
Section 1: 8-K (FORM 8-K OF AMERICAN EXPRESS COMPANY)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 18, 2018

AMERICAN EXPRESS COMPANY

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction
of incorporation or organization)

1-7657

(Commission File Number)

13-4922250

(IRS Employer Identification No.)

200 Vesey Street
New York, New York

(Address of principal executive offices)

10285

(Zip Code)

Registrant's telephone number, including area code: (212) 640-2000

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition and Item 7.01 Regulation FD Disclosure

The following information is furnished under Item 2.02 – Results of Operations and Financial Condition and Item 7.01 – Regulation FD Disclosure:

On October 18, 2018, American Express Company (the “Company”) issued a press release regarding its financial results for the third quarter of 2018. A copy of such press release is attached to this report as Exhibit 99.1. The Company also made available additional information relating to the financial results for the third quarter of 2018. Such additional financial information is attached to this report as Exhibit 99.2.

Exhibit Description

- | | |
|------|--|
| 99.1 | <u>Press Release, dated October 18, 2018, of American Express Company regarding its financial results for the third quarter of 2018.</u> |
| 99.2 | <u>Additional information relating to the financial results of American Express Company for the third quarter of 2018.</u> |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN EXPRESS COMPANY
(REGISTRANT)

By: /s/ Tangela S. Richter
Name: Tangela S. Richter
Title: Corporate Secretary

Date: October 18, 2018

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Section 2: EX-99.1 (EXHIBIT 99.1)

EXHIBIT 99.1

News Release

News Release

News Release

News Release



FOR IMMEDIATE RELEASE

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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,			Nine Months Ended September 30,		
	2018	2017	Percentage Inc/(Dec)	2018	2017	Percentage Inc/(Dec)
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](https://www.facebook.com/americanexpress), [instagram.com/americanexpress](https://www.instagram.com/americanexpress), [linkedin.com/company/american-express](https://www.linkedin.com/company/american-express), twitter.com/americanexpress, and [youtube.com/americanexpress](https://www.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.

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Section 3: EX-99.2 (EXHIBIT 99.2)

EXHIBIT 99.2

American Express Company
Consolidated Statements of Income

(Millions, except percentages and per share amounts)

(Preliminary)

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17	YOY % change	YTD'18	YTD'17	YOY % change
Non-interest revenues									
Discount revenue	\$ 6,181	\$ 6,194	\$5,889	\$ 6,060	\$5,700	8	\$18,264	\$16,830	9
Net card fees	870	844	830	785	786	11	2,544	2,305	10
Other fees and commissions	798	786	781	778	755	6	2,365	2,212	7
Other	334	349	377	345	372	(10)	1,060	1,112	(5)
Total non-interest revenues	8,183	8,173	7,877	7,968	7,613	7	24,233	22,459	8
Interest income									
Interest on loans	2,554	2,387	2,326	2,205	2,131	20	7,267	5,943	22
Interest and dividends on investment securities	35	27	21	21	22	59	83	68	22
Deposits with banks and other	149	126	115	93	92	62	390	233	67
Total interest income	2,738	2,540	2,462	2,319	2,245	22	7,740	6,244	24
Interest expense									
Deposits	340	300	270	241	213	60	910	538	69
Long-term debt and other	437	411	351	339	355	23	1,199	994	21
Total interest expense	777	711	621	580	568	37	2,109	1,532	38
Net interest income	1,961	1,829	1,841	1,739	1,677	17	5,631	4,712	20
Total revenues net of interest expense	10,144	10,002	9,718	9,707	9,290	9	29,864	27,171	10
Provisions for losses									
Charge card	214	245	242	205	214	-	701	590	19
Card Member loans	560	528	499	596	531	5	1,587	1,272	25
Other	43	33	34	33	25	72	110	64	72
Total provisions for losses	817	806	775	834	770	6	2,398	1,926	25
Total revenues net of interest expense after provisions for losses	9,327	9,196	8,943	8,873	8,520	9	27,466	25,245	9
Expenses									
Marketing and business development (A)	1,642	1,663	1,345	1,535	1,446	14	4,650	4,187	11
Card Member rewards	2,400	2,433	2,347	2,262	2,168	11	7,180	6,425	12
Card Member services	457	416	409	383	351	30	1,282	1,009	27
Salaries and employee benefits	1,350	1,280	1,326	1,436	1,265	7	3,956	3,822	4
Professional services	489	508	457	534	494	(1)	1,454	1,506	(3)
Occupancy and equipment	489	484	520	493	567	(14)	1,493	1,525	(2)
Other, net (A)	382	321	457	432	398	(4)	1,160	1,144	1
Total expenses	7,209	7,105	6,861	7,075	6,689	8	21,175	19,618	8
Pretax income	2,118	2,091	2,082	1,798	1,831	16	6,291	5,627	12
Income tax provision	464	468	448	3,004	472	(2)	1,380	1,673	(18)
Net income (loss)	\$ 1,654	\$ 1,623	\$1,634	\$(1,206)	\$1,359	22	\$ 4,911	\$ 3,954	24
Net income (loss) attributable to common shareholders (B)	\$ 1,621	\$ 1,591	\$1,600	\$(1,228)	\$1,327	22	\$ 4,812	\$ 3,861	25
Effective tax rate	21.9%	22.4%	21.5%	167.1%	25.8%		21.9%	29.7%	
Earnings Per Common Share									
Basic									
Net income (loss) attributable to common shareholders	\$ 1.89	\$ 1.85	\$ 1.86	\$ (1.42)	\$ 1.51	25	\$ 5.60	\$ 4.34	29
Average common shares outstanding	858	860	859	865	878	(2)	859	889	(3)
Diluted									
Net income (loss) attributable to common shareholders	\$ 1.88	\$ 1.84	\$ 1.86	\$ (1.42)	\$ 1.51	25	\$ 5.59	\$ 4.33	29
Average common shares outstanding	860	862	861	865	881	(2)	861	892	(3)
Cash dividends declared per common share	\$ 0.39	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	11	\$ 1.09	\$ 0.99	10

