

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): April 24, 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 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 April 24, 2020, American Express Company (the “Company”) issued a press release regarding its financial results for the first quarter of 2020. 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 first quarter of 2020. 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	Press Release, dated April 24, 2020, of American Express Company regarding its financial results for the first quarter of 2020.
99.2	Additional information relating to the financial results of American Express Company for the first quarter of 2020.
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: April 24, 2020

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Section 2: EX-99.1 (EX-99.1)

EXHIBIT 99.1

NEWS RELEASE

NEWS RELEASE

NEWS RELEASE

NEWS RELEASE



FOR IMMEDIATE RELEASE

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AMERICAN EXPRESS REPORTS FIRST-QUARTER REVENUE OF \$10.3 BILLION AND
EARNINGS PER SHARE OF \$0.41

(Millions, except percentages and per share amounts)

Quarters Ended
March 31,

Percentage Inc/

	2020	2019	(Dec)
Total Revenues Net of Interest Expense	\$ 10,310	\$ 10,364	(1)
Net Income	\$ 367	\$ 1,550	(76)
Diluted Earnings Per Common Share ¹	\$ 0.41	\$ 1.80	(77)
Adjusted Diluted Earnings Per Common Share Excluding Credit Reserve Builds ²	\$ 1.98		
Average Diluted Common Shares Outstanding	808	843	(4)

New York – April 24, 2020 - American Express Company (NYSE: AXP) today reported first-quarter net income of \$367 million, or \$0.41 per share, compared with net income of \$1.6 billion, or \$1.80 per share, a year ago.

The evolving COVID-19 situation had significantly negative impacts on first-quarter results.

“The first two months of 2020 continued the strong momentum we have delivered over the past two years, but we’re now in a different world,” said Stephen J. Squeri, Chairman and Chief Executive Officer. “The deterioration in the economy due to COVID-19 impacts that began in the first quarter and accelerated in April has dramatically impacted our volumes. While we can’t predict just how the economy and our business will perform in the coming months, we can focus on supporting our colleagues and customers while remaining financially strong and positioning for growth when the economy begins to improve.

"In light of the current environment, we are aggressively reducing costs across the enterprise, while at the same time selectively investing in initiatives that are key to our long-term growth strategy. We entered this crisis with particularly strong capital and liquidity positions that will enable us to remain financially strong.

"To support our colleagues, we are committed to no COVID-19-related layoffs for the remainder of 2020 to ensure we have the right team in place to serve our customers and to continue driving our growth over the long term. And we're supporting our colleagues in other ways, including a 100% work from home arrangement in all our locations and continuing to pay the salaries of colleagues who are affected by the virus without having to use their paid leave.

"To support our customers, we are offering consumer and small business Card Members a range of short- and long-term financial assistance programs to help them weather the storm. In addition, we are adding several new benefits, services and rewards to our premium Card products and Membership Rewards program that are relevant to the evolving needs of our customers during this time.

"For our merchants, we have extended the amount of time they have to respond to Card Member disputes, and we increased contactless transaction thresholds to reduce physical contact at the point of sale in 28 countries.

"Earlier this week, we launched Stand for Small in the U.S., a coalition of more than 40 companies across various industries that have come together to back small businesses by providing a wide range of offers, complimentary services, access to corporate assistance programs and other resources designed to help support them as they manage through the crisis.

"As we manage through this period, we'll remain focused on what we can control in the short term while keeping an eye on the long term. This has been our formula for success through difficult times in the past, and this time is no different, despite the unprecedented magnitude and uncertainty we are facing. We will continue to back our colleagues, customers, and communities, just as we have done for 170 years. And when this crisis is over, we intend to be in a position of strength, ready to capitalize on the opportunities ahead."

First-quarter consolidated total revenues net of interest expense were \$10.3 billion, down 1 percent from \$10.4 billion a year ago. Excluding the impact of foreign exchange rates, adjusted revenues net of interest expense grew 1 percent.³ The quarter reflected softness in spending volumes beginning in the last few days of February that significantly accelerated in March as a result of COVID-19 impacts. This was partially offset by strong overall performance in January and February.

Consolidated provisions for losses were \$2.6 billion, up from \$809 million a year ago. The increase was driven primarily by significant reserve builds of \$1.7 billion which reflect deterioration of the global estimated macroeconomic outlook as a result of COVID-19 impacts. As of January 1, 2020, the company adopted the new Financial Instruments - Current Expected Credit Losses (CECL) standard.

Consolidated expenses were \$7.2 billion, down 5 percent from \$7.6 billion a year ago. The decrease was driven primarily by lower operating expenses due, in part, to a litigation-related charge of \$0.21 per share in the year-ago quarter.⁴

The consolidated effective tax rate was 18.8 percent, down from 20.8 percent a year ago.

Global Consumer Services Group reported first-quarter net income of \$201 million, compared with \$954 million a year ago.

Total revenues net of interest expense were \$6.0 billion, up 4 percent from \$5.7 billion a year ago. The rise primarily reflected higher net interest income and card fees, partially offset by lower Card Member spending.

Provisions for losses totaled \$1.8 billion, up from \$551 million a year ago, driven primarily by significant reserve builds.

Total expenses were \$3.9 billion, down 1 percent from \$4.0 billion a year ago. The decrease reflected lower customer engagement costs.

Global Commercial Services reported first-quarter net income of \$38 million, compared with \$512 million a year ago.

Total revenues net of interest expense were \$3.1 billion, flat compared to a year ago. The current quarter primarily reflected higher net interest income and card fees, offset by lower Card Member spending.

Provisions for losses totaled \$762 million, up from \$254 million a year ago, driven primarily by significant reserve builds.

Total expenses were \$2.3 billion, up 4 percent from \$2.2 billion a year ago. The increase reflected higher costs associated with marketing and business development and growth in rewards, as well as higher operating expenses.⁴

Global Merchant and Network Services reported first-quarter net income of \$417 million, compared with \$571 million a year ago.

Total revenues net of interest expense were \$1.4 billion, down 10 percent from \$1.5 billion a year ago. The decrease primarily reflected lower Card Member spending.

Total expenses were \$789 million, up 2 percent from \$777 million a year ago.

