

Section 1: 8-K (8-K)

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, 2019

AMERICAN EXPRESS COMPANY

(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation)	1-7657 (Commission File Number)	13-4922250 (IRS Employer Identification No.)
200 Vesey Street, New York, New York 10285 (Address of principal executive offices and zip code)		
(212) 640-2000 (Registrant's telephone number, including area code)		
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))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares (par value \$0.20 per Share)	AXP	New York Stock Exchange

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

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit	Description
99.1	<u>Press Release, dated October 18, 2019, of American Express Company regarding its financial results for the third quarter of 2019.</u>
99.2	<u>Additional information relating to the financial results of American Express Company for the third quarter of 2019.</u>
104	The cover page of this Current Report on Form 8-K, formatted as inline XBRL.

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, 2019

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Section 2: EX-99.1 (EX-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 THIRD-QUARTER EARNINGS PER SHARE OF \$2.08 STRONG REVENUE GROWTH REFLECTS HIGHER CARD MEMBER SPENDING, NET INTEREST INCOME AND CARD FEES

(Millions, except percentages and per share amounts)

	Quarters Ended September 30,		Percentage Inc/(Dec)	Nine Months Ended September 30,		Percentage Inc/(Dec)
	2019	2018		2019	2018	
Total Revenues Net of Interest Expense	\$ 10,989	\$ 10,144	8	\$ 32,191	\$ 29,864	8
Net Income	\$ 1,755	\$ 1,654	6	\$ 5,066	\$ 4,911	3

Diluted Earnings Per Common Share ¹	\$	2.08	\$	1.88	11	\$	5.95	\$	5.59	6
Adjusted Diluted Earnings Per Common Share ²	\$	2.08	\$	1.88	11	\$	6.16	\$	5.59	10
Average Diluted Common Shares Outstanding		827		860	(4)		835		861	(3)

New York – October 18, 2019 - American Express Company (NYSE: AXP) today reported third-quarter net income of \$1.8 billion, up 6 percent from \$1.7 billion a year ago. Diluted earnings per share was \$2.08, up 11 percent from \$1.88 per share a year ago.

Third-quarter consolidated total revenues net of interest expense were \$11.0 billion, up 8 percent from \$10.1 billion a year ago. Excluding the impact of foreign exchange rates, adjusted revenues net of interest expense grew 9 percent.³ The increases reflected higher Card Member spending, net interest income and card fees.

Credit indicators remained strong and consolidated provisions for losses were \$879 million, up 8 percent from \$817 million a year ago. The increase reflected slightly higher net write-offs and delinquencies.

Consolidated expenses were \$7.8 billion, up 9 percent from \$7.2 billion a year ago. The rise reflected, in part, growth in rewards and other customer engagement costs driven by increased Card Member spending and continued investments in cobrand partnerships. Operating expenses were up 5 percent from a year ago, driven by salaries and employee benefits.⁴

The consolidated effective tax rate was 23 percent, up from 22 percent a year ago.

"Our results continued the steady performance we've been delivering for several years now, marking the 9th straight quarter of FX-adjusted revenue growth of at least 8 percent," said Steve Squeri, chairman and chief executive officer. "I'm pleased with the breadth and consistency of our revenue growth, driven by a well-balanced mix of Card Member spending, loans and membership revenues from our fee-based products, which grew 19 percent and exceeded \$1 billion this quarter for the first time.

"The trends we saw in the business this quarter continue to be consistent with an economy that continues to grow, albeit at a more modest pace than last year. FX-adjusted proprietary Card Member spending rose 7 percent, led by strong consumer growth in both the U.S. and International markets. Our loan portfolio grew 9 percent, with over 60 percent of that growth again coming from existing Card Members. Credit quality metrics remained at industry-leading levels.

"The disciplined approach we've been taking for the past few years to refresh our products continues to translate into increased engagement with existing customers and a redefinition of membership with new benefits, broader access to lifestyle experiences and more customized rewards. Card Members appreciate the added value we are providing, which is helping us earn a greater share of their overall spending and borrowing, while also attracting 2.9 million new proprietary Card Members to American Express this quarter.

"I feel very good about our ability to continue delivering high levels of revenue growth and double-digit EPS growth. We are reaffirming our 2019 EPS guidance range and expect revenue growth of 8 to 10 percent for the fourth quarter."⁵

Global Consumer Services Group reported third-quarter net income of \$857 million, up 10 percent from \$779 million a year ago.

Total revenues net of interest expense were \$6.0 billion, up 11 percent from \$5.4 billion a year ago. The rise primarily reflected higher net interest income, Card Member spending and card fees.

Provisions for losses totaled \$653 million, up 7 percent from \$609 million a year ago. The increase reflected slightly higher net lending write-offs and delinquencies.

Total expenses were \$4.3 billion, up 11 percent from \$3.8 billion a year ago. The rise reflected, in part, growth in rewards and other customer engagement costs driven by increased Card Member spending and continued investments in cobrand partnerships.

The effective tax rate was 21 percent, up from 20 percent a year ago.

Global Commercial Services reported third-quarter net income of \$629 million, up 4 percent from \$606 million a year ago.

Total revenues net of interest expense were \$3.4 billion, up 7 percent from \$3.2 billion a year ago. The increase primarily reflected higher Card Member spending.

Provisions for losses totaled \$222 million, up 10 percent from \$201 million a year ago. The increase reflected slightly higher delinquencies and net write-offs.

Total expenses were \$2.4 billion, up 8 percent from \$2.2 billion a year ago. The rise reflected, in part, growth in rewards and other customer engagement costs driven by increased Card Member spending.

The effective tax rate was 21 percent, down from 22 percent a year ago.

Global Merchant and Network Services reported third-quarter net income of \$600 million, up 3 percent from \$580 million a year ago.

Total revenues net of interest expense were \$1.7 billion, up 5 percent from \$1.6 billion a year ago. The rise primarily reflected increased Card Member spending.

Total expenses were \$855 million, up 6 percent from \$807 million a year ago. The rise primarily reflected network partner payments and other business development costs.

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

Corporate and Other reported third-quarter net loss of \$331 million, compared with net loss of \$311 million a year ago.

