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AMERICAN EXPRESS REPORTS THIRD-QUARTER EPS OF \$1.88

REVENUES RISE 9%, DRIVEN BY GROWTH IN CARD MEMBER SPENDING, LOANS, AND FEE INCOME

COMPANY RAISES FULL-YEAR 2018 EPS GUIDANCE

(Millions, except percentages and per share amounts)

| | Quarters Ended September 30, | | Percentage Inc/(Dec) | Nine Months Ended September 30, | | Percentage Inc/(Dec) |
|---|---------------------------------|----------|-------------------------|------------------------------------|-----------|-------------------------|
| | 2018 | 2017 | | 2018 | 2017 | |
| Total Revenues Net of Interest Expense | \$ 10,144 | \$ 9,290 | 9 | \$ 29,864 | \$ 27,171 | 10 |
| Net Income | \$ 1,654 | \$ 1,359 | 22 | \$ 4,911 | \$ 3,954 | 24 |
| Earnings Per Common Share – Diluted: | | | | | | |
| Net Income Attributable to Common Shareholders ¹ | \$ 1.88 | \$ 1.51 | 25 | \$ 5.59 | \$ 4.33 | 29 |
| Average Diluted Common Shares Outstanding | 860 | 881 | (2) | 861 | 892 | (3) |

New York – October 18, 2018 - American Express Company (NYSE: AXP) today reported third-quarter net income of \$1.7 billion, up 22 percent from \$1.4 billion a year ago. Diluted earnings per share was \$1.88, up 25 percent from \$1.51 per share a year ago.

Third-quarter consolidated total revenues net of interest expense were a record \$10.1 billion, up 9 percent from \$9.3 billion a year ago. Excluding the impact of foreign exchange rates, adjusted revenues net of interest expense grew 10 percent.² The increase reflected higher spending by consumer, small business, and corporate Card Members, as well as higher loan volumes and fee income.

¹ Represents net income less (i) earnings allocated to participating share awards of \$13 million and \$11 million for the three months ended September 30, 2018 and 2017, respectively, and \$38 million and \$32 million for the nine months ended September 30, 2018 and 2017, respectively, and (ii) dividends on preferred shares of \$20 million and \$21 million for the three months ended September 30, 2018 and 2017, respectively, and \$61 million for both the nine months ended September 30, 2018 and 2017.

² As reported in this release, FX-adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translations into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the three months ended September 30, 2018 apply to the period(s) against which such results are being compared). Management believes the presentation of information on an FX-adjusted basis is helpful to investors by making it easier to compare the company's performance in one period to that of another period without the variability caused by fluctuations in currency exchange rates.



Consolidated provisions for losses were \$817 million, up 6 percent from \$770 million a year ago. The increase reflected growth in the loan portfolio and a higher lending write-off rate, moderated by stable delinquency rates.

Consolidated expenses were \$7.2 billion, up 8 percent from \$6.7 billion a year ago. The rise primarily reflected higher rewards and other customer engagement costs. Operating expenses declined 1 percent from the year-ago period, which included charges related to the company's U.S. Loyalty Coalition and Prepaid businesses.³

The consolidated effective tax rate was 22 percent, down from 26 percent a year ago. For consolidated results and all segments, the current quarter reflected the reduction in the U.S. federal statutory tax rate as a result of the 2017 Tax Cuts and Jobs Act (the "Tax Act"). The company continues to analyze the Tax Act provisional charge recorded in the fourth quarter of 2017 along with potential recognition of certain unrecognized tax benefits and other discrete tax items. Certain events that impact the timing and amounts of these tax matters have not yet occurred or are out of the company's control and therefore are excluded from the company's full-year 2018 adjusted EPS outlook referenced below and a reconciliation to 2018 EPS outlook on a GAAP basis is unavailable.⁴

"We delivered strong results this quarter driven by higher Card Member spending, fee income and loans," said Stephen J. Squeri, chairman and chief executive officer. "Our progress reflects the four strategic imperatives that we're focused on:

- Expand leadership in the premium consumer space
- Build on our strong position in commercial payments
- Strengthen our global integrated network to provide unique value
- Make American Express an essential part of our customers' digital lives."

"Revenues rose 9 percent (10 percent FX-adjusted²), reflecting very good performance across our businesses, customer segments and geographies. Card Member spending was up 8 percent (10 percent FX-adjusted). Credit indicators remained strong. Operating expenses were well controlled.

"We continued to expand our merchant network, acquired 3.0 million new cards and strengthened our relationships with existing customers.

"This marks our sixth consecutive quarter of strong adjusted revenue growth and our investments in new benefits, services and digital capabilities continued to generate momentum as we enter the latter part of 2018.

