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

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): July 19, 2019

AMERICAN EXPRESS COMPANY

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction
of incorporation or organization)

1-7657

(Commission File Number)

13-4922250

(IRS Employer Identification No.)

200 Vesey Street
New York, New York

(Address of principal executive offices)

10285

(Zip Code)

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

Not Applicable

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 July 19, 2019, American Express Company (the “Company”) issued a press release regarding its financial results for the second 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 second quarter of 2019. Such additional financial information is attached to this report as Exhibit 99.2.

Exhibit Description

- | | |
|------|--|
| 99.1 | <u>Press Release, dated July 19, 2019, of American Express Company regarding its financial results for the second quarter of 2019.</u> |
| 99.2 | <u>Additional information relating to the financial results of American Express Company for the second quarter of 2019.</u> |

SIGNATURE

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

AMERICAN EXPRESS COMPANY
(REGISTRANT)

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

Date: July 19, 2019

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

EXHIBIT 99.1

News Release

News Release

News Release

News Release



FOR IMMEDIATE RELEASE

Media Contact:

Marina H. Norville, marina.h.norville@aexp.com, +1.212.640.2832

Investors/Analysts Contacts:

Rosie C. Perez, rosario.c.perez@aexp.com, +1.212.640.5574

Melanie L. Michel, melanie.l.michel@aexp.com, +1.212.640.5574

AMERICAN EXPRESS REPORTS SECOND-QUARTER EARNINGS PER SHARE OF \$2.07

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

COMPANY REAFFIRMS 2019 OUTLOOK

(Millions, except percentages and per share amounts)

	Quarters Ended June 30,			Six Months Ended June 30,		
	2019	2018	Percentage Inc/(Dec)	2019	2018	Percentage Inc/(Dec)
Total Revenues Net of Interest Expense	\$ 10,838	\$ 10,002	8	\$ 21,202	\$ 19,720	8
Net Income	\$ 1,761	\$ 1,623	9	\$ 3,311	\$ 3,257	2
Diluted Earnings Per Common Share ¹	\$ 2.07	\$ 1.84	13	\$ 3.87	\$ 3.70	5
Adjusted Diluted Earnings Per Common Share ²	\$ 2.07	\$ 1.84	13	\$ 4.07	\$ 3.70	10
Average Diluted Common Shares Outstanding	836	862	(3)	839	862	(3)

New York – July 19, 2019 - American Express Company (NYSE: AXP) today reported second-quarter net income of \$1.8 billion, up 9 percent from \$1.6 billion a year ago. Diluted earnings per share was \$2.07, up 13 percent from \$1.84 per share a year ago.

Second-quarter consolidated total revenues net of interest expense were \$10.8 billion, up 8 percent from \$10.0 billion a year ago. Excluding the impact of foreign exchange rates, adjusted revenues net of interest expense grew 10 percent.³ The increases reflected higher Card Member spending, loans and card fees.

Consolidated provisions for losses were \$861 million, up 7 percent from \$806 million a year ago. The increase reflected higher net lending write-offs driven by loan growth.

Consolidated expenses were \$7.8 billion, up 9 percent from \$7.1 billion a year ago. The rise reflected, in part, growth in rewards and other customer engagement costs driven by increased Card Member spending, higher usage of card benefits and continued investments in cobrand partnerships. Operating expenses were up 7 percent from a year ago.⁴

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

"We continued the broad-based momentum throughout our business with the eighth straight quarter of FX-adjusted revenue growth at 8 percent or better," said Steve Squeri, chairman and chief executive officer. "Once again, our performance was driven by a well-balanced mix of spending volumes, lending income and card fees.

"FX-adjusted Card Member spending was up 7 percent, led by consumers. This spending is occurring against the backdrop of an economy that is growing at a steady, but modest pace relative to 2018. Total loans grew 11 percent, with over 60 percent of that increase coming from our existing customers. Credit performance continued at industry-leading levels.

"We continued to enhance the benefits and services we offer and that helped us add 2.9 million new proprietary cards this quarter. Nearly seventy percent of those new consumer cards we acquired this quarter carry an annual fee – a strong sign that Card Members appreciate and are willing to pay for premium value.

"I feel very good about the power of our business model and our returns on the investments we've been making to drive share, scale and relevance. Given this quarter's solid results, and all that we've achieved during the first half of the year, we are reaffirming our 2019 financial guidance of 8 to 10 percent revenue growth and full-year results that are in line with our EPS range."⁵

The company also plans to continue returning a significant portion of the capital it generates to shareholders and expects to increase the regular quarterly dividend on its common shares outstanding to 43 cents per share from 39 cents beginning with the third quarter 2019, subject to approval by the company's board of directors.

Global Consumer Services Group reported second-quarter net income of \$738 million, down 4 percent from \$770 million a year ago.

Total revenues net of interest expense were \$5.8 billion, up 10 percent from \$5.3 billion a year ago. The rise primarily reflected higher loans, Card Member spending and card fees.

Provisions for losses totaled \$650 million, up 15 percent from \$565 million a year ago. The increase reflected higher net lending write-offs driven by loan growth.

Total expenses were \$4.3 billion, up 13 percent from \$3.8 billion a year ago. The rise reflected, in part, growth in rewards expenses and other customer engagement costs driven by increased Card Member spending, higher usage of card benefits and continued investments in cobrand partnerships.

The effective tax rate was 19 percent, down from 20 percent a year ago.

Global Commercial Services reported second-quarter net income of \$644 million, up 14 percent from \$564 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 \$206 million, down 12 percent from \$235 million a year ago. The decrease reflected higher net losses in the prior year, largely in the charge card portfolio, partially offset by growth in loans and receivables.

Total expenses were \$2.4 billion, up 7 percent from \$2.2 billion a year ago. The rise reflected, in part, growth in rewards expenses and other customer engagement costs driven by increased Card Member spending, higher usage of card benefits and continued investments in cobrand partnerships.

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

Global Merchant and Network Services reported second-quarter net income of \$632 million, up 16 percent from \$543 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 increase reflected higher worldwide Card Member spending.

Total expenses were \$823 million, down 2 percent from \$838 million a year ago.

The effective tax rate was 25 percent, down from 27 percent a year ago.

Corporate and Other reported second-quarter net loss of \$253 million, unchanged from a year ago.

