
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): January 17, 2019

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 January 17, 2019, American Express Company (the “Company”) issued a press release regarding its financial results for the fourth quarter and full year 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 fourth quarter and full year of 2018. Such additional financial information is attached to this report as Exhibit 99.2.

Exhibit Description

- | | |
|------|---|
| 99.1 | <u>Press Release, dated January 17, 2019, of American Express Company regarding its financial results for the fourth quarter and full year of 2018.</u> |
| 99.2 | <u>Additional information relating to the financial results of American Express Company for the fourth quarter and full year 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: January 17, 2019

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Section 2: EX-99.1 (EXHIBIT 99.1 OF AMERICAN EXPRESS COMPANY)

EXHIBIT 99.1

News Release

News Release

News Release

News Release



FOR IMMEDIATE RELEASE

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**AMERICAN EXPRESS REPORTS FOURTH QUARTER EARNINGS PER SHARE OF \$2.32
AND FULL YEAR EPS OF \$7.91**

STRONG 2018 REVENUE GROWTH REFLECTS HIGHER CARD MEMBER SPENDING, LOANS AND CARD FEES

(Millions, except percentages and per share amounts)

	Quarters Ended December 31,		Percentage Inc/(Dec)	Years Ended December 31,		Percentage Inc/(Dec)
	2018	2017		2018	2017	
Total Revenues Net of Interest Expense	\$ 10,474	\$ 9,707	8	\$ 40,338	\$ 36,878	9
Net Income (Loss)	\$ 2,010	\$ (1,206)	#	\$ 6,921	\$ 2,748	#
Earnings (Loss) Per Common Share – Diluted:						
Net Income (Loss) Attributable to Common Shareholders ¹	\$ 2.32	\$ (1.42)	#	\$ 7.91	\$ 2.99	#
Average Diluted Common Shares Outstanding	852	865	(2)	859	886	(3)

- Denotes a variance of 100 percent or more.

New York – January 17, 2019 - American Express Company (NYSE: AXP) today reported fourth-quarter net income of \$2.0 billion, or \$2.32 per share, compared with a net loss of \$1.2 billion, or \$1.42 per share, a year ago.

¹ Represents net income less (i) earnings allocated to participating share awards of \$16 million and \$2 million for the three months ended December 31, 2018 and 2017, respectively, and \$54 million and \$21 million for the years ended December 31, 2018 and 2017, respectively, and (ii) dividends on preferred shares of \$19 million and \$20 million for the three months ended December 31, 2018 and 2017 respectively, and \$80 million and \$81 million for the years ended December 31, 2018 and 2017, respectively.

The current period included \$496 million, or \$0.58 per share, of certain discrete tax benefits. The year-ago period included a charge of \$2.6 billion, or (\$2.99) per share, related to the Tax Cuts and Jobs Act (the "Tax Act").

Fourth-quarter consolidated total revenues net of interest expense were a record \$10.5 billion, up 8 percent from \$9.7 billion a year ago. Excluding the impact of foreign exchange rates, adjusted revenues net of interest expense grew 10 percent.² The rise reflected higher Card Member spending, loan volumes and card fees.

Consolidated provisions for losses were \$954 million, up 14 percent from \$834 million a year ago. The increase reflected growth in the loan portfolio and higher lending write-off rates.

Consolidated expenses were \$7.7 billion, up 9 percent from \$7.1 billion a year ago. The rise primarily reflected higher rewards and other customer engagement costs, which were partially offset by lower operating expenses.³

The consolidated effective tax rate was (9.8) percent, down substantially from a year ago. The \$496 million tax benefit mentioned above reflected changes in the tax method of accounting for certain expenses; the resolution of certain prior years' tax audits; and an adjustment to the company's 2017 provisional tax charge related to the Tax Act. The effective tax rate for the quarter excluding these items was 17.3 percent.⁴

For the full year, the company reported net income of \$6.9 billion, compared with net income of \$2.7 billion a year ago. Earnings per share were \$7.91, compared with \$2.99 a year ago.

Revenues net of interest expense for the full year were a record \$40.3 billion, up 9 percent (10 percent FX adjusted²) from \$36.9 billion a year ago.

Consolidated expenses for the full year increased 8 percent to \$28.9 billion from \$26.7 billion a year ago.

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 (e.g., assumes the foreign exchange rates used to determine results for the three months ended December 31, 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.

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

⁴ The effective tax rate excluding certain discrete tax benefits recognized in the fourth quarter of 2018 is a non-GAAP measure. Management believes the effective tax rate excluding these items is useful in evaluating the company's tax rate for the quarter relative to the full year. See Appendix I for a reconciliation to the effective tax rate on a GAAP basis.

"We continue to see very good returns on the investments we've been making to gain share and add scale," said Stephen J. Squeri, chairman and chief executive officer. "Our growth throughout 2018 was broad-based and well-balanced across geographies and business lines. Card Member spending rose an fx-adjusted 8 percent, lapping a strong year-ago quarter. This was the sixth consecutive quarter with revenue growth of at least 8 percent, and it was driven again by higher Card Member spending, loans and card fees.

"The total revenue we generated in 2018 was well above our initial expectations and gave us the flexibility to make additional investments in the business each quarter. We added 12 million new cards during the year, continued to enhance the range of benefits we offer, and continued to significantly expand the number of merchants in our network. Robust top line growth, consistently good credit quality and the leverage we get from disciplined control of operating expenses delivered strong earnings per share each quarter.

"We remain focused on four strategic priorities:

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

We've made great progress on each of them and feel very good about the competitive advantages that come from our business model.

"Our focus is on continuing to make the investments that can drive higher revenue growth, which is the foundation for consistent, double-digit EPS growth. While there are mixed signals in the political and economic environment, based on what we see in the business we are starting 2019 from a position of strength. We expect full year 2019 revenue growth to be between 8 and 10 percent and EPS to be between \$7.85 and \$8.35, subject to contingencies."

Global Consumer Services Group reported fourth-quarter net income of \$702 million, up 13 percent from \$624 million a year ago.

Total revenues net of interest expense were \$5.6 billion, up 11 percent from \$5.1 billion a year ago. The rise primarily reflected higher loans, Card Member spending, and card fees.

Provisions for losses totaled \$726 million, up 13 percent from \$641 million a year ago. The rise primarily reflected growth in the loan portfolio and an increase in the lending write-off rate.

Total expenses were \$4.2 billion, up 17 percent from \$3.6 billion a year ago. The rise primarily reflected higher rewards and other customer engagement costs and increased operating expenses.