See Appendix III for footnote references

American Express Company

(Preliminary)

Consolidated Balance Sheets and Related Statistical Information

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

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17	YOY % change
Assets						
Cash & cash equivalents	\$ 30	\$ 30	\$ 31	\$ 33	\$ 26	15
Card Member receivables, less reserves	55	54	54	54	51	8
Card Member Loans, less reserves	76	74	71	72	66	15
Investment securities	6	5	3	3	3	#
Other (C)	22	22	21	19	23	(4)
Total assets	\$ 189	\$ 185	\$ 180	\$ 181	\$ 169	12
Liabilities and Shareholders' Equity						
Customer deposits	\$ 69	\$ 67	\$ 67	\$ 64	\$ 61	13
Short-term borrowings	2	2	2	3	2	-
Long-term debt	55	56	52	56	49	12
Other (C)	42	39	39	40	36	17
Total liabilities	168	164	160	163	148	14
Shareholders' Equity	21	21	20	18	21	-
Total liabilities and shareholders' equity	\$ 189	\$ 185	\$ 180	\$ 181	\$ 169	12
Return on average equity (D)	18.1%	16.7%	15.2%	13.2%	22.6%	
Return on average common equity (D)	19.0%	17.5%	15.9%	13.7%	23.9%	
Book value per common share (dollars)	\$ 23.27	\$ 22.42	\$ 20.96	\$ 19.42	\$ 22.43	4

- Denotes a variance of 100 percent or more.

See Appendix III for footnote references

American Express Company
Consolidated Capital

(Preliminary)

	<u>Q3'18</u>	<u>Q2'18</u>	<u>Q1'18</u>	<u>Q4'17</u>	<u>Q3'17</u>
Shares Outstanding (in millions)					
Beginning of period	861	860	859	871	885
Repurchase of common shares	(7)	-	-	(14)	(15)
Net impact of employee benefit plans and others	-	1	1	2	1
End of period	854	861	860	859	871
Risk-Based Capital Ratios - Basel III (\$ in billions) (E)					
Common Equity Tier 1/Risk Weighted Assets (RWA)	10.8%	10.1%	9.4%	9.0%	11.9%
Tier 1	11.8%	11.1%	10.5%	10.1%	13.0%
Total	13.4%	12.8%	12.2%	11.8%	14.7%
Common Equity Tier 1	\$ 16.6	\$ 15.2	\$ 13.9	\$ 13.2	\$ 16.4
Tier 1 Capital	\$ 18.2	\$ 16.8	\$ 15.5	\$ 14.7	\$ 17.9
Tier 2 Capital	\$ 2.5	\$ 2.5	\$ 2.4	\$ 2.4	\$ 2.3
Total Capital	\$ 20.7	\$ 19.3	\$ 17.9	\$ 17.1	\$ 20.2
RWA	\$ 154.7	\$ 150.9	\$ 147.4	\$ 145.9	\$ 138.0
Tier 1 Leverage	10.5%	9.7%	8.8%	8.6%	10.9%
Supplementary Leverage Ratio (SLR) (F)	8.6%	8.3%	7.6%	7.4%	9.3%
Average Total Assets to calculate the Tier 1 Leverage Ratio (G)	\$ 173.3	\$ 172.5	\$ 175.0	\$ 171.2	\$ 164.6
Total Leverage Exposure to calculate SLR	\$ 210.7	\$ 202.4	\$ 204.4	\$ 198.8	\$ 191.7

See Appendix III for footnote references

American Express Company
Selected Card Related Statistical

(Preliminary)

Information

(Billions, except percentages and where indicated)

