



**American Express National Bank**

**2022 CIDI Resolution Plan**

**Public Section**



## Public Section

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## Disclosure

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. You can identify forward-looking statements by words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “aim,” “will,” “may,” “should,” “could,” “would,” “likely,” “estimate,” “predict,” “potential,” “continue” or other similar expressions. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statements.

In addition, American Express Company’s expectations and projections regarding the implementation and effectiveness of American Express National Bank’s resolution strategies are based on scenarios and assumptions that are hypothetical and may not reflect events to which American Express National Bank is or may become subject and are not binding upon American Express National Bank’s resolution authority. Actual results may differ materially from those set forth in the forward-looking statements due to a variety of factors, including those described in American Express Company’s Annual Report on Form 10-K for the year ended December 31, 2021, Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022 and September 30, 2022 and other reports on file with the U.S. Securities and Exchange Commission (“SEC”).

This document includes trademarks, such as American Express<sup>®</sup>, which are protected under applicable intellectual property laws and are the property of American Express Company or its subsidiaries. Solely for convenience, our trademarks and trade names referred to in this report may appear without the <sup>®</sup> or <sup>™</sup> symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and trade names.



## 1 Introduction

### Resolution Planning

American Express National Bank (“AENB”) has prepared this resolution plan (“Resolution Plan”) to describe how AENB could be resolved in a rapid and orderly manner in the unlikely event of its failure.

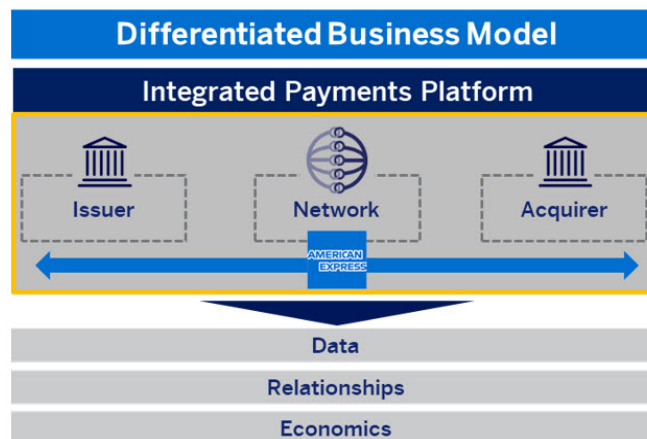
Pursuant to 12 C.F.R. Section 360.10 (the “IDI Rule”), as an Insured Depository Institution (“IDI”) with greater than \$50 billion in total assets, AENB is a “covered IDI” (“CIDI”). In addition, as a CIDI with greater than \$100 billion in total assets, AENB is a “specified CIDI” for purposes of the Federal Deposit Insurance Corporation’s (“FDIC”) June 2021 “Statement on Resolution Plans for Insured Depository Institutions,” which updates and implements certain aspects of the IDI Rule and related FDIC guidance for specified CIDs. Accordingly, AENB is required to submit a resolution plan to the FDIC.

### American Express and its Integrated Payments Platform

American Express Company (“American Express”) is a globally integrated payments company that provides customers with access to products, insights and experiences that enrich lives and build business success. American Express cards issued by AENB, as well as by third-party banks and other institutions on the American Express network, can be used by Card Members to charge purchases at the millions of merchants around the world that accept cards bearing the American Express logo.

American Express maintains direct relationships with both Card Members (as a card issuer) and merchants (as an acquirer), and handles all key aspects of those relationships. These relationships create a “closed-loop” in that American Express has direct access to information at both ends of the card transaction, which distinguishes its Integrated Payments Platform from the bankcard networks.

Figure 1: American Express Integrated Payments Platform





The Integrated Payments Platform allows American Express to analyze information on Card Member spending and build algorithms and other analytical tools that American Express uses to underwrite risk, reduce fraud and provide targeted marketing and other information services for merchants and special offers and services to Card Members, all while respecting Card Member preferences and protecting Card Member and merchant data in compliance with applicable policies and legal requirements.



## 2. **Material Entities**

AENB is a full-service, FDIC-insured national bank, headquartered in Sandy, Utah. It is a wholly owned subsidiary of American Express Travel Related Services Company, Inc. ("TRS"), which is a wholly owned subsidiary of American Express.

AENB and TRS are the two American Express entities that meet the IDI Rule's definition of a "Material Entity."

### **American Express National Bank**

AENB serves customers in three primary main ways: First, it issues and services credit and charge cards to consumers and small and mid-sized enterprises ("SMEs"). Second, AENB offers commercial loans to SMEs, as well as personal unsecured installment loans to consumers. Third, AENB operates a Direct Deposits program that offers consumer banking products, including high-yield savings accounts ("HYSA"), certificates of deposit ("CDs") and checking accounts, as well as business checking accounts designed to serve SMEs.

