

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2023

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Transition Period from ____ to ____

Commission file number 1-7657

AMERICAN EXPRESS COMPANY

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or organization)

13-4922250

(I.R.S. 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**

None

Former name, former address and former fiscal year, if changed since last report.

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 17, 2023
Common Shares (par value \$0.20 per share)	728,745,577 Shares

AMERICAN EXPRESS COMPANY
FORM 10-Q
INDEX

Part I.	<u>Financial Information</u>	<u>Page No.</u>
Item 1.	Financial Statements	
	Consolidated Statements of Income – Three Months Ended September 30, 2023 and 2022	35
	Consolidated Statements of Income – Nine Months Ended September 30, 2023 and 2022	36
	Consolidated Statements of Comprehensive Income – Three and Nine Months Ended September 30, 2023 and 2022	37
	Consolidated Balance Sheets – September 30, 2023 and December 31, 2022	38
	Consolidated Statements of Cash Flows – Nine Months Ended September 30, 2023 and 2022	39
	Consolidated Statements of Shareholders' Equity – Three and Nine Months Ended September 30, 2023 and 2022	40
	Notes to Consolidated Financial Statements	42
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)	1
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	70
Item 4.	Controls and Procedures	70
Part II.	<u>Other Information</u>	
Item 1.	Legal Proceedings	71
Item 1A.	Risk Factors	71
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	72
Item 5.	Other Information	73
Item 6.	Exhibits	74
	Signatures	75

Throughout this report the terms “American Express,” “we,” “our” or “us,” refer to American Express Company and its subsidiaries on a consolidated basis, unless stated or the context implies otherwise. The use of the term “partner” or “partnering” in this report does not mean or imply a formal legal partnership, and is not meant in any way to alter the terms of American Express’ relationship with any third parties. Refer to the “MD&A— Glossary of Selected Terminology” for the definitions of other key terms used in this report.

PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)

Business Introduction

We are a globally integrated payments company, providing customers with access to products, insights and experiences that enrich lives and build business success. Our principal products and services are credit and charge card products, along with travel and lifestyle related services, offered to consumers and businesses around the world. Our range of products and services includes:

- Credit card, charge card, banking and other payment and financing products
- Merchant acquisition and processing, servicing and settlement, and point-of-sale marketing and information products and services for merchants
- Network services
- Other fee services, including fraud prevention services and the design and operation of customer loyalty programs
- Expense management products and services
- Travel and lifestyle services

Our various products and services are offered globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are offered through various channels, including mobile and online applications, affiliate marketing, customer referral programs, third-party service providers and business partners, direct mail, telephone, in-house sales teams, and direct response advertising.

We compete in the global payments industry with card networks, issuers and acquirers, paper-based transactions (e.g., cash and checks), bank transfer models (e.g., wire transfers and Automated Clearing House (ACH)), as well as evolving and growing alternative payment and financing providers. As the payments industry continues to evolve, we face increasing competition from non-traditional players that leverage new technologies, business models and customer relationships to create payment or financing solutions.

Refer to the “Glossary of Selected Terminology” for the definitions of certain key terms and related information appearing within this Form 10-Q.

Forward-Looking Statements and Non-GAAP Measures

Certain of the statements in this Form 10-Q are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Refer to the “Cautionary Note Regarding Forward-Looking Statements” section. We prepare our Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America (GAAP). However, certain information included within this Form 10-Q constitutes non-GAAP financial measures. Our calculations of non-GAAP financial measures may differ from the calculations of similarly titled measures by other companies.

Bank Holding Company

American Express is a bank holding company under the Bank Holding Company Act of 1956 and The Board of Governors of the Federal Reserve System (the Federal Reserve) is our primary federal regulator. As such, we are subject to the Federal Reserve’s regulations, policies and minimum capital standards.

Table 1: Summary of Financial Performance

	As of or for the Three Months Ended September 30,				As of or for the Nine Months Ended September 30,				
(Millions, except percentages, per share amounts and where indicated)	2023	2022	Change 2023 vs. 2022		2023	2022	Change 2023 vs. 2022		
Selected Income Statement Data									
Total revenues net of interest expense	\$ 15,381	\$ 13,556	\$ 1,825	13 %	\$ 44,716	\$ 38,686	\$ 6,030	16 %	
Provisions for credit losses	1,233	778	455	58	3,486	1,155	2,331	#	
Total expenses	11,048	10,319	729	7	33,229	29,817	3,412	11	
Pretax income	3,100	2,459	641	26	8,001	7,714	287	4	
Income tax provision	649	580	69	12	1,560	1,772	(212)	(12)	
Net income	2,451	1,879	572	30	6,441	5,942	499	8	
Earnings per common share — diluted ^(a)	\$ 3.30	\$ 2.47	\$ 0.83	34 %	\$ 8.59	\$ 7.77	\$ 0.82	11 %	
Common Share Statistics ^(b)									
Cash dividends declared per common share	\$ 0.60	\$ 0.52	\$ 0.08	15 %	\$ 1.80	\$ 1.56	\$ 0.24	15 %	
Average common shares outstanding:									
Basic	732	748	(16)	(2)%	738	752	(14)	(2)%	
Diluted	733	749	(16)	(2)%	739	753	(14)	(2)%	
Selected Metrics and Ratios									
Network volumes (Billions)	\$ 420.2	\$ 394.4	\$ 26	7 %	\$ 1,245.7	\$ 1,139.5	\$ 106	9 %	
Return on average equity ^(c)	36.3	% 31.9	%		32.8	% 34.5	%		
Net interest income divided by average Card Member loans	11.7	% 10.5	%		11.3	% 10.3	%		
Net interest yield on average Card Member loans ^(d)	11.7	% 10.8	%		11.4	% 10.6	%		
Effective tax rate	20.9	% 23.6	%		19.5	% 23.0	%		
Common Equity Tier 1	10.7	% 10.6	%		10.7	% 10.6	%		
Selected Balance Sheet Data									
Cash and cash equivalents	\$ 43,908	\$ 31,182	\$ 12,726	41 %	\$ 43,908	\$ 31,182	\$ 12,726	41 %	
Card Member receivables	58,825	55,275	3,550	6	58,825	55,275	3,550	6	
Card Member loans	117,978	99,038	18,940	19	117,978	99,038	18,940	19	
Customer deposits	124,439	103,463	20,976	20	124,439	103,463	20,976	20	
Long-term debt	\$ 46,447	\$ 42,393	\$ 4,054	10 %	\$ 46,447	\$ 42,393	\$ 4,054	10 %	

Denotes a variance of 100 percent or more

- (a) Represents net income, less (i) earnings allocated to participating share awards of \$19 million and \$14 million for the three months ended September 30, 2023 and 2022, respectively, and \$50 million and \$45 million for the nine months ended September 30, 2023 and 2022, respectively, and (ii) dividends on preferred shares of \$14 million for both the three months ended September 30, 2023 and 2022, and \$43 million for both the nine months ended September 30, 2023 and 2022.
- (b) Our common stock trades principally on The New York Stock Exchange under the trading symbol AXP.
- (c) Return on average equity (ROE) is calculated by dividing (i) annualized net income for the period by (ii) average shareholders' equity for the period.
- (d) Net interest yield on average Card Member loans reflects adjusted net interest income divided by average Card Member loans, computed on an annualized basis. Adjusted net interest income and net interest yield on average Card Member loans are non-GAAP measures. Refer to Table 8 for a reconciliation to Net interest income divided by average Card Member loans.

Business Environment

Our results for the third quarter reflect the continued momentum we have built in our business. Card Member spending, new account acquisitions and credit performance demonstrate the strength of our differentiated business model, which drove net income of \$2.5 billion, or \$3.30 per share, for the third quarter, compared with net income of \$1.9 billion, or \$2.47 per share, a year ago.

Worldwide network volumes for the third quarter increased 7 percent compared to the prior year. Billed business, which represented 87 percent of our total network volumes and is the most significant driver of our financial results, increased 8 percent year-over-year. Goods & Services (G&S) spend increased 6 percent year-over-year, and Travel & Entertainment (T&E) spend grew by 13 percent, reflecting continued demand for travel and dining experiences across geographies and customer types. U.S. Consumer Services billed business grew by 9 percent year-over-year, with the largest portion of this growth coming from our Millennial and Gen-Z Card Members. International Card Services billed business grew by 18 percent year-over-year (15 percent on an FX-adjusted basis¹), driven by continued growth in spend across both consumer and commercial customers outside the U.S. Billed business in our Commercial Services segment grew by 1 percent on a year-over-year basis, reflecting continued slow growth from U.S. small and mid-sized enterprise (SME) Card Members and flat year-over-year billings for U.S. large and global corporate clients.

Total revenues net of interest expense increased 13 percent year-over-year. The growth in billed business drove a 7 percent increase in Discount revenue, our largest revenue line. Net card fees increased 20 percent year-over-year, reflecting the high levels of new card acquisition and Card Member retention over the past several quarters, as well as our cycle of product refreshes. Net interest income increased 34 percent versus the prior year, primarily reflecting an increase in the interest-bearing portion of our total loans and Card Member receivables.

Total loans and Card Member receivables increased 15 percent year-over-year, as our Card Members continue to spend and rebuild balances. Provisions for credit losses increased, primarily driven by higher net write-offs, as write-off rates were near historic lows in the prior-year period, and reflected the strong growth in total loans and Card Member receivables, partially offset by a lower net reserve build in the current period. Net write-off and delinquency rates remained best-in-class, supported by our premium global customer base and our strong focus on risk management.

Card Member rewards, Card Member services and Business development expenses are generally correlated to volumes or are variable based on usage and increased year-over-year primarily due to network volume growth and higher usage of travel-related benefits. Marketing expense decreased 15 percent for the three month period, due to management decisions impacting the timing of spend on customer acquisition and engagement through the full year. We continue to invest in acquiring high spending, high quality Card Members while driving efficiencies in marketing spend. Operating expenses increased 10 percent year-over-year, primarily driven by higher compensation expense and technology costs to support business growth. We remain focused on driving operating expense efficiencies, while continuing to invest in our growth strategy.

During the third quarter, we maintained our capital ratios within our current target range of 10 to 11 percent and returned \$1.7 billion of capital to our shareholders through share repurchases and common stock dividends. We plan to continue to return to shareholders the excess capital we generate while managing our CET1 capital ratio within our target range and supporting our balance sheet growth. Our robust capital, funding and liquidity positions provide us with significant flexibility to maintain a strong balance sheet.

While we recognize the uncertainty of the geopolitical and macroeconomic environment, our performance continues to give us confidence in our business model, and we remain committed to executing on our strategy to deliver sustainable and profitable long-term growth.

See “Certain Legislative, Regulatory and Other Developments” and “Risk Factors” for information on certain matters that could have a material adverse effect on our results of operations and financial condition.

¹The foreign currency adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency conversion into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the current period apply to the corresponding prior year period against which such results are being compared). FX-adjusted revenues is a non-GAAP measure. We believe the presentation of information on a foreign currency adjusted basis is helpful to investors by making it easier to compare our performance in one period to that of another period without the variability caused by fluctuations in currency exchange rates.

Results of Operations

The discussions in both “Consolidated Results of Operations” and “Business Segment Results of Operations” provide commentary on the variances for the three and nine months ended September 30, 2023 compared to the same periods in the prior year, as presented in the accompanying tables.

Consolidated Results of Operations

Table 2: Total Revenues Net of Interest Expense Summary

(Millions, except percentages)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	2023 vs. 2022		2023	2022	2023 vs. 2022	
Discount revenue	\$ 8,408	\$ 7,848	\$ 560	7 %	\$ 24,836	\$ 22,556	\$ 2,280	10 %
Net card fees	1,846	1,541	305	20	5,348	4,445	903	20
Service fees and other revenue	1,261	1,169	92	8	3,711	3,340	371	11
Processed revenue	424	420	4	1	1,291	1,208	83	7
Total non-interest revenues	11,939	10,978	961	9	35,186	31,549	3,637	12
Total interest income	5,240	3,374	1,866	55	14,431	8,693	5,738	66
Total interest expense	1,798	796	1,002	#	4,901	1,556	3,345	#
Net interest income	3,442	2,578	864	34	9,530	7,137	2,393	34
Total revenues net of interest expense	\$ 15,381	\$ 13,556	\$ 1,825	13 %	\$ 44,716	\$ 38,686	\$ 6,030	16 %

Denotes a variance of 100 percent or more

Total Revenues Net of Interest Expense

Discount revenue increased for both the three and nine month periods, primarily driven by increases in billed business. See Tables 5 and 6 for more details on billed business performance.

Net card fees increased for both the three and nine month periods, primarily driven by growth in our premium card portfolios.

Service fees and other revenue increased for both the three and nine month periods, primarily due to foreign exchange related revenues associated with Card Member cross-currency spending and growth in delinquency fees.

Processed revenue increased for both the three and nine month periods, primarily driven by increases in network partner volumes, partially offset for the three month period by a decrease in volumes associated with the decommission of one of our alternative payment solutions. See Tables 5 and 6 for more details on processed volume performance.

Interest income increased for both the three and nine month periods, primarily driven by higher interest rates and growth in revolving loan balances.

Interest expense increased for both the three and nine month periods, primarily driven by higher interest rates paid on customer deposits.

Table 3: Provisions for Credit Losses Summary

(Millions, except percentages)	Three Months Ended September 30,		Change 2023 vs. 2022		Nine Months Ended September 30,		Change 2023 vs. 2022	
	2023	2022			2023	2022		
Card Member loans								
Net write-offs	\$ 639	\$ 259	\$ 380	# %	\$ 1,722	\$ 721	\$ 1,001	# %
Reserve build (release) ^(a)	343	337	6	2	969	36	933	#
Total	982	596	386	65	2,691	757	1,934	#
Card Member receivables								
Net write-offs	241	122	119	98	714	284	430	#
Reserve (release) build ^(a)	(35)	43	(78)	#	(56)	99	(155)	#
Total	206	165	41	25	658	383	275	72
Other								
Net write-offs - Other loans ^(b)	29	6	23	#	73	12	61	#
Net write-offs - Other receivables ^(c)	3	4	(1)	(25)	10	13	(3)	(23)
Reserve build (release) - Other loans ^{(a)(b)}	10	8	2	25	49	(6)	55	#
Reserve build (release) - Other receivables ^{(a)(c)}	3	(1)	4	#	5	(4)	9	#
Total	45	17	28	#	137	15	122	#
Total provisions for credit losses	\$ 1,233	\$ 778	\$ 455	58 %	\$ 3,486	\$ 1,155	\$ 2,331	# %

Denotes a variance of 100 percent or more

(a) Refer to the "Glossary of Selected Terminology" for a definition of reserve build (release).

(b) Relates to Other loans of \$6.6 billion and \$5.4 billion, less reserves of \$108 million and \$59 million, as of September 30, 2023 and December 31, 2022, respectively, and \$4.8 billion and \$2.9 billion, less reserves of \$46 million and \$52 million, as of September 30, 2022 and December 31, 2021, respectively.

(c) Relates to Other receivables included in Other assets on the Consolidated Balance Sheets of \$4.4 billion and \$3.1 billion, less reserves of \$27 million and \$22 million, as of September 30, 2023 and December 31, 2022, respectively, and \$3.0 billion and \$2.7 billion, less reserves of \$22 million and \$25 million, as of September 30, 2022 and December 31, 2021, respectively.

Provisions for Credit Losses

Card Member loans provision for credit losses increased for both the three and nine month periods, primarily due to higher net write-offs and higher reserve builds in the current periods. The reserve builds in the current periods were primarily driven by increases in loans outstanding and higher delinquencies. The reserve builds in the prior periods were primarily driven by increases in loans outstanding and deterioration in the macroeconomic outlook at that time, partially offset, for the prior nine month period, by a reduction in COVID-19 pandemic-driven reserves.

Card Member receivables provision for credit losses increased for both the three and nine month periods, primarily due to higher net write-offs, partially offset by reserve releases in the current periods versus reserve builds in the prior periods. The reserve releases in the current periods were primarily driven by lower delinquencies. The reserve builds in the prior periods were primarily driven by higher delinquencies and, for the prior nine month period, an increase in receivables outstanding.

Other provision for credit losses increased for both the three and nine month periods, primarily due to higher net write-offs and reserve builds in the current periods. The reserve builds in the current periods were primarily driven by increases in other loans outstanding.

Table 4: Expenses Summary

(Millions, except percentages)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	2023 vs. 2022		2023	2022	2023 vs. 2022	
Card Member rewards	\$ 3,794	\$ 3,571	\$ 223	6 %	\$ 11,516	\$ 10,273	\$ 1,243	12 %
Business development	1,393	1,194	199	17	4,174	3,641	533	15
Card Member services	973	774	199	26	2,905	2,078	827	40
Marketing	1,236	1,458	(222)	(15)	3,985	4,184	(199)	(5)
Salaries and employee benefits	2,047	1,748	299	17	5,936	5,218	718	14
Other, net	1,605	1,574	31	2	4,713	4,423	290	7
Total expenses	\$ 11,048	\$ 10,319	\$ 729	7 %	\$ 33,229	\$ 29,817	\$ 3,412	11 %

Expenses

Card Member rewards expense increased for both the three and nine month periods, primarily driven by increases in Membership Rewards and cash back rewards expenses, collectively, of \$50 million and \$691 million, and cobrand rewards expense of \$174 million and \$552 million for the three and nine month periods, respectively, all of which were primarily driven by higher billed business, partially offset in the three month period by the impact of changes in expected redemption behavior associated with certain products.

The Membership Rewards Ultimate Redemption Rate (URR) for current program participants was 96 percent (rounded down) at both September 30, 2023 and 2022.

Business development expense increased for both the three and nine month periods, primarily due to increased partner payments driven by higher contractual rates and network volumes.

Card Member services expense increased for both the three and nine month periods, primarily due to higher usage of travel-related benefits.

Marketing expense decreased for both the three and nine month periods, reflecting lower levels of spending on customer acquisitions and other growth initiatives.

Salaries and employee benefits expense increased for both the three and nine month periods, primarily driven by higher compensation costs reflecting an increase in our colleague base to support business growth, with the three month period also driven by higher incentive compensation expenses.

Other expenses increased for both the three and nine month periods, primarily driven by higher technology costs and, for the nine month period, higher net losses on Amex Ventures investments.

Income Taxes

The effective tax rate was 20.9 percent and 23.6 percent for the three months ended September 30, 2023 and 2022, respectively, and 19.5 percent and 23.0 percent for the nine months ended September 30, 2023 and 2022, respectively. The lower effective tax rates for the three and nine month periods primarily reflected discrete tax benefits in the current periods and changes in the geographic mix of income.

Table 5: Selected Card-Related Statistical Information

	As of or for the Three Months Ended September 30,		Change 2023 vs. 2022	As of or for the Nine Months Ended September 30,		Change 2023 vs. 2022
	2023	2022		2023	2022	
Network volumes (<i>billions</i>)	\$ 420.2	\$ 394.4	7 %	\$ 1,245.7	\$ 1,139.5	9 %
Billed business	\$ 366.2	\$ 339.0	8	\$ 1,079.8	\$ 980.9	10
Processed volumes	\$ 54.0	\$ 55.4	(3)	\$ 165.9	\$ 158.6	5
Cards-in-force (<i>millions</i>)	138.2	131.4	5	138.2	131.4	5
Proprietary cards-in-force	79.6	75.6	5	79.6	75.6	5
Basic cards-in-force (<i>millions</i>)	115.9	109.9	5	115.9	109.9	5
Proprietary basic cards-in-force	61.2	58.2	5	61.2	58.2	5
Average proprietary basic Card Member spending (<i>dollars</i>)	\$ 6,000	\$ 5,886	2	\$ 17,879	\$ 17,399	3
Average fee per card (<i>dollars</i>) ^(a)	\$ 93	\$ 82	13 %	\$ 91	\$ 81	12 %
Discount revenue as a % of Billed business	2.30%	2.32%		2.30%	2.30%	

(a) Average fee per card is computed on an annualized basis based on proprietary Net card fees divided by average proprietary total cards-in-force.

Table 6: Network Volumes-Related Statistical Information

	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	Year over Year Percentage Increase (Decrease)	Year over Year Percentage Increase (Decrease) Assuming No Changes in FX Rates ^(a)	Year over Year Percentage Increase (Decrease)	Year over Year Percentage Increase (Decrease) Assuming No Changes in FX Rates ^(a)
Network volumes	7 %	6 %	9 %	10 %
Total billed business	8	7	10	10
U.S. Consumer Services	9		12	
Commercial Services	1	1	4	4
International Card Services	18	15	18	20
Processed volumes	(3)	(1)	5	9
Merchant industry billed business metrics				
G&S spend (73% and 72% of billed business for the three and nine months ended September 30, 2023, respectively)	6	6	7	7
T&E spend (27% and 28% of billed business for the three and nine months ended September 30, 2023, respectively)	13	13	20	21
Airline spend (6% and 7% of billed business for the three and nine months ended September 30, 2023, respectively)	13 %	12 %	25 %	25 %

(a) The foreign currency adjusted information assumes a constant exchange rate between the periods being compared for purposes of conversion into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the current period apply to the corresponding prior year period against which such results are being compared).