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17	YOY % change	YTD'18	YTD'17	YOY % change
Billed business (H)									
U.S.	\$194.6	\$195.4	\$182.5	\$188.9	\$176.4	10	\$ 572.5	\$ 519.4	10
Outside the U.S.	100.1	101.1	101.3	102.5	95.5	5	302.5	274.4	10
Total	\$294.7	\$296.5	\$283.8	\$291.4	\$271.9	8	\$ 875.0	\$ 793.8	10
Proprietary	\$250.2	\$251.1	\$236.9	\$242.6	\$225.3	11	\$ 738.2	\$ 658.0	12
Global Network Services (GNS)	44.5	45.4	46.9	48.8	46.6	(5)	136.8	135.8	1
Total	\$294.7	\$296.5	\$283.8	\$291.4	\$271.9	8	\$ 875.0	\$ 793.8	10
Cards-in-force (millions) (I)									
U.S.	53.0	51.9	51.3	50.0	49.5	7	53.0	49.5	7
Outside the U.S.	62.1	62.4	62.9	62.8	63.4	(2)	62.1	63.4	(2)
Total	115.1	114.3	114.2	112.8	112.9	2	115.1	112.9	2
Proprietary	68.5	67.4	66.4	64.6	63.9	7	68.5	63.9	7
GNS	46.6	46.9	47.8	48.2	49.0	(5)	46.6	49.0	(5)
Total	115.1	114.3	114.2	112.8	112.9	2	115.1	112.9	2
Basic cards-in-force (millions) (I)									
U.S.	41.7	40.9	40.4	39.4	39.0	7	41.7	39.0	7
Outside the U.S.	51.8	52.0	52.4	52.2	52.7	(2)	51.8	52.7	(2)
Total	93.5	92.9	92.8	91.6	91.7	2	93.5	91.7	2
Average proprietary basic Card Member spending (dollars)									
U.S.	\$5,169	\$5,275	\$5,015	\$5,300	\$5,018	3	\$15,462	\$15,009	3
Outside the U.S.	\$3,864	\$3,909	\$3,869	\$3,918	\$3,598	7	\$11,647	\$10,351	13
Average	\$4,784	\$4,871	\$4,677	\$4,890	\$4,596	4	\$14,336	\$13,620	5
Card Member loans									
U.S.	\$ 68.1	\$ 66.3	\$ 63.9	\$ 64.5	\$ 59.9	14	\$ 68.1	\$ 59.9	14
Outside the U.S.	9.5	9.1	8.9	8.9	8.0	19	9.5	8.0	19
Total	\$ 77.6	\$ 75.4	\$ 72.8	\$ 73.4	\$ 67.9	14	\$ 77.6	\$ 67.9	14
Average discount rate (J)									
	2.38%	2.37%	2.37%	2.37%	2.40%		2.37%	2.42%	
Average fee per card (dollars) (K)									
	\$ 51	\$ 51	\$ 51	\$ 49	\$ 49	4	\$ 51	\$ 49	4

See Appendix III for footnote references

Selected Credit Related Statistical Information

(Billions, except percentages and where indicated)

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17	YOY % change	YTD'18	YTD'17	YOY % change
Worldwide Card Member loans									
Total loans	\$ 77.6	\$ 75.4	\$ 72.8	\$ 73.4	\$ 67.9	14	\$ 77.6	\$ 67.9	14
Loss reserves (millions)									
Beginning balance	\$1,840	\$1,786	\$1,706	\$1,502	\$1,320	39	\$ 1,706	\$ 1,223	39
Provisions - principal, interest and fees	560	528	499	596	531	5	1,587	1,272	25
Net write-offs - principal less recoveries	(393)	(389)	(358)	(325)	(299)	31	(1,140)	(856)	33
Net write-offs - interest and fees less recoveries	(77)	(77)	(71)	(64)	(57)	35	(225)	(163)	38
Other (L)	7	(8)	10	(3)	7	-	9	26	(65)
Ending balance	\$1,937	\$1,840	\$1,786	\$1,706	\$1,502	29	\$ 1,937	\$ 1,502	29
Ending reserves - principal	\$1,834	\$1,737	\$1,691	\$1,622	\$1,427	29	\$ 1,834	\$ 1,427	29
Ending reserves - interest and fees	\$ 103	\$ 103	\$ 95	\$ 84	\$ 75	37	\$ 103	\$ 75	37
% of loans	2.5%	2.4%	2.5%	2.3%	2.2%		2.5%	2.2%	
% of past due	185%	188%	174%	177%	174%		185%	174%	
Average loans	\$ 76.4	\$ 74.1	\$ 72.7	\$ 70.1	\$ 67.1	14	\$ 74.5	\$ 65.4	14
Net write-off rate (principal only) (M)	2.1%	2.1%	2.0%	1.8%	1.8%		2.0%	1.7%	
Net write-off rate (principal, interest and fees) (M)	2.5%	2.5%	2.4%	2.2%	2.1%		2.4%	2.1%	
30+ days past due loans as a % of total	1.3%	1.3%	1.4%	1.3%	1.3%		1.3%	1.3%	
Net interest income divided by average Card Member loans (N)									
	10.3%	9.9%	10.1%	9.9%	10.0%		10.1%	9.6%	
Net interest yield on average Card Member loans (N)									
	10.8%	10.6%	10.8%	10.5%	10.7%		10.7%	10.4%	
Worldwide Card Member receivables									
Total receivables	\$ 55.5	\$ 55.0	\$ 54.2	\$ 54.0	\$ 51.5	8	\$ 55.5	\$ 51.5	8
Loss reserves (millions)									
Beginning balance	\$ 558	\$ 565	\$ 521	\$ 512	\$ 475	17	\$ 521	\$ 467	12
Provisions - principal and fees	214	245	242	205	214	-	701	590	19
Net write-offs - principal and fees less recoveries	(226)	(236)	(199)	(188)	(175)	29	(661)	(548)	21
Other (L)	(2)	(16)	1	(8)	(2)	-	(17)	3	#
Ending balance	\$ 544	\$ 558	\$ 565	\$ 521	\$ 512	6	\$ 544	\$ 512	6
% of receivables	1.0%	1.0%	1.0%	1.0%	1.0%		1.0%	1.0%	
Net write-off rate, excluding Global Corporate Payments (GCP) (principal only) (M)									
	1.7%	1.8%	1.6%	1.5%	1.5%		1.7%	1.6%	
Net write-off rate, excluding GCP (principal and fees) (M)									
	1.9%	2.1%	1.8%	1.6%	1.7%		1.9%	1.8%	
30+ days past due as a % of total, excluding GCP									
	1.3%	1.3%	1.5%	1.4%	1.3%		1.3%	1.3%	
GCP Net loss ratio (as a % of charge volume) (O)									
	0.12%	0.12%	0.10%	0.11%	0.09%		0.11%	0.10%	
GCP 90+ days past billing as a % of total (O)									
	0.8%	0.8%	0.8%	0.9%	0.9%		0.8%	0.9%	

- Denotes a variance of 100 percent or more.