The effective tax rate was 3 percent, down from 27 percent a year ago, reflecting the resolution of certain prior years' tax items and the reduction in the U.S. federal statutory tax rate.

Global Commercial Services reported fourth-quarter net income of \$624 million, up 15 percent from \$542 million a year ago.

Total revenues net of interest expense were \$3.3 billion, up 8 percent from \$3.1 billion a year ago. The increase primarily reflected higher Card Member spending.

Provisions for losses totaled \$223 million, up 19 percent from \$187 million a year ago, reflecting higher provision across both the charge and lending portfolios, in part driven by growth in receivable and loan balances.

Total expenses were \$2.4 billion, up 12 percent from \$2.1 billion a year ago. The rise primarily reflected higher rewards and other customer engagement costs and increased operating expenses.

The effective tax rate was 11 percent, down from 29 percent a year ago, reflecting the reduction in the U.S. federal statutory tax rate and the resolution of certain prior years' tax items.

Global Merchant and Network Services reported fourth-quarter net income of \$501 million, up 9 percent from \$459 million a year ago.

Total revenues net of interest expense were \$1.6 billion, unchanged from a year ago. The current quarter reflected higher Card Member spending, offset by a decrease in the average discount rate and lower revenues from network partners.

Total expenses were \$1.0 billion, up 5 percent from \$949 million a year ago.

The effective tax rate was 20 percent, down from 31 percent a year ago, reflecting the reduction in the U.S. federal statutory tax rate, and the resolution of certain prior years' tax items.

Corporate and Other reported fourth-quarter net income of \$183 million, compared with a net loss of \$2.8 billion a year ago. The current period included a portion of the above-mentioned discrete tax items while the year ago period reflected the impact of the Tax Act.

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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 fourth-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 fourth-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.

American Express Company plans to host its annual Investor Day on Wednesday, March 13, 2019 at 9 a.m. (ET). At the meeting, senior executives will discuss key business trends, initiatives and long-term strategies.

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 American Express Company's current expectations regarding business and financial performance, including management's outlook for 2019, 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 2019 earnings per common share outlook, which will depend in part on revenue growth, credit performance and the effective tax rate remaining consistent with current expectations, the company's ability to control operating expense growth and generate operating leverage, and the company's ability to continue executing its share repurchase program; any of which could be impacted by, among other things, the factors identified in the subsequent paragraphs; issues impacting brand perceptions and the company's reputation; 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, increases in Card Member reimbursements, restructurings, impairments and changes in reserves; the amount the company spends on customer engagement and the company's inability 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 new or renegotiated cobrand agreements than expected, which could be affected by volumes and customer engagement; and 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;
- the ability of the company to achieve its 2019 revenue growth outlook, 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, growth in Card Member loans and the yield on Card Member loans not remaining consistent with current expectations, 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 inability 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 new and existing 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 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 cost of Card Member services growing inconsistently from expectations, which will depend in part on the company's inability to cost effectively enhance card products and services to make them attractive to Card Members; the degree of interest of Card Members in the value propositions offered by the company; increasing competition, which could result in needing to offer additional benefits and services; and the pace and cost of the expansion of the company's global lounge collection;
- the actual amount to be spent on customer engagement, which will be based in part on the factors identified in the preceding paragraph; management's assessment of competitive opportunities; overall business performance and changes in macroeconomic conditions; Card Member behavior as it relates to their spending patterns, including the level of spend in bonus categories, and the redemption of rewards; costs related to reward point redemptions, advertising and Card Member acquisition; 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; 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 tax rate not remaining consistent 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 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 provide innovative ways for Card Members to pay online and make P2P transfers, 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, Brexit, 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 American Express 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, June 30 and September 30, 2018 and the company's other reports filed with the Securities and Exchange Commission.

	Q4'18
Effective Tax Rate Excluding Discrete Tax Items	
Effective tax rate	(9.8%)
Discrete tax impacts (X)	27.1%
Effective tax rate excluding discrete tax items	17.3%

(X) Reflects changes in the tax method of accounting for certain expenses; the resolution of certain prior years' tax audits, and an adjustment to the Company's 2017 provisional tax charge related to the Tax Act.

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Section 3: EX-99.2 (EXHIBIT 99.2 OF AMERICAN EXPRESS COMPANY)

EXHIBIT 99.2

American Express Company
Consolidated Statements of Income

(Preliminary)

(Millions, except percentages and per share amounts)

	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17	YOY % change	YTD'18	YTD'17	YOY % change
Non-interest revenues									
Discount revenue	\$ 6,457	\$ 6,181	\$ 6,194	\$5,889	\$ 6,060	7	\$24,721	\$22,890	8
Net card fees	897	870	844	830	785	14	3,441	3,090	11
Other fees and commissions	788	798	786	781	778	1	3,153	2,990	5
Other	300	334	349	377	345	(13)	1,360	1,457	(7)
Total non-interest revenues	8,442	8,183	8,173	7,877	7,968	6	32,675	30,427	7
Interest income									
Interest on loans	2,674	2,554	2,387	2,326	2,205	21	9,941	8,148	22
Interest and dividends on investment securities	35	35	27	21	21	67	118	89	33
Deposits with banks and other	157	149	126	115	93	69	547	326	68
Total interest income	2,866	2,738	2,540	2,462	2,319	24	10,606	8,563	24
Interest expense									
Deposits	377	340	300	270	241	56	1,287	779	65
Long-term debt and other	457	437	411	351	339	35	1,656	1,333	24
Total interest expense	834	777	711	621	580	44	2,943	2,112	39
Net interest income	2,032	1,961	1,829	1,841	1,739	17	7,663	6,451	19
Total revenues net of interest expense	10,474	10,144	10,002	9,718	9,707	8	40,338	36,878	9
Provisions for losses									
Charge card	236	214	245	242	205	15	937	795	18
Card Member loans	679	560	528	499	596	14	2,266	1,868	21
Other	39	43	33	34	33	18	149	97	54
Total provisions for losses	954	817	806	775	834	14	3,352	2,760	21
Total revenues net of interest expense after provisions for losses	9,520	9,327	9,196	8,943	8,873	7	36,986	34,118	8
Expenses									
Marketing and business development (A)	1,820	1,642	1,663	1,345	1,535	19	6,470	5,722	13

