

American Express Company

(Preliminary)

Consolidated Statements of Income

(Millions, except percentages and per share amounts)

	Quarters Ended				% Change Sep 30, 2015 vs. Sep 30, 2014	Nine Months Ended		% Change Sep 30, 2015 vs. Sep 30, 2014	
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014		Sep 30, 2014	Sep 30, 2015		Sep 30, 2014
Revenues									
Non-interest revenues									
Discount revenue (A)	\$ 4,778	\$ 4,946	\$ 4,660	\$ 4,961	\$ 4,889	(2)	\$ 14,384	\$ 14,428	(0)
Net card fees	679	667	667	671	680	(0)	2,013	2,041	(1)
Other fees and commissions (B)	727	727	708	715	746	(3)	2,162	2,911	(26)
Other	504	521	468	1,310	593	(15)	1,493	1,679	(11)
Total non-interest revenues	<u>6,688</u>	<u>6,861</u>	<u>6,503</u>	<u>7,657</u>	<u>6,908</u>	(3)	<u>20,052</u>	<u>21,059</u>	(5)
Interest income									
Interest on loans	1,847	1,776	1,795	1,769	1,753	5	5,418	5,160	5
Interest and dividends on investment securities	38	41	41	43	45	(16)	120	136	(12)
Deposits with banks and other	19	20	21	17	17	12	60	54	11
Total interest income	<u>1,904</u>	<u>1,837</u>	<u>1,857</u>	<u>1,829</u>	<u>1,815</u>	5	<u>5,598</u>	<u>5,350</u>	5
Interest expense									
Deposits	125	109	103	97	91	37	337	276	22
Long-term debt and other	274	305	307	308	329	(17)	886	1,026	(14)
Total interest expense	<u>399</u>	<u>414</u>	<u>410</u>	<u>405</u>	<u>420</u>	(5)	<u>1,223</u>	<u>1,302</u>	(6)
Net interest income	<u>1,505</u>	<u>1,423</u>	<u>1,447</u>	<u>1,424</u>	<u>1,395</u>	8	<u>4,375</u>	<u>4,048</u>	8
Total revenues net of interest expense	<u>8,193</u>	<u>8,284</u>	<u>7,950</u>	<u>9,081</u>	<u>8,303</u>	(1)	<u>24,427</u>	<u>25,107</u>	(3)
Provisions for losses									
Charge card	203	165	174	198	196	4	542	594	(9)
Card Member loans	309	285	235	341	265	17	829	797	4
Other	17	17	11	43	27	(37)	45	71	(37)
Total provisions for losses	<u>529</u>	<u>467</u>	<u>420</u>	<u>582</u>	<u>488</u>	8	<u>1,416</u>	<u>1,462</u>	(3)
Total revenues net of interest expense after provisions for losses	<u>7,664</u>	<u>7,817</u>	<u>7,530</u>	<u>8,499</u>	<u>7,815</u>	(2)	<u>23,011</u>	<u>23,645</u>	(3)
Expenses									
Marketing and promotion (A)	847	761	609	887	783	8	2,217	2,329	(5)
Card Member rewards	1,763	1,799	1,640	1,881	1,695	4	5,202	5,050	3
Card Member services and other	269	242	261	203	205	31	772	619	25
Salaries and employee benefits	1,212	1,250	1,305	1,607	1,290	(6)	3,767	4,488	(16)
Professional services	687	655	624	768	731	(6)	1,966	2,240	(12)
Occupancy and equipment	523	415	434	446	432	21	1,372	1,361	1
Communications	84	85	88	98	91	(8)	257	285	(10)
Other, net	341	380	253	384	342	(0)	974	507	92
Total	<u>5,726</u>	<u>5,587</u>	<u>5,214</u>	<u>6,274</u>	<u>5,569</u>	3	<u>16,527</u>	<u>16,879</u>	(2)
Pretax income	<u>1,938</u>	<u>2,230</u>	<u>2,316</u>	<u>2,225</u>	<u>2,246</u>	(14)	<u>6,484</u>	<u>6,766</u>	(4)
Income tax provision	<u>672</u>	<u>757</u>	<u>791</u>	<u>778</u>	<u>769</u>	(13)	<u>2,220</u>	<u>2,328</u>	(5)
Net income	<u>\$ 1,266</u>	<u>\$ 1,473</u>	<u>\$ 1,525</u>	<u>\$ 1,447</u>	<u>\$ 1,477</u>	(14)	<u>\$ 4,264</u>	<u>\$ 4,438</u>	(4)
Net income attributable to common shareholders (C)	<u>\$ 1,234</u>	<u>\$ 1,442</u>	<u>\$ 1,514</u>	<u>\$ 1,436</u>	<u>\$ 1,466</u>	(16)	<u>\$ 4,190</u>	<u>\$ 4,403</u>	(5)
Effective tax rate	34.7%	33.9%	34.2%	35.0%	34.2%		34.2%	34.4%	

Earnings Per Common Share

BASIC									
Net income attributable to common shareholders	<u>\$ 1.24</u>	<u>\$ 1.43</u>	<u>\$ 1.49</u>	<u>\$ 1.40</u>	<u>\$ 1.41</u>	(12)	<u>\$ 4.16</u>	<u>\$ 4.19</u>	(1)
Average common shares outstanding	<u>994</u>	<u>1,009</u>	<u>1,019</u>	<u>1,028</u>	<u>1,041</u>	(5)	<u>1,007</u>	<u>1,051</u>	(4)
DILUTED									
Net income attributable to common shareholders	<u>\$ 1.24</u>	<u>\$ 1.42</u>	<u>\$ 1.48</u>	<u>\$ 1.39</u>	<u>\$ 1.40</u>	(11)	<u>\$ 4.15</u>	<u>\$ 4.17</u>	(0)
Average common shares outstanding	<u>997</u>	<u>1,013</u>	<u>1,023</u>	<u>1,033</u>	<u>1,047</u>	(5)	<u>1,011</u>	<u>1,057</u>	(4)
Cash dividends declared per common share	<u>\$ 0.29</u>	<u>\$ 0.29</u>	<u>\$ 0.26</u>	<u>\$ 0.26</u>	<u>\$ 0.26</u>	12	<u>\$ 0.84</u>	<u>\$ 0.75</u>	12

- Denotes a variance of more than 100 percent.