See Appendix III for footnote references

American Express Company
Selected Income Statement Information by Segment
(Millions)

	Global Consumer Services Group (GCSG)	Global Commercial Services (GCS)	Global Merchant and Network Services (GMNS)	Corporate and Other	Consolidated
Q3'18					
Non-interest revenues	\$ 3,680	\$ 2,980	\$ 1,494	\$ 29	\$ 8,183
Interest income	2,140	416	6	176	2,738
Interest expense	404	218	(78)	233	777
Total revenues net of interest expense	5,416	3,178	1,578	(28)	10,144
Total provision	609	201	5	2	817
Total revenues net of interest expense after provisions for losses	4,807	2,977	1,573	(30)	9,327
Marketing, business development, rewards, Card Member services	2,711	1,469	296	23	4,499
Salaries and employee benefits, and other operating expenses	1,118	734	511	347	2,710
Pretax income (loss)	978	774	766	(400)	2,118
Income tax provision (benefit)	199	168	186	(89)	464
Net income (loss)	779	606	580	(311)	1,654
Q3'17					
Non-interest revenues	\$ 3,361	\$ 2,734	\$ 1,491	\$ 27	\$ 7,613
Interest income	1,781	351	8	105	2,245
Interest expense	281	159	(48)	176	568
Total revenues net of interest expense	4,861	2,926	1,547	(44)	9,290
Total provision	568	195	9	(2)	770
Total revenues net of interest expense after provisions for losses	4,293	2,731	1,538	(42)	8,520
Marketing, business development, rewards, Card Member services	2,351	1,312	292	10	3,965
Salaries and employee benefits, and other operating expenses	1,026	685	685	328	2,724
Pretax income (loss)	916	734	561	(380)	1,831
Income tax provision (benefit)	236	229	141	(134)	472
Net income (loss)	680	505	420	(246)	1,359
YOY % change					
Non-interest revenues	9	9	-	7	7
Interest income	20	19	(25)	68	22
Interest expense	44	37	63	32	37
Total revenues net of interest expense	11	9	2	(36)	9
Total provision	7	3	(44)	#	6
Total revenues net of interest expense after provisions for losses	12	9	2	(29)	9
Marketing, business development, rewards, Card Member services	15	12	1	#	13
Salaries and employee benefits, and other operating expenses	9	7	(25)	6	(1)
Pretax income (loss)	7	5	37	5	16
Income tax provision (benefit)	(16)	(27)	32	(34)	(2)
Net income (loss)	15	20	38	26	22

- Denotes a variance of 100 percent or more.

See Appendix III for footnote references

American Express Company
Billed Business Growth Trend

(Preliminary)

	YOY % change											
	Reported					FX-Adjusted (P)					Reported	FX-Adjusted (P)
	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17	YTD'18	YTD'18
Worldwide												
Proprietary consumer	11	13	15	11	9	12	12	12	10	8	13	12
Proprietary commercial	11	12	13	11	10	12	12	11	10	9	12	11
Total proprietary	11	12	13	11	9	12	12	11	10	9	12	12
GNS	(5)	(1)	8	9	4	(1)	(3)	3	6	4	1	-
Total worldwide	8	10	12	11	8	10	9	10	9	8	10	10
<i>Airline-related volume (8% of Q3'18 Total)</i>	7	8	10	7	5	9	7	6	4	3	8	7
U.S.												
Proprietary consumer	10	10	11	8	7	n/a	n/a	n/a	n/a	n/a	11	n/a
Proprietary commercial	10	10	10	9	9	n/a	n/a	n/a	n/a	n/a	10	n/a
Total proprietary	10	10	10	8	8	n/a	n/a	n/a	n/a	n/a	10	n/a
GNS	13	6	6	-	(10)	n/a	n/a	n/a	n/a	n/a	8	n/a
Total U.S.	10	10	10	8	7	n/a	n/a	n/a	n/a	n/a	10	n/a
<i>T&E-related volume (26% of Q3'18 U.S. Total)</i>	9	8	8	6	3	n/a	n/a	n/a	n/a	n/a	8	n/a
<i>Non-T&E-related volume (74% of Q3'18 U.S. Total)</i>	10	10	11	9	8	n/a	n/a	n/a	n/a	n/a	10	n/a
<i>Airline-related volume (7% of Q3'18 U.S. Total)</i>	11	7	7	5	2	n/a	n/a	n/a	n/a	n/a	8	n/a
Outside the U.S.												
Proprietary consumer	14	20	25	20	15	18	18	16	14	13	20	17
Proprietary commercial	13	19	23	19	14	18	18	14	13	11	18	16
Total proprietary	14	19	24	20	14	18	17	15	13	12	19	17
GNS	(6)	(2)	8	10	5	(3)	(3)	3	6	6	-	(1)
Total outside the U.S.	5	10	17	15	10	8	8	9	10	9	10	9
Japan, Asia Pacific & Australia billed business	5	9	16	15	8	8	7	10	11	9	10	8
Latin America & Canada billed business	1	5	12	11	10	12	11	11	8	8	6	11
Europe, Middle East & Africa billed business	6	14	20	19	13	8	9	7	10	10	13	8