Corporate and Other reported a first-quarter net loss of [\$289] million, compared with a net loss of \$487 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 \$2 million and \$11 million for the three months ended March 31, 2020 and 2019, respectively, and (ii) dividends on preferred shares of \$32 million and \$21 million for the three months ended March 31, 2020 and 2019, respectively.
 - 2 First quarter 2020 adjusted diluted EPS excluding credit reserve builds, a non-GAAP measure, excludes the portion of Provisions for credit losses attributable to reserve builds. See Appendix I for a reconciliation to diluted EPS on a GAAP basis. Management believes the presentation of adjusted diluted EPS excluding credit reserve builds is useful as it is consistent with the guidance provided on the company's Investor Update Call on March 17, 2020, at which point such amounts were not estimable due to the rapidly changing nature of, and uncertainty related to, macroeconomic forecasts that are a component of the new Current Expected Credit Loss (CECL) methodology.
 - 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 March 31, 2020 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.

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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 first quarter 2020, 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 first-quarter 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, 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:

- a further deterioration in global economic and business conditions, consumer and business spending generally; an inability or unwillingness of Card Members to pay amounts owed to the company; uncertain impacts of, or additional changes in, monetary, fiscal or tax policy to address the impact of COVID-19; prolonged measures to contain the spread of COVID-19 or premature easing of such containment measures, either of which could further exacerbate the effects on the company's business activities and results of operations, Card Members, partners and merchants; an inability of the company to manage risk in an uncertain and fast-changing environment; further market volatility and changes in capital and credit market conditions and the availability and cost of capital; issues impacting brand perceptions and the company's reputation; changes in foreign currency rates and benchmark interest rates; an inability of business partners to meet their obligations to the company and the company's customers due to slowdowns or disruptions in their businesses or otherwise; pricing changes, product mix and credit actions, including line size and other adjustments to credit availability; and telecommunications failures, internet outages or cybersecurity incidents impacting transaction authorization, clearing and settlement systems;
- the amount of future credit reserve builds, which will depend in part on changes in consumer behavior that affect loan and receivable balances (such as paydown rates) and delinquency and write-off rates; macroeconomic factors such as unemployment rates, GDP and the volume of bankruptcies; the impact of the Current Expected Credit Loss (CECL) methodology; collections capabilities and recoveries of previously written-off loans and receivables; the enrollment in, and effectiveness of, hardship programs and troubled debt restructurings; and governmental actions that provide forms of relief with respect to certain loans and fees, such as limiting debt collections efforts and encouraging or requiring extensions, modifications or forbearance;
- the actual amount to be spent on marketing and promotion, which will be based in part on continued changes in macroeconomic conditions and business performance; management's assessment of competitive opportunities; contractual obligations with business partners and other fixed costs and prior commitments; and management's ability to realize efficiencies and optimize investment spending;
- the actual amount to be spent on Card Member rewards and services, which could be impacted by Card Members' interest in the value propositions offered by the company; further enhancements to product benefits to make them attractive to Card Members, potentially in a manner that is not cost effective; Card Member behavior as it relates to their spending patterns (including the level of spend in bonus categories) and the redemption of rewards and offers; the costs related to reward point redemptions; and new and renegotiated contractual obligations with business partners;
- the ability of the company to reduce its operating expenses and meet its commitment of no COVID-19 related layoffs for the remainder of 2020, which could be impacted by, among other things, the company's inability to balance expense control and investments in the business; management's decision to increase or decrease spending in such areas as technology, business and product development, sales force, premium servicing and digital capabilities depending on overall business performance; an inability to innovate efficient channels of customer interactions, such as chat supported by artificial intelligence; higher-than-expected cyber, fraud or compliance expenses or consulting, legal and other professional fees, including as a result of increased litigation

or internal and regulatory reviews; the level of M&A activity and related expenses; the payment of civil money penalties, disgorgement, restitution, non-income tax assessments and litigation-related settlements; impairments of goodwill or other assets; the impact of changes in foreign currency exchange rates on costs; and greater than expected inflation;

- net card fees not growing consistent with current expectations, which could be impacted by, among other things, the further deterioration in macroeconomic conditions impacting the ability and desire of Card Members to pay card fees; higher attrition rates; 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 introducing new benefits and services that are designed for the current environment;
- a further decline of the average discount rate, including as a result of further changes in the mix of spending by location and industry, merchant negotiations (including merchant incentives, concessions and volume-related pricing discounts), competition, pricing regulation (including regulation of competitors' interchange rates) and other factors;
- changes in the substantial and increasing worldwide competition in the payments industry, including competitive pressure that may materially 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;
- changes affecting the company's plans regarding the return of capital to shareholders, 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 company's results of operations and financial condition; and the economic environment and market conditions in any given period;
- 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 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 Card Members, partners, merchants and other third parties, including its ability to continue certain cobrand and agent relationships 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 result in harm to the American Express brand;
- changes in the financial condition and creditworthiness of the company's business partners, such as bankruptcies, restructurings or consolidations, including cobrand partners and merchants that represent a significant portion of the company's business, such as the airline industry, or partners in GNS or financial institutions that the company relies on for routine funding and liquidity, which could materially affect the company's financial condition or results of operations; and
- factors beyond the company's control such as fire, power loss, disruptions in telecommunications, severe weather conditions, natural and man-made disasters, 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 results of operations or disrupt its 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, 2019, the company's other reports filed with the

Securities and Exchange Commission and the company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 to be filed with the Securities and Exchange Commission.

(Preliminary)

American Express Company (Preliminary)

Appendix I

Reconciliations of Adjustments

	Q1'20
<u>Earnings per share excluding credit reserve builds</u>	
Diluted earnings per common share	\$ 0.41
Impact of credit reserve builds (pre-tax)	2.09
Tax impact of credit reserve builds	(0.52)
<u>Net Impact of credit reserve builds</u>	<u>1.57</u>
Adjusted diluted earnings per common share	\$ 1.98

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Section 3: EX-99.2 (EX-99.2)

Exhibit 99.2
(Preliminary)

American Express Company
Consolidated Statements of Income

(Millions, except percentages and per share amounts)