American Express Company

Condensed Consolidated Balance Sheets

(Billions, except percentages, per share amounts and where indicated)

	Quarters Ended					% Change Sep 30, 2015 vs. Sep 30, 2014
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	
Assets						
Cash & cash equivalents	\$ 20	\$ 21	\$ 24	\$ 22	\$ 21	(5)
Accounts receivable	46	47	46	47	47	(2)
Investment securities	4	5	4	4	5	(20)
Loans	69	69	67	70	66	5
Other assets	15	15	14	16	15	-
Total assets	\$ 154	\$ 157	\$ 155	\$ 159	\$ 154	-
Liabilities and Shareholders' Equity						
Customer deposits	\$ 49	\$ 47	\$ 45	\$ 44	\$ 43	14
Short-term borrowings	3	4	2	3	3	-
Long-term debt	49	53	55	58	56	(13)
Other liabilities	32	31	31	33	32	-
Total liabilities	133	135	133	138	134	(1)
Shareholders' Equity	21	22	22	21	20	5
Total liabilities and shareholders' equity	\$ 154	\$ 157	\$ 155	\$ 159	\$ 154	-
Selected Statistical Information						
Return on average equity (D)	26.8%	28.1%	29.0%	29.1%	28.8%	
Return on average common equity (D)	27.8%	28.8%	29.3%	29.0%	28.6%	
Return on average tangible common equity (D)	34.2%	35.4%	36.2%	35.9%	35.6%	
Common shares outstanding (millions)	985	1,002	1,016	1,023	1,035	(5)
Book value per common share (dollars)	\$ 20.06	\$ 20.27	\$ 19.93	\$ 19.49	\$ 19.54	3
Shareholders' equity	\$ 21.3	\$ 21.9	\$ 21.8	\$ 20.7	\$ 20.2	6

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American Express Company

Financial Summary

(Millions)

	Quarters Ended					% Change Sep 30, 2015 vs. Sep 30, 2014	Nine Months Ended		% Change Sep 30, 2015 vs. Sep 30, 2014
	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,		Sep 30,		
	2015	2015	2015	2014	2014		2015	2014	
Total revenues net of interest expense									
U.S. Card Services	\$ 4,729	\$ 4,726	\$ 4,525	\$ 4,594	\$ 4,501	5	\$ 13,980	\$ 13,216	6
International Card Services	1,238	1,258	1,241	1,355	1,394	(11)	3,737	4,137	(10)
Global Commercial Services	817	881	827	1,585	900	(9)	2,525	3,363	(25)
Global Network & Merchant Services	<u>1,370</u>	<u>1,396</u>	<u>1,344</u>	<u>1,477</u>	<u>1,450</u>	(6)	<u>4,110</u>	<u>4,270</u>	(4)
	8,154	8,261	7,937	9,011	8,245	(1)	24,352	24,986	(3)
Corporate & Other	<u>39</u>	<u>23</u>	<u>13</u>	<u>70</u>	<u>58</u>	(33)	<u>75</u>	<u>121</u>	(38)
CONSOLIDATED TOTAL REVENUES NET OF INTEREST EXPENSE	<u>\$ 8,193</u>	<u>\$ 8,284</u>	<u>\$ 7,950</u>	<u>\$ 9,081</u>	<u>\$ 8,303</u>	(1)	<u>\$ 24,427</u>	<u>\$ 25,107</u>	(3)
Pretax income (loss)									
U.S. Card Services	\$ 1,262	\$ 1,366	\$ 1,480	\$ 1,083	\$ 1,411	(11)	\$ 4,108	\$ 4,017	2
International Card Services	105	144	184	1	176	(40)	433	448	(3)
Global Commercial Services	238	314	284	949	309	(23)	836	1,459	(43)
Global Network & Merchant Services	<u>723</u>	<u>695</u>	<u>698</u>	<u>670</u>	<u>670</u>	8	<u>2,116</u>	<u>1,950</u>	9
	2,328	2,519	2,646	2,703	2,566	(9)	7,493	7,874	(5)
Corporate & Other	<u>(390)</u>	<u>(289)</u>	<u>(330)</u>	<u>(478)</u>	<u>(320)</u>	22	<u>(1,009)</u>	<u>(1,108)</u>	(9)
PRETAX INCOME	<u>\$ 1,938</u>	<u>\$ 2,230</u>	<u>\$ 2,316</u>	<u>\$ 2,225</u>	<u>\$ 2,246</u>	(14)	<u>\$ 6,484</u>	<u>\$ 6,766</u>	(4)
Net income (loss)									
U.S. Card Services	\$ 794	\$ 886	\$ 934	\$ 665	\$ 889	(11)	\$ 2,614	\$ 2,535	3
International Card Services	89	125	134	33	142	(37)	348	378	(8)
Global Commercial Services	151	203	180	594	204	(26)	534	949	(44)
Global Network & Merchant Services	<u>462</u>	<u>448</u>	<u>444</u>	<u>417</u>	<u>427</u>	8	<u>1,354</u>	<u>1,243</u>	9
	1,496	1,662	1,692	1,709	1,662	(10)	4,850	5,105	(5)
Corporate & Other	<u>(230)</u>	<u>(189)</u>	<u>(167)</u>	<u>(262)</u>	<u>(185)</u>	24	<u>(586)</u>	<u>(667)</u>	(12)
NET INCOME	<u>\$ 1,266</u>	<u>\$ 1,473</u>	<u>\$ 1,525</u>	<u>\$ 1,447</u>	<u>\$ 1,477</u>	(14)	<u>\$ 4,264</u>	<u>\$ 4,438</u>	(4)

- Denotes a variance of more than 100 percent.