See Appendix III for footnote references

Global Consumer Services Group

(Preliminary)

Selected Income Statement and Statistical Information

(Millions, except percentages)

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17	YOY % change	YTD'18	YTD'17	YOY % change
Non-interest revenues	\$3,680	\$3,678	\$3,491	\$3,535	\$3,361	9	\$10,849	\$ 9,843	10
Interest income	2,140	1,994	1,949	1,848	1,781	20	6,083	4,941	23
Interest expense	404	370	327	306	281	44	1,101	741	49
Net interest income	1,736	1,624	1,622	1,542	1,500	16	4,982	4,200	19
Total revenues net of interest expense	5,416	5,302	5,113	5,077	4,861	11	15,831	14,043	13
Provisions for losses	609	565	530	641	568	7	1,704	1,355	26
Total revenues net of interest expense after provisions for losses	4,807	4,737	4,583	4,436	4,293	12	14,127	12,688	11
Expenses									
Marketing, business development, rewards, Card Member services	2,711	2,695	2,446	2,479	2,351	15	7,852	6,754	16
Salaries and employee benefits and other operating expenses	1,118	1,081	1,089	1,100	1,026	9	3,288	3,146	5
Total expenses	3,829	3,776	3,535	3,579	3,377	13	11,140	9,900	13
Pretax segment income	978	961	1,048	857	916	7	2,987	2,788	7
Income tax provision	199	191	222	233	236	(16)	612	820	(25)
Segment income	\$ 779	\$ 770	\$ 826	\$ 624	\$ 680	15	\$ 2,375	\$ 1,968	21
Effective tax rate	20.3%	19.9%	21.2%	27.2%	25.8%		20.5%	29.4%	

(Billions, except percentages and where indicated)

Proprietary billed business (H)

U.S.	\$ 92.4	\$ 93.6	\$ 86.0	\$ 91.0	\$ 83.7	10	\$ 272.0	\$ 245.9	11
Outside the U.S.	\$ 34.9	\$ 34.6	\$ 33.3	\$ 33.8	\$ 30.5	14	\$ 102.8	\$ 86.0	20
Total	\$127.3	\$128.2	\$119.3	\$124.8	\$114.2	11	\$ 374.8	\$ 331.9	13

Proprietary cards-in-force (millions) (I)

U.S.	37.4	36.7	36.1	34.9	34.4	9	37.4	34.4	9
Outside the U.S.	16.7	16.5	16.2	15.8	15.7	6	16.7	15.7	6
Total	54.1	53.2	52.3	50.7	50.1	8	54.1	50.1	8

Proprietary basic cards-in-force (millions) (I)

U.S.	26.7	26.2	25.8	25.0	24.6	9	26.7	24.6	9
Outside the U.S.	11.5	11.4	11.2	10.9	10.8	6	11.5	10.8	6
Total	38.3	37.6	37.0	35.9	35.4	8	38.3	35.4	8

Average proprietary basic Card Member spending (dollars)

U.S.	\$3,491	\$3,594	\$3,371	\$3,672	\$3,433	2	\$10,460	\$10,271	2
Outside the U.S.	\$3,038	\$3,057	\$3,001	\$3,106	\$2,840	7	\$ 9,101	\$ 8,111	12
Average	\$3,354	\$3,431	\$3,259	\$3,499	\$3,251	3	\$10,048	\$ 9,608	5

Segment assets (Q)	\$130.9	\$126.8	\$120.8	\$123.5	\$117.8	11	\$ 130.9	\$ 117.8	11
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Card Member loans

Total loans									
U.S.	\$ 56.2	\$ 54.7	\$ 52.7	\$ 53.7	\$ 49.3	14	\$ 56.2	\$ 49.3	14
Outside the U.S.	\$ 9.2	\$ 8.8	\$ 8.6	\$ 8.6	\$ 7.8	18	\$ 9.2	\$ 7.8	18
Total	\$ 65.4	\$ 63.5	\$ 61.3	\$ 62.3	\$ 57.1	15	\$ 65.4	\$ 57.1	15

Average loans

U.S.	\$ 55.5	\$ 53.7	\$ 52.9	\$ 51.1	\$ 49.0	13	\$ 54.1	\$ 48.1	12
Outside the U.S.	\$ 8.9	\$ 8.8	\$ 8.7	\$ 8.1	\$ 7.5	19	\$ 8.8	\$ 7.2	22
Total	\$ 64.4	\$ 62.5	\$ 61.6	\$ 59.2	\$ 56.5	14	\$ 62.9	\$ 55.3	14

Lending Credit Metrics

U.S.									
Net write-off rate (principal only) (M)	2.1%	2.2%	2.0%	1.9%	1.8%		2.1%	1.7%	
Net write-off rate (principal, interest and fees) (M)	2.5%	2.6%	2.4%	2.2%	2.1%		2.5%	2.0%	

