

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): March 20, 2020

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 7.01 Regulation FD Disclosure

The following information is furnished under Item 7.01 – Regulation FD Disclosure:

As described in our Annual Report on Form 10-K for the year ended December 31, 2019, American Express Company (“American Express”, “we,” “us” or “our”) allocates discount revenue and certain other revenues among our reportable operating segments using a transfer pricing methodology. Within the Global Consumer Services Group and Global Corporate Services reportable operating segments, discount revenue generally reflects the issuer component of the overall discount revenue generated by each segment’s Card Members; within the Global Merchant and Network Services reportable operating segment, discount revenue generally reflects the network and acquirer component of the overall discount revenue. In addition, interest expense in our reportable operating segments represents an allocated funding cost based on a combination of segment funding requirements and internal funding rates.

During the first quarter of 2020, we made certain enhancements to 1.) our transfer pricing methodology related to the sharing of revenues between our card issuing, network and merchant businesses, and 2.) our methodology related to the allocation of certain funding costs primarily related to our Card Member loan and Card Member receivable portfolios. These enhancements resulted in certain changes to Non-interest revenues and Interest expense within Total revenues net of interest expense and Operating expenses within Total expenses across our reportable operating segments. These changes have no impact on our Consolidated Results of Operations.

The enhancements related to the allocation of certain funding costs also resulted in a change to our Net interest income divided by Average Card Member loans metric and Net Interest Yield on Average Card Member loans, a non-GAAP measure, within our reportable operating segments. The consolidated Net Interest Yield on Average Card Member loans, a non-GAAP measure, also changed for American Express Company.

All these changes have been applied beginning the first quarter of 2020 and prior period amounts have been revised to conform to the new presentation.

Certain preliminary and other information reflecting these revisions is attached to this report as Exhibit 99.1 and is incorporated herein by reference. Such information is being furnished in order to assist investors in understanding how our reportable operating segments results would historically have been presented had such results been reported. Such information does not represent a restatement of previously issued consolidated financial statements, but rather represents a reclassification among our reportable operating segments and does not impact our Net income, Earnings per share, Total assets, Stockholders’ equity or regulatory capital for any of the previously reported periods.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| Exhibit | Description |
|----------------|--|
| 99.1 | Selected Reportable Operating Segment Financial Information — Eight Quarter Trend Q1 2018 through Q4 2019. |
| 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: March 20, 2020

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Section 2: EX-99.1 (EX-99.1)

EXHIBIT 99.1

**Global Consumer Services Group
Selected Income Statement Information**

(Preliminary)

(Millions, except percentages)

| | Q4'19 | Q3'19 | Q2'19 | Q1'19 | Q4'18 | Q3'18 | Q2'18 | Q1'18 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| <i>Non-interest revenues *</i> | \$ 4,371 | \$ 4,226 | \$ 4,193 | \$ 3,912 | \$ 4,019 | \$ 3,850 | \$ 3,850 | \$ 3,638 |
| Interest income | 2,442 | 2,402 | 2,297 | 2,272 | 2,240 | 2,140 | 1,994 | 1,949 |
| <i>Interest expense **</i> | 412 | 437 | 446 | 435 | 413 | 380 | 347 | 308 |
| Total revenues net of interest expense | 6,401 | 6,191 | 6,044 | 5,749 | 5,846 | 5,610 | 5,497 | 5,279 |
| Total provisions for losses | 780 | 653 | 651 | 551 | 727 | 609 | 566 | 529 |
| Total revenues net of interest expense after provisions for losses | 5,621 | 5,538 | 5,393 | 5,198 | 5,119 | 5,001 | 4,931 | 4,750 |
| <i>Total expenses *</i> | 4,463 | 4,275 | 4,288 | 3,984 | 4,192 | 3,845 | 3,793 | 3,551 |
| Pretax segment income | 1,158 | 1,263 | 1,105 | 1,214 | 927 | 1,156 | 1,138 | 1,199 |
| Income tax provision | 177 | 272 | 224 | 260 | 72 | 242 | 233 | 258 |
| Segment income | \$ 981 | \$ 991 | \$ 881 | \$ 954 | \$ 855 | \$ 914 | \$ 905 | \$ 941 |
| Effective tax rate | 15.3 % | 21.5 % | 20.3 % | 21.4 % | 7.8 % | 20.9 % | 20.5 % | 21.5 % |

* Reflects changes as a result of enhancements to our transfer pricing methodology related to the sharing of revenues between our card issuing, network and merchant businesses.