Notes:

- 1 Diluted earnings per common share (EPS) was reduced by the impact of (i) earnings allocated to participating share awards and other items of \$13 million and \$12 million for the three months ended June 30, 2019 and 2018, respectively, and \$24 million and \$25 million for the six months ended June 30, 2019 and 2018, respectively, and (ii) dividends on preferred shares of \$19 million and \$20 million for the three months ended June 30, 2019 and 2018, respectively, and \$40 million and \$41 million for the six months ended June 30, 2019 and 2018, respectively.
- 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 June 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. 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](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 second 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 second-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 outlook, which will depend in part on revenue growth, credit performance and the effective tax rate remaining consistent with current expectations, the company's ability to control operating expense growth and generate operating leverage, and the company's ability to continue executing its share repurchase program; any of which could be impacted by, among other things, the factors identified in the subsequent paragraphs 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 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 as well as in macroeconomic factors like unemployment rates and the volume of bankruptcies, newer vintages performing as expected, credit performance of non-card lending products, collections capabilities and recoveries of previously written-off loans and receivables, and the implementation of new accounting guidance;
- 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 actual amount to be spent on marketing and business development, as well as the timing of any such spending, which will be based in part on management's assessment of competitive opportunities; overall business performance, corporate and GNS billings and changes in macroeconomic conditions; costs related to advertising and Card Member acquisition; the company's ability to continue to shift Card Member acquisition to digital channels; contractual obligations with business partners and other fixed costs and commitments, including as a result of partnership renegotiations; management's ability to identify attractive investment opportunities and make such investments, which could be impacted by business, regulatory or legal complexities; and the company's ability to realize efficiencies, optimize investment spending and control expenses to fund such spending;

- the 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;
- the ability of the company to increase Card Member engagement with the Amex app and expand contactless capabilities, which will depend on the company's success in evolving its systems and platforms, introducing new features and offering attractive value propositions to Card Members to incentivize the use of and enhance satisfaction with the company's digital channels and contactless payments, successfully integrating acquired platforms, and building partnerships and executing programs with other companies, all of which will be impacted by investment levels, new product innovation and infrastructure development;
- 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.

American Express Company
Appendix I
Reconciliations of Adjustments

	Q2'19 YTD	Q2'18 YTD	Percentage Inc/(Dec)
Diluted earnings per common share	\$ 3.87	\$ 3.70	5
Litigation-related charge (pre-tax)	0.26	—	
Tax impact of litigation-related charge	(0.06)	—	
Net Impact of Q1'19 litigation-related charge ^(a)	0.20	—	
Adjusted diluted earnings per common share	\$ 4.07	\$ 3.70	10

	2019 EPS Range	
	\$ 7.64	\$ 8.14
GAAP EPS Outlook	0.27	0.27
Litigation-related charge (pre-tax)	(0.06)	(0.06)
Tax impact of litigation-related charge	0.21	0.21
Net Impact of Q1'19 litigation-related charge ^(a)	7.85	8.35
Adjusted EPS Outlook	7.85	8.35

a The difference between the net impact of the Q1'19 litigation-related charge on Q2'19 YTD EPS and the 2019 GAAP EPS Outlook is due to the average common shares outstanding for each respective period.

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

EXHIBIT 99.2

American Express Company
Consolidated Statements of Income
(Millions, except percentages and per share amounts)

(Preliminary)

	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18	YOY % change	YTD'19	YTD'18	YOY % change
Non-interest revenues									
Discount revenue	\$ 6,577	\$ 6,195	\$ 6,457	\$ 6,181	\$ 6,194	6	\$12,772	\$12,083	6
Net card fees	988	944	897	870	844	17	1,932	1,674	15
Other fees and commissions	837	803	788	798	786	6	1,640	1,567	5
Other	362	363	300	334	349	4	725	726	-
Total non-interest revenues	8,764	8,305	8,442	8,183	8,173	7	17,069	16,050	6
Interest income									
Interest on loans	2,764	2,725	2,674	2,554	2,387	16	5,489	4,713	16
Interest and dividends on investment securities	52	33	35	35	27	93	85	48	77
Deposits with banks and other	149	196	157	149	126	18	345	241	43
Total interest income	2,965	2,954	2,866	2,738	2,540	17	5,919	5,002	18
Interest expense									
Deposits	406	399	377	340	300	35	805	570	41
Long-term debt and other	485	496	457	437	411	18	981	762	29
Total interest expense	891	895	834	777	711	25	1,786	1,332	34
Net interest income	2,074	2,059	2,032	1,961	1,829	13	4,133	3,670	13
Total revenues net of interest expense	10,838	10,364	10,474	10,144	10,002	8	21,202	19,720	8
Provisions for losses									
Charge card	224	253	236	214	245	(9)	477	487	(2)
Card Member loans	603	525	679	560	528	14	1,128	1,027	10
Other	34	31	39	43	33	3	65	67	(3)
Total provisions for losses	861	809	954	817	806	7	1,670	1,581	6

Total revenues net of interest expense after provisions for losses	9,977	9,555	9,520	9,327	9,196	8	19,532	18,139	8
Expenses									
Marketing and business development	1,773	1,573	1,820	1,642	1,663	7	3,346	3,008	11
Card Member rewards	2,652	2,451	2,516	2,400	2,433	9	5,103	4,780	7
Card Member services	563	550	495	457	416	35	1,113	825	35
Salaries and employee benefits	1,367	1,422	1,294	1,350	1,280	7	2,789	2,606	7
Professional services	512	494	671	489	508	1	1,006	965	4
Occupancy and equipment	517	508	540	489	484	7	1,025	1,004	2
Other, net	374	599	353	382	321	17	973	778	25
Total expenses	7,758	7,597	7,689	7,209	7,105	9	15,355	13,966	10
Pretax income	2,219	1,958	1,831	2,118	2,091	6	4,177	4,173	-
Income tax provision (benefit)	458	408	(179)	464	468	(2)	866	916	(5)
Net income	\$ 1,761	\$ 1,550	\$ 2,010	\$ 1,654	\$ 1,623	9	\$ 3,311	\$ 3,257	2
Net income attributable to common shareholders (A)	\$ 1,729	\$ 1,518	\$ 1,975	\$ 1,621	\$ 1,591	9	\$ 3,247	\$ 3,191	2
Effective tax rate	20.6%	20.8%	(9.8%)	21.9%	22.4%		20.7%	22.0%	
Earnings Per Common Share									
Basic									
Net income attributable to common shareholders	\$ 2.07	\$ 1.81	\$ 2.33	\$ 1.89	\$ 1.85	12	\$ 3.88	\$ 3.71	5
Average common shares outstanding	834	841	850	858	860	(3)	837	859	(3)
Diluted									
Net income attributable to common shareholders	\$ 2.07	\$ 1.80	\$ 2.32	\$ 1.88	\$ 1.84	13	\$ 3.87	\$ 3.70	5
Average common shares outstanding	836	843	852	860	862	(3)	839	862	(3)
Cash dividends declared per common share	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.35	11	\$ 0.78	\$ 0.70	11

See Appendix IV for footnote references.