30+ days past due loans as a % of total	1.4%	1.3%	1.4%	1.3%	1.3%	1.4%	1.3%	
Outside the U.S.								
Net write-off rate (principal only) (M)	2.2%	2.1%	2.1%	2.0%	2.2%	2.1%	2.1%	
Net write-off rate (principal, interest and fees) (M)	2.7%	2.6%	2.6%	2.4%	2.7%	2.6%	2.6%	
30+ days past due loans as a % of total	1.5%	1.5%	1.6%	1.4%	1.6%	1.5%	1.6%	
Total								
Net write-off rate (principal only) (M)	2.1%	2.2%	2.0%	1.9%	1.8%	2.1%	1.8%	
Net write-off rate (principal, interest and fees) (M)	2.5%	2.6%	2.4%	2.3%	2.2%	2.5%	2.1%	
30+ days past due loans as a % of total	1.4%	1.3%	1.4%	1.3%	1.3%	1.4%	1.3%	
Net interest income divided by average Card Member loans (N)								
	10.8%	10.4%	10.5%	10.4%	10.6%	10.6%	10.1%	
Net interest yield on average Card Member loans (N)								
U.S.	10.9%	10.6%	10.7%	10.5%	10.6%	10.7%	10.2%	
Outside the U.S.	10.6%	10.5%	11.0%	10.8%	11.6%	10.7%	11.2%	
Total	10.8%	10.6%	10.8%	10.5%	10.7%	10.7%	10.3%	
Card Member receivables								
U.S.	\$ 11.9	\$ 12.0	\$ 11.7	\$ 13.1	\$ 11.2	6 \$ 11.9	\$ 11.2	6
Outside the U.S.	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.8	\$ 6.5	8 \$ 7.0	\$ 6.5	8
Total receivables	\$ 18.9	\$ 19.0	\$ 18.7	\$ 20.9	\$ 17.7	7 \$ 18.9	\$ 17.7	7
Charge Credit Metrics								
U.S.								
Net write-off rate (principal only) (M)	1.3%	1.4%	1.3%	1.3%	1.2%	1.4%	1.3%	
Net write-off rate (principal and fees) (M)	1.5%	1.5%	1.5%	1.4%	1.3%	1.5%	1.5%	
30+ days past due as a % of total	1.2%	1.1%	1.3%	1.1%	1.2%	1.2%	1.2%	
Outside the U.S.								
Net write-off rate (principal only) (M)	2.3%	2.1%	2.0%	1.8%	2.2%	2.2%	2.1%	
Net write-off rate (principal and fees) (M)	2.5%	2.3%	2.2%	1.9%	2.4%	2.3%	2.2%	
30+ days past due as a % of total	1.4%	1.4%	1.5%	1.3%	1.4%	1.4%	1.4%	
Total								
Net write-off rate (principal only) (M)	1.7%	1.7%	1.6%	1.5%	1.5%	1.7%	1.6%	
Net write-off rate (principal and fees) (M)	1.9%	1.8%	1.7%	1.6%	1.7%	1.8%	1.7%	
30+ days past due as a % of total	1.2%	1.2%	1.4%	1.2%	1.3%	1.2%	1.3%	

See Appendix III for footnote references

GSBS (M)	1.8%	2.1%	1.7%	1.5%	1.5%	1.8%	1.6%
Net write-off rate (principal and fees)							
- GSBS (M)	2.0%	2.3%	1.9%	1.7%	1.7%	2.1%	1.8%

See Appendix III for footnote references

Global Merchant and Network Services

(Preliminary)

Selected Income Statement and Statistical Information

(Millions, except percentages)

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17	YOY % change	YTD'18	YTD'17	YOY % change
Non-interest revenues	\$1,494	\$1,513	\$1,532	\$1,554	\$1,491	-	\$ 4,539	\$ 4,471	2
Interest income	6	7	9	10	8	(25)	22	32	(31)
Interest expense	(78)	(68)	(59)	(55)	(48)	63	(205)	(133)	54
Net interest income	84	75	68	65	56	50	227	165	38
Total revenues net of interest expense	1,578	1,588	1,600	1,619	1,547	2	4,766	4,636	3
Provisions for losses	5	6	5	4	9	(44)	16	12	33
Total revenues net of interest expense after provisions for losses	1,573	1,582	1,595	1,615	1,538	2	4,750	4,624	3
Expenses									
Marketing, business development, rewards, Card Member services	296	312	267	332	292	1	875	895	(2)
Salaries and employee benefits and other operating expenses	511	526	620	617	685	(25)	1,657	1,750	(5)
Total expenses	807	838	887	949	977	(17)	2,532	2,645	(4)
Pretax segment income	766	744	708	666	561	37	2,218	1,979	12
Income tax provision	186	201	192	207	141	32	579	650	(11)
Segment income	\$ 580	\$ 543	\$ 516	\$ 459	\$ 420	38	\$ 1,639	\$ 1,329	23
Effective tax rate	24.3%	27.0%	27.1%	31.1%	25.1%		26.1%	32.8%	

(Billions)

Segment assets (Q)	\$ 31.9	\$ 31.3	\$ 31.0	\$ 30.6	\$ 27.9	14	\$ 31.9	\$ 27.9	14
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See Appendix III for footnote references

Appendix I

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

(Millions, except percentages)

	For the Twelve Months Ended				
	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017
ROE					
Net income	\$ 3,705	\$ 3,410	\$ 3,131	\$ 2,748	\$ 4,763
Average shareholders' equity	\$20,421	\$20,393	\$20,536	\$20,857	\$21,038
Return on average equity (D)	18.1%	16.7%	15.2%	13.2%	22.6%
Reconciliation of ROCE					
Net income	\$ 3,705	\$ 3,410	\$ 3,131	\$ 2,748	\$ 4,763
Preferred shares dividends and related accretion	81	82	81	81	80
Earnings allocated to participating share awards and other	40	38	37	21	38
Net income attributable to common shareholders	\$ 3,584	\$ 3,290	\$ 3,013	\$ 2,646	\$ 4,645
Average shareholders' equity	\$20,421	\$20,393	\$20,536	\$20,857	\$21,038
Average preferred shares	1,584	1,584	1,584	1,584	1,584
Average common shareholders' equity	\$18,837	\$18,809	\$18,952	\$19,273	\$19,454
Return on average common equity (D)	19.0%	17.5%	15.9%	13.7%	23.9%