American Express Company

(Preliminary)

Selected Statistical Information

(Billions, except percentages and where indicated)

	Quarters Ended					% Change Sep 30, 2015 vs. Sep 30, 2014	Nine Months Ended		% Change Sep 30, 2015 vs. Sep 30, 2014
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014		Sep 30, 2015 2014		
Card billed business (E):									
United States	\$ 180.3	\$ 181.6	\$ 169.2	\$ 182.5	\$ 173.0	4	\$ 531.1	\$ 505.6	5
Outside the United States	78.6	80.4	76.4	86.0	85.1	(8)	235.4	248.7	(5)
Total	<u>\$ 258.9</u>	<u>\$ 262.0</u>	<u>\$ 245.6</u>	<u>\$ 268.5</u>	<u>\$ 258.1</u>	0	<u>\$ 766.5</u>	<u>\$ 754.3</u>	2
Total cards-in-force (F) (millions):									
United States	56.4	55.3	54.8	54.9	54.5	3	56.4	54.5	3
Outside the United States	59.4	58.5	57.4	57.3	56.6	5	59.4	56.6	5
Total	<u>115.8</u>	<u>113.8</u>	<u>112.2</u>	<u>112.2</u>	<u>111.1</u>	4	<u>115.8</u>	<u>111.1</u>	4
Basic cards-in-force (F) (millions):									
United States	43.6	42.8	42.4	42.6	42.2	3	43.6	42.2	3
Outside the United States	49.0	48.2	47.3	47.0	46.3	6	49	46.3	6
Total	<u>92.6</u>	<u>91.0</u>	<u>89.7</u>	<u>89.6</u>	<u>88.5</u>	5	<u>92.6</u>	<u>88.5</u>	5
Average discount rate (A) (G)	2.46%	2.49%	2.49%	2.44%	2.48%		2.48%	2.49%	
Average basic Card Member spending (dollars) (H)	\$ 4,165	\$ 4,272	\$ 4,008	\$ 4,377	\$ 4,223	(1)	\$ 12,437	\$ 12,504	(1)
Average fee per card (dollars) (H)	\$ 39	\$ 39	\$ 39	\$ 39	\$ 40	(3)	\$ 39	\$ 41	(5)
Average fee per card adjusted (dollars) (H)	\$ 44	\$ 43	\$ 44	\$ 44	\$ 45	(2)	\$ 44	\$ 45	(2)
Worldwide Card Member receivables:									
Total receivables	\$ 44.3	\$ 44.9	\$ 43.7	\$ 44.9	\$ 45.1	(2)	\$ 44.3	\$ 45.1	(2)
Loss reserves (millions):									
Beginning balance	\$ 420	\$ 429	\$ 465	\$ 432	\$ 413	2	\$ 465	\$ 386	20
Provisions (I)	203	165	174	198	196	4	542	594	(9)
Net write-offs (J)	(174)	(171)	(199)	(156)	(168)	4	(544)	(527)	3
Other (K)	(8)	(3)	(11)	(9)	(9)	(11)	(22)	(21)	5
Ending balance	<u>\$ 441</u>	<u>\$ 420</u>	<u>\$ 429</u>	<u>\$ 465</u>	<u>\$ 432</u>	2	<u>\$ 441</u>	<u>\$ 432</u>	2
% of receivables	1.0%	0.9%	1.0%	1.0%	1.0%		1.0%	1.0%	
Net write-off rate (principal only) - USCS/ICS (L)	1.8%	1.7%	2.1%	1.5%	1.6%		1.8%	1.8%	
Net write-off rate (principal and fees) - USCS/ICS (L)	2.0%	1.9%	2.3%	1.7%	1.8%		2.1%	2.0%	
30 days past due as a % of total - USCS/ICS	1.6%	1.5%	1.6%	1.6%	1.6%		1.6%	1.6%	
Net loss ratio (as a % of charge volume) - GCS	0.08%	0.09%	0.10%	0.08%	0.09%		0.09%	0.09%	
90 days past billing as a % of total - GCS	0.7%	0.7%	0.7%	0.8%	0.8%		0.7%	0.8%	
Worldwide Card Member loans:									
Total loans	\$ 68.9	\$ 69.0	\$ 66.8	\$ 70.4	\$ 66.1	4	\$ 68.9	\$ 66.1	4
Loss reserves (millions):									
Beginning balance	\$ 1,132	\$ 1,130	\$ 1,201	\$ 1,146	\$ 1,170	(3)	\$ 1,201	\$ 1,261	(5)
Provisions (I)	309	285	235	341	265	17	829	797	4
Net write-offs - principal (J)	(231)	(243)	(259)	(237)	(245)	(6)	(733)	(786)	(7)
Net write-offs - interest and fees (J)	(37)	(42)	(43)	(40)	(40)	(8)	(122)	(124)	(2)
Other (K)	(9)	2	(4)	(9)	(4)	#	(11)	(2)	#
Ending balance	<u>\$ 1,164</u>	<u>\$ 1,132</u>	<u>\$ 1,130</u>	<u>\$ 1,201</u>	<u>\$ 1,146</u>	2	<u>\$ 1,164</u>	<u>\$ 1,146</u>	2
Ending reserves - principal	\$ 1,114	\$ 1,076	\$ 1,074	\$ 1,149	\$ 1,093	2	\$ 1,114	\$ 1,093	2
Ending reserves - interest and fees	\$ 50	\$ 56	\$ 56	\$ 52	\$ 53	(6)	\$ 50	\$ 53	(6)
% of loans	1.7%	1.6%	1.7%	1.7%	1.7%		1.7%	1.7%	
% of past due	164%	171%	163%	167%	165%		164%	165%	
Average loans	\$ 69.0	\$ 68.0	\$ 67.6	\$ 67.7	\$ 66.4	4	\$ 68.3	\$ 65.4	4
Net write-off rate (principal only) (L)	1.3%	1.4%	1.5%	1.4%	1.5%		1.4%	1.6%	
Net write-off rate (principal, interest and fees) (L)	1.6%	1.7%	1.8%	1.6%	1.7%		1.7%	1.9%	
30 days past due loans as a % of total	1.0%	1.0%	1.0%	1.0%	1.1%		1.0%	1.1%	
Net interest income divided by average loans (M)	8.7%	8.4%	8.6%	8.4%	8.5%		8.5%	8.1%	
Net interest yield on Card Member loans (M)	9.5%	9.3%	9.6%	9.3%	9.3%		9.5%	9.3%	

- Denotes a variance of more than 100 percent.