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- 1 Diluted earnings per common share (EPS) was reduced by the impact of (i) earnings allocated to participating share awards and other items of \$11 million and \$13 million for the three months ended September 30, 2019 and 2018, respectively, and \$35 million and \$38 million for the nine months ended September 30, 2019 and 2018, respectively, and (ii) dividends on preferred shares of \$21 million and \$20 million for the three months ended September 30, 2019 and 2018, respectively, and \$61 million for both the nine months ended September 30, 2019 and 2018.
 - 2 Adjusted diluted earnings per common share, a non-GAAP measure, excludes the impact of a litigation-related charge in Q1'19. See Appendix I for a reconciliation to EPS on a GAAP basis. Management believes adjusted EPS is useful in evaluating the ongoing operating performance of the company.
 - 3 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 September 30, 2019 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. FX-adjusted revenues constitute non-GAAP measures.
 - 4 Operating expenses represent salaries and employee benefits, professional services, occupancy and equipment, and other expenses.
 - 5 The company's 2019 EPS guidance on a GAAP basis, which includes the impact of a litigation-related charge in Q1'19, is between \$7.64 and \$8.14. The 2019 adjusted EPS guidance, a non-GAAP measure, is between \$7.85 and \$8.35 and excludes the litigation-related charge and any contingencies that may occur in the fourth quarter. See Appendix I for a reconciliation. Management believes the presentation of adjusted EPS guidance is useful in evaluating the ongoing operating performance of the company.

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About American Express

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

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

This earnings release should be read in conjunction with the company's statistical tables for the third quarter 2019, available on the American Express website at <http://ir.americanexpress.com> and in a Form 8-K furnished today with the Securities and Exchange Commission.

An investor conference call will be held at 8:30 a.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.

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 "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 (EPS) outlook and fourth quarter 2019 EPS consistent with expectations and grow earnings per share in the future, 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 as well as the following: issues impacting brand perceptions and the company's reputation; the impact of any future contingencies, including, but not limited to, restructurings, impairments, changes in reserves, legal costs, the imposition of fines or civil money penalties and increases in Card Member reimbursements; the amount and efficacy of investments in customer engagement; changes in interest rates beyond current expectations; a greater impact from new or renegotiated cobrand agreements than expected, which could be affected by spending volumes and customer acquisition; 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 fourth quarter 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; a slowdown in corporate spending; growth in Card Member loans and the yield on Card Member loans not remaining consistent with current expectations; the average discount rate changing by a greater amount than expected; the strengthening of the U.S. dollar beyond expectations; Card Members continuing to be attracted to the company's premium card products; 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;
- the 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 delinquency and write-off rates; the impact of new accounting guidance and the Current Expected Credit Loss methodology; newer vintages performing as expected; credit performance of non-card lending products; collections capabilities and recoveries of previously written-off loans and receivables; and macroeconomic factors like unemployment rates and the volume of bankruptcies;

- cost of Card Member services growing inconsistently from expectations, which will depend in part on an inability to cost effectively enhance card products and services; the degree of interest of Card Members in the value proposition offered by the company; increasing competition, which could result in additional benefits and services; the company's ability to enhance card products and services to make them attractive to Card Members; and the pace and cost of the expansion of the company's global lounge collection;

- the company's ability to control operating expense growth, which could be impacted by increases in costs, such as cyber, fraud or compliance expenses or consulting, legal and other professional fees, including as a result of increased litigation or internal and regulatory reviews; 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, sales force, premium servicing and digital capabilities; and the level of M&A activity and related expenses;
- 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 capital levels and regulatory capital ratios; changes in the stress testing and capital planning process and approval of the company's 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 possibility that the company will not execute on its plans to expand merchant coverage, 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 by the company to merchants and merchant acquirers for card acceptance, as well as the awareness and willingness of Card Members to use American Express cards at merchants and of those merchants who agree to accept American Express cards to do so;
- 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 cyberattacks, 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 its ability to continue certain cobrand and agent relationships in their current form in the EU; 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 and man-made 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's business 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, 2018, the company's Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2019 and the company's other reports filed with the Securities and Exchange Commission.

Deposits	401	406	399	377	340	18	1,206	910	33
Long-term debt and other	476	485	496	457	437	9	1,457	1,199	22
Total interest expense	877	891	895	834	777	13	2,663	2,109	26
Net interest income	2,203	2,074	2,059	2,032	1,961	12	6,336	5,631	13
Total revenues net of interest expense	10,989	10,838	10,364	10,474	10,144	8	32,191	29,864	8
Provisions for losses									
Charge card	238	224	253	236	214	11	715	701	2
Card Member loans	604	603	525	679	560	8	1,732	1,587	9
Other	37	34	31	39	43	(14)	102	110	(7)
Total provisions for losses	879	861	809	954	817	8	2,549	2,398	6
Total revenues net of interest expense after provisions for losses	10,110	9,977	9,555	9,520	9,327	8	29,642	27,466	8
Expenses									
Marketing and business development	1,818	1,773	1,573	1,820	1,642	11	5,164	4,650	11
Card Member rewards	2,614	2,652	2,451	2,516	2,400	9	7,717	7,180	7
Card Member services	558	563	550	495	457	22	1,671	1,282	30
Salaries and employee benefits	1,499	1,367	1,422	1,294	1,350	11	4,288	3,956	8
Professional services	491	512	494	671	489	—	1,497	1,454	3
Occupancy and equipment	544	517	508	540	489	11	1,569	1,493	5
Other, net	320	374	599	353	382	(16)	1,293	1,160	11
Total expenses	7,844	7,758	7,597	7,689	7,209	9	23,199	21,175	10
Pretax income	2,266	2,219	1,958	1,831	2,118	7	6,443	6,291	2
Income tax provision (benefit)	511	458	408	(179)	464	10	1,377	1,380	—
Net income	\$ 1,755	\$ 1,761	\$ 1,550	\$ 2,010	\$ 1,654	6	\$ 5,066	\$ 4,911	3
Net income attributable to common shareholders (A)	\$ 1,723	\$ 1,729	\$ 1,518	\$ 1,975	\$ 1,621	6	\$ 4,970	\$ 4,812	3
Effective tax rate	22.6 %	20.6 %	20.8 %	(9.8) %	21.9 %		21.4 %	21.9 %	

