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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 June 30, 2022

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	**13-4922250**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 Vesey Street, New York, New York	**10285**
(Address of principal executive offices)	(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	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 July 18, 2022
Common Shares (par value $0.20 per share)	749,747,789 Shares

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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 that provides our 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 have a significant ownership position in, and extensive commercial arrangements with, Global Business Travel Group, Inc. (GBTG). The commercial arrangements with GBTG include, among other things, a long-term trademark license agreement pursuant to which GBTG uses the American Express brand, GBTG's support of certain of our partnerships, joint negotiation with travel suppliers and a strategic relationship between GBTG and our Global Commercial Services (GCS) business. During the second quarter of 2022, GBTG became a publicly traded company following the completion of a business combination between American Express Global Business Travel and Apollo Strategic Growth Capital. As a result of the transaction, our economic interest was reduced to approximately 35 percent from approximately 40 percent.

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.

Effective for the first quarter of 2022, we made the following reporting presentation changes to our Consolidated Statements of Income:

Within Non-interest revenues:

- Processed revenue represents revenues earned from processed volumes, previously reported in Discount revenue, Other fees and commissions and Other revenue.
- Service fees and other revenue combines the remaining balances from Other fees and commissions and Other revenue.

Within Total expenses:

- Disaggregated Marketing and business development expense into Business development expense and Marketing expense.

Prior period amounts have been recast to conform with current period presentation; there was no impact to Total non-interest revenues or Total expenses.

Effective July 1, 2022, we made changes to our management organization structure. Our financial disclosures will reflect these organizational changes when our executives, including our chief operating decision maker, begin to review financial information aligned to the new management organization. At that time, we will also recast prior periods to conform to the new reportable operating segments. We expect our reportable operating segments will be as follows:

- U.S. Consumer Services, including our consumer card issuing business and travel and lifestyle services in the U.S.;
- International Card Services, including our consumer card issuing business and travel and lifestyle services outside the U.S., our commercial services business outside the U.S. and our loyalty coalition businesses;
- Commercial Services, including our commercial services businesses in the U.S. and for global clients; and
- Global Merchant and Network Services, including our merchant acquiring and card network businesses.

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

(Millions, except percentages, per share amounts and where indicated)	As of or for the Three Months Ended June 30, 2022	2021	Change 2022 vs. 2021		As of or for the Six Months Ended June 30, 2022	2021	Change 2022 vs. 2021	
Selected Income Statement Data								
Total revenues net of interest expense	**$ 13,395**	$ 10,243	$ 3,152	31 %	**$ 25,130**	$ 19,307	$ 5,823	30 %
Provisions for credit losses	**410**	(606)	1,016	#	**377**	(1,281)	1,658	#
Expenses	**10,442**	7,909	2,533	32	**19,498**	14,655	4,843	33
Pretax income	**2,543**	2,940	(397)	(14)	**5,255**	5,933	(678)	(11)
Income tax provision	**579**	660	(81)	(12)	**1,192**	1,418	(226)	(16)
Net income	**1,964**	2,280	(316)	(14)	**4,063**	4,515	(452)	(10)
Earnings per common share — diluted (a)	**$ 2.57**	$ 2.80	$ (0.23)	(8)%	**$ 5.30**	$ 5.54	$ (0.24)	(4)
Common Share Statistics (b)								
Cash dividends declared per common share	**$ 0.52**	$ 0.43	$ 0.09	21 %	**$ 1.04**	$ 0.86	$ 0.18	21
Average common shares outstanding:								
Basic	**752**	801	(49)	(6)%	**755**	802	(47)	(6)
Diluted	**753**	802	(49)	(6)%	**756**	803	(47)	(6)
Selected Metrics and Ratios								
Network volumes *(Billions)*	**$ 394.8**	$ 316.1	$ 79	25 %	**$ 745.1**	$ 585.4	$ 160	27 %
Return on average equity (c)	**34.4 %**	36.5 %			**36.0 %**	37.1 %		
Net interest income divided by average Card Member loans	**10.2 %**	10.0 %			**10.2 %**	10.1 %		
Net interest yield on average Card Member loans (d)	**10.4 %**	10.6 %			**10.5 %**	10.9 %		
Effective tax rate	**22.8 %**	22.4 %			**22.7 %**	23.9 %		
Common Equity Tier 1	**10.3 %**	14.2 %			**10.3 %**	14.2 %		
Selected Balance Sheet Data								
Cash and cash equivalents	**$ 26,277**	$ 30,796	$ (4,519)	(15)%	**$ 26,277**	$ 30,796	$ (4,519)	(15)%
Card Member receivables	**56,019**	47,585	8,434	18	**56,019**	47,585	8,434	18
Card Member loans	**95,437**	75,610	19,827	26	**95,437**	75,610	19,827	26
Customer deposits	**96,411**	84,905	11,506	14	**96,411**	84,905	11,506	14
Long-term debt	**$ 40,495**	$ 37,363	$ 3,132	8 %	**$ 40,495**	$ 37,363	$ 3,132	8 %

# Denotes a variance of 100 percent or more

(a) Represents net income, less (i) earnings allocated to participating share awards of $15 million and $16 million for the three months ended June 30, 2022 and 2021, respectively, and $31 million for both the six months ended June 30, 2022 and 2021, and (ii) dividends on preferred shares of $15 million for both the three months ended June 30, 2022 and 2021, and $29 million for both the six months ended June 30, 2022 and 2021.

(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. Effective for the first quarter of 2022, the interim period calculation methodology for ROE was modified to present the returns for the period on an annualized basis rather than the preceding twelve months. Prior period amounts have been recast to conform with current period presentation.

(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 9 for a reconciliation to Net interest income divided by average Card Member loans.

Business Environment

Our strong results for the second quarter reflect the strength of our global customer base and business model, as well as the investments we made during the pandemic while navigating a complex macroeconomic environment. We continue to invest in our brand, value propositions, customers, colleagues, technology and coverage which is driving sustainable growth across our businesses.

Our worldwide network volumes for the second quarter increased 25 percent year-over-year (28 percent on an FX-adjusted basis[1]) and billed business, which represented 86 percent of our total network volumes and was the most significant driver of our financial results, increased 27 percent. Goods & Services spend, which accounts for the majority of our billed business, grew by 15 percent on a year-over-year basis. Travel & Entertainment spend increased 80 percent year-over-year and surpassed pre-pandemic levels, primarily driven by U.S. consumers and small and medium size businesses as well as a continuing recovery outside of the U.S.

Total revenues net of interest expense increased 31 percent year-over-year (33 percent on an FX-adjusted basis[1]) reflecting strong growth in all our revenue lines. The growth in network volumes drove increases in both Discount revenue, our largest revenue line, and Processed revenue. Service fees and other revenue increased year-over-year, driven in part by higher travel-related revenues. Net card fees grew 15 percent year-over-year, as new card acquisitions increased and Card Member retention remained high, demonstrating the impact of investments we have made in our premium value propositions. Net interest income grew by 30 percent year-over-year, primarily driven by growth in loans, partially offset by higher interest expense due to higher rates.

Card Member loans grew 26 percent year-over-year, driven by ongoing strong growth in billed business. Provisions for credit losses increased, primarily driven by reserve builds in the current period, as compared to reserve releases in the prior year. The reserve builds in the current period reflected the strong growth in loans and a slightly worse macroeconomic outlook, partially offset by improved portfolio quality. While delinquency and write-off rates remained near historic lows, most of these rates continued to modestly increase on a sequential basis compared to the prior quarter.

Card Member rewards, Business development and Card Member services increased year-over-year primarily due to network volume growth and higher usage of travel-related benefits. Card Member rewards expense growth was also driven by a larger proportion of billed business in categories that earn incremental rewards such as travel. Marketing expense increased 13 percent year-over-year, due to higher investments to drive growth momentum and accelerate new card acquisitions. Operating expenses increased 28 percent year-over-year primarily due to prior-year net gains on our Amex Ventures investments and higher compensation costs in the current quarter.

During the quarter, we maintained our capital ratios within our target range and returned $1.0 billion of capital to our shareholders through share buybacks and dividends. We plan to continue to return to shareholders the excess capital we generate while supporting our balance sheet growth.

Our strong performance continues to give us confidence in our business model, although we recognize the uncertainty of the geopolitical and macroeconomic environment. We remain committed to executing on our strategy for building sustainable 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.

[1] The foreign currency adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for 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 the "Consolidated Results of Operations" and "Business Segment Results of Operations" provide commentary on the variances for the three and six months ended June 30, 2022 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

	Three Months Ended June 30,		Change 2022 vs. 2021		Six Months Ended June 30,		Change 2022 vs. 2021	
(Millions, except percentages)	**2022**	2021			**2022**	2021		
Discount revenue	**$ 7,873**	$ 6,044	$ 1,829	30 %	**$ 14,708**	$ 11,045	$ 3,663	33 %
Net card fees [(a)]	**1,481**	1,286	195	15	**2,904**	2,539	365	14
Service fees and other revenue	**1,265**	705	560	79	**2,171**	1,343	828	62
Processed revenue	**416**	390	26	7	**788**	732	56	8
Total non-interest revenues	**11,035**	8,425	2,610	31	**20,571**	15,659	4,912	31
Total interest income	**2,799**	2,140	659	31	**5,319**	4,332	987	23
Total interest expense	**439**	322	117	36	**760**	684	76	11
Net interest income	**2,360**	1,818	542	30	**4,559**	3,648	911	25
Total revenues net of interest expense	**$ 13,395**	$ 10,243	$ 3,152	31 %	**$ 25,130**	$ 19,307	$ 5,823	30 %

(a) Effective April 1, 2021, we prospectively changed the recognition of certain costs paid to a third party previously recognized over the twelve month card membership period in Net card fees in the Consolidated Statements of Income; such costs are now recorded as incurred in Marketing expense.

Total Revenues Net of Interest Expense

Discount revenue increased for both the three and six month periods, primarily driven by increases in billed business of 27 percent and 30 percent, respectively. See Tables 5, 6 and 7 for more details on billed business performance.

Net card fees increased for both the three and six month periods, primarily driven by growth in our premium card portfolios. The year-over-year growth rates also reflected a prospective change we made in the recognition of certain costs paid to a third party previously recognized in Net card fees, effective April 1, 2021.

Service fees and other revenue increased for both the three and six month periods, primarily driven by higher travel related revenues from foreign exchange-related revenues associated with Card Member cross-currency spending and higher travel commissions and fees from our consumer travel business and also from higher income from equity method investments in the current period, which included a portion of the revenue allocated to a joint venture partner as described in Business development expense below, versus a net loss in the prior period.

Processed revenue increased for both the three and six month periods, primarily driven by increases in processed volumes, partially offset by the repositioning of certain of our alternative payment solutions.

Interest income increased for both the three and six month periods, primarily reflecting higher average Card Member loan balances.

Interest expense increased for both the three and six month periods, primarily driven by higher interest rates.