** Reflects changes as a result of enhancements to our methodology related to the allocation of certain funding costs primarily related to our Card Member loan and Card Member receivable portfolios.

See Appendix III for footnote references.

(Preliminary)

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

| | Q4'19 | Q3'19 | Q2'19 | Q1'19 | Q4'18 | Q3'18 | Q2'18 | Q1'18 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| <i>Non-interest revenues</i> * | \$ 3,187 | \$ 3,070 | \$ 3,059 | \$ 2,926 | \$ 2,972 | \$ 2,881 | \$ 2,876 | \$ 2,752 |
| Interest income | 493 | 485 | 468 | 454 | 435 | 416 | 393 | 377 |
| <i>Interest expense</i> ** | 247 | 262 | 269 | 256 | 254 | 237 | 221 | 186 |
| Total revenues net of interest expense | 3,433 | 3,293 | 3,258 | 3,124 | 3,153 | 3,060 | 3,048 | 2,943 |
| Total provisions for losses | 236 | 222 | 206 | 254 | 224 | 200 | 237 | 239 |
| Total revenues net of interest expense after provisions for losses | 3,197 | 3,071 | 3,052 | 2,870 | 2,929 | 2,860 | 2,811 | 2,704 |
| <i>Total expenses</i> * | 2,560 | 2,358 | 2,355 | 2,225 | 2,354 | 2,194 | 2,204 | 2,088 |
| Pretax segment income | 637 | 713 | 697 | 645 | 575 | 666 | 607 | 616 |
| Income tax provision | 87 | 145 | 136 | 133 | 44 | 142 | 126 | 140 |
| Segment income | \$ 550 | \$ 568 | \$ 561 | \$ 512 | \$ 531 | \$ 524 | \$ 481 | \$ 476 |
| Effective tax rate | 13.7 % | 20.3 % | 19.5 % | 20.6 % | 7.7 % | 21.3 % | 20.8 % | 22.7 % |

* Reflects changes as a result of enhancements to our transfer pricing methodology related to the sharing of revenues between our card issuing, network and merchant businesses.

** Reflects changes as a result of enhancements to our methodology related to the allocation of certain funding costs primarily related to our Card Member loan and Card Member receivable portfolios.

See Appendix III for footnote references.

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

(Preliminary)

| | Q4'19 | Q3'19 | Q2'19 | Q1'19 | Q4'18 | Q3'18 | Q2'18 | Q1'18 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Non-interest revenues * | \$ 1,505 | \$ 1,471 | \$ 1,478 | \$ 1,449 | \$ 1,453 | \$ 1,424 | \$ 1,442 | \$ 1,471 |
| Interest income | 6 | 6 | 7 | 9 | 8 | 6 | 7 | 9 |
| Interest expense ** | (62) | (74) | (87) | (80) | (74) | (65) | (56) | (49) |
| Total revenues net of interest expense | 1,573 | 1,551 | 1,572 | 1,538 | 1,535 | 1,495 | 1,505 | 1,529 |
| Total provisions for losses | 9 | 4 | 3 | 4 | 6 | 6 | 4 | 6 |
| Total revenues net of interest expense after provisions for losses | 1,564 | 1,547 | 1,569 | 1,534 | 1,529 | 1,489 | 1,501 | 1,523 |
| Total expenses * | 998 | 845 | 812 | 777 | 988 | 799 | 832 | 880 |
| Pretax segment income | 566 | 702 | 757 | 757 | 541 | 690 | 669 | 643 |
| Income tax provision | 92 | 179 | 193 | 186 | 105 | 168 | 184 | 176 |
| Segment income | \$ 474 | \$ 523 | \$ 564 | \$ 571 | \$ 436 | \$ 522 | \$ 485 | \$ 467 |
| Effective tax rate | 16.3 % | 25.5 % | 25.5 % | 24.6 % | 19.4 % | 24.3 % | 27.5 % | 27.4 % |

* Reflects changes as a result of enhancements to our transfer pricing methodology related to the sharing of revenues between our card issuing, network and merchant businesses.