Earnings Per Common Share

Basic									
Net income attributable to common shareholders	2.09	2.07	1.81	2.33	1.89	11	5.97	5.60	7
Average common shares outstanding	825	834	841	850	858	(4)	833	859	(3)
Diluted									
Net income attributable to common shareholders	2.08	2.07	1.80	2.32	1.88	11	5.95	5.59	6
Average common shares outstanding	827	836	843	852	860	(4)	835	861	(3)
Cash dividends declared per common share	0.43	0.39	0.39	0.39	0.39	10	1.21	1.09	11

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)

	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	YOY % change
Assets						
Cash & cash equivalents	\$ 24	\$ 27	\$ 33	\$ 27	\$ 30	(20)
Card Member receivables, less reserves	56	58	56	55	55	2
Card Member loans, less reserves	81	81	79	80	76	7
Investment securities	8	9	6	5	6	33
Other (B)	25	23	23	22	22	14
Total assets	\$ 194	\$ 198	\$ 197	\$ 189	\$ 189	3
Liabilities and Shareholders' Equity						
Customer deposits	\$ 73	\$ 73	\$ 73	\$ 70	\$ 69	6
Short-term borrowings	3	3	2	3	2	50
Long-term debt	58	58	58	58	55	5
Other (B)	37	41	42	36	42	(12)
Total liabilities	171	175	175	167	168	2
Shareholders' Equity	23	23	22	22	21	10
Total liabilities and shareholders' equity	\$ 194	\$ 198	\$ 197	\$ 189	\$ 189	3
Return on average equity (C)	31.5 %	31.6 %	31.9 %	33.5 %	18.1 %	
Return on average common equity (C)	33.2 %	33.4 %	33.7 %	35.6 %	19.0 %	
Book value per common share (dollars)	\$ 26.12	\$ 25.84	\$ 24.65	\$ 24.45	\$ 23.27	12

See Appendix IV for footnote references.

American Express Company
Consolidated Capital

(Preliminary)

	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18
Shares Outstanding (in millions)					
Beginning of period	832	837	847	854	861
Repurchase of common shares	(11)	(6)	(12)	(8)	(7)
Net impact of employee benefit plans and others	—	1	2	1.0	—
End of period	821	832	837	847	854
Risk-Based Capital Ratios - Basel III (\$ in billions) (D)					
Common Equity Tier 1/Risk Weighted Assets (RWA)	11.0 %	11.0 %	10.8 %	11.0 %	10.8 %
Tier 1	12.0 %	12.0 %	11.8 %	12.0 %	11.8 %
Total	13.6 %	13.6 %	13.4 %	13.6 %	13.4 %
Common Equity Tier 1	\$ 18.0	\$ 18.2	\$ 17.4	\$ 17.5	\$ 16.6
Tier 1 Capital	\$ 19.6	\$ 19.8	\$ 19.0	\$ 19.1	\$ 18.2
Tier 2 Capital	\$ 2.6	\$ 2.7	\$ 2.6	\$ 2.6	\$ 2.5
Total Capital	\$ 22.2	\$ 22.5	\$ 21.6	\$ 21.7	\$ 20.7
RWA	\$ 163.4	\$ 165.3	\$ 161.3	\$ 158.8	\$ 154.7
Tier 1 Leverage	10.3 %	10.5 %	10.0 %	10.4 %	10.1 %
Supplementary Leverage Ratio (SLR) (E)	8.8 %	9.0 %	8.6 %	8.9 %	8.6 %
Average Total Assets to calculate the Tier 1 Leverage Ratio (F)	\$ 190.4	\$ 189.2	\$ 189.4	\$ 183.2	\$ 179.8
Total Leverage Exposure to calculate SLR	\$ 221.8	\$ 220.7	\$ 221.4	\$ 214.4	\$ 210.7

See Appendix IV for footnote references.

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

(Preliminary)

	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	YOY % change	YTD'19	YTD'18	YOY % change
Billed business (G)									
U.S.	\$ 206.2	\$ 209.2	\$ 195.5	\$ 205.1	\$ 194.6	6	\$ 610.9	\$ 572.5	7
Outside the U.S.	102.0	102.5	100.2	103.9	100.1	2	304.7	302.5	1
Total	\$ 308.2	\$ 311.7	\$ 295.7	\$ 309.0	\$ 294.7	5	\$ 915.6	\$ 875.0	5
Proprietary	\$ 266.2	\$ 269.4	\$ 253.3	\$ 264.4	\$ 250.2	6	\$ 788.9	\$ 738.2	7
Global Network Services (GNS)									
	42.0	42.3	42.4	44.6	44.5	(6)	126.7	136.8	(7)
Total	\$ 308.2	\$ 311.7	\$ 295.7	\$ 309.0	\$ 294.7	5	\$ 915.6	\$ 875.0	5
Cards-in-force (millions) (H)									
U.S.	54.3	54.0	54.1	53.7	53.0	2	54.3	53.0	2
Outside the U.S.	60.2	60.2	59.8	60.3	62.1	(3)	60.2	62.1	(3)
Total	114.5	114.2	113.9	114.0	115.1	(1)	114.5	115.1	(1)
Proprietary	69.9	69.7	69.7	69.1	68.5	2	69.9	68.5	2
GNS	44.6	44.5	44.2	44.9	46.6	(4)	44.6	46.6	(4)
Total	114.5	114.2	113.9	114.0	115.1	(1)	114.5	115.1	(1)
Basic cards-in-force (millions) (H)									
U.S.	42.7	42.5	42.5	42.3	41.7	2	42.7	41.7	2
Outside the U.S.	50.3	50.3	49.9	50.3	51.8	(3)	50.3	51.8	(3)
Total	93.0	92.8	92.4	92.6	93.5	(1)	93.0	93.5	(1)
Average proprietary basic Card Member spending (dollars)									
U.S.	\$ 5,366	\$ 5,445	\$ 5,082	\$ 5,369	\$ 5,169	4	\$ 15,889	\$ 15,462	3
Outside the U.S.	\$ 4,027	\$ 4,059	\$ 3,927	\$ 4,103	\$ 3,864	4	\$ 12,023	\$ 11,647	3
Average	\$ 4,964	\$ 5,030	\$ 4,741	\$ 4,997	\$ 4,784	4	\$ 14,737	\$ 14,336	3
Card Member loans									
U.S.	\$ 73.2	\$ 72.6	\$ 70.8	\$ 72.0	\$ 68.1	7	\$ 73.2	\$ 68.1	7
Outside the U.S.	10.5	10.6	10.2	9.9	9.5	11	10.5	9.5	11
Total	\$ 83.7	\$ 83.2	\$ 81.0	\$ 81.9	\$ 77.6	8	\$ 83.7	\$ 77.6	8
Average discount rate (I)									
	2.39 %	2.37 %	2.37 %	2.36 %	2.38 %		2.38 %	2.37 %	
Average fee per card (dollars) (J)									
	\$ 59	\$ 57	\$ 54	\$ 52	\$ 51	16	\$ 57	\$ 51	12