Table 3: Provisions for Credit Losses Summary

(Millions, except percentages)	Three Months Ended June 30, 2022	2021	Change 2022 vs. 2021		Six Months Ended June 30, 2022	2021	Change 2022 vs. 2021	
Card Member receivables								
Net write-offs	**$ 95**	$ 4	$ 91	# %	**$ 162**	$ 57	$ 105	# %
Reserve (release) build [(a)]	**43**	(129)	172	#	**56**	(192)	248	#
Total	**138**	(125)	263	#	**218**	(135)	353	#
Card Member loans								
Net write-offs	**247**	243	4	2	**462**	547	(85)	(16)
Reserve (release) build [(a)]	**25**	(639)	664	#	**(301)**	(1,516)	1,215	80
Total	**272**	(396)	668	#	**161**	(969)	1,130	#
Other								
Net write-offs - Other loans [(b)]	**4**	5	(1)	(20)	**6**	19	(13)	(68)
Net write-offs - Other receivables [(c)]	**6**	8	(2)	(25)	**9**	16	(7)	(44)
Reserve (release) build - Other loans [(a)(b)]	**(10)**	(70)	60	86	**(14)**	(166)	152	92
Reserve (release) build - Other receivables [(a)(c)]	**—**	(28)	28	#	**(3)**	(46)	43	93
Total	**—**	(85)	85	#	**(2)**	(177)	175	99
Total provisions for credit losses	**$ 410**	$ (606)	$ 1,016	# %	**$ 377**	$ (1,281)	$ 1,658	# %

# Denotes a variance of 100 percent or more

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

(b) Relates to Other loans of $4.0 billion and $2.9 billion, less reserves of $38 million and $52 million, as of June 30, 2022 and December 31, 2021, respectively; and $2.2 billion and $2.9 billion, less reserves of $72 million and $238 million, as of June 30, 2021 and December 31, 2020, respectively.

(c) Relates to Other receivables included in Other assets on the Consolidated Balance Sheets of $3.0 billion and $2.7 billion, less reserves of $23 million, and $25 million, as of June 30, 2022 and December 31, 2021, respectively; and $2.9 billion and $3.0 billion, less reserves of $39 million and $85 million, as of June 30, 2021 and December 31, 2020, respectively.

Provisions for Credit Losses

Card Member loans and receivables provision for credit losses increased for the three month period, primarily due to a reserve build in the current period versus a reserve release in the prior period. The reserve build in the current period was driven by an increase in loans and receivables outstanding and a slight deterioration in the macroeconomic outlook, partially offset by improved portfolio quality. The reserve release in the prior period was driven by lower delinquencies, improved portfolio quality and improving macroeconomic outlooks, partially offset by an increase in loans and receivables outstanding.

Card Member loans provision for credit losses increased for the six month period, primarily due to a lower reserve release, partially offset by lower net write-offs. The reserve release in the current period was primarily driven by improved portfolio quality and reduction in COVID-19 pandemic-driven reserves, partially offset by an increase in loans outstanding and a slight deterioration in the macroeconomic outlook. The reserve release in the prior period was driven by lower delinquencies, improved portfolio quality and improving macroeconomic outlooks, partially offset by an increase in loans outstanding.

Card Member receivables provision for credit losses increased for the six month period, 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 build in the current period was primarily driven by an increase in receivables outstanding and higher delinquencies. The reserve release in the prior period was driven by lower delinquencies, improved portfolio quality and improving macroeconomic outlooks, partially offset by an increase in receivables outstanding.

Other loans provision for credit losses increased for both the three and six month periods, primarily due to lower reserve releases, partially offset by lower net write-offs. The reserve releases in the current periods were driven by an improvement in credit performance, partially offset by higher non-card loan balances. The reserve releases in the prior periods were due to improved credit performance and lower non-card loan balances.

Refer to Note 3 to the "Consolidated Financial Statements" for further information regarding our reserves for credit losses.

Table 4: Expenses Summary

(Millions, except percentages)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change 2022 vs. 2021		Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change 2022 vs. 2021	
Card Member rewards	**$ 3,591**	$ 2,712	$ 879	32 %	**$ 6,702**	$ 4,955	$ 1,747	35 %
Business development	**1,404**	889	515	58	**2,447**	1,691	756	45
Card Member services	**678**	432	246	57	**1,304**	749	555	74
Marketing	**1,502**	1,330	172	13	**2,726**	2,294	432	19
Salaries and employee benefits	**1,816**	1,539	277	18	**3,470**	3,089	381	12
Other, net	**1,451**	1,007	444	44	**2,849**	1,877	972	52
Total expenses	**$ 10,442**	$ 7,909	$ 2,533	32 %	**$ 19,498**	$ 14,655	$ 4,843	33 %

Expenses

Card Member rewards expense increased for both the three and six month periods, primarily driven by increases in Membership Rewards and cash back rewards expenses of $592 million and $1.2 billion, and cobrand rewards expense of $287 million and $592 million for the three and six month periods, respectively, all of which were primarily driven by higher billed business. The increases in Membership Rewards expense for the current periods were also driven by a larger proportion of spend in categories that earn incremental rewards such as travel.

The Membership Rewards Ultimate Redemption Rate (URR) for current program participants was 96 percent (rounded down) at June 30, 2022 and 96 percent (rounded up) at June 30, 2021.

Business development expense increased for both the three and six month periods, primarily due to increased partner payments driven by higher network volumes and a charge related to revenue allocated to a joint venture partner for certain categories of transactions.

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

Marketing expense increased for both the three and six month periods, primarily due to increases in business investments to continue building growth momentum.

Salaries and employee benefits expense increased for both the three and six month periods, primarily driven by higher compensation. The increase in the six month period was also driven by higher incentive compensation expenses.

Other expenses increased for both the three and six month periods, primarily driven by net gains on Amex Ventures investments in the prior periods and an increase in professional services expenses in the current periods.

Income Taxes

The effective tax rate was 22.8 percent and 22.4 percent for the three months ended June 30, 2022 and 2021, respectively, and 22.7 percent and 23.9 percent for the six months ended June 30, 2022 and 2021, respectively. The increase in the effective tax rate for the three month period primarily reflected discrete tax benefits in the prior period. The decrease in the effective tax rate for the six month period primarily reflected discrete tax benefits in the current period related to the resolution of certain prior years' tax items and stock-based compensation. The effective tax rate for the prior six month period also reflected the prospective implementation of the Proportional Amortization Method to account for investments in qualified affordable housing projects.

Table 5: Selected Card-Related Statistical Information

	As of or for the Three Months Ended June 30,		Change 2022 vs. 2021	As of or for the Six Months Ended June 30,		Change 2022 vs. 2021
	2022	2021		**2022**	2021	
Network volumes: *(billions)*						
U.S.	**$ 276.7**	$ 222.6	24 %	**$ 521.2**	$ 408.9	27 %
Outside the U.S.	**118.1**	93.5	26	**223.9**	176.5	27
Total	**$ 394.8**	$ 316.1	25	**$ 745.1**	$ 585.4	27
Billed business	**$ 340.9**	$ 267.8	27	**$ 641.9**	$ 493.3	30
Processed volumes	**53.9**	48.3	12	**103.2**	92.1	12
Total	**$ 394.8**	$ 316.1	25	**$ 745.1**	$ 585.4	27
Cards-in-force: *(millions)*						
U.S.	**59.1**	54.8	8	**59.1**	54.8	8
Outside the U.S.	**68.4**	60.2	14	**68.4**	60.2	14
Total	**127.5**	115.0	11	**127.5**	115.0	11
Proprietary	**74.2**	69.6	7	**74.2**	69.6	7
Basic cards-in-force: *(millions)*						
U.S.	**46.6**	43.0	8	**46.6**	43.0	8
Outside the U.S.	**59.5**	51.2	16	**59.5**	51.2	16
Total	**106.1**	94.2	13	**106.1**	94.2	13
Average proprietary basic Card Member spending: *(dollars)*						
U.S.	**$ 6,609**	$ 5,607	18	**$ 12,585**	$ 10,331	22
Outside the U.S.	**4,644**	3,686	26	**8,811**	6,854	29
Worldwide Average	**$ 6,052**	$ 5,051	20	**$ 11,512**	$ 9,322	23
Average discount rate	**2.35 %**	2.30 %		**2.34 %**	2.28 %	
Average fee per card *(dollars)*[(a)]	**$ 81**	$ 74	9 %	**$ 80**	$ 73	10 %

(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 June 30, 2022	
	Year over Year Percentage Increase (Decrease)	Year over Year Percentage Increase (Decrease) Assuming No Changes in FX Rates [(a)]
Worldwide		
Network volumes	**25** %	**28** %
Total billed business	**27**	**30**
Consumer billed business	**27**	**31**
Commercial billed business	**28**	**30**
Processed volumes	**12**	**19**
U.S.		
Network volumes	**24**	
Total billed business	**26**	
Consumer billed business	**27**	
Commercial billed business	**26**	
Outside the U.S.		
Network volumes	**26**	**39**
Total billed business	**31**	**45**
Consumer billed business	**28**	**42**
Commercial billed business	**37**	**51**
Asia Pacific, Australia & New Zealand network volumes	**17**	**30**
Latin America, Canada & Caribbean network volumes	**43**	**47**
Europe, the Middle East & Africa network volumes	**34**	**49**
Merchant Industry Metrics		
Worldwide billed business		
G&S-related (74% of worldwide billed business)	**15**	**18**
T&E-related (26% of worldwide billed business)	**80**	**84**
Airline-related (6% of worldwide billed business)	**142**	**148** %
U.S. billed business		
G&S-related (75% of U.S. billed business)	**17**	
T&E-related (25% of U.S. billed business)	**68**	
Airline-related (6% of U.S. billed business)	**113** %	

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

Table 7: Network Volumes-Related Statistical Information

	Six Months Ended June 30, 2022	
	Year over Year Percentage Increase (Decrease)	Year over Year Percentage Increase (Decrease) Assuming No Changes in FX Rates [(a)]
Worldwide		
Network volumes	**27 %**	**30 %**
Total billed business	**30**	**32**
Consumer billed business	**32**	**34**
Commercial billed business	**29**	**31**
Processed volumes	**12**	**17**
U.S.		
Network volumes	**27**	
Total billed business	**29**	
Consumer billed business	**32**	
Commercial billed business	**28**	
Outside the U.S.		
Network Volumes	**27**	**36**
Total billed business	**33**	**43**
Consumer billed business	**32**	**42**
Commercial billed business	**35**	**45**
Asia Pacific, Australia & New Zealand network volumes	**15**	**24**
Latin America, Canada & Caribbean network volumes	**41**	**44**
Europe, the Middle East & Africa network volumes	**41**	**53**
Merchant Industry Metrics		
Worldwide billed business		
G&S-related (75% of worldwide billed business)	**14**	**16**
T&E-related (25% of worldwide billed business)	**126**	**130**
Airline-related (6% of worldwide billed business)	**265**	**272 %**
U.S. billed business		
G&S-related (76% of U.S. billed business)	**15**	
T&E-related (24% of U.S. billed business)	**114**	
Airline-related (5% of U.S. billed business)	**232 %**	