See Appendix V for footnote references

U.S. Card Services

(Preliminary)

Selected Income Statement Data

(Millions, except percentages)

	Quarters Ended					% Change Sep 30, 2015 vs. Sep 30, 2014	Nine Months Ended		% Change Sep 30, 2015 vs. Sep 30, 2014
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014		Sep 30,		
							2015	2014	
Revenues									
Non-interest revenues (A)	\$ 3,302	\$ 3,372	\$ 3,148	\$ 3,253	\$ 3,188	4	\$ 9,822	\$ 9,375	5
Interest income	1,593	1,517	1,529	1,490	1,465	9	4,639	4,296	8
Interest expense	166	163	152	149	152	9	481	455	6
Net interest income	1,427	1,354	1,377	1,341	1,313	9	4,158	3,841	8
Total revenues net of interest expense	4,729	4,726	4,525	4,594	4,501	5	13,980	13,216	6
Provisions for losses	390	327	296	399	316	23	1,013	997	2
Total revenues net of interest expense after provisions for losses	4,339	4,399	4,229	4,195	4,185	4	12,967	12,219	6
Expenses									
Marketing, promotion, rewards, Card Member services and other (A)	2,029	1,996	1,733	2,038	1,764	15	5,758	5,159	12
Salaries and employee benefits and other operating expenses	1,048	1,037	1,016	1,074	1,010	4	3,101	3,043	2
Total	3,077	3,033	2,749	3,112	2,774	11	8,859	8,202	8
Pretax segment income	1,262	1,366	1,480	1,083	1,411	(11)	4,108	4,017	2
Income tax provision	468	480	546	418	522	(10)	1,494	1,482	1
Segment income	\$ 794	\$ 886	\$ 934	\$ 665	\$ 889	(11)	\$ 2,614	\$ 2,535	3
Effective tax rate	37.1%	35.1%	36.9%	38.6%	37.0%		36.4%	36.9%	

Selected Statistical Information

(Billions, except percentages and where indicated)

Card billed business	\$ 143.4	\$ 144.1	\$ 132.5	\$ 145.0	\$ 136.2	5	\$ 420.0	\$ 397.0	6
Total cards-in-force (millions)	47.4	46.3	45.9	45.6	45.2	5	47.4	45.2	5
Basic cards-in-force (millions)	35.4	34.6	34.2	34.0	33.7	5	35.4	33.7	5
Average basic Card Member spending (dollars)	\$ 4,098	\$ 4,210	\$ 3,875	\$ 4,281	\$ 4,069	1	\$ 12,166	\$ 12,008	1
U.S. Consumer Travel:									
Travel sales (millions)	\$ 943	\$ 1,020	\$ 988	\$ 817	\$ 956	(1)	\$ 2,951	\$ 2,957	(0)
Travel commissions and fees/sales	7.1%	7.1%	6.6%	7.5%	7.4%		6.9%	7.1%	
Total segment assets (P)	\$ 107.7	\$ 108.2	\$ 107.7	\$ 113.2	\$ 103.3	4	\$ 107.7	\$ 103.3	4
Segment capital (N)	\$ 10.3	\$ 10.8	\$ 10.8	\$ 10.4	\$ 9.9	4	\$ 10.3	\$ 9.9	4
Return on average segment capital (O)	31.4%	32.6%	32.1%	32.5%	35.5%		31.4%	35.5%	
Return on average tangible segment capital (O)	32.6%	33.8%	33.2%	33.6%	36.6%		32.6%	36.6%	
Card Member receivables:									
Total receivables	\$ 22.0	\$ 22.1	\$ 21.5	\$ 22.5	\$ 21.3	3	\$ 22.0	\$ 21.3	3
30 days past due as a % of total	1.6%	1.5%	1.7%	1.7%	1.6%		1.6%	1.6%	
Average receivables	\$ 22.0	\$ 22.0	\$ 21.3	\$ 21.8	\$ 21.4	3	\$ 21.8	\$ 21.1	3
Net write-off rate (principal only) (L)	1.6%	1.6%	2.2%	1.4%	1.5%		1.8%	1.7%	
Net write-off rate (principal and fees) (L)	1.9%	1.8%	2.4%	1.6%	1.7%		2.0%	1.9%	
Card Member loans:									
Total loans	\$ 62.1	\$ 61.7	\$ 59.9	\$ 62.6	\$ 58.0	7	\$ 62.1	\$ 58.0	7
30 days past due loans as a % of total	1.0%	0.9%	1.0%	1.0%	1.0%		1.0%	1.0%	
Average loans	\$ 62.1	\$ 60.9	\$ 60.4	\$ 59.7	\$ 58.0	7	\$ 61.2	\$ 57.0	7
Net write-off rate (principal only) (L)	1.3%	1.4%	1.5%	1.3%	1.4%		1.4%	1.6%	
Net write-off rate (principal, interest and fees) (L)	1.5%	1.6%	1.7%	1.5%	1.6%		1.6%	1.8%	
Net interest income divided by average loans (M)	9.2%	8.9%	9.1%	9.0%	9.1%		9.1%	9.0%	
Net interest yield on Card Member loans (M)	9.4%	9.2%	9.5%	9.1%	9.2%		9.3%	9.3%	

- Denotes a variance of more than 100 percent.

International Card Services

(Preliminary)

Selected Income Statement Data

(Millions, except percentages)

	Quarters Ended					% Change Sep 30, 2015 vs. Sep 30, 2014	Nine Months Ended		% Change Sep 30, 2015 vs. Sep 30, 2014
	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,		Sep 30,		
	2015	2015	2015	2014	2014		2015	2014	
Revenues									
Non-interest revenues	\$ 1,071	\$ 1,082	\$ 1,061	\$ 1,166	\$ 1,206	(11)	\$ 3,214	\$ 3,571	(10)
Interest income	226	236	244	260	273	(17)	706	825	(14)
Interest expense	59	60	64	71	85	(31)	183	259	(29)
Net interest income	167	176	180	189	188	(11)	523	566	(8)
Total revenues net of interest expense	1,238	1,258	1,241	1,355	1,394	(11)	3,737	4,137	(10)
Provisions for losses	85	83	76	95	98	(13)	244	275	(11)
Total revenues net of interest expense after provisions for losses	1,153	1,175	1,165	1,260	1,296	(11)	3,493	3,862	(10)
Expenses									
Marketing, promotion, rewards, Card Member services and other	500	472	437	555	532	(6)	1,409	1,605	(12)
Salaries and employee benefits and other operating expenses	548	559	544	704	588	(7)	1,651	1,809	(9)
Total	1,048	1,031	981	1,259	1,120	(6)	3,060	3,414	(10)
Pretax segment income	105	144	184	1	176	(40)	433	448	(3)
Income tax provision/(benefit)	16	19	50	(32)	34	(53)	85	70	21
Segment income	\$ 89	\$ 125	\$ 134	\$ 33	\$ 142	(37)	\$ 348	\$ 378	(8)
Effective tax rate	15.2 %	13.2 %	27.2 %	#	19.3%		19.6%	15.6%	