"Given that momentum, we now expect full-year 2018 revenues to be up 9 to 10 percent and adjusted EPS to be \$7.30 to \$7.40, up from the \$6.90 to \$7.30 range we set at the start of the year.⁴

³ Operating expenses represent salaries and employee benefits, professional services, occupancy and equipment, and other expenses.

⁴ The company's adjusted EPS outlook, a non-GAAP measure, excludes discrete tax benefits that may be recognized in the fourth quarter of 2018. Management believes the presentation of an adjusted EPS outlook is useful in evaluating the ongoing operating performance of the company.



Global Consumer Services Group reported third-quarter net income of \$779 million, up 15 percent from \$680 million a year ago.

Total revenues net of interest expense were \$5.4 billion, up 11 percent from \$4.9 billion a year ago. The rise primarily reflected higher loans, Card Member spending, and fee income.

Provisions for losses totaled \$609 million, up 7 percent from \$568 million a year ago. The rise primarily reflected growth in the loan portfolio and an increase in the lending write-off rate, moderated by stable delinquency rates.

Total expenses were \$3.8 billion, up 13 percent from \$3.4 billion a year ago. The rise primarily reflected higher rewards and other customer engagement costs.

The effective tax rate was 20 percent, down from 26 percent a year ago.

Global Commercial Services reported third-quarter net income of \$606 million, up 20 percent from \$505 million a year ago.

Total revenues net of interest expense were \$3.2 billion, up 9 percent from \$2.9 billion a year ago. The increase primarily reflected higher Card Member spending.

Provisions for losses totaled \$201 million, up 3 percent from \$195 million a year ago.

Total expenses were \$2.2 billion, up 10 percent from \$2.0 billion a year ago. The rise primarily reflected higher rewards and other customer engagement costs.

The effective tax rate was 22 percent, down from 31 percent a year ago.

Global Merchant and Network Services reported third-quarter net income of \$580 million, up 38 percent from \$420 million a year ago.

Total revenues net of interest expense were \$1.6 billion, up 2 percent from \$1.5 billion a year ago. The increase primarily reflected higher Card Member spending, partially offset by a decrease in the average discount rate, and lower revenues from network partners.

Total expenses were \$807 million, down 17 percent from \$977 million a year ago. The year-ago quarter included the previously-mentioned U.S. Loyalty Coalition and Prepaid charges.

The effective tax rate was 24 percent, down from 25 percent a year ago.

Corporate and Other reported third-quarter net loss of \$311 million compared with net loss of \$246 million a year ago.



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About American Express

American Express is a globally integrated payments company, providing customers with access to products, insights and experiences that enrich lives and build business success. Learn more at americanexpress.com and connect with us on facebook.com/americanexpress, instagram.com/americanexpress, linkedin.com/company/american-express, twitter.com/americanexpress, and youtube.com/americanexpress.

Key links to products, services and corporate responsibility information: [charge and credit cards](#), [business credit cards](#), [travel services](#), [gift cards](#), [prepaid cards](#), [merchant services](#), [Accertify](#), [InAuth](#), [corporate card](#), [business travel](#), and [corporate responsibility](#).

This earnings release should be read in conjunction with the company's statistical tables for the third-quarter 2018, available on the American Express website at <http://ir.americanexpress.com> and in a Form 8-K filed today with the Securities and Exchange Commission.

An investor conference call will be held at 5:00 p.m. (ET) today to discuss third-quarter earnings results. Live audio and presentation slides for the investor conference call will be available to the general public on the above-mentioned American Express Investor Relations website. A replay of the conference call will be available later today at the same website address.

The third quarter earnings press release, slides, and statistical tables, as well as additional shareholder engagement materials are also available on the American Express website at <http://ir.americanexpress.com>.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The forward-looking statements, which address the Company's expected business and financial performance and which include management's outlook for 2018, among other matters, contain words such as "believe," "expect," "anticipate," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely" and similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The Company undertakes no obligation to update or revise any forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements, include, but are not limited to, the following:

- the Company's ability to achieve its 2018 adjusted earnings per common share outlook, which will depend in part on the following: revenues growing consistently with current expectations, which could be impacted by, among other things, the factors identified in the subsequent bullet; issues impacting brand perceptions and the Company's reputation; credit performance remaining consistent with current expectations; the impact of any future contingencies, including, but not limited to, litigation-related settlements, judgments



or expenses, the imposition of fines or civil money penalties, an increase in Card Member reimbursements, restructurings, impairments and changes in reserves; the Company's ability to control operating expense growth; the amount the Company spends on customer engagement and the Company's ability to drive growth from such investments; changes in interest rates beyond current expectations (including the impact of hedge ineffectiveness and deposit rate increases); a greater impact from certain cobrand agreements than expected, which could be affected by volumes and customer engagement; the impact of regulation and litigation, which could affect the profitability of the Company's business activities, limit the Company's ability to pursue business opportunities, require changes to business practices or alter the Company's relationships with partners, merchants and Card Members; and the Company's tax rate remaining in line with current expectations, which could be impacted by, among other things, the Company's geographic mix of income, further changes in tax laws and regulation, unfavorable tax audits and other unanticipated tax items;