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	YOY % change
Non-interest revenues						
Discount revenue	\$ 5,838	\$ 6,829	\$ 6,566	\$ 6,577	\$ 6,195	(6)
Net card fees	1,110	1,077	1,033	988	944	18
Other fees and commissions	720	832	825	837	803	(10)
Other	312	343	362	362	363	(14)
Total non-interest revenues	7,980	9,081	8,786	8,764	8,305	(4)
Interest income						
Interest on loans	2,909	2,934	2,885	2,764	2,725	7
Interest and dividends on investment securities	38	50	53	52	33	15
Deposits with banks and other	99	101	142	149	196	(49)
Total interest income	3,046	3,085	3,080	2,965	2,954	3
Interest expense						
Deposits	326	353	401	406	399	(18)
Long-term debt and other	390	448	476	485	496	(21)
Total interest expense	716	801	877	891	895	(20)
Net interest income	2,330	2,284	2,203	2,074	2,059	13
Total revenues net of interest expense	10,310	11,365	10,989	10,838	10,364	(1)

Provisions for credit losses						
Card Member receivables	597	248	238	224	253	#
Card Member loans	1,876	730	604	603	525	#
Other	148	46	37	34	31	#
Total provisions for credit losses	2,621	1,024	879	861	809	#
Total revenues net of interest expense after provisions for credit losses	7,689	10,341	10,110	9,977	9,555	(20)
Expenses						
Marketing and business development	1,705	1,953	1,821	1,776	1,575	8
Card Member rewards	2,392	2,722	2,614	2,652	2,451	(2)
Card Member services	456	552	558	563	550	(17)
Salaries and employee benefits	1,395	1,623	1,499	1,367	1,422	(2)
Professional services	439	594	491	512	494	(11)
Occupancy and equipment	549	599	544	517	508	8
Other, net	301	312	317	371	597	(50)
Total expenses	7,237	8,355	7,844	7,758	7,597	(5)
Pretax income	452	1,986	2,266	2,219	1,958	(77)
Income tax provision	85	293	511	458	408	(79)
Net income	\$ 367	\$ 1,693	\$ 1,755	\$ 1,761	\$ 1,550	(76)
Net income attributable to common shareholders (A)	\$ 333	\$ 1,661	\$ 1,723	\$ 1,729	\$ 1,518	(78)
Effective tax rate	18.8 %	14.8 %	22.6 %	20.6 %	20.8 %	

Earnings Per Common Share

Basic						
Net income attributable to common shareholders	\$ 0.41	\$ 2.04	\$ 2.09	\$ 2.07	\$ 1.81	(77)
Average common shares outstanding	807	814	825	834	841	(4)
Diluted						
Net income attributable to common shareholders	\$ 0.41	\$ 2.03	\$ 2.08	\$ 2.07	\$ 1.80	(77)
Average common shares outstanding	808	816	827	836	843	(4)
Cash dividends declared per common share	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.39	\$ 0.39	10

- Denotes a variance of 100 percent or more.

See Appendix IV for footnote references

Consolidated Balance Sheets and Related Statistical Information

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

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	YOY % change
Assets						
Cash & cash equivalents	\$ 36	\$ 24	\$ 24	\$ 27	\$ 33	9
Card Member receivables, less reserves	44	57	56	58	56	(21)
Card Member loans, less reserves	72	85	81	81	79	(9)
Investment securities	5	8	8	9	6	(17)
Other (B)	29	24	25	23	23	26
Total assets	\$ 186	\$ 198	\$ 194	\$ 198	\$ 197	(6)
Liabilities and Shareholders' Equity						
Customer deposits	\$ 78	\$ 73	\$ 73	\$ 73	\$ 73	7
Short-term borrowings	3	6	3	3	2	50
Long-term debt	53	58	58	58	58	(9)
Other (B)	31	38	37	41	42	(26)
Total liabilities	165	175	171	175	175	(6)
Shareholders' Equity	21	23	23	23	22	(5)
Total liabilities and shareholders' equity	\$ 186	\$ 198	\$ 194	\$ 198	\$ 197	(6)
Return on average equity (C)	24.4 %	29.6 %	31.5 %	31.6 %	31.9 %	
Return on average common equity (C)	25.6 %	31.2 %	33.2 %	33.4 %	33.7 %	
Book value per common share (dollars)	\$ 24.13	\$ 26.51	\$ 26.12	\$ 25.84	\$ 24.65	(2)

See Appendix IV for footnote references

American Express Company
Consolidated Capital

(Preliminary)

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19
Shares Outstanding (in millions)					
Beginning of period	810	821	832	837	847
Repurchase of common shares	(7)	(11)	(11)	(6)	(12)
Net impact of employee benefit plans and others	2	—	—	1.0	2
End of period	805	810	821	832	837
Risk-Based Capital Ratios - Basel III (\$ in billions) (D)					
Common Equity Tier 1/Risk Weighted Assets (RWA)	11.7 %	10.7 %	11.0 %	11.0 %	10.8 %
Tier 1	12.8 %	11.6 %	12.0 %	12.0 %	11.8 %
Total	14.4 %	13.2 %	13.6 %	13.6 %	13.4 %
Common Equity Tier 1					
Common Equity Tier 1	\$ 17.3	\$ 18.1	\$ 18.0	\$ 18.2	\$ 17.4
Tier 1 Capital	\$ 19.0	\$ 19.6	\$ 19.6	\$ 19.8	\$ 19.0
Tier 2 Capital	\$ 2.4	\$ 2.6	\$ 2.6	\$ 2.7	\$ 2.6
Total Capital	\$ 21.3	\$ 22.2	\$ 22.2	\$ 22.5	\$ 21.6
RWA	\$ 148.1	\$ 168.5	\$ 163.4	\$ 165.4	\$ 161.3
Tier 1 Leverage	10.0 %	10.2 %	10.3 %	10.5 %	10.0 %
Average Total Assets to calculate the Tier 1 Leverage Ratio (E)	\$ 190.1	\$ 192.3	\$ 190.4	\$ 189.2	\$ 189.4

See Appendix IV for footnote references

Selected Card Related Statistical Information

(Billions, except percentages and where indicated)