Selected Statistical Information

(Billions, except percentages and where indicated)

Card billed business	\$ 29.6	\$ 30.0	\$ 28.7	\$ 34.0	\$ 33.9	(13)	\$ 88.3	\$ 99.9	(12)
Total cards-in-force (millions)	15.2	15.0	14.9	15.7	15.8	(4)	15.2	15.8	(4)
Basic cards-in-force (millions)	10.6	10.4	10.4	11.0	10.9	(3)	10.6	10.9	(3)
Average basic Card Member spending (dollars)	\$ 2,827	\$ 2,888	\$ 2,729	\$ 3,109	\$ 3,100	(9)	\$ 8,432	\$ 9,185	(8)
International Consumer Travel:									
Travel sales (millions)	\$ 325	\$ 333	\$ 334	\$ 353	\$ 362	(10)	\$ 992	\$ 1,069	(7)
Travel commissions and fees/sales	5.8%	6.9%	7.2%	7.4%	6.9%		6.7%	6.6%	
Total segment assets (P)	\$ 34.9	\$ 29.2	\$ 29.0	\$ 30.7	\$ 31.1	12	\$ 34.9	\$ 31.1	12
Segment capital (N)	\$ 3.3	\$ 3.5	\$ 3.2	\$ 3.0	\$ 3.0	12	\$ 3.3	\$ 3.0	12
Return on average segment capital (O)	11.9%	13.9%	12.7%	13.6%	15.8%		11.9%	15.8%	
Return on average tangible segment capital (O)	19.4%	23.3%	22.3%	24.6%	28.9%		19.4%	28.9%	
Card Member receivables:									
Total receivables	\$ 6.5	\$ 6.8	\$ 6.4	\$ 7.7	\$ 7.3	(11)	\$ 6.5	\$ 7.3	(11)
30 days past billing as a % of total	1.5%	1.4%	1.6%	1.3%	1.4%		1.5%	1.4%	
Net write-off rate (principal only) (L)	2.2%	2.1%	1.9%	1.8%	1.9%		2.1%	2.0%	
Net write-off rate (principal and fees) (L)	2.4%	2.3%	2.0%	1.9%	2.1%		2.2%	2.1%	
Card Member loans:									
Total loans	\$ 6.7	\$ 7.2	\$ 6.8	\$ 7.7	\$ 8.0	(16)	\$ 6.7	\$ 8.0	(16)
30 days past due loans as a % of total	1.6%	1.6%	1.8%	1.6%	1.6%		1.6%	1.6%	
Average loans	\$ 6.9	\$ 7.0	\$ 7.2	\$ 7.9	\$ 8.3	(17)	\$ 7.0	\$ 8.3	(16)
Net write-off rate (principal only) (L)	1.8%	2.0%	2.0%	1.9%	1.9%		2.0%	2.0%	
Net write-off rate (principal, interest and fees) (L)	2.3%	2.5%	2.5%	2.4%	2.4%		2.4%	2.4%	
Net interest income divided by average loans (Q)	9.7%	10.1%	10.0%	9.6%	9.1%		10.0%	9.1%	
Net interest yield on Card Member loans (Q)	10.5%	10.7%	10.9%	10.5%	9.9%		10.7%	9.9%	

- Denotes a variance of more than 100 percent.

Global Commercial Services

(Preliminary)

Selected Income Statement Data

(Millions, except percentages)

	Quarters Ended					% Change Sep 30, 2015 vs. Sep 30, 2014	Nine Months Ended		% Change Sep 30, 2015 vs. Sep 30, 2014
	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,		Sep 30,		
	2015	2015	2015	2014	2014		2015	2014	
Revenues									
Non-interest revenues	\$ 858	\$ 924	\$ 871	\$ 1,635	\$ 957	(10)	\$ 2,653	\$ 3,538	(25)
Interest income	3	3	4	4	4	(25)	10	11	(9)
Interest expense	44	46	48	54	61	(28)	138	186	(26)
Net interest expense	(41)	(43)	(44)	(50)	(57)	(28)	(128)	(175)	(27)
Total revenues net of interest expense	817	881	827	1,585	900	(9)	2,525	3,363	(25)
Provisions for losses	38	42	35	50	49	(22)	115	130	(12)
Total revenues net of interest expense after provisions for losses	779	839	792	1,535	851	(8)	2,410	3,233	(25)
Expenses									
Marketing, promotion, rewards, Card Member services and other	160	156	164	178	161	(1)	480	504	(5)
Salaries and employee benefits and other operating expenses	381	369	344	408	381	-	1,094	1,270	(14)
Total	541	525	508	586	542	(0)	1,574	1,774	(11)
Pretax segment income	238	314	284	949	309	(23)	836	1,459	(43)
Income tax provision	87	111	104	355	105	(17)	302	510	(41)
Segment income	\$ 151	\$ 203	\$ 180	\$ 594	\$ 204	(26)	\$ 534	\$ 949	(44)
Effective tax rate	36.6%	35.4%	36.6%	37.4%	34.0%		36.1%	35.0%	

Selected Statistical Information

(Billions, except percentages and where indicated)

Card billed business	\$ 45.0	\$ 46.4	\$ 45.3	\$ 47.1	\$ 46.5	(3)	\$ 136.6	\$ 139.6	(2)
Total cards-in-force (millions)	6.9	6.9	6.9	6.9	6.9	-	6.9	6.9	-
Basic cards-in-force (millions)	6.9	6.9	6.9	6.9	6.9	-	6.9	6.9	-
Average basic Card Member spending (dollars)	\$ 6,529	\$ 6,739	\$ 6,567	\$ 6,817	\$ 6,691	(2)	\$ 19,838	\$ 19,905	(0)
Total segment assets (P)	\$ 19.6	\$ 19.7	\$ 19.6	\$ 18.5	\$ 20.6	(5)	\$ 19.6	\$ 20.6	(5)
Segment capital (N)	\$ 3.6	\$ 4.0	\$ 4.1	\$ 3.8	\$ 3.8	(6)	\$ 3.6	\$ 3.8	(6)
Return on average segment capital (O)	29.2%	30.3%	39.9%	40.9%	30.3%		29.2%	30.3%	
Return on average tangible segment capital (O)	51.4%	52.8%	70.6%	74.4%	56.0%		51.4%	56.0%	
Card Member receivables:									
Total receivables	\$ 15.7	\$ 15.9	\$ 15.7	\$ 14.6	\$ 16.4	(4)	\$ 15.7	\$ 16.4	(4)
90 days past billing as a % of total	0.7%	0.7%	0.7%	0.8%	0.8%		0.7%	0.8%	
Net loss ratio (as a % of charge volume)	0.08%	0.09%	0.10%	0.08%	0.09%		0.09%	0.09%	

- Denotes a variance of more than 100 percent.