### **American Express Travel Related Services Company, Inc.**

TRS is the direct parent of AENB and a subsidiary of American Express, the top-tier parent of AENB. TRS is a bank holding company ("BHC") and has elected to be a financial holding company under the Bank Holding Company Act of 1956, as amended. As a BHC, TRS is subject to supervision and examination by the Board of Governors of the Federal Reserve System, commonly known as the Federal Reserve Board. On a standalone basis, TRS' principal products and services include corporate charge cards, prepaid cards, supplier payments, merchant acquiring, and travel and lifestyle related services.

Additional information regarding the legal entity structure of American Express is available in American Express' SEC filings, which are accessible through the SEC's public website at <https://www.sec.gov>, and through the American Express Investor Relations website at <https://ir.americanexpress.com>.



### 3. Core Business Lines

AENB has identified three core business lines for purposes of the IDI Rule: U.S. Consumer, U.S. Commercial, and Direct Deposits. These core business lines have been identified solely for resolution planning purposes, and differ from the operating segments that American Express uses for management reporting in its periodic reports filed with the SEC.

#### **U.S. Consumer**

U.S. Consumer offers and services credit and charge cards to consumers in the United States.

#### **U.S. Commercial**

U.S. Commercial offers payment and financing products to SMEs in the United States, such as credit cards, charge cards, and commercial loans and working capital solutions.

#### **Direct Deposits**

Direct Deposits offers a range of direct-to-consumer retail deposit products through the American Express Savings program, which includes HYSA and CDs of varying maturities, along with individual retirement account ("IRA") versions of both its HYSA and CD products for both Traditional and Roth IRA plan types. AENB also offers checking account products to consumers and small businesses in the United States.

Additional information regarding the business lines of American Express is available in American Express' SEC filings, which are accessible through the SEC's public website at <https://www.sec.gov>, and through the American Express Investor Relations website at <https://ir.americanexpress.com>.



#### 4. Consolidated Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

##### Assets and Liabilities

The following table provides consolidated balance sheet data for AENB as of December 31, 2021.

Table 1: AENB Consolidated Balance Sheet as of December 31, 2021

December 31 ( <i>Millions, except share data</i> )	2021
<b>Assets</b>	
Cash and cash equivalents	
Cash and due from banks (includes restricted cash of a consolidated variable interest entity: 2021, \$11)	\$ 24
Interest-bearing deposits in other banks	17,811
Short-term investment securities (represents restricted investment of a consolidated variable interest entity)	31
Total cash and cash equivalents	17,866
Card Member receivables, less reserves for credit losses: 2021, \$43	28,864
Card Member loans, (includes gross loans available to settle obligations of a consolidated variable interest entity: 2021, \$26,587), less reserves for credit losses: 2021, \$3,067	73,811
Other loans, less reserves for credit losses: 2021, \$50	2,634
Investment securities	162
Other assets	2,993
Total assets	\$ 126,330
<b>Liabilities and Shareholder's Equity</b>	
<b>Liabilities</b>	
Customer deposits and deposits from affiliates	\$ 91,420
Due to affiliates, net	5,184
Long-term and other debt (includes debt issued by a consolidated variable interest entity: 2021, \$12,361)	13,161
Other liabilities	4,233
Total liabilities	\$ 113,998
<b>Shareholder's Equity</b>	
Common shares \$1 par value; 50,000 shares authorized, issued and outstanding	—
Additional paid-in capital	4,411
Retained earnings	7,919
Accumulated other comprehensive income	
Net unrealized debt securities gains, net of tax of: 2021, nil	2
Total shareholder's equity	12,332
Total liabilities and shareholder's equity	\$ 126,330





## Capital

AENB's capital management objective is to retain sufficient levels of capital generated primarily through net income, to maintain a strong balance sheet, provide flexibility to support future business growth, and distribute excess capital.

The following table represents the regulatory risk-based capital ratios and leverage ratio for AENB as of December 31, 2021.

**Table 2: AENB Regulatory Risk-Based Capital Ratios and Leverage Ratio as of December 31, 2021**

	<i>Actual Ratios</i>	<i>Effective Minimum<sup>(a)</sup></i>
<b>Risk-Based Capital</b>		
Common equity Tier 1 capital	11.8%	7.0%
Tier 1 capital	11.8%	8.5%
Total capital	13.7%	10.5%
Tier 1 leverage capital	10.5%	4.0%

(a) Minimum well-capitalized ratios represent Basel III minimum capital requirement and applicable regulatory buffers as defined by the Office of the Comptroller of the Currency, which includes the capital conservation buffer.

