,including notification and remediation costs,costs to switch ~~vendors~~ **service providers** or move operations in house,regulatory investigations and fines and increased regulatory oversight and litigation.Third parties ~~could~~ **may** also ~~cease~~ **act in other ways that are inconsistent with our interests or contrary to our strategic or technological initiatives,such as ceasing to** ~~providing~~ **provide** data to us or ~~use~~ **using** our data in a way that was not authorized or diminishes the value of **the transaction data we receive through** our ~~closed loop~~ **integrated payments platform** .The management and oversight of ~~multiple~~ **an increasing number of** third parties increases our operational complexity and governance challenges and decreases our control **.Additionally,third- party oversight and practices related to third parties such as outsourcing have become subject to heightened regulatory scrutiny both in the United States and internationally** .A failure to exercise adequate oversight over third parties,including compliance with service level agreements or regulatory or legal requirements,could result in regulatory actions,fines,litigation,sanctions or economic and reputational harm to us.In addition,we may not be able to effectively monitor or mitigate operational risks relating to our third- party providers ~~'~~ **'** service providers ~~.We are also exposed to the risk that~~ . We are ~~limited in~~ **also exposed to the risk that a service disruption at a service provider common to** our **third parties could impede their** ability to **provide services** ~~pay dividends and repurchase capital stock by our regulators, who have broad authority~~ to ~~prohibit~~ **us. Notwithstanding** any **attempts to diversify** ~~action that would be considered an unsafe or~~ **our reliance** ~~unsound banking practice. We are subject to a requirement to submit capital plans to the Federal Reserve for review that include, among other things, projected dividend payments and repurchases of capital stock. As part of the capital planning and stress testing process, our proposed capital actions are assessed against our ability to satisfy applicable capital requirements in the event of a stressed market environment. If we fail to satisfy applicable capital requirements, including the stress capital buffer, our ability to undertake capital actions may be restricted. Our ability to declare or pay dividends~~ on **third parties** , **in** ~~or to purchase, redeem or otherwise acquire, shares of our common stock will be prohibited, subject to~~ certain **cases** ~~exceptions, in the~~ **there** ~~event that we do not declare and pay in full dividends for the last preceding dividend period of our preferred stock. American Express Company relies on dividends from its subsidiaries for liquidity, and such dividends~~ may be limited **alternatives or high costs for diversification, and we also may not be able to effectively mitigate operational risks relating to the service providers of our third- party providers. Our success is dependent on maintaining a culture of integrity and respect, the resilience of our colleagues through changes in the working environment, and upon our executive officers and other key personnel, and misconduct** by ~~law, regulation or supervisory policy. For~~ - **or** ~~example,~~ **loss of personnel could materially adversely affect** our ~~U~~ **business** . ~~S. bank subsidiary~~ **We rely upon our colleagues not only for business success** , ~~AENB~~ **but also to act with integrity and promote a culture of respect. To the extent our colleagues behave in a manner that does not comport with our company' s values** , **the consequences to our brand and reputation could be severe and could negatively affect our financial condition and results of operations. The changing nature of the office environment, such as changes in the prevalence of remote and hybrid working and expectations regarding such arrangements, may result in increased costs and present operational and workplace culture challenges and difficulties in attracting, developing and retaining personnel that may also adversely affect our business. The market for qualified, highly motivated individuals with diverse perspectives and reflecting the diversity of our communities** is **highly competitive, with elevated levels** ~~subject to various statutory and regulatory limitations on its declaration and payment~~ of **turnover in recent years, and** ~~dividends. These limitations may hinder our ability to access funds~~ we may ~~need~~ **not be able** to ~~make payments on our obligations~~ **attract and retain such individuals. We have and may continue to experience increased costs related to compensation and other benefits necessary to attract and retain such individuals** , ~~make dividend payments on outstanding American Express Company capital stock~~ **however the compensation and benefits we offer may still be viewed as less favorable than that offered by** ~~or~~ **our competitors** ~~otherwise achieve strategic objectives~~ . ~~Any future reduction or elimination of~~ **Changes in immigration and work permit laws and regulations** ~~our~~ - **or** ~~common stock dividend~~ **the administration or enforcement of such laws or regulations or other changes in the legal or regulatory