Global Network & Merchant Services

(Preliminary)

Selected Income Statement Data

(Millions, except percentages)

	Quarters Ended					% Change Sep 30, 2015 vs. Sep 30, 2014	Nine Months Ended		% Change Sep 30, 2015 vs. Sep 30, 2014
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014		Sep 30, 2015 2014		
Revenues									
Non-interest revenues	\$ 1,302	\$ 1,326	\$ 1,270	\$ 1,399	\$ 1,368	(5)	\$ 3,898	\$ 4,027	(3)
Interest income	26	23	20	17	14	86	69	35	97
Interest expense	(42)	(47)	(54)	(61)	(68)	(38)	(143)	(208)	(31)
Net interest income	68	70	74	78	82	(17)	212	243	(13)
Total revenues net of interest expense	1,370	1,396	1,344	1,477	1,450	(6)	4,110	4,270	(4)
Provisions for losses	14	13	11	35	24	(42)	38	58	(34)
Total revenues net of interest expense after provisions for losses	1,356	1,383	1,333	1,442	1,426	(5)	4,072	4,212	(3)
Expenses									
Marketing, promotion, rewards, Card Member services and other	172	164	147	185	201	(14)	483	634	(24)
Salaries and employee benefits and other operating expenses	461	524	488	587	555	(17)	1,473	1,628	(10)
Total	633	688	635	772	756	(16)	1,956	2,262	(14)
Pretax segment income	723	695	698	670	670	8	2,116	1,950	9
Income tax provision	261	247	254	253	243	7	762	707	8
Segment income	\$ 462	\$ 448	\$ 444	\$ 417	\$ 427	8	\$ 1,354	\$ 1,243	9
Effective tax rate	36.1%	35.5%	36.4%	37.8%	36.3%		36.0%	36.3%	

Selected Statistical Information

(Billions, except percentages and where indicated)

Global Card billed business (R)	\$ 258.9	\$ 262.0	\$ 245.6	\$ 268.5	\$ 258.1	0	\$ 766.5	\$ 754.3	2
Global Network & Merchant Services:									
Total segment assets (P)	\$ 23.7	\$ 17.6	\$ 17.8	\$ 18.1	\$ 18.2	30	\$ 23.7	\$ 18.2	30
Segment capital (N)	\$ 2.5	\$ 2.2	\$ 2.2	\$ 2.0	\$ 2.0	28	\$ 2.5	\$ 2.0	28
Return on average segment capital (O)	81.4%	83.5%	82.1%	84.0%	82.6%		81.4%	82.6%	
Return on average tangible segment capital (O)	89.5%	92.0%	90.6%	92.9%	91.3%		89.5%	91.3%	
Global Network Services:									
Card billed business	\$ 41.1	\$ 41.9	\$ 39.1	\$ 42.5	\$ 41.6	(1)	\$ 122.1	\$ 118.2	3
Total cards-in-force (millions)	46.3	45.6	44.5	44.0	43.2	7	46.3	43.2	7

- Denotes a variance of more than 100 percent.

American Express Company

(Preliminary)

Components of Return on Average Equity (ROE), Return on Average Common Equity (ROCE), and Return on Average Tangible Common Equity (ROTCE)

Appendix I

(Millions, except percentages)

	For the Twelve Months Ended				
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014
ROE					
Net income	\$ 5,711	\$ 5,922	\$ 5,978	\$ 5,885	\$ 5,746
Average shareholders' equity	\$ 21,349	\$ 21,050	\$ 20,606	\$ 20,254	\$ 19,948
Return on average equity (S)	26.8%	28.1%	29.0%	29.1%	28.8%
Reconciliation of ROCE and ROTCE					
Net income	\$ 5,711	\$ 5,922	\$ 5,978	\$ 5,885	\$ 5,746
Preferred shares dividends and related accretion	42	20	-	-	-
Earnings allocated to participating share awards and other	43	44	45	46	46
Net income attributable to common shareholders	\$ 5,626	\$ 5,858	\$ 5,933	\$ 5,839	\$ 5,700
Average shareholders' equity	\$ 21,349	\$ 21,050	\$ 20,606	\$ 20,254	\$ 19,948
Average preferred shares	1,081	716	350	114	-
Average common shareholders' equity	\$ 20,268	\$ 20,334	\$ 20,256	\$ 20,140	\$ 19,948
Average goodwill and other intangibles	3,796	3,802	3,845	3,888	3,941
Average tangible common shareholders' equity	\$ 16,472	\$ 16,532	\$ 16,411	\$ 16,252	\$ 16,007
Return on average common equity (S)	27.8%	28.8%	29.3%	29.0%	28.6%
Return on average tangible common equity (T)	34.2%	35.4%	36.2%	35.9%	35.6%

American Express Company

(Preliminary)

Components of Return on Average Segment Capital (ROSC) and Return on Average Tangible Segment Capital (ROTSC)
Appendix II

(Millions, except percentages)