Card Member rewards	2,516	2,400	2,433	2,347	2,262	11	9,696	8,687	12
Card Member services	495	457	416	409	383	29	1,777	1,392	28
Salaries and employee benefits	1,294	1,350	1,280	1,326	1,436	(10)	5,250	5,258	-
Professional services	671	489	508	457	534	26	2,125	2,040	4
Occupancy and equipment	540	489	484	520	493	10	2,033	2,018	1
Other, net (A)	353	382	321	457	432	(18)	1,513	1,576	(4)
Total expenses	7,689	7,209	7,105	6,861	7,075	9	28,864	26,693	8
Pretax income	1,831	2,118	2,091	2,082	1,798	2	8,122	7,425	9
Income tax provision (benefit)	(179)	464	468	448	3,004	#	1,201	4,677	(74)
Net income (loss)	\$ 2,010	\$ 1,654	\$ 1,623	\$1,634	\$(1,206)	#	\$ 6,921	\$ 2,748	#
Net income (loss) attributable to common shareholders (B)	\$ 1,975	\$ 1,621	\$ 1,591	\$1,600	\$(1,228)	#	\$ 6,787	\$ 2,646	#
Effective tax rate	(9.8%)	21.9%	22.4%	21.5%	167.1%		14.8%	63.0%	

Earnings Per Common Share

Basic

Net income (loss) attributable to common shareholders	\$ 2.33	\$ 1.89	\$ 1.85	\$ 1.86	\$ (1.42)	#	\$ 7.93	\$ 3.00	#
Average common shares outstanding	850	858	860	859	865	(2)	856	883	(3)

Diluted

Net income (loss) attributable to common shareholders	\$ 2.32	\$ 1.88	\$ 1.84	\$ 1.86	\$ (1.42)	#	\$ 7.91	\$ 2.99	#
Average common shares outstanding	852	860	862	861	865	(2)	859	886	(3)
Cash dividends declared per common share	\$ 0.39	\$ 0.39	\$ 0.35	\$ 0.35	\$ 0.35	11	\$ 1.48	\$ 1.34	10

- Denotes a variance of 100 percent or more.

See Appendix IV for footnote references

American Express Company
Consolidated Balance Sheets and Related Statistical Information
(Billions, except percentages, per share amounts and where indicated)

(Preliminary)

	<u>Q4'18</u>	<u>Q3'18</u>	<u>Q2'18</u>	<u>Q1'18</u>	<u>Q4'17</u>	<u>YOY % change</u>
Assets						
Cash & cash equivalents	\$ 27	\$ 30	\$ 30	\$ 31	\$ 33	(18)
Card Member receivables, less reserves	55	55	54	54	54	2
Card Member Loans, less reserves	80	76	74	71	72	11
Investment securities	5	6	5	3	3	67
Other (C)	22	22	22	21	19	16
Total assets	\$ 189	\$ 189	\$ 185	\$ 180	\$ 181	4
Liabilities and Shareholders' Equity						
Customer deposits	\$ 70	\$ 69	\$ 67	\$ 67	\$ 64	9
Short-term borrowings	3	2	2	2	3	-
Long-term debt	58	55	56	52	56	4
Other (C)	36	42	39	39	40	(10)
Total liabilities	167	168	164	160	163	2
Shareholders' Equity	22	21	21	20	18	22
Total liabilities and shareholders' equity	\$ 189	\$ 189	\$ 185	\$ 180	\$ 181	4
Return on average equity (D)	33.5%	18.1%	16.7%	15.2%	13.2%	
Return on average common equity (D)	35.6%	19.0%	17.5%	15.9%	13.7%	
Book value per common share (dollars)	\$ 24.45	\$ 23.27	\$ 22.42	\$ 20.96	\$ 19.42	26

See Appendix IV for footnote references

American Express Company
Consolidated Capital

(Preliminary)

	<u>Q4'18</u>	<u>Q3'18</u>	<u>Q2'18</u>	<u>Q1'18</u>	<u>Q4'17</u>
Shares Outstanding (in millions)					
Beginning of period	854	861	860	859	871
Repurchase of common shares	(8)	(7)	-	-	(14)
Net impact of employee benefit plans and others	1	-	1	1	2
End of period	<u>847</u>	<u>854</u>	<u>861</u>	<u>860</u>	<u>859</u>
Risk-Based Capital Ratios - Basel III (\$ in billions) (E)					
Common Equity Tier 1/Risk Weighted Assets (RWA)	11.0%	10.8%	10.1%	9.4%	9.0%
Tier 1	12.0%	11.8%	11.1%	10.5%	10.1%
Total	13.6%	13.4%	12.8%	12.2%	11.8%
Common Equity Tier 1	\$ 17.5	\$ 16.6	\$ 15.2	\$ 13.9	\$ 13.2
Tier 1 Capital	\$ 19.1	\$ 18.2	\$ 16.8	\$ 15.5	\$ 14.7
Tier 2 Capital	\$ 2.6	\$ 2.5	\$ 2.5	\$ 2.4	\$ 2.4
Total Capital	\$ 21.7	\$ 20.7	\$ 19.3	\$ 17.9	\$ 17.1
RWA	\$ 158.8	\$ 154.7	\$ 150.9	\$ 147.4	\$ 145.9
Tier 1 Leverage	10.4%	10.1%	9.7%	8.8%	8.6%
Supplementary Leverage Ratio (SLR) (F)	8.9%	8.6%	8.3%	7.6%	7.4%
Average Total Assets to calculate the Tier 1 Leverage Ratio (G)	\$ 183.2	\$ 179.8	\$ 172.5	\$ 175.0	\$ 171.2
Total Leverage Exposure to calculate SLR	\$ 214.4	\$ 210.7	\$ 202.4	\$ 204.4	\$ 198.8

See Appendix IV for footnote references

American Express Company
Selected Card Related Statistical Information
(Billions, except percentages and where indicated)

(Preliminary)