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	YOY % change
Billed business (F)						
U.S.	\$ 190.2	\$ 216.8	\$ 206.2	\$ 209.2	\$ 195.5	(3)
Outside the U.S.	89.1	108.4	102.0	102.5	100.2	(11)
Total	\$ 279.3	\$ 325.2	\$ 308.2	\$ 311.7	\$ 295.7	(6)
Proprietary	\$ 242.6	\$ 281.6	\$ 266.2	\$ 269.4	\$ 253.3	(4)
Global Network Services (GNS)	36.7	43.6	42.0	42.3	42.4	(13)
Total	\$ 279.3	\$ 325.2	\$ 308.2	\$ 311.7	\$ 295.7	(6)
Cards-in-force (millions) (G)						
U.S.	54.9	54.7	54.3	54.0	54.1	1
Outside the U.S.	58.7	59.7	60.2	60.2	59.8	(2)
Total	113.6	114.4	114.5	114.2	113.9	—
Proprietary	70.4	70.3	69.9	69.7	69.7	1
GNS	43.2	44.1	44.6	44.5	44.2	(2)
Total	113.6	114.4	114.5	114.2	113.9	—
Basic cards-in-force (millions) (G)						
U.S.	43.1	43.0	42.7	42.5	42.5	1
Outside the U.S.	49.2	50.0	50.3	50.3	49.9	(1)
Total	92.3	93.0	93.0	92.8	92.4	—
Average proprietary basic Card Member spending (dollars)						
U.S.	\$ 4,922	\$ 5,630	\$ 5,366	\$ 5,445	\$ 5,082	(3)
Outside the U.S.	\$ 3,505	\$ 4,325	\$ 4,027	\$ 4,059	\$ 3,927	(11)
Average	\$ 4,497	\$ 5,237	\$ 4,964	\$ 5,030	\$ 4,741	(5)
Card Member loans						
U.S.	\$ 69.0	\$ 76.0	\$ 73.2	\$ 72.6	\$ 70.8	(3)
Outside the U.S.	8.7	11.4	10.5	10.6	10.2	(15)
Total	\$ 77.7	\$ 87.4	\$ 83.7	\$ 83.2	\$ 81.0	(4)
Average discount rate (H)						
	2.34 %	2.36 %	2.39 %	2.37 %	2.37 %	
Average fee per card (dollars) (I)						
	\$ 63	\$ 61	\$ 59	\$ 57	\$ 54	17

See Appendix IV for footnote references

Selected Credit Related Statistical Information

(Billions, except percentages and where indicated)

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	YOY % change
Worldwide Card Member loans						
U.S.	\$ 69.0	\$ 76.0	\$ 73.2	\$ 72.6	\$ 70.8	(3)
Outside the U.S.	\$ 8.7	\$ 11.4	\$ 10.5	\$ 10.6	\$ 10.2	(15)
Total loans	\$ 77.7	\$ 87.4	\$ 83.7	\$ 83.2	\$ 81.0	(4)
Credit loss reserves (millions)						
Beginning balance (J)	\$ 4,027	\$ 2,232	\$ 2,168	\$ 2,121	\$ 2,134	89
Provisions - principal, interest and fees	1,876	730	604	603	525	#
Net write-offs - principal less recoveries	(518)	(493)	(447)	(463)	(457)	13
Net write-offs - interest and fees less recoveries	(107)	(98)	(91)	(94)	(92)	16
Other (K)	(42)	12	(2)	1	11	#
Ending balance	\$ 5,236	\$ 2,383	\$ 2,232	\$ 2,168	\$ 2,121	#
% of loans	6.7 %	2.7 %	2.7 %	2.6 %	2.6 %	
% of past due	406 %	177 %	176 %	186 %	178 %	
Average loans	\$ 83.4	\$ 85.2	\$ 83.3	\$ 81.9	\$ 80.6	3
Net write-off rate (principal only) (L)	2.5 %	2.3 %	2.1 %	2.3 %	2.3 %	
Net write-off rate (principal, interest and fees) (L)	3.0 %	2.8 %	2.6 %	2.7 %	2.7 %	
30+ days past due as a % of total	1.7 %	1.5 %	1.5 %	1.4 %	1.5 %	
Net interest income divided by average Card Member loans (M)	11.2 %	10.7 %	10.6 %	10.1 %	10.2 %	
Net interest yield on average Card Member loans (M)	11.9 %	11.3 %	11.2 %	10.9 %	11.1 %	
Worldwide Card Member receivables						
U.S.	\$ 32.6	\$ 39.0	\$ 39.0	\$ 40.3	\$ 39.7	(18)
Outside the U.S.	\$ 12.1	\$ 18.4	\$ 17.6	\$ 18.4	\$ 17.1	(29)
Total receivables	\$ 44.7	\$ 57.4	\$ 56.6	\$ 58.7	\$ 56.8	(21)
Credit loss reserves (millions)						
Beginning balance (J)	\$ 126	\$ 615	\$ 616	\$ 608	\$ 573	(78)
Provisions - principal and fees	597	248	238	224	253	#
Net write-offs - principal and fees less recoveries	(258)	(243)	(231)	(210)	(216)	19
Other (K)	(6)	(1)	(8)	(6)	(2)	#
Ending balance	\$ 459	\$ 619	\$ 615	\$ 616	\$ 608	(25)
% of receivables	1.0 %	1.1 %	1.1 %	1.0 %	1.1 %	
Net write-off rate (principal and fees) (L)	1.9 %	1.7 %	1.6 %	1.5 %	1.6 %	
Net write-off rate, excluding Global Corporate Payments (GCP) (principal and fees) (L)(N)	2.3 %	2.1 %	2.0 %	1.9 %	2.0 %	
Net write-off rate, excluding GCP (principal only) (L)(N)	2.1 %	1.9 %	1.8 %	1.7 %	1.8 %	
30+ days past due as a % of total, excluding GCP (N)	1.9 %	1.4 %	1.5 %	1.4 %	1.5 %	