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

Table 8: Selected Credit-Related Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended June 30, 2022	2021	Change 2022 vs. 2021	As of or for the Six Months Ended June 30, 2022	2021	Change 2022 vs. 2021
Worldwide Card Member loans:						
Card Member loans: *(billions)*						
U.S.	**$ 83.1**	$ 66.2	26 %	**$ 83.1**	$ 66.2	26 %
Outside the U.S.	**12.3**	9.4	31	**12.3**	9.4	31
Total	**$ 95.4**	$ 75.6	26	**$ 95.4**	$ 75.6	26
Credit loss reserves:						
Beginning balance	**$ 2,981**	$ 4,467	(33)	**$ 3,305**	$ 5,344	(38)
Provisions - principal, interest and fees	**272**	(396)	#	**161**	(969)	#
Net write-offs — principal less recoveries	**(192)**	(185)	4	**(357)**	(426)	(16)
Net write-offs — interest and fees less recoveries	**(55)**	(58)	(5)	**(105)**	(121)	(13)
Other (a)	**(9)**	7	#	**(7)**	7	#
Ending balance	**$ 2,997**	$ 3,835	(22)	**$ 2,997**	$ 3,835	(22)
% of loans	**3.1 %**	5.1 %		**3.1 %**	5.1 %	
% of past due	**441 %**	782 %		**441 %**	782 %	
Average loans *(billions)*	**$ 92.4**	$ 72.8	27	**$ 89.7**	$ 72.0	25
Net write-off rate — principal only (b)	**0.8 %**	1.0 %		**0.8 %**	1.2 %	
Net write-off rate — principal, interest and fees (b)	**1.1**	1.3		**1.0**	1.5	
30+ days past due as a % of total	**0.7 %**	0.6 %		**0.7 %**	0.6 %	
Worldwide Card Member receivables:						
Card Member receivables: *(billions)*						
U.S.	**$ 39.4**	$ 33.9	16	**$ 39.4**	$ 33.9	16
Outside the U.S.	**16.6**	13.7	21	**16.6**	$ 13.7	21
Total	**$ 56.0**	$ 47.6	18	**$ 56.0**	$ 47.6	18
Credit loss reserves:						
Beginning balance	**$ 76**	$ 202	(62)	**$ 64**	$ 267	(76)
Provisions - principal and fees	**138**	(125)	#	**218**	(135)	#
Net write-offs — principal and fees less recoveries (c)	**(95)**	(4)	#	**(162)**	(57)	#
Other (a)	**—**	—	—	**(1)**	(2)	(50)
Ending balance	**$ 119**	$ 73	63 %	**$ 119**	$ 73	63 %
% of receivables	**0.2 %**	0.2 %		**0.2 %**	0.2 %	
Net write-off rate — principal and fees (d)	**0.7 %**	— %		**0.6 %**	0.3 %	

# Denotes a variance of 100 percent or more

(a) Other includes foreign currency translation adjustments.

(b) 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.

(c) The prior periods include a $37 million partial recovery in Card Member receivables related to a corporate client bankruptcy, which resulted in a write-off in 2020 in the GCS segment.

(d) Refer to Tables 11 and 14 for Net write-off rate — principal only and 30+ days past due metrics for Global Consumer Services Group (GCSG) and Global Small Business Services (GSBS) receivables, respectively. A net write-off rate based on principal losses only for Global Corporate Payments (GCP), which reflects global, large and middle market corporate accounts, is not available due to system constraints.

Table 9: Net Interest Yield on Average Card Member Loans

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions, except percentages and where indicated)	**2022**	2021	**2022**	2021
Net interest income	**$ 2,360**	$ 1,818	**$ 4,559**	$ 3,648
Exclude:				
Interest expense not attributable to our Card Member loan portfolio [(a)]	**211**	195	**369**	431
Interest income not attributable to our Card Member loan portfolio [(b)]	**(167)**	(93)	**(272)**	(189)
Adjusted net interest income [(c)]	**$ 2,404**	$ 1,920	**$ 4,656**	$ 3,890
Average Card Member loans *(billions)*	**$ 92.4**	$ 72.8	**$ 89.7**	$ 72.0
Net interest income divided by average Card Member loans [(c)]	**10.2 %**	10.0 %	**10.2 %**	10.1 %
Net interest yield on average Card Member loans [(c)]	**10.4 %**	10.6 %	**10.5 %**	10.9 %

(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 for the first quarter of 2022, we updated the methodology used to allocate certain revenues across reportable operating segments. Prior period amounts have been recast to conform with current period presentation.

Global Consumer Services Group

Table 10: GCSG Selected Income Statement Data

(Millions, except percentages)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change 2022 vs. 2021		Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change 2022 vs. 2021	
Revenues								
Non-interest revenues	**$ 5,792**	$ 4,466	$ 1,326	30 %	**$ 10,841**	$ 8,275	$ 2,566	31 %
Interest income	**2,217**	1,749	468	27	**4,257**	3,557	700	20
Interest expense	**238**	174	64	37	**430**	362	68	19
Net interest income	**1,979**	1,575	404	26	**3,827**	3,195	632	20
Total revenues net of interest expense	**7,771**	6,041	1,730	29	**14,668**	11,470	3,198	28
Provisions for credit losses	**275**	(343)	618	#	**220**	(846)	1,066	#
Total revenues net of interest expense after provisions for credit losses	**7,496**	6,384	1,112	17	**14,448**	12,316	2,132	17
Total expenses	**6,092**	4,500	1,592	35	**11,309**	8,287	3,022	36
Pretax segment income	**$ 1,404**	$ 1,884	$ (480)	(25)%	**$ 3,139**	$ 4,029	$ (890)	(22)%

# Denotes a variance of 100 percent or more

GCSG primarily issues a wide range of proprietary consumer cards globally. GCSG also provides services to consumers, including travel and lifestyle services and non-card financing products, and manages certain international joint ventures, our partnership agreements in China and our loyalty coalition businesses operated in certain countries.

Non-interest revenues increased for both the three and six month periods across all revenue categories.

Discount revenue increased 29 percent and 34 percent for the three and six month periods, respectively, primarily driven by year-over-year increases in consumer billed business.

See Tables 5, 6, 7 and 11 for more details on billed business performance.

Net card fees increased 15 percent and 14 percent for the three and six month periods, respectively, primarily driven by growth in our premium card portfolios.

Service fees and other revenue increased 69 percent and 54 percent for the three and six month periods, respectively, primarily driven by higher travel related revenues from foreign exchange-related revenues associated with Card Member cross-currency spending and higher travel commissions and fees from our consumer travel business and also from higher income from equity method investments in the current period, which included a portion of the revenue allocated to a joint venture partner as described in Business development expense below, versus a net loss in the prior period.

Net interest income increased for both the three and six month periods, primarily driven by an increase in average Card Member loan balances.

Card Member loans provision for credit losses increased for both the three and six month periods. The increase for the three month period was primarily due to a reserve build in the current period versus a reserve release in the prior period. The increase for the six month period was primarily due to a lower reserve release, partially offset by lower net write-offs. The reserve build in the current three month period was driven by an increase in loans outstanding and a slight deterioration in the macroeconomic outlook, partially offset by improved portfolio quality. The reserve release in the current six month period was primarily driven by improved portfolio quality and reduction in COVID-19 pandemic-driven reserves, partially offset by an increase in loans outstanding and a slight deterioration in the macroeconomic outlook. The reserve releases in the prior periods were driven by lower delinquencies, improved portfolio quality and improving macroeconomic outlooks, partially offset by an increase in loans outstanding.

Card Member receivables provision for credit losses increased for both the three and six month periods, primarily due to reserve builds in the current periods versus reserve releases in the prior periods and higher net write-offs. The reserve build in the current three month period was primarily driven by an increase in receivables outstanding and a slight deterioration in the macroeconomic outlook, partially offset by improving portfolio quality. The reserve build in the current six month period was primarily driven by an increase in receivables outstanding and higher delinquencies. The reserve releases in the prior periods were driven by lower delinquencies, improved portfolio quality and improving macroeconomic outlooks, partially offset by an increase in receivables outstanding.

Total expenses increased for both the three and six month periods across all expense categories.

Card Member rewards expense increased for both the three and six month periods, primarily driven by higher billed business.

Business development expense increased for both the three and six month periods, primarily driven by a charge related to revenue allocated to a joint venture partner for certain categories of transactions.

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

Marketing expense increased for both the three and six month periods, primarily driven by increases in business investments.

Salaries and employee benefits and other operating expenses increased for both the three and six month periods, primarily driven by higher compensation, technology and servicing-related costs.

Table 11: GCSG Selected Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended June 30, 2022	2021	Change 2022 vs. 2021	As of or for the Six Months Ended June 30, 2022	2021	Change 2022 vs. 2021
Billed business: *(billions)*						
U.S.	**$ 141.1**	$ 110.8	27 %	**$ 263.7**	$ 199.8	32 %
Outside the U.S.	**45.8**	35.8	28	**87.0**	66.1	32
Total	**$ 186.9**	$ 146.6	27	**$ 350.7**	$ 265.9	32
Proprietary cards-in-force:						
U.S.	**40.3**	38.1	6	**40.3**	38.1	6
Outside the U.S.	**17.5**	16.7	5	**17.5**	16.7	5
Total	**57.8**	54.8	5	**57.8**	54.8	5
Proprietary basic cards-in-force:						
U.S.	**28.3**	26.9	5	**28.3**	26.9	5
Outside the U.S.	**12.3**	11.6	6	**12.3**	11.6	6
Total	**40.6**	38.5	5	**40.6**	38.5	5
Average proprietary basic Card Member spending: *(dollars)*						
U.S.	**$ 5,028**	$ 4,138	22	**$ 9,480**	$ 7,474	27
Outside the U.S.	**$ 3,761**	$ 3,087	22	**$ 7,198**	$ 5,704	26
Average	**$ 4,645**	$ 3,821	22	**$ 8,789**	$ 6,939	27
Total segment assets *(billions)*	**$ 107.8**	$ 89.7	20	**$ 107.8**	$ 89.7	20
Card Member loans:						
Total loans *(billions)*						
U.S.	**$ 63.7**	$ 51.8	23	**$ 63.7**	$ 51.8	23
Outside the U.S.	**11.0**	8.8	25	**11.0**	8.8	25
Total	**$ 74.7**	$ 60.6	23	**$ 74.7**	$ 60.6	23
Average loans *(billions)*						
U.S.	**$ 61.6**	$ 49.9	23	**$ 60.0**	$ 49.6	21
Outside the U.S.	**10.8**	8.4	29	**10.6**	8.4	26
Total	**$ 72.4**	$ 58.3	24 %	**$ 70.6**	$ 58.0	22 %
U.S.						
Net write-off rate - principal only [(a)]	**0.8 %**	0.9 %		**0.8 %**	1.1 %	
Net write-off rate - principal, interest and fees [(a)]	**1.1**	1.2		**1.1**	1.4	
30+ days past due as a % of total	**0.7**	0.6		**0.7**	0.6	
Outside the U.S.						
Net write-off rate - principal only [(a)]	**1.1**	2.2		**1.1**	2.3	
Net write-off rate - principal, interest and fees [(a)]	**1.4**	2.9		**1.3**	3.0	
30+ days past due as a % of total	**0.9**	1.1		**0.9**	1.1	
Total						
Net write-off rate – principal only [(a)]	**0.9**	1.1		**0.8**	1.3	
Net write-off rate – principal, interest and fees [(a)]	**1.2**	1.5		**1.1**	1.7	
30+ days past due as a % of total	**0.7 %**	0.7 %		**0.7 %**	0.7 %	