	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17	YOY % change	YTD'18	YTD'17	YOY % change
Billed business (H)									
U.S.	\$205.1	\$194.6	\$195.4	\$182.5	\$188.9	9	\$ 777.6	\$ 708.3	10
Outside the U.S.	103.9	100.1	101.1	101.3	102.5	1	406.4	376.9	8
Total	\$309.0	\$294.7	\$296.5	\$283.8	\$291.4	6	\$1,184.0	\$1,085.2	9
Proprietary	\$264.4	\$250.2	\$251.1	\$236.9	\$242.6	9	\$1,002.6	\$ 900.6	11
Global Network Services (GNS)	44.6	44.5	45.4	46.9	48.8	(9)	181.4	184.6	(2)
Total	\$309.0	\$294.7	\$296.5	\$283.8	\$291.4	6	\$1,184.0	\$1,085.2	9
Cards-in-force (millions) (I)									
U.S.	53.7	53.0	51.9	51.3	50.0	7	53.7	50.0	7
Outside the U.S.	60.3	62.1	62.4	62.9	62.8	(4)	60.3	62.8	(4)
Total	114.0	115.1	114.3	114.2	112.8	1	114.0	112.8	1
Proprietary	69.1	68.5	67.4	66.4	64.6	7	69.1	64.6	7
GNS	44.9	46.6	46.9	47.8	48.2	(7)	44.9	48.2	(7)
Total	114.0	115.1	114.3	114.2	112.8	1	114.0	112.8	1
Basic cards-in-force (millions) (I)									
U.S.	42.3	41.7	40.9	40.4	39.4	7	42.3	39.4	7
Outside the U.S.	50.3	51.8	52.0	52.4	52.2	(4)	50.3	52.2	(4)
Total	92.6	93.5	92.9	92.8	91.6	1	92.6	91.6	1
Average proprietary basic Card Member spending (dollars)									
U.S.	\$5,369	\$5,169	\$5,275	\$5,015	\$5,300	1	\$ 20,840	\$ 20,317	3
Outside the U.S.	\$4,103	\$3,864	\$3,909	\$3,869	\$3,918	5	\$ 15,756	\$ 14,277	10
Average	\$4,997	\$4,784	\$4,871	\$4,677	\$4,890	2	\$ 19,340	\$ 18,519	4
Card Member loans									
U.S.	\$ 72.0	\$ 68.1	\$ 66.3	\$ 63.9	\$ 64.5	12	\$ 72.0	\$ 64.5	12
Outside the U.S.	9.9	9.5	9.1	8.9	8.9	11	9.9	8.9	11
Total	\$ 81.9	\$ 77.6	\$ 75.4	\$ 72.8	\$ 73.4	12	\$ 81.9	\$ 73.4	12
Average discount rate (J)	2.36%	2.38%	2.37%	2.37%	2.37%		2.37%	2.40%	
Average fee per card (dollars) (K)	\$ 52	\$ 51	\$ 51	\$ 51	\$ 49	6	\$ 51	\$ 49	4

See Appendix IV for footnote references

American Express Company
Selected Credit Related Statistical Information
(Billions, except percentages and where indicated)

(Preliminary)

	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17	YOY % change	YTD'18	YTD'17	YOY % change
Worldwide Card Member loans									
Total loans	\$ 81.9	\$ 77.6	\$ 75.4	\$ 72.8	\$ 73.4	12	\$ 81.9	\$ 73.4	12
Loss reserves (millions)									
Beginning balance	\$1,937	\$1,840	\$1,786	\$1,706	\$1,502	29	\$ 1,706	\$ 1,223	39
Provisions - principal, interest and fees	679	560	528	499	596	14	2,266	1,868	21
Net write-offs - principal less recoveries	(399)	(393)	(389)	(358)	(325)	23	(1,539)	(1,181)	30
Net write-offs - interest and fees less recoveries	(79)	(77)	(77)	(71)	(64)	23	(304)	(227)	34
Other (L)	(4)	7	(8)	10	(3)	33	5	23	(78)
Ending balance	\$2,134	\$1,937	\$1,840	\$1,786	\$1,706	25	\$ 2,134	\$ 1,706	25
Ending reserves - principal	\$2,028	\$1,834	\$1,737	\$1,691	\$1,622	25	\$ 2,028	\$ 1,622	25
Ending reserves - interest and fees	\$ 106	\$ 103	\$ 103	\$ 95	\$ 84	26	\$ 106	\$ 84	26
% of loans	2.6%	2.5%	2.4%	2.5%	2.3%		2.6%	2.3%	
% of past due	182%	185%	188%	174%	177%		182%	177%	
Average loans	\$ 79.4	\$ 76.4	\$ 74.1	\$ 72.7	\$ 70.1	13	\$ 75.8	\$ 66.7	14
Net write-off rate (principal only) (M)	2.0%	2.1%	2.1%	2.0%	1.8%		2.0%	1.8%	
Net write-off rate (principal, interest and fees) (M)	2.4%	2.5%	2.5%	2.4%	2.2%		2.4%	2.1%	
30+ days past due as a % of total	1.4%	1.3%	1.3%	1.4%	1.3%		1.4%	1.3%	
Net interest income divided by average Card Member loans (N)									
	10.2%	10.3%	9.9%	10.1%	9.9%		10.1%	9.7%	
Net interest yield on average Card Member loans (N)									
	10.7%	10.8%	10.6%	10.8%	10.5%		10.7%	10.4%	
Worldwide Card Member receivables									
Total receivables	\$ 55.9	\$ 55.5	\$ 55.0	\$ 54.2	\$ 54.0	4	\$ 55.9	\$ 54.0	4
Loss reserves (millions)									
Beginning balance	\$ 544	\$ 558	\$ 565	\$ 521	\$ 512	6	\$ 521	\$ 467	12
Provisions - principal and fees	236	214	245	242	205	15	937	795	18
Net write-offs - principal and fees less recoveries	(198)	(226)	(236)	(199)	(188)	5	(859)	(736)	17
Other (L)	(9)	(2)	(16)	1	(8)	13	(26)	(5)	#
Ending balance	\$ 573	\$ 544	\$ 558	\$ 565	\$ 521	10	\$ 573	\$ 521	10
% 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)									
	1.4%	1.7%	1.8%	1.6%	1.5%		1.7%	1.6%	
Net write-off rate, excluding GCP (principal and fees) (M)									
	1.6%	1.9%	2.1%	1.8%	1.6%		1.8%	1.7%	
30+ days past due as a % of total, excluding GCP									
	1.4%	1.3%	1.3%	1.5%	1.4%		1.4%	1.4%	
GCP Net loss ratio (as a % of charge volume) (O)									
	0.11%	0.12%	0.12%	0.10%	0.11%		0.11%	0.10%	
GCP 90+ days past billing as a % of total (O)									
	0.7%	0.8%	0.8%	0.8%	0.9%		0.7%	0.9%	

- Denotes a variance of 100 percent or more.