environment can also impair** ~~or~~ **our ability to attract and retain qualified personnel, or to employ colleagues in the location (s) of our choice. Our compensation practices** ~~share~~ -- **are** ~~repurchase program~~ **subject to review and oversight by the Federal Reserve and the compensation practices of AENB are subject to review and oversight by the OCC. This regulatory review and oversight** could **further affect our ability to attract and retain our executive officers and other key personnel. Our inability to attract, develop and retain highly skilled, motivated and diverse personnel could materially** adversely affect ~~the market price of~~ our **business** ~~common stock~~ and ~~market perceptions of American Express. For more information on bank holding company and depository institution dividend restrictions, see " Stress Testing and Capital Planning " and " Dividends and Other Capital Distributions " under " Supervision and Regulation, " as well as " Consolidated Capital Resources and Liquidity — Dividends and Share Repurchases " under " MD & A " and Note 22 to~~ our **culture** ~~" Consolidated Financial Statements~~ . ~~"~~ Regulation in the areas of privacy, data protection, data governance, resiliency, data transfer, third party oversight, account access **, artificial intelligence and machine learning** and information ~~and cyber~~ security **and cybersecurity** could increase our costs and affect or limit our business opportunities and how we collect and / or use personal information. Legislators and regulators in the United States and other countries in which we operate are increasingly adopting or revising privacy, data protection, data governance, resiliency, data transfer, third party oversight, account access **, artificial intelligence and machine learning** and information ~~and cyber~~ security **and cybersecurity** laws, including data localization, authentication and notification laws. As such laws are interpreted and applied (in some cases, with significant differences or conflicting requirements across jurisdictions), compliance and technology costs will continue to increase, particularly in the context of ensuring that adequate data governance, data **management, data** protection, incident management, resiliency, third party management, data transfer, security controls ~~and~~ **,** account access mechanisms **and controls related to artificial intelligence and machine learning** are in place. Compliance with current or future privacy, data protection, data governance, resiliency, data transfer, third party oversight, account access **, artificial intelligence and machine learning** and information ~~and cyber~~ security **and cybersecurity** laws could significantly impact our collection, use, sharing, retention and safeguarding of consumer and / or colleague information and could restrict our ability to fully maximize our closed- loop capability or provide certain products and services or work with certain service providers, which could materially and adversely affect our profitability. Our failure to comply with such laws **or to maintain sufficient governance and control structures** could result in potentially significant regulatory and / or governmental investigations and / or actions, litigation, fines, sanctions, ongoing regulatory monitoring, customer attrition, decreases in the use or acceptance of our cards and damage to our reputation and our brand. In recent years, there has been increasing regulatory enforcement and litigation activity in the areas of privacy, data protection and information ~~and cyber~~ security **and cybersecurity** in the United States, the EU and various other countries in which we operate **and our data protection and governance programs have become the subject of heightened scrutiny** . For more information on regulatory and legislative activity in this area, see " **Supervision and Regulation —** Privacy, Data Protection, Data Governance, Information ~~and Cyber~~ Security **and Cybersecurity** " under " **Business** ~~Supervision and Regulation~~ . " We may not be able to effectively...... diminished ability to expand key operations. If we are not able to protect our intellectual property, or successfully defend against any infringement or misappropriation assertions brought against us, our revenue and profitability could be negatively affected. We rely on a variety of measures to protect our intellectual property and control access to, and distribution of, our trade secrets and other proprietary information. These measures may not prevent infringement of our intellectual property rights or misappropriation of our proprietary information and a resulting loss of competitive advantage. The ability to enforce intellectual property rights to prevent disclosure of our trade secrets and other proprietary information may be limited in certain jurisdictions. In addition, competitors or other third parties may allege that our products, systems, processes or technologies infringe on their intellectual property rights. Given the complex, rapidly changing and competitive technological and business environments in which we operate, and the potential risks and uncertainties of intellectual property- related litigation, a future assertion of an infringement or misappropriation claim against us could cause us to lose significant