American Express Company

(Preliminary)

Consolidated Balance Sheets and Related Statistical Information

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

	<u>Q2'19</u>	<u>Q1'19</u>	<u>Q4'18</u>	<u>Q3'18</u>	<u>Q2'18</u>	YOY % change
Assets						
Cash & cash equivalents	\$ 27	\$ 33	\$ 27	\$ 30	\$ 30	(10)
Card Member receivables, less reserves	58	56	55	55	54	7
Card Member loans, less reserves	81	79	80	76	74	9
Investment securities	9	6	5	6	5	80
Other (B)	23	23	22	22	22	5
Total assets	\$ 198	\$ 197	\$ 189	\$ 189	\$ 185	7
Liabilities and Shareholders' Equity						
Customer deposits	\$ 73	\$ 73	\$ 70	\$ 69	\$ 67	9
Short-term borrowings	3	2	3	2	2	50
Long-term debt	58	58	58	55	56	4
Other (B)	41	42	36	42	39	5
Total liabilities	175	175	167	168	164	7
Shareholders' Equity	23	22	22	21	21	10
Total liabilities and shareholders' equity	\$ 198	\$ 197	\$ 189	\$ 189	\$ 185	7
Return on average equity (C)	31.6%	31.9%	33.5%	18.1%	16.7%	
Return on average common equity (C)	33.4%	33.7%	35.6%	19.0%	17.5%	
Book value per common share (dollars)	\$ 25.84	\$ 24.65	\$ 24.45	\$ 23.27	\$ 22.42	15

See Appendix IV for footnote references.

American Express Company
Consolidated Capital

(Preliminary)

	<u>Q2'19</u>	<u>Q1'19</u>	<u>Q4'18</u>	<u>Q3'18</u>	<u>Q2'18</u>
Shares Outstanding (in millions)					
Beginning of period	837	847	854	861	860
Repurchase of common shares	(6)	(12)	(8)	(7)	-
Net impact of employee benefit plans and others	1	2	1	-	1
End of period	832	837	847	854	861
Risk-Based Capital Ratios - Basel III (\$ in billions) (D)					
Common Equity Tier 1/Risk Weighted Assets (RWA)	11.0%	10.8%	11.0%	10.8%	10.1%
Tier 1	12.0%	11.8%	12.0%	11.8%	11.1%
Total	13.6%	13.4%	13.6%	13.4%	12.8%
Common Equity Tier 1	\$ 18.2	\$ 17.4	\$ 17.5	\$ 16.6	\$ 15.2
Tier 1 Capital	\$ 19.8	\$ 19.0	\$ 19.1	\$ 18.2	\$ 16.8
Tier 2 Capital	\$ 2.7	\$ 2.6	\$ 2.6	\$ 2.5	\$ 2.5
Total Capital	\$ 22.5	\$ 21.6	\$ 21.7	\$ 20.7	\$ 19.3
RWA	\$165.3	\$161.3	\$158.8	\$154.7	\$150.9
Tier 1 Leverage	10.5%	10.0%	10.4%	10.1%	9.7%
Supplementary Leverage Ratio (SLR) (E)	9.0%	8.6%	8.9%	8.6%	8.3%
Average Total Assets to calculate the Tier 1 Leverage Ratio (F)	\$189.2	\$189.4	\$183.2	\$179.8	\$172.5
Total Leverage Exposure to calculate SLR	\$220.7	\$221.4	\$214.4	\$210.7	\$202.4

See Appendix IV for footnote references.

American Express Company
Selected Card Related Statistical
Information

(Preliminary)

(Billions, except percentages and where indicated)

	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18	YOY % change	YTD'19	YTD'18	YOY % change
Billed business (G)									
U.S.	\$209.2	\$195.5	\$205.1	\$194.6	\$195.4	7	\$ 404.7	\$ 377.9	7
Outside the U.S.	102.5	100.2	103.9	100.1	101.1	1	202.7	202.4	-
Total	\$311.7	\$295.7	\$309.0	\$294.7	\$296.5	5	\$ 607.4	\$ 580.3	5
Proprietary	\$269.4	\$253.3	\$264.4	\$250.2	\$251.1	7	\$ 522.7	\$ 488.0	7
Global Network Services (GNS)	42.3	42.4	44.6	44.5	45.4	(7)	84.7	92.3	(8)
Total	\$311.7	\$295.7	\$309.0	\$294.7	\$296.5	5	\$ 607.4	\$ 580.3	5
Cards-in-force (millions) (H)									
U.S.	54.0	54.1	53.7	53.0	51.9	4	54.0	51.9	4
Outside the U.S.	60.2	59.8	60.3	62.1	62.4	(4)	60.2	62.4	(4)
Total	114.2	113.9	114.0	115.1	114.3	-	114.2	114.3	-
Proprietary	69.7	69.7	69.1	68.5	67.4	3	69.7	67.4	3
GNS	44.5	44.2	44.9	46.6	46.9	(5)	44.5	46.9	(5)
Total	114.2	113.9	114.0	115.1	114.3	-	114.2	114.3	-
Basic cards-in-force (millions) (H)									
U.S.	42.5	42.5	42.3	41.7	40.9	4	42.5	40.9	4
Outside the U.S.	50.3	49.9	50.3	51.8	52.0	(3)	50.3	52.0	(3)
Total	92.8	92.4	92.6	93.5	92.9	-	92.8	92.9	-
Average proprietary basic Card Member spending (dollars)									
U.S.	\$5,445	\$5,082	\$5,369	\$5,169	\$5,275	3	\$10,529	\$10,294	2
Outside the U.S.	\$4,059	\$3,927	\$4,103	\$3,864	\$3,909	4	\$ 7,988	\$ 7,781	3
Average	\$5,030	\$4,741	\$4,997	\$4,784	\$4,871	3	\$ 9,773	\$ 9,551	2
Card Member loans									
U.S.	\$ 72.6	\$ 70.8	\$ 72.0	\$ 68.1	\$ 66.3	10	\$ 72.6	\$ 66.3	10
Outside the U.S.	10.6	10.2	9.9	9.5	9.1	16	10.6	9.1	16
Total	\$ 83.2	\$ 81.0	\$ 81.9	\$ 77.6	\$ 75.4	10	\$ 83.2	\$ 75.4	10
Average discount rate (I)									
	2.37%	2.37%	2.36%	2.38%	2.37%		2.37%	2.37%	
Average fee per card (dollars) (J)									
	\$ 57	\$ 54	\$ 52	\$ 51	\$ 51	12	\$ 56	\$ 51	10

See Appendix IV for footnote references.