See Appendix III for footnote references

Appendix II

Net Interest Yield on Average Card Member Loans

(Millions, except percentages and where indicated)

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17	YTD'18	YTD'17
Consolidated							
Net interest income	\$1,961	\$1,829	\$1,841	\$1,739	\$1,677	\$ 5,631	\$ 4,712
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (S)	390	359	302	297	309	1,051	852
Interest income not attributable to the Company's Card Member loan portfolio (T)	(274)	(236)	(213)	(177)	(174)	(723)	(460)
Adjusted net interest income (U)	\$2,077	\$1,952	\$1,930	\$1,859	\$1,812	\$ 5,959	\$ 5,104
Average Card Member loans (billions)	\$ 76.4	\$ 74.1	\$ 72.7	\$ 70.1	\$ 67.1	\$ 74.5	\$ 65.4
Net interest income divided by average Card Member loans (V)	10.3%	9.9%	10.1%	9.9%	10.0%	10.1%	9.6%
Net interest yield on average Card Member loans (W)	10.8%	10.6%	10.8%	10.5%	10.7%	10.7%	10.4%
U.S.							
Net interest income	\$1,511	\$1,410	\$1,403	\$1,337	\$1,293	\$ 4,324	\$ 3,624
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (S)	55	\$ 53	\$ 37	\$ 45	\$ 44	145	119
Interest income not attributable to the Company's Card Member loan portfolio (T)	(46)	(42)	(39)	(31)	(29)	(127)	(70)
Adjusted net interest income (U)	\$1,520	\$1,421	\$1,401	\$1,351	\$1,308	\$ 4,342	\$ 3,673
Average Card Member loans (billions)	\$ 55.5	\$ 53.7	\$ 52.9	\$ 51.1	\$ 49.0	\$ 54.1	\$ 48.1
Net interest income divided by average Card Member loans (V)	10.9%	10.5%	10.6%	10.5%	10.6%	10.7%	10.0%
Net interest yield on average Card Member loans (W)	10.9%	10.6%	10.7%	10.5%	10.6%	10.7%	10.2%
Outside the U.S.							
Net interest income	\$ 225	\$ 215	\$ 218	\$ 205	\$ 206	\$ 658	\$ 575
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (S)	18	16	18	17	16	52	37
Interest income not attributable to the Company's Card Member loan portfolio (T)	(3)	(2)	(3)	(1)	(3)	(8)	(6)
Adjusted net interest income (U)	\$ 240	\$ 229	\$ 233	\$ 221	\$ 219	\$ 702	\$ 606
Average Card Member loans (billions)	\$ 8.9	\$ 8.8	\$ 8.6	\$ 8.1	\$ 7.5	\$ 8.8	\$ 7.2
Net interest income divided by average Card Member loans (V)	10.1%	9.8%	10.1%	10.1%	11.0%	10.0%	10.6%
Net interest yield on average Card Member loans (W)	10.6%	10.5%	11.0%	10.8%	11.6%	10.7%	11.2%
Global Consumer Services Group							
Net interest income	\$1,736	\$1,624	\$1,622	\$1,542	\$1,499	\$ 4,982	\$ 4,200
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (S)	73	\$ 70	\$ 54	\$ 62	\$ 60	197	156
Interest income not attributable to the Company's Card Member loan portfolio (T)	(49)	(45)	(41)	(32)	(32)	(135)	(78)
Adjusted net interest income (U)	\$1,760	\$1,649	\$1,635	\$1,572	\$1,527	\$ 5,044	\$ 4,278
Average Card Member loans (billions)	\$ 64.4	\$ 62.5	\$ 61.6	\$ 59.2	\$ 56.5	\$ 62.9	\$ 55.3
Net interest income divided by average Card Member loans (V)	10.8%	10.4%	10.5%	10.4%	10.6%	10.6%	10.1%
Net interest yield on average Card Member loans (W)	10.8%	10.6%	10.8%	10.5%	10.7%	10.7%	10.3%
Global Commercial Services							
Net interest income	\$ 198	\$ 189	\$ 206	\$ 189	\$ 192	\$ 593	\$ 577
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (S)	161	152	126	128	122	439	333
Interest income not attributable to the Company's Card Member loan portfolio (T)	(42)	(38)	(37)	(30)	(29)	(117)	(84)
Adjusted net interest income (U)	\$ 317	\$ 303	\$ 295	\$ 287	\$ 285	\$ 915	\$ 826
Average Card Member loans (billions)	\$ 12.0	\$ 11.7	\$ 11.2	\$ 10.9	\$ 10.5	\$ 11.6	\$ 10.1
Net interest income divided by average Card Member loans (V)	6.6%	6.5%	7.4%	6.9%	7.3%	6.8%	7.6%

Net interest yield on average Card Member loans (W)

10.5% 10.4% 10.7% 10.5% 10.7% 10.6% 10.9%

See Appendix III for footnote references

All Information in the preceding tables is presented on a basis prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), unless otherwise indicated. Certain reclassifications of prior period amounts have been made to conform to the current period presentation.