## Funding

AENB's principal funding objective is to maintain broad and well-diversified funding sources to allow it to finance its businesses and to maintain a strong liquidity profile. AENB aims to satisfy its financing needs with a diverse set of funding sources including Direct Deposits, third-party deposits and secured debt, as well as access to intercompany borrowings.



**5. Description of Foreign Operations**

In 2022, AENB closed its one non-United States branch in Georgetown, Grand Cayman, Cayman Islands (“Cayman Branch”). The Cayman Branch had historically provided services internally to American Express affiliates and had no external customer-facing operations.



**6. Material Supervisory Authorities**

American Express and TRS are subject to comprehensive consolidated supervision, regulation and examination by the Federal Reserve Board and AENB is supervised, regulated and examined by the Office of the Comptroller of the Currency (“OCC”). American Express and its subsidiaries are also subject to the rulemaking, enforcement and examination authority of the Consumer Financial Protection Bureau. Although the OCC is the primary federal supervisor of AENB, AENB is also subject to backup supervision, regulation and examination by the FDIC.



## 7. Principal Officers

The following table lists the principal officers of AENB as of October 31, 2022.

**Table 3: AENB's Principal Officers as of October 31, 2022**

<i><b>Executive Officer</b></i>	<i><b>Title</b></i>
Jeffrey Campbell	Chief Financial Officer
Anneke Covell	Chief Privacy Officer
Andres Espinosa	Chief Credit Officer
Alan Gallo	Chief Audit Executive
Howard Grosfield	President, Consumer Services
Paul Hare	Bank Secrecy Act / Anti-Money Laundering Officer
Monique Herena	Chief Colleague Experience Officer
Pascale Hutz	Chief Data Officer
Jeffrey Irvine	Physical Security Officer
Anna Marrs	President, Commercial Services and Credit and Fraud Risk
Michael Martinez	Community Reinvestment Act Officer
David Nigro	Chief Risk Officer
Michael Papay	Chief Information Technology Risk and Cyber Officer
Rosario Perez	Treasurer
Richard Petrino	Chief Operating Officer
Denise Pickett	President, Global Services Group
Beth Provanzana	Chief Compliance Officer
Ravi Radhakrishnan	Chief Information Officer
Laureen Seeger	Chief Legal Officer
Douglas Turnbull	Corporate Secretary
Ravi Varma	Chief Operational Risk Officer
Anré Williams	Chief Executive Officer and President



## **8. Resolution Planning Corporate Governance and Processes**

The development of a Resolution Plan allows AENB to reflect on its business, material entities, other legal entities and operational structure in the context of advance preparation for potential future crises. Through the planning process, AENB developed and maintains a plan of action to resolve the material entities and core business lines, and the governance structure and information capabilities required to implement those actions. The AENB Resolution Planning Team is primarily responsible and accountable for the development, maintenance, implementation, and filing of the AENB Resolution Plan and for AENB's compliance with resolution planning corporate governance.

AENB's Resolution Planning Policy governs the development, approval, and submission of AENB's Resolution Plan.

The AENB Board of Directors is ultimately responsible for the overall oversight of the resolution planning program. The AENB Board of Directors, together with its AENB Risk and Compliance Committee of the Board and AENB Asset/Liability Management Committee, receive periodic updates, as needed, and each must approve the Resolution Plan prior to submission.

The AENB Board of Directors has approved the Resolution Plan prior to submission to the FDIC.



## **9. Material Management Information Systems**

American Express' Management Information Systems ("MIS") support the business activities of American Express and AENB by providing information to understand business financials, risks and performance that enable management to strategically plan and execute against business objectives. MIS includes a wide variety of systems, platforms, databases and other infrastructure that enable business users to generate standard and ad-hoc reports and perform business analytics.

American Express maintains an internal system to track its technology applications. The primary objective of this system is to enable American Express, including AENB, to comply with regulatory requirements by collecting, storing, inventorying and governing information technology application assets.



## 10. Summary of Resolution Strategies

AENB's Resolution Plan presents the FDIC, as receiver, with options to resolve AENB. The Resolution Strategies describe how AENB could be resolved in a rapid and orderly manner in compliance with the requirements of the IDI Rule and the FDIC's June 2021 "Statement on Resolution Plans for Insured Depository Institutions." The strategies described in the Resolution Plan are designed to allow the FDIC to resolve AENB in a manner that ensures that depositors receive access to their insured deposits within one business day of its hypothetical failure (two business days if the failure occurs on a day other than Friday), maximizes the net present value return from the sale or disposition of its assets and minimizes the amount of any loss realized by the creditors in the resolution.