Selected Credit Related Statistical Information

(Billions, except percentages and where indicated)

	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18	YOY % change	YTD'19	YTD'18	YOY % change
Worldwide Card Member loans									
Total loans	\$ 83.2	\$ 81.0	\$ 81.9	\$ 77.6	\$ 75.4	10	\$ 83.2	\$ 75.4	10
Loss reserves (millions)									
Beginning balance	\$2,121	\$2,134	\$1,937	\$1,840	\$1,786	19	\$ 2,134	\$ 1,706	25
Provisions - principal, interest and fees	603	525	679	560	528	14	1,128	1,027	10
Net write-offs - principal less recoveries	(463)	(457)	(399)	(393)	(389)	19	(920)	(747)	23
Net write-offs - interest and fees less recoveries	(94)	(92)	(79)	(77)	(77)	22	(186)	(148)	26
Other (K)	1	11	(4)	7	(8)	#	12	2	#
Ending balance	\$2,168	\$2,121	\$2,134	\$1,937	\$1,840	18	\$ 2,168	\$ 1,840	18
Ending reserves - principal	\$2,043	\$1,999	\$2,028	\$1,834	\$1,737	18	\$ 2,043	\$ 1,737	18
Ending reserves - interest and fees	\$ 125	\$ 122	\$ 106	\$ 103	\$ 103	21	\$ 125	\$ 103	21
% of loans	2.6%	2.6%	2.6%	2.5%	2.4%		2.6%	2.4%	
% of past due	186%	178%	182%	185%	188%		186%	188%	
Average loans	\$ 81.9	\$ 80.6	\$ 79.4	\$ 76.4	\$ 74.1	11	\$ 81.3	\$ 73.5	11
Net write-off rate (principal only) (L)	2.3%	2.3%	2.0%	2.1%	2.1%		2.3%	2.0%	
Net write-off rate (principal, interest and fees) (L)	2.7%	2.7%	2.4%	2.5%	2.5%		2.7%	2.4%	
30+ days past due as a % of total	1.4%	1.5%	1.4%	1.3%	1.3%		1.4%	1.3%	
Net interest income divided by average Card Member loans (M)									
	10.1%	10.2%	10.2%	10.3%	9.9%		10.2%	10.0%	
Net interest yield on average Card Member loans (M)									
	10.8%	10.9%	10.7%	10.8%	10.6%		10.9%	10.6%	
Worldwide Card Member receivables									
Total receivables	\$ 58.7	\$ 56.8	\$ 55.9	\$ 55.5	\$ 55.0	7	\$ 58.7	\$ 55.0	7
Loss reserves (millions)									
Beginning balance	\$ 608	\$ 573	\$ 544	\$ 558	\$ 565	8	\$ 573	\$ 521	10
Provisions - principal and fees	224	253	236	214	245	(9)	477	487	(2)
Net write-offs - principal and fees less recoveries	(210)	(216)	(198)	(226)	(236)	(11)	(426)	(435)	(2)
Other (K)	(6)	(2)	(9)	(2)	(16)	(63)	(8)	(15)	(47)
Ending balance	\$ 616	\$ 608	\$ 573	\$ 544	\$ 558	10	\$ 616	\$ 558	10
% of receivables	1.0%	1.1%	1.0%	1.0%	1.0%		1.0%	1.0%	
Net write-off rate, excluding Global Corporate Payments (GCP) (principal only) (L)									
	1.7%	1.8%	1.4%	1.7%	1.8%		1.7%	1.7%	
Net write-off rate, excluding GCP (principal and fees) (L)									
	1.9%	2.0%	1.6%	1.9%	2.1%		1.9%	1.9%	
30+ days past due as a % of total, excluding GCP									
	1.4%	1.5%	1.4%	1.3%	1.3%		1.4%	1.3%	
GCP Net loss ratio (as a % of charge volume) (N)									
	0.07%	0.08%	0.11%	0.12%	0.12%		0.07%	0.11%	
GCP 90+ days past billing as a % of total (N)									
	0.7%	0.6%	0.7%	0.8%	0.8%		0.7%	0.8%	

- Denotes a variance of 100 percent or more.

See Appendix IV for footnote references.

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

	Global Consumer Services Group (GCSG)	Global Commercial Services (GCS)	Global Merchant and Network Services (GMNS)	Corporate and Other	Consolidated
Q2'19					
Non-interest revenues	\$ 4,001	\$ 3,167	\$ 1,565	\$ 31	\$ 8,764
Interest income	2,297	468	7	193	2,965
Interest expense	464	257	(101)	271	891
Total revenues net of interest expense	5,834	3,378	1,673	(47)	10,838
Total provisions for losses	650	206	4	1	861
Total revenues net of interest expense after provisions for losses	5,184	3,172	1,669	(48)	9,977
Marketing, business development, rewards, Card Member services	3,062	1,565	337	24	4,988
Salaries and employee benefits and other operating expenses	1,206	801	486	277	2,770
Pretax income (loss)	916	806	846	(349)	2,219
Income tax provision (benefit)	178	162	214	(96)	458
Net income (loss)	738	644	632	(253)	1,761
Q2'18					
Non-interest revenues	\$ 3,678	\$ 2,977	\$ 1,513	\$ 5	\$ 8,173
Interest income	1,994	393	7	146	2,540
Interest expense	370	204	(68)	205	711
Total revenues net of interest expense	5,302	3,166	1,588	(54)	10,002
Total provisions for losses	565	235	6	-	806
Total revenues net of interest expense after provisions for losses	4,737	2,931	1,582	(54)	9,196
Marketing, business development, rewards, Card Member services	2,695	1,482	312	23	4,512
Salaries and employee benefits and other operating expenses	1,081	734	526	252	2,593
Pretax income (loss)	961	715	744	(329)	2,091
Income tax provision (benefit)	191	151	201	(75)	468
Net income (loss)	770	564	543	(254)	1,623
YOY % change					
Non-interest revenues	9	6	3	#	7
Interest income	15	19	-	32	17
Interest expense	25	26	49	32	25
Total revenues net of interest expense	10	7	5	(13)	8
Total provisions for losses	15	(12)	(33)	-	7
Total revenues net of interest expense after provisions for losses	9	8	5	(11)	8
Marketing, business development, rewards, Card Member services	14	6	8	4	11
Salaries and employee benefits and other operating expenses	12	9	(8)	10	7
Pretax income (loss)	(5)	13	14	6	6
Income tax provision (benefit)	(7)	7	6	28	(2)
Net income (loss)	(4)	14	16	-	9

- Denotes a variance of 100 percent or more.