(Millions, except percentages and where indicated)	As of or for the Three Months Ended June 30, 2022	2021	Change 2022 vs. 2021	As of or for the Six Months Ended June 30, 2022	2021	Change 2022 vs. 2021
Card Member receivables: *(billions)*						
U.S.	**$ 13.8**	$ 12.9	7 %	**$ 13.8**	$ 12.9	7 %
Outside the U.S.	**7.6**	7.0	9	**7.6**	7.0	9
Total	**$ 21.4**	$ 19.9	8 %	**$ 21.4**	$ 19.9	8 %
U.S.						
Net write-off rate – principal only (a)	**0.5 %**	— %		**0.4 %**	— %	
Net write-off rate – principal and fees (a)	**0.5**	—		**0.4**	—	
30+ days past due as a % of total	**0.6**	0.3		**0.6**	0.3	
Outside the U.S.						
Net write-off rate – principal only (a)	**1.1**	1.0		**1.0**	1.1	
Net write-off rate – principal and fees (a)	**1.2**	1.1		**1.1**	1.2	
30+ days past due as a % of total	**1.0**	0.7		**1.0**	0.7	
Total						
Net write-off rate – principal only (a)	**0.7**	0.3		**0.6**	0.4	
Net write-off rate – principal and fees (a)	**0.8**	0.4		**0.6**	0.5	
30+ days past due as a % of total	**0.8 %**	0.4 %		**0.8 %**	0.4 %	

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

Table 12: GCSG Net Interest Yield on Average Card Member Loans

(Millions, except percentages and where indicated)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
U.S.				
Net interest income	**$ 1,756**	$ 1,392	**$ 3,389**	$ 2,813
Exclude:				
Interest expense not attributable to our Card Member loan portfolio [a]	**27**	44	**61**	103
Interest income not attributable to our Card Member loan portfolio [b]	**(52)**	(22)	**(94)**	(46)
Adjusted net interest income [c]	**$ 1,731**	$ 1,414	**$ 3,356**	$ 2,870
Average Card Member loans *(billions)*	**$ 61.6**	$ 49.9	**$ 59.9**	$ 49.6
Net interest income divided by average Card Member loans [c]	**11.4 %**	11.2 %	**11.3 %**	11.3 %
Net interest yield on average Card Member loans [c]	**11.3 %**	11.4 %	**11.3 %**	11.7 %
Outside the U.S.				
Net interest income	**$ 223**	$ 183	**$ 438**	$ 382
Exclude:				
Interest expense not attributable to our Card Member loan portfolio [a]	**27**	26	**53**	52
Interest income not attributable to our Card Member loan portfolio [b]	**(3)**	(2)	**(6)**	(4)
Adjusted net interest income [c]	**$ 247**	$ 207	**$ 485**	$ 430
Average Card Member loans *(billions)*	**$ 10.8**	$ 8.4	**$ 10.6**	$ 8.4
Net interest income divided by average Card Member loans [c]	**8.3 %**	8.7 %	**8.3 %**	9.1 %
Net interest yield on average Card Member loans [c]	**9.2 %**	9.9 %	**9.2 %**	10.3 %
Total				
Net interest income	**$ 1,979**	$ 1,575	**$ 3,827**	$ 3,195
Exclude:				
Interest expense not attributable to our Card Member loan portfolio [a]	**54**	70	**113**	155
Interest income not attributable to our Card Member loan portfolio [b]	**(55)**	(24)	**(99)**	(50)
Adjusted net interest income [c]	**$ 1,978**	$ 1,621	**$ 3,841**	$ 3,300
Average Card Member loans *(billions)*	**$ 72.4**	$ 58.3	**$ 70.6**	$ 58.0
Net interest income divided by average Card Member loans [c]	**10.9 %**	10.8 %	**10.8 %**	11.0 %
Net interest yield on average Card Member loans [c]	**11.0 %**	11.1 %	**11.0 %**	11.5 %

(a) Refer to Table 9 footnote (a).
(b) Refer to Table 9 footnote (b).
(c) Refer to Table 9 footnote (c).

Global Commercial Services

Table 13: GCS Selected Income Statement Data

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
(Millions, except percentages)	**2022**	2021	2022 vs. 2021		**2022**	2021	2022 vs. 2021	
Revenues								
Non-interest revenues	**$ 3,643**	$ 2,811	$ 832	30 %	**$ 6,823**	$ 5,253	$ 1,570	30 %
Interest income	**490**	345	145	42	**926**	681	245	36
Interest expense	**163**	111	52	47	**285**	227	58	26
Net interest income	**327**	234	93	40	**641**	454	187	41
Total revenues net of interest expense	**3,970**	3,045	925	30	**7,464**	5,707	1,757	31
Provisions for credit losses	**131**	(236)	367	#	**152**	(397)	549	#
Total revenues net of interest expense after provisions for credit losses	**3,839**	3,281	558	17	**7,312**	6,104	1,208	20
Total expenses	**3,022**	2,446	576	24	**5,691**	4,594	1,097	24
Pretax segment income	**$ 817**	$ 835	$ (18)	(2)%	**$ 1,621**	$ 1,510	$ 111	7 %

# Denotes a variance of 100 percent or more

GCS primarily issues a wide range of proprietary corporate and small business cards globally. GCS also provides payment, expense management and financing solutions to businesses.

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

Discount revenue increased 32 percent and 33 percent for the three and six month periods, respectively, reflecting increases in commercial billed business of 28 percent and 29 percent for the three and six month periods, respectively.

See Tables 5, 6, 7 and 14 for more details on billed business performance.

Net card fees increased 15 percent and 16 percent for the three and six month periods, respectively, driven by growth in our premium card portfolios.

Service fees and other revenue increased 80 percent and 62 percent for the three and six month periods, respectively, primarily due to higher foreign exchange related revenues associated with Card Member cross-currency spending and higher delinquency fees.

Processed revenue decreased 57 percent and 53 percent for the three and six month periods, respectively, primarily driven by the repositioning of certain of our alternative payment solutions.

Net interest income increased for both the three and six month periods, primarily driven by higher revolving Card Member loan balances.

Card Member loans provision for credit losses increased for both the three and six month periods. The increase for the three 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 increase for the six month period was primarily due to a lower reserve release. The reserve build in the current three month period was driven by an increase in loans outstanding and a slight deterioration in the macroeconomic outlook, partially offset by improved portfolio quality. The reserve release in the current six month period was primarily driven by improved portfolio quality and reduction in COVID-19 pandemic-driven reserves, partially offset by an increase in loans outstanding and a slight deterioration in the macroeconomic outlook. The reserve releases in the prior period were driven by lower delinquencies, improved portfolio quality and improving macroeconomic outlooks, partially offset by an increase in loans outstanding.

Card Member receivables provision for credit losses increased for both the three and six month periods, primarily due to reserve builds in the current periods versus reserve releases in the prior periods and higher net write-offs. The reserve build in the current three month period was primarily driven by an increase in receivables outstanding and a slight deterioration in the macroeconomic outlook, partially offset by improved portfolio quality. The reserve build in the current six month period was primarily driven by an increase in receivables outstanding and higher delinquencies. The reserve releases in the prior periods were primarily driven by lower delinquencies, improved portfolio quality and improving macroeconomic outlooks, partially offset by an increase in receivables outstanding.

Total expenses increased for both the three and six month periods across all expense categories.

Card Member rewards expense increased for both the three and six month periods, primarily driven by higher billed business as well as higher travel-related redemptions.

Business development expense increased for both the three and six month periods, primarily due to increased partner payments driven by higher billed business.

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

Marketing expense increased for both the three and six month periods, primarily driven by higher marketing investments to continue building growth momentum.

Salaries and employee benefits and other expenses increased for both the three and six month periods, primarily driven by higher compensation, technology and servicing-related costs.

Table 14: GCS Selected Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended June 30, 2022	2021	Change 2022 vs 2021	As of or for the Six Months Ended June 30, 2022	2021	Change 2022 vs 2021
Billed business *(billions)*	**$ 153.1**	$ 119.9	28 %	**$ 288.7**	$ 223.9	29 %
Proprietary cards-in-force	**16.4**	14.8	11	**16.4**	14.8	11
Average Card Member spending *(dollars)*	**$ 9,512**	$ 8,180	16	**$ 18,204**	$ 15,338	19
Total segment assets *(billions)*	**$ 59.1**	$ 46.4	27	**$ 59.1**	$ 46.4	27
GSBS Card Member loans:						
Total loans *(billions)*	**$ 20.6**	$ 15.0	37	**$ 20.6**	$ 15.0	37
Average loans *(billions)*	**$ 20.0**	$ 14.4	39	**$ 19.1**	$ 13.9	37
Net write-off rate - principal only [(a)]	**0.6 %**	0.6 %		**0.6 %**	0.8 %	
Net write-off rate - principal, interest and fees [(a)]	**0.7 %**	0.7 %		**0.7 %**	1.0 %	
30+ days past due as a % of total	**0.6 %**	0.4 %		**0.6 %**	0.4 %	
Calculation of Net Interest Yield on Average Card Member Loans:						
Net interest income	**$ 327**	$ 234		**$ 641**	$ 454	
Exclude:						
Interest expense not attributable to our Card Member loan portfolio [(b)]	**120**	87		**211**	180	
Interest income not attributable to our Card Member loan portfolio [(c)]	**(21)**	(22)		**(37)**	(44)	
Adjusted net interest income [(d)]	**$ 426**	$ 299		**$ 815**	$ 590	
Average Card Member loans *(billions)*	**$ 20.1**	$ 14.5		**$ 19.1**	$ 14.0	
Net interest income divided by average Card Member loans [(d)]	**6.5 %**	6.5 %		**6.7 %**	6.5 %	
Net interest yield on average Card Member loans [(d)]	**8.5 %**	8.3 %		**8.6 %**	8.5 %	
Card Member receivables:						
Total receivables *(billions)*	**$ 34.6**	$ 27.7	25	**$ 34.6**	27.7	25
Net write-off rate - principal and fees [(e)]	**0.6 %**	(0.2) %		**0.6 %**	0.1 %	
GCP Card Member receivables:						
Total receivables *(billions)*	**$ 15.7**	$ 11.7	34	**$ 15.7**	$ 11.7	34
90+ days past billing as a % of total [(e)]	**0.4 %**	0.3 %		**0.4 %**	0.3 %	
Net write-off rate - principal and fees [(e)] [(f)]	**0.3 %**	(0.9) %		**0.3 %**	(0.3) %	
GSBS Card Member receivables:						
Total receivables *(billions)*	**$ 18.9**	$ 15.9	19 %	**$ 18.9**	$ 15.9	19 %
Net write-off rate - principal only [(a)]	**0.9 %**	0.2 %		**0.8 %**	0.3 %	
Net write-off rate - principal and fees [(a)]	**0.9 %**	0.3 %		**0.9 %**	0.4 %	
30+ days past due as a % of total	**0.9 %**	0.5 %		**0.9 %**	0.5 %	

(a) Refer to Table 8 footnote (b).
(b) Refer to Table 9 footnote (a).
(c) Refer to Table 9 footnote (b).
(d) Refer to Table 9 footnote (c).
(e) For GCP Card Member 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. GCP delinquency data for periods other than 90+ days past billing and the net write-off rate based on principal losses only are not available due to system constraints.
(f) Refer to Table 8 footnote (c).

Global Merchant and Network Services

Table 15: GMNS Selected Income Statement and Other Data

(Millions, except percentages and where indicated)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change 2022 vs. 2021		Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change 2022 vs. 2021	
Revenues								
Non-interest revenues	**$ 1,551**	$ 1,204	$ 347	29 %	**$ 2,907**	$ 2,265	$ 642	28 %
Interest income	**5**	4	1	25	**7**	8	(1)	(13)
Interest expense	**(61)**	(20)	(41)	#	**(105)**	(37)	(68)	#
Net interest income	**66**	24	42	#	**112**	45	67	#
Total revenues net of interest expense	**1,617**	1,228	389	32	**3,019**	2,310	709	31
Provisions for credit losses	**2**	(27)	29	#	**2**	(37)	39	#
Total revenues net of interest expense after provisions for credit losses	**1,615**	1,255	360	29	**3,017**	2,347	670	29
Total expenses	**800**	728	72	10	**1,515**	1,435	80	6
Pretax segment income	**815**	527	288	55	**1,502**	912	590	65
Total segment assets *(billions)*	**$ 15.9**	$ 14.2		12 %	**$ 15.9**	$ 14.2		12 %

# Denotes a variance of 100 percent or more

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, merchant acquirers and a prepaid reloadable and gift card program manager, licensing the American Express brand and extending the reach of the global network.