Table 7: Selected Credit-Related Statistical Information

	As of or for the Three Months Ended September 30,				Change 2023 vs. 2022	As of or for the Nine Months Ended September 30,				Change 2023 vs. 2022
<i>(Millions, except percentages and where indicated)</i>	2023		2022			2023		2022		
Card Member loans and receivables:										
Net write-off rate — principal, interest and fees ^(a)	2.0	%	1.0	%		1.9	%	0.9	%	
Net write-off rate — principal only - consumer and small business ^{(a)(b)}	1.8	%	0.9	%		1.7	%	0.8	%	
30+ days past due as a % of total - consumer and small business ^(c)	1.2	%	0.9	%		1.2	%	0.9	%	
Card Member loans:										
Card Member loans <i>(billions)</i>	\$	118.0	\$	99.0	19 %	\$	118.0	\$	99.0	19 %
Credit loss reserves:										
Beginning balance	\$	4,390	\$	2,997	46	\$	3,747	\$	3,305	13
Provisions - principal, interest and fees		982		596	65		2,691		757	#
Net write-offs — principal less recoveries		(525)		(203)	#		(1,412)		(560)	#
Net write-offs — interest and fees less recoveries		(114)		(56)	#		(310)		(161)	93
Other ^(d)		(12)		(15)	20		5		(22)	#
Ending balance	\$	4,721	\$	3,319	42	\$	4,721	\$	3,319	42
% of loans		4.0 %		3.4 %			4.0 %		3.4 %	
% of past due		316 %		393 %			316 %		393 %	
Average loans <i>(billions)</i>	\$	116.6	\$	97.7	19	\$	112.4	\$	92.3	22
Net write-off rate — principal, interest and fees ^(a)	2.2	%	1.1	%		2.0	%	1.0	%	
Net write-off rate — principal only ^(a)	1.8	%	0.8	%		1.7	%	0.8	%	
30+ days past due as a % of total	1.3	%	0.9	%		1.3	%	0.9	%	
Card Member receivables:										
Card Member receivables <i>(billions)</i>	\$	58.8	\$	55.3	6	\$	58.8	\$	55.3	6
Credit loss reserves:										
Beginning balance	\$	210	\$	119	76	\$	229	\$	64	#
Provisions - principal and fees		206		165	25		658		383	72
Net write-offs — principal and fees less recoveries		(241)		(122)	98		(714)		(284)	#
Other ^(d)		(1)		(3)	67		1		(4)	#
Ending balance	\$	174	\$	159	9 %	\$	174	\$	159	9 %
% of receivables		0.3 %		0.3 %			0.3 %		0.3 %	
Net write-off rate — principal and fees ^(a)	1.7	%	0.9	%		1.7	%	0.7	%	
Net write-off rate — principal only - consumer and small business ^{(a)(b)}	1.9	%	1.0	%		1.9	%	0.8	%	
30+ days past due as a % of total - consumer and small business ^(c)	1.1	%	1.1	%		1.1	%	1.1	%	

Denotes a variance of 100 percent or more

- (a) We present 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 our practice is to include uncollectible interest and/or fees as part of our total provision for credit losses, a net write-off rate including principal, interest and/or fees is also presented.
- (b) A net write-off rate based on principal losses only is not available for corporate receivables due to system constraints.
- (c) For corporate receivables, delinquency data is tracked based on days past billing status rather than days past due. Refer to Table 12 for 90+ days past billing metrics for corporate receivables.
- (d) Other includes foreign currency translation adjustments.

Table 8: Net Interest Yield on Average Card Member Loans

<i>(Millions, except percentages and where indicated)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net interest income	\$ 3,442	\$ 2,578	\$ 9,530	\$ 7,137
Exclude:				
Interest expense not attributable to our Card Member loan portfolio ^(a)	770	374	2,122	743
Interest income not attributable to our Card Member loan portfolio ^(b)	(767)	(300)	(2,072)	(572)
Adjusted net interest income ^(c)	\$ 3,445	\$ 2,652	\$ 9,580	\$ 7,308
Average Card Member loans <i>(billions)</i>	\$ 116.6	\$ 97.7	\$ 112.4	\$ 92.3
Net interest income divided by average Card Member loans ^(c)	11.7 %	10.5 %	11.3 %	10.3 %
Net interest yield on average Card Member loans ^(c)	11.7 %	10.8 %	11.4 %	10.6 %

(a) Primarily represents interest expense attributable to maintaining our corporate liquidity pool and funding Card Member receivables.

(b) Primarily represents interest income attributable to Other loans, interest-bearing deposits and the fixed income investment portfolios.

(c) Adjusted net interest income and net interest yield on average Card Member loans are non-GAAP measures. Refer to “Glossary of Selected Terminology” for the definitions of these terms. We believe 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. Net interest yield on average Card Member loans reflects adjusted net interest income divided by average Card Member loans, computed on an annualized basis. 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.

Business Segment Results of Operations

Effective as of the second quarter of 2023, our U.S. travel and lifestyle services (TLS) results, which were previously reported within the U.S. Consumer Services (USCS) segment, are now reported within both the USCS and Commercial Services (CS) segments, allocated based on customer usage.

U.S. Consumer Services

Table 9: USCS Selected Income Statement Data

(Millions, except percentages)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	2023 vs. 2022		2023	2022	2023 vs. 2022	
Revenues								
Non-interest revenues	\$ 4,680	\$ 4,233	\$ 447	11 %	\$ 13,682	\$ 12,024	\$ 1,658	14 %
Interest income	3,228	2,251	977	43	8,937	5,880	3,057	52
Interest expense	700	274	426	#	1,898	513	1,385	#
Net interest income	2,528	1,977	551	28	7,039	5,367	1,672	31
Total revenues net of interest expense	7,208	6,210	998	16	20,721	17,391	3,330	19
Provisions for credit losses	752	403	349	87	1,995	479	1,516	#
Total revenues net of interest expense after provisions for credit losses	6,456	5,807	649	11	18,726	16,912	1,814	11
Total expenses	4,872	4,498	374	8	14,762	12,798	1,964	15
Pretax segment income	\$ 1,584	\$ 1,309	\$ 275	21 %	\$ 3,964	\$ 4,114	\$ (150)	(4)%

Denotes a variance of 100 percent or more

U.S. Consumer Services issues a wide range of proprietary consumer cards and provides services to U.S. consumers, including travel and lifestyle services as well as banking and non-card financing products.

TOTAL REVENUES NET OF INTEREST EXPENSE

Non-interest revenues increased for both the three and nine month periods, primarily driven by higher Discount revenue and Net card fees.

Discount revenue increased 9 percent and 12 percent for the three and nine month periods, respectively, primarily driven by increases in U.S. consumer billed business. See Tables 5, 6 and 10 for more details on billed business performance.

Net card fees increased 20 percent and 23 percent for the three and nine month periods, respectively, primarily driven by growth in our premium card portfolios.

Service fees and other revenue was flat for the three month period and increased 6 percent for the nine month period. The increase in the nine month period was primarily driven by higher travel commissions and fees from our consumer travel business, as well as growth in delinquency fees, partially offset by the change in the allocation of TLS revenues described above, which wholly offset the increase in revenues for the three month period.

Interest income increased for both the three and nine month periods, primarily driven by higher interest rates and growth in revolving loan balances.

Interest expense increased for both the three and nine month periods, primarily driven by a higher cost of funds.

PROVISIONS FOR CREDIT LOSSES

Card Member loans provision for credit losses increased for both the three and nine month periods. The increase in the three month period was primarily due to higher net write-offs and a higher reserve build in the current period. The increase in the nine month period was primarily due to a reserve build in the current period versus a reserve release in the prior period and higher net write-offs. The reserve builds in the current periods were primarily driven by increases in loans outstanding and higher delinquencies. The reserve build in the prior three month period was driven by an increase in loans outstanding and deterioration in the macroeconomic outlook at that time. The reserve release in the prior nine month period was primarily driven by reduction in COVID-19 pandemic-driven reserves, partially offset by an increase in loans outstanding and deterioration in the macroeconomic outlook at that time.

Card Member receivables provision for credit losses increased for both the three and nine month periods. The increase in the three month period was primarily due to higher net write-offs, partially offset by a lower reserve build in the current period. The increase in the nine month period was primarily due to higher net write-offs, partially offset by a reserve release in the current period versus a reserve build in the prior period. The reserve build in the current three month period was primarily driven by higher delinquencies. The reserve release in the current nine month period was primarily driven by lower delinquencies. The reserve builds in the prior periods were primarily driven by higher delinquencies, partially offset in the prior three month period by a decrease in receivables outstanding.

EXPENSES

Total expenses increased for both the three and nine month periods. The increase in the three month period was primarily driven by higher Business development expense, as well as an increase in allocated service costs. The increase in the nine month period was primarily driven by higher Card Member rewards expense, an increase in allocated service costs and higher Card Member services expense.

Card Member rewards expense increased for both the three and nine month periods, primarily driven by higher billed business, partially offset by the impact of changes in expected redemption behavior associated with certain products.

Business development expense increased for both the three and nine month periods, primarily due to increased partner payments driven by higher contractual rates and increases in billed business.

Card Member services expense increased for both the three and nine month periods, primarily driven by higher usage of travel-related benefits.

Marketing expense decreased for both the three and nine month periods, reflecting lower levels of spending on customer acquisitions and other growth initiatives.

Salaries and employee benefits and other expenses increased for both the three and nine month periods, primarily due to an increase in allocated service costs.

Table 10: USCS Selected Statistical Information

<i>(Millions, except percentages and where indicated)</i>	As of or for the Three Months Ended September 30,		Change 2023 vs. 2022	As of or for the Nine Months Ended September 30,		Change 2023 vs. 2022
	2023	2022		2023	2022	
Billed business <i>(billions)</i>	\$ 153.5	\$ 140.3	9 %	\$ 451.1	\$ 404.1	12 %
Proprietary cards-in-force	43.4	41.2	5	43.4	41.2	5
Proprietary basic cards-in-force	30.4	28.9	5	30.4	28.9	5
Average proprietary basic Card Member spending <i>(dollars)</i>	\$ 5,062	\$ 4,908	3	\$ 15,072	\$ 14,387	5
Total segment assets <i>(billions)</i>	\$ 98.2	\$ 84.8	16	\$ 98.2	\$ 84.8	16
Card Member loans:						
Total loans <i>(billions)</i>	\$ 77.7	\$ 66.3	17	\$ 77.7	\$ 66.3	17
Average loans <i>(billions)</i>	\$ 77.1	\$ 65.3	18	\$ 74.4	\$ 61.7	21
Net write-off rate — principal, interest and fees ^(a)	2.2 %	1.1 %		2.0 %	1.1 %	
Net write-off rate — principal only ^(a)	1.7 %	0.8 %		1.6 %	0.8 %	
30+ days past due as a % of total	1.3 %	0.9 %		1.3 %	0.9 %	
Calculation of Net Interest Yield on Average Card Member Loans:						
Net interest income	\$ 2,528	\$ 1,977		\$ 7,039	\$ 5,366	
Exclude:						
Interest expense not attributable to our Card Member loan portfolio ^(b)	41	34		121	95	
Interest income not attributable to our Card Member loan portfolio ^(c)	(101)	(61)		(274)	(155)	
Adjusted net interest income ^(d)	\$ 2,468	\$ 1,950		\$ 6,886	\$ 5,306	
Average Card Member loans <i>(billions)</i>	\$ 77.1	\$ 65.3		\$ 74.4	\$ 61.7	
Net interest income divided by average Card Member loans ^(d)	13.0 %	12.0 %		12.6 %	11.6 %	
Net interest yield on average Card Member loans ^(d)	12.7 %	11.9 %		12.4 %	11.5 %	
Card Member receivables:						
Total receivables <i>(billions)</i>	\$ 13.2	\$ 13.2	— %	\$ 13.2	\$ 13.2	— %
Net write-off rate — principal and fees ^(a)	1.3 %	0.6 %		1.3 %	0.5 %	
Net write-off rate — principal only ^(a)	1.2 %	0.6 %		1.2 %	0.4 %	
30+ days past due as a % of total	0.9 %	0.9 %		0.9 %	0.9 %	

(a) Refer to Table 7 footnote (a).

(b) Refer to Table 8 footnote (a).

(c) Refer to Table 8 footnote (b).

(d) Refer to Table 8 footnote (c).

Commercial Services

Table 11: CS Selected Income Statement Data

(Millions, except percentages)	Three Months Ended September 30,		Change 2023 vs. 2022		Nine Months Ended September 30,		Change 2023 vs. 2022	
	2023	2022			2023	2022		
Revenues								
Non-interest revenues	\$ 3,257	\$ 3,145	\$ 112	4 %	\$ 9,665	\$ 8,986	\$ 679	8 %
Interest income	881	552	329	60	2,379	1,435	944	66
Interest expense	391	201	190	95	1,076	409	667	#
Net interest income	490	351	139	40	1,303	1,026	277	27
Total revenues net of interest expense	3,747	3,496	251	7	10,968	10,012	956	10
Provisions for credit losses	323	196	127	65	945	294	651	#
Total revenues net of interest expense after provisions for credit losses	3,424	3,300	124	4	10,023	9,718	305	3
Total expenses	2,572	2,526	46	2	7,828	7,385	443	6
Pretax segment income	\$ 852	\$ 774	\$ 78	10 %	\$ 2,195	\$ 2,333	\$ (138)	(6)%

Denotes a variance of 100 percent or more

Commercial Services issues a wide range of proprietary corporate and small business cards and provides services to U.S. businesses, including payment and expense management, banking and non-card financing products. CS also issues proprietary corporate cards and provides services to select global corporate clients.

TOTAL REVENUES NET OF INTEREST EXPENSE

Non-interest revenues increased for both the three and nine month periods. The increase in the three month period was primarily driven by higher Service fees and other revenue, as well as higher Net Card fees. The increase in the nine month period was primarily driven by higher Discount revenue and Service fees and other revenue.

Discount revenue increased 1 percent and 5 percent for the three and nine month periods, respectively, primarily driven by increases in commercial billed business. See Tables 5, 6 and 12 for more details on billed business performance.

Net card fees increased 15 percent and 19 percent for the three and nine month periods, respectively, primarily driven by growth in our premium card portfolios.

Service fees and other revenue increased 54 percent and 62 percent for the three and nine month periods, respectively, primarily driven by the change in the allocation of TLS revenues described above, as well as growth in delinquency fees.

Interest income increased for both the three and nine month periods, primarily driven by higher interest rates and growth in revolving loan balances.

Interest expense increased for both the three and nine month periods, primarily driven by a higher cost of funds.

PROVISIONS FOR CREDIT LOSSES

Card Member loans provision for credit losses increased for both the three and nine month periods, primarily due to higher net write-offs and higher reserve builds in the current periods. The reserve builds for the current periods were primarily driven by increases in loans outstanding and higher delinquencies. The reserve builds in the prior periods were primarily driven by increases in loans outstanding, deterioration in the macroeconomic outlook at that time and higher delinquencies. The reserve build in the prior nine month period was partially offset by reductions in COVID-19 pandemic-driven reserves.

Card Member receivables provision for credit losses increased for both the three and nine month periods, primarily due to higher net write-offs, partially offset by reserve releases in the current periods versus reserve builds in the prior periods. The reserve releases in the current periods were driven by lower delinquencies and decreases in receivables outstanding. The reserve builds in the prior periods were primarily driven by higher delinquencies and, for the prior nine month period, an increase in receivables outstanding.

EXPENSES

Total expenses increased for both the three and nine month periods, primarily driven by an increase in allocated service costs. The increase in the nine month period was also driven by higher Card Member rewards expense.

Card Member rewards expense was relatively flat for the three month period and increased for the nine month period. The increase in the nine month period was primarily driven by a larger proportion of spend in categories that earn higher levels of rewards, as well as higher billed business.

Business development expense was relatively flat for the three month period and increased for the nine month period. The increase in the nine month period was primarily due to increased partner payments, primarily driven by higher billed business.

Card Member services expense increased for both the three and nine month periods, primarily driven by higher usage of travel-related benefits.

Marketing expense decreased for both the three and nine month periods, reflecting lower levels of spending on customer acquisitions and other growth initiatives.

Salaries and employee benefits and other expenses increased for both the three and nine month periods, primarily due to an increase in allocated service costs.

Table 12: CS Selected Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended September 30,		Change 2023 vs 2022	As of or for the Nine Months Ended September 30,		Change 2023 vs 2022
	2023	2022		2023	2022	
Billed business (billions)	\$ 129.5	\$ 127.6	1 %	\$ 384.7	\$ 369.0	4 %
Proprietary cards-in-force	15.4	14.6	5	15.4	14.6	5
Average Card Member spending (dollars)	\$ 8,434	\$ 8,848	(5)	\$ 25,234	\$ 26,377	(4)
Total segment assets (billions)	\$ 56.6	\$ 51.3	10	\$ 56.6	\$ 51.3	10
Card Member loans:						
Total loans (billions)	\$ 25.2	\$ 20.7	22	\$ 25.2	\$ 20.7	22
Average loans (billions)	\$ 24.4	\$ 20.1	21	\$ 23.3	\$ 18.7	25
Net write-off rate — principal, interest and fees ^(a)	2.0 %	0.8 %		1.8 %	0.8 %	
Net write-off rate — principal only ^(a)	1.8 %	0.7 %		1.5 %	0.6 %	
30+ days past due as a % of total	1.2 %	0.7 %		1.2 %	0.7 %	
Calculation of Net Interest Yield on Average Card Member Loans:						
Net interest income	\$ 490	\$ 351		\$ 1,303	\$ 1,026	
Exclude:						
Interest expense not attributable to our Card Member loan portfolio ^(b)	185	124		525	272	
Interest income not attributable to our Card Member loan portfolio ^(c)	(55)	(24)		(139)	(57)	
Adjusted net interest income ^(d)	\$ 620	\$ 451		\$ 1,689	\$ 1,241	
Average Card Member loans (billions)	\$ 24.4	\$ 20.1		\$ 23.3	\$ 18.7	
Net interest income divided by average Card Member loans ^(d)	8.0 %	6.9 %		7.5 %	7.4 %	
Net interest yield on average Card Member loans ^(d)	10.1 %	8.9 %		9.7 %	8.9 %	
Card Member receivables:						
Total receivables (billions)	\$ 28.3	\$ 27.6	3 %	\$ 28.3	\$ 27.6	3 %
Net write-off rate — principal and fees ^(e)	1.5 %	0.7 %		1.5 %	0.6 %	
Net write-off rate — principal only ^(a) - small business	2.1 %	0.9 %		2.1 %	0.7 %	
30+ days past due as a % of total - small business	1.4 %	1.4 %		1.4 %	1.4 %	
90+ days past billing as a % of total ^(e) - corporate	0.4 %	0.6 %		0.4 %	0.6 %	

(a) Refer to Table 7 footnote (a).

(b) Refer to Table 8 footnote (a).

(c) Refer to Table 8 footnote (b).

(d) Refer to Table 8 footnote (c).

(e) For corporate receivables, delinquency data is tracked based on days past billing status rather than days past due. A Card Member account is considered 90 days past billing if payment has not been received within 90 days of the Card Member's billing statement date. In addition, if we initiate collection procedures on an account prior to the account becoming 90 days past billing, the associated Card Member receivable balance is classified as 90 days past billing. Corporate receivables 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.

International Card Services

Table 13: ICS Selected Income Statement Data

(Millions, except percentages)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	2023 vs. 2022		2023	2022	2023 vs. 2022	
Revenues								
Non-interest revenues	\$ 2,390	\$ 2,066	\$ 324	16 %	\$ 7,006	\$ 6,065	\$ 941	16 %
Interest income	538	364	174	48	1,502	1,035	467	45
Interest expense	285	178	107	60	770	445	325	73
Net interest income	253	186	67	36	732	590	142	24
Total revenues net of interest expense	2,643	2,252	391	17	7,738	6,655	1,083	16
Provisions for credit losses	154	176	(22)	(13)	533	374	159	43
Total revenues net of interest expense after provisions for credit losses	2,489	2,076	413	20	7,205	6,281	924	15
Total expenses	2,102	1,910	192	10	6,376	5,688	688	12
Pretax segment income	\$ 387	\$ 166	\$ 221	# %	\$ 829	\$ 593	\$ 236	40 %

Denotes a variance of 100 percent or more

International Card Services (ICS) issues a wide range of proprietary consumer, small business and corporate cards outside the United States. ICS also provides services to our international customers, including travel and lifestyle services, and manages certain international joint ventures and our loyalty coalition businesses.

TOTAL REVENUES NET OF INTEREST EXPENSE

Non-interest revenues increased for both the three and nine month periods, primarily driven by higher Discount revenue and Net card fees.

Discount revenue increased 17 percent and 18 percent for the three and nine month periods, respectively (14 percent and 20 percent on an FX-adjusted basis), primarily reflecting increases in billed business.² See Tables 5, 6 and 14 for more details on billed business performance.

Net card fees increased 22 percent and 16 percent for the three and nine month periods, respectively (19 percent and 18 percent on an FX-adjusted basis), primarily driven by growth in our premium card portfolios.²

Service fees and other revenue increased 10 percent for both the three and nine month periods (3 percent and 8 percent on an FX-adjusted basis), primarily driven by foreign exchange related revenues associated with Card Member cross-currency spending and growth in delinquency fees.²

Interest income increased for both the three and nine month periods, primarily driven by growth in revolving loan balances and higher interest rates.

Interest expense increased for both the three and nine month periods, primarily driven by a higher cost of funds.

² Refer to footnote 1 on page 3 for details regarding foreign currency adjusted information.

PROVISIONS FOR CREDIT LOSSES

Card Member loans provision for credit losses decreased for the three month period, primarily due to a reserve release in the current period versus a reserve build in the prior period, partially offset by higher net write-offs. The reserve release in the current period was primarily driven by the performance of portfolios in certain international markets. Card Member loans provision for credit losses increased for the nine month period, primarily due to higher net write-offs, partially offset by a lower reserve build in the current period. The reserve build in the current nine month period was primarily driven by an increase in loans outstanding, partially offset by the performance of portfolios in certain international markets. The reserve builds in the prior periods were primarily driven by higher delinquencies and deterioration in the macroeconomic outlook at that time.

Card Member receivables provision for credit losses decreased for the three month period, primarily due to a reserve release in the current period versus a reserve build in the prior period, partially offset by higher net write-offs. Card Member receivables provision for credit losses increased for the nine month period, primarily due to higher write-offs, partially offset by a reserve release in the current period versus a reserve build in the prior period. The reserve releases in the current periods were primarily driven by lower delinquencies, partially offset by increases in receivables outstanding. The reserve builds in the prior periods were primarily driven by higher delinquencies.

EXPENSES

Total expenses increased for both the three and nine month periods, primarily driven by higher Card Member rewards expense and an increase in allocated service costs.

Card Member rewards expense increased for both the three and nine month periods, primarily driven by higher billed business, partially offset in the three month period by the impact of changes in expected redemption behavior associated with certain products.

Business development expense increased for the three month period and decreased for the nine month period. Both the three and nine month periods reflect increases in client incentives and partner payment expenses driven by higher billed business, which was offset in the nine month period by a prior-year charge related to revenue allocated to a joint venture partner.