See Appendix IV for footnote references.

American Express Company
Billed Business Growth Trend

(Preliminary)

	YOY % change											FX-Adjusted	
	Reported					FX-Adjusted (O)					Reported	(O)	
	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18	YTD'19	YTD'19	
Worldwide													
Proprietary consumer	8%	7%	10%	11%	13%	10%	9%	11%	12%	12%	8%	9%	
Proprietary commercial	6	7	9	11	12	7	8	10	12	12	6	8	
Proprietary	7	7	9	11	12	8	9	10	12	12	7	9	
GNS	(7)	(10)	(9)	(5)	(1)	(2)	(4)	(4)	(1)	(3)	(8)	(3)	
Total	5	4	6	8	10	7	7	8	10	9	5	7	
<i>Airline-related volume (8% of Q2'19 Worldwide Total)</i>	<i>2</i>	<i>1</i>	<i>5</i>	<i>7</i>	<i>8</i>	<i>4</i>	<i>5</i>	<i>8</i>	<i>9</i>	<i>7</i>	<i>2</i>	<i>5</i>	
U.S.													
Proprietary consumer	8	7	9	10	10	n/a	n/a	n/a	n/a	n/a	7	n/a	
Proprietary commercial	6	7	9	10	10	n/a	n/a	n/a	n/a	n/a	6	n/a	
Proprietary	7	7	8	10	10	n/a	n/a	n/a	n/a	n/a	7	n/a	
Total	7	7	9	10	10	n/a	n/a	n/a	n/a	n/a	7	n/a	
<i>T&E-related volume (26% of Q2'19 U.S. Total)</i>	<i>6</i>	<i>5</i>	<i>8</i>	<i>9</i>	<i>8</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>6</i>	<i>n/a</i>	
<i>Non-T&E-related volume (74% of Q2'19 U.S. Total)</i>	<i>7</i>	<i>7</i>	<i>8</i>	<i>10</i>	<i>10</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>7</i>	<i>n/a</i>	
<i>Airline-related volume (7% of Q2'19 U.S. Total)</i>	<i>5</i>	<i>5</i>	<i>9</i>	<i>11</i>	<i>7</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>5</i>	<i>n/a</i>	
Outside the U.S.													
Proprietary consumer	10	8	11	14	20	15	16	17	18	18	9	15	
Proprietary commercial	8	5	10	13	19	12	13	16	18	18	7	13	
Proprietary	9	7	11	14	19	14	15	17	18	17	8	14	
Total	1	(1)	1	5	10	6	6	7	8	8	0	6	
<i>Japan, Asia Pacific & Australia billed business</i>	<i>1</i>	<i>(2)</i>	<i>1</i>	<i>5</i>	<i>9</i>	<i>5</i>	<i>4</i>	<i>5</i>	<i>8</i>	<i>7</i>	<i>-</i>	<i>5</i>	
<i>Latin America & Canada billed business</i>	<i>6</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>5</i>	<i>12</i>	<i>11</i>	<i>11</i>	<i>12</i>	<i>11</i>	<i>3</i>	<i>11</i>	
<i>Europe, Middle East & Africa billed business</i>	<i>-</i>	<i>(2)</i>	<i>2</i>	<i>6</i>	<i>14</i>	<i>5</i>	<i>7</i>	<i>8</i>	<i>8</i>	<i>9</i>	<i>(1)</i>	<i>6</i>	

See Appendix IV for footnote references.

Global Consumer Services Group

(Preliminary)

Selected Income Statement and Statistical Information

(Millions, except percentages)

	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18	YOY % change	YTD'19	YTD'18	YOY % change
Non-interest revenues	\$4,001	\$3,741	\$3,826	\$3,680	\$3,678	9	\$ 7,742	\$ 7,169	8
Interest income	2,297	2,272	2,240	2,140	1,994	15	4,569	3,943	16
Interest expense	464	459	441	404	370	25	923	697	32
Net interest income	1,833	1,813	1,799	1,736	1,624	13	3,646	3,246	12
Total revenues net of interest expense	5,834	5,554	5,625	5,416	5,302	10	11,388	10,415	9
Total provisions for losses	650	552	726	609	565	15	1,202	1,095	10
Total revenues net of interest expense after provisions for losses	5,184	5,002	4,899	4,807	4,737	9	10,186	9,320	9
Expenses									
Marketing, business development, rewards, Card Member services	3,062	2,785	2,922	2,711	2,695	14	5,847	5,141	14
Salaries and employee benefits and other operating expenses	1,206	1,177	1,250	1,118	1,081	12	2,383	2,170	10
Total expenses	4,268	3,962	4,172	3,829	3,776	13	8,230	7,311	13
Pretax segment income	916	1,040	727	978	961	(5)	1,956	2,009	(3)
Income tax provision	178	219	25	199	191	(7)	397	413	(4)
Segment income	\$ 738	\$ 821	\$ 702	\$ 779	\$ 770	(4)	\$ 1,559	\$ 1,596	(2)
Effective tax rate	19.4%	21.1%	3.4%	20.3%	19.9%		20.3%	20.6%	

(Billions, except percentages and where indicated)

Proprietary billed business (G)

U.S.	\$100.9	\$ 92.1	\$ 99.1	\$ 92.4	\$ 93.6	8	\$ 193.0	\$ 179.6	7
Outside the U.S.	\$ 38.0	\$ 35.9	\$ 37.5	\$ 34.9	\$ 34.6	10	\$ 73.9	\$ 67.9	9
Total	\$138.9	\$128.0	\$136.6	\$127.3	\$128.2	8	\$ 266.9	\$ 247.5	8