Non-interest revenues increased for both the three and six month periods across all revenue categories.

Discount revenue increased 29 percent and 31 percent for the three and six month periods, respectively, primarily driven by increases in worldwide billed business.

See Tables 5, 6 and 7 for more details on billed business performance.

Service fees and other revenue increased 41 percent and 33 percent for the three and six month periods, respectively, primarily due to higher foreign currency-related revenue.

Processed revenue increased 20 percent and 19 percent for the three and six 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 six month periods, primarily due to higher interest expense credits, largely driven by increases in average merchant payables related to year-over-year billed business growth.

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

Marketing expense decreased for both the three and six month periods, primarily due to lower business investments.

Salaries and employee benefits and other operating expenses increased for both the three and six month periods, primarily driven by a prior year reserve release for merchant exposure associated with Card Member travel-related purchases earlier in the COVID-19 pandemic.

Corporate & Other

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

Corporate & Other pretax loss was $493 million for the three months ended June 30, 2022, compared to $306 million for the same period in the prior year, and $1,007 million for the six months ended June 30, 2022, compared to $518 million for the same period in the prior year. The increases in pretax loss were primarily driven by net gains on Amex Ventures investments in the prior periods, partially offset by lower deferred and current compensation costs and lower net losses in the current periods from GBTG.

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 employees, 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 the 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 in other subsidiaries.

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

The following table presents our regulatory risk-based capital and leverage ratios and those of our U.S. bank subsidiary, American Express National Bank (AENB), as of June 30, 2022.

Table 16: Regulatory Risk-Based Capital and Leverage Ratios

	Effective Minimum [(a)]	Ratios as of June 30, 2022
Risk-Based Capital		
Common Equity Tier 1	**7.0 %**	
American Express Company		**10.3 %**
American Express National Bank		**11.7**
Tier 1	**8.5 %**	
American Express Company		**11.2**
American Express National Bank		**11.7**
Total	**10.5 %**	
American Express Company		**13.0**
American Express National Bank		**13.6**
Tier 1 Leverage	**4.0 %**	
American Express Company		**10.3**
American Express National Bank		**10.3 %**

(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 June 30, 2022:

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

American Express Company *($ in Billions)*		June 30, 2022
Risk-Based Capital		
Common Equity Tier 1	$	**18.5**
Tier 1 Capital		**20.2**
Tier 2 Capital		**3.2**
Total Capital		**23.4**
Risk-Weighted Assets		**179.2**
Average Total Assets to calculate the Tier 1 Leverage Ratio	$	**195.8**

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 the reserve for loan and receivable credit losses adjusted for the CECL final rules (limited to 1.25 percent of risk-weighted assets) and $990 million of eligible subordinated notes, adjusted for capital held by insurance subsidiaries. The $990 million of eligible subordinated notes includes the $750 million subordinated debt issued in May 2022 and the $240 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 impact of the adoption of the CECL methodology on regulatory capital for two years followed by a three-year phase-in period pursuant to rules issued by federal banking regulators (the CECL final rules). We have begun phasing in the $0.7 billion cumulative amount that is not recognized in regulatory capital at 25 percent per year beginning January 1, 2022.

As a Category IV firm, we participated in the Federal Reserve's supervisory stress tests in 2022. On June 23, 2022, the Federal Reserve communicated our preliminary SCB of 2.5 percent, which will result in a minimum CET1 ratio of 7 percent, effective October 1, 2022, subject to confirmation of our final SCB by the Federal Reserve.

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 six months ended June 30, 2022, we returned $1.0 billion and $2.9 billion, respectively, to our shareholders in the form of common stock dividends of $0.4 billion and $0.8 billion, respectively, and share repurchases of $0.6 billion and $2.1 billion, respectively. We repurchased 3.4 million common shares at an average price of $178.39 in the second quarter of 2022.

In addition, during the three and six months ended June 30, 2022, we paid $15 million and $29 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 unsecured debt, asset securitizations and deposits, and access to secured borrowing facilities and a committed bank credit facility.

In May 2022, we issued our first Environmental, Social and Governance (ESG) bond. We intend to allocate an amount equivalent to the net proceeds of the $1.0 billion bond toward new and existing green and social projects that comply with the eligibility criteria described in our sustainable financing framework.

Summary of Consolidated Debt

We had the following customer deposits and consolidated debt outstanding as of June 30, 2022 and December 31, 2021:

Table 18: Summary of Customer Deposits and Consolidated Debt

(Billions)	**June 30, 2022**	December 31, 2021
Customer deposits	**$ 96.4**	$ 84.4
Short-term borrowings	**2.0**	2.2
Long-term debt	**40.5**	38.7
Total customer deposits and debt	**$ 138.9**	$ 125.3

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 plan for the full year 2022 includes, among other sources, approximately $10.0 billion to $14.0 billion of unsecured term debt issuance and approximately $6.0 billion to $10.0 billion of secured term debt issuance. 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 $12.4 billion of debt during the six months ended June 30, 2022, consisting of $8.4 billion of unsecured debt and $4.0 billion of asset-backed securities. The following table presents our debt issuances for the three months ended June 30, 2022:

Table 19: Debt Issuances

(Billions)		Three Months Ended June 30, 2022
American Express Company:		
Fixed Rate Senior Notes (weighted-average coupon of 3.60%)	$	3.0
Floating Rate Senior Notes (compounded SOFR[a] plus 72 basis points)		0.5
Fixed-to-Floating Rate Subordinated Notes (4.989% coupon during the fixed rate period and compounded SOFR[a] plus 2.255% during the floating rate period)		0.8
American Express Credit Account Master Trust:		
Fixed Rate Class A Certificates (weighted-average coupon of 3.39%)		2.8
Total	$	7.1

(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/A	A-2	F1
	Outlook	Stable	Stable	Stable
American Express Travel Related Services Company, Inc.	Long Term	A2	A-	A
	Short Term	Prime-1	A-2	F1
	Outlook	Stable	Stable	Stable
American Express National Bank	Long Term	A3	A-	A
	Short Term	Prime-1	A-2	F1
	Outlook	Stable	Stable	Stable
American Express Credit Corporation	Long Term	A2	A-	A
	Short Term	N/A	N/A	N/A
	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 Federal Deposit Insurance Corporation (FDIC) to total funding, should reduce the impact that credit rating downgrades would have on our funding capacity and costs.

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.

The investment income we receive on liquidity resources has been less than the interest expense on the sources of funding for these balances. The future net interest margin associated with our liquidity resources depends on the difference between our cost of funding these resources and their investment yields.

Securitized Borrowing Capacity

As of June 30, 2022, we maintained our committed, revolving, secured borrowing facility, with a maturity date of July 15, 2024, which gives us the right to sell up to $3.0 billion face amount of eligible AAA notes from the American Express Issuance Trust II (the Charge Trust). We also maintained our committed, revolving, secured borrowing facility with a maturity date of September 16, 2024, which gives us the right to sell up to $2.0 billion face amount of eligible AAA certificates from the American Express Credit Account Master Trust (the Lending Trust). Both facilities are used in the ordinary course of business to fund working capital needs, as well as to further enhance our contingent funding resources. As of June 30, 2022, no amounts were drawn on the Charge Trust facility or the Lending Trust facility.

Federal Reserve Discount Window

As an insured depository institution, AENB may borrow from the Federal Reserve Bank of San Francisco, subject to the amount of qualifying collateral that it may pledge. The Federal Reserve has indicated that both credit and charge card receivables are a form of qualifying collateral for secured borrowings made through the discount window. 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.

As of June 30, 2022, we had approximately $91.6 billion in U.S. credit card loans and charge card receivables that could be sold over time through our securitization trusts or pledged in return for secured borrowings to provide further liquidity, subject in each case to applicable market conditions and eligibility criteria.

Committed Bank Credit Facility

In addition to the secured borrowing facilities described above, we maintained a committed syndicated bank credit facility of $3.5 billion as of June 30, 2022, with a maturity date of October 15, 2024. As of June 30, 2022, no amounts were drawn on this facility.

Unused Credit Outstanding

As of June 30, 2022, we had approximately $340 billion of unused credit available to Card Members as part of established lending product agreements. Total unused credit available to Card Members 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 available to Card Members.

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 six months ended June 30:

Table 21: Cash Flows

(Billions)	**2022**	2021
Total cash provided by (used in):		
Operating activities	**$ 8.1**	$ 5.5
Investing activities	**(15.4)**	2.0
Financing activities	**11.2**	(9.5)
Effect of foreign currency exchange rates on cash and cash equivalents	**0.3**	(0.2)
Net increase (decrease) in cash and cash equivalents	**$ 4.2**	$ (2.2)

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 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.

In 2021, 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 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 2022, the net cash used in investing activities was primarily driven by higher Card Member loans and receivables outstanding, resulting from higher Card Member spending and net purchases of investment securities.

In 2021, the net cash provided by investing activities was primarily driven by net maturities of our investment securities, partially offset by higher Card Member loans and receivables outstanding, resulting from higher Card Member spending.

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 2022, 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.

In 2021, the net cash used in financing activities was primarily driven by net debt repayments and decreases in customer deposits combined with payments made for share repurchases and dividends.

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 with laws and regulations, and 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 employees 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. External publicity concerning investigations can increase the scope and scale of those investigations and lead to further regulatory inquiries.

For example, as previously disclosed, beginning in May 2020 we began responding to a regulatory review led by the Office of the Comptroller of the Currency and the Department of Justice Civil Division regarding historical sales practices relating to certain small business card sales. In January 2021, we received a grand jury subpoena from the United States Attorney's Office for the Eastern District of New York regarding the sales practices for small business cards and a Civil Investigative Demand from the Consumer Financial Protection Bureau (CFPB) seeking information on sales practices related to consumers. We are cooperating with all inquiries into our sales practices and related compliance practices. We continue to review and enhance our processes and controls related to our sales practices and business conduct generally, take disciplinary and remedial actions where appropriate, and provide information regarding our reviews to our regulators, including the Federal Reserve. We do not believe these matters will have a material adverse impact on our business or results of operations.

Please see the "Supervision and Regulation" and "Risk Factors" sections of our Annual Report on Form 10-K for the year ended December 31, 2021 (the 2021 Form 10-K) for further information.

Consumer Financial Products Regulation

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 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. Other jurisdictions around the world are increasingly focusing on consumer financial protection.

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 2021 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, 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. There is uncertainty as to when or how interchange fee caps and other provisions of the EU and U.K. payments legislation might apply when we work with cobrand partners and agents in the EU and the U.K. 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 or the U.K.

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. On April 23, 2021, the Reserve Bank of India imposed restrictions on the ability of American Express Banking Corp. to engage in certain card issuing activities in India from May 1, 2021 until it complies with a regulation requiring storage of payment transaction data exclusively in India. This order does not impact existing customers. We are working towards complying with the regulation.

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 2021 Form 10-K.

Surcharging

In various countries, such as certain Member States in the EU and Australia, merchants are permitted by law 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 2021 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 2021 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, 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, employees, 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 2021 Form 10-K.