See Appendix IV for footnote references

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

(Preliminary)

	Global Consumer Services Group (GCSG)	Global Commercial Services (GCS)	Global Merchant and Network Services (GMNS)	Corporate and Other	Consolidated
Q4'18					
Non-interest revenues	\$ 3,826	\$ 3,087	\$ 1,530	\$ (1)	\$ 8,442
Interest income	2,240	435	8	183	2,866
Interest expense	441	234	(89)	248	834
Total revenues net of interest expense	5,625	3,288	1,627	(66)	10,474
Total provision	726	223	6	(1)	954
Total revenues net of interest expense after provisions for losses	4,899	3,065	1,621	(65)	9,520
Marketing, business development, rewards, Card Member services	2,922	1,528	375	6	4,831
Salaries and employee benefits and other operating expenses	1,250	839	620	149	2,858
Pretax income (loss)	727	698	626	(220)	1,831
Income tax provision (benefit)	25	74	125	(403)	(179)
Net income (loss)	702	624	501	183	2,010
Q4'17					
Non-interest revenues	\$ 3,535	\$ 2,866	\$ 1,554	\$ 13	\$ 7,968
Interest income	1,848	357	10	104	2,319
Interest expense	306	168	(55)	161	580
Total revenues net of interest expense	5,077	3,055	1,619	(44)	9,707
Total provision	641	187	4	2	834
Total revenues net of interest expense after provisions for losses	4,436	2,868	1,615	(46)	8,873
Marketing, business development, rewards, Card Member services	2,479	1,362	332	7	4,180
Salaries and employee benefits and other operating expenses	1,100	743	617	435	2,895
Pretax income (loss)	857	763	666	(488)	1,798
Income tax provision (benefit)	233	221	207	2,343	3,004
Net income (loss)	624	542	459	(2,831)	(1,206)
YOY % change					
Non-interest revenues	8	8	(2)	#	6
Interest income	21	22	(20)	76	24
Interest expense	44	39	62	54	44
Total revenues net of interest expense	11	8	-	50	8
Total provision	13	19	50	#	14
Total revenues net of interest expense after provisions for losses	10	7	-	41	7
Marketing, business development, rewards, Card Member services	18	12	13	(14)	16
Salaries and employee benefits and other operating expenses	14	13	-	(66)	(1)
Pretax income (loss)	(15)	(9)	(6)	(55)	2
Income tax provision (benefit)	(89)	(67)	(40)	#	#
Net income (loss)	13	15	9	#	#

- Denotes a variance of 100 percent or more.

See Appendix IV for footnote references

American Express Company
Billed Business Growth Trend

(Preliminary)

	YOY % change											Reported YTD'18	FX- Adjusted (P) YTD'18
	Reported					FX-Adjusted (P)							
	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17			
Worldwide													
Proprietary consumer	10%	11%	13%	15%	11%	11%	12%	12%	12%	10%	12%	12%	12%
Proprietary commercial	9	11	12	13	11	10	12	12	11	10	11	11	11
Proprietary GNS	(9)	(5)	(1)	8	9	(4)	(1)	(3)	3	6	(2)	(1)	(1)
Total	6	8	10	12	11	8	10	9	10	9	9	9	9
Airline-related volume (7% of Q4'18 Worldwide Total)	5	7	8	10	7	8	9	7	6	4	8	7	7
U.S.													
Proprietary consumer	9	10	10	11	8	n/a	n/a	n/a	n/a	n/a	10	n/a	n/a
Proprietary commercial	9	10	10	10	9	n/a	n/a	n/a	n/a	n/a	10	n/a	n/a
Proprietary GNS	8	10	10	10	8	n/a	n/a	n/a	n/a	n/a	10	n/a	n/a
Total	9	10	10	10	8	n/a	n/a	n/a	n/a	n/a	10	n/a	n/a
T&E-related volume (23% of Q4'18 U.S. Total)	8	9	8	8	6	n/a	n/a	n/a	n/a	n/a	8	n/a	n/a
Non-T&E-related volume (77% of Q4'18 U.S. Total)	8	10	10	11	9	n/a	n/a	n/a	n/a	n/a	10	n/a	n/a
Airline-related volume (6% of Q4'18 U.S. Total)	9	11	7	7	5	n/a	n/a	n/a	n/a	n/a	8	n/a	n/a
Outside the U.S.													
Proprietary consumer	11	14	20	25	20	17	18	18	16	14	17	17	17
Proprietary commercial	10	13	19	23	19	16	18	18	14	13	16	16	16
Proprietary GNS	(11)	(6)	(2)	8	10	(6)	(3)	(3)	3	6	(3)	(2)	(2)
Total	1	5	10	17	15	7	8	8	9	10	8	8	8
Japan, Asia Pacific & Australia billed business	1	5	9	16	15	5	8	7	10	11	8	7	7
Latin America & Canada billed business	1	1	5	12	11	11	12	11	11	8	4	11	11
Europe, Middle East & Africa billed business	2	6	14	20	19	8	8	9	7	10	10	8	8

See Appendix IV for footnote references

Global Consumer Services Group
Selected Income Statement and Statistical Information
(Millions, except percentages)

(Preliminary)

	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17	YOY % change	YTD'18	YTD'17	YOY % change
Non-interest revenues	\$3,826	\$3,680	\$3,678	\$3,491	\$3,535	8	\$14,675	\$13,378	10
Interest income	2,240	2,140	1,994	1,949	1,848	21	8,323	6,789	23
Interest expense	441	404	370	327	306	44	1,542	1,047	47
Net interest income	1,799	1,736	1,624	1,622	1,542	17	6,781	5,742	18
Total revenues net of interest expense	5,625	5,416	5,302	5,113	5,077	11	21,456	19,120	12
Provisions for losses	726	609	565	530	641	13	2,430	1,996	22
Total revenues net of interest expense after provisions for losses	4,899	4,807	4,737	4,583	4,436	10	19,026	17,124	11
Expenses									
Marketing, business development, rewards, Card Member services	2,922	2,711	2,695	2,446	2,479	18	10,774	9,233	17
Salaries and employee benefits and other operating expenses	1,250	1,118	1,081	1,089	1,100	14	4,538	4,246	7
Total expenses	4,172	3,829	3,776	3,535	3,579	17	15,312	13,479	14
Pretax segment income	727	978	961	1,048	857	(15)	3,714	3,645	2
Income tax provision	25	199	191	222	233	(89)	637	1,053	(40)
Segment income	\$ 702	\$ 779	\$ 770	\$ 826	\$ 624	13	\$ 3,077	\$ 2,592	19
Effective tax rate	3.4%	20.3%	19.9%	21.2%	27.2%		17.2%	28.9%	

(Billions, except percentages and where indicated)

Proprietary billed business (H)

U.S.	\$ 99.1	\$ 92.4	\$ 93.6	\$ 86.0	\$ 91.0	9	\$ 371.1	\$ 336.9	10
Outside the U.S.	\$ 37.5	\$ 34.9	\$ 34.6	\$ 33.3	\$ 33.8	11	\$ 140.3	\$ 119.8	17
Total	\$136.6	\$127.3	\$128.2	\$119.3	\$124.8	9	\$ 511.4	\$ 456.7	12