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

U.S.	37.6	38.0	37.7	37.4	36.7	2	37.6	36.7	2
Outside the U.S.	17.4	17.1	16.8	16.7	16.5	5	17.4	16.5	5
Total	55.0	55.1	54.5	54.1	53.2	3	55.0	53.2	3

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

U.S.	26.8	27.1	27.0	26.7	26.2	2	26.8	26.2	2
Outside the U.S.	12.0	11.9	11.6	11.6	11.4	5	12.0	11.4	5
Total	38.8	39.0	38.6	38.3	37.6	3	38.8	37.6	3

Average proprietary basic Card Member spending (dollars)

U.S.	\$3,743	\$3,402	\$3,693	\$3,491	\$3,594	4	\$ 7,148	\$ 6,969	3
Outside the U.S.	\$3,173	\$3,052	\$3,240	\$3,038	\$3,057	4	\$ 6,227	\$ 6,060	3
Average	\$3,567	\$3,296	\$3,556	\$3,354	\$3,431	4	\$ 6,867	\$ 6,693	3

Segment assets (P)

	\$102.1	\$ 98.5	\$102.4	\$100.0	\$ 95.7	7	\$ 102.1	\$ 95.7	7
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Card Member loans

Total loans

U.S.	\$ 59.5	\$ 58.0	\$ 59.9	\$ 56.2	\$ 54.7	9	\$ 59.5	\$ 54.7	9
Outside the U.S.	\$ 10.2	\$ 9.9	\$ 9.6	\$ 9.2	\$ 8.8	16	\$ 10.2	\$ 8.8	16
Total	\$ 69.7	\$ 67.9	\$ 69.5	\$ 65.4	\$ 63.5	10	\$ 69.7	\$ 63.5	10

Average loans

U.S.	\$ 58.8	\$ 58.3	\$ 57.8	\$ 55.5	\$ 53.7	9	\$ 58.6	\$ 53.4	10
Outside the U.S.	\$ 9.9	\$ 9.7	\$ 9.3	\$ 8.9	\$ 8.8	13	\$ 9.8	\$ 8.8	11
Total	\$ 68.7	\$ 68.0	\$ 67.1	\$ 64.4	\$ 62.5	10	\$ 68.4	\$ 62.2	10

Lending Credit Metrics

U.S.									
Net write-off rate (principal only) (L)	2.3%	2.4%	2.1%	2.1%	2.2%		2.4%	2.1%	
Net write-off rate (principal, interest and fees) (L)	2.8%	2.8%	2.5%	2.5%	2.6%		2.8%	2.5%	
30+ days past due as a % of total	1.4%	1.5%	1.4%	1.4%	1.3%		1.4%	1.3%	

Outside the U.S.									
Net write-off rate (principal only) (L)	2.4%	2.2%	2.0%	2.2%	2.1%		2.3%	2.1%	
Net write-off rate (principal, interest and fees) (L)	3.0%	2.8%	2.5%	2.7%	2.6%		2.9%	2.6%	
30+ days past due as a % of total	1.7%	1.7%	1.6%	1.5%	1.5%		1.7%	1.5%	
Total									
Net write-off rate (principal only) (L)	2.4%	2.3%	2.1%	2.1%	2.2%		2.4%	2.1%	
Net write-off rate (principal, interest and fees) (L)	2.8%	2.8%	2.5%	2.5%	2.6%		2.8%	2.5%	
30+ days past due as a % of total	1.4%	1.5%	1.5%	1.4%	1.3%		1.4%	1.3%	
Net interest income divided by average Card Member loans (M)									
Net interest yield on average Card Member loans (M)	10.7%	10.7%	10.7%	10.8%	10.4%		10.7%	10.5%	
Net interest yield on average Card Member loans (M)									
U.S.	10.8%	11.0%	10.8%	10.9%	10.6%		10.9%	10.7%	
Outside the U.S.	10.9%	11.1%	10.5%	10.6%	10.5%		11.0%	10.7%	
Total	10.9%	11.0%	10.8%	10.8%	10.6%		10.9%	10.7%	
Card Member receivables									
U.S.	\$ 13.1	\$ 12.7	\$ 13.7	\$ 11.9	\$ 12.0	9	\$ 13.1	\$ 12.0	9
Outside the U.S.	\$ 8.1	\$ 7.2	\$ 7.8	\$ 7.0	\$ 7.0	16	\$ 8.1	\$ 7.0	16
Total receivables	\$ 21.2	\$ 19.9	\$ 21.5	\$ 18.9	\$ 19.0	12	\$ 21.2	\$ 19.0	12
Charge Credit Metrics									
U.S.									
Net write-off rate (principal only) (L)	1.3%	1.4%	1.2%	1.3%	1.4%		1.4%	1.4%	
Net write-off rate (principal and fees) (L)	1.4%	1.6%	1.4%	1.5%	1.5%		1.5%	1.5%	
30+ days past due as a % of total	1.2%	1.2%	1.1%	1.2%	1.1%		1.2%	1.1%	
Outside the U.S.									
Net write-off rate (principal only) (L)	2.2%	2.2%	2.0%	2.3%	2.1%		2.2%	2.1%	
Net write-off rate (principal and fees) (L)	2.3%	2.4%	2.1%	2.5%	2.3%		2.4%	2.2%	
30+ days past due as a % of total	1.4%	1.5%	1.3%	1.4%	1.4%		1.4%	1.4%	
Total									
Net write-off rate (principal only) (L)	1.6%	1.7%	1.5%	1.7%	1.7%		1.7%	1.6%	
Net write-off rate (principal and fees) (L)	1.8%	1.9%	1.6%	1.9%	1.8%		1.8%	1.8%	
30+ days past due as a % of total	1.3%	1.3%	1.2%	1.2%	1.2%		1.3%	1.2%	

See Appendix IV for footnote references.