- the ability of the Company to grow revenues net of interest expense consistent with its expectations, which could be impacted by, among other things, weakening economic conditions in the United States or internationally, a decline in consumer confidence impacting the willingness and ability of Card Members to sustain and grow spending and revolve balances, continued growth of Card Member loans, a greater decline of the average discount rate than expected, the strengthening of the U.S. dollar beyond expectations, the willingness of Card Members to pay higher card fees, lower spending on new cards acquired than estimated, and the Company's ability to address competitive pressures and implement its strategies and business initiatives, including within the premium consumer segment, commercial payments, the global network and digital environment;
- changes in the substantial and increasing worldwide competition in the payments industry, including competitive pressure that may impact the prices charged to merchants that accept American Express cards, competition for cobrand relationships, competition from new and non-traditional competitors and the success of marketing, promotion and rewards programs;
- a decline of the average discount rate by a greater amount than anticipated, including as a result of changes in the mix of spending by location and industry, merchant negotiations (including merchant incentives, concessions and volume-related pricing discounts), pricing initiatives, competition, pricing regulation (including regulation of competitors' interchange rates in the European Union and elsewhere) and other factors;
- the Company's delinquency and write-off rates and growth of provisions for losses being higher or lower than current expectations, which will depend in part on changes in the level of loan and receivable balances and delinquencies generally as well as in areas impacted by recent hurricanes and other natural disasters, the mix of balances, including a greater-than-expected shift in mix toward non-cobrand lending products, newer vintages and balance transfers, loans and receivables related to new Card Members and other borrowers performing as expected, credit performance of new and enhanced lending products, unemployment rates, the volume of bankruptcies, collections capabilities and recoveries of previously written-off loans and receivables;
- the Company's ability to continue to grow loans, which may be affected by increasing competition, brand perceptions and reputation, the Company's ability to manage risk, the behavior of Card Members and their actual spending and borrowing patterns, and the Company's ability to issue new and enhanced card products, offer attractive non-card lending products, capture a greater share of existing Card Members' spending and borrowings, reduce Card Member attrition and attract new customers;



- the Company's net interest yield on average Card Member loans not remaining consistent with current expectations, which will be influenced by, among other things, the difference between the prime rate and the Company's cost of funds, changes in consumer behavior that affect loan balances, such as paydown rates, the Company's Card Member acquisition strategy, changes in the level of loans at promotional rates, pricing changes, product mix and credit actions, including line size and other adjustments to credit availability, which could be impacted by, among other things, changes in benchmark interest rates, competitive pressure and regulatory constraints;
- the Company's rewards expense and cost of Card Member services growing inconsistently from expectations, which will depend in part on Card Member behavior as it relates to their spending patterns, including the level of spend in bonus categories, and the redemption of rewards and offers, as well as the degree of interest of Card Members in the value proposition offered by the Company; increasing competition, which could result in greater rewards offerings; the Company's ability to enhance card products and services to make them attractive to Card Members; the pace and cost of the expansion of the Company's global lounge collection; and the amount the Company spends on the promotion of enhanced services and rewards categories and the success of such promotion;
- the actual amount to be spent on marketing and business development, which will be based in part on management's assessment of competitive opportunities; overall business performance and changes in macroeconomic conditions; the actual amount of advertising and Card Member acquisition costs; the Company's ability to continue to shift Card Member acquisition to digital channels; contractual obligations with business partners and other fixed costs and prior commitments; management's ability to identify attractive investment opportunities and make such investments, which could be impacted by business, regulatory or legal complexities; and the Company's ability to realize efficiencies, optimize investment spending and control expenses to fund such spending;
- the ability of the Company to control operating expense growth, which could be impacted by the need to increase significant categories of operating expenses, such as consulting or professional fees, including as a result of increased litigation, compliance or regulatory-related costs or fraud costs; continuing to implement and achieve benefits from reengineering plans, which could be impacted by factors such as an inability to mitigate the operational and other risks posed by potential staff reductions; higher than expected employee levels; an inability to innovate efficient channels of customer interactions, such as chat supported by artificial intelligence, or customer acquisition; the impact of changes in foreign currency exchange rates on costs; the payment of civil money penalties, disgorgement, restitution, non-income tax assessments and litigation-related settlements; impairments of goodwill or other assets; management's decision to increase or decrease spending in such areas as technology, business and product development and sales forces; greater-than-expected inflation; and the level of M&A activity and related expenses;
- the Company's deposit rates increasing faster or slower than current expectations and changes affecting the Company's ability to grow Personal Savings deposits consistent with expectations, including as a result of market demand, changes in benchmark interest rates or regulatory restrictions on the Company's ability to obtain deposit funding or offer competitive interest rates, which could affect the Company's net interest yield and ability to fund its businesses;
- changes affecting the Company's plans regarding the return of capital to shareholders through dividends and share repurchases, which will depend on factors such as the Company's capital levels and capital ratios; changes in the stress testing and capital planning process and the continued non-objection by the