See Appendix IV for footnote references.

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

(Preliminary)

	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	YOY % change	YTD'19	YTD'18	YOY % change
Worldwide Card Member loans									
Total loans	\$ 83.7	\$ 83.2	\$ 81.0	\$ 81.9	\$ 77.6	8	\$ 83.7	\$ 77.6	8
Loss reserves (millions)									
Beginning balance	\$ 2,168	\$ 2,121	\$ 2,134	\$ 1,937	\$ 1,840	18	\$ 2,134	\$ 1,706	25
Provisions - principal, interest and fees	604	603	525	679	560	8	1,732	1,587	9
Net write-offs - principal less recoveries	(447)	(463)	(457)	(399)	(393)	14	(1,367)	(1,140)	20
Net write-offs - interest and fees less recoveries	(91)	(94)	(92)	(79)	(77)	18	(277)	(225)	23
Other (K)	(2)	1	11	(4)	7	#	10	9	11
Ending balance	\$ 2,232	\$ 2,168	\$ 2,121	\$ 2,134	\$ 1,937	15	\$ 2,232	\$ 1,937	15
Ending reserves - principal	\$ 2,112	\$ 2,043	\$ 1,999	\$ 2,028	\$ 1,834	15	\$ 2,112	\$ 1,834	15
Ending reserves - interest and fees	\$ 120	\$ 125	\$ 122	\$ 106	\$ 103	17	\$ 120	\$ 103	17
% of loans	2.7 %	2.6 %	2.6 %	2.6 %	2.5 %		2.7 %	2.5 %	
% of past due	176 %	186 %	178 %	182 %	185 %		176 %	185 %	
Average loans	\$ 83.3	\$ 81.9	\$ 80.6	\$ 79.4	\$ 76.4	9	\$ 81.9	\$ 74.5	10
Net write-off rate (principal only) (L)	2.1 %	2.3 %	2.3 %	2.0 %	2.1 %		2.2 %	2.0 %	
Net write-off rate (principal, interest and fees) (L)	2.6 %	2.7 %	2.7 %	2.4 %	2.5 %		2.7 %	2.4 %	
30+ days past due as a % of total	1.5 %	1.4 %	1.5 %	1.4 %	1.3 %		1.5 %	1.3 %	
Net interest income divided by average Card Member loans (M)									
	10.6 %	10.1 %	10.2 %	10.2 %	10.3 %		10.3 %	10.1 %	
Net interest yield on average Card Member loans (M)									
	11.1 %	10.8 %	10.9 %	10.7 %	10.8 %		11.0 %	10.7 %	
Worldwide Card Member receivables									
Total receivables	\$ 56.6	\$ 58.7	\$ 56.8	\$ 55.9	\$ 55.5	2	\$ 56.6	\$ 55.5	2
Loss reserves (millions)									
Beginning balance	\$ 616	\$ 608	\$ 573	\$ 544	\$ 558	10	\$ 573	\$ 521	10
Provisions - principal and fees	238	224	253	236	214	11	715	701	2
Net write-offs - principal and fees less recoveries	(231)	(210)	(216)	(198)	(226)	2	(657)	(661)	(1)
Other (K)	(8)	(6)	(2)	(9)	(2)	#	(16)	(17)	(6)
Ending balance	\$ 615	\$ 616	\$ 608	\$ 573	\$ 544	13	\$ 615	\$ 544	13
% of receivables	1.1 %	1.0 %	1.1 %	1.0 %	1.0 %		1.1 %	1.0 %	
Net write-off rate, excluding Global Corporate Payments (GCP) (principal only) (L)									
	1.8 %	1.7 %	1.8 %	1.4 %	1.7 %		1.8 %	1.7 %	
Net write-off rate, excluding GCP (principal and fees) (L)									
	2.0 %	1.9 %	2.0 %	1.6 %	1.9 %		1.9 %	1.9 %	
30+ days past due as a % of total, excluding GCP									
	1.5 %	1.4 %	1.5 %	1.4 %	1.3 %		1.5 %	1.3 %	
GCP Net loss ratio (as a % of charge volume) (N)									
	0.09 %	0.07 %	0.08 %	0.11 %	0.12 %		0.08 %	0.11 %	
GCP 90+ days past billing as a % of total (N)									
	0.7 %	0.7 %	0.6 %	0.7 %	0.8 %		0.7 %	0.8 %	

- Denotes a variance of 100 percent or more.

See Appendix IV for footnote references.

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
Q3'19					
Non-interest revenues	\$ 4,048	\$ 3,155	\$ 1,563	\$ 20	\$ 8,786
Interest income	2,402	485	6	187	3,080
Interest expense	457	255	(94)	259	877
Total revenues net of interest expense	5,993	3,385	1,663	(52)	10,989
Total provisions for losses	653	222	4	—	879
Total revenues net of interest expense after provisions for losses	5,340	3,163	1,659	(52)	10,110
Marketing, business development, rewards, Card Member services	3,038	1,564	367	21	4,990
Salaries and employee benefits and other operating expenses	1,214	806	488	346	2,854
Pretax income (loss)	1,088	793	804	(419)	2,266
Income tax provision (benefit)	231	164	204	(88)	511
Net income (loss)	857	629	600	(331)	1,755
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 provisions for losses	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
YOY % change					
Non-interest revenues	10	6	5	(31)	7
Interest income	12	17	—	6	12
Interest expense	13	17	21	11	13
Total revenues net of interest expense	11	7	5	86	8
Total provisions for losses	7	10	(20)	#	8
Total revenues net of interest expense after provisions for losses	11	6	5	73	8
Marketing, business development, rewards, Card Member services	12	6	24	(9)	11
Salaries and employee benefits and other operating expenses	9	10	(5)	—	5
Pretax income (loss)	11	2	5	5	7
Income tax provision (benefit)	16	(2)	10	(1)	10
Net income (loss)	10	4	3	6	6

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

See Appendix IV for footnote references.