Global Commercial Services

(Preliminary)

Selected Income Statement and Statistical Information

(Millions, except percentages)

	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18	YOY % change	YTD'19	YTD'18	YOY % change
Non-interest revenues	\$3,167	\$3,020	\$3,087	\$2,980	\$2,977	6	\$ 6,187	\$ 5,815	6
Interest income	468	454	435	416	393	19	922	770	20
Interest expense	257	241	234	218	204	26	498	375	33
Net interest income	211	213	201	198	189	12	424	395	7
Total revenues net of interest expense	3,378	3,233	3,288	3,178	3,166	7	6,611	6,210	6
Total provisions for losses	206	254	223	201	235	(12)	460	475	(3)
Total revenues net of interest expense after provisions for losses	3,172	2,979	3,065	2,977	2,931	8	6,151	5,735	7
Expenses									
Marketing, business development, rewards, Card Member services	1,565	1,470	1,528	1,469	1,482	6	3,035	2,856	6
Salaries and employee benefits and other operating expenses	801	766	839	734	734	9	1,567	1,456	8
Total expenses	2,366	2,236	2,367	2,203	2,216	7	4,602	4,312	7
Pretax segment income	806	743	698	774	715	13	1,549	1,423	9
Income tax provision	162	157	74	168	151	7	319	313	2
Segment income	\$ 644	\$ 586	\$ 624	\$ 606	\$ 564	14	\$ 1,230	\$ 1,110	11
Effective tax rate	20.1%	21.1%	10.6%	21.7%	21.1%		20.6%	22.0%	

(Billions, except percentages and where indicated)

Proprietary billed business (G)	\$129.6	\$123.4	\$126.9	\$121.6	\$122.0	6	\$ 253.0	\$ 237.7	6
Proprietary cards-in-force (millions) (H)	14.7	14.6	14.5	14.4	14.3	3	14.7	14.3	3
Average Card Member spending (dollars)	\$8,866	\$8,463	\$8,757	\$8,469	\$8,592	3	\$17,321	\$16,828	3
Segment assets (P)									
Segment assets (P)	\$ 55.0	\$ 54.0	\$ 51.3	\$ 53.4	\$ 52.2	5	\$ 55.0	\$ 52.2	5
Card Member loans	\$ 13.5	\$ 13.1	\$ 12.4	\$ 12.2	\$ 11.9	13	\$ 13.5	\$ 11.9	13
Card Member receivables	\$ 37.5	\$ 36.9	\$ 34.4	\$ 36.6	\$ 36.0	4	\$ 37.5	\$ 36.0	4

Card Member loans

Total loans - Global Small Business Services (GSBS)	\$ 13.4	\$ 13.0	\$ 12.4	\$ 12.2	\$ 11.8	14	\$ 13.4	\$ 11.8	14
30+ days past due as a % of total - GSBS	1.3%	1.3%	1.3%	1.1%	1.2%		1.3%	1.2%	
Average loans - GSBS	\$ 13.2	\$ 12.6	\$ 12.3	\$ 11.9	\$ 11.6	14	\$ 12.9	\$ 11.4	13
Net write-off rate (principal only) - GSBS (L)	1.8%	1.8%	1.6%	1.7%	1.8%		1.8%	1.7%	
Net write-off rate (principal, interest and fees) - GSBS (L)	2.1%	2.1%	1.9%	2.0%	2.1%		2.1%	2.0%	

Net interest income divided by average Card

Member loans (M)	6.4%	6.8%	6.5%	6.6%	6.5%		6.6%	6.9%	
Net interest yield on average Card Member loans (M)	10.4%	10.8%	10.5%	10.5%	10.4%		10.6%	10.6%	

Card Member receivables

Total receivables - GCP (N)	\$ 19.7	\$ 19.6	\$ 17.7	\$ 19.7	\$ 19.3	2	\$ 19.7	\$ 19.3	2
90+ days past billing as a % of total - GCP (N)	0.7%	0.6%	0.7%	0.8%	0.8%		0.7%	0.8%	
Net loss ratio (as a % of charge volume) - GCP (N)	0.07%	0.08%	0.11%	0.12%	0.12%		0.07%	0.11%	
Total receivables - GSBS	\$ 17.8	\$ 17.3	\$ 16.7	\$ 16.9	\$ 16.7	7	\$ 17.8	\$ 16.7	7
30+ days past due as a % of total - GSBS	1.6%	1.6%	1.6%	1.4%	1.4%		1.6%	1.4%	
Net write-off rate (principal only) - GSBS (L)	1.8%	1.9%	1.4%	1.8%	2.1%		1.8%	1.9%	
Net write-off rate (principal and fees) - GSBS (L)	2.0%	2.1%	1.6%	2.0%	2.3%		2.1%	2.1%	

See Appendix IV for footnote references.

Global Merchant and Network Services
Selected Income Statement and Statistical Information

(Preliminary)

(Millions, except percentages)

	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18	YOY % change	YTD'19	YTD'18	YOY % change
Non-interest revenues	\$1,565	\$1,525	\$1,530	\$1,494	\$1,513	3	\$ 3,090	\$ 3,045	1
Interest income	7	9	8	6	7	-	16	16	-
Interest expense	(101)	(93)	(89)	(78)	(68)	49	(194)	(127)	53
Net interest income	108	102	97	84	75	44	210	143	47
Total revenues net of interest expense	1,673	1,627	1,627	1,578	1,588	5	3,300	3,188	4
Total provisions for losses	4	4	6	5	6	(33)	8	11	(27)
Total revenues net of interest expense after provisions for losses	1,669	1,623	1,621	1,573	1,582	5	3,292	3,177	4
Expenses									
Marketing, business development, rewards, Card Member services	337	305	375	296	312	8	642	579	11
Salaries and employee benefits and other operating expenses	486	482	620	511	526	(8)	968	1,146	(16)
Total expenses	823	787	995	807	838	(2)	1,610	1,725	(7)
Pretax segment income	846	836	626	766	744	14	1,682	1,452	16
Income tax provision	214	205	125	186	201	6	419	393	7
Segment income	\$ 632	\$ 631	\$ 501	\$ 580	\$ 543	16	\$ 1,263	\$ 1,059	19
Effective tax rate	25.3%	24.5%	20.0%	24.3%	27.0%		24.9%	27.1%	

(Billions)

Segment assets (P)	\$ 22.2	\$ 22.1	\$ 15.5	\$ 21.1	\$ 19.6	13	\$ 22.2	\$ 19.6	13
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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				
	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018
ROE					
Net income	\$ 6,975	\$ 6,837	\$ 6,921	\$ 3,705	\$ 3,410
Average shareholders' equity	\$22,073	\$21,455	\$20,650	\$20,421	\$20,393
Return on average equity (C)	31.6%	31.9%	33.5%	18.1%	16.7%
Reconciliation of ROCE					
Net income	\$ 6,975	\$ 6,837	\$ 6,921	\$ 3,705	\$ 3,410
Preferred shares dividends and related accretion	79	80	80	81	82
Earnings allocated to participating share awards and other	53	52	54	40	38
Net income attributable to common shareholders	\$ 6,843	\$ 6,705	\$ 6,787	\$ 3,584	\$ 3,290
Average shareholders' equity	\$22,073	\$21,455	\$20,650	\$20,421	\$20,393
Average preferred shares	1,584	1,584	1,584	1,584	1,584
Average common shareholders' equity	\$20,489	\$19,871	\$19,066	\$18,837	\$18,809
Return on average common equity (C)	33.4%	33.7%	35.6%	19.0%	17.5%

See Appendix IV for footnote references.