revenues, incur significant defense, license, royalty or technology development expenses, and / or pay significant monetary damages. Tax legislative initiatives or assessments could adversely affect our results of operations and financial condition. We are subject to income and other taxes in the United States and in various foreign jurisdictions. The laws and regulations related to tax matters are extremely complex and subject to varying interpretations. Although management believes our positions are reasonable, we are subject to audit by the Internal Revenue Service in the United States and by tax authorities in all the jurisdictions in which we conduct business operations. We are being challenged in a number of countries regarding our application of value- added taxes (VAT) to certain transactions. While we believe we comply with all applicable VAT and other tax laws, rules and regulations in the relevant jurisdictions, the tax authorities may determine that we owe additional taxes or apply existing laws and regulations more broadly, which could result in a significant increase in liabilities for taxes and interest in excess of accrued liabilities. **Legislative action or inaction** ~~New tax legislation could be enacted~~ in the countries in which we have operations **could increase our effective tax rate** . For example, new guidelines issued by the Organization for Economic Cooperation and Development (OECD) ~~would~~ **will** impact how multinational enterprises (MNEs) are taxed on their global profits. In particular, the OECD' s guidelines on a global minimum tax of 15 percent ~~could~~ **will** impact the effective tax rate for many MNEs. **Several** ~~A number of~~ countries **are beginning** ~~, including the Member States in the EU, have adopted, or plan~~ to **implement** ~~adopt,~~ these minimum tax guidelines ~~starting~~ **, with effectiveness commencing** in 2024, ~~which~~ **and if all OECD member countries were to implement these minimum tax guidelines in their current form,** we expect **that it** would ~~impact~~ **result in a significant increase to** our effective tax rate ~~when the rules become effective~~ . In addition to legislative changes, actions by tax authorities, including an increase in tax audit activity, could have an adverse impact on our tax liabilities. **Jurisdictions may also make changes related** to ~~review and oversight by the OCC.This regulatory review and oversight could further affect our ability to attract and retain our executive officers and other~~ -- **the tax treatment of card transactions** ~~key personnel.Our inability to attract and retain highly skilled~~ , ~~motivated and diverse personnel~~ **such as imposing taxes on Card Member rewards,which** could ~~materially~~ **decrease the value we provide to customers and** adversely ~~affect~~ **impact** our business ~~and our culture~~ .Our operations,business,customers and partners could be ~~materially~~ adversely affected by climate change.There are increasing and rapidly evolving concerns over the risks of climate change and related environmental sustainability matters. ~~The~~ **We face** physical risks ~~of~~ **related to** climate change **,** ~~include~~ **including** rising average global temperatures,rising sea levels and an increase in the frequency and severity of extreme weather events and natural disasters.Such events and disasters could disrupt our operations or the operations of customers or third parties on which we rely and could result in market volatility or negatively impact our customers' spending behaviors or ability to pay outstanding loans.Additionally,we may face risks related to the transition to a low- carbon economy.Changes in consumer preferences,travel patterns and legal requirements could ~~increase~~ **impact our revenues or** expenses or otherwise adversely ~~impact~~ **affect** our business,our customers and partners.We and other parties in our value chain are expected to be subject to additional climate and other environmental- related obligations arising from legislation and regulation in the United States and abroad ~~.~~ **,including those that may impose inconsistent** ~~For~~ - **or** ~~example,~~ **conflicting requirements.** ~~banking~~ **Banking** regulators and other governmental authorities and stakeholders are increasingly focused on the issue of climate risk at financial institutions,and several of the U.S.federal bank regulatory agencies have issued ~~proposals for~~ principles designed to provide a framework for the management of climate- related risks. **Legislators and regulators have begun to mandate,or are considering mandating,** ~~Disclosure~~ **disclosure** of additional climate- related information by companies ~~has also begun to be mandated by legislation and regulators~~ ,even as the availability and quality of such information remains limited.We could also be required to change our business and management practices and experience increased expenses resulting from strategic planning,litigation and changes to our technology,operations,products and services,as well as reputational harm as a result of negative public sentiment,regulatory scrutiny and reduced stakeholder confidence,due to our response to climate change and our efforts relating to the Advancing Climate Solutions pillar of our ESG strategy.Our risk management framework may not be effective in identifying,measuring and controlling our exposure to climate-related risks,particularly given that the timing,nature and severity of the impacts of climate change may not be **predictable.** Our risk management policies and procedures **, including our use of models to manage risk,** may not be effective. Our risk management framework seeks to identify and mitigate risk and appropriately balance risk and return. Although we have devoted significant resources to develop our risk management policies and procedures and expect to continue to do so in the future, these policies and procedures, as well as our risk management techniques, such as our hedging strategies, may not be fully effective.