** Reflects changes as a result of enhancements to our methodology related to the allocation of certain funding costs primarily related to our Card Member loan and Card Member receivable portfolios.

See Appendix III for footnote references.

American Express Company

(Preliminary)

Net Interest Yield on Average Card Member Loans

(Millions, except percentages and where indicated)

| | Q4'19 | Q3'19 | Q2'19 | Q1'19 | Q4'18 | Q3'18 | Q2'18 | Q1'18 | YTD'19 | YTD'18 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Consolidated | | | | | | | | | | |
| Net interest income | \$ 2,284 | \$ 2,203 | \$ 2,074 | \$ 2,059 | \$ 2,032 | \$ 1,961 | \$ 1,829 | \$ 1,841 | \$ 8,620 | \$ 7,663 |
| <i>Exclude:</i> | | | | | | | | | | |
| Interest expense not attributable to the Company's Card Member loan portfolio (A) * | 421 | 461 | 465 | 486 | 445 | 425 | 390 | 332 | 1,833 | 1,592 |
| Interest income not attributable to the Company's Card Member loan portfolio (B) | (271) | (308) | (312) | (335) | (287) | (274) | (236) | (213) | (1,226) | (1,010) |
| Adjusted net interest income (C) | \$ 2,434 | \$ 2,356 | \$ 2,227 | \$ 2,210 | \$ 2,190 | \$ 2,112 | \$ 1,983 | \$ 1,960 | \$ 9,227 | \$ 8,245 |
| Average Card Member loans (billions) | \$ 85.2 | \$ 83.3 | \$ 81.9 | \$ 80.6 | \$ 79.4 | \$ 76.4 | \$ 74.1 | \$ 72.7 | \$ 82.8 | \$ 75.8 |
| Net interest income divided by average Card Member loans (D) | 10.7 % | 10.6 % | 10.1 % | 10.2 % | 10.2 % | 10.3 % | 9.9 % | 10.1 % | 10.4 % | 10.1 % |
| Net interest yield on average Card Member loans (E) * | 11.3 % | 11.2 % | 10.9 % | 11.1 % | 10.9 % | 11.0 % | 10.7 % | 10.9 % | 11.1 % | 10.9 % |

Global Consumer Services Group**U.S.**

| | | | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net interest income * | \$ 1,750 | \$ 1,707 | \$ 1,606 | \$ 1,596 | \$ 1,597 | \$ 1,535 | \$ 1,431 | \$ 1,422 | \$ 6,659 | \$ 5,985 |
| <i>Exclude:</i> | | | | | | | | | | |
| Interest expense not attributable to the Company's Card Member loan portfolio (A) * | 73 | 68 | 67 | 69 | 66 | 62 | 60 | 44 | 277 | 232 |
| Interest income not attributable to the Company's Card Member loan portfolio (B) | (58) | (56) | (52) | (53) | (51) | (46) | (42) | (39) | (219) | (178) |
| Adjusted net interest income (C) | \$ 1,765 | \$ 1,719 | \$ 1,621 | \$ 1,612 | \$ 1,612 | \$ 1,551 | \$ 1,449 | \$ 1,427 | \$ 6,717 | \$ 6,039 |
| Average Card Member loans (billions) | \$ 60.6 | \$ 59.7 | \$ 58.8 | \$ 58.3 | \$ 57.8 | \$ 55.4 | \$ 53.7 | \$ 52.9 | \$ 59.4 | \$ 55.1 |
| Net interest income divided by average Card Member loans (D) * | 11.6 % | 11.4 % | 10.9 % | 11.0 % | 11.1 % | 11.1 % | 10.7 % | 10.8 % | 11.2 % | 10.9 % |
| Net interest yield on average Card Member loans (E) * | 11.6 % | 11.4 % | 11.1 % | 11.2 % | 11.1 % | 11.1 % | 10.8 % | 10.9 % | 11.3 % | 11.0 % |

Outside the U.S.

| | | | | | | | | | | |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|--------|
| Net interest income * | \$ 280 | \$ 258 | \$ 245 | \$ 241 | \$ 230 | \$ 225 | \$ 216 | \$ 219 | \$ 1,024 | \$ 890 |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|--------|

Exclude:

*Interest expense not attributable to the Company's Card Member loan portfolio (A) **

| | | | | | | | | | | |
|--|----|----|----|----|----|----|----|----|----|----|
| | 22 | 22 | 20 | 21 | 17 | 19 | 15 | 18 | 85 | 69 |
|--|----|----|----|----|----|----|----|----|----|----|

Interest income not attributable to the Company's Card Member loan portfolio (B)

| | | | | | | | | | | |
|--|-----|-----|-----|-----|---|-----|-----|-----|------|-----|
| | (4) | (4) | (4) | (3) | — | (3) | (2) | (3) | (15) | (8) |
|--|-----|-----|-----|-----|---|-----|-----|-----|------|-----|

Adjusted net interest income (C)

| | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|----------|--------|
| | \$ 298 | \$ 276 | \$ 261 | \$ 259 | \$ 247 | \$ 241 | \$ 229 | \$ 234 | \$ 1,094 | \$ 951 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|----------|--------|

Average Card Member loans (billions)

| | | | | | | | | | | |
|--|---------|---------|--------|--------|--------|--------|--------|--------|---------|--------|
| | \$ 10.5 | \$ 10.0 | \$ 9.9 | \$ 9.7 | \$ 9.3 | \$ 8.9 | \$ 8.8 | \$ 8.6 | \$ 10.0 | \$ 8.9 |
|--|---------|---------|--------|--------|--------|--------|--------|--------|---------|--------|

*Net interest income divided by average Card Member loans (D) **

| | | | | | | | | | | |
|--|--------|--------|-------|-------|-------|--------|-------|--------|--------|--------|
| | 10.7 % | 10.3 % | 9.9 % | 9.9 % | 9.9 % | 10.1 % | 9.8 % | 10.2 % | 10.2 % | 10.0 % |
|--|--------|--------|-------|-------|-------|--------|-------|--------|--------|--------|

*Net interest yield on average Card Member loans (E) **

| | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 11.3 % | 11.0 % | 10.6 % | 10.9 % | 10.6 % | 10.7 % | 10.5 % | 11.0 % | 10.9 % | 10.7 % |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Total

| | | | | | | | | | | |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net interest income * | \$ 2,030 | \$ 1,965 | \$ 1,851 | \$ 1,837 | \$ 1,827 | \$ 1,760 | \$ 1,647 | \$ 1,641 | \$ 7,683 | \$ 6,875 |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|

Exclude:

*Interest expense not attributable to the Company's Card Member loan portfolio (A) **

| | | | | | | | | | | |
|--|----|----|----|----|----|----|----|----|-----|-----|
| | 95 | 90 | 87 | 90 | 83 | 81 | 76 | 61 | 362 | 301 |
|--|----|----|----|----|----|----|----|----|-----|-----|

Interest income not attributable to the Company's Card Member loan portfolio (B)

| | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|-------|-------|
| | (62) | (60) | (56) | (56) | (51) | (49) | (45) | (41) | (234) | (186) |
|--|------|------|------|------|------|------|------|------|-------|-------|

Adjusted net interest income (C)

| | | | | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | \$ 2,063 | \$ 1,995 | \$ 1,882 | \$ 1,871 | \$ 1,859 | \$ 1,792 | \$ 1,678 | \$ 1,661 | \$ 7,811 | \$ 6,990 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|

Average Card Member loans (billions)

| | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | \$ 71.1 | \$ 69.7 | \$ 68.7 | \$ 68.0 | \$ 67.1 | \$ 64.4 | \$ 62.5 | \$ 61.6 | \$ 69.4 | \$ 64.0 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|

*Net interest income divided by average Card Member loans (D) **

| | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 11.4 % | 11.3 % | 10.8 % | 10.8 % | 10.9 % | 10.9 % | 10.5 % | 10.7 % | 11.1 % | 10.7 % |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

*Net interest yield on average Card Member loans (E) **

| | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 11.5 % | 11.4 % | 11.0 % | 11.2 % | 11.0 % | 11.0 % | 10.8 % | 10.9 % | 11.3 % | 10.9 % |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Global Commercial Services

| | | | | | | | | | | |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net interest income * | \$ 246 | \$ 223 | \$ 199 | \$ 198 | \$ 181 | \$ 179 | \$ 172 | \$ 191 | \$ 866 | \$ 723 |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Exclude:

Interest expense not attributable to the Company's Card Member loan

| | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| <i>portfolio (A) *</i> | <i>184</i> | <i>194</i> | <i>201</i> | <i>192</i> | <i>194</i> | <i>183</i> | <i>\$ 171</i> | <i>\$ 145</i> | <i>\$ 771</i> | <i>\$ 693</i> |
| Interest income not attributable to the Company's Card Member loan portfolio (B) | (59) | (55) | (55) | (52) | (44) | (42) | \$ (38) | \$ (37) | \$ (221) | \$ (161) |
| Adjusted net interest income (C) | \$ 371 | \$ 362 | \$ 345 | \$ 338 | \$ 331 | \$ 320 | \$ 305 | \$ 299 | \$ 1,416 | \$ 1,255 |
| Average Card Member loans (billions) | \$ 14.1 | \$ 13.6 | \$ 13.2 | \$ 12.6 | \$ 12.4 | \$ 12.0 | \$ 11.7 | \$ 11.2 | \$ 13.4 | \$ 11.8 |
| Net interest income divided by average Card Member loans (D) * | 7.0 % | 6.6 % | 6.0 % | 6.3 % | 5.8 % | 6.0 % | 5.9 % | 6.8 % | 6.5 % | 6.1 % |
| Net interest yield on average Card Member loans (E) * | 10.4 % | 10.5 % | 10.5 % | 10.9 % | 10.6 % | 10.6 % | 10.5 % | 10.8 % | 10.6 % | 10.7 % |

* Reflects changes as a result of enhancements to our methodology related to the allocation of certain funding costs primarily related to our Card Member loan and Card Member receivable portfolios.

See Appendix III for footnote references.

Appendix I

Consolidated Statements of Income *

(Millions, except percentages and per share amounts)

| | Q4'19 | Q3'19 | Q2'19 | Q1'19 | Q4'18 | Q3'18 | Q2'18 | Q1'18 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| Total non-interest revenues | \$ 9,081 | \$ 8,786 | \$ 8,764 | \$ 8,305 | \$ 8,442 | \$ 8,183 | \$ 8,173 | \$ 7,877 |
| Total interest income | 3,085 | 3,080 | 2,965 | 2,954 | 2,866 | 2,738 | 2,540 | 2,462 |
| Total interest expense | 801 | 877 | 891 | 895 | 834 | 777 | 711 | 621 |
| Total revenues net of interest expense | 11,365 | 10,989 | 10,838 | 10,364 | 10,474 | 10,144 | 10,002 | 9,718 |
| Total provisions for losses | 1,024 | 879 | 861 | 809 | 954 | 817 | 806 | 775 |
| Total revenues net of interest expense after provisions for losses | 10,341 | 10,110 | 9,977 | 9,555 | 9,520 | 9,327 | 9,196 | 8,943 |
| Total expenses | 8,355 | 7,844 | 7,758 | 7,597 | 7,689 | 7,209 | 7,105 | 6,861 |
| Pretax income | 1,986 | 2,266 | 2,219 | 1,958 | 1,831 | 2,118 | 2,091 | 2,082 |
| Income tax provision (benefit) | 293 | 511 | 458 | 408 | (179) | 464 | 468 | 448 |
| Net income | \$ 1,693 | \$ 1,755 | \$ 1,761 | \$ 1,550 | \$ 2,010 | \$ 1,654 | \$ 1,623 | \$ 1,634 |
| Net income attributable to common shareholders (F) | \$ 1,661 | \$ 1,723 | \$ 1,729 | \$ 1,518 | \$ 1,975 | \$ 1,621 | \$ 1,591 | \$ 1,600 |
| Effective tax rate | 14.8 % | 22.6 % | 20.6 % | 20.8 % | (9.8) % | 21.9 % | 22.4 % | 21.5 % |
| Earnings Per Common Share | | | | | | | | |
| Basic | | | | | | | | |
| Net income attributable to common shareholders | \$ 2.04 | \$ 2.09 | \$ 2.07 | \$ 1.81 | \$ 2.33 | \$ 1.89 | \$ 1.85 | \$ 1.86 |
| Average common shares outstanding | 814 | 825 | 834 | 841 | 850 | 858 | 860 | 859 |
| Diluted | | | | | | | | |
| Net income attributable to common shareholders | \$ 2.03 | \$ 2.08 | \$ 2.07 | \$ 1.80 | \$ 2.32 | \$ 1.88 | \$ 1.84 | \$ 1.86 |
| Average common shares outstanding | 816 | 827 | 836 | 843 | 852 | 860 | 862 | 861 |
| Cash dividends declared per common share | \$ 0.43 | \$ 0.43 | \$ 0.39 | \$ 0.39 | \$ 0.39 | \$ 0.39 | \$ 0.35 | \$ 0.35 |

* The American Express Consolidated Statements of Income and Earnings Per Common Share remain unchanged and are being provided for context.