Card Member services expense increased for both the three and nine month periods, primarily driven by higher usage of travel-related benefits.

Marketing expense decreased for both the three and nine month periods, primarily due to elevated levels of spending on growth initiatives in the prior periods.

Salaries and employee benefits and other expenses increased for both the three and nine month periods, primarily due to an increase in allocated service costs.

Table 14: ICS Selected Statistical Information

	As of or for the Three Months Ended September 30,		Change 2023 vs. 2022	As of or for the Nine Months Ended September 30,		Change 2023 vs. 2022
	2023	2022		2023	2022	
<i>(Millions, except percentages and where indicated)</i>						
Billed business <i>(billions)</i>	\$ 82.7	\$ 70.2	18 %	\$ 241.4	\$ 204.5	18 %
Proprietary cards-in-force	20.8	19.8	5	20.8	19.8	5
Proprietary basic cards-in-force	15.4	14.7	5	15.4	14.7	5
Average proprietary basic Card Member spending <i>(dollars)</i>	\$ 5,382	\$ 4,824	12	\$ 15,861	\$ 14,300	11
Total segment assets <i>(billions)</i>	\$ 38.6	\$ 32.9	17	\$ 38.6	\$ 32.9	17
Card Member loans - consumer and small business:						
Total loans <i>(billions)</i>	\$ 15.1	\$ 12.0	26	\$ 15.1	\$ 12.0	26
Average loans <i>(billions)</i>	\$ 15.1	\$ 12.3	23	\$ 14.6	\$ 11.9	23
Net write-off rate - principal, interest and fees ^(a)	2.6 %	1.4 %		2.5 %	1.3 %	
Net write-off rate - principal only ^(a)	2.1 %	1.2 %		2.1 %	1.1 %	
30+ days past due as a % of total	1.4 %	1.0 %		1.4 %	1.0 %	
Calculation of Net Interest Yield on Average Card Member Loans:						
Net interest income	\$ 253	\$ 186		\$ 732	\$ 590	
Exclude:						
Interest expense not attributable to our Card Member loan portfolio ^(b)	121	72		319	187	
Interest income not attributable to our Card Member loan portfolio ^(c)	(17)	(7)		(46)	(16)	
Adjusted net interest income ^(d)	\$ 357	\$ 251		\$ 1,005	\$ 761	
Average Card Member loans <i>(billions)</i>	\$ 15.1	\$ 12.4		\$ 14.6	\$ 12.0	
Net interest income divided by average Card Member loans ^(d)	6.6 %	6.0 %		6.7 %	6.6 %	
Net interest yield on average Card Member loans ^(d)	9.4 %	8.0 %		9.2 %	8.5 %	
Card Member receivables:						
Total receivables <i>(billions)</i>	\$ 17.3	\$ 14.5	19 %	\$ 17.3	\$ 14.5	19 %
Net write-off rate — principal and fees ^(e)	2.2 %	1.4 %		2.2 %	1.1 %	
Net write-off rate — principal only ^(a) - consumer and small business	2.4 %	1.6 %		2.4 %	1.3 %	
30+ days past due as a % of total - consumer and small business	1.1 %	1.2 %		1.1 %	1.2 %	
90+ days past billing as a % of total ^(e) - corporate	0.6 %	0.5 %		0.6 %	0.5 %	

(a) Refer to Table 7 footnote (a).

(b) Refer to Table 8 footnote (a).

(c) Refer to Table 8 footnote (b).

(d) Refer to Table 8 footnote (c).

(e) For corporate receivables, delinquency data is tracked based on days past billing status rather than days past due. A Card Member account is considered 90 days past billing if payment has not been received within 90 days of the Card Member's billing statement date. In addition, if we initiate collection procedures on an account prior to the account becoming 90 days past billing, the associated Card Member receivable balance is classified as 90 days past billing. Corporate receivables 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.

Global Merchant and Network Services

Table 15: GMNS Selected Income Statement and Other Data

(Millions, except percentages and where indicated)	Three Months Ended September 30,		Change 2023 vs. 2022		Nine Months Ended September 30,		Change 2023 vs. 2022	
	2023	2022			2023	2022		
Revenues								
Non-interest revenues	\$ 1,656	\$ 1,562	\$ 94	6 %	\$ 4,927	\$ 4,502	\$ 425	9 %
Interest income	14	6	8	#	42	13	29	#
Interest expense	(181)	(97)	(84)	(87)	(486)	(202)	(284)	#
Net interest income	195	103	92	89	528	215	313	#
Total revenues net of interest expense	1,851	1,665	186	11	5,455	4,717	738	16
Provisions for credit losses	6	3	3	#	13	6	7	#
Total revenues net of interest expense after provisions for credit losses	1,845	1,662	183	11	5,442	4,711	731	16
Total expenses	859	870	(11)	(1)	2,608	2,448	160	7
Pretax segment income	986	792	194	24	2,834	2,263	571	25
Network volumes (billions)	420.2	394.4	\$ 26	7	1,245.7	1,139.5	\$ 106	9
Total segment assets (billions)	\$ 20.8	\$ 15.4		35 %	\$ 20.8	\$ 15.4		35 %

Denotes a variance of 100 percent or more

Global Merchant and Network Services (GMNS) operates a global payments network that processes and settles card transactions, acquires merchants and provides multi-channel marketing programs and capabilities, services and data analytics, leveraging our global integrated network. GMNS manages our partnership relationships with third-party card issuers (including our network partnership agreements in China), merchant acquirers and a prepaid reloadable and gift card program manager, licensing the American Express brand and extending the reach of the global network.

TOTAL REVENUES NET OF INTEREST EXPENSE

Non-interest revenues increased across all revenue categories for both the three and nine month periods, primarily driven by higher Discount revenue and Service fees and other revenues.

Discount revenue increased 6 percent and 9 percent for the three and nine month periods, respectively, primarily driven by increases in billed business. See Tables 5 and 6 for more details on billed business performance.

Service fees and other revenue increased 10 percent and 14 percent for the three and nine month periods, respectively, primarily due to higher foreign exchange related revenues associated with Card Member cross-currency spending.

Processed revenue increased 4 percent and 8 percent for the three and nine month periods, respectively, primarily driven by higher processed volumes.

GMNS receives an interest expense credit relating to internal transfer pricing due to its merchant payables. Net interest income increased for both the three and nine month periods, primarily due to higher interest expense credits, largely driven by higher interest rates.

EXPENSES

Total expenses decreased for the three month period and increased for the nine month period. The decrease in the three month period was primarily due to lower Business development expense, partially offset by higher Operating expenses. The increase in the nine month period was primarily driven by higher Operating expenses.

Business development expense decreased for the three month period and increased for the nine month period. The increase in the nine month period was due to increased partner payments driven by higher network volumes, which was more than offset in the three month period by certain discrete partner payments in the prior year.

Marketing expense decreased for the three month period and increased for the nine month period. The decrease in the three month period was driven by management decisions impacting the timing of spend to drive growth momentum and support merchant engagement. The increase in the nine month period was primarily driven by higher levels of spending on merchant engagement and other growth initiatives.

Salaries and employee benefits and other expenses increased for both the three and nine month periods, primarily due to higher compensation costs and higher allocated service costs.

Corporate & Other

Corporate functions and certain other businesses are included in Corporate & Other.

Corporate & Other pretax loss was \$709 million for the three months ended September 30, 2023, compared to a pretax loss of \$582 million for the same period in the prior year, and pretax loss was \$1.8 billion for the nine months ended September 30, 2023, compared to a pretax loss of \$1.6 billion for the same period in the prior year. The increase in pretax loss for the three month period was primarily driven by higher incentive compensation. The increase in pretax loss for the nine month period was primarily driven by higher deferred compensation costs and net losses on Amex Ventures investments.

CONSOLIDATED CAPITAL RESOURCES AND LIQUIDITY

Our balance sheet management objectives are to maintain:

- A solid and flexible equity capital profile;
- A broad, deep and diverse set of funding sources to finance our assets and meet operating requirements; and
- Liquidity programs that enable us to continuously meet expected future financing obligations and business requirements for at least a twelve month period in the event we are unable to continue to raise new funds under our regular funding programs during a substantial weakening in economic conditions.

We continue to see volatility in the capital markets due to a variety of factors and manage our balance sheet to reflect evolving circumstances.

Capital

We believe capital allocated to growing businesses with a return on risk-adjusted equity in excess of our costs will generate shareholder value. Our objective is to retain sufficient levels of capital generated through net income and other sources, such as the exercise of stock options by colleagues, to maintain a strong balance sheet, provide flexibility to support future business growth, and distribute excess capital to shareholders through dividends and share repurchases. See “Dividends and Share Repurchases” below.

We seek to maintain capital levels and ratios in excess of our minimum regulatory requirements, specifically within a 10 to 11 percent target range for American Express Company’s Common Equity Tier 1 (CET1) risk-based capital ratio.

We maintain certain flexibility to shift capital across our businesses as appropriate. For example, we may infuse additional capital into subsidiaries to maintain capital at targeted levels in consideration of debt ratings and regulatory requirements. These infused amounts can affect the capital and liquidity positions at the American Express parent company level or at our subsidiaries.

We report our capital ratios using the Basel III capital definitions and the Basel III standardized approach for calculating risk-weighted assets.

On July 27, 2023, the Federal Reserve, the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) issued a notice of proposed rulemaking that would significantly revise U.S. regulatory capital requirements for large banking organizations, including American Express Company and American Express National Bank (AENB). See “Certain Legislative, Regulatory and Other Developments — Basel III Proposal” for more information.

The following table presents our regulatory risk-based capital and leverage ratios and those of our U.S. bank subsidiary, AENB, as of September 30, 2023:

Table 16: Regulatory Risk-Based Capital and Leverage Ratios

	Effective Minimum ^(a)	Ratios as of September 30, 2023
Risk-Based Capital		
Common Equity Tier 1	7.0 %	
<i>American Express Company</i>		10.7 %
<i>American Express National Bank</i>		11.4
Tier 1	8.5 %	
<i>American Express Company</i>		11.5
<i>American Express National Bank</i>		11.4
Total	10.5 %	
<i>American Express Company</i>		13.4
<i>American Express National Bank</i>		13.2
Tier 1 Leverage	4.0 %	
<i>American Express Company</i>		10.0
<i>American Express National Bank</i>		9.3 %

(a) Represents Basel III minimum requirements and applicable regulatory buffers as defined by the federal banking regulators, which includes the stress capital buffer (SCB) for American Express Company and the capital conservation buffer for AENB.

The following table presents American Express Company's regulatory risk-based capital and risk-weighted assets as of September 30, 2023:

Table 17: Regulatory Risk-Based Capital Components and Risk Weighted Assets

American Express Company (\$ in Billions)	September 30, 2023
Risk-Based Capital	
Common Equity Tier 1	\$ 22.5
Tier 1 Capital	24.0
Tier 2 Capital	4.0
Total Capital	28.0
Risk-Weighted Assets	
Average Total Assets to calculate the Tier 1 Leverage Ratio	\$ 240.9

The following are definitions for our regulatory risk-based capital ratios and leverage ratio, which are calculated as per standard regulatory guidance:

Risk-Weighted Assets — Assets are weighted for risk according to a formula used by the Federal Reserve to conform to capital adequacy guidelines. On- and off-balance sheet items are weighted for risk, with off-balance sheet items converted to balance sheet equivalents, using risk conversion factors, before being allocated a risk-adjusted weight. Off-balance sheet exposures comprise a minimal part of the total risk-weighted assets.

Common Equity Tier 1 Risk-Based Capital Ratio — Calculated as CET1 capital, divided by risk-weighted assets. CET1 capital is common shareholders' equity, adjusted for ineligible goodwill and intangible assets and certain deferred tax assets. CET1 capital is also adjusted for the Current Expected Credit Loss (CECL) final rules, as described below.

Tier 1 Risk-Based Capital Ratio — Calculated as Tier 1 capital divided by risk-weighted assets. Tier 1 capital is the sum of CET1 capital, preferred shares and third-party non-controlling interests in consolidated subsidiaries, adjusted for capital held by insurance subsidiaries. The minimum requirement for the Tier 1 risk-based capital ratio is 1.5 percent higher than the minimum for the CET1 risk-based capital ratio. We have \$1.6 billion of preferred shares outstanding to help address a portion of the Tier 1 capital requirements in excess of common equity requirements.

Total Risk-Based Capital Ratio — Calculated as the sum of Tier 1 capital and Tier 2 capital, divided by risk-weighted assets. Tier 2 capital is the sum of allowance for credit losses adjusted for the CECL final rules (limited to 1.25 percent of risk-weighted assets) and \$1,370 million of eligible subordinated notes, adjusted for capital held by insurance subsidiaries. The \$1,370 million of eligible subordinated notes includes the \$500 million subordinated debt issued in July 2023, the \$750 million subordinated debt issued in May 2022, and the \$120 million remaining Tier 2 capital credit for the \$600 million subordinated debt issued in December 2014.

Tier 1 Leverage Ratio — Calculated by dividing Tier 1 capital by our average total consolidated assets for the most recent quarter.

We elected to delay the recognition of \$0.7 billion of reduction in regulatory capital from the adoption of the CECL methodology for two years, followed by a three-year phase-in period at 25 percent once per year beginning January 1, 2022, pursuant to rules issued by federal banking regulators (the CECL final rules). As of January 1, 2023, we have phased in 50 percent of such amount.

We continue to include accumulated other comprehensive income (loss) in regulatory capital.

As a Category IV firm, we are not subject to the Federal Reserve's supervisory stress tests in 2023. We submitted our annual capital plan to the Federal Reserve in April 2023. On July 27, 2023 the Federal Reserve confirmed our SCB of 2.5 percent, which resulted in a minimum CET1 ratio of 7 percent, effective October 1, 2023 to September 30, 2024.

Dividends and Share Repurchases

We return capital to common shareholders through dividends and share repurchases. The share repurchases reduce common shares outstanding and generally more than offset the issuance of new shares as part of employee compensation plans.

During the three and nine months ended September 30, 2023, we returned \$1.7 billion and \$3.9 billion, respectively, to our shareholders in the form of common stock dividends of \$0.4 billion and \$1.3 billion, respectively, and share repurchases of \$1.3 billion and \$2.6 billion, respectively. We repurchased 7.9 million common shares at an average price of \$162.03 in the third quarter of 2023.

In addition, during the three and nine months ended September 30, 2023, we paid \$14 million and \$43 million, respectively, in dividends on non-cumulative perpetual preferred shares outstanding.

Funding Strategy

Our principal funding objective is to maintain broad and well-diversified funding sources to allow us to finance our global businesses and to maintain a strong liquidity profile.

We aim to satisfy our financing needs with a diverse set of funding sources. The diversity of funding sources by type of instrument, by tenor and by investor base, among other factors, mitigates the impact of disruptions in any one type of instrument, tenor or investor. We seek to achieve diversity and cost efficiency in our funding sources by maintaining scale and market relevance in deposits, unsecured debt and asset securitizations, and access to secured borrowing facilities and a committed bank credit facility.

Summary of Consolidated Debt

We had the following customer deposits and consolidated debt outstanding as of September 30, 2023 and December 31, 2022:

Table 18: Summary of Customer Deposits and Consolidated Debt

(Billions)	September 30, 2023		December 31, 2022	
Customer deposits	\$	124.4	\$	110.2
Short-term borrowings		1.6		1.3
Long-term debt		46.4		42.6
Total customer deposits and debt	\$	172.4	\$	154.1

We may redeem from time to time certain debt securities prior to the original contractual maturity dates in accordance with the optional redemption provisions of those debt securities.

Our funding needs are driven by, among other factors, maturing obligations, our liquidity position and the pace of growth in our loans and receivables balances. Actual funding activities can vary from our plans due to various factors, such as future business growth, the impact of global economic, political and other events on market capacity and funding needs, demand for securities offered by us, regulatory changes, ability to securitize and sell loans and receivables, and the performance of loans and receivables previously sold in securitization transactions. Many of these factors are beyond our control.

We issued \$11.0 billion of debt during the nine months ended September 30, 2023, consisting of \$7.5 billion of unsecured debt and \$3.5 billion of asset-backed securities. The following table presents our debt issuances for the three months ended September 30, 2023:

Table 19: Debt Issuances

(Billions)	Three Months Ended September 30, 2023
American Express Company:	
Floating Rate Senior Notes (compounded SOFR ^(a) plus 97 basis points)	0.3
Fixed-to-Floating Rate Senior Notes (weighted-average coupon of 5.33% during the fixed rate periods and compounded SOFR ^(a) plus weighted-average spread of 114 basis points during the floating rate periods)	2.7
Fixed-to-Floating Rate Subordinated Notes (coupon of 5.63% during the fixed rate period and compounded SOFR ^(a) plus spread of 193 basis points during the floating rate period)	0.5
American Express Credit Account Master Trust:	
Fixed Rate Class A Certificates (weighted-average coupon of 5.19%)	1.7
Total	5.2

(a) Secured overnight financing rate (SOFR).

Our equity capital and funding strategies are designed, among other things, to maintain appropriate and stable unsecured debt ratings from the major credit rating agencies: Moody's Investor Services (Moody's), Standard & Poor's (S&P) and Fitch Ratings (Fitch). Such ratings help support our access to cost-effective unsecured funding as part of our overall funding strategy. Our asset securitization activities are rated separately.

Table 20: Unsecured Debt Ratings

American Express Entity		Moody's	S&P	Fitch
American Express Company	Long Term	A2	BBB+	A
	Short Term	N/R	A-2	F1
	Outlook	Stable	Stable	Stable
American Express Travel Related Services Company, Inc.	Long Term	A2	A-	A
	Short Term	P-1	A-2	F1
	Outlook	Stable	Stable	Stable
American Express National Bank	Long Term	A3	A-	A
	Short Term	P-1	A-2	F1
	Outlook	Stable	Stable	Stable
American Express Credit Corporation	Long Term	A2	A-	A
	Short Term	N/R	N/R	N/R
	Outlook	Stable	Stable	Stable

These ratings are not a recommendation to buy or hold any of our securities and they may be revised or revoked at any time at the sole discretion of the rating organization.

Downgrades in the ratings of our unsecured debt or asset securitization program securities could result in higher funding costs, as well as higher fees related to borrowings under our unused credit facilities. Declines in credit ratings could also reduce our borrowing capacity in the unsecured debt and asset securitization capital markets. We believe our funding mix, including the proportion of U.S. retail deposits insured by the FDIC to total funding, should reduce the impact that credit rating downgrades would have on our funding capacity and costs.

On August 29, 2023, the Federal Reserve, the OCC and the FDIC issued a notice of proposed rulemaking that proposed long-term debt requirements that, if adopted as proposed, would require covered bank holding companies such as American Express Company to issue and maintain minimum amounts of eligible external long-term debt with specific terms for purposes of absorbing losses or recapitalizing the covered bank holding company and its operating subsidiaries. The notice of proposed rulemaking also proposed requiring minimum amounts of eligible internal long-term debt to be maintained by certain insured depository institutions that have at least \$100 billion in consolidated assets, such as AENB, for purposes of absorbing losses or recapitalizing the insured depository institution.

Deposit Programs

We offer deposits within our U.S. bank subsidiary, AENB. These funds are currently insured up to an amount that is at least \$250,000 per account holder through the FDIC; as of September 30, 2023, approximately 92 percent of these deposits were insured. Our ability to obtain deposit funding and offer competitive interest rates is dependent on, among other factors, the capital level of AENB. Direct retail deposits offered by AENB is our primary deposit product channel, which makes FDIC-insured high-yield savings account, certificates of deposit (CDs), business checking and consumer rewards checking account products available directly to customers. As of September 30, 2023, our direct retail deposit program had approximately 2.2 million accounts. AENB also sources deposits through third-party distribution channels as needed to meet our overall funding objectives.

As of September 30, 2023 and December 31, 2022, we had \$124.4 billion and \$110.2 billion, respectively, in deposits. Refer to Note 6 to the "Consolidated Financial Statements" for a further description of these deposits and scheduled maturities of certificates of deposits.

Liquidity Management

Our liquidity objective is to maintain access to a diverse set of on- and off-balance sheet liquidity sources. We seek to maintain liquidity sources in amounts sufficient to meet our expected future financial obligations and business requirements for liquidity for a period of at least twelve months in the event we are unable to raise new funds under our regular funding programs during a substantial weakening in economic conditions.

Our liquidity management strategy includes a number of elements, including, but not limited to:

- Maintaining diversified funding sources (refer to the “Funding Strategy” section for more details);
- Maintaining unencumbered liquid assets and off-balance sheet liquidity sources;
- Projecting cash inflows and outflows under a variety of economic and market scenarios; and
- Establishing clear objectives for liquidity risk management, including compliance with regulatory requirements.

The amount and type of liquidity resources we maintain can vary over time, based upon the results of stress scenarios required under the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as additional stress scenarios required under our liquidity risk policy.

We believe that we currently maintain sufficient liquidity to meet all internal and regulatory liquidity requirements.

As of September 30, 2023 and December 31, 2022, we had \$43.9 billion and \$33.9 billion in Cash and cash equivalents, respectively. Refer to the “Cash Flows” section below for a discussion of the major drivers impacting cash flows for the nine months ended September 30, 2023. The investment income we receive on liquidity resources has historically been less than the interest expense on the sources of funding for these balances. From time to time, including in this quarter, interest income may exceed the interest expense associated with the liquidity portfolio. Depending on the interest rate environment, our funding composition and the amount of liquidity resources we maintain, the level of future net interest income or expense associated with our liquidity resources will vary.

Securitized Borrowing Capacity

As of September 30, 2023, we maintained committed, revolving, secured borrowing facilities that give us the right to sell up to \$3.0 billion face amount of eligible AAA notes from American Express Issuance Trust II (the Charge Trust) and up to \$3.0 billion face amount of eligible AAA certificates from American Express Credit Account Master Trust (the Lending Trust). On July 26, 2023, we extended the Charge Trust’s facility by two years to mature on July 15, 2026 and on September 15, 2023, we extended the Lending Trust’s facility by two years to mature on September 15, 2026, and increased the maximum face amount of eligible AAA certificates that can be sold using this facility from \$2.0 billion to \$3.0 billion. These facilities enhance our contingent funding resources and are also used in the ordinary course of business to fund working capital needs. As of September 30, 2023, no amounts were drawn on the Charge Trust facility or Lending Trust facility.