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

U.S.	37.7	37.4	36.7	36.1	34.9	8	37.7	34.9	8
Outside the U.S.	16.8	16.7	16.5	16.2	15.8	6	16.8	15.8	6
Total	54.5	54.1	53.2	52.3	50.7	7	54.5	50.7	7

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

U.S.	27.0	26.7	26.2	25.8	25.0	8	27.0	25.0	8
Outside the U.S.	11.6	11.6	11.4	11.2	10.9	6	11.6	10.9	6
Total	38.6	38.3	37.6	37.0	35.9	8	38.6	35.9	8

Average proprietary basic Card Member spending (dollars)

U.S.	\$3,693	\$3,491	\$3,594	\$3,371	\$3,672	1	\$14,161	\$13,950	2
Outside the U.S.	\$3,240	\$3,038	\$3,057	\$3,001	\$3,106	4	\$12,348	\$11,225	10
Average	\$3,556	\$3,354	\$3,431	\$3,259	\$3,499	2	\$13,613	\$13,115	4

Segment assets (Q)

	\$150.7	\$130.9	\$126.8	\$120.8	\$123.5	22	\$ 150.7	\$ 123.5	22
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Card Member loans

Total loans

U.S.	\$ 59.9	\$ 56.2	\$ 54.7	\$ 52.7	\$ 53.7	12	\$ 59.9	\$ 53.7	12
Outside the U.S.	\$ 9.6	\$ 9.2	\$ 8.8	\$ 8.6	\$ 8.6	12	\$ 9.6	\$ 8.6	12
Total	\$ 69.5	\$ 65.4	\$ 63.5	\$ 61.3	\$ 62.3	12	\$ 69.5	\$ 62.3	12

Average loans

U.S.	\$ 57.8	\$ 55.5	\$ 53.7	\$ 52.9	\$ 51.1	13	\$ 55.1	\$ 49.0	12
Outside the U.S.	\$ 9.3	\$ 8.9	\$ 8.8	\$ 8.7	\$ 8.1	15	\$ 8.9	\$ 7.4	20
Total	\$ 67.1	\$ 64.4	\$ 62.5	\$ 61.6	\$ 59.2	13	\$ 64.0	\$ 56.4	13

Lending Credit Metrics

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

30+ days past due as a % of total	1.4%	1.4%	1.3%	1.4%	1.3%	1.4%	1.3%	
Outside the U.S.								
Net write-off rate (principal only) (M)	2.0%	2.2%	2.1%	2.1%	2.0%	2.1%	2.1%	
Net write-off rate (principal, interest and fees) (M)	2.5%	2.7%	2.6%	2.6%	2.4%	2.6%	2.5%	
30+ days past due as a % of total	1.6%	1.5%	1.5%	1.6%	1.4%	1.6%	1.4%	
Total								
Net write-off rate (principal only) (M)	2.1%	2.1%	2.2%	2.0%	1.9%	2.1%	1.8%	
Net write-off rate (principal, interest and fees) (M)	2.5%	2.5%	2.6%	2.4%	2.3%	2.5%	2.2%	
30+ days past due as a % of total	1.5%	1.4%	1.3%	1.4%	1.3%	1.5%	1.3%	
Net interest income divided by average Card Member loans (N)								
Net interest yield on average Card Member loans (N)	10.7%	10.8%	10.4%	10.5%	10.4%	10.6%	10.2%	
U.S.	10.8%	10.9%	10.6%	10.7%	10.5%	10.7%	10.3%	
Outside the U.S.	10.5%	10.6%	10.5%	11.0%	10.8%	10.6%	11.1%	
Total	10.8%	10.8%	10.6%	10.8%	10.5%	10.7%	10.4%	
Card Member receivables								
U.S.	\$ 13.7	\$ 11.9	\$ 12.0	\$ 11.7	\$ 13.1	5 \$ 13.7	\$ 13.1	5
Outside the U.S.	\$ 7.8	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.8	- \$ 7.8	\$ 7.8	-
Total receivables	\$ 21.5	\$ 18.9	\$ 19.0	\$ 18.7	\$ 20.9	3 \$ 21.5	\$ 20.9	3
Charge Credit Metrics								
U.S.								
Net write-off rate (principal only) (M)	1.2%	1.3%	1.4%	1.3%	1.3%	1.3%	1.3%	
Net write-off rate (principal and fees) (M)	1.4%	1.5%	1.5%	1.5%	1.4%	1.5%	1.4%	
30+ days past due as a % of total	1.1%	1.2%	1.1%	1.3%	1.1%	1.1%	1.1%	
Outside the U.S.								
Net write-off rate (principal only) (M)	2.0%	2.3%	2.1%	2.0%	1.8%	2.1%	2.0%	
Net write-off rate (principal and fees) (M)	2.1%	2.5%	2.3%	2.2%	1.9%	2.3%	2.1%	
30+ days past due as a % of total	1.3%	1.4%	1.4%	1.5%	1.3%	1.3%	1.3%	
Total								
Net write-off rate (principal only) (M)	1.5%	1.7%	1.7%	1.6%	1.5%	1.6%	1.5%	
Net write-off rate (principal and fees) (M)	1.6%	1.9%	1.8%	1.7%	1.6%	1.8%	1.7%	
30+ days past due as a % of total	1.2%	1.2%	1.2%	1.4%	1.2%	1.2%	1.2%	

See Appendix IV for footnote references

Global Commercial Services
Selected Income Statement and Statistical Information
(Millions, except percentages)

(Preliminary)

	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17	YOY % change	YTD'18	YTD'17	YOY % change
Non-interest revenues	\$3,087	\$2,980	\$2,977	\$2,838	\$2,866	8	\$11,882	\$10,942	9
Interest income	435	416	393	377	357	22	1,621	1,361	19
Interest expense	234	218	204	171	168	39	827	595	39
Net interest income	201	198	189	206	189	6	794	766	4
Total revenues net of interest expense	3,288	3,178	3,166	3,044	3,055	8	12,676	11,708	8
Provisions for losses	223	201	235	240	187	19	899	743	21
Total revenues net of interest expense after provisions for losses	3,065	2,977	2,931	2,804	2,868	7	11,777	10,965	7
Expenses (Q)									
Marketing, business development, rewards, Card Member services	1,528	1,469	1,482	1,374	1,362	12	5,853	5,311	10
Salaries and employee benefits and other operating expenses	839	734	734	722	743	13	3,029	2,811	8
Total expenses	2,367	2,203	2,216	2,096	2,105	12	8,882	8,122	9
Pretax segment income	698	774	715	708	763	(9)	2,895	2,843	2
Income tax provision	74	168	151	162	221	(67)	555	914	(39)
Segment income	\$ 624	\$ 606	\$ 564	\$ 546	\$ 542	15	\$ 2,340	\$ 1,929	21
Effective tax rate	10.6%	21.7%	21.1%	22.9%	29.0%		19.2%	32.1%	