See Appendix III for footnote references.

Appendix II

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 |
|---|--|---|---|------------------------|--------------|
| Twelve months ended December 31, 2019 | | | | | |
| <i>Non-interest revenues</i> * | \$ 16,702 | \$ 12,242 | \$ 5,903 | \$ 89 | \$ 34,936 |
| Interest income | 9,413 | 1,900 | 28 | 743 | 12,084 |
| <i>Interest expense</i> ** | 1,730 | 1,034 | (303) | 1,003 | 3,464 |
| Total revenues net of interest expense | 24,385 | 13,108 | 6,234 | (171) | 43,556 |
| Total provisions for losses | 2,635 | 918 | 20 | — | 3,573 |
| Total revenues net of interest expense after provisions for losses | 21,750 | 12,190 | 6,214 | (171) | 39,983 |
| <i>Total expenses</i> * | 17,010 | 9,498 | 3,432 | 1,614 | 31,554 |
| Pretax income (loss) | 4,740 | 2,692 | 2,782 | (1,785) | 8,429 |
| Income tax provision (benefit) | 933 | 501 | 650 | (414) | 1,670 |
| Net income (loss) | \$ 3,807 | \$ 2,191 | \$ 2,132 | \$ (1,371) | \$ 6,759 |
| Twelve months ended December 31, 2018 | | | | | |
| <i>Non-interest revenues</i> * | \$ 15,357 | \$ 11,481 | \$ 5,790 | \$ 47 | \$ 32,675 |
| Interest income | 8,323 | 1,621 | 30 | 632 | 10,606 |
| <i>Interest expense</i> ** | 1,448 | 898 | (244) | 841 | 2,943 |
| Total revenues net of interest expense | 22,232 | 12,204 | 6,064 | (162) | 40,338 |
| Total provisions for losses | 2,431 | 900 | 22 | (1) | 3,352 |
| Total revenues net of interest expense after provisions for losses | 19,801 | 11,304 | 6,042 | (161) | 36,986 |
| <i>Total expenses</i> * | 15,381 | 8,840 | 3,499 | 1,144 | 28,864 |
| Pretax income (loss) | 4,420 | 2,464 | 2,543 | (1,305) | 8,122 |
| Income tax provision (benefit) | 805 | 452 | 633 | (689) | 1,201 |
| Net income (loss) | \$ 3,615 | \$ 2,012 | \$ 1,910 | \$ (616) | \$ 6,921 |

* Reflects changes as a result of enhancements to our transfer pricing methodology related to the sharing of revenues between our card issuing, network and merchant businesses.

** Reflects changes as a result of enhancements to our methodology related to the allocation of certain funding costs primarily related to our Card Member loan and Card Member receivable portfolios.

See Appendix III for footnote references.

All Information in the preceding tables is presented on a basis prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), unless otherwise indicated.

- (A) Primarily represents interest expense attributable to maintaining our corporate liquidity pool and funding Card Member receivables.
- (B) Primarily represents interest income attributable to Other loans, interest-bearing deposits and the fixed income investment portfolios.
- (C) 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.
- (D) 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.
- (E) 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.
- (F) Represents net income, less (i) earnings allocated to participating share awards of \$12 million, \$11 million, \$13 million, \$11 million, \$16 million, \$13 million, \$12 million and \$13 million in Q4'19, Q3'19, Q2'19, Q1'19, Q4'18, Q3'18, Q2'18 and Q1'18 respectively; and (ii) dividends on preferred shares of \$20 million, \$21 million, \$19 million, \$21 million, \$19 million, \$20 million, \$20 million and \$21 million in Q4'19, Q3'19, Q2'19, Q1'19, Q4'18, Q3'18, Q2'18 and Q1'18, respectively.