American Express Company

(Preliminary)

Appendix II

Net Interest Yield on Average Card Member Loans

(Millions, except percentages and where indicated)

	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18	YTD'19	YTD'18
Consolidated							
Net interest income	\$2,074	\$2,059	\$2,032	\$1,961	\$1,829	\$ 4,133	\$ 3,670
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (Q)	439	453	405	390	359	892	661
Interest income not attributable to the Company's Card Member loan portfolio (R)	(312)	(335)	(287)	(274)	(236)	(647)	(449)
Adjusted net interest income (S)	\$2,201	\$2,177	\$2,150	\$2,077	\$1,952	\$ 4,378	\$ 3,882
Average Card Member loans (billions)	\$ 81.9	\$ 80.6	\$ 79.4	\$ 76.4	\$ 74.1	\$ 81.3	\$ 73.5
Net interest income divided by average Card Member loans (T)	10.1%	10.2%	10.2%	10.3%	9.9%	10.2%	10.0%
Net interest yield on average Card Member loans (U)	10.8%	10.9%	10.7%	10.8%	10.6%	10.9%	10.6%
Global Consumer Services Group							
U.S.							
Net interest income	\$1,581	\$1,565	\$1,571	\$1,511	\$1,410	\$ 3,146	\$ 2,813
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (Q)	60	65	57	55	53	125	90
Interest income not attributable to the Company's Card Member loan portfolio (R)	(52)	(53)	(51)	(46)	(42)	(105)	(81)
Adjusted net interest income (S)	\$1,589	\$1,577	\$1,577	\$1,520	\$1,421	\$ 3,166	\$ 2,822
Average Card Member loans (billions)	\$ 58.8	\$ 58.3	\$ 57.8	\$ 55.5	\$ 53.7	\$ 58.6	\$ 53.4
Net interest income divided by average Card Member loans (T)	10.8%	10.7%	10.9%	10.9%	10.5%	10.7%	10.5%
Net interest yield on average Card Member loans (U)	10.8%	11.0%	10.8%	10.9%	10.6%	10.9%	10.7%
Outside the U.S.							
Net interest income	\$ 252	\$ 248	\$ 228	\$ 225	\$ 215	\$ 500	\$ 433
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (Q)	21	19	18	18	16	40	34
Interest income not attributable to the Company's Card Member loan portfolio (R)	(4)	(3)	-	(3)	(2)	(7)	(5)
Adjusted net interest income (S)	\$ 269	\$ 264	\$ 246	\$ 240	\$ 229	\$ 533	\$ 462
Average Card Member loans (billions)	\$ 9.9	\$ 9.7	\$ 9.3	\$ 8.9	\$ 8.8	\$ 9.8	\$ 8.7
Net interest income divided by average Card Member loans (T)	10.2%	10.2%	9.8%	10.1%	9.8%	10.2%	10.0%
Net interest yield on average Card Member loans (U)	10.9%	11.1%	10.5%	10.6%	10.5%	11.0%	10.7%
Total							
Net interest income	\$1,833	\$1,813	\$1,799	\$1,736	\$1,624	\$ 3,646	\$ 3,246
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (Q)	81	84	75	73	70	165	124
Interest income not attributable to the Company's Card Member loan portfolio (R)	(56)	(56)	(51)	(49)	(45)	(112)	(86)
Adjusted net interest income (S)	\$1,858	\$1,841	\$1,823	\$1,760	\$1,649	\$ 3,699	\$ 3,284
Average Card Member loans (billions)	\$ 68.7	\$ 68.0	\$ 67.1	\$ 64.4	\$ 62.5	\$ 68.4	\$ 62.1
Net interest income divided by average Card Member loans (T)	10.7%	10.7%	10.7%	10.8%	10.4%	10.7%	10.5%
Net interest yield on average Card Member loans (U)	10.9%	11.0%	10.8%	10.8%	10.6%	10.9%	10.7%
Global Commercial Services							
Net interest income	\$ 211	\$ 213	\$ 201	\$ 198	\$ 189	\$ 424	\$ 395
<i>Exclude:</i>							
Interest expense not attributable to the Company's Card Member loan portfolio (Q)	187	175	170	161	152	362	278
Interest income not attributable to the Company's Card Member loan portfolio (R)	(55)	(52)	(44)	(42)	(38)	(107)	(75)
Adjusted net interest income (S)	\$ 343	\$ 336	\$ 327	\$ 317	\$ 303	\$ 679	\$ 598
Average Card Member loans (billions)	\$ 13.2	\$ 12.6	\$ 12.4	\$ 12.0	\$ 11.7	\$ 12.9	\$ 11.4

Net interest income divided by average Card Member loans (T)	6.4%	6.8%	6.5%	6.6%	6.5%	6.6%	6.9%
Net interest yield on average Card Member loans (U)	10.4%	10.8%	10.5%	10.5%	10.4%	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	\$ 3.87	\$ 3.70	5
Q1'19 litigation-related charge (pre-tax)	0.26	-	
Tax impact of litigation-related charge	(0.06)	-	
Net impact of Q1'19 litigation-related charge (V)	0.20	-	
Adjusted diluted earnings per common share	\$ 4.07	\$ 3.70	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 (V)	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 \$13 million, \$11 million, \$16 million, \$13 million and \$12 million in Q2'19, Q1'19, Q4'18, Q3'18 and Q2'18, respectively; and (ii) dividends on preferred shares of \$19 million, \$21 million, \$19 million, \$20 million and \$20 million in Q2'19, Q1'19, Q4'18, Q3'18 and Q2'18, 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 Second Quarter 2019 Earnings Release and may be revised in the Company's 2019 Form 10-Q for period ended June 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 Q2'19 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.
- (V) The difference between the net impact of the Q1'19 litigation-related charge on Q2'19 YTD EPS and 2019 GAAP EPS Outlook is due to the average common shares outstanding for each respective period.