There may also be risks that exist, or develop in the future, that we have not appropriately identified or mitigated. As regulations, technology and competition continue to evolve, our risk management framework may not always keep sufficient pace with those changes. If our risk management framework does not effectively identify or mitigate our risks, we could suffer unexpected losses and could be materially adversely affected. Management of our risks in some cases depends upon the use of analytical and / or forecasting models. Although we have a governance framework for model development and independent model validation, the modeling methodology or key assumptions could be erroneous or the models could be misused. In addition, issues with the quality or effectiveness of our data aggregation and validation procedures, as well as the quality and integrity of data inputs, could result in ineffective or inaccurate model outputs and reports. For example, models based on historical data sets might not be accurate predictors of future outcomes **, such as because of changes in the credit profile of our Card Members,** and they may not be able to predict future outcomes. Our models also may not be able to function properly in the current geopolitical and macroeconomic environment given the lack of recent precedent. The CECL methodology requires measurement of expected credit losses for the estimated life of certain financial instruments, not only based on historical experience and current conditions, but also by including forecasts incorporating forward- looking information. If our business decisions or estimates for credit losses are based on incorrect or misused models and assumptions or we fail to manage data inputs effectively and to aggregate or analyze data in an accurate and timely manner, our results of operations and financial condition may be materially adversely affected. We are exposed to credit risk and trends that affect Card Member spending and the ability of customers and partners to pay us, which could have a material adverse effect on our results of operations and financial condition. We are exposed to both individual credit risk, principally from consumer and small business Card Member loans and receivables, and institutional credit risk, principally from corporate Card Member loans and receivables, merchants, network partners, loyalty coalition partners and treasury and investment counterparties. Third parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. General economic factors, such as gross domestic product, unemployment, inflation and interest rates, may result in greater delinquencies that lead to greater credit losses. A customer' s ability and willingness to repay us can be negatively impacted not only by economic, market, political and social conditions but also by a customer' s other payment obligations, and increasing leverage can result in a higher risk that customers will default or become delinquent in their obligations to us. We rely principally on the customer' s creditworthiness for repayment of loans or receivables and therefore often have no other recourse for collection. Our ability to assess creditworthiness may be impaired as a result of changes in our underwriting practices or if the criteria or models we use to manage our credit risk prove inaccurate in predicting future losses, which could have a negative impact on our results of operations. This may be exacerbated to the extent information we have historically relied upon to make credit decisions does not accurately portray a customer ~~'~~**’** s creditworthiness, including as a result of the current high rates of inflation and economic slowdown. Further, our pricing strategies, particularly for new lending features and non- card lending products, may not offset the negative impact on profitability caused by increases in delinquencies and losses; thus any material increases in delinquencies and losses beyond our current estimates could have a material adverse impact on us. Although we make estimates to provide for credit losses in our outstanding portfolio of loans and receivables, these estimates may not be accurate. In addition, the information we use in managing our credit risk may be inaccurate or incomplete. We have experienced higher delinquency and write- off rates for the year ended December 31, ~~2022~~ **2023** , as compared to the year ended December 31, ~~2021~~ **2022** , and such rates are expected to continue to increase. Rising delinquencies and rising rates of bankruptcy are often precursors of future write- offs and may require us to increase our reserve for credit