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

(Preliminary)

	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	YOY % change	YTD'19	YTD'18	YOY % change
Non-interest revenues	\$ 4,048	\$ 4,001	\$ 3,741	\$ 3,826	\$ 3,680	10	\$ 11,790	\$ 10,849	9
Interest income	2,402	2,297	2,272	2,240	2,140	12	6,971	6,083	15
Interest expense	457	464	459	441	404	13	1,380	1,101	25
Net interest income	1,945	1,833	1,813	1,799	1,736	12	5,591	4,982	12
Total revenues net of interest expense	5,993	5,834	5,554	5,625	5,416	11	17,381	15,831	10
Total provisions for losses	653	650	552	726	609	7	1,855	1,704	9
Total revenues net of interest expense after provisions for losses	5,340	5,184	5,002	4,899	4,807	11	15,526	14,127	10
Expenses									
Marketing, business development, rewards, Card Member services	3,038	3,062	2,785	2,922	2,711	12	8,885	7,852	13
Salaries and employee benefits and other operating expenses	1,214	1,206	1,177	1,250	1,118	9	3,597	3,288	9
Total expenses	4,252	4,268	3,962	4,172	3,829	11	12,482	11,140	12
Pretax segment income	1,088	916	1,040	727	978	11	3,044	2,987	2
Income tax provision	231	178	219	25	199	16	628	612	3
Segment income	\$ 857	\$ 738	\$ 821	\$ 702	\$ 779	10	\$ 2,416	\$ 2,375	2
Effective tax rate	21.2 %	19.4 %	21.1 %	3.4 %	20.3 %		20.6 %	20.5 %	

(Billions, except percentages and where indicated)

Proprietary billed business (G)									
U.S.	\$ 99.9	\$ 100.9	\$ 92.1	\$ 99.1	\$ 92.4	8	\$ 292.9	\$ 272.0	8
Outside the U.S.	\$ 38.3	\$ 38.0	\$ 35.9	\$ 37.5	\$ 34.9	10	\$ 112.2	\$ 102.8	9
Total	\$ 138.2	\$ 138.9	\$ 128.0	\$ 136.6	\$ 127.3	9	\$ 405.1	\$ 374.8	8
Proprietary cards-in-force (millions) (H)									
U.S.	37.7	37.6	38.0	37.7	37.4	1	37.7	37.4	1
Outside the U.S.	17.4	17.4	17.1	16.8	16.7	4	17.4	16.7	4
Total	55.1	55.0	55.1	54.5	54.1	2	55.1	54.1	2
Proprietary basic cards-in-force (millions) (H)									
U.S.	26.8	26.8	27.1	27.0	26.7	—	26.8	26.7	—
Outside the U.S.	12.0	12.0	11.9	11.6	11.6	3	12.0	11.6	3
Total	38.8	38.8	39.0	38.6	38.3	1	38.8	38.3	1
Average proprietary basic Card Member spending (dollars)									
U.S.	\$ 3,719	\$ 3,743	\$ 3,402	\$ 3,693	\$ 3,491	7	\$ 10,861	\$ 10,460	4
Outside the U.S.	\$ 3,189	\$ 3,173	\$ 3,052	\$ 3,240	\$ 3,038	5	\$ 9,425	\$ 9,101	4
Average	\$ 3,555	\$ 3,567	\$ 3,296	\$ 3,556	\$ 3,354	6	\$ 10,421	\$ 10,048	4

Segment assets (P)	\$ 99.4	\$ 102.1	\$ 98.5	\$ 102.4	\$ 100.0	(1)	\$ 99.4	\$ 100.0	(1)
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Card Member loans

Total loans									
U.S.	\$ 59.7	\$ 59.5	\$ 58.0	\$ 59.9	\$ 56.2	6	\$ 59.7	\$ 56.2	6
Outside the U.S.	\$ 10.1	\$ 10.2	\$ 9.9	\$ 9.6	\$ 9.2	10	\$ 10.1	\$ 9.2	10
Total	\$ 69.8	\$ 69.7	\$ 67.9	\$ 69.5	\$ 65.4	7	\$ 69.8	\$ 65.4	7

Average loans									
U.S.	\$ 59.7	\$ 58.8	\$ 58.3	\$ 57.8	\$ 55.5	8	\$ 59.0	\$ 54.1	9
Outside the U.S.	\$ 10.0	\$ 9.9	\$ 9.7	\$ 9.3	\$ 8.9	12	\$ 9.8	\$ 8.8	11
Total	\$ 69.7	\$ 68.7	\$ 68.0	\$ 67.1	\$ 64.4	8	\$ 68.8	\$ 62.9	9

Lending Credit Metrics							
U.S.							
Net write-off rate (principal only) (L)	2.2 %	2.3 %	2.4 %	2.1 %	2.1 %	2.3 %	2.1 %
Net write-off rate (principal, interest and fees) (L)	2.6 %	2.8 %	2.8 %	2.5 %	2.5 %	2.8 %	2.5 %
30+ days past due as a % of total	1.5 %	1.4 %	1.5 %	1.4 %	1.4 %	1.5 %	1.4 %
Outside the U.S.							
Net write-off rate (principal only) (L)	2.4 %	2.4 %	2.2 %	2.0 %	2.2 %	2.4 %	2.1 %
Net write-off rate (principal, interest and fees) (L)	3.0 %	3.0 %	2.8 %	2.5 %	2.7 %	2.9 %	2.6 %
30+ days past due as a % of total	1.7 %	1.7 %	1.7 %	1.6 %	1.5 %	1.7 %	1.5 %
Total							
Net write-off rate (principal only) (L)	2.2 %	2.4 %	2.3 %	2.1 %	2.1 %	2.3 %	2.1 %
Net write-off rate (principal, interest and fees) (L)	2.7 %	2.8 %	2.8 %	2.5 %	2.5 %	2.8 %	2.5 %
30+ days past due as a % of total	1.6 %	1.4 %	1.5 %	1.5 %	1.4 %	1.6 %	1.4 %