- 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
Q1'20					
Non-interest revenues (O)	\$ 3,894	\$ 2,788	\$ 1,346	\$ (48)	\$ 7,980
Interest income	2,411	499	6	130	3,046
Interest expense (P)	328	200	(36)	224	716
Total revenues net of interest expense	5,977	3,087	1,388	(142)	10,310
Total provisions for credit losses	1,810	762	48	1	2,621
Total revenues net of interest expense after provisions for credit losses	4,167	2,325	1,340	(143)	7,689
Marketing, business development, and Card Member rewards and services	2,702	1,508	324	19	4,553
Salaries and employee benefits and other operating expenses (O)	1,234	798	465	187	2,684
Pretax income (loss)	231	19	551	(349)	452
Income tax provision (benefit)	30	(19)	134	(60)	85
Net income (loss)	201	38	417	(289)	367
Q1'19					
Non-interest revenues (O)	\$ 3,912	\$ 2,926	\$ 1,449	\$ 18	\$ 8,305
Interest income	2,272	454	9	219	2,954
Interest expense (P)	435	256	(80)	284	895
Total revenues net of interest expense	5,749	3,124	1,538	(47)	10,364
Total provisions for credit losses	551	254	4	—	809
Total revenues net of interest expense after provisions for credit losses	5,198	2,870	1,534	(47)	9,555
Marketing, business development, and Card Member rewards and services	2,789	1,469	304	14	4,576
Salaries and employee benefits and other operating expenses (O)	1,195	756	473	597	3,021
Pretax income (loss)	1,214	645	757	(658)	1,958
Income tax provision (benefit)	260	133	186	(171)	408
Net income (loss)	954	512	571	(487)	1,550
YOY % change					
Non-interest revenues	—	(5)	(7)	#	(4)
Interest income	6	10	(33)	(41)	3
Interest expense	(25)	(22)	(55)	(21)	(20)
Total revenues net of interest expense	4	(1)	(10)	#	(1)
Total provisions for credit losses	#	#	#	—	#
Total revenues net of interest expense after provisions for credit losses	(20)	(19)	(13)	#	(20)
Marketing, business development, and Card Member rewards and services	(3)	3	7	36	(1)
Salaries and employee benefits and other operating expenses	3	6	(2)	(69)	(11)
Pretax income (loss)	(81)	(97)	(27)	(47)	(77)
Income tax provision (benefit)	(88)	#	(28)	(65)	(79)
Net income (loss)	(79)	(93)	(27)	(41)	(76)

- 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 (Q)				
	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19
Worldwide										
Proprietary consumer	(3)%	8%	9%	8%	7%	(2)%	8%	10%	10%	9%
Proprietary commercial	(6)	5	5	6	7	(5)	5	5	7	8
Proprietary	(4)	7	6	7	7	(3)	7	7	8	9
GNS	(13)	(2)	(6)	(7)	(10)	(10)	(1)	(2)	(2)	(4)
Total	(6)	5	5	5	4	(4)	6	6	7	7
<i>T&E-related volume (26% of Q1'20 Worldwide Total)</i>	(21)	6	5	5	4	(19)	(R)	(R)	(R)	(R)
<i>Non-T&E-related volume (74% of Q1'20 Worldwide Total)</i>	3	6	6	7	5	4	(R)	(R)	(R)	(R)
<i>Airline-related volume (7% of Q1'20 Worldwide Total)</i>	(32)	1	—	2	1	(30)	1	2	4	5
U.S.										
Proprietary consumer	(1)	7	8	8	7	n/a	n/a	n/a	n/a	n/a
Proprietary commercial	(4)	4	4	6	7	n/a	n/a	n/a	n/a	n/a
Proprietary	(3)	6	6	7	7	n/a	n/a	n/a	n/a	n/a
Total	(3)	6	6	7	7	n/a	n/a	n/a	n/a	n/a
<i>T&E-related volume (24% of Q1'20 U.S. Total)</i>	(17)	6	7	6	5	n/a	n/a	n/a	n/a	n/a
<i>Non-T&E-related volume (76% of Q1'20 U.S. Total)</i>	3	5	6	7	7	n/a	n/a	n/a	n/a	n/a
<i>Airline-related volume (6% of Q1'20 U.S. Total)</i>	(29)	4	3	5	5	n/a	n/a	n/a	n/a	n/a
Outside the U.S.										
Proprietary consumer	(6)	11	10	10	8	(2)	11	14	15	16
Proprietary commercial	(12)	7	7	8	5	(7)	8	12	12	13
Proprietary	(8)	10	9	9	7	(4)	10	13	14	15
Total	(11)	4	2	1	(1)	(7)	5	6	6	6
<i>Japan, Asia Pacific & Australia billed business</i>	(10)	4	2	1	(2)	(6)	5	4	5	4
<i>Latin America & Canada billed business</i>	(12)	5	5	6	1	(5)	7	11	12	11
<i>Europe, Middle East & Africa billed business</i>	(13)	4	1	—	(2)	(10)	4	6	5	7

See Appendix IV for footnote references

Global Consumer Services Group

(Preliminary)

Selected Income Statement and Statistical Information

(Millions, except percentages)

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	YOY % change
Non-interest revenues (O)	\$ 3,894	\$ 4,371	\$ 4,226	\$ 4,193	\$ 3,912	—
Interest income	2,411	2,442	2,402	2,297	2,272	6
Interest expense (P)	328	412	437	446	435	(25)
Net interest income	2,083	2,030	1,965	1,851	1,837	13
Total revenues net of interest expense	5,977	6,401	6,191	6,044	5,749	4
Total provisions for credit losses	1,810	780	653	651	551	#
Total revenues net of interest expense after provisions for credit losses	4,167	5,621	5,538	5,393	5,198	(20)
Expenses						
Marketing, business development, and Card Member rewards and services	2,702	3,145	3,042	3,067	2,789	(3)
Salaries and employee benefits and other operating expenses (O)	1,234	1,318	1,233	1,221	1,195	3
Total expenses	3,936	4,463	4,275	4,288	3,984	(1)
Pretax segment income	231	1,158	1,263	1,105	1,214	(81)
Income tax provision	30	177	272	224	260	(88)
Segment income	\$ 201	\$ 981	\$ 991	\$ 881	\$ 954	(79)
Effective tax rate	13.0 %	15.3 %	21.5 %	20.3 %	21.4 %	

(Billions, except percentages and where indicated)