Committed Bank Credit Facility

As of September 30, 2023, we maintained a committed syndicated bank credit facility of \$3.5 billion, with a maturity date of October 15, 2024. This facility enhances our contingent funding resources and is also used in the ordinary course of business to fund working capital needs. As of September 30, 2023, no amount was drawn on this facility.

Other Sources of Liquidity

In addition to cash and other liquid assets and the secured borrowing facilities and committed bank credit facility described above, as an insured depository institution, AENB may borrow from the Federal Reserve Bank of San Francisco through the discount window against its credit card loans and charge card receivables. Further, in March 2023, the Federal Reserve established an additional facility, the Bank Term Funding Program (BTFP). The BTFP offers loans of up to one year in length to banks and other eligible depository institutions against U.S. Treasuries, agency debt and mortgage-backed securities, and other qualifying assets as collateral. Any qualifying assets pledged to the BTFP are valued at par by the Federal Reserve for the purpose of determining the amount of collateral we can borrow against. The amount of borrowing capacity available to AENB at either the discount window or the BTFP is subject to the amount of qualifying collateral that it may pledge.

As of September 30, 2023, AENB had available borrowing capacity of \$67.3 billion as a result of U.S. credit card loans and charge card receivables that were pledged to the Federal Reserve through the discount window. It also had approximately \$1.0 billion in U.S. Treasuries, agency debt and mortgage-backed securities that could be pledged through the BTFP. Whether specific assets will be considered qualifying collateral and the amount that may be borrowed against the collateral remain at the discretion of the Federal Reserve. Due to regulatory restrictions, liquidity generated by AENB can generally be used only to fund obligations within AENB, and transfers to the parent company or non-bank affiliates may be subject to prior regulatory approval. During the three months ended September 30, 2023, we did not borrow from either the discount window or the BTFP and no amounts were outstanding on either facility at the end of the period.

Unused Credit Outstanding

As of September 30, 2023, we had approximately \$377 billion of unused credit outstanding, primarily available to customers as part of established lending product agreements. Total unused credit outstanding does not represent potential future cash requirements, as a significant portion of this unused credit will likely not be drawn. Our charge card products generally have no pre-set spending limit and therefore are not reflected in unused credit outstanding.

Cash Flows

The following table summarizes our cash flow activity, followed by a discussion of the major drivers impacting operating, investing and financing cash flows for the nine months ended September 30:

Table 21: Cash Flows

<i>(Billions)</i>		2023	2022
Total cash provided by (used in):			
Operating activities	\$	11.8	\$ 12.6
Investing activities		(16.3)	(22.9)
Financing activities		14.3	18.9
Effect of foreign currency exchange rates on cash and cash equivalents		0.2	0.5
Net increase in cash and cash equivalents	\$	10.0	\$ 9.1

Cash Flows from Operating Activities

Our cash flows from operating activities primarily include net income adjusted for (i) non-cash items included in net income, such as provisions for credit losses, depreciation and amortization, stock-based compensation, deferred taxes and other non-cash items and (ii) changes in the balances of operating assets and liabilities, which can vary significantly in the normal course of business due to the amount and timing of payments.

In 2023, the net cash provided by operating activities was primarily driven by cash generated from net income for the period and higher net operating liabilities, primarily resulting from higher accounts payable to merchants and an increase in Membership Rewards liability, partially offset by payments related to annual incentive compensation.

In 2022, the net cash provided by operating activities was primarily driven by cash generated from net income for the period and higher net operating liabilities, primarily resulting from higher accounts payable to merchants and an increase in Membership Rewards liability driven by higher Card Member spending.

Cash Flows from Investing Activities

Our cash flows from investing activities primarily include changes in Card Member loans and receivables, as well as changes in our available-for-sale investment securities portfolio.

In 2023, the net cash used in investing activities was primarily driven by higher Card Member loans and receivables outstanding, resulting from higher Card Member spending.

In 2022, the net cash used in investing activities was primarily driven by higher Card Member loans and receivables outstanding and net purchases of investment securities.

Cash Flows from Financing Activities

Our cash flows from financing activities primarily include changes in customer deposits, long-term debt and short-term borrowings, as well as dividend payments and share repurchases.

In both the periods presented, the net cash provided by financing activities was primarily driven by growth in customer deposits and net proceeds from debt, partially offset by share repurchases and dividend payments.

OTHER MATTERS

Certain Legislative, Regulatory and Other Developments

Supervision & Regulation

We are subject to extensive government regulation and supervision in jurisdictions around the world, and the costs of compliance are substantial. The financial services industry is subject to rigorous scrutiny, high regulatory expectations, a range of regulations and a stringent and unpredictable enforcement environment.

Governmental authorities have focused, and we believe will continue to focus, considerable attention on reviewing compliance by financial services firms and payment systems with laws and regulations, and as a result, we continually work to evolve and improve our risk management framework, governance structures, practices and procedures. Reviews by us and governmental authorities to assess compliance with laws and regulations, as well as our own internal reviews to assess compliance with internal policies, including errors or misconduct by colleagues or third parties or control failures, have resulted in, and are likely to continue to result in, changes to our products, practices and procedures, restitution to our customers and increased costs related to regulatory oversight, supervision and examination. We have also been subject to regulatory actions and may continue to be the subject of such actions, including governmental inquiries, investigations, enforcement proceedings and the imposition of fines or civil money penalties, in the event of noncompliance or alleged noncompliance with laws or regulations. For example, as previously disclosed, we are cooperating with governmental investigations related to our historical sales practices, which are described in more detail in Note 7 to the “Consolidated Financial Statements.” External publicity concerning investigations can increase the scope and scale of investigations and lead to further regulatory inquiries.

Please see the “Supervision and Regulation” and “Risk Factors” sections of the 2022 Form 10-K for further information.

Basel III Proposal

On July 27, 2023, the Federal Reserve, the OCC and the FDIC issued a notice of proposed rulemaking that would significantly revise U.S. regulatory capital requirements for large banking organizations, including American Express Company and AENB. The proposed rules would apply a new expanded risk-based approach to calculating risk-based capital ratios, and large banking organizations would be required to calculate their risk-based capital ratios under both (i) the standardized approach and (ii) the expanded risk-based approach and use the lower of the two ratio calculations to determine binding capital constraints under each risk-based capital ratio. The expanded risk-based approach to calculating risk-weighted assets would apply more granular risk-weighting methodologies for, among others, credit, operational, market and equity risks, including differential treatment of fee and other non-interest revenues as compared to interest income for purposes of determining operational risk-weighted assets. The proposed rules would also include additional capital requirements for certain “unconditionally cancellable commitments” such as unused portions of committed lines of credit (e.g., credit cards), and would create a proxy methodology to assign capital requirements to credit exposure on products that carry no pre-set spending limits such as charge cards.

Under the proposal, the revisions would become effective on July 1, 2025, subject to a three-year transition period for certain provisions, including phasing in the use of risk-weighted assets under the expanded risk-based approach. We are currently evaluating the impact of the proposal, but based on a preliminary analysis, we estimate that the increase in our risk-weighted assets under the expanded risk-based approach as currently proposed could consume the capital buffer between our minimum regulatory requirements and our current CET1 risk-based capital ratio. This estimated impact reflects our current understanding of the proposal, the application to our businesses as currently conducted and the current composition of our balance sheet, and therefore does not reflect the impact of any changes we may make in the future as a result of the expanded risk-based approach or otherwise. The ultimate impact will depend on the final rulemaking, future minimum regulatory requirements as well as management decisions regarding our product constructs, capital distributions and target capital levels, and there can be no assurance that the impact will not be more or less than currently estimated.

Consumer Financial Products Regulation

Our consumer-oriented activities are subject to regulation and supervision in the United States and internationally. In the United States, our marketing, sale and servicing of consumer financial products and our compliance with certain federal consumer financial laws are supervised and examined by the Consumer Financial Protection Bureau (CFPB), which has broad rulemaking and enforcement authority over providers of credit, savings and payment services and products and authority to prevent “unfair, deceptive or abusive” acts or practices. In addition, a number of U.S. states have significant consumer credit protection, disclosure and other laws (in certain cases more stringent than U.S. federal laws). U.S. federal law also regulates abusive debt collection practices, which along with bankruptcy and debtor relief laws, can affect our ability to collect amounts owed to us or subject us to regulatory scrutiny.

On February 1, 2023, the CFPB issued a proposed rule to lower the safe harbor amount that would be considered, by regulation, to be “reasonable and proportional” to the costs incurred by credit card issuers for late payments. The proposed rule would also eliminate the annual inflation adjustment for such safe harbor amount and prohibit late fee amounts above 25 percent of the consumer’s required minimum payment.

On March 30, 2023, the CFPB adopted a final rule requiring covered financial institutions, such as us, to collect and report data to the CFPB regarding certain small business credit applications. Based on our small business credit transaction volume, we will be required to comply with this rule by October 1, 2024, subject to the outcome of litigation over the final rule facing the CFPB.

For more information on consumer financial products regulation, as well as the potential impacts on our results of operations and business, please see the “Supervision and Regulation” and “Risk Factors” sections of the 2022 Form 10-K.

Payments Regulation

Legislators and regulators in various countries in which we operate have focused on the operation of card networks, including through enforcement actions, legislation and regulations to change certain practices or pricing of card issuers, merchant acquirers and payment networks, and, in some cases, to establish broad and ongoing regulatory oversight regimes for payment systems.

The European Union (EU), Australia, Canada and other jurisdictions have focused on interchange fees (that is, the fee paid by the bankcard merchant acquirer to the card issuer in payment networks like Visa and Mastercard), as well as the rules, contract terms and practices governing merchant card acceptance. Regulation and other governmental actions relating to pricing or practices could affect all networks directly or indirectly, as well as adversely impact consumers and merchants. Among other things, regulation of bankcard fees has negatively impacted, and may continue to negatively impact, the discount revenue we earn, including as a result of downward pressure on our merchant discount rates from decreases in competitor pricing in connection with caps on interchange fees. In some cases, regulations also extend to certain aspects of our business, such as network and cobrand arrangements or the terms of card acceptance for merchants. For example, we exited our network business in the EU and Australia as a result of regulation in those jurisdictions. In addition, there is uncertainty as to when or how interchange fee caps and other provisions of the EU payments legislation might apply when we work with cobrand partners and agents in the EU. On August 29, 2023, the Dutch Trade and Industry Appeals Tribunal referred questions to the EU Court of Justice on the interpretation of the application of the interchange fee caps in connection with an administrative proceeding by the Netherlands Authority for Consumers and Markets regarding our cobrand relationship with KLM Royal Dutch Airlines. Given differing interpretations by regulators and participants in cobrand arrangements, we are subject to regulatory action, penalties and the possibility we will not be able to maintain our existing cobrand and agent relationships in the EU.

Broad regulatory oversight over payment systems can also include, in some cases, requirements for international card networks to localize aspects of their operations, such as processing infrastructure and data storage, which increases our costs and could diminish the value of our closed loop. The development and enforcement of payment system regulatory regimes generally continue to grow and may adversely affect our ability to compete effectively and maintain and extend our global network.

For more information on payments regulation, as well as the potential impacts on our results of operations and business, please see the “Supervision and Regulation” and “Risk Factors” sections of the 2022 Form 10-K.

Surcharging

In various countries, such as certain Member States in the EU, Australia and Canada (other than in Quebec), merchants are permitted to surcharge card purchases. In addition, the laws of a number of states in the United States that prohibit surcharging have been overturned and certain states have passed or are considering laws to permit surcharging by merchants. Surcharging is an adverse customer experience and could have a material adverse effect on us, particularly where it only or disproportionately impacts credit card usage or card usage generally, our Card Members or our business. In addition, other steering or differential acceptance practices that are permitted by regulation in some jurisdictions could also have a material adverse effect on us.

For more information on the potential impacts of surcharging and other actions that could impair the Card Member experience, please see the “Risk Factors” section of the 2022 Form 10-K.

Merchant Litigation

We continue to vigorously defend antitrust and other claims initiated by merchants. See Note 7 to the “Consolidated Financial Statements” for descriptions of the cases. It is possible that actions impairing the Card Member experience, or the resolution of one or any combination of these merchant claims, could have a material adverse effect on our business. For more information on the potential impacts of an adverse decision in the merchant litigations on our business, please see the “Risk Factors” section of the 2022 Form 10-K.

Privacy, Data Protection, Data Governance, Information and Cyber Security

Regulatory and legislative activity in the areas of privacy, data protection, data governance, resiliency and information and cyber security continues to increase worldwide. We have established, and continue to maintain and enhance, policies and a governance framework to comply with applicable laws, meet evolving customer and industry expectations and support and enable business innovation and growth. Global financial institutions like us, as well as our customers, colleagues, regulators, service providers and other third parties, have experienced a significant increase in information and cyber security risk in recent years and will likely continue to be the target of increasingly sophisticated cyberattacks, including computer viruses, malicious or destructive code, ransomware, social engineering attacks (including phishing, impersonation and identity takeover attempts), corporate espionage, hacking, website defacement, denial-of-service attacks, exploitation of vulnerabilities and other attacks and similar disruptions from the misconfiguration or unauthorized use of or access to computer systems. For more information on privacy, data protection and information and cyber security regulation and the potential impacts of a major information or cyber security incident on our results of operations and business, please see the “Supervision and Regulation” and “Risk Factors” sections of the 2022 Form 10-K.

Anti-Money Laundering and Countering the Financing of Terrorism

We are subject to significant supervision and regulation, and an increasingly stringent enforcement environment, with respect to compliance with anti-money laundering (AML) and countering the financing of terrorism (CFT) laws and regulations. In the United States, the majority of AML/CFT requirements are derived from the Currency and Foreign Transactions Reporting Act and the accompanying regulations issued by the U.S. Department of the Treasury (collectively referred to as the Bank Secrecy Act), as amended by the USA PATRIOT Act of 2001. The Anti-Money Laundering Act of 2020 (the AMLA), enacted in January 2021, amended the Bank Secrecy Act and is intended to comprehensively reform and modernize U.S. AML/CFT laws. Many of the statutory provisions in the AMLA will require additional rulemakings, reports and other measures, the effects of which are not known at this time. In Europe, AML/CFT requirements are largely the result of countries transposing the 5th and 6th EU Anti-Money Laundering Directives (and preceding EU Anti-Money Laundering Directives) into local laws and regulations. Numerous other countries have also enacted or proposed new or enhanced AML/CFT legislation and regulations applicable to American Express.

Among other things, these laws and regulations require us to establish AML/CFT programs that meet certain standards, including, in some instances, expanded reporting, particularly in the area of suspicious transactions, and enhanced information gathering and recordkeeping requirements. Our AML/CFT programs have become the subject of heightened scrutiny in some countries, including certain Member States in the EU. Any errors, failures or delays in complying with AML/CFT laws, perceived deficiencies in our AML/CFT programs or association of our business with money laundering, terrorist financing, tax fraud or other illicit activity can give rise to significant supervisory, criminal and civil proceedings and lawsuits, which could result in significant penalties and forfeiture of assets, loss of licenses or restrictions on business activities, or other enforcement actions. For more information on AML/CFT regulation, as well as the potential impacts on our results of operations and business, please see the “Supervision and Regulation” and “Risk Factors” sections of the 2022 Form 10-K.

Recently Adopted and Issued Accounting Standards

Refer to the Recently Adopted and Issued Accounting Standards section of Note 1 to the “Consolidated Financial Statements.”

Glossary of Selected Terminology

Adjusted net interest income — 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.

Airline spend — Represents spend at airlines as a merchant, which is included within T&E spend.

Allocated service costs — Represents salaries and benefits associated with our technology and customer servicing groups, allocated based on activities directly attributable to our reportable operating segments, as well as overhead expenses, which are allocated to our reportable operating segments based on their relative levels of assets.

Asset securitizations — Asset securitization involves the transfer and sale of loans or receivables to a special-purpose entity created for the securitization activity, typically a trust. The trust, in turn, issues securities, commonly referred to as asset-backed securities that are secured by the transferred loans and receivables. The trust uses the proceeds from the sale of such securities to pay the purchase price for the transferred loans or receivables. The securitized loans and receivables of our Lending Trust and Charge Trust (collectively, the Trusts) are reported as assets and the securities issued by the Trusts are reported as liabilities on our Consolidated Balance Sheets.

Billed business (Card Member spending) — Represents transaction volumes (including cash advances) on payment products issued by American Express.

Capital ratios — Represents the minimum standards established by regulatory agencies as a measure to determine whether the regulated entity has sufficient capital to absorb on- and off-balance sheet losses beyond current loss accrual estimates. Refer to the Capital Strategy section under “Consolidated Capital Resources and Liquidity” for further related definitions under Basel III.

Card Member — The individual holder of an issued American Express-branded card.

Card Member loans — Represents revolve-eligible transactions on our card products, as well as any interest charges and associated card-related fees.

Card Member receivables — Represents transactions on our card products and card related fees that need to be paid in full on or before the Card Member’s payment due date.

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, except for retail cobrand cards issued by network partners that had no out-of-store spending activity during the prior twelve 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.

Charge cards — Represents cards that generally carry no pre-set spending limits and are primarily designed as a method of payment and not as a means of financing purchases. Each charge card transaction is authorized based on its likely economics reflecting a Card Member’s most recent credit information and spend patterns. Charge Card Members must pay the full amount of balances billed each month, with the exception of balances that can be revolved under lending features offered on certain charge cards, such as Pay Over Time and Plan It, that allow Card Members to pay for eligible purchases with interest over time.

Cobrand cards — Represents cards issued under cobrand agreements with selected commercial partners. Pursuant to the cobrand agreements, we make payments to our cobrand partners, which can be significant, based primarily on the amount of Card Member spending and corresponding rewards earned on such spending and, under certain arrangements, on the number of accounts acquired and retained. The partner is then liable for providing rewards to the Card Member under the cobrand partner’s own loyalty program.

Credit cards — Represents cards that have a range of revolving payment terms, structured payment features (e.g. Plan It), grace periods, and rate and fee structures.

Discount revenue — Represents the amount we earn and retain from the merchant payable for facilitating transactions between Card Members and merchants on payment products issued by American Express.

Goods & Services (G&S) spend — Includes spend in merchant categories other than T&E-related merchant categories, which includes B2B spending by small and mid-sized enterprise customers in our CS and ICS segments.

Interest expense — Includes interest incurred primarily to fund Card Member loans and receivables, general corporate purposes and liquidity needs. Interest expense is divided principally into two categories: (i) deposits, which primarily relates to interest expense on deposits taken from customers and institutions, and (ii) debt, which primarily relates to interest expense on our long-term financing and short-term borrowings, (e.g., commercial paper, federal funds purchased, bank overdrafts and other short-term borrowings), as well as the realized impact of derivatives hedging interest rate risk on our long-term debt.

Interest income — Includes (i) interest on loans, (ii) interest and dividends on investment securities and (iii) interest income on deposits with banks and other.

Interest on loans — Assessed using the average daily balance method for Card Member loans. Unless the loan is classified as non-accrual, interest is recognized based upon the principal amount outstanding in accordance with the terms of the applicable account agreement until the outstanding balance is paid or written off.

Interest and dividends on investment securities — Primarily relates to our performing fixed-income securities. Interest income is recognized using the effective interest method, which adjusts the yield for security premiums and discounts, fees and other payments, so a constant rate of return is recognized on the outstanding balance of the related investment security throughout its term. Amounts are recognized until securities are in default or when it is likely that future interest payments will not be made as scheduled.

Interest income on deposits with banks and other — Primarily relates to the placement of cash in excess of near-term funding requirements in interest-bearing time deposits, overnight sweep accounts, and other interest-bearing demand and call accounts.

Loyalty coalitions — Programs that enable consumers to earn rewards points and use them to save on purchases from a variety of participating merchants through multi-category rewards platforms. Merchants in these programs generally fund the consumer offers and are responsible to us for the cost of rewards points; we earn revenue from operating the loyalty platform and by providing marketing support.

Net card fees — Represents the card membership fees earned during the period recognized as revenue over the covered card membership period (typically one year), net of the provision for projected refunds for Card Membership cancellation and deferred acquisition costs.

Net interest yield on average Card Member loans — 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 provision for credit losses and are thus not included in the net interest yield calculation.

Net write-off rate — principal only — Represents the amount of proprietary consumer or small business Card Member loans or receivables written off, consisting of principal (resulting from authorized transactions), less recoveries, as a percentage of the average loan or receivable balance during the period.

Net write-off rate — principal, interest and fees — Includes, in the calculation of the net write-off rate, amounts for interest and fees in addition to principal for Card Member loans, and fees in addition to principal for Card Member receivables.

Network volumes — Represents the total of billed business and processed volumes.

Operating expenses — Represents salaries and employee benefits, professional services, data processing and equipment, and other expenses.

Processed revenue — Represents revenues related to network partnership agreements, comprising royalties, fees and amounts earned for facilitating transactions on cards issued by network partners. Processed revenue also includes fees earned on alternative payment solutions facilitated by American Express.

Processed volumes — Represents transaction volumes (including cash advances) on cards issued under network partnership agreements with banks and other institutions, including joint ventures, as well as alternative payment solutions facilitated by American Express.

Reserve build (release) — Represents the portion of the provisions for credit losses for the period related to increasing or decreasing reserves for credit losses as a result of, among other things, changes in volumes, macroeconomic outlook, portfolio composition and credit quality of portfolios. Reserve build represents the amount by which the provision for credit losses exceeds net write-offs, while reserve release represents the amount by which net write-offs exceed the provision for credit losses.