Anti-Money Laundering

We are subject to significant supervision and regulation, and an increasingly stringent enforcement environment, with respect to compliance with anti-money laundering (AML) laws and regulations. In the United States, the majority of AML 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 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 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 legislation and regulations applicable to American Express.

Among other things, these laws and regulations require us to establish AML 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 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 and counter-terrorist financing laws, perceived deficiencies in our AML 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 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 2021 Form 10-K.

Recently Issued Accounting Standards

Refer to the Recently 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-related volume — Represents spend at airlines as a merchant, which is included within T&E-related volume.

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.

Average discount rate — This calculation is generally designed to reflect the average pricing at all merchants accepting American Express cards and represents the percentage of network volumes retained by us from spend at merchants we acquire, or from merchants acquired by third parties on our behalf, net of amounts retained by such third parties. The average discount rate, together with billed business, drive our discount revenue.

Billed business (Card Member spending) — Represents transaction volumes (including cash advances) on payment products issued by American Express. Billed business is reported as inside the United States or outside the United States based on the location of the issuer.

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 — 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 proportion of billed business earned and retained by us for facilitating transactions between Card Members and merchants on payment products issued by American Express.

Goods and Services (G&S)-related volume — Includes spend in merchant categories other than T&E-related merchant categories, which includes B2B spending by small and medium size enterprise customers in our GCS segment.

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. Network volumes are reported as United States or outside the United States based on the location of the issuer.

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. Processed volume is reported as United States or outside the United States based on the location of the issuer.

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-related volume — 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," "predict," "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: macroeconomic conditions, such as recession risks, effects of inflation, labor shortages, supply chain issues, higher interest rates and the continued effects of the pandemic; Russia's invasion of Ukraine and related geopolitical impacts; issues impacting brand perceptions and our reputation; 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 civil money penalties and increases in Card Member remediation; 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, which could be impacted by, among other things, the factors identified above and in the subsequent paragraphs, as well as the following: a deterioration in macroeconomic conditions; consumer and business spending, including demand in T&E categories, not growing in line with expectations; an inability to address competitive pressures, invest with a longer-term view and implement strategies and business initiatives, including within the premium consumer space, commercial payments, the global merchant network and digital environment; uncertainty regarding the continued spread of COVID-19 (including new variants) and the availability, distribution and use of effective treatments and vaccines; prolonged measures to contain the spread of COVID-19 (including travel restrictions), concern of the possible imposition of further containment measures and health concerns associated with the pandemic continuing to affect customer behaviors and travel patterns and demand, any of which could further exacerbate the effects on economic activity and travel-related revenues; 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; 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 and the growth rate of loans outstanding being higher or lower than expectations, which could be impacted by, among other things, the behavior 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; 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; 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 and write-off rates and the amount and timing of future reserve builds and releases, which will depend in part on changes in consumer behavior that affect loan and receivable balances (such as paydown and revolve rates); 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, particularly as forbearance and government support programs end; 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 that provide forms of relief with respect to certain loans and fees, such as limiting debt collections efforts and encouraging or requiring extensions, modifications or forbearance;
- the actual amount 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 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 balance expense control and investments in the business; and management's ability to drive increases in revenues and realize efficiencies and optimize investment spending;

- 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; inflation; 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;
- our ability to control operating expenses 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; 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; our ability to increase automation; restructuring activity; supply chain issues; fraud costs; information security or compliance expenses or consulting, legal and other professional services fees, including as a result of litigation or internal and regulatory reviews; the level of M&A activity and related expenses; information or cyber security incidents; the payment of civil money penalties, disgorgement, restitution, non-income tax assessments and litigation-related settlements; the performance of Amex Ventures 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 current levels, 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 capital levels and regulatory capital ratios; changes in the stress testing and capital planning process and new guidance from the Federal Reserve; 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 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 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, favoring local competitors or prohibiting or limiting

foreign ownership of certain businesses; 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 Russia's invasion of Ukraine and related geopolitical impacts, which could affect commercial activities; our ability to tailor products and services to make them attractive to local customers; and competitors with more scale and experience and more established relationships with relevant customers, regulators and industry participants;

- 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, 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 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 and UK; exert further pressure on the 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 civil money penalties; materially affect capital or liquidity requirements, results of operations or ability to pay dividends; or result in harm to the American Express brand;
- changes in the financial condition and creditworthiness of our business partners, such as bankruptcies, restructurings or consolidations, including of cobrand partners and merchants that represent a significant portion of our business, such as the airline industry, 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 escalation of the military conflict between Russia and Ukraine, future waves of COVID-19 cases, the severity and contagiousness of new 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 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 2021 Form 10-K, the Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, 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 June 30 (Millions, except per share amounts)	**2022**	2021
Revenues		
Non-interest revenues		
Discount revenue	**$ 7,873**	$ 6,044
Net card fees	**1,481**	1,286
Service fees and other revenue	**1,265**	705
Processed revenue	**416**	390
Total non-interest revenues	**11,035**	8,425
Interest income		
Interest on loans	**2,707**	2,094
Interest and dividends on investment securities	**22**	24
Deposits with banks and other	**70**	22
Total interest income	**2,799**	2,140
Interest expense		
Deposits	**187**	113
Long-term debt and other	**252**	209
Total interest expense	**439**	322
Net interest income	**2,360**	1,818
Total revenues net of interest expense	**13,395**	10,243
Provisions for credit losses		
Card Member receivables	**138**	(125)
Card Member loans	**272**	(396)
Other	**—**	(85)
Total provisions for credit losses	**410**	(606)
Total revenues net of interest expense after provisions for credit losses	**12,985**	10,849
Expenses		
Card Member rewards	**3,591**	2,712
Business development	**1,404**	889
Card Member services	**678**	432
Marketing	**1,502**	1,330
Salaries and employee benefits	**1,816**	1,539
Other, net	**1,451**	1,007
Total expenses	**10,442**	7,909
Pretax income	**2,543**	2,940
Income tax provision	**579**	660
Net income	**$ 1,964**	$ 2,280
Earnings per Common Share (Note 14)[(a)]		
Basic	**$ 2.57**	$ 2.81
Diluted	**$ 2.57**	$ 2.80
Average common shares outstanding for earnings per common share:		
Basic	**752**	801
Diluted	**753**	802

(a) Represents net income less (i) earnings allocated to participating share awards of $15 million and $16 million for the three months ended June 30, 2022 and 2021, respectively, and (ii) dividends on preferred shares of $15 million for both the three months ended June 30, 2022 and 2021.

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Six Months Ended June 30 (Millions, except per share amounts)	**2022**	2021
Revenues		
Non-interest revenues		
Discount revenue	**$ 14,708**	$ 11,045
Net card fees	**2,904**	2,539
Service fees and other revenue	**2,171**	1,343
Processed revenue	**788**	732
Total non-interest revenues	**20,571**	15,659
Interest income		
Interest on loans	**5,180**	4,238
Interest and dividends on investment securities	**35**	48
Deposits with banks and other	**104**	46
Total interest income	**5,319**	4,332
Interest expense		
Deposits	**309**	247
Long-term debt and other	**451**	437
Total interest expense	**760**	684
Net interest income	**4,559**	3,648
Total revenues net of interest expense	**25,130**	19,307
Provisions for credit losses		
Card Member receivables	**218**	(135)
Card Member loans	**161**	(969)
Other	**(2)**	(177)
Total provisions for credit losses	**377**	(1,281)
Total revenues net of interest expense after provisions for credit losses	**24,753**	20,588
Expenses		
Card Member rewards	**6,702**	4,955
Business development	**2,447**	1,691
Card Member services	**1,304**	749
Marketing	**2,726**	2,294
Salaries and employee benefits	**3,470**	3,089
Other, net	**2,849**	1,877
Total expenses	**19,498**	14,655
Pretax income	**5,255**	5,933
Income tax provision	**1,192**	1,418
Net income	**$ 4,063**	$ 4,515
Earnings per Common Share (Note 14)[(a)]		
Basic	**$ 5.30**	$ 5.55
Diluted	**$ 5.30**	$ 5.54
Average common shares outstanding for earnings per common share:		
Basic	**755**	802
Diluted	**756**	803

(a) Represents net income less (i) earnings allocated to participating share awards of $31 million for both the six months ended June 30, 2022 and 2021, and (ii) dividends on preferred shares of $29 million for both the six months ended June 30, 2022 and 2021.

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions)	**2022**	2021	**2022**	2021
Net income	**$ 1,964**	$ 2,280	**$ 4,063**	$ 4,515
Other comprehensive income (loss):				
Net unrealized debt securities (losses) gains, net of tax	**(25)**	(11)	**(53)**	(23)
Foreign currency translation adjustments, net of hedges and tax	**(157)**	19	**(177)**	2
Net unrealized pension and other postretirement benefits, net of tax	**12**	9	**32**	35
Other comprehensive income (loss)	**(170)**	17	**(198)**	14
Comprehensive income	**$ 1,794**	$ 2,297	**$ 3,865**	$ 4,529

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Millions, except share data)	June 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents		
Cash and due from banks (includes restricted cash of consolidated variable interest entities: 2022, $9; 2021, $11)	$ 3,304	$ 1,292
Interest-bearing deposits in other banks (includes securities purchased under resale agreements: 2022, $293; 2021, $463)	22,291	20,548
Short-term investment securities (includes restricted investments of consolidated variable interest entities: 2022, $612; 2021, $32)	682	188
Total cash and cash equivalents	26,277	22,028
Card Member receivables (includes gross receivables available to settle obligations of a consolidated variable interest entity: 2022, $5,769; 2021, $5,175), less reserves for credit losses: 2022, $119; 2021, $64	55,900	53,581
Card Member loans (includes gross loans available to settle obligations of a consolidated variable interest entity: 2022, $26,834; 2021, $26,587), less reserves for credit losses: 2022, $2,997; 2021, $3,305	92,440	85,257
Other loans, less reserves for credit losses: 2022, $38; 2021, $52	3,983	2,859
Investment securities	4,065	2,591
Premises and equipment, less accumulated depreciation and amortization: 2022, $9,191; 2021, $8,602	5,093	4,988
Other assets, less reserves for credit losses: 2022, $23; 2021, $25	17,540	17,244
Total assets	$ 205,298	$ 188,548
Liabilities and Shareholders' Equity		
Liabilities		
Customer deposits	$ 96,411	$ 84,382
Accounts payable	11,371	10,574
Short-term borrowings	1,984	2,243
Long-term debt (includes debt issued by consolidated variable interest entities: 2022, $11,968; 2021, $13,803)	40,495	38,675
Other liabilities	31,802	30,497
Total liabilities	$ 182,063	$ 166,371
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 June 30, 2022 and December 31, 2021	—	—
Common shares, $0.20 par value, authorized 3.6 billion shares; issued and outstanding 751 million shares as of June 30, 2022 and 761 million shares as of December 31, 2021	151	153
Additional paid-in capital	11,476	11,495
Retained earnings	14,751	13,474
Accumulated other comprehensive income (loss)	(3,143)	(2,945)
Total shareholders' equity	23,235	22,177
Total liabilities and shareholders' equity	$ 205,298	$ 188,548