Proprietary billed business (F)						
U.S.	\$ 90.9	\$ 105.9	\$ 99.9	\$ 100.9	\$ 92.1	(1)
Outside the U.S.	\$ 33.7	\$ 41.8	\$ 38.3	\$ 38.0	\$ 35.9	(6)
Total	\$ 124.6	\$ 147.7	\$ 138.2	\$ 138.9	\$ 128.0	(3)
Proprietary cards-in-force (millions) (G)						
U.S.	38.0	37.9	37.7	37.6	38.0	—
Outside the U.S.	17.6	17.5	17.4	17.4	17.1	3
Total	55.6	55.4	55.1	55.0	55.1	1
Proprietary basic cards-in-force (millions) (G)						
U.S.	27.0	26.9	26.8	26.8	27.1	—
Outside the U.S.	12.1	12.1	12.0	12.0	11.9	2
Total	39.1	39.0	38.8	38.8	39.0	—
Average proprietary basic Card Member spending (dollars)						
U.S.	\$ 3,366	\$ 3,945	\$ 3,719	\$ 3,743	\$ 3,402	(1)
Outside the U.S.	\$ 2,777	\$ 3,457	\$ 3,189	\$ 3,173	\$ 3,052	(9)
Average	\$ 3,183	\$ 3,794	\$ 3,555	\$ 3,567	\$ 3,296	(3)
Segment assets	\$ 87.3	\$ 106.3	\$ 99.4	\$ 102.1	\$ 98.5	(11)
Card Member loans						
Total loans						
U.S.	\$ 55.6	\$ 62.4	\$ 59.7	\$ 59.5	\$ 58.0	(4)
Outside the U.S.	\$ 8.2	\$ 10.9	\$ 10.1	\$ 10.2	\$ 9.9	(17)
Total	\$ 63.8	\$ 73.3	\$ 69.8	\$ 69.7	\$ 67.9	(6)
Average loans						
U.S.	\$ 59.3	\$ 60.6	\$ 59.7	\$ 58.8	\$ 58.3	2
Outside the U.S.	\$ 10.0	\$ 10.5	\$ 10.0	\$ 9.9	\$ 9.7	3
Total	\$ 69.3	\$ 71.1	\$ 69.7	\$ 68.7	\$ 68.0	2

Lending Credit Metrics

U.S.

Net write-off rate (principal only) (L)	2.6 %	2.4 %	2.2 %	2.3 %	2.4 %
Net write-off rate (principal, interest and fees) (L)	3.1 %	2.9 %	2.6 %	2.8 %	2.8 %
30+ days past due as a % of total	1.7 %	1.6 %	1.5 %	1.4 %	1.5 %
Outside the U.S.					
Net write-off rate (principal only) (L)	2.9 %	2.5 %	2.4 %	2.4 %	2.2 %
Net write-off rate (principal, interest and fees) (L)	3.5 %	3.0 %	3.0 %	3.0 %	2.8 %
30+ days past due as a % of total	2.1 %	1.8 %	1.7 %	1.7 %	1.7 %
Total					
Net write-off rate (principal only) (L)	2.6 %	2.4 %	2.2 %	2.4 %	2.3 %
Net write-off rate (principal, interest and fees) (L)	3.2 %	2.9 %	2.7 %	2.8 %	2.8 %
30+ days past due as a % of total	1.7 %	1.6 %	1.6 %	1.4 %	1.5 %
Net interest income divided by average Card Member loans (M)					
	12.0 %	11.4 %	11.3 %	10.8 %	10.8 %
Net interest yield on average Card Member loans (M)					
U.S.	12.1 %	11.6 %	11.4 %	11.1 %	11.2 %
Outside the U.S.	11.9 %	11.3 %	11.0 %	10.6 %	10.9 %
Total	12.1 %	11.5 %	11.4 %	11.0 %	11.2 %
Card Member receivables					
U.S.	\$ 10.5	\$ 14.2	\$ 12.9	\$ 13.1	\$ 12.7 (17)
Outside the U.S.	\$ 5.3	\$ 8.6	\$ 7.8	\$ 8.1	\$ 7.2 (26)
Total receivables	\$ 15.8	\$ 22.8	\$ 20.7	\$ 21.2	\$ 19.9 (21)
Charge Credit Metrics					
U.S.					
Net write-off rate (principal only) (L)	1.7 %	1.7 %	1.3 %	1.3 %	1.4 %
Net write-off rate (principal and fees) (L)	1.9 %	1.8 %	1.4 %	1.4 %	1.6 %
30+ days past due as a % of total	1.5 %	1.2 %	1.3 %	1.2 %	1.2 %
Outside the U.S.					
Net write-off rate (principal only) (L)	2.6 %	2.2 %	2.4 %	2.2 %	2.2 %
Net write-off rate (principal and fees) (L)	2.8 %	2.4 %	2.6 %	2.3 %	2.4 %
30+ days past due as a % of total	2.2 %	1.3 %	1.4 %	1.4 %	1.5 %
Total					
Net write-off rate (principal only) (L)	2.0 %	1.9 %	1.7 %	1.6 %	1.7 %
Net write-off rate (principal and fees) (L)	2.2 %	2.0 %	1.9 %	1.8 %	1.9 %
30+ days past due as a % of total	1.7 %	1.2 %	1.4 %	1.3 %	1.3 %

- Denotes a variance of 100 percent or more.

See Appendix IV for footnote references

(Preliminary)

Global Commercial Services
Selected Income Statement and Statistical Information

(Millions, except percentages)

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	YOY % change
Non-interest revenues (O)	\$ 2,788	\$ 3,187	\$ 3,070	\$ 3,059	\$ 2,926	(5)
Interest income	499	493	485	468	454	10
Interest expense (P)	200	247	262	269	256	(22)
Net interest income	299	246	223	199	198	51
Total revenues net of interest expense	3,087	3,433	3,293	3,258	3,124	(1)
Total provisions for credit losses	762	236	222	206	254	#
Total revenues net of interest expense after provisions for credit losses	2,325	3,197	3,071	3,052	2,870	(19)
Expenses						
Marketing, business development, and Card Member rewards and services	1,508	1,641	1,562	1,565	1,469	3
Salaries and employee benefits and other operating expenses (O)	798	919	796	790	756	6
Total expenses	2,306	2,560	2,358	2,355	2,225	4
Pretax segment income	19	637	713	697	645	(97)
Income tax provision (benefit)	(19)	87	145	136	133	#
Segment income	38	550	568	561	512	(93)
Effective tax rate	(100.0)%	13.7 %	20.3 %	19.5 %	20.6 %	

(Billions, except percentages and where indicated)

Proprietary billed business (F)	\$ 116.1	\$ 133.0	\$ 127.3	\$ 129.6	\$ 123.4	(6)
Proprietary cards-in-force (millions) (G)	14.8	14.9	14.8	14.7	14.6	1
Average Card Member spending (dollars)	\$ 7,836	\$ 8,956	\$ 8,627	\$ 8,866	\$ 8,463	(7)