(Billions, except percentages and where indicated)

Proprietary billed business (H)	\$126.9	\$121.6	\$122.0	\$115.7	\$116.6	9	\$ 486.2	\$ 438.1	11
Proprietary cards-in-force (millions) (I)	14.5	14.4	14.3	14.1	14.0	4	14.5	14.0	4
Average Card Member spending (dollars)	\$8,757	\$8,469	\$8,592	\$8,233	\$8,356	5	\$34,058	\$31,729	7

Segment assets (Q)	\$ 51.8	\$ 54.0	\$ 52.9	\$ 52.1	\$ 49.1	5	\$ 51.8	\$ 49.1	5
Card Member loans	\$ 12.4	\$ 12.2	\$ 11.9	\$ 11.5	\$ 11.1	12	\$ 12.4	\$ 11.1	12
Card Member receivables	\$ 34.4	\$ 36.6	\$ 36.0	\$ 35.5	\$ 33.1	4	\$ 34.4	\$ 33.1	4

Card Member loans (R)

Total loans - Global Small Business Services (GSBS)	\$ 12.4	\$ 12.2	\$ 11.8	\$ 11.4	\$ 11.0	13	\$ 12.4	\$ 11.0	13
30+ days past due as a % of total - GSBS	1.3%	1.1%	1.2%	1.3%	1.2%		1.3%	1.2%	
Average loans - GSBS	\$ 12.3	\$ 11.9	\$ 11.6	\$ 11.1	\$ 10.9	13	\$ 11.7	\$ 10.3	14
Net write-off rate (principal only) - GSBS (M)	1.6%	1.7%	1.8%	1.6%	1.6%		1.7%	1.6%	
Net write-off rate (principal, interest and fees) - GSBS (M)	1.9%	2.0%	2.1%	1.9%	1.9%		2.0%	1.9%	

Net interest income divided by average Card

Member loans (N)	6.5%	6.6%	6.5%	7.4%	6.9%		6.7%	7.4%	
Net interest yield on average Card Member loans (N)	10.5%	10.5%	10.4%	10.7%	10.5%		10.5%	10.8%	

Card Member receivables

Total receivables - GCP (O)	\$ 17.7	\$ 19.7	\$ 19.3	\$ 19.3	\$ 17.0	4	\$ 17.7	\$ 17.0	4
90+ days past billing as a % of total - GCP (O)	0.7%	0.8%	0.8%	0.8%	0.9%		0.7%	0.9%	
Net loss ratio (as a % of charge volume) - GCP (O)	0.11%	0.12%	0.12%	0.10%	0.11%		0.11%	0.10%	
Total receivables - GSBS	\$ 16.7	\$ 16.9	\$ 16.7	\$ 16.2	\$ 16.1	4	\$ 16.7	\$ 16.1	4
30+ days past due as a % of total - GSBS	1.6%	1.4%	1.4%	1.8%	1.6%		1.6%	1.6%	
Net write-off rate (principal only) - GSBS (M)	1.4%	1.8%	2.1%	1.7%	1.5%		1.7%	1.6%	
Net write-off rate (principal and fees) - GSBS (M)	1.6%	2.0%	2.3%	1.9%	1.7%		2.0%	1.8%	

See Appendix IV for footnote references

Global Merchant and Network Services
Selected Income Statement and Statistical Information
(Millions, except percentages)

(Preliminary)

	<u>Q4'18</u>	<u>Q3'18</u>	<u>Q2'18</u>	<u>Q1'18</u>	<u>Q4'17</u>	YOY % change	YTD'18	YTD'17	YOY % change
Non-interest revenues	\$1,530	\$1,494	\$1,513	\$1,532	\$1,554	(2)	\$ 6,069	\$ 6,025	1
Interest income	8	6	7	9	10	(20)	30	42	(29)
Interest expense	(89)	(78)	(68)	(59)	(55)	62	(294)	(188)	56
Net interest income	97	84	75	68	65	49	324	230	41
Total revenues net of interest expense	1,627	1,578	1,588	1,600	1,619	-	6,393	6,255	2
Provisions for losses	6	5	6	5	4	50	22	16	38
Total revenues net of interest expense after provisions for losses	1,621	1,573	1,582	1,595	1,615	-	6,371	6,239	2
Expenses									
Marketing, business development, rewards, Card Member services	375	296	312	267	332	13	1,250	1,227	2
Salaries and employee benefits and other operating expenses	620	511	526	620	617	-	2,277	2,367	(4)
Total expenses	995	807	838	887	949	5	3,527	3,594	(2)
Pretax segment income	626	766	744	708	666	(6)	2,844	2,645	8
Income tax provision	125	186	201	192	207	(40)	704	857	(18)
Segment income	\$ 501	\$ 580	\$ 543	\$ 516	\$ 459	9	\$ 2,140	\$ 1,788	20
Effective tax rate	20.0%	24.3%	27.0%	27.1%	31.1%		24.8%	32.4%	

(Billions)

Segment assets (Q)	\$ 44.5	\$ 31.9	\$ 31.3	\$ 31.0	\$ 30.6	45	\$ 44.5	\$ 30.6	45
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See Appendix IV 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				
	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017
ROE					
Net income	\$ 6,921	\$ 3,705	\$ 3,410	\$ 3,131	\$ 2,748
Average shareholders' equity	\$20,650	\$20,421	\$20,393	\$20,536	\$20,857
Return on average equity (D)	33.5%	18.1%	16.7%	15.2%	13.2%
Reconciliation of ROCE					
Net income	\$ 6,921	\$ 3,705	\$ 3,410	\$ 3,131	\$ 2,748
Preferred shares dividends and related accretion	80	81	82	81	81
Earnings allocated to participating share awards and other	54	40	38	37	21
Net income attributable to common shareholders	\$ 6,787	\$ 3,584	\$ 3,290	\$ 3,013	\$ 2,646
Average shareholders' equity	\$20,650	\$20,421	\$20,393	\$20,536	\$20,857
Average preferred shares	1,584	1,584	1,584	1,584	1,584
Average common shareholders' equity	\$19,066	\$18,837	\$18,809	\$18,952	\$19,273
Return on average common equity (D)	35.6%	19.0%	17.5%	15.9%	13.7%