Net interest income divided by average Card Member loans (M)	11.2 %	10.7 %	10.7 %	10.7 %	10.8 %	10.8 %	10.6 %
Net interest yield on average Card Member loans (M)							
U.S.	11.2 %	10.8 %	11.0 %	10.8 %	10.9 %	11.0 %	10.7 %
Outside the U.S.	11.2 %	10.9 %	11.1 %	10.5 %	10.6 %	11.1 %	10.7 %
Total	11.2 %	10.9 %	11.0 %	10.8 %	10.8 %	11.0 %	10.7 %

Card Member receivables									
U.S.	\$ 12.9	\$ 13.1	\$ 12.7	\$ 13.7	\$ 11.9	8	\$ 12.9	\$ 11.9	8
Outside the U.S.	\$ 7.8	\$ 8.1	\$ 7.2	\$ 7.8	\$ 7.0	11	\$ 7.8	\$ 7.0	11
Total receivables	\$ 20.7	\$ 21.2	\$ 19.9	\$ 21.5	\$ 18.9	10	\$ 20.7	\$ 18.9	10

Charge Credit Metrics							
U.S.							
Net write-off rate (principal only) (L)	1.3 %	1.3 %	1.4 %	1.2 %	1.3 %	1.3 %	1.4 %
Net write-off rate (principal and fees) (L)	1.4 %	1.4 %	1.6 %	1.4 %	1.5 %	1.5 %	1.5 %
30+ days past due as a % of total	1.3 %	1.2 %	1.2 %	1.1 %	1.2 %	1.3 %	1.2 %
Outside the U.S.							
Net write-off rate (principal only) (L)	2.4 %	2.2 %	2.2 %	2.0 %	2.3 %	2.3 %	2.2 %
Net write-off rate (principal and fees) (L)	2.6 %	2.3 %	2.4 %	2.1 %	2.5 %	2.4 %	2.3 %
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) (L)	1.7 %	1.6 %	1.7 %	1.5 %	1.7 %	1.7 %	1.7 %
Net write-off rate (principal and fees) (L)	1.9 %	1.8 %	1.9 %	1.6 %	1.9 %	1.8 %	1.8 %
30+ days past due as a % of total	1.4 %	1.3 %	1.3 %	1.2 %	1.2 %	1.4 %	1.2 %

See Appendix IV for footnote references.

(Preliminary)

Global Commercial Services

Selected Income Statement and Statistical Information

(Millions, except percentages)

	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	YOY % change	YTD'19	YTD'18	YOY % change
Non-interest revenues	\$ 3,155	\$ 3,167	\$ 3,020	\$ 3,087	\$ 2,980	6	\$ 9,342	\$ 8,795	6
Interest income	485	468	454	435	416	17	1,407	1,186	19
Interest expense	255	257	241	234	218	17	753	593	27
Net interest income	230	211	213	201	198	16	654	593	10
Total revenues net of interest expense	3,385	3,378	3,233	3,288	3,178	7	9,996	9,388	6
Total provisions for losses	222	206	254	223	201	10	682	676	1
Total revenues net of interest expense after provisions for losses	3,163	3,172	2,979	3,065	2,977	6	9,314	8,712	7
Expenses									
Marketing, business development, rewards, Card Member services	1,564	1,565	1,470	1,528	1,469	6	4,599	4,325	6
Salaries and employee benefits and other operating expenses	806	801	766	839	734	10	2,373	2,190	8
Total expenses	2,370	2,366	2,236	2,367	2,203	8	6,972	6,515	7
Pretax segment income	793	806	743	698	774	2	2,342	2,197	7
Income tax provision	164	162	157	74	168	(2)	483	481	—
Segment income	629	644	586	624	606	4	1,859	1,716	8
Effective tax rate	20.7 %	20.1 %	21.1 %	10.6 %	21.7 %		20.6 %	21.9 %	

(Billions, except percentages and where indicated)

Proprietary billed business (G)	\$ 127.3	\$ 129.6	\$ 123.4	\$ 126.9	\$ 121.6	5	\$ 380.3	\$ 359.3	6
Proprietary cards-in-force (millions) (H)	14.8	14.7	14.6	14.5	14.4	3	14.8	14.4	3
Average Card Member spending (dollars)	\$ 8,627	\$ 8,866	\$ 8,463	\$ 8,757	\$ 8,469	2	\$ 25,947	\$ 25,297	3

Segment assets (P)	53.7	\$ 55.0	\$ 54.0	\$ 51.3	\$ 53.4	1	\$ 53.7	\$ 53.4	1
Card Member loans	\$ 13.9	\$ 13.5	\$ 13.1	\$ 12.4	\$ 12.2	14	\$ 13.9	\$ 12.2	14
Card Member receivables	\$ 35.9	\$ 37.5	\$ 36.9	\$ 34.4	\$ 36.6	(2)	\$ 35.9	\$ 36.6	(2)

Card Member loans

Total loans - Global Small Business Services (GSBS)	\$ 13.8	\$ 13.4	\$ 13.0	\$ 12.4	\$ 12.2	13	\$ 13.8	\$ 12.2	13
30+ days past due as a % of total - GSBS	1.3 %	1.3 %	1.3 %	1.3 %	1.1 %		1.3 %	1.1 %	
Average loans - GSBS	\$ 13.6	\$ 13.2	\$ 12.6	\$ 12.3	\$ 11.9	14	\$ 13.1	\$ 11.5	14
Net write-off rate (principal only) - GSBS (L)	1.8 %	1.8 %	1.8 %	1.6 %	1.7 %		1.8 %	1.7 %	
Net write-off rate (principal, interest and fees) - GSBS (L)	2.1 %	2.1 %	2.1 %	1.9 %	2.0 %		2.1 %	2.0 %	