Segment assets	46.7	\$ 52.8	\$ 53.7	\$ 55.0	\$ 54.0	(14)
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Card Member loans

Total loans	\$ 13.9	\$ 14.1	\$ 13.9	\$ 13.5	\$ 13.1	6
Total loans - Global Small Business Services (GSBS)	\$ 13.8	\$ 14.1	\$ 13.8	\$ 13.4	\$ 13.0	6
30+ days past due as a % of total - GSBS	1.4 %	1.3 %	1.3 %	1.3 %	1.3 %	
Average loans - GSBS	\$ 14.1	\$ 14.0	\$ 13.6	\$ 13.2	\$ 12.6	12
Net write-off rate (principal only) - GSBS (L)	1.9 %	2.0 %	1.8 %	1.8 %	1.8 %	
Net write-off rate (principal, interest and fees) - GSBS (L)	2.2 %	2.3 %	2.1 %	2.1 %	2.1 %	
Net interest income divided by average Card Member loans (M)	8.4 %	7.0 %	6.6 %	6.0 %	6.3 %	
Net interest yield on average Card Member loans (M)	10.8 %	10.4 %	10.5 %	10.5 %	10.9 %	

Card Member receivables

Total receivables	\$ 28.9	\$ 34.6	\$ 35.9	\$ 37.5	\$ 36.9	(22)
Net write-off rate (principal and fees) (L)	1.8 %	1.5 %	1.5 %	1.3 %	1.4 %	
Total receivables - GCP (N)	\$ 13.2	\$ 17.2	\$ 18.5	\$ 19.7	\$ 19.6	(33)
90+ days past billing as a % of total - GCP (N)	1.1 %	0.8 %	0.7 %	0.7 %	0.6 %	
Net write-off rate (principal and fees) - GCP (L)(N)	1.0 %	0.8 %	0.9 %	0.7 %	0.8 %	
Total receivables - GSBS	\$ 15.7	\$ 17.4	\$ 17.4	\$ 17.8	\$ 17.3	(9)
30+ days past due as a % of total - GSBS	2.0 %	1.7 %	1.7 %	1.6 %	1.6 %	
Net write-off rate (principal only) - GSBS (L)	2.2 %	2.0 %	1.9 %	1.8 %	1.9 %	
Net write-off rate (principal and fees) - GSBS (L)	2.5 %	2.2 %	2.1 %	2.0 %	2.1 %	

- Denotes a variance of 100 percent or more.

See Appendix IV for footnote references

Global Merchant and Network Services

(Preliminary)

Selected Income Statement and Statistical Information

(Millions, except percentages)

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	YOY % change
Non-interest revenues (O)	\$ 1,346	\$ 1,505	\$ 1,471	\$ 1,478	\$ 1,449	(7)
Interest income	6	6	6	7	9	(33)
Interest expense (P)	(36)	(62)	(74)	(87)	(80)	(55)
Net interest income	42	68	80	94	89	(53)
Total revenues net of interest expense	1,388	1,573	1,551	1,572	1,538	(10)
Total provisions for credit losses	48	9	4	3	4	#
Total revenues net of interest expense after provisions for credit losses	1,340	1,564	1,547	1,569	1,534	(13)
Expenses						
Marketing, business development, and Card Member rewards and services	324	417	365	336	304	7
Salaries and employee benefits and other operating expenses (O)	465	581	480	476	473	(2)
Total expenses	789	998	845	812	777	2
Pretax segment income	551	566	702	757	757	(27)
Income tax provision	134	92	179	193	186	(28)
Segment income	\$ 417	\$ 474	\$ 523	\$ 564	\$ 571	(27)
Effective tax rate	24.3 %	16.3 %	25.5 %	25.5 %	24.6 %	

(Billions)

Segment assets	\$ 10.2	\$ 17.5	\$ 17.2	\$ 22.2	\$ 22.1	(54)
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- Denotes a variance of 100 percent or more.

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				
	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
ROE					
Net income	\$ 5,576	\$ 6,759	\$ 7,076	\$ 6,975	\$ 6,837
Average shareholders' equity	\$ 22,818	\$ 22,812	\$ 22,473	\$ 22,073	\$ 21,455
Return on average equity (C)	24.4 %	29.6 %	31.5 %	31.6 %	31.9 %
Reconciliation of ROCE					
Net income	\$ 5,576	\$ 6,759	\$ 7,076	\$ 6,975	\$ 6,837
Preferred shares dividends and related accretion	92	81	80	79	80
Earnings allocated to participating share awards and other	38	47	51	53	52
Net income attributable to common shareholders	\$ 5,446	\$ 6,631	\$ 6,945	\$ 6,843	\$ 6,705
Average shareholders' equity	\$ 22,818	\$ 22,812	\$ 22,473	\$ 22,073	\$ 21,455
Average preferred shares	1,584	1,584	1,584	1,584	1,584
Average common shareholders' equity	\$ 21,234	\$ 21,228	\$ 20,889	\$ 20,489	\$ 19,871
Return on average common equity (C)	25.6 %	31.2 %	33.2 %	33.4 %	33.7 %

See Appendix IV for footnote references

Appendix II

Net Interest Yield on Average Card Member Loans

(Millions, except percentages and where indicated)