	For the Twelve Months Ended				
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014
U.S. Card Services					
Segment income	\$ 3,279	\$ 3,374	\$ 3,258	\$ 3,200	\$ 3,399
Average segment capital	\$ 10,437	\$ 10,352	\$ 10,148	\$ 9,843	\$ 9,580
Average goodwill and other intangibles	377	358	339	319	299
Average tangible segment capital	\$ 10,060	\$ 9,994	\$ 9,809	\$ 9,524	\$ 9,281
Return on average segment capital (U)	31.4%	32.6%	32.1%	32.5%	35.5%
Return on average tangible segment capital (U)	32.6%	33.8%	33.2%	33.6%	36.6%
International Card Services					
Segment income	\$ 381	\$ 434	\$ 386	\$ 411	\$ 481
Average segment capital	\$ 3,195	\$ 3,133	\$ 3,043	\$ 3,020	\$ 3,043
Average goodwill and other intangibles	1,236	1,273	1,311	1,350	1,376
Average tangible segment capital	\$ 1,959	\$ 1,860	\$ 1,732	\$ 1,670	\$ 1,667
Return on average segment capital (U)	11.9%	13.9%	12.7%	13.6%	15.8%
Return on average tangible segment capital (U)	19.4%	23.3%	22.3%	24.6%	28.9%
Global Commercial Services					
Segment income	\$ 1,128	\$ 1,181	\$ 1,539	\$ 1,543	\$ 1,131
Average segment capital	\$ 3,861	\$ 3,897	\$ 3,859	\$ 3,771	\$ 3,736
Average goodwill and other intangibles	1,666	1,661	1,678	1,696	1,715
Average tangible segment capital	\$ 2,195	\$ 2,236	\$ 2,181	\$ 2,075	\$ 2,021
Return on average segment capital (U)	29.2%	30.3%	39.9%	40.9%	30.3%
Return on average tangible segment capital (U)	51.4%	52.8%	70.6%	74.4%	56.0%
Global Network & Merchant Services					
Segment income	\$ 1,771	\$ 1,736	\$ 1,661	\$ 1,660	\$ 1,642
Average segment capital	\$ 2,177	\$ 2,080	\$ 2,024	\$ 1,976	\$ 1,989
Average goodwill and other intangibles	199	194	190	189	190
Average tangible segment capital	\$ 1,978	\$ 1,886	\$ 1,834	\$ 1,787	\$ 1,799
Return on average segment capital (U)	81.4%	83.5%	82.1%	84.0%	82.6%
Return on average tangible segment capital (U)	89.5%	92.0%	90.6%	92.9%	91.3%

American Express Company

(Preliminary)

Net Interest Yield on Card Member Loans

Appendix III

(Millions, except percentages and where indicated)

	Quarters Ended				
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014
Net interest income	\$ 1,505	\$ 1,423	\$ 1,447	\$ 1,424	\$ 1,395
<i>Exclude:</i>					
Interest expense not attributable to the Company's Card Member loan portfolio	\$ 234	\$ 249	\$ 249	\$ 250	\$ 247
Interest income not attributable to the Company's Card Member loan portfolio	\$ (96)	\$ (97)	\$ (95)	\$ (92)	\$ (90)
Adjusted net interest income (V)	\$ 1,643	\$ 1,575	\$ 1,601	\$ 1,582	\$ 1,552
Average loans (billions)	\$ 69.0	\$ 68.0	\$ 67.6	\$ 67.7	\$ 66.4
<i>Exclude:</i>					
Certain non-traditional Card Member loans and other fees (billions)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)
Adjusted average loans (billions) (W)	\$ 68.8	\$ 67.8	\$ 67.4	\$ 67.5	\$ 66.2
Net interest income divided by average loans (X)	8.7%	8.4%	8.6%	8.4%	8.5%
Net interest yield on Card Member loans (Y)	9.5%	9.3%	9.6%	9.3%	9.3%

U.S. Card Services and International Card Services

(Preliminary)

Net Interest Yield on Card Member Loans

Appendix IV

(Millions, except percentages and where indicated)

	Quarters Ended				
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014
USCS:					
Net interest income	\$ 1,427	\$ 1,354	\$ 1,377	\$ 1,341	\$ 1,313
<i>Exclude:</i>					
Interest expense not attributable to the Company's Card Member loan portfolio	\$ 42	\$ 41	\$ 38	\$ 39	\$ 39
Interest income not attributable to the Company's Card Member loan portfolio	\$ (4)	\$ (4)	\$ (3)	\$ (3)	\$ (3)
Adjusted net interest income (V)	\$ 1,465	\$ 1,391	\$ 1,412	\$ 1,377	\$ 1,349
Average loans (billions)	\$ 62.1	\$ 60.9	\$ 60.4	\$ 59.7	\$ 58.0
<i>Exclude:</i>					
Certain non-traditional Card Member loans and other fees (billions)	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted average loans (billions) (W)	\$ 62.1	\$ 60.9	\$ 60.4	\$ 59.7	\$ 58.0
Net interest income divided by average loans (X)	9.2%	8.9%	9.1%	9.0%	9.1%
Net interest yield on Card Member loans (Y)	9.4%	9.2%	9.5%	9.1%	9.2%
ICS:					
Net interest income	\$ 167	\$ 176	\$ 180	\$ 189	\$ 188
<i>Exclude:</i>					
Interest expense not attributable to the Company's Card Member loan portfolio	\$ 18	\$ 16	\$ 18	\$ 26	\$ 24
Interest income not attributable to the Company's Card Member loan portfolio	\$ (7)	\$ (8)	\$ (8)	\$ (9)	\$ (10)
Adjusted net interest income (V)	\$ 178	\$ 184	\$ 190	\$ 206	\$ 202
Average loans (billions)	\$ 6.9	\$ 7.0	\$ 7.2	\$ 7.9	\$ 8.3
<i>Exclude:</i>					
Certain non-traditional Card Member loans and other fees (billions)	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ (0.2)	\$ (0.2)
Adjusted average loans (billions) (W)	\$ 6.8	\$ 6.9	\$ 7.1	\$ 7.7	\$ 8.1
Net interest income divided by average loans (X)	9.7%	10.1%	10.0%	9.6%	9.1%
Net interest yield on Card Member loans (Y)	10.5%	10.7%	10.9%	10.5%	9.9%

All Information in the preceding tables is presented on a basis prepared in accordance with U.S. generally accepted accounting principles (GAAP), unless otherwise indicated.