T&E spend — Represents spend on travel and entertainment, which primarily includes airline, cruise, lodging and dining merchant categories.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report 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 our 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,” “estimate,” “potential,” “continue” 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. We undertake 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:

- our ability to grow earnings per share in the future, which will depend in part on revenue growth, credit performance and the effective tax rate remaining consistent with current expectations and our ability to continue investing at high levels in areas that can drive sustainable growth (including our brand, value propositions, customers, colleagues, technology and coverage), controlling operating expenses, effectively managing risk and executing our 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: fiscal and monetary policies (including government shutdowns) and macroeconomic conditions, such as recession risks, effects of inflation, changes in interest rates, labor shortages and strikes or higher rates of unemployment, energy costs and the continued effects of the pandemic; geopolitical instability, including the ongoing Ukraine and Israel wars; the impact of any future contingencies, including, but not limited to, restructurings, investment gains or losses, impairments, changes in reserves, legal costs and settlements, the imposition of fines or monetary penalties and increases in Card Member remediation; issues impacting brand perceptions and our reputation; impacts related to new or renegotiated cobrand and other partner agreements; and the impact of regulation and litigation, which could affect the profitability of our business activities, limit our ability to pursue business opportunities, require changes to business practices or alter our relationships with Card Members, partners and merchants;
- our ability to grow revenues net of interest expense and the sustainability of our future growth, which could be impacted by, among other things, the factors identified above and in the subsequent paragraphs, as well as the following: spending volumes not being consistent with expectations, including T&E spend growing slower than expected, further slowing in spend by U.S. small and mid-sized enterprise or U.S. large and global corporate customers, or a general slowdown or increase in volatility in consumer and business spending volumes; the strengthening of the U.S. dollar beyond expectations; an inability to address competitive pressures, innovate and expand our products and services, leverage the advantages of our differentiated business model and implement strategies and business initiatives, including within the premium consumer space, commercial payments and the global merchant network; the effects of the end of the moratorium on student loan repayments; the impact of the decommissioning of one of our alternative payment solutions; and merchant discount rates changing by a greater or lesser amount than expected;
- net card fees not performing consistently with expectations, which could be impacted by, among other things, a deterioration in macroeconomic conditions impacting the ability and desire of Card Members to pay card fees; higher Card Member attrition rates; the pace of Card Member acquisition activity, particularly with respect to fee-based products; and our inability to address competitive pressures, develop attractive value propositions and implement our strategy of refreshing card products and enhancing benefits and services;
- net interest income, the effects of interest rates and the growth rate of loans and Card Member receivables outstanding, and the portion of which that is interest bearing, being higher or lower than expectations, which could be impacted by, among other things, the behavior and financial strength of Card Members and their actual spending, borrowing and paydown patterns; our ability to effectively manage risk and enhance Card Member value propositions; changes in benchmark interest rates, including where such changes affect our assets or liabilities differently than expected; changes in capital and credit market conditions and the availability and cost of capital; credit actions, including line size and other adjustments to credit availability; the yield on Card Member loans not remaining consistent with current expectations; our deposit levels or the interest rates we offer on deposits changing from current expectations; and the effectiveness of our strategies to capture a greater share of existing Card Members’ spending and borrowings, and attract new, and retain existing, customers;
- future credit performance, the level of future delinquency, reserve and write-off rates and the amount and timing of future reserve builds and releases, which will depend in part on macroeconomic factors such as unemployment rates, GDP and the volume of bankruptcies; the ability and willingness of Card Members to pay amounts owed to us; changes in consumer behavior that affect loan and receivable balances (such as paydown and revolve rates); the credit profiles of new customers acquired; the enrollment in, and effectiveness of, financial relief programs and the performance of accounts as they exit from such programs; collections capabilities and recoveries of previously written-

- off loans and receivables; and governmental actions providing forms of relief with respect to certain loans and fees, and the termination of such action;
- the actual amount to be spent on Card Member rewards and services and business development, and the relationship of these variable customer engagement costs to revenues, which could be impacted by continued changes in macroeconomic conditions and Card Member behavior as it relates to their spending patterns (including the level of spend in bonus categories), the redemption of rewards and offers (including travel redemptions) and usage of travel-related benefits; the costs related to reward point redemptions; further enhancements to product benefits to make them attractive to Card Members and prospective customers, potentially in a manner that is not cost-effective; new and renegotiated contractual obligations with business partners; and the pace and cost of the expansion of our global lounge collection;
- the actual amount we spend on marketing in the future, which will be based in part on continued changes in the macroeconomic and competitive environment and business performance; management's decisions regarding the timing of spending on marketing and the effectiveness of management's investment optimization process, management's identification and assessment of attractive investment opportunities and the receptivity of Card Members and prospective customers to advertising and customer acquisition initiatives; our ability to realize marketing efficiencies, optimize investment spending and drive increases in revenue; and our ability to balance expense control and investments in the business;
- our ability to control operating expenses, including relative to future revenue growth, and the actual amount we spend on operating expenses in the future, which could be impacted by, among other things, salary and benefit expenses to attract and retain talent; a persistent inflationary environment; our ability to realize operational efficiencies, including through automation; 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; our ability to innovate efficient channels of customer interactions and the willingness of Card Members to self-service and address issues through digital channels; restructuring activity; supply chain issues; fraud costs; compliance expenses or consulting, legal and other professional services fees, including as a result of litigation or internal and regulatory reviews; regulatory assessments; the level of M&A activity and related expenses; information or cyber security incidents; the payment of fines, penalties, disgorgement, restitution, non-income tax assessments and litigation-related settlements; the performance of Amex Ventures and other of our investments; impairments of goodwill or other assets; and the impact of changes in foreign currency exchange rates on costs;
- our tax rate not remaining consistent with expectations, which could be impacted by, among other things, further changes in tax laws and regulation, our geographic mix of income, unfavorable tax audits and other unanticipated tax items;
- changes affecting our plans regarding the return of capital to shareholders, which will depend on factors such as our capital levels and regulatory capital ratios; changes in the stress testing and capital planning process and new rulemakings and guidance from the Federal Reserve and other banking regulators, including changes to regulatory capital requirements, such as final rules resulting from the Basel III rule proposal; our results of operations and financial condition; our credit ratings and rating agency considerations; and the economic environment and market conditions in any given period;
- 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, the desirability of our premium card products, competition for new and existing cobrand relationships, competition from new and non-traditional competitors and the success of marketing, promotion and rewards programs;
- our ability to expand our leadership in the premium consumer space, which will be impacted in part by competition, brand perceptions (including perceptions related to merchant coverage) and reputation, and our ability to develop and market new benefits and value propositions that appeal to Card Members and new customers, offer attractive services and rewards programs and build greater customer loyalty, which will depend in part on identifying and funding investment opportunities, addressing changing customer behaviors, new product innovation and development, Card Member acquisition efforts and enrollment processes, including through digital channels, continuing to realize the benefits from strategic partnerships and evolving our infrastructure to support new products, services and benefits;
- our ability to build on our leadership in commercial payments, which will depend in part on competition, the willingness and ability of companies to use credit and charge cards for procurement and other business expenditures as well as use our other products and services for financing needs, perceived or actual difficulties and costs related to setting up card-based B2B payment platforms, our ability to offer attractive value propositions and new products to potential customers, our ability to enhance and expand our payment and lending solutions, and build out a multi-product digital ecosystem to integrate our broad product set, which is dependent on our continued investment in capabilities, features, functionalities, platforms and technologies;
- our ability to expand merchant coverage globally and our success, as well as the success of OptBlue merchant acquirers and network partners, in signing merchants to accept American Express, which will depend on, among other factors, the value propositions offered to merchants and merchant acquirers for card acceptance, the awareness and

willingness of Card Members to use American Express cards at merchants, scaling marketing and expanding programs to increase card usage, identifying new-to-plastic industries and businesses as they form, working with commercial buyers and suppliers to establish B2B acceptance, increasing coverage in priority international cities and countries and key industry verticals, and executing on our plans in China and for continued technological developments, including capabilities that allow for greater digital integration and modernization of our authorization platform;

- our ability to stay on the leading edge of technology and digital payment and travel solutions, which will depend in part on our success in evolving our products and processes for the digital environment, developing new features in the Amex app and enhancing our digital channels, building partnerships and executing programs with other companies, effectively utilizing artificial intelligence and increasing automation to address servicing and other customer needs, and supporting the use of our products as a means of payment through online and mobile channels, all of which will be impacted by investment levels, new product innovation and development and infrastructure to support new products, services, benefits and partner integrations;
- our ability to grow internationally, which could be impacted by regulation and business practices, such as those capping interchange or other fees, mandating network access or data localization, favoring local competitors or prohibiting or limiting foreign ownership of certain businesses; our inability to tailor products and services to make them attractive to local customers; competitors with more scale, local experience and established relationships with relevant customers, regulators and industry participants; the success of our network partners in acquiring Card Members and/or merchants; political or economic instability or regional hostilities, including as a result of the Ukraine and Israel wars;
- a failure in or breach of our 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 our operations, reduce the use and acceptance of American Express cards and lead to regulatory scrutiny, litigation, remediation and response costs, and reputational harm;
- changes in capital and credit market conditions, which may significantly affect our ability to meet our liquidity needs and expectations regarding capital ratios; our access to capital and funding costs; the valuation of our assets; and our credit ratings or those of our subsidiaries;
- our funding plan being implemented in a manner inconsistent with current expectations, which will depend on various factors such as future business growth, the impact of global economic, political and other events on market capacity, demand for securities we offer, regulatory changes, our ability to securitize and sell loans and receivables and the performance of loans and receivables previously sold in securitization transactions;
- our ability to implement our ESG strategies and initiatives, which depend in part on the amount and efficacy of our investments in product innovations, marketing campaigns, our supply chain and operations, and philanthropic, colleague and community programs; customer preferences and behaviors; and the cost and availability of solutions for a low carbon economy;
- legal and regulatory developments, which could affect the profitability of our business activities; limit our ability to pursue business opportunities or conduct business in certain jurisdictions; require changes to business practices or alter our relationships with Card Members, partners, merchants and other third parties, including our ability to continue certain cobrand relationships in the EU; exert further pressure on merchant discount rates and our network business; result in increased costs related to regulatory oversight, litigation-related settlements, judgments or expenses, restitution to Card Members or the imposition of fines or monetary 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 our business partners, such as bankruptcies, restructurings or consolidations, including of cobrand partners, merchants that represent a significant portion of our business, network partners or financial institutions that we rely on for routine funding and liquidity, which could materially affect our financial condition or results of operations; and
- factors beyond our control such as a further escalations of the Ukraine and Israel wars and other military conflicts, adverse developments affecting third parties, including other financial institutions, the severity and contagiousness of new COVID-19 variants, severe weather conditions, natural disasters, power loss, disruptions in telecommunications, terrorism and other catastrophic events, any of which could significantly affect demand for and spending on American Express cards, delinquency rates, loan and receivable balances, deposit levels and other aspects of our business and results of operations or disrupt our global network systems and ability to process transactions.

A further description of these uncertainties and other risks can be found in the 2022 Form 10-K, the Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2023 and other reports filed with the Securities and Exchange Commission.

ITEM 1. FINANCIAL STATEMENTS

AMERICAN EXPRESS COMPANY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Three Months Ended September 30 (Millions, except per share amounts)	2023	2022
Revenues		
Non-interest revenues		
Discount revenue	\$ 8,408	\$ 7,848
Net card fees	1,846	1,541
Service fees and other revenue	1,261	1,169
Processed revenue	424	420
Total non-interest revenues	11,939	10,978
Interest income		
Interest on loans	4,635	3,164
Interest and dividends on investment securities	33	27
Deposits with banks and other	572	183
Total interest income	5,240	3,374
Interest expense		
Deposits	1,290	440
Long-term debt and other	508	356
Total interest expense	1,798	796
Net interest income	3,442	2,578
Total revenues net of interest expense	15,381	13,556
Provisions for credit losses		
Card Member receivables	206	165
Card Member loans	982	596
Other	45	17
Total provisions for credit losses	1,233	778
Total revenues net of interest expense after provisions for credit losses	14,148	12,778
Expenses		
Card Member rewards	3,794	3,571
Business development	1,393	1,194
Card Member services	973	774
Marketing	1,236	1,458
Salaries and employee benefits	2,047	1,748
Other, net	1,605	1,574
Total expenses	11,048	10,319
Pretax income	3,100	2,459
Income tax provision	649	580
Net income	\$ 2,451	\$ 1,879
Earnings per Common Share (Note 14)^(a)		
Basic	\$ 3.30	\$ 2.47
Diluted	\$ 3.30	\$ 2.47
Average common shares outstanding for earnings per common share:		
Basic	732	748
Diluted	733	749

(a) Represents net income less (i) earnings allocated to participating share awards of \$19 million and \$14 million for the three months ended September 30, 2023 and 2022, respectively, and (ii) dividends on preferred shares of \$14 million for both the three months ended September 30, 2023 and 2022.

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<i>Nine Months Ended September 30 (Millions, except per share amounts)</i>	2023	2022
Revenues		
Non-interest revenues		
Discount revenue	\$ 24,836	\$ 22,556
Net card fees	5,348	4,445
Service fees and other revenue	3,711	3,340
Processed revenue	1,291	1,208
Total non-interest revenues	35,186	31,549
Interest income		
Interest on loans	12,787	8,344
Interest and dividends on investment securities	97	62
Deposits with banks and other	1,547	287
Total interest income	14,431	8,693
Interest expense		
Deposits	3,480	749
Long-term debt and other	1,421	807
Total interest expense	4,901	1,556
Net interest income	9,530	7,137
Total revenues net of interest expense	44,716	38,686
Provisions for credit losses		
Card Member receivables	658	383
Card Member loans	2,691	757
Other	137	15
Total provisions for credit losses	3,486	1,155
Total revenues net of interest expense after provisions for credit losses	41,230	37,531
Expenses		
Card Member rewards	11,516	10,273
Business development	4,174	3,641
Card Member services	2,905	2,078
Marketing	3,985	4,184
Salaries and employee benefits	5,936	5,218
Other, net	4,713	4,423
Total expenses	33,229	29,817
Pretax income	8,001	7,714
Income tax provision	1,560	1,772
Net income	\$ 6,441	\$ 5,942
Earnings per Common Share (Note 14)^(a)		
Basic	\$ 8.60	\$ 7.78
Diluted	\$ 8.59	\$ 7.77
Average common shares outstanding for earnings per common share:		
Basic	738	752
Diluted	739	753

(a) Represents net income less (i) earnings allocated to participating share awards of \$50 million and \$45 million for the nine months ended September 30, 2023 and 2022, respectively, and (ii) dividends on preferred shares of \$43 million for both the nine months ended September 30, 2023 and 2022.

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

<i>(Millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 2,451	\$ 1,879	\$ 6,441	\$ 5,942
Other comprehensive income (loss):				
Net unrealized debt securities gains (losses), net of tax	14	(39)	34	(92)
Foreign currency translation adjustments, net of hedges and tax	(110)	(200)	(57)	(377)
Net unrealized pension and other postretirement benefits, net of tax	4	5	57	37
Other comprehensive income (loss)	(92)	(234)	34	(432)
Comprehensive income	\$ 2,359	\$ 1,645	\$ 6,475	\$ 5,510

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(Millions, except share data)</i>	September 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents		
Cash and due from banks (includes restricted cash of consolidated variable interest entities: 2023, nil; 2022, \$5)	\$ 5,082	\$ 5,510
Interest-bearing deposits in other banks (includes securities purchased under resale agreements: 2023, \$9; 2022, \$318)	38,742	28,097
Short-term investment securities (includes restricted investments of consolidated variable interest entities: 2023, \$60; 2022, \$54)	84	307
Total cash and cash equivalents	43,908	33,914
Card Member receivables (includes gross receivables available to settle obligations of a consolidated variable interest entity: 2023, \$5,382; 2022, \$5,193), less reserves for credit losses: 2023, \$174; 2022, \$229	58,651	57,384
Card Member loans (includes gross loans available to settle obligations of a consolidated variable interest entity: 2023, \$27,215; 2022, \$28,461), less reserves for credit losses: 2023, \$4,721; 2022, \$3,747	113,257	104,217
Other loans, less reserves for credit losses: 2023, \$108; 2022, \$59	6,483	5,357
Investment securities	3,160	4,578
Premises and equipment, less accumulated depreciation and amortization: 2023, \$9,589; 2022, \$9,850	5,124	5,215
Other assets, less reserves for credit losses: 2023, \$27; 2022, \$22	20,004	17,689
Total assets	\$ 250,587	\$ 228,354
Liabilities and Shareholders' Equity		
Liabilities		
Customer deposits	\$ 124,439	\$ 110,239
Accounts payable	13,196	12,133
Short-term borrowings	1,613	1,348
Long-term debt (includes debt issued by consolidated variable interest entities: 2023, \$13,423; 2022, \$12,662)	46,447	42,573
Other liabilities	37,568	37,350
Total liabilities	\$ 223,263	\$ 203,643
Contingencies (Note 7)		
Shareholders' Equity		
Preferred shares, \$1.66 ^{2/3} par value, authorized 20 million shares; issued and outstanding 1,600 shares as of September 30, 2023 and December 31, 2022	—	—
Common shares, \$0.20 par value, authorized 3.6 billion shares; issued and outstanding 729 million shares as of September 30, 2023 and 743 million shares as of December 31, 2022	146	149
Additional paid-in capital	11,401	11,493
Retained earnings	18,953	16,279
Accumulated other comprehensive income (loss)	(3,176)	(3,210)
Total shareholders' equity	27,324	24,711
Total liabilities and shareholders' equity	\$ 250,587	\$ 228,354

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Nine Months Ended September 30 (Millions)	2023	2022		
Cash Flows from Operating Activities				
Net income	\$ 6,441	\$ 5,942		
Adjustments to reconcile net income to net cash provided by operating activities:				
Provisions for credit losses	3,486	1,155		
Depreciation and amortization	1,229	1,208		
Stock-based compensation	341	282		
Deferred taxes	(1,227)	(749)		
Other items ^(a)	393	535		
Originations of loans held-for-sale	(54)	(185)		
Proceeds from sales of loans held-for-sale	59	180		
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:				
Other assets	(710)	409		
Accounts payable & other liabilities	1,832	3,870		
Net cash provided by operating activities	11,790	12,647		
Cash Flows from Investing Activities				
Sale of investment securities	1	25		
Maturities and redemptions of investment securities	1,571	1,738		
Purchase of investments	(1,173)	(3,890)		
Net increase in Card Member loans and receivables, and other loans ^(b)	(15,462)	(19,431)		
Purchase of premises and equipment, net of sales: 2023, \$1; 2022, \$1	(1,137)	(1,342)		
Acquisitions/dispositions, net of cash acquired	(64)	(15)		
Net cash used in investing activities	(16,264)	(22,915)		
Cash Flows from Financing Activities				
Net increase in customer deposits	14,217	19,148		
Net increase (decrease) in short-term borrowings ^(b)	269	(438)		
Proceeds from long-term debt	13,148	20,740		
Payments of long-term debt	(9,270)	(16,549)		
Issuance of American Express common shares	23	54		
Repurchase of American Express common shares and other	(2,749)	(2,862)		
Dividends paid	(1,326)	(1,160)		
Net cash provided by financing activities	14,312	18,933		
Effect of foreign currency exchange rates on cash and cash equivalents	156	489		
Net increase in cash and cash equivalents	9,994	9,154		
Cash and cash equivalents at beginning of period	33,914	22,028		
Cash and cash equivalents at end of period	\$ 43,908	\$ 31,182		
Cash and cash equivalents reconciliation	Sep-23	Dec-22	Sep-22	Dec-21
Cash and cash equivalents per Consolidated Balance Sheets	\$ 43,908	\$ 33,914	\$ 31,182	\$ 22,028
Restricted balances included in Cash and cash equivalents	468	544	1,360	525
Total Cash and cash equivalents, excluding restricted balances	\$ 43,440	\$ 33,370	\$ 29,822	\$ 21,503

(a) Includes net losses on Amex Ventures investments and changes in equity method investments.

(b) Excludes an increase of \$117 million related to non-cash activity during the first quarter of 2023.

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

<i>Three months ended September 30, 2023 (Millions, except per share amounts)</i>	Total	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balances as of June 30, 2023	\$ 26,703	\$ —	\$ 148	\$ 11,509	\$ (3,084)	\$ 18,130
Net income	2,451	—	—	—	—	2,451
Other comprehensive loss	(92)	—	—	—	(92)	—
Repurchase of common shares	(1,299)	—	(2)	(123)	—	(1,174)
Other changes, primarily employee plans	14	—	—	15	—	(1)
Cash dividends declared preferred Series D, \$9,072.22 per share	(14)	—	—	—	—	(14)
Cash dividends declared common, \$0.60 per share	(439)	—	—	—	—	(439)
Balances as of September 30, 2023	\$ 27,324	\$ —	\$ 146	\$ 11,401	\$ (3,176)	\$ 18,953

<i>Nine months ended September 30, 2023 (Millions, except per share amounts)</i>	Total	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balances as of December 31, 2022	\$ 24,711	\$ —	\$ 149	\$ 11,493	\$ (3,210)	\$ 16,279
Net income	6,441	—	—	—	—	6,441
Other comprehensive loss	34	—	—	—	34	—
Repurchase of common shares	(2,611)	—	(3)	(246)	—	(2,362)
Other changes, primarily employee plans	126	—	—	154	—	(28)
Cash dividends declared preferred Series D, \$27,019.44 per share	(43)	—	—	—	—	(43)
Cash dividends declared common, \$1.80 per share	(1,334)	—	—	—	—	(1,334)
Balances as of September 30, 2023	\$ 27,324	\$ —	\$ 146	\$ 11,401	\$ (3,176)	\$ 18,953

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

<i>Three months ended September 30, 2022 (Millions, except per share amounts)</i>	Total	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balances as of June 30, 2022	\$ 23,235	\$ —	\$ 151	\$ 11,476	\$ (3,143)	\$ 14,751
Net income	1,879	—	—	—	—	1,879
Other comprehensive loss	(234)	—	—	—	(234)	—
Repurchase of common shares	(600)	—	(1)	(61)	—	(538)
Other changes, primarily employee plans	65	—	—	67	—	(2)
Cash dividends declared preferred Series D, \$9,072.22 per share	(14)	—	—	—	—	(14)
Cash dividends declared common, \$0.52 per share	(391)	—	—	—	—	(391)
Balances as of September 30, 2022	\$ 23,940	\$ —	\$ 150	\$ 11,482	\$ (3,377)	\$ 15,685

<i>Nine months ended September 30, 2022 (Millions, except per share amounts)</i>	Total	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balances as of December 31, 2021	\$ 22,177	\$ —	\$ 153	\$ 11,495	\$ (2,945)	\$ 13,474
Net income	5,942	—	—	—	—	5,942
Other comprehensive loss	(432)	—	—	—	(432)	—
Repurchase of common shares	(2,694)	—	(3)	(240)	—	(2,451)
Other changes, primarily employee plans	168	—	—	227	—	(59)
Cash dividends declared preferred Series D, \$27,019.44 per share	(43)	—	—	—	—	(43)
Cash dividends declared common, \$1.56 per share	(1,178)	—	—	—	—	(1,178)
Balances as of September 30, 2022	\$ 23,940	\$ —	\$ 150	\$ 11,482	\$ (3,377)	\$ 15,685

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The Company

We are a globally integrated payments company, providing customers with access to products, insights and experiences that enrich lives and build business success. Our principal products and services are credit and charge card products, along with travel and lifestyle related services, offered to consumers and businesses around the world. Our various products and services are offered globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are offered through various channels, including mobile and online applications, affiliate marketing, customer referral programs, third-party service providers and business partners, direct mail, telephone, in-house sales teams and direct response advertising.