See Appendix IV for footnote references

Appendix II

Net Interest Yield on Average Card Member Loans

(Millions, except percentages and where indicated)

	<u>Q4'18</u>	<u>Q3'18</u>	<u>Q2'18</u>	<u>Q1'18</u>	<u>Q4'17</u>	<u>YTD'18</u>	<u>YTD'17</u>
Consolidated							
Net interest income	\$ 2,032	\$ 1,961	\$ 1,829	\$ 1,841	\$ 1,739	\$ 7,663	\$ 6,451
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (S)	405	390	359	302	297	1,456	1,149
Interest income not attributable to the Company's Card Member loan portfolio (T)	(287)	(274)	(236)	(213)	(177)	(1,010)	(637)
Adjusted net interest income (U)	\$ 2,150	\$ 2,077	\$ 1,952	\$ 1,930	\$ 1,859	\$ 8,109	\$ 6,963
Average Card Member loans (billions)	\$ 79.4	\$ 76.4	\$ 74.1	\$ 72.7	\$ 70.1	\$ 75.8	\$ 66.7
Net interest income divided by average Card Member loans (V)	10.2%	10.3%	9.9%	10.1%	9.9%	10.1%	9.7%
Net interest yield on average Card Member loans (W)	10.7%	10.8%	10.6%	10.8%	10.5%	10.7%	10.4%
U.S.							
Net interest income	\$ 1,571	\$ 1,511	\$ 1,410	\$ 1,403	\$ 1,337	\$ 5,895	\$ 4,961
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (S)	57	\$ 55	\$ 53	\$ 37	\$ 45	202	164
Interest income not attributable to the Company's Card Member loan portfolio (T)	(51)	(46)	(42)	(39)	(31)	(178)	(101)
Adjusted net interest income (U)	\$ 1,577	\$ 1,520	\$ 1,421	\$ 1,401	\$ 1,351	\$ 5,919	\$ 5,024
Average Card Member loans (billions)	\$ 57.8	\$ 55.5	\$ 53.7	\$ 52.9	\$ 51.1	\$ 55.1	\$ 48.9
Net interest income divided by average Card Member loans (V)	10.9%	10.9%	10.5%	10.6%	10.5%	10.7%	10.1%
Net interest yield on average Card Member loans (W)	10.8%	10.9%	10.6%	10.7%	10.5%	10.7%	10.3%
Outside the U.S.							
Net interest income	\$ 228	\$ 225	\$ 215	\$ 218	\$ 205	\$ 886	\$ 781
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (S)	18	18	16	18	17	70	54
Interest income not attributable to the Company's Card Member loan portfolio (T)	-	(3)	(2)	(3)	(1)	(8)	(8)
Adjusted net interest income (U)	\$ 246	\$ 240	\$ 229	\$ 233	\$ 221	\$ 948	\$ 827
Average Card Member loans (billions)	\$ 9.3	\$ 8.9	\$ 8.8	\$ 8.6	\$ 8.1	\$ 8.9	\$ 7.4
Net interest income divided by average Card Member loans (V)	9.8%	10.1%	9.8%	10.1%	10.1%	10.0%	10.6%
Net interest yield on average Card Member loans (W)	10.5%	10.6%	10.5%	11.0%	10.8%	10.6%	11.1%
Global Consumer Services Group							
Net interest income	\$ 1,799	\$ 1,736	\$ 1,624	\$ 1,622	\$ 1,542	\$ 6,781	\$ 5,742
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (S)	75	\$ 73	\$ 70	\$ 54	\$ 62	272	218
Interest income not attributable to the Company's Card Member loan portfolio (T)	(51)	(49)	(45)	(41)	(32)	(186)	(110)
Adjusted net interest income (U)	\$ 1,823	\$ 1,760	\$ 1,649	\$ 1,635	\$ 1,572	\$ 6,867	\$ 5,850
Average Card Member loans (billions)	\$ 67.1	\$ 64.4	\$ 62.5	\$ 61.6	\$ 59.2	\$ 64.0	\$ 56.4
Net interest income divided by average Card Member loans (V)	10.7%	10.8%	10.4%	10.5%	10.4%	10.6%	10.2%
Net interest yield on average Card Member loans (W)	10.8%	10.8%	10.6%	10.8%	10.5%	10.7%	10.4%
Global Commercial Services							
Net interest income	\$ 201	\$ 198	\$ 189	\$ 206	\$ 189	\$ 794	\$ 766
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (S)	170	161	152	126	128	609	461
Interest income not attributable to the Company's Card							

Member loan portfolio (T)	(44)	(42)	(38)	(37)	(30)	(161)	(114)
Adjusted net interest income (U)	\$ 327	\$ 317	\$ 303	\$ 295	\$ 287	\$ 1,242	\$ 1,113
Average Card Member loans (billions)	\$ 12.4	\$ 12.0	\$ 11.7	\$ 11.2	\$ 10.9	\$ 11.8	\$ 10.3
Net interest income divided by average Card Member loans (V)	6.5%	6.6%	6.5%	7.4%	6.9%	6.7%	7.4%
Net interest yield on average Card Member loans (W)	10.5%	10.5%	10.4%	10.7%	10.5%	10.5%	10.8%

See Appendix IV for footnote references

American Express Company
Appendix III
Reconciliations of Adjustments

(Preliminary)

	<u>Q4'18</u>
Effective Tax Rate Excluding Discrete Tax Items	
Effective tax rate	(9.8%)
Discrete tax impacts (X)	<u>27.1%</u>
Effective tax rate excluding discrete tax items	17.3%

See Appendix IV 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 \$16 million, \$13 million, \$12 million, \$13 million and \$2 million in Q4'18, Q3'18, Q2'18, Q1'18 and Q4'17, respectively; and (ii) dividends on preferred shares of \$19 million, \$20 million, \$20 million, \$21 million and \$20 million in Q4'18, Q3'18, Q2'18, Q1'18 and Q4'17, 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 Fourth Quarter 2018 Earnings Release and may be revised in the Company's 2018 Form 10-K for period ended December 31, 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 Q4'18 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 effective Q2'18 and reflects changes in intercompany settlement process implemented effective Q4'18.
- (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.
- (X) Reflects changes in the tax method of accounting for certain expenses, the resolution of certain prior years' tax audits and an adjustment to the Company's 2017 provisional tax charge related to the Tax Act.

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