- (A) In Q1'15, the Company changed the classification related to certain payments to co-brand partners reducing both marketing and promotion and discount revenue. The misclassification in prior periods has been conformed to the current period presentation. The discount rate for prior periods has also been revised accordingly, resulting in a reduction of between zero and one basis point in any period from what was originally reported.
- (B) Beginning in Q3'15, Travel Commissions & Fees and Other Commissions & Fees are consolidated into Other Fees & Commissions.
- (C) Represents net income, less (i) earnings allocated to participating share awards of \$10 million for the quarter ended September 30, 2015, \$11 million for the quarter ended June 30, 2015, \$11 million for the quarter ended March 31, 2015, \$11 million for the quarter ended December 31, 2014 and \$11 million for the quarter ended September 30, 2014; and (ii) dividends on preferred shares of \$22 million for the quarter ended September 30, 2015, \$20 million for the quarter ended June 30, 2015 and nil for all other comparative periods.
- (D) Refer to Appendix I for components of return on average equity, return on average common equity and return on average tangible common equity, a non-GAAP measure.
- (E) Card billed business includes activities (including cash advances) related to proprietary cards, cards issued under network partnership agreements (non-proprietary billed business), and certain insurance fees charged on proprietary cards. In-store spend activity within retail co-brand portfolios in Global Network Services, from which the Company earns no revenue, is not included in non-proprietary billed business. Card billed business is reflected in the United States or outside the United States based on where the issuer is located.
- (F) Total cards-in-force represents the number of cards that are issued and outstanding. Proprietary basic consumer cards-in-force includes basic cards issued to the primary account owner and does not include additional supplemental cards issued on that account. Proprietary basic small business and corporate cards-in-force include basic and supplemental cards issued to employee Card Members. Non-proprietary cards-in-force includes all cards that are issued and outstanding under network partnership agreements, except for retail co-brand Card Member accounts that have no out-of-store spend activity during the prior 12 month period.
- (G) This calculation is designed to reflect pricing at merchants accepting general purpose American Express cards. It represents the percentage of billed business (both proprietary and Global Network Services) retained by the Company from merchants it acquires, prior to payments to third parties unrelated to merchant acceptance.
- (H) Average basic Card Member spending and average fee per card are computed from proprietary card activities only. Average fee per card is computed based on net card fees, including the amortization of deferred direct acquisition costs divided by average worldwide proprietary cards-in-force. The adjusted average fee per card, which is a non-GAAP measure, is computed in the same manner, but excludes amortization of deferred direct acquisition costs. The amount of amortization excluded for these periods was \$72 million for the quarter ended September 30, 2015, \$62 million for the quarter ended June 30, 2015, \$83 million for the quarter ended March 31, 2015, \$79 million for the quarter ended December 31, 2014, and \$77 million for the quarter ended September 30, 2014. The Company presents adjusted average fee per card because the Company believes this metric presents a useful indicator of card fee pricing across a range of its proprietary card products.
- (I) Provisions for principal (resulting from authorized transactions) and fee reserve components.
- (J) Consists of principal (resulting from authorized transactions), interest and/or fees, less recoveries.
- (K) Beginning in first quarter 2014, reserves related for card-related fraud losses are reflected in Other liabilities. All periods include foreign currency translation adjustments and other items.
- (L) The Company presents a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, because the Company's practice is to include uncollectible interest and/or fees as part of its total provision for losses, a net write-off rate including principal, interest and/or fees is also presented. Beginning in January 2015, timing of charge-offs for loans in certain modification programs changed from 180 days past due to 120 days past due. Excluding the impact of the change, which was fully recognized in the first quarter, the Q1'15 USCS/ICS Charge net write-off rate – principal only was 1.9% and the USCS Lending net write-off rate - principal only was 1.4%.
- (M) See Appendix III for quarterly calculations of net interest yield on Card Member loans, a non-GAAP measure, and net interest income divided by average loans, a GAAP measure, and the Company's rationale for presenting net interest yield on Card Member loans. For calculations for the twelve months ended December 31, 2014 and 2013, please refer to Annex 3 of the Company's 2014 Fourth Quarter/ Full Year Earnings Supplement on file with the Securities and Exchange Commission.
- (N) Segment capital represents capital allocated to a segment based upon specific business operational needs, risk measures, and regulatory capital requirements.
- (O) Refer to Appendix II for components of return on average segment capital and return on average tangible segment capital, a non-GAAP measure.
- (P) Revised prospectively, as a result of systems enhancements, to reclassify certain intercompany accounts.
- (Q) See Appendix IV for calculations of net interest yield on Card Member loans, a non-GAAP measure, and net interest income divided by average loans, a GAAP measure, and the Company's rationale for presenting net interest yield on Card Member loans.
- (R) Global Card billed business includes activities (including cash advances) related to proprietary cards, cards issued under network partnership agreements (non-proprietary billed business), and certain insurance fees charged on proprietary cards. In-store spend activity within retail co-brand portfolios in Global Network Services, from which the Company earns no revenue, is not included in non-proprietary billed business.
- (S) Return on average equity and return on average common equity are calculated by dividing one year period net income/net income attributable to common shareholders by one year average total shareholders' equity/average common shareholders' equity, respectively.
- (T) Return on average tangible common equity, a non-GAAP measure, is computed in the same manner as return on average common equity except the computation of average tangible common shareholders' equity, a non-GAAP measure, excludes from average common shareholders' equity, average goodwill and other intangibles. The Company believes that return on average tangible common equity is a useful measure of the profitability of its business.
- (U) Return on average segment capital is calculated by dividing one year period segment income by one year average segment capital. Return on average tangible segment capital, a non-GAAP measure, is computed in the same manner as return on average segment capital except the computation of average tangible segment capital, a non-GAAP measure, excludes average goodwill and other intangibles. The Company believes that return on average tangible segment capital is a useful measure of the profitability of its business.
- (V) Adjusted net interest income, a non-GAAP measure, represents net interest income allocated to the Company's Card Member loan portfolio excluding the impact of interest expense and interest income not attributable to the Company's Card Member loan portfolio. The Company believes adjusted net interest income is useful to investors because it is a component of net interest yield on Card Member loans.
- (W) Adjusted average loans, a non-GAAP measure, represents average Card Member loans excluding the impact of deferred card fees, net of deferred direct acquisition costs of Card Member loans, and other. The Company believes adjusted average loans is useful to investors because it is a component of net interest yield on Card Member loans.
- (X) This calculation includes elements of total interest income and total interest expense that are not attributable to the Card Member loan portfolio, and thus is not representative of net interest yield on Card Member loans. The calculation includes interest income and interest expense attributable to investment securities and other interest-bearing deposits as well as to Card Member loans, and interest expense attributable to other activities, including Card Member receivables.
- (Y) Net interest yield on Card Member loans, a non-GAAP measure, is computed by dividing adjusted net interest income by adjusted average loans, computed on an annualized basis. The calculation of net interest yield on Card Member loans includes interest that is deemed uncollectible. For all presentations of net interest yield on Card Member loans, reserves and net write-offs related to uncollectible interest are recorded through provisions for losses - Card Member loans; therefore, such reserves and net write-offs are not included in the net interest yield calculation. The Company believes net interest yield on Card Member loans is useful to investors because it provides a measure of profitability of the Company's Card Member loan portfolio.