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Six Months Ended June 30 *(Millions)*	2022	2021
Cash Flows from Operating Activities		
Net income	$ 4,063	$ 4,515
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for credit losses	377	(1,281)
Depreciation and amortization	795	834
Stock-based compensation	198	183
Deferred taxes	(402)	238
Other non-cash items [(a)]	128	(532)
Originations of loans held-for-sale	(90)	—
Proceeds from sales of loans held-for-sale	88	—
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Other assets	246	282
Accounts payable & other liabilities	2,736	1,226
Net cash provided by operating activities	8,139	5,465
Cash Flows from Investing Activities		
Sale of investment securities	16	37
Maturities and redemptions of investment securities	1,096	9,684
Purchase of investments	(2,674)	(824)
Net increase in Card Member loans and receivables, and other loans	(12,916)	(6,280)
Purchase of premises and equipment, net of sales: 2022, nil; 2021, $40	(899)	(609)
Acquisitions/dispositions, net of cash acquired	(15)	1
Net cash (used in) provided by investing activities	(15,392)	2,009
Cash Flows from Financing Activities		
Net increase (decrease) in customer deposits	12,060	(1,966)
Net (decrease) increase in short-term borrowings	(63)	17
Proceeds from long-term debt	14,710	18
Payments of long-term debt	(12,529)	(5,409)
Issuance of American Express common shares	54	45
Repurchase of American Express common shares and other	(2,261)	(1,397)
Dividends paid	(753)	(724)
Net cash provided by (used in) financing activities	11,218	(9,416)
Effect of foreign currency exchange rates on cash and cash equivalents	284	(227)
Net increase (decrease) in cash and cash equivalents	4,249	(2,169)
Cash and cash equivalents at beginning of period	22,028	32,965
Cash and cash equivalents at end of period	$ 26,277	$ 30,796

Supplemental cash flow information

Cash and cash equivalents reconciliation	Jun-22	Dec-21	Jun-21	Dec-20
Cash and cash equivalents per Consolidated Balance Sheets	$ 26,277	$ 22,028	$ 30,796	$ 32,965
Restricted balances included in Cash and cash equivalents	1,086	525	1,841	606
Total Cash and cash equivalents, excluding restricted balances	$ 25,191	$ 21,503	$ 28,955	$ 32,359

(a) Includes net gains and losses on fair value hedges, changes in equity method investments and net gains and losses on Amex Ventures investments.

See Notes to Consolidated Financial Statements.

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

Three months ended June 30, 2022 (Millions, except per share amounts)	Total	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balances as of March 31, 2022	$ 22,383	$ —	$ 151	$ 11,451	$ (2,973)	$ 13,754
Net income	**1,964**	—	—	—	—	**1,964**
Other comprehensive loss	**(170)**	—	—	—	**(170)**	—
Repurchase of common shares	**(611)**	—	—	**(53)**	—	**(558)**
Other changes, primarily employee plans	**77**	—	—	**78**	—	**(1)**
Cash dividends declared preferred Series D, $9,072.22 per share	**(15)**	—	—	—	—	**(15)**
Cash dividends declared common, $0.52 per share	**(393)**	—	—	—	—	**(393)**
Balances as of June 30, 2022	**$ 23,235**	**$ —**	**$ 151**	**$ 11,476**	**$ (3,143)**	**$ 14,751**

Six months ended June 30, 2022 (Millions, except per share amounts)	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	**4,063**	—	—	—	—	**4,063**
Other comprehensive loss	**(198)**	—	—	—	**(198)**	—
Repurchase of common shares	**(2,094)**	—	**(2)**	**(179)**	—	**(1,913)**
Other changes, primarily employee plans	**103**	—	—	**160**	—	**(57)**
Cash dividends declared preferred Series D, $17,947.22 per share	**(29)**	—	—	—	—	**(29)**
Cash dividends declared common, $1.04 per share	**(787)**	—	—	—	—	**(787)**
Balances as of June 30, 2022	**$ 23,235**	$ —	**$ 151**	**$ 11,476**	**$ (3,143)**	**$ 14,751**

See Notes to Consolidated Financial Statements.

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

Three months ended June 30, 2021 (Millions, except per share amounts)	Total	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balances as of March 31, 2021	$ 24,449	$ —	$ 161	$ 11,878	$ (2,898)	$ 15,308
Net income	2,280	—	—	—	—	2,280
Other comprehensive income	17	—	—	—	17	—
Repurchase of common shares	(908)	—	(1)	(85)	—	(822)
Other changes, primarily employee plans	62	—	—	65	—	(3)
Cash dividends declared preferred Series B, $9,054.38 per share	(7)	—	—	—	—	(7)
Cash dividends declared preferred Series C, $8,864.92 per share	(8)	—	—	—	—	(8)
Cash dividends declared common, $0.43 per share	(346)	—	—	—	—	(346)
Balances as of June 30, 2021	$ 25,539	$ —	$ 160	$ 11,858	$ (2,881)	$ 16,402

Six months ended June 30, 2021 (Millions, except per share amounts)	Total	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
Balances as of December 31, 2020	$ 22,984	$ —	$ 161	$ 11,881	$ (2,895)	$ 13,837
Net income	4,515	—	—	—	—	4,515
Other comprehensive income	14	—	—	—	14	—
Repurchase of common shares	(1,346)	—	(2)	(134)	—	(1,210)
Other changes, primarily employee plans	94	—	1	111	—	(18)
Cash dividends declared preferred Series B, $18,379.60 per share	(14)	—	—	—	—	(14)
Cash dividends declared preferred Series C, $17,618.67 per share	(15)	—	—	—	—	(15)
Cash dividends declared common, $0.86 per share	(693)	—	—	—	—	(693)
Balances as of June 30, 2021	$ 25,539	$ —	$ 160	$ 11,858	$ (2,881)	$ 16,402

See Notes to Consolidated Financial Statements.

1. Basis of Presentation

The Company

We are a globally integrated payments company that provides our 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, 2021 (the 2021 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.

Effective for the first quarter of 2022, we made the following reporting presentation changes to our Consolidated Statements of Income:

Within Non-interest revenues:

- Processed revenue represents revenues earned from processed volumes, previously reported in Discount revenue, Other fees and commissions and Other revenue.
- Service fees and other revenue combines the remaining balances from Other fees and commissions and Other revenue.

Within Total expenses:

- Disaggregated Marketing and business development expense into Business Development expense and Marketing expense.

Prior period amounts have been recast to conform with current period presentation; there was no impact to Total non-interest revenues or Total expenses.

The significant Consolidated Statements of Income accounting policies below provides updates to the significant accounting policy disclosures as presented in the 2021 Form 10-K to reflect the reporting presentation changes.

Discount Revenue

Discount revenue represents the amount we earn and retain from the merchant payable for facilitating transactions on payment products issued by American Express. The amount of fees charged for accepting our cards as payment, or merchant discount, varies with, among other factors, the industry in which the merchant conducts business, the merchant's overall American Express-related transaction volume, the method of payment, the settlement terms with the merchant, the method of submission of transactions and, in certain instances, the geographic scope of the card acceptance agreement between the merchant and us (e.g., local or global) and the transaction amount. Discount revenue is generally recorded at the time the Card Member transaction occurs.

Card acceptance agreements, which include the agreed-upon terms for charging the merchant discount fee, vary in duration. Our contracts with small- and medium-sized merchants generally have no fixed contractual duration, while those with large merchants are generally for fixed periods, which typically range from three to seven years in duration. Our fixed-period agreements may include auto-renewal features, which may allow the existing terms to continue beyond the stated expiration date until a new agreement is reached. We satisfy our obligations under these agreements over the contract term, often on a daily basis, including through the processing of Card Member transactions and the availability of our payment network.

In cases where the merchant acquirer is a third party (which is the case, for example, under our OptBlue program, or with certain of our network partners), we receive a network rate fee in our settlement with the merchant acquirer, which is individually negotiated between us and that merchant acquirer and is recorded as discount revenue at the time the Card Member transaction occurs.

Service Fees and Other Revenue

Service fees and other revenue includes service fees earned from merchants and other customers and travel commissions and fees, which are generally recognized in the period when the service is performed, and delinquency and foreign currency-related fees, which are primarily recognized in the period when they are charged to the Card Member. In addition, Service fees and other revenue includes income (losses) from our investments in which we have significant influence and therefore account for under the equity method.

Processed Revenue

Processed revenue primarily represents amounts earned for facilitating transactions on cards issued by network partners. In our role as the operator of the American Express network, we settle with merchants on behalf of our network card issuing partners. The amount of fees charged for accepting American Express-branded cards are generally deducted from the payment to the merchant and recorded as Processed revenue at the time the Card Member transaction occurs. Our network card issuing partners receive an issuer rate that is individually negotiated between that issuer and us and is recorded as contra-revenue within Processed revenue to the extent that there is revenue from the same customer, after which any additional issuer rate is recorded as expense in Business development. Processed revenue also includes other fees related to network partnership agreements and fees earned on alternative payment solutions, all of which are generally recognized when the service is performed.

Business Development

Business development expense includes payments to our cobrand partners, corporate client incentive payments earned on achievement of pre-set targets and certain payments to network partners. These costs are generally expensed as incurred.

Marketing

Marketing includes costs incurred in the development and initial placement of advertising, which are expensed in the period in which the advertising first takes place. All other marketing expenses are generally expensed as incurred.

Recently Issued Accounting Standards

In March 2022, the Financial Accounting Standards Board issued new accounting guidance on troubled debt restructuring (TDR) and write-offs, effective January 1, 2023, with early adoption permitted. The amendments eliminate the TDR accounting guidance for Current Expected Credit Loss (CECL) adopters, create a single loan modification accounting model and enhance disclosure requirements for loan modifications and write-offs. We anticipate that we will adopt the updated guidance on January 1, 2023 on a prospective basis and do not expect a material impact to our Consolidated Financial Statements.

2. Loans and Card Member Receivables

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

Card Member loans by segment and Other loans as of June 30, 2022 and December 31, 2021 consisted of:

(Millions)	**2022**	2021
Global Consumer Services Group [(a)]	**$ 74,747**	$ 70,467
Global Commercial Services	**20,690**	18,095
Card Member loans	**95,437**	88,562
Less: Reserves for credit losses	**2,997**	3,305
Card Member loans, net	**$ 92,440**	$ 85,257
Other loans, net [(b)]	**$ 3,983**	$ 2,859

(a) Includes approximately $26.8 billion and $26.6 billion of gross Card Member loans available to settle obligations of a consolidated variable interest entity (VIE) as of June 30, 2022 and December 31, 2021, respectively.

(b) Other loans are presented net of reserves for credit losses of $38 million and $52 million as of June 30, 2022 and December 31, 2021, respectively.

Card Member receivables by segment as of June 30, 2022 and December 31, 2021 consisted of:

(Millions)	**2022**	2021
Global Consumer Services Group	**$ 21,390**	$ 22,392
Global Commercial Services [(a)]	**34,629**	31,253
Card Member receivables	**56,019**	53,645
Less: Reserves for credit losses	**119**	64
Card Member receivables, net	**$ 55,900**	$ 53,581

(a) Includes $5.8 billion and $5.2 billion of gross Card Member receivables available to settle obligations of a consolidated VIE as of June 30, 2022 and December 31, 2021, respectively.