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19
Consolidated					
Net interest income	\$ 2,330	\$ 2,284	\$ 2,203	\$ 2,074	\$ 2,059
<i>Exclude:</i>					
Interest expense not attributable to the Company's Card Member loan portfolio (P)(S)	395	421	461	465	486
Interest income not attributable to the Company's Card Member loan portfolio (T)	(264)	(271)	(308)	(312)	(335)
Adjusted net interest income (U)	\$ 2,461	\$ 2,434	\$ 2,356	\$ 2,227	\$ 2,210
Average Card Member loans (billions)	\$ 83.4	\$ 85.2	\$ 83.3	\$ 81.9	\$ 80.6
Net interest income divided by average Card Member loans (V)	11.2 %	10.7 %	10.6 %	10.1 %	10.2 %
Net interest yield on average Card Member loans (P)(W)	11.9 %	11.3 %	11.2 %	10.9 %	11.1 %
Global Consumer Services Group					
U.S.					
Net interest income (P)	\$ 1,800	\$ 1,750	\$ 1,707	\$ 1,606	\$ 1,596
<i>Exclude:</i>					
Interest expense not attributable to the Company's Card Member loan portfolio (P)(S)	46	73	67	67	69
Interest income not attributable to the Company's Card Member loan portfolio (T)	(60)	(58)	(55)	(53)	(53)
Adjusted net interest income (U)	\$ 1,786	\$ 1,765	\$ 1,719	\$ 1,620	\$ 1,612
Average Card Member loans (billions)	\$ 59.3	\$ 60.6	\$ 59.7	\$ 58.8	\$ 58.3
Net interest income divided by average Card Member loans (P)(V)	12.1 %	11.6 %	11.4 %	10.9 %	11.0 %
Net interest yield on average Card Member loans (P)(W)	12.1 %	11.6 %	11.4 %	11.1 %	11.2 %
Outside the U.S.					
Net interest income (P)	\$ 283	\$ 280	\$ 258	\$ 245	\$ 241
<i>Exclude:</i>					
Interest expense not attributable to the Company's Card Member loan portfolio (P)(S)	16	22	22	20	21
Interest income not attributable to the Company's Card Member loan portfolio (T)	(4)	(4)	(4)	(3)	(3)
Adjusted net interest income (U)	\$ 295	\$ 298	\$ 276	\$ 262	\$ 259
Average Card Member loans (billions)	\$ 10.0	\$ 10.5	\$ 10.0	\$ 9.9	\$ 9.7
Net interest income divided by average Card Member loans (P)(V)	11.3 %	10.7 %	10.3 %	9.9 %	9.9 %
Net interest yield on average Card Member loans (P)(W)	11.9 %	11.3 %	11.0 %	10.6 %	10.9 %
Total					
Net interest income (P)	\$ 2,083	\$ 2,030	\$ 1,965	\$ 1,851	\$ 1,837
<i>Exclude:</i>					
Interest expense not attributable to the Company's Card Member loan portfolio (P)(S)	62	95	89	87	90
Interest income not attributable to the Company's Card Member loan portfolio (T)	(64)	(62)	(59)	(56)	(56)
Adjusted net interest income (U)	\$ 2,081	\$ 2,063	\$ 1,995	\$ 1,882	\$ 1,871
Average Card Member loans (billions)	\$ 69.3	\$ 71.1	\$ 69.7	\$ 68.7	\$ 68.0
Net interest income divided by average Card Member loans (P)(V)	12.0 %	11.4 %	11.3 %	10.8 %	10.8 %
Net interest yield on average Card Member loans (P)(W)	12.1 %	11.5 %	11.4 %	11.0 %	11.2 %
Global Commercial Services					
Net interest income (P)	\$ 299	\$ 246	\$ 223	\$ 199	\$ 198
<i>Exclude:</i>					
Interest expense not attributable to the Company's Card Member loan portfolio (P)(S)	145	183	195	202	192
Interest income not attributable to the Company's Card Member loan portfolio (T)	(64)	(58)	(56)	(56)	(52)
Adjusted net interest income (U)	\$ 380	\$ 371	\$ 362	\$ 345	\$ 338

Average Card Member loans (billions)	\$ 14.2	\$ 14.1	\$ 13.6	\$ 13.2	\$ 12.6
Net interest income divided by average Card Member loans (P)(V)	8.4 %	7.0 %	6.6 %	6.0 %	6.3 %
Net interest yield on average Card Member loans (P)(W)	10.8 %	10.4 %	10.5 %	10.5 %	10.9 %

See Appendix IV for footnote references

American Express Company
Appendix III
Reconciliations of Adjustments

(Preliminary)

	<u>Q1'20</u>
<u>Earnings per share excluding credit reserve builds</u>	
Diluted earnings per common share	\$ 0.41
Impact of credit reserve builds (pre-tax)	2.09
Tax impact of credit reserve builds	<u>(0.52)</u>
Net impact of credit reserve builds	1.57
Adjusted diluted earnings per common share	\$ 1.98

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 \$2 million, \$12 million, \$11 million, \$13 million and \$11 million in Q1'20, Q4'19, Q3'19, Q2'19 and Q1'19, respectively; and (ii) dividends on preferred shares of \$32 million, \$20 million, \$21 million, \$19 million and \$21 million in Q1'20, Q4'19, Q3'19, Q2'19 and Q1'19, respectively.
- (B) Within assets, "other" includes the following items as presented in the Company's Consolidated Balance Sheets: Other loans, less reserves for credit losses (including merchant financing loans), Premises and equipment and Other assets; and within liabilities, "other" includes the following items: Accounts payable and Other liabilities.
- (C) Return on average equity and return on average common equity are calculated by dividing one-year period of net income by one-year average of total shareholders' equity, and one-year period of net income attributable to common shareholders by one-year average of 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 First Quarter 2020 Earnings Release and may be revised in the Company's 2020 Form 10-Q for the period ended March 31, 2020.
- (E) Presented for the purpose of calculating the Tier 1 Leverage Ratio.
- (F) 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. Billed business, together with the average discount rate, drive our discount revenue.
- (G) 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. Cards-in-force is useful in understanding the size of our Card Member base.
- (H) 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. The average discount rate, together with billed business, drive our discount revenue.
- (I) Average fee per card is computed based on proprietary net card fees divided by average proprietary total cards-in-force.
- (J) The January 1, 2020, balance includes an increase of \$1,643 million and a decrease of \$493 million to the beginning reserve balances for Card Member loans and receivables, respectively, related to the adoption of the CECL (Current Expected Credit Losses) methodology.
- (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 credit 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 "V" and "W").
- (N) GCP reflects global, large and middle market corporate accounts. GCP delinquency data for periods other than 90+ days past billing and the net write-off rate based on principal losses only are not available due to system constraints.
- (O) Effective Q1'20, results reflect enhancements to our transfer pricing methodology related to the sharing of revenues between our card issuing, network and merchant businesses. Prior period amounts have been revised to conform to the current period presentation.
- (P) Effective Q1'20, results reflect enhancements to our methodology related to the allocation of certain funding costs primarily related to our Card Member loan and Card Member receivable portfolios. Prior period amounts have been revised to conform to the current period presentation.
- (Q) 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 Q1'20 apply to the period(s) against which such results are being compared).
- (R) FX-adjusted T&E and Non-T&E historical results are not available due to system limitations.
- (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 credit 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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