Company's primary regulators to its capital plans; the amount of capital required to support asset growth; the amount the Company spends on acquisitions of companies; the Company's results of operations and financial condition; and the economic environment and market conditions in any given period;

- the Company's ability to strengthen its leadership in the premium segment, which will be impacted in part by competition, brand perceptions (including perceptions related to merchant coverage) and reputation and the ability of the Company to develop and market value propositions that appeal to Card Members and new customers and offer attractive services and rewards programs, which will depend in part on ongoing investments, new product innovation and development, Card Member acquisition efforts and enrollment processes, including through digital channels, and infrastructure to support new products, services and benefits;
- the ability of the Company to extend its leadership in commercial payments, which will depend in part on competition, the willingness and ability of companies to use credit and charge cards for procurement and other business expenditures as well as use other payment products for financing needs, perceived or actual difficulties and costs related to setting up card-based B2B payment platforms, the ability of the Company to offer attractive value propositions to potential customers, the Company's ability to enhance and expand its payment and lending solutions and the Company's ability to grow internationally, including through digital acquisitions and customer engagement capabilities;
- the ability of the Company to innovate and strengthen its global network, which will depend in part on the ability of the Company to update its systems and platforms, the amount the Company invests in the network and its ability to make funds available for such investments, and technological developments, including capabilities that allow greater digital connections;
- the ability of the Company to play a more essential role in the digital lives of its customers, which will depend on the Company's success in evolving its products and processes for the digital environment, introducing new features in the Amex app and offering attractive value propositions to Card Members to incentivize the use of and enhance satisfaction with the Company's digital channels and the Company's products as a means of payment through online and mobile channels, building partnerships and executing programs with other companies, developing digital capabilities and artificial intelligence to address travel and lifestyle needs and successfully integrating platforms we may acquire, all of which will be impacted by investment levels, new product innovation and development and infrastructure to support new products, services and benefits;
- the possibility that the Company will not execute on its plans to expand the merchant base, which will depend in part on the success of the Company, OptBlue merchant acquirers and GNS partners in signing merchants to accept American Express, which could be impacted by the value propositions offered to merchants, OptBlue merchant acquirers and GNS partners, as well as the awareness and willingness of Card Members to use American Express cards at small merchants and of those merchants to accept American Express cards;
- the ability of the Company to realize the benefits from its strategic partnership with PayPal and improve the digital payments experience for American Express Card Members paying with PayPal, which is dependent on the ability of the companies to collaborate and develop capabilities, features and functionalities, successfully integrate them in their platforms and technologies and launch the solutions in accordance with agreed upon conditions;



- a failure in or breach of the Company's operational or security systems, processes or infrastructure, or those of third parties, including as a result of cyber attacks, which could compromise the confidentiality, integrity, privacy and/or security of data, disrupt its operations, reduce the use and acceptance of American Express cards and lead to regulatory scrutiny, litigation, remediation and response costs, and reputational harm;
- legal and regulatory developments, which could require the Company to make fundamental changes to many of its business practices, including our ability to continue certain GNS and other partnerships; exert further pressure on the average discount rate and GNS volumes; result in increased costs related to regulatory oversight, litigation-related settlements, judgments or expenses, restitution to Card Members or the imposition of fines or civil money penalties; materially affect capital or liquidity requirements, results of operations, or ability to pay dividends or repurchase stock; or result in harm to the American Express brand; and
- factors beyond the Company's control such as changes in global economic and business conditions, consumer and business spending generally, the availability and cost of capital, unemployment rates, geopolitical conditions, trade policies, foreign currency rates and interest rates, as well as fire, power loss, disruptions in telecommunications, severe weather conditions, natural disasters, health pandemics or terrorism, any of which could significantly affect demand for and spending on American Express cards, delinquency rates, loan and receivable balances and other aspects of the Company and its results of operations or disrupt the Company's global network systems and ability to process transactions.

A further description of these uncertainties and other risks can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2018 and the Company's other reports filed with the Securities and Exchange Commission.