losses. Higher write- off rates and the resulting increase in our reserves for credit losses adversely affect our profitability and the performance of our securitizations, and may increase our cost of funds. Although we regularly review our credit exposure to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. In addition, our ability to manage credit risk or collect amounts owed to us may be adversely affected by legal or regulatory changes (such as restrictions on collections or changes in bankruptcy laws, minimum payment regulations and re- age guidance). Increased credit risk, whether resulting from underestimating the credit losses inherent in our portfolio of loans and receivables, deteriorating economic conditions (particularly in the United States where, for example, U. S. Card Members were responsible for approximately 87 percent of our total Card Member loans outstanding as of December 31, ~~2022~~ **2023**), increases in the level of loan balances, changes in our mix of business or otherwise, could require us to increase our provisions for losses and could have a material adverse effect on our results of operations and financial condition. Interest rate changes could materially adversely affect our earnings. Our interest expense was approximately $ ~~2~~ **6** . 8 billion for the year ended December 31, ~~2022~~ **2023** . If the rate of interest we pay on our borrowings increases more or decreases less than the rate of interest we earn on our loans, our net interest yield, and consequently our net interest income, could decrease ~~. As of December 31, 2022, a hypothetical immediate 100 basis point increase in market interest rates would have a detrimental impact on our annual net interest income of approximately $ 141 million~~ . We expect the rates we pay on our deposits will change as benchmark interest rates change. For example, the Federal Reserve and other central banks have ~~recently~~ raised interest rates in response to heightened inflationary pressures. In addition, interest rate changes may affect customer behavior, such as impacting the loan balances Card Members carry on their credit cards or their ability to make payments as higher interest rates lead to higher payment requirements, further impacting our results of operations. For a further discussion of our interest rate risk, see " Risk Management — Market Risk Management Process " under " MD & A. " **and operational risk capital requirements are adopted in the United States and applicable to us,we are likely to be required to hold significantly more capital.** In addition,it may be necessary for us to hold additional capital because of an increase in the SCB requirement based on results from a supervisory stress test.Compliance with capital adequacy and liquidity rules requires a material investment of resources.An inability to meet regulatory expectations regarding our compliance with applicable capital adequacy and liquidity rules may also negatively impact the assessment of us and ~~AENB~~ **our U.S.bank subsidiary** by federal banking regulators

~~.Additionally,changes in our regulatory tailoring category,such as becoming a Category III or Category II firm,would subject us to more stringent capital and liquidity requirements~~ .For more information on capital adequacy requirements,see " ~~Supervision and Regulation —~~ Capital and Liquidity Regulation " under " ~~Business~~ **Supervision and Regulation** ." We are subject to restrictions ~~that~~ Adverse market conditions may significantly affect our access to, and cost of, capital and ability to meet liquidity needs. Our ability to obtain financing in the debt capital markets for unsecured term debt and asset securitizations is dependent on financial market conditions. Disruptions, uncertainty or volatility across the financial markets, as well as adverse developments affecting our competitors and the financial industry generally, could negatively impact market liquidity and limit our access to funding required to operate our business. Such market conditions may also limit our ability to replace, in a timely manner, maturing liabilities, satisfy regulatory capital requirements and access the funding necessary to grow our business. In some circumstances, we may incur an unattractive cost to raise capital, which could decrease profitability and significantly reduce financial flexibility. Additional factors affecting the extent to which we may securitize loans and receivables in the future include the overall credit quality of our loans and receivables, the costs of securitizing our loans and receivables, the demand for credit card asset- backed securities and the legal, regulatory, accounting or tax rules affecting securitization transactions and asset- backed securities, generally. Our liquidity and cost of funds would also be adversely affected by the occurrence of events that could result in the early amortization of our existing securitization transactions. For a further discussion of our liquidity and funding needs, see " Consolidated Capital Resources and Liquidity " under " MD & A. " Any reduction in our credit ratings could increase the cost of our funding from, and restrict our access to, the capital markets and have a material adverse effect on our results of operations and financial condition. Ratings of our long- term and short- term debt and deposits