The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 (the 2022 Form 10-K). If not materially different, certain note disclosures included therein have been omitted from these Consolidated Financial Statements.

The interim Consolidated Financial Statements included in this report have not been audited. In the opinion of management, all adjustments, which consist of normal recurring adjustments necessary for a fair statement of the interim Consolidated Financial Statements, have been made. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

The preparation of Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. These accounting estimates reflect the best judgment of management, but actual results could differ.

Recently Adopted and Issued Accounting Standards

Effective January 1, 2023, we adopted new accounting guidance on troubled debt restructurings (TDR) and vintage disclosures (Update 2022-02) on a prospective basis. The new guidance eliminated the existing TDR guidance for those entities that have adopted Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, created a single loan modification accounting model and enhanced disclosure requirements for loan modifications and write-offs. The implementation did not have a material impact on our Consolidated Financial Statements, and we do not expect it to have a material impact to our Consolidated Financial Statements prospectively. Refer to Note 2 for further information, including the enhanced disclosures.

In March 2023, the Financial Accounting Standards Board issued updated accounting guidance to allow the proportional amortization method (PAM) to be applied to tax credit structures beyond low-income housing tax credit (LIHTC) investments. Having implemented PAM in relation to LIHTC investments in January 2021, we plan to early adopt the updated guidance with respect to other qualifying investments in the fourth quarter of 2023. We do not expect the updated guidance to have a material impact to our Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

2. Loans and Card Member Receivables

Our lending and charge payment card products that we offer to consumer, small business and corporate customers result in the generation of Card Member loans and Card Member receivables. We also extend credit to customers through non-card financing products, resulting in Other loans.

Card Member and Other loans as of September 30, 2023 and December 31, 2022 consisted of:

<i>(Millions)</i>	2023	2022
Consumer ^(a)	\$ 90,900	\$ 84,964
Small Business	27,022	22,947
Corporate	56	53
Card Member loans	117,978	107,964
Less: Reserves for credit losses	4,721	3,747
Card Member loans, net	\$ 113,257	\$ 104,217
Other loans, net ^(b)	\$ 6,483	\$ 5,357

(a) Includes approximately \$27.2 billion and \$28.5 billion of gross Card Member loans available to settle obligations of a consolidated variable interest entity (VIE) as of September 30, 2023 and December 31, 2022, respectively.

(b) Other loans are presented net of reserves for credit losses of \$108 million and \$59 million as of September 30, 2023 and December 31, 2022, respectively.

Card Member receivables as of September 30, 2023 and December 31, 2022 consisted of:

<i>(Millions)</i>	2023	2022
Consumer	\$ 22,239	\$ 22,885
Small Business	19,575	19,629
Corporate ^(a)	17,011	15,099
Card Member receivables	58,825	57,613
Less: Reserves for credit losses	174	229
Card Member receivables, net	\$ 58,651	\$ 57,384

(a) Includes \$5.4 billion and \$5.2 billion of gross Card Member receivables available to settle obligations of a consolidated VIE as of September 30, 2023 and December 31, 2022, respectively.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Card Member Loans and Receivables Aging

Generally, a Card Member account is considered past due if payment due is not received within 30 days after the billing statement date. The following table presents the aging of Card Member loans and receivables as of September 30, 2023 and December 31, 2022:

2023 (Millions)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total	90+ Days Past Due and Still Accruing Interest ^(c)	Non-Accruals ^(d)
Card Member Loans:							
Consumer	\$ 89,751	\$ 363	\$ 258	\$ 528	\$ 90,900	\$ 369	\$ 272
Small Business	26,678	114	72	158	27,022	109	73
Corporate ^(a)	(b)	(b)	(b)	—	56	—	—
Card Member Receivables:							
Consumer	22,018	74	49	98	22,239	—	—
Small Business	\$ 19,327	\$ 93	\$ 53	\$ 102	19,575	—	—
Corporate ^(a)	(b)	(b)	(b)	\$ 79	\$ 17,011	\$ —	\$ —

2022 (Millions)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Card Member Loans:					
Consumer	\$ 84,102	\$ 281	\$ 198	\$ 383	\$ 84,964
Small Business	22,731	81	49	86	22,947
Corporate ^(a)	(b)	(b)	(b)	—	53
Card Member Receivables:					
Consumer	22,634	83	56	112	22,885
Small Business	\$ 19,330	\$ 120	\$ 69	110	19,629
Corporate ^(a)	(b)	(b)	(b)	\$ 85	\$ 15,099

- (a) For corporate accounts, delinquency data is tracked based on days past billing status rather than days past due. A Card Member account is considered 90 days past billing if payment has not been received within 90 days of the Card Member's billing statement date. In addition, if we initiate collection procedures on an account prior to the account becoming 90 days past billing, the associated Card Member loan or receivable balance is classified as 90 days past billing. These amounts are shown above as 90+ Days Past Due for presentation purposes. See also (b).
- (b) Delinquency data for periods other than 90+ days past billing is not available due to system constraints. Therefore, such data has not been utilized for risk management purposes. The balances that are current to 89 days past due can be derived as the difference between the Total and the 90+ Days Past Due balances.
- (c) Our policy is generally to accrue interest through the date of write-off (typically 180 days past due). We establish reserves for interest that we believe will not be collected.
- (d) Non-accrual loans primarily include certain loans placed with outside collection agencies for which we have ceased accruing interest.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Credit Quality Indicators for Card Member Loans and Receivables

The following tables present the key credit quality indicators as of or for the nine months ended September 30:

	2023			2022		
	Net Write-Off Rate		30+ Days Past Due as a % of Total	Net Write-Off Rate		30+ Days Past Due as a % of Total
	Principal Only ^(a)	Principal, Interest & Fees ^(a)		Principal Only ^(a)	Principal, Interest & Fees ^(a)	
Card Member Loans:						
Consumer	1.7 %	2.1 %	1.3 %	0.9 %	1.1 %	0.9 %
Small Business	1.5 %	1.8 %	1.3 %	0.6 %	0.7 %	0.7 %
Card Member Receivables:						
Consumer	1.6 %	1.7 %	1.0 %	0.7 %	0.8 %	1.0 %
Small Business	2.3 %	2.4 %	1.3 %	0.9 %	1.0 %	1.3 %
Corporate	(b)	0.6 %	(c)	(b)	0.3 %	(c)

- (a) We present 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 our practice is to include uncollectible interest and/or fees as part of our total provision for credit losses, a net write-off rate including principal, interest and/or fees is also presented.
- (b) Net write-off rate based on principal losses only is not available due to system constraints.
- (c) For corporate receivables, delinquency data is tracked based on days past billing status rather than days past due. Delinquency data for periods other than 90+ days past billing is not available due to system constraints. 90+ days past billing as a % of total was 0.5% and 0.6% as of September 30, 2023 and 2022, respectively.

Refer to Note 3 for additional indicators, including external qualitative factors, management considers in its evaluation process for reserves for credit losses.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Loans and Receivables Restructurings for Borrowers Experiencing Financial Difficulty

Effective January 1, 2023, we prospectively adopted Accounting Standards Update 2022-02 guidance that eliminated the recognition and measurement of TDRs. Following the adoption of this guidance, we evaluate all loans and receivables restructurings according to the accounting guidance for loan refinancing and restructuring to determine whether such loan modification should be accounted for as a new loan or a continuation of the existing loan. Our loans and receivables restructurings for borrowers experiencing financial difficulty are generally accounted for as a continuation of the existing loan, which reflects the ongoing effort to support our customer and recover our investment in the existing loan.

We offer several types of loans and receivables modification programs to customers experiencing financial difficulty. In such instances, we may modify loans and receivables with the intention to minimize losses and improve collectability, while providing customers with temporary or permanent financial relief.

Such modifications to the loans and receivables primarily include (i) temporary interest rate reductions (reducing interest rates to as low as zero percent, in which case the loan is characterized as non-accrual), and/or (ii) placing the customer on a fixed payment plan not to exceed 60 months. Upon entering the modification program, the customer's ability to make future purchases is limited, canceled or, in certain cases, suspended until the customer successfully exits from the modification program. As of September 30, 2023, we had \$48 million of unused credit available to customers with loans modified during the nine months ended September 30, 2023. In accordance with the modification agreement with the customer, loans and/or receivables may revert to the original contractual terms (including the contractual interest rate where applicable) when the customer exits the modification program, which is either (i) when all payments have been made in accordance with the modification agreement or (ii) when the customer defaults out of the modification program.

The following table provides information relating to loans and receivables modifications for borrowers experiencing financial difficulty during the three and nine months ended September 30, 2023:

	Three Months Ended September 30, 2023				Nine Months Ended September 30, 2023			
	Account Balances (Millions) ^(a)	% of Total Class of Financing Receivables	Weighted Average Interest Rate Reduction (% points)	Weighted Average Payment Term Extensions (# of months)	Account Balances (Millions) ^(a)	% of Total Class of Financing Receivables	Weighted Average Interest Rate Reduction (% points)	Weighted Average Payment Term Extensions (# of months)
Interest Rate Reduction								
Card Member Loans								
Consumer	\$ 542	0.6 %	16.4 %	(b)	\$ 1,113	1.2 %	16.1 %	(b)
Small Business	167	0.6 %	15.9 %	(b)	411	1.5 %	15.7 %	(b)
Corporate	—	—	—	(b)	—	—	—	(b)
Term Extension								
Card Member Receivables								
Consumer	126	0.6 %	(c)	30	282	1.3 %	(c)	27
Small Business	181	0.9 %	(c)	30	455	2.3 %	(c)	27
Corporate	4	0.02 %	(c)	10	12	0.1 %	(c)	10
Other Loans	8	0.1 %	—	19	19	0.3 %	—	18
Interest Rate Reduction and Term Extension								
Other Loans	16	0.2 %	2.1 %	20	28	0.4 %	2.0 %	19
Total	\$ 1,044				\$ 2,320			

(a) Represents the outstanding balances as of September 30, 2023 of all modifications undertaken in the past three and nine months, respectively, for loans and receivables that remain in modification programs as of, or that defaulted on or before, September 30, 2023. The outstanding balances include principal, fees, and accrued interest on loans and principal and fees on receivables. Modifications did not reduce the principal balance.

(b) For Card Member loans, there have been no payment term extensions.

(c) We do not offer interest rate reduction programs for Card Member receivables as the receivables are non-interest bearing.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

A customer can miss up to three payments before being considered in default, depending on the terms of the modification program. For loans and receivables modified on or after January 1, 2023, the amount of defaulted balances was immaterial for the three months and nine months ended September 30, 2023.

The following table provides information relating to the performance of loans and receivables that were modified on or after January 1, 2023.

Account Balances (<i>Millions</i>) ^(a)	As of September 30, 2023		
	Current	30-89 Days Past Due	90+ Days Past Due
Card Member Loans			
Consumer	\$ 1,020	\$ 73	\$ 20
Small Business	366	34	11
Corporate	—	—	—
Card Member Receivables:			
Consumer	257	20	5
Small Business	402	43	10
Corporate	9	2	1
Other Loans	42	4	1
Total	\$ 2,096	\$ 176	\$ 48

(a) Represents the outstanding balances as of September 30, 2023 of all modifications undertaken on or after January 1, 2023 for loans and receivables that remain in modification programs as of, or that defaulted on or before, September 30, 2023. The outstanding balance includes principal, fees and accrued interest on loans and principal and fees on receivables.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Troubled Debt Restructuring Disclosures Prior to Our Adoption of ASU 2022-02

Prior to our adoption of ASU 2022-02, we accounted for a modification to the contractual terms of a loan that resulted in granting a concession to a borrower experiencing financial difficulties as a TDR. Loans that were classified as a TDR prior to the adoption of ASU 2022-02 will continue to be accounted for under the historical TDR accounting until the loan is entirely paid off or written off.

The following table provides additional information with respect to our impaired loans and receivables as of December 31, 2022:

2022 (Millions)	As of December 31, 2022						
	Over 90 days Past Due & Accruing Interest ^(a)	Non-Accruals ^(b)	Accounts Classified as a TDR ^(c)		Total Impaired Balance	Reserve for Credit Losses-TDRs	
			In Program ^(d)	Out of Program ^(e)			
Card Member Loans							
Consumer	\$ 252	\$ 155	\$ 781	\$ 1,098	\$ 2,286	\$ 335	
Small Business	54	34	267	380	735	108	
Corporate	—	—	—	—	—	—	
Card Member Receivables							
Consumer	—	—	257	179	436	20	
Small Business	—	—	403	402	805	40	
Corporate	—	—	6	7	13	1	
Other Loans	3	2	19	2	26	—	
Total	\$ 309	\$ 191	\$ 1,733	\$ 2,068	\$ 4,301	\$ 504	

(a) Our policy is generally to accrue interest through the date of write-off (typically 180 days past due). We establish reserves for interest that we believe will not be collected. Amounts presented exclude loans classified as a TDR.

(b) Non-accrual loans not in modification programs primarily include certain loans placed with outside collection agencies for which we have ceased accruing interest. Amounts presented exclude loans classified as TDRs.

(c) Accounts classified as a TDR include \$48 million that were over 90 days past due and accruing interest as of December 31, 2022 and \$17 million that were non-accruals as of December 31, 2022.

(d) In Program TDRs include accounts that are currently enrolled in a modification program.

(e) Out of Program TDRs include \$1,922 million of accounts that have successfully completed a modification program and \$146 million of accounts that were not in compliance with the terms of the modification programs as of December 31, 2022.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Loans and Receivables Modified as TDRs Prior to Our Adoption of ASU 2022-02

The following table provides additional information with respect to loans and receivables that were modified as TDRs during the three and nine months ended September 30, 2022:

	Three Months Ended September 30, 2022				Nine Months Ended September 30, 2022			
	Number of Accounts (thousands)	Account Balances (millions) ^(a)	Average Interest Rate Reduction (% Points)	Average Payment Term Extensions (# of Months)	Number of Accounts (thousands)	Account Balances (millions) ^(a)	Average Interest Rate Reduction (% Points)	Average Payment Term Extensions (# of Months)
Troubled Debt Restructurings:								
Card Member Loans	44	\$ 285	14	(b)	97	\$ 633	14	(b)
Card Member Receivables	7	258	(c)	20	18	591	(c)	19
Other Loans	1	3	2	16	3	5	2	16
Total	52	\$ 546			118	\$ 1,229		

- (a) Represents the outstanding balance immediately prior to modification. The outstanding balance includes principal, fees and accrued interest on loans and principal and fees on receivables. Modifications did not reduce the principal balance.
- (b) For Card Member loans, there have been no payment term extensions.
- (c) We do not offer interest rate reduction programs for Card Member receivables as the receivables are non-interest bearing.

Loans and Receivables Modified and Subsequently Defaulted Prior to Our Adoption of ASU 2022-02

The following table provides information with respect to loans and receivables modified as TDRs that subsequently defaulted within twelve months of modification. A customer can miss up to three payments before being considered in default, depending on the terms of the modification program.

	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	Number of Accounts (thousands)	Aggregated Outstanding Balances Upon Default (millions) ^(a)	Number of Accounts (thousands)	Aggregated Outstanding Balances Upon Default (millions) ^(a)
Troubled Debt Restructurings That Subsequently Defaulted:				
Card Member Loans	4	\$ 18	12	\$ 70
Card Member Receivables	1	7	3	27
Other Loans	—	—	—	—
Total	5	\$ 25	15	\$ 97

- (a) The outstanding balances upon default include principal, fees and accrued interest on loans, and principal and fees on receivables.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

3. Reserves for Credit Losses

Reserves for credit losses represent our best estimate of the expected credit losses in our outstanding portfolio of Card Member loans and receivables as of the balance sheet date. The CECL methodology requires us to estimate lifetime expected credit losses by incorporating historical loss experience, as well as current and future economic conditions over a reasonable and supportable period (R&S Period), which is approximately three years, beyond the balance sheet date. We make various judgments combined with historical loss experience to determine a reserve rate that is applied to the outstanding loan or receivable balance to produce a reserve for expected credit losses.

We use a combination of statistically-based models that incorporate current and future economic conditions throughout the R&S Period. The process of estimating expected credit losses is based on several key models: Probability of Default (PD), Exposure at Default (EAD), and future recoveries for each month of the R&S Period. Beyond the R&S Period, we estimate expected credit losses by immediately reverting to long-term average loss rates.

- PD models are used to estimate the likelihood an account will be written-off.
- EAD models are used to estimate the balance of an account at the time of write-off. This includes balances less expected repayments based on historical payment and revolve behavior, which vary by customer. Due to the nature of revolving loan portfolios, the EAD models are complex and involve assumptions regarding the relationship between future spend and payment behaviors.
- Recovery models are used to estimate amounts that are expected to be received from Card Members after default occurs, typically as a result of collection efforts. Future recoveries are estimated taking into consideration the time of default, time elapsed since default and macroeconomic conditions.

We also estimate the likelihood and magnitude of recovery of previously written off accounts considering how long ago the account was written off and future economic conditions, even if such expected recoveries exceed expected losses. Our models are developed using historical loss experience covering the economic cycle and consider the impact of account characteristics on expected losses. This history includes the performance of loans and receivables modifications for borrowers experiencing financial difficulty, including their subsequent defaults.

Future economic conditions that are incorporated over the R&S Period include multiple macroeconomic scenarios provided to us by an independent third party. Management reviews these economic scenarios each period and assigns probability weights to each scenario, generally with a consistent initial distribution. At times, due to macroeconomic uncertainty and volatility, management may apply judgment and assign different probability weights to scenarios. These macroeconomic scenarios contain certain variables, including unemployment rates and real gross domestic product (GDP), that are significant to our models.

We also evaluate whether to include qualitative reserves to cover losses that are expected but, in our assessment, may not be adequately represented in the quantitative methods or the economic assumptions. We consider whether to adjust the quantitative reserves (higher or lower) to address possible limitations within the models or factors not included within the models, such as external conditions, emerging portfolio trends, the nature and size of the portfolio, portfolio concentrations, the volume and severity of past due accounts, or management risk actions.

Lifetime losses for most of our loans and receivables are evaluated at an appropriate level of granularity, including assessment on a pooled basis where financial assets share similar risk characteristics, such as past spend and remittance behaviors, credit bureau scores where available, delinquency status, tenure of balance outstanding, amongst others. Credit losses on accrued interest are measured and presented as part of Reserves for credit losses on the Consolidated Balance Sheets and within the Provisions for credit losses in the Consolidated Statements of Income, rather than reversing interest income. Separate models are used for accounts deemed a troubled debt restructuring, which are measured individually and incorporate a discounted cash flow model.

Loans and receivable balances are written off when we consider amounts to be uncollectible, which is generally determined by the number of days past due and is typically no later than 180 days past due for pay in full or revolving loans and 120 days past due for term loans. Loans and receivables in bankruptcy or owed by deceased individuals are generally written off upon notification.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table reflects the range of macroeconomic scenario key variables used, in conjunction with other inputs, to calculate reserves for credit losses:

	U.S. Unemployment Rate		U.S. GDP Growth (Contraction) ^(a)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Third quarter of 2023	4%	3% - 7%	2%	5% - (2)%
Fourth quarter of 2023	3% - 6%	3% - 8%	4% - (3)%	6% - 0.2%
Fourth quarter of 2024	3% - 8%	3% - 7%	2% - 1%	3% - 2%
Fourth quarter of 2025	4% - 7%	3% - 6%	4% - 2%	4% - 3%

(a) Real GDP quarter over quarter percentage change seasonally adjusted to annualized rates.

Changes in Card Member Loans Reserve for Credit Losses

Card Member loans reserve for credit losses increased for both the three and nine months ended September 30, 2023, primarily driven by increases in loans outstanding and higher delinquencies.

Card Member loans reserve for credit losses increased for the three months ended September 30, 2022, primarily driven by an increase in loans outstanding and deterioration in the macroeconomic outlook at that time.

Card Member loans reserve for credit losses increased for the nine months ended September 30, 2022, primarily driven by an increase in loans outstanding and deterioration in the macroeconomic outlook at that time, partially offset by a reduction in COVID-19 pandemic-driven reserves.

The following table presents changes in the Card Member loans reserve for credit losses for the three and nine months ended September 30:

(Millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning Balance	\$ 4,390	\$ 2,997	\$ 3,747	\$ 3,305
Provisions ^(a)	982	596	2,691	757
Net write-offs ^(b)				
Principal	(525)	(203)	(1,412)	(560)
Interest and fees	(114)	(56)	(310)	(161)
Other ^(c)	(12)	(15)	5	(22)
Ending Balance	\$ 4,721	\$ 3,319	\$ 4,721	\$ 3,319

(a) Provisions for principal, interest and fee reserve components. Provisions for credit losses includes reserve build (release) and replenishment for net write-offs.

(b) Principal write-offs are presented less recoveries of \$138 million and \$133 million for the three months ended September 30, 2023 and 2022, respectively, and \$396 million and \$415 million for the nine months ended September 30, 2023 and 2022, respectively. Recoveries of interest and fees were not significant.