Net interest income divided by average Card Member loans (M)	6.8 %	6.4 %	6.8 %	6.5 %	6.6 %		6.7 %	6.8 %	
Net interest yield on average Card Member loans (M)	10.5 %	10.4 %	10.8 %	10.5 %	10.5 %		10.6 %	10.6 %	

Card Member receivables

Total receivables - GCP (N)	\$ 18.5	\$ 19.7	\$ 19.6	\$ 17.7	\$ 19.7	(6)	\$ 18.5	\$ 19.7	(6)
90+ days past billing as a % of total - GCP (N)	0.7 %	0.7 %	0.6 %	0.7 %	0.8 %		0.7 %	0.8 %	
Net loss ratio (as a % of charge volume) - GCP (N)	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %		0.1 %	0.1 %	
Total receivables - GSBS	\$ 17.4	\$ 17.8	\$ 17.3	\$ 16.7	\$ 16.9	3	\$ 17.4	\$ 16.9	3
30+ days past due as a % of total - GSBS	1.7 %	1.6 %	1.6 %	1.6 %	1.4 %		1.7 %	1.4 %	
Net write-off rate (principal only) - GSBS (L)	1.9 %	1.8 %	1.9 %	1.4 %	1.8 %		1.9 %	1.8 %	
Net write-off rate (principal and fees) - GSBS (L)	2.1 %	2.0 %	2.1 %	1.6 %	2.0 %		2.1 %	2.1 %	

See Appendix IV for footnote references.

Global Merchant and Network Services

(Preliminary)

Selected Income Statement and Statistical Information

(Millions, except percentages)

	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	YOY % change	YTD'19	YTD'18	YOY % change
Non-interest revenues	\$ 1,563	\$ 1,565	\$ 1,525	\$ 1,530	\$ 1,494	5	\$ 4,653	\$ 4,539	3
Interest income	6	7	9	8	6	—	22	22	—
Interest expense	(94)	(101)	(93)	(89)	(78)	21	(288)	(205)	40
Net interest income	100	108	102	97	84	19	310	227	37
Total revenues net of interest expense	1,663	1,673	1,627	1,627	1,578	5	4,963	4,766	4
Total provisions for losses	4	4	4	6	5	(20)	12	16	(25)
Total revenues net of interest expense after provisions for losses	1,659	1,669	1,623	1,621	1,573	5	4,951	4,750	4
Expenses									
Marketing, business development, rewards, Card Member services	367	337	305	375	296	24	1,009	875	15
Salaries and employee benefits and other operating expenses	488	486	482	620	511	(5)	1,456	1,657	(12)
Total expenses	855	823	787	995	807	6	2,465	2,532	(3)
Pretax segment income	804	846	836	626	766	5	2,486	2,218	12
Income tax provision	204	214	205	125	186	10	623	579	8
Segment income	\$ 600	\$ 632	\$ 631	\$ 501	\$ 580	3	\$ 1,863	\$ 1,639	14
Effective tax rate	25.4 %	25.3 %	24.5 %	20.0 %	24.3 %		25.1 %	26.1 %	

(Billions)

Segment assets (P)	\$ 17.2	\$ 22.2	\$ 22.1	\$ 15.5	\$ 21.1	(18)	\$ 17.2	\$ 21.1	(18)
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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				
	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018
ROE					
Net income	\$ 7,076	\$ 6,975	\$ 6,837	\$ 6,921	\$ 3,705
Average shareholders' equity	\$ 22,473	\$ 22,073	\$ 21,455	\$ 20,650	\$ 20,421
Return on average equity (C)	31.5 %	31.6 %	31.9 %	33.5 %	18.1 %
Reconciliation of ROCE					
Net income	\$ 7,076	\$ 6,975	\$ 6,837	\$ 6,921	\$ 3,705
Preferred shares dividends and related accretion	80	79	80	80	81
Earnings allocated to participating share awards and other	51	53	52	54	40
Net income attributable to common shareholders	\$ 6,945	\$ 6,843	\$ 6,705	\$ 6,787	\$ 3,584
Average shareholders' equity	\$ 22,473	\$ 22,073	\$ 21,455	\$ 20,650	\$ 20,421
Average preferred shares	1,584	1,584	1,584	1,584	1,584
Average common shareholders' equity	\$ 20,889	\$ 20,489	\$ 19,871	\$ 19,066	\$ 18,837
Return on average common equity (C)	33.2 %	33.4 %	33.7 %	35.6 %	19.0 %

See Appendix IV for footnote references.

Appendix II

Net Interest Yield on Average Card Member Loans

(Millions, except percentages and where indicated)