- (A) Effective January 1, 2018, includes reclassification of certain business development expenses from Other expenses to Marketing and business development that are not directly attributable to the adoption of the new revenue recognition guidance. Prior periods have been conformed to the current period presentation.
- (B) Represents net income (loss), less (i) earnings allocated to participating share awards of \$13 million, \$12 million, \$13 million, \$2 million and \$11 million in Q3'18, Q2'18, Q1'18, Q4'17 and Q3'17, respectively; and (ii) dividends on preferred shares of \$20 million, \$20 million, \$21 million, \$20 million and \$21 million in Q3'18, Q2'18, Q1'18, Q4'17 and Q3'17, respectively.
- (C) Within assets, "other" includes the following items as presented in the Company's Consolidated Balance Sheets: Other receivables, Other loans (including merchant financing loans), Premises and equipment and Other assets; and within liabilities, "other" includes the following items: Travelers Cheques and other prepaid products, Accounts payable and Other liabilities.
- (D) 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. Refer to Appendix I for components of return on average equity and return on average common equity.
- (E) Effective January 1, 2018, we have exited transitional Basel III reporting and our ratios exclude all transitional provisions. Current ratios represent preliminary estimates as of the date of Third Quarter 2018 Earnings Release and may be revised in the Company's 2018 Form 10-Q for period ended September 30, 2018.
- (F) Supplementary Leverage Ratio is calculated by dividing Tier 1 capital by total leverage exposure under Basel III. Leverage exposure, which reflects average total consolidated assets with adjustments for Tier 1 capital deductions, average off-balance sheet derivatives exposures, securities purchased under agreements to resell and credit equivalents of undrawn commitments that are both conditionally and unconditionally cancellable.
- (G) Presented for the purpose of calculating the Tier 1 Leverage Ratio.
- (H) Billed business represents transaction volumes (including cash advances) on cards and other payment products issued by American Express (proprietary billed business) and cards issued under network partnership agreements with banks and other institutions, including joint ventures (GNS billed business). In-store spending activity within GNS retail cobrand portfolios, from which we earn no revenue, is not included in billed business. Billed business is reported as United States or outside the United States based on the location of the issuer.
- (I) Cards-in-force represents the number of cards that are issued and outstanding by American Express (proprietary cards-in-force) and cards issued and outstanding under network partnership agreements with banks and other institutions, including joint ventures (GNS cards-in-force) except for GNS retail cobrand cards that have no out of store spend activity during the prior 12 months. Basic cards-in-force excludes supplemental cards issued on consumer accounts.
- (J) This calculation is generally designed to reflect the average pricing at all merchants accepting American Express cards and represents the percentage of proprietary and GNS billed business retained by the Company from merchants it acquires, or from merchants acquired by third parties on its behalf, net of amounts retained by such third parties. Effective January 1, 2018, the Company began including billed business related to certain business-to-business products in the calculation of the average discount rate to reflect our expanding business-to-business product offerings. Prior periods have been conformed to the current period presentation.
- (K) Average fee per card is computed based on proprietary basic net card fees divided by average proprietary basic cards-in-force.
- (L) Other includes foreign currency impact on balance sheet re-measurement and translation.
- (M) 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, as 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.
- (N) See Appendix II for calculations of net interest yield on average Card Member loans, a non-GAAP measure, and net interest income divided by average Card Member loans, a GAAP measure, and the Company's rationale for presenting net interest yield on average Card Member loans (refer to Footnotes "V" and "W").
- (O) GCP reflects global, large and middle market corporate accounts. GCP delinquency data for periods other than 90 days past billing is not available due to system constraints. GCP Net loss ratio — Represents the ratio of GCP charge card write-offs, consisting of principal (resulting from authorized transactions) and fee components, less recoveries, on Card Member receivables expressed as a percentage of gross amounts billed to corporate Card Members.
- (P) FX-adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for Q3'18 apply to the period(s) against which such results are being compared). The Company 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.
- (Q) Includes changes in certain corporate allocations that are not directly attributable to our new segment structure.
- (R) Effective Q3'17, GSBS loans and associated metrics reflect worldwide small business services loans. Prior to Q3'17, due to certain system limitations, small business services loans outside the U.S. and associated credit metrics are reflected within GCSG, and were not significant to either GCSG or GCS.
- (S) Primarily represents interest expense attributable to maintaining our corporate liquidity pool and funding Card Member receivables.
- (T) Primarily represents interest income attributable to Other loans, interest-bearing deposits and the fixed income investment portfolios.
- (U) Adjusted net interest income is a non-GAAP measure that represents net interest income attributable to our Card Member loans (which includes, on a GAAP basis, interest that is deemed uncollectible), excluding the impact of interest expense and interest income not attributable

to our Card Member loans. The Company believes adjusted net interest income is useful to investors because it represents the interest expense and interest income attributable to our Card Member loan portfolio and is a component of net interest yield on average Card Member loans, which provides a measure of profitability of our Card Member loan portfolio.

- (V) Net interest income divided by average Card Member loans, computed on an annualized basis, a GAAP measure, 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 average Card Member loans.
- (W) Net interest yield on average Card Member loans is a non-GAAP measure that is computed by dividing adjusted net interest income by average Card Member loans, computed on an annualized basis. Reserves and net write-offs related to uncollectible interest are recorded through provisions for losses, and thus not included in the net interest yield calculation. The Company believes that net interest yield on average Card Member loans is useful to investors because it provides a measure of profitability of the Company's Card Member loan portfolio.