(c) Primarily includes foreign currency translation adjustments of \$(13) million and \$(16) million for the three months ended September 30, 2023 and 2022, respectively, and \$5 million and \$(22) million for the nine months ended September 30, 2023 and 2022, respectively.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Changes in Card Member Receivables Reserve for Credit Losses

Card Member receivables reserve for credit losses decreased for both the three and nine months ended September 30, 2023, primarily driven by lower delinquencies.

Card Member receivables reserve for credit losses increased for the three months ended September 30, 2022, primarily driven by higher delinquencies.

Card Member receivables reserve for credit losses increased for the nine months ended September 30, 2022, primarily driven by an increase in receivables outstanding and higher delinquencies.

The following table presents changes in the Card Member receivables reserve for credit losses for the three and nine months ended September 30:

<i>(Millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Beginning Balance	\$ 210	\$ 119	\$ 229	\$ 64
Provisions ^(a)	206	165	658	383
Net write-offs ^(b)	(241)	(122)	(714)	(284)
Other ^(c)	(1)	(3)	1	(4)
Ending Balance	\$ 174	\$ 159	\$ 174	\$ 159

(a) Provisions for principal and fee reserve components. Provisions for credit losses includes reserve build (release) and replenishment for net write-offs.

(b) Net write-offs are presented less recoveries of \$73 million and \$60 million for the three months ended September 30, 2023 and 2022, respectively, and \$218 million and \$195 million for the nine months ended September 30, 2023 and 2022, respectively.

(c) Primarily includes foreign currency translation adjustments.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

4. Investment Securities

Investment securities principally include available-for-sale debt securities carried at fair value on the Consolidated Balance Sheets. Unrealized losses attributable to credit deterioration are recorded in the Consolidated Statements of Income in Other loans Provision for credit losses. Unrealized gains and any portion of a security's unrealized loss attributable to non-credit losses are recorded in the Consolidated Statements of Comprehensive Income, net of tax. We had accrued interest on our available-for-sale debt securities totaling \$12 million as of both September 30, 2023 and December 31, 2022, presented as Other assets on the Consolidated Balance Sheets.

Investment securities also include equity securities carried at fair value on the Consolidated Balance Sheets with unrealized gains and losses recorded in the Consolidated Statements of Income as Other, net expense.

Realized gains and losses are recognized upon disposition of the securities using the specific identification method and recorded in the Consolidated Statements of Income as Other, net expense.

The following is a summary of investment securities as of September 30, 2023 and December 31, 2022:

Description of Securities (Millions)	2023				2022			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale debt securities:								
State and municipal obligations	\$ 62	\$ —	\$ (10)	\$ 52	\$ 64	\$ —	\$ (10)	\$ 54
U.S. Government agency obligations	4	—	—	4	5	—	—	5
U.S. Government treasury obligations ^(a)	2,214	—	(27)	2,187	3,859	—	(73)	3,786
Mortgage-backed securities ^(b)	12	—	(1)	11	13	—	—	13
Foreign government bonds and obligations	777	—	(1)	776	633	—	(1)	632
Other ^(c)	64	—	—	64	47	—	—	47
Equity securities ^{(d)(e)}	60	20	(14)	66	50	—	(9)	41
Total	\$ 3,193	\$ 20	\$ (53)	\$ 3,160	\$ 4,671	\$ —	\$ (93)	\$ 4,578

(a) Excludes approximately \$1 billion of U.S. Government treasury obligations that matured on September 30, 2023, for which cash was received on October 2, 2023. As of September 30, 2023, these investments were derecognized and a corresponding receivable was recorded in Other assets on the Consolidated Balance Sheets; this non-cash movement is not reflected in the Consolidated Statements of Cash Flows.

(b) Represents mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.

(c) Represents investments in debt securities issued by Community Development Financial Institutions.

(d) Equity securities comprise investments in common stock, exchange-traded funds and mutual funds.

(e) During the third quarter of 2023, certain equity securities were reclassified from Other assets to Investment securities following the completion of transactions pursuant to which the issuers of the securities became public companies. The investments had a fair value of \$26 million with an associated cost basis of \$10 million as of September 30, 2023. The gross unrealized gain and loss amounts include net unrealized gains of \$37 million that were recognized prior to such transactions.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table provides information about our available-for-sale debt securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2023 and December 31, 2022:

Description of Securities (Millions)	2023				2022			
	Less than 12 months		12 months or more		Less than 12 months		12 months or more	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
State and municipal obligations	\$ 20	\$ (1)	\$ 30	\$ (9)	\$ 52	\$ (10)	\$ —	\$ —
U.S. Government treasury obligations	—	—	2,098	(27)	3,710	(72)	52	(1)
Mortgage-backed securities	—	—	7	(1)	—	—	—	—
Foreign government bonds and obligations	679	(1)	—	—	549	(1)	—	—
Total	\$ 699	\$ (2)	\$ 2,135	\$ (37)	\$ 4,311	\$ (83)	\$ 52	\$ (1)

The gross unrealized losses on our available-for-sale debt securities are primarily attributable to an increase in the current benchmark interest rate. Overall, for the available-for-sale debt securities in gross unrealized loss positions, (i) we do not intend to sell the securities, (ii) it is more likely than not that we will not be required to sell the securities before recovery of the unrealized losses, and (iii) we expect that the contractual principal and interest will be received on the securities. We concluded that there was no credit loss attributable to the securities in an unrealized loss position for the periods presented.

The following table summarizes the gross unrealized losses for available-for-sale debt securities by ratio of fair value to amortized cost as of September 30, 2023 and December 31, 2022:

Ratio of Fair Value to Amortized Cost (Dollars in millions)	Less than 12 months			12 months or more			Total		
	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses
2023:									
90–100%	53	\$ 699	\$ (2)	44	\$ 2,107	\$ (27)	97	\$ 2,806	\$ (29)
Less than 90%	—	\$ —	\$ —	32	\$ 28	\$ (10)	32	\$ 28	\$ (10)
Total as of September 30, 2023	53	\$ 699	\$ (2)	76	\$ 2,135	\$ (37)	129	\$ 2,834	\$ (39)
2022:									
90–100%	74	\$ 4,287	\$ (74)	3	\$ 52	\$ (1)	77	\$ 4,339	\$ (75)
Less than 90%	14	\$ 24	\$ (9)	—	\$ —	\$ —	14	\$ 24	\$ (9)
Total as of December 31, 2022	88	\$ 4,311	\$ (83)	3	\$ 52	\$ (1)	91	\$ 4,363	\$ (84)

Contractual maturities for available-for-sale debt securities with stated maturities as of September 30, 2023 were as follows:

(Millions)	Cost	Estimated Fair Value
Due within 1 year	\$ 2,804	\$ 2,784
Due after 1 year but within 5 years	233	226
Due after 5 years but within 10 years	40	39
Due after 10 years	56	45
Total	\$ 3,133	\$ 3,094

The expected payments on state and municipal obligations, U.S. Government agency obligations and mortgage-backed securities may not coincide with their contractual maturities because the issuers have the right to call or prepay certain obligations.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

5. Asset Securitizations

We periodically securitize Card Member loans and receivables arising from our card businesses through the transfer of those assets to securitization trusts, American Express Credit Account Master Trust (the Lending Trust) and American Express Issuance Trust II (the Charge Trust and together with the Lending Trust, the Trusts). The Trusts then issue debt securities collateralized by the transferred assets to third-party investors.

The Trusts are considered VIEs as they have insufficient equity at risk to finance their activities, which are to issue debt securities that are collateralized by the underlying Card Member loans and receivables. We perform the servicing and key decision making for the Trusts, and therefore have the power to direct the activities that most significantly impact the Trusts' economic performance, which are the collection of the underlying Card Member loans and receivables. In addition, we hold all of the variable interests in both Trusts, with the exception of the debt securities issued to third-party investors. Our ownership of variable interests for the Lending Trust was \$14.0 billion and \$16.0 billion as of September 30, 2023 and December 31, 2022, respectively, and for the Charge Trust was \$5.4 billion and \$5.2 billion as of September 30, 2023 and December 31, 2022, respectively. These variable interests held by us provide us with the right to receive benefits and the obligation to absorb losses, which could be significant to both the Lending Trust and the Charge Trust. Based on these considerations, we are the primary beneficiary of the Trusts and therefore consolidate the Trusts.

Restricted cash and cash equivalents held by the Lending Trust was \$60 million and \$59 million as of September 30, 2023 and December 31, 2022, respectively, and for the Charge Trust was nil as of both September 30, 2023 and December 31, 2022. These amounts relate to collections of Card Member loans and receivables to be used by the Trusts to fund future expenses and obligations, including interest on debt securities, credit losses and upcoming debt maturities.

Under the respective terms of the Lending Trust and the Charge Trust agreements, the occurrence of certain triggering events associated with the performance of the assets of each Trust could result in payment of trust expenses, establishment of reserve funds, or, in a worst-case scenario, early amortization of debt securities. During the nine months ended September 30, 2023 and the year ended December 31, 2022, no such triggering events occurred.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

6. Customer Deposits

As of September 30, 2023 and December 31, 2022, customer deposits were categorized as interest-bearing or non-interest-bearing as follows:

<i>(Millions)</i>	2023	2022
U.S.:		
Interest-bearing	\$ 123,510	\$ 109,119
Non-interest-bearing (includes Card Member credit balances of: 2023, \$442; 2022, \$605)	492	663
Non-U.S.:		
Interest-bearing	14	15
Non-interest-bearing (includes Card Member credit balances of: 2023, \$420; 2022, \$439)	423	442
Total customer deposits	\$ 124,439	\$ 110,239

Customer deposits by deposit type as of September 30, 2023 and December 31, 2022 were as follows:

<i>(Millions)</i>	2023	2022
Savings and transaction accounts	\$ 89,877	\$ 76,731
Certificates of deposit:		
Direct	4,925	2,765
Third-party (brokered)	13,303	13,331
Sweep accounts – Third-party (brokered)	15,411	16,297
Other deposits	61	71
Card Member credit balances	862	1,044
Total customer deposits	\$ 124,439	\$ 110,239

The scheduled maturities of certificates of deposit as of September 30, 2023 were as follows:

<i>(Millions)</i>	2023	2024	2025	2026	2027	After 5 Years	Total
Certificates of deposit	\$ 1,538	\$ 10,491	\$ 4,010	\$ 832	\$ 777	\$ 580	\$ 18,228

As of September 30, 2023 and December 31, 2022, certificates of deposit in denominations that met or exceeded the insured limit were \$1.6 billion and \$1.0 billion, respectively.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

7. Contingencies

In the ordinary course of business, we and our subsidiaries are subject to various pending and potential legal actions, arbitration proceedings, claims, investigations, examinations, regulatory proceedings, information gathering requests, subpoenas, inquiries and matters relating to compliance with laws and regulations (collectively, legal proceedings).

Based on our current knowledge, and taking into consideration our litigation-related liabilities, we do not believe we are a party to, nor are any of our properties the subject of, any legal proceeding that would have a material adverse effect on our consolidated financial condition or liquidity. However, in light of the uncertainties involved in such matters, including the fact that some pending legal proceedings are at preliminary stages or seek an indeterminate amount of damages, it is possible that the outcome of legal proceedings could have a material impact on our results of operations. Certain legal proceedings involving us or our subsidiaries are described below.

On February 25, 2020, we were named as a defendant in a case filed in the Superior Court of California, Los Angeles County, captioned Laurelwood Cleaners LLC v. American Express Co., et al., in which the plaintiff seeks a public injunction in California prohibiting American Express from enforcing its anti-steering and non-discrimination provisions and from requiring merchants “to offer the service of Amex-card acceptance for free.” The case has been stayed pending the outcome of arbitration proceedings.

On January 29, 2019, we were named in a putative class action brought in the United States District Court for the Eastern District of New York, captioned Anthony Oliver, et al. v. American Express Company and American Express Travel Related Services Company Inc., in which the plaintiffs are holders of MasterCard, Visa and/or Discover credit cards (but not American Express cards) and allege they paid higher prices as a result of our anti-steering and non-discrimination provisions in violation of federal antitrust law and the antitrust and consumer laws of various states. Plaintiffs seek unspecified damages and other forms of relief. The court dismissed plaintiffs’ federal antitrust claim, numerous state antitrust and consumer protection claims and their unjust enrichment claim. The remaining claims in plaintiffs’ complaint arise under the antitrust laws of 11 states and the consumer protection laws of six states.

On March 8, 2016, plaintiffs B&R Supermarket, Inc. d/b/a Milam’s Market and Grove Liquors LLC, on behalf of themselves and others, filed a suit, captioned B&R Supermarket, Inc. d/b/a Milam’s Market, et al. v. Visa Inc., et al., for violations of the Sherman Antitrust Act, the Clayton Antitrust Act, California’s Cartwright Act and unjust enrichment in the United States District Court for the Northern District of California, against American Express Company, other credit and charge card networks, other issuing banks and EMVCo, LLC. Plaintiffs allege that the defendants, through EMVCo, conspired to shift liability for fraudulent, faulty and otherwise rejected consumer credit card transactions from themselves to merchants after the implementation of EMV chip payment terminals. Plaintiffs seek damages and injunctive relief. An amended complaint was filed on July 15, 2016. On September 30, 2016, the court denied our motion to dismiss as to claims brought by merchants who do not accept American Express cards, and on May 4, 2017, the California court transferred the case to the United States District Court for the Eastern District of New York. On August 28, 2020, the court granted plaintiffs’ motion for class certification.

In July 2004, we were named as a defendant in a putative class action filed in the Southern District of New York and subsequently transferred to the Eastern District of New York, captioned The Marcus Corporation v. American Express Co., et al., in which the plaintiffs allege an unlawful antitrust tying arrangement between certain of our charge cards and credit cards in violation of various state and federal laws. The plaintiffs in this action seek injunctive relief and an unspecified amount of damages.

In 2006, Mawarid Investments Limited filed a request for confidential arbitration under the 1998 London Court of International Arbitration Rules in connection with certain claims arising under a shareholders agreement between Mawarid and American Express Travel Related Services Company, Inc. relating to a joint venture between the parties, Amex (Middle East) BSC(c) (AEME). In 2008, the tribunal rendered a partial award, including a direction that an audit should take place to verify whether acquirer discount revenue related to transactions occurring with airlines located in the Middle East region had been properly allocated to AEME since its inception in 1992. In September 2021, the tribunal rendered a further partial award regarding the location of transactions through non-physical channels. In May 2022, the tribunal further clarified the 2021 partial award and the discount rate that should apply to transactions through non-physical channels.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

In May 2020, we began responding to a review by the Office of the Comptroller of the Currency (OCC) and the Department of Justice (DOJ) Civil Division regarding historical sales practices relating to sales to small business customers in the United States. In January 2021, we received a grand jury subpoena from the United States Attorney's Office for the Eastern District of New York (EDNY) regarding these sales practices issues, as well as a Civil Investigative Demand from the Consumer Financial Protection Bureau (CFPB) pertaining to its investigation into sales practices related to consumers. We have also been made aware of a related investigation by the New York Department of Financial Services (NYDFS).

In January 2023, the CFPB notified us that its investigation was completed and that it does not intend to recommend an enforcement action be taken against us at this time. In July 2023, we reached a settlement with the OCC to resolve its review of historical sales practices to certain U.S. small business card customers that occurred between 2015 and 2017, and paid a civil money penalty of \$15 million. The DOJ, EDNY and NYDFS investigations are ongoing, and we are cooperating with all inquiries. Any additional negotiated resolution or litigated proceedings arising from these matters could result in fines or other remedial actions.

We are being challenged in a number of countries regarding our application of value-added taxes (VAT) to certain of our international transactions, which are in various stages of audit, or are being contested in legal actions. While we believe we have complied with all applicable tax laws, rules and regulations in the relevant jurisdictions, the tax authorities may determine that we owe additional VAT. In certain jurisdictions where we are contesting the assessments, we were required to pay the VAT assessments prior to contesting.

Our legal proceedings range from cases brought by a single plaintiff to class actions with millions of putative class members to governmental proceedings. These legal proceedings involve various lines of business and a variety of claims (including, but not limited to, common law tort, contract, application of tax laws, antitrust and consumer protection claims), some of which present novel factual allegations and/or unique legal theories. While some matters pending against us specify the damages sought, many seek an unspecified amount of damages or are at very early stages of the legal process. Even when the amount of damages claimed against us are stated, the claimed amount may be exaggerated and/or unsupported. As a result, some matters have not yet progressed sufficiently through discovery and/or development of important factual information and legal issues to enable us to estimate an amount of loss or a range of possible loss, while other matters have progressed sufficiently such that we are able to estimate an amount of loss or a range of possible loss.

We have accrued for certain of our outstanding legal proceedings. An accrual is recorded when it is both (a) probable that a loss has occurred and (b) the amount of loss can be reasonably estimated. There may be instances in which an exposure to loss exceeds the accrual. We evaluate, on a quarterly basis, developments in legal proceedings that could cause an increase or decrease in the amount of the accrual that has been previously recorded, or a revision to the disclosed estimated range of possible losses, as applicable.

For those disclosed legal proceedings where a loss is reasonably possible in future periods, whether in excess of a recorded accrual for legal or tax contingencies, or where there is no such accrual, and for which we are able to estimate a range of possible loss, the current estimated range is zero to \$310 million in excess of any accruals related to those matters. This range represents management's estimate based on currently available information and does not represent our maximum loss exposure; actual results may vary significantly. As such legal proceedings evolve, we may need to increase our range of possible loss or recorded accruals. In addition, it is possible that significantly increased merchant steering or other actions impairing the Card Member experience as a result of an adverse resolution in one or any combination of the disclosed merchant cases could have a material adverse effect on our business and results of operations.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

8. Derivatives and Hedging Activities

We use derivative financial instruments to manage exposures to various market risks. These instruments derive their value from an underlying variable or multiple variables, including interest rates and foreign exchange rates, and are carried at fair value on the Consolidated Balance Sheets. These instruments enable end users to increase, reduce or alter exposure to various market risks and, for that reason, are an integral component of our market risk management. We do not transact in derivatives for trading purposes.

A majority of our derivative assets and liabilities as of September 30, 2023 and December 31, 2022 are subject to master netting agreements with our derivative counterparties. Accordingly, where appropriate, we have elected to present derivative assets and liabilities with the same counterparty on a net basis in the Consolidated Balance Sheets.

In relation to our credit risk, certain of our bilateral derivative agreements include provisions that allow our counterparties to terminate the relevant agreement in the event of a downgrade of our debt credit rating below investment grade and settle the outstanding net liability position. As of September 30, 2023, these derivatives were not in a material net liability position. Based on our assessment of the credit risk of our derivative counterparties and our own credit risk as of September 30, 2023 and December 31, 2022, no credit risk adjustment to the derivative portfolio was required.

The following table summarizes the total fair value, excluding interest accruals, of derivative assets and liabilities as of September 30, 2023 and December 31, 2022:

(Millions)	Other Assets Fair Value		Other Liabilities Fair Value	
	2023	2022	2023	2022
Derivatives designated as hedging instruments:				
Fair value hedges - Interest rate contracts ^(a)	\$ —	\$ —	\$ 157	\$ 211
Net investment hedges - Foreign exchange contracts	176	350	81	251
Total derivatives designated as hedging instruments	176	350	238	462
Derivatives not designated as hedging instruments:				
Foreign exchange contracts and other	418	171	63	339
Total derivatives, gross	594	521	301	801
Derivative asset and derivative liability netting ^(b)	(91)	(257)	(91)	(257)
Cash collateral netting ^(c)	(7)	(11)	(157)	(212)
Total derivatives, net	\$ 496	\$ 253	\$ 53	\$ 332

(a) For our centrally cleared derivatives, variation margin payments are legally characterized as settlement payments as opposed to collateral.

(b) Represents the amount of netting of derivative assets and derivative liabilities executed with the same counterparty under an enforceable master netting arrangement.

(c) Represents the offsetting of the fair value of bilateral interest rate contracts and certain foreign exchange contracts with the right to cash collateral held from the counterparty or cash collateral posted with the counterparty.

We posted \$137 million and \$8 million as of September 30, 2023 and December 31, 2022, respectively, as initial margin on our centrally cleared interest rate swaps; such amounts are recorded within Other assets on the Consolidated Balance Sheets and are not netted against the derivative balances.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Fair Value Hedges

We are exposed to interest rate risk associated with our fixed-rate debt obligations. At the time of issuance, certain fixed-rate long-term debt obligations are designated in fair value hedging relationships, using interest rate swaps, to economically convert the fixed interest rate to a floating interest rate. We had \$9.5 billion and \$8.1 billion of fixed-rate debt obligations designated in fair value hedging relationships as of September 30, 2023 and December 31, 2022, respectively.

The following table presents the gains and losses recognized in Interest expense on the Consolidated Statements of Income associated with the fair value hedges of our fixed-rate long-term debt for the three and nine months ended September 30:

(Millions)	Gains (losses)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Fixed-rate long-term debt	\$ 52	\$ 121	\$ 14	\$ 485
Derivatives designated as hedging instruments	(52)	(121)	(15)	(488)
Total	\$ —	\$ —	\$ (1)	\$ (3)

The carrying values of the hedged liabilities, recorded within Long-term debt on the Consolidated Balance Sheets, were \$9.2 billion and \$7.8 billion as of September 30, 2023 and December 31, 2022, respectively, including the cumulative amount of fair value hedging adjustments of \$(250) million and \$(236) million for the respective periods.

We recognized in Interest expense on Long-term debt net increases of \$47 million and \$3 million for the three months ended September 30, 2023 and 2022, respectively, and a net increase of \$130 million and a net decrease of \$88 million for the nine months ended September 30, 2023 and 2022, respectively, primarily related to the net settlements including interest accruals on our interest rate derivatives designated as fair value hedges.

Net Investment Hedges

We primarily designate foreign currency derivatives as net investment hedges to reduce our exposure to changes in currency exchange rates on our investments in non-U.S. subsidiaries. We had notional amounts of approximately \$13.1 billion and \$12.5 billion of foreign currency derivatives designated as net investment hedges as of September 30, 2023 and December 31, 2022, respectively. The gain or loss on net investment hedges, net of taxes, recorded in Accumulated other comprehensive income (loss) (AOCI) as part of the cumulative translation adjustment, were gains of \$244 million and \$520 million for the three months ended September 30, 2023 and 2022, respectively, and a loss of \$261 million and a gain of \$728 million for the nine months ended September 30, 2023 and 2022, respectively. Net investment hedge reclassifications out of AOCI into the Consolidated Statements of Income were not significant for any of the three and nine months ended September 30, 2023 and 2022.