	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	YTD'19	YTD'18
Consolidated							
Net interest income	\$ 2,203	\$ 2,074	\$ 2,059	\$ 2,032	\$ 1,961	\$ 6,336	\$ 5,631
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (Q)	436	439	453	405	390	1,328	1,051
Interest income not attributable to the Company's Card Member loan portfolio (R)	(308)	(312)	(335)	(287)	(274)	(955)	(723)
Adjusted net interest income (S)	\$ 2,331	\$ 2,201	\$ 2,177	\$ 2,150	\$ 2,077	\$ 6,709	\$ 5,959
Average Card Member loans (billions)	\$ 83.3	\$ 81.9	\$ 80.6	\$ 79.4	\$ 76.4	\$ 81.9	\$ 74.5
Net interest income divided by average Card Member loans (T)	10.6 %	10.1 %	10.2 %	10.2 %	10.3 %	10.3 %	10.1 %
Net interest yield on average Card Member loans (U)	11.1 %	10.8 %	10.9 %	10.7 %	10.8 %	11.0 %	10.7 %
Global Consumer Services Group							
U.S.							
Net interest income	\$ 1,681	\$ 1,581	\$ 1,565	\$ 1,571	\$ 1,511	\$ 4,827	\$ 4,324
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (Q)	63	60	65	57	55	188	145
Interest income not attributable to the Company's Card Member loan portfolio (R)	(56)	(52)	(53)	(51)	(46)	(161)	(127)
Adjusted net interest income (S)	\$ 1,688	\$ 1,589	\$ 1,577	\$ 1,577	\$ 1,520	\$ 4,854	\$ 4,342
Average Card Member loans (billions)	\$ 59.7	\$ 58.8	\$ 58.3	\$ 57.8	\$ 55.5	\$ 59.0	\$ 54.1
Net interest income divided by average Card Member loans (T)	11.3 %	10.8 %	10.7 %	10.9 %	10.9 %	10.9 %	10.7 %
Net interest yield on average Card Member loans (U)	11.2 %	10.8 %	11.0 %	10.8 %	10.9 %	11.0 %	10.7 %
Outside the U.S.							
Net interest income	\$ 264	\$ 252	\$ 248	\$ 228	\$ 225	\$ 764	\$ 658
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (Q)	22	21	19	18	18	62	52
Interest income not attributable to the Company's Card Member loan portfolio (R)	(4)	(4)	(3)	-	(3)	(11)	(8)
Adjusted net interest income (S)	\$ 282	\$ 269	\$ 264	\$ 246	\$ 240	\$ 815	\$ 702
Average Card Member loans (billions)	\$ 10.0	\$ 9.9	\$ 9.7	\$ 9.3	\$ 8.9	\$ 9.8	\$ 8.8
Net interest income divided by average Card Member loans (T)	10.6 %	10.2 %	10.2 %	9.8 %	10.1 %	10.4 %	10.0 %
Net interest yield on average Card Member loans (U)	11.2 %	10.9 %	11.1 %	10.5 %	10.6 %	11.1 %	10.7 %
Total							
Net interest income	\$ 1,945	\$ 1,833	\$ 1,813	\$ 1,799	\$ 1,736	\$ 5,591	\$ 4,982
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (Q)	85	81	84	75	73	250	197
Interest income not attributable to the Company's Card Member loan portfolio (R)	(60)	(56)	(56)	(51)	(49)	(172)	(135)
Adjusted net interest income (S)	\$ 1,970	\$ 1,858	\$ 1,841	\$ 1,823	\$ 1,760	\$ 5,669	\$ 5,044
Average Card Member loans (billions)	\$ 69.7	\$ 68.7	\$ 68.0	\$ 67.1	\$ 64.4	\$ 68.8	\$ 62.9
Net interest income divided by average Card Member loans (T)	11.2 %	10.7 %	10.7 %	10.7 %	10.8 %	10.8 %	10.6 %
Net interest yield on average Card Member loans (U)	11.2 %	10.9 %	11.0 %	10.8 %	10.8 %	11.0 %	10.7 %

Global Commercial Services

Net interest income	\$ 230	\$ 211	\$ 213	\$ 201	\$ 198	\$ 654	\$ 593
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (Q)	186	187	175	170	161	548	439
Interest income not attributable to the Company's Card Member loan portfolio (R)	(55)	(55)	(52)	(44)	(42)	(162)	(117)
Adjusted net interest income (S)	\$ 361	\$ 343	\$ 336	\$ 327	\$ 317	\$ 1,040	\$ 915
Average Card Member loans (billions)	\$ 13.6	\$ 13.2	\$ 12.6	\$ 12.4	\$ 12.0	\$ 13.1	\$ 11.6
Net interest income divided by average Card Member loans (T)	6.8 %	6.4 %	6.8 %	6.5 %	6.6 %	6.7 %	6.8 %
Net interest yield on average Card Member loans (U)	10.5 %	10.4 %	10.8 %	10.5 %	10.5 %	10.6 %	10.6 %

See Appendix IV for footnote references.

American Express Company
Appendix III
Reconciliations of Adjustments

(Preliminary)

	<u>YTD'19</u>	<u>YTD'18</u>	<u>YOY % Change</u>
<u>Earnings per share adjusted for litigation-related charge</u>			
Diluted earnings per common share	\$ 5.95	\$ 5.59	6
Q1'19 litigation-related charge (pre-tax)	0.27	—	
Tax impact of litigation-related charge	(0.06)	—	
Net impact of Q1'19 litigation-related charge	0.21	—	
Adjusted diluted earnings per common share	\$ 6.16	\$ 5.59	10
<u>GAAP Earnings per share (EPS) Outlook</u>			
	<u>2019 EPS Range</u>		
GAAP EPS Outlook	\$ 7.64	\$ 8.14	
Q1'19 litigation-related charge (pre-tax)	0.27	0.27	
Tax impact of litigation-related charge	(0.06)	(0.06)	
Net impact of Q1'19 litigation-related charge	0.21	0.21	
Adjusted EPS Outlook	\$ 7.85	\$ 8.35	

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) Represents net income, less (i) earnings allocated to participating share awards of \$11million, \$13 million, \$11 million, \$16 million and \$13 million in Q3'19, Q2'19, Q1'19, Q4'18 and Q3'18, respectively; and (ii) dividends on preferred shares of \$21 million, \$19 million, \$21 million, \$19 million and \$20 million in Q3'19, Q2'19, Q1'19, Q4'18 and Q3'18, respectively.
- (B) 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.
- (C) 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.
- (D) Current ratios represent preliminary estimates as of the date of the Third Quarter 2019 Earnings Release and may be revised in the Company's 2019 Form 10-Q for the period ended September 30, 2019.
- (E) 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.
- (F) Presented for the purpose of calculating the Tier 1 Leverage Ratio.
- (G) 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.
- (H) 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.
- (I) Average discount rate 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.
- (J) Average fee per card is computed based on proprietary net card fees divided by average proprietary total cards-in-force.
- (K) Other includes foreign currency impact on balance sheet re-measurement and translation.
- (L) The Company presents a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, 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.
- (M) 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 "T" and "U").
- (N) 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.
- (O) 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 Q3'19 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.
- (P) Effective Q1'19, we moved intercompany assets and liabilities, previously recorded in the operating segments, to Corporate and Other. During 2018, we made changes to the methodology used to allocate certain corporate overhead costs to the operating segments and our intercompany settlement process. Prior period amounts have been revised to conform to the current period presentation.
- (Q) Primarily represents interest expense attributable to maintaining our corporate liquidity pool and funding Card Member receivables.
- (R) Primarily represents interest income attributable to Other loans, interest-bearing deposits and the fixed income investment portfolios.
- (S) 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.
- (T) 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.
- (U) 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.

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