are based on a number of factors, including financial strength, as well as factors not within our control, including conditions affecting the financial services industry, and the macroeconomic environment. Our ratings could be downgraded at any time and without any notice by any of the rating agencies, which could, among other things, adversely limit our access to the capital markets and adversely affect the cost and other terms upon which we are able to obtain funding. Our ability to raise funding through the securitization market also depends, in part, on the credit ratings of the securities we issue from our securitization trusts. If we are not able to satisfy rating agency requirements to confirm the ratings of our asset- backed securities, it could limit our ability to access the securitization markets. Adverse currency fluctuations and foreign exchange controls could decrease earnings we receive from our international operations and impact our capital. During ~~2022~~ **2023** , approximately 22 percent of our total revenues net of interest expense were generated from activities outside the United States. We are exposed to foreign exchange risk from our international operations, and accordingly the revenue we generate outside the United States is subject to unpredictable fluctuations if the values of other currencies change relative to the U. S. dollar, which could have a material adverse effect on our results of operations. Foreign exchange regulations or capital controls might restrict or prohibit the conversion of other currencies into U. S. dollars or our ability to transfer them. Political and economic conditions in other countries could also **cause fluctuations in the values of their currencies, such as the devaluation of the Argentinian peso, and** impact the availability of foreign exchange for the payment to us by the local card issuer for obligations arising out of local Card Members' spending outside such country and for the payment by Card Members who are billed in a currency other than their local currency. Substantial and sudden devaluation of local Card Members' currency can also affect their ability to make payments to the local issuer of the card in connection with spending outside the local country. The occurrence of any of these circumstances could further impact our results of operations. An inability to accept or maintain deposits due to market demand or regulatory constraints could materially adversely affect our liquidity position and our ability to fund our business. Our U. S. bank subsidiary, AENB, accepts deposits and uses the proceeds as a source of funding, with our direct retail deposits becoming a larger proportion of our funding over time. We continue to face strong competition with regard to deposits, and pricing and product changes may adversely affect our ability to attract and retain cost- effective deposit balances. To the extent we offer higher interest rates to attract or maintain deposits, our funding costs will be adversely impacted **. Additionally, a decrease in confidence in the soundness of us or in the banking sector more broadly, such as following the occurrence of bank failures, or in the level of insurance available on deposits may cause rapid deposit withdrawals or an unwillingness to maintain deposits with us, which could materially adversely affect us and our ability to fund our business. The use of social media and similar channels has the potential to intensify and accelerate such a decrease in confidence in soundness** . Our ability to obtain deposit funding and offer competitive interest rates on deposits is also dependent on AENB' s capital levels. The FDIA' s brokered deposit provisions and related FDIC rules in certain circumstances prohibit banks from accepting or renewing brokered deposits and apply other restrictions, such as a cap on interest rates that can be paid. Additionally, our regulators can adjust applicable capital requirements at any time and have authority to place limitations on our deposit businesses. An inability to attract or maintain deposits in the future could materially adversely affect our ability to fund our business. The value of our investments may be adversely impacted by economic, political or market conditions. Market risk includes the loss in value of portfolios and financial instruments due to adverse changes in market variables, which could negatively impact our financial condition. We have experienced realized and unrealized losses in our Amex Ventures equity investments and may experience further losses in the future. As of December 31, ~~2022~~ **2023** , we held approximately $ ~~4~~ **2** . ~~6~~ **2** billion of investment securities, primarily consisting of debt securities, and equity investments, including certain equity method investments, totaling approximately $ 2. 0 billion. Negative market conditions, changes in valuations or increases in default rates or bankruptcies with respect to these investments, due to economic conditions, business performance or otherwise, could have a material adverse impact on the value of our investments, potentially resulting in impairment charges. Defaults, threats of defaults or economic disruptions, even in countries or territories in which we do not have material investment exposure, conduct business or have operations, could adversely affect us.