Derivatives Not Designated as Hedges

The changes in the fair value of derivatives that are not designated as hedges are intended to offset the related foreign exchange gains or losses of the underlying foreign currency exposures. We had notional amounts of approximately \$22.3 billion and \$21.7 billion as of September 30, 2023 and December 31, 2022, respectively. The changes in the fair value of the derivatives and the related underlying foreign currency exposures resulted in net gains of \$26 million and \$23 million for the three months ended September 30, 2023 and 2022, respectively, and net gains of \$56 million and \$10 million for the nine months ended September 30, 2023 and 2022, respectively, that are recognized in Other, net expenses in the Consolidated Statements of Income.

Our embedded derivative related to seller earnout shares granted to us upon the completion of a business combination in the second quarter of 2022 between our equity method investee, American Express Global Business Travel, and Apollo Strategic Growth Capital had a notional amount of \$78 million as of both September 30, 2023 and December 31, 2022. The changes in the fair value of the embedded derivative resulted in losses of \$12 million and nil for the three months ended September 30, 2023 and 2022, respectively, and losses of \$12 million and \$4 million for the nine months ended September 30, 2023 and 2022, respectively, which were recognized in Service fees and other revenue in the Consolidated Statements of Income.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

9. Fair Values

Financial Assets and Financial Liabilities Carried at Fair Value

The following table summarizes our financial assets and financial liabilities measured at fair value on a recurring basis, categorized by GAAP's fair value hierarchy, as of September 30, 2023 and December 31, 2022:

(Millions)	2023				2022			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Investment securities: ^(a)								
Equity securities	\$ 66	\$ 66	\$ —	\$ —	\$ 41	\$ 40	\$ 1	\$ —
Debt securities	3,094	—	3,030	64	4,537	—	4,490	47
Derivatives, gross ^{(a)(b)}	594	—	579	15	521	—	494	27
Total Assets	3,754	66	3,609	79	5,099	40	4,985	74
Liabilities:								
Derivatives, gross ^(a)	301	—	301	—	801	—	801	—
Total Liabilities	\$ 301	\$ —	\$ 301	\$ —	\$ 801	\$ —	\$ 801	\$ —

(a) Refer to Note 4 for the fair values of investment securities and to Note 8 for the fair values of derivative assets and liabilities on a further disaggregated basis.

(b) Level 3 fair value reflects an embedded derivative. Management reviews and applies judgment to the valuation of the embedded derivative that is performed by an independent third party using a Monte Carlo simulation that models a range of probable future stock prices based on implied volatility in a risk neutral framework. Refer to Note 8 for additional information about this embedded derivative.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Financial Assets and Financial Liabilities Carried at Other Than Fair Value

The following table summarizes the estimated fair values of our financial assets and financial liabilities that are measured at amortized cost, and not required to be carried at fair value on a recurring basis, as of September 30, 2023 and December 31, 2022. The fair values of these financial instruments are estimates based upon the market conditions and perceived risks as of September 30, 2023 and December 31, 2022, and require management's judgment. These figures may not be indicative of future fair values, nor can the fair value of American Express be estimated by aggregating the amounts presented.

2023 (Billions)	Carrying Value	Corresponding Fair Value Amount			
		Total	Level 1	Level 2	Level 3
Financial Assets:					
Financial assets for which carrying values equal or approximate fair value					
Cash and cash equivalents ^(a)	\$ 44	\$ 44	\$ 42	\$ 2	\$ —
Other financial assets ^(b)	63	63	—	63	—
Financial assets carried at other than fair value					
Card Member and Other loans, less reserves ^(c)	120	124	—	—	124
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value					
Financial liabilities carried at other than fair value	136	136	—	136	—
Certificates of deposit ^(d)	18	18	—	18	—
Long-term debt ^(c)	\$ 46	\$ 45	\$ —	\$ 45	\$ —
2022 (Billions)	Carrying Value	Corresponding Fair Value Amount			
		Total	Level 1	Level 2	Level 3
Financial Assets:					
Financial assets for which carrying values equal or approximate fair value					
Cash and cash equivalents ^(a)	\$ 34	\$ 34	\$ 32	\$ 2	\$ —
Other financial assets ^(b)	60	60	—	60	—
Financial assets carried at other than fair value					
Card Member and Other loans, less reserves ^(c)	110	113	—	—	113
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value					
Financial liabilities carried at other than fair value	123	123	—	123	—
Certificates of deposit ^(d)	16	16	—	16	—
Long-term debt ^(c)	\$ 43	\$ 42	\$ —	\$ 42	\$ —

(a) Level 2 fair value amounts reflect time deposits and short-term investments.

(b) Balances include Card Member receivables (including fair values of Card Member receivables of \$5.4 billion and \$5.2 billion held by a consolidated VIE as of September 30, 2023 and December 31, 2022, respectively), other receivables and other miscellaneous assets.

(c) Balances include amounts held by a consolidated VIE for which the fair values of Card Member loans were \$27.2 billion and \$28.4 billion as of September 30, 2023 and December 31, 2022, respectively, and the fair values of Long-term debt were \$13.0 billion and \$12.3 billion as of September 30, 2023 and December 31, 2022, respectively.

(d) Presented as a component of Customer deposits on the Consolidated Balance Sheets.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Nonrecurring Fair Value Measurements

We have certain assets that are subject to measurement at fair value on a nonrecurring basis. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if they are determined to be impaired or where there are observable price changes for equity investments without readily determinable fair values.

We estimate the Level 3 fair value of equity investments without readily determinable fair values, which include investments in our Amex Ventures portfolio, based on price changes as of the date of new similar equity financing transactions completed by the companies in the portfolio. In addition, impairments on such investments are recorded to account for the difference between the estimated fair value and carrying value of an investment based on a qualitative assessment of impairment indicators such as business performance, general market conditions and the economic and regulatory environment. When an impairment triggering event occurs, the fair value measurement is generally derived by taking into account all available information, such as share prices of publicly traded peer companies, internal valuations performed by our investees, and other third-party fair value data. The fair value of impaired investments represents a Level 3 fair value measurement.

The carrying value of equity investments without readily determinable fair values totaled \$0.9 billion and \$1.0 billion as of September 30, 2023 and December 31, 2022, respectively, of which approximately \$8 million and \$597 million as of September 30, 2023 and December 31, 2022, respectively, represented a nonrecurring Level 3 fair value measurement for certain of our equity investments. These amounts are included within Other assets on the Consolidated Balance Sheets.

We recorded unrealized gains of nil and \$6 million for the three months ended September 30, 2023 and 2022, respectively, and nil and \$94 million for the nine months ended September 30, 2023 and 2022, respectively. Unrealized losses representing impairments were \$17 million and \$51 million for the three months ended September 30, 2023 and 2022, respectively, and \$122 million and \$153 million for the nine months ended September 30, 2023 and 2022, respectively. Unrealized gains and losses are recorded in Other, net on the Consolidated Statements of Income. Since the adoption of new accounting guidance on the recognition and measurement of financial assets and financial liabilities on January 1, 2018, cumulative unrealized gains for equity investments without readily determinable fair values totaled \$1.0 billion and \$1.2 billion as of September 30, 2023 and December 31, 2022, respectively, and cumulative unrealized losses representing impairments were \$412 million and \$394 million as of September 30, 2023 and December 31, 2022, respectively.

In addition, we also have certain equity investments measured at fair value using the net asset value practical expedient. Such investments were immaterial as of both September 30, 2023 and December 31, 2022.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

10. Guarantees

The maximum potential undiscounted future payments and related liability resulting from guarantees and indemnifications provided by us in the ordinary course of business were \$1 billion and \$23 million, respectively, as of September 30, 2023, and \$1 billion and \$21 million, respectively, as of December 31, 2022, all of which were primarily related to our real estate arrangements and business dispositions.

To date, we have not experienced any significant losses related to guarantees or indemnifications. Our recognition of these instruments is at fair value. In addition, we establish reserves when a loss is probable and the amount can be reasonably estimated.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

11. Changes in Accumulated Other Comprehensive Income (Loss)

AOCI is comprised of items that have not been recognized in earnings but may be recognized in earnings in the future when certain events occur. Changes in each component for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Net Unrealized Gains (Losses) on Debt Securities	Foreign Currency Translation Adjustment Gains (Losses), net of hedges ^(a)	Net Unrealized Pension and Other Postretirement Benefit Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Three Months Ended September 30, 2023 (Millions), net of tax				
Balances as of June 30, 2023	\$ (44)	\$ (2,569)	\$ (471)	\$ (3,084)
Net change	14	(110)	4	(92)
Balances as of September 30, 2023	\$ (30)	\$ (2,679)	\$ (467)	\$ (3,176)

	Net Unrealized Gains (Losses) on Debt Securities	Foreign Currency Translation Adjustment Gains (Losses), net of hedges ^(a)	Net Unrealized Pension and Other Postretirement Benefit Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Nine Months Ended September 30, 2023 (Millions), net of tax				
Balances as of December 31, 2022	\$ (64)	\$ (2,622)	\$ (524)	\$ (3,210)
Net change	34	(57)	57	34
Balances as of September 30, 2023	\$ (30)	\$ (2,679)	\$ (467)	\$ (3,176)

	Net Unrealized Gains (Losses) on Debt Securities	Foreign Currency Translation Adjustment Gains (Losses), net of hedges ^(a)	Net Unrealized Pension and Other Postretirement Benefit Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Three Months Ended September 30, 2022 (Millions), net of tax				
Balances as of June 30, 2022	\$ (30)	\$ (2,569)	\$ (544)	\$ (3,143)
Net change	(39)	(200)	5	(234)
Balances as of September 30, 2022	\$ (69)	\$ (2,769)	\$ (539)	\$ (3,377)

	Net Unrealized Gains (Losses) on Debt Securities	Foreign Currency Translation Adjustment Gains (Losses), net of hedges ^(a)	Net Unrealized Pension and Other Postretirement Benefit Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
Nine Months Ended September 30, 2022 (Millions), net of tax				
Balances as of December 31, 2021	\$ 23	\$ (2,392)	\$ (576)	\$ (2,945)
Net change	(92)	(377)	37	(432)
Balances as of September 30, 2022	\$ (69)	\$ (2,769)	\$ (539)	\$ (3,377)

(a) Refer to Note 8 for additional information on hedging activity.

The following table shows the tax impact for the three and nine months ended September 30 for the changes in each component of AOI presented above:

(Millions)	Tax expense (benefit)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net unrealized gains (losses) on debt securities	\$ 5	\$ (13)	\$ 11	\$ (29)
Foreign currency translation adjustment, net of hedges	66	169	(32)	231
Pension and other postretirement benefits	6	16	6	33
Total tax impact	\$ 77	\$ 172	\$ (15)	\$ 235

Reclassifications out of AOI into the Consolidated Statements of Income, net of taxes, for the three and nine months ended September 30, 2023 and 2022 were not significant.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

12. Service Fees and Other Revenue and Other Expenses

The following is a detail of Service fees and other revenue for the three and nine months ended September 30:

(Millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Service fees	\$ 375	\$ 353	\$ 1,114	\$ 1,072
Foreign currency-related revenue	374	338	1,071	867
Delinquency fees	245	211	717	583
Travel commissions and fees	183	155	476	374
Other fees and revenues	84	112	333	444
Total Service fees and other revenue	\$ 1,261	\$ 1,169	\$ 3,711	\$ 3,340

The following is a detail of Other expenses for the three and nine months ended September 30:

(Millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Data processing and equipment	\$ 704	\$ 651	\$ 2,041	\$ 1,874
Professional services	477	500	1,384	1,473
Net unrealized and realized losses on Amex Ventures investments ^(a)	39	47	145	68
Other	385	376	1,143	1,008
Total Other expenses	\$ 1,605	\$ 1,574	\$ 4,713	\$ 4,423

(a) Refer to Note 9 for further information regarding Amex Ventures investments accounted for as equity investments without readily determinable fair values.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

13. Income Taxes

The effective tax rate was 20.9 percent and 23.6 percent for the three months ended September 30, 2023 and 2022, respectively, and 19.5 percent and 23.0 percent for the nine months ended September 30, 2023 and 2022, respectively. The lower effective tax rate for the three and nine month periods primarily reflected discrete tax benefits in the current periods and changes in the geographic mix of income.

We are under continuous examination by the Internal Revenue Service (IRS) and tax authorities in other countries and states in which we have significant business operations. The tax years under examination and open for examination vary by jurisdiction. We are currently under examination by the IRS for the 2017 and 2018 tax years.

We believe it is reasonably possible that our unrecognized tax benefits could decrease within the next twelve months by as much as \$114 million, principally as a result of potential resolutions of prior years' tax items with various taxing authorities. The prior years' tax items include unrecognized tax benefits relating to the deductibility of certain expenses or losses and the attribution of taxable income to a particular jurisdiction or jurisdictions. Of the \$114 million of unrecognized tax benefits, approximately \$90 million relates to amounts that, if recognized, would impact the effective tax rate in a future period.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

14. Earnings Per Common Share (EPS)

The computations of basic and diluted EPS for the three and nine months ended September 30 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
<i>(Millions, except per share amounts)</i>	2023	2022	2023	2022
Numerator:				
Basic and diluted:				
Net income	\$ 2,451	\$ 1,879	\$ 6,441	\$ 5,942
Preferred dividends	(14)	(14)	(43)	(43)
Net income available to common shareholders	\$ 2,437	\$ 1,865	\$ 6,398	\$ 5,899
Earnings allocated to participating share awards ^(a)	(19)	(14)	(50)	(45)
Net income attributable to common shareholders	\$ 2,418	\$ 1,851	\$ 6,348	\$ 5,854
Denominator: ^(a)				
Basic: Weighted-average common stock	732	748	738	752
Add: Weighted-average stock options ^(b)	1	1	1	1
Diluted	733	749	739	753
Basic EPS	\$ 3.30	\$ 2.47	\$ 8.60	\$ 7.78
Diluted EPS	\$ 3.30	\$ 2.47	\$ 8.59	\$ 7.77

- (a) Our unvested restricted stock awards, which include the right to receive non-forfeitable dividends or dividend equivalents, are considered participating securities. Calculations of EPS under the two-class method exclude from the numerator any dividends paid or owed on participating securities and any undistributed earnings considered to be attributable to participating securities. The related participating securities are similarly excluded from the denominator.
- (b) The dilutive effect of unexercised stock options excludes from the computation of EPS 1.4 million and 0.3 million of options for the three months ended September 30, 2023 and 2022, respectively, and 1.4 million and 0.2 million of options for the nine months ended September 30, 2023 and 2022, respectively, because inclusion of the options would have been anti-dilutive.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

15. Reportable Operating Segments

The following table presents certain selected financial information for our reportable operating segments and Corporate & Other:

<i>As of or for the Three Months Ended September 30, 2023 (Millions, except where indicated)</i>	USCS	CS	ICS	GMNS	Corporate & Other ^(a)	Consolidated
Total non-interest revenues	\$ 4,680	\$ 3,257	\$ 2,390	\$ 1,656	\$ (44)	\$ 11,939
Revenue from contracts with customers ^(b)	3,464	2,864	1,558	1,499	(8)	9,377
Interest income	3,228	881	538	14	579	5,240
Interest expense	700	391	285	(181)	603	1,798
Total revenues net of interest expense	7,208	3,747	2,643	1,851	(68)	15,381
Pretax income (loss)	\$ 1,584	\$ 852	\$ 387	\$ 986	\$ (709)	\$ 3,100
Total assets (billions)	\$ 98	\$ 57	\$ 39	\$ 21	\$ 36	\$ 251

<i>For the Nine Months Ended September 30, 2023 (Millions)</i>	USCS	CS	ICS	GMNS	Corporate & Other ^(a)	Consolidated
Total non-interest revenues	\$ 13,682	\$ 9,665	\$ 7,006	\$ 4,927	\$ (94)	\$ 35,186
Revenue from contracts with customers ^(b)	10,182	8,505	4,527	4,470	(28)	27,656
Interest income	8,937	2,379	1,502	42	1,571	14,431
Interest expense	1,898	1,076	770	(486)	1,643	4,901
Total revenues net of interest expense	20,721	10,968	7,738	5,455	(166)	44,716
Pretax income (loss)	\$ 3,964	\$ 2,195	\$ 829	\$ 2,834	\$ (1,821)	\$ 8,001

<i>As of or for the Three Months Ended September 30, 2022 (Millions, except where indicated)</i>	USCS	CS	ICS	GMNS	Corporate & Other ^(a)	Consolidated
Total non-interest revenues	\$ 4,233	\$ 3,145	\$ 2,066	\$ 1,562	\$ (28)	\$ 10,978
Revenue from contracts with customers ^(b)	3,200	2,791	1,332	1,423	(13)	8,733
Interest income	2,251	552	364	6	201	3,374
Interest expense	274	201	178	(97)	240	796
Total revenues net of interest expense	6,210	3,496	2,252	1,665	(67)	13,556
Pretax income (loss)	\$ 1,309	\$ 774	\$ 166	\$ 792	\$ (582)	\$ 2,459
Total assets (billions)	\$ 85	\$ 51	\$ 33	\$ 15	\$ 31	\$ 215

<i>For the Nine Months Ended September 30, 2022 (Millions)</i>	USCS	CS	ICS	GMNS	Corporate & Other ^(a)	Consolidated
Total non-interest revenues	\$ 12,024	\$ 8,986	\$ 6,065	\$ 4,502	\$ (28)	\$ 31,549
Revenue from contracts with customers ^(b)	9,139	8,003	3,857	4,131	14	25,144
Interest income	5,880	1,435	1,035	13	330	8,693
Interest expense	513	409	445	(202)	391	1,556
Total revenues net of interest expense	17,391	10,012	6,655	4,717	(89)	38,686
Pretax income (loss)	\$ 4,114	\$ 2,333	\$ 593	\$ 2,263	\$ (1,589)	\$ 7,714

(a) Corporate & Other includes adjustments and eliminations for intersegment activity.

(b) Includes discount revenue, certain service fees and other revenue and processed revenues from customers.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk to earnings or asset and liability values resulting from movements in market prices. Our market risk exposures include (i) interest rate risk due to changes in the relationship between the interest rates on our assets (such as loans, receivables and investment securities) and the interest rates on our liabilities (such as debt and deposits); and (ii) foreign exchange risk related to transactions, funding, investments and earnings in currencies other than the U.S. dollar. Since December 31, 2022, there have been no material changes in market risk exposures associated with foreign exchange risk or the detrimental impact of a hypothetical, immediate 100 basis point increase in market interest rates. A hypothetical, immediate 100 basis point decrease in market interest rates would have a smaller, but still detrimental impact on our annual net interest income than such an increase.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the requisite time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information that updates the disclosures set forth under Part I, Item 3. “Legal Proceedings” in the 2022 Form 10-K, refer to Note 7 to the “Consolidated Financial Statements” in this Form 10-Q.

ITEM 1A. RISK FACTORS

For a discussion of our risk factors, see Part I, Item 1A. “Risk Factors” of the 2022 Form 10-K. The risks and uncertainties that we face are not limited to those set forth in the 2022 Form 10-K. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business and the trading price of our securities.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) ISSUER PURCHASES OF SECURITIES

The table below sets forth the information with respect to purchases of our common stock made by or on behalf of us during the three months ended September 30, 2023.

	Total Number of Shares Purchased	Average Price Paid Per Share ^(c)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ^(d)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1-31, 2023				
Repurchase programs ^(a)	875,200	\$166.64	875,200	111,868,150
Employee transactions ^(b)	216,099	\$165.43	N/A	N/A
August 1-31, 2023				
Repurchase programs ^(a)	5,092,500	\$162.52	5,092,500	106,775,650
Employee transactions ^(b)	204	\$160.23	N/A	N/A
September 1-30, 2023				
Repurchase programs ^(a)	1,974,945	\$158.74	1,974,945	104,800,705
Employee transactions ^(b)	—	—	N/A	N/A
Total				
Repurchase programs ^(a)	7,942,645	\$162.03	7,942,645	104,800,705
Employee transactions ^(b)	216,303	\$165.43	N/A	N/A

- (a) On March 8, 2023, the Board of Directors authorized the repurchase of up to 120 million common shares from time to time, subject to market conditions and in accordance with our capital plans. This authorization replaced the prior repurchase authorization and does not have an expiration date. See “MD&A – Consolidated Capital Resources and Liquidity” for additional information regarding share repurchases.
- (b) Includes: (i) shares surrendered by holders of employee stock options who exercised options (granted under our incentive compensation plans) in satisfaction of the exercise price and/or tax withholding obligation of such holders and (ii) restricted shares withheld (under the terms of grants under our incentive compensation plans) to offset tax withholding obligations that occur upon vesting and release of restricted shares. Our incentive compensation plans provide that the value of the shares delivered or attested to, or withheld, be based on the price of our common stock on the date the relevant transaction occurs.
- (c) The average price paid per share does not reflect costs and taxes associated with the purchase of shares.
- (d) Share purchases under publicly announced programs are made pursuant to open market purchases, plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act, privately negotiated transactions or other purchases, including block trades, accelerated share repurchase programs or any combination of such methods as market conditions warrant and at prices we deem appropriate.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2023, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any “non-Rule 10b5-1 trading arrangement” as defined in Item 408(c) of Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are filed as part of this Quarterly Report:

Exhibit	Description
31.1	Certification of Stephen J. Squeri pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Christophe Y. Le Caillec pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32.1	Certification of Stephen J. Squeri pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Christophe Y. Le Caillec pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

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 thereunto duly authorized.

AMERICAN EXPRESS COMPANY
(Registrant)

Date: October 20, 2023

By /s/ Christophe Y. Le Caillec
Christophe Y. Le Caillec
Chief Financial Officer

Date: October 20, 2023

By /s/ Jessica Lieberman Quinn
Jessica Lieberman Quinn
Executive Vice President and
Corporate Controller
(Principal Accounting Officer)