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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 June 30, 2022 and December 31, 2021:

2022 (Millions)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Card Member Loans:					
Global Consumer Services Group	**$ 74,187**	**$ 177**	**$ 121**	**$ 262**	**$ 74,747**
Global Commercial Services					
Global Small Business Services	**20,514**	**44**	**28**	**48**	**20,634**
Global Corporate Payments [(a)]	**(b)**	**(b)**	**(b)**	**—**	**56**
Card Member Receivables:					
Global Consumer Services Group	**21,228**	**61**	**32**	**69**	**21,390**
Global Commercial Services					
Global Small Business Services	**$ 18,794**	**$ 73**	**$ 41**	**$ 60**	**$ 18,968**
Global Corporate Payments [(a)]	**(b)**	**(b)**	**(b)**	**$ 66**	**$ 15,661**

2021 (Millions)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Card Member Loans:					
Global Consumer Services Group	$ 69,960	$ 158	$ 112	$ 237	$ 70,467
Global Commercial Services					
Global Small Business Services	17,950	34	19	37	18,040
Global Corporate Payments [(a)]	(b)	(b)	(b)	—	55
Card Member Receivables:					
Global Consumer Services Group	22,279	41	24	48	22,392
Global Commercial Services					
Global Small Business Services	$ 17,846	$ 59	$ 28	$ 44	$ 17,977
Global Corporate Payments [(a)]	(b)	(b)	(b)	$ 42	$ 13,276

(a) Global Corporate Payments (GCP) reflects global, large and middle market 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.

Credit Quality Indicators for Card Member Loans and Receivables

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

	2022			2021		
	Net Write-Off Rate			Net Write-Off Rate		
	Principal Only[(a)]	Principal, Interest & Fees[(a)]	30+ Days Past Due as a % of Total	Principal Only[(a)]	Principal, Interest & Fees[(a)]	30+ Days Past Due as a % of Total
Card Member Loans:						
Global Consumer Services Group	**0.8 %**	**1.1 %**	**0.7 %**	1.3 %	1.7 %	0.7 %
Global Small Business Services	**0.6 %**	**0.7 %**	**0.6 %**	0.8 %	1.0 %	0.4 %
Card Member Receivables:						
Global Consumer Services Group	**0.6 %**	**0.6 %**	**0.8 %**	0.4 %	0.5 %	0.4 %
Global Small Business Services	**0.8 %**	**0.9 %**	**0.9 %**	0.3 %	0.4 %	0.5 %
Global Corporate Payments [(d)]	**(b)**	**0.3 %**	**(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 GCP Card Member 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 0.4% and 0.3% as of June 30, 2022 and 2021, respectively.

(d) The net write-off rate for the six months ended June 30, 2021 includes a $37 million partial recovery in Card Member receivables related to a corporate client bankruptcy, which resulted in a write-off in 2020.

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

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Impaired Loans and Receivables

Impaired loans and receivables are individual larger balance or homogeneous pools of smaller balance loans and receivables for which it is probable that we will be unable to collect all amounts due according to the original contractual terms of the customer agreement. We consider impaired loans and receivables to include (i) loans over 90 days past due still accruing interest, (ii) non-accrual loans and (iii) loans and receivables modified as troubled debt restructurings (TDRs).

In instances where the customer is experiencing financial difficulty, we may modify, through various financial relief programs, loans and receivables with the intention to minimize losses and improve collectability, while providing customers with temporary or permanent financial relief. We have classified loans and receivables in these modification programs as TDRs and continue to classify customer accounts that have exited a modification program as a TDR, with such accounts identified as "Out of Program TDRs."

The following tables provide additional information with respect to our impaired loans and receivables as of June 30, 2022 and December 31, 2021:

	As of June 30, 2022					
			Accounts Classified as a TDR [c]			
2022 (Millions)	Over 90 days Past Due & Accruing Interest[a]	Non-Accruals[b]	In Program[d]	Out of Program[e]	Total Impaired Balance	Reserve for Credit Losses - TDRs
Card Member Loans:						
Global Consumer Services Group	**$ 171**	**$ 88**	**$ 614**	**$ 1,036**	**$ 1,909**	**$ 290**
Global Commercial Services	**28**	**19**	**177**	**361**	**585**	**80**
Card Member Receivables:						
Global Consumer Services Group	—	—	**154**	**167**	**321**	**8**
Global Commercial Services	—	—	**287**	**388**	**675**	**25**
Other Loans [f]	**2**	**1**	**34**	**2**	**39**	**1**
Total	**$ 201**	**$ 108**	**$ 1,266**	**$ 1,954**	**$ 3,529**	**$ 404**

	As of December 31, 2021					
			Accounts Classified as a TDR [c]			
2021 (Millions)	Over 90 days Past Due & Accruing Interest[a]	Non-Accruals[b]	In Program[d]	Out of Program[e]	Total Impaired Balance	Reserve for Credit Losses - TDRs
Card Member Loans:						
Global Consumer Services Group	$ 149	$ 82	$ 708	$ 997	$ 1,936	$ 415
Global Commercial Services	19	14	176	332	541	132
Card Member Receivables:						
Global Consumer Services Group	—	—	133	130	263	9
Global Commercial Services	—	—	248	303	551	39
Other Loans [f]	1	—	67	2	70	1
Total	$ 169	$ 96	$ 1,332	$ 1,764	$ 3,361	$ 596

(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 $43 million and $41 million that are over 90 days past due and accruing interest as of June 30, 2022 and December 31, 2021, respectively, and $14 million and $19 million that are non-accruals as of June 30, 2022 and December 31, 2021, respectively.

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

(e) Out of Program TDRs include $1.8 billion and $1.6 billion of accounts that have successfully completed a modification program and $141 million and $143 million of accounts that were not in compliance with the terms of the modification programs as of June 30, 2022 and December 31, 2021, respectively.

(f) Other loans primarily represent consumer and commercial non-card financing products.

Loans and Receivables Modified as TDRs

The following tables provide additional information with respect to loans and receivables that were modified as TDRs during the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30, 2022				Six Months Ended June 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 Extension (# of Months)
Troubled Debt Restructurings:								
Card Member Loans	**26**	**$ 171**	**14**	**(b)**	**53**	**$ 348**	**14**	**(b)**
Card Member Receivables	**5**	**162**	**(c)**	**19**	**11**	**333**	**(c)**	**18**
Other Loans [d]	**1**	**1**	**3**	**17**	**2**	**$ 2**	**3**	**16**
Total	**32**	**$ 334**			**66**	**$ 683**		

	Three Months Ended June 30, 2021				Six Months Ended June 30, 2021			
	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 Extension (# of Months)
Troubled Debt Restructurings:								
Card Member Loans	23	$ 172	13	(b)	61	$ 459	13	(b)
Card Member Receivables	4	83	(c)	18	11	200	(c)	18
Other Loans [d]	1	$ 2	3	18	2	$ 10	3	15
Total	28	$ 257			74	$ 669		

(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.
(d) Other loans primarily represent consumer and commercial non-card financing products.

The following tables provide 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 June 30, 2022		Six Months Ended June 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**	**$ 23**	**8**	**$ 52**
Card Member Receivables	**1**	**10**	**2**	**20**
Other Loans [(b)]	**—**	**—**	**—**	**—**
Total	**5**	**$ 33**	**10**	**$ 72**

	Three Months Ended June 30, 2021		Six Months Ended June 30, 2021	
	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	9	$ 69	16	$ 116
Card Member Receivables	3	19	4	38
Other Loans [(b)]	1	3	2	$ 8
Total	13	$ 91	22	$ 162

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

(b) Other loans primarily represent consumer and commercial non-card financing products.

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.

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 applies judgment to weight them in order to reflect the uncertainty surrounding these 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.

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)]	
	June 30, 2022	**December 31, 2021**	**June 30, 2022**	**December 31, 2021**
Second quarter of 2022	4%	4% - 8%	4%	4% - (3)%
Fourth quarter of 2022	3% - 6%	4% - 9%	6% - (7)%	2% - 1%
Fourth quarter of 2023	3% - 8%	3% - 7%	3% - 1%	4% - 3%
Fourth quarter of 2024	3% - 6%	4% -6%	3% - 1%	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 the three months ended June 30, 2022, primarily driven by an increase in loans outstanding and a slight deterioration in the macroeconomic outlook, partially offset by improved portfolio quality.

Card Member loans reserve for credit losses decreased for the six months ended June 30, 2022, primarily driven by improved portfolio quality and reduction in COVID-19 pandemic-driven reserves, partially offset by an increase in loans outstanding and a slight deterioration in the macroeconomic outlook.

Card Member loans reserve for credit losses decreased for both the three and six months ended June 30, 2021, driven by lower delinquencies, improved portfolio quality and improving macroeconomic outlooks, partially offset by an increase in loans outstanding.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions)	**2022**	2021	**2022**	2021
Beginning Balance	**$ 2,981**	$ 4,467	**$ 3,305**	$ 5,344
Provisions [(a)]	**272**	(396)	**161**	(969)
Net write-offs [(b)]				
Principal	**(192)**	(185)	**(357)**	(426)
Interest and fees	**(55)**	(58)	**(105)**	(121)
Other [(c)]	**(9)**	7	**(7)**	7
Ending Balance	**$ 2,997**	$ 3,835	**$ 2,997**	$ 3,835

(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 $172 million for the three months ended June 30, 2022 and 2021, respectively, and $283 million and $340 million for the six months ended June 30, 2022 and 2021, respectively. Recoveries of interest and fees were not significant. Amounts include net (write-offs) recoveries from TDRs of $(53) million and $(43) million for the three months ended June 30, 2022 and 2021, respectively, and $(108) million and $(88) million for the six months ended June 30, 2022 and 2021, respectively.

(c) Primarily includes foreign currency translation adjustments of $(8) million and $7 million for the three months ended June 30, 2022 and 2021, respectively, and $(6) million and $6 million for the six months ended June 30, 2022 and 2021, respectively.

Changes in Card Member Receivables Reserve for Credit Losses

Card Member receivables reserve for credit losses increased for the three months ended June 30, 2022, primarily driven by an increase in receivables outstanding and a slight deterioration in the macroeconomic outlook, partially offset by improved portfolio quality.

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

Card Member receivables reserve for credit losses decreased for both the three and six months ended June 30, 2021, driven by lower delinquencies, improved portfolio quality and improving macroeconomic outlooks, partially offset by an increase in receivables outstanding.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions)	**2022**	2021	**2022**	2021
Beginning Balance	**$ 76**	$ 202	**$ 64**	$ 267
Provisions [(a)]	**138**	(125)	**218**	(135)
Net write-offs [(b)]	**(95)**	(4)	**(162)**	(57)
Other [(c)]	**—**	—	**(1)**	(2)
Ending Balance	**$ 119**	$ 73	**$ 119**	$ 73

(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 $67 million and $127 million for the three months ended June 30, 2022 and 2021, respectively, and $134 million and $224 million for the six months ended June 30, 2022 and 2021, respectively. Amounts include net (write-offs) recoveries from TDRs of $(17) million and $(16) million for the three months ended June 30, 2022 and 2021, respectively, and $(29) million and $(36) million for the six months ended June 30, 2022 and 2021, respectively.

(c) Primarily includes foreign currency translation adjustments of nil for both the three months ended June 30, 2022 and 2021, and nil and $(1) million for the six months ended June 30, 2022 and 2021, respectively.

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 $10 million and $12 million as of June 30, 2022 and December 31, 2021, respectively, 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 June 30, 2022 and December 31, 2021:

	2022				2021			
Description of Securities *(Millions)*	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	**$ 72**	**$ 1**	**$ (8)**	**$ 65**	$ 106	$ 5	$ —	$ 111
U.S. Government agency obligations	**6**	**—**	**—**	**6**	6	—	—	6
U.S. Government treasury obligations	**3,257**	**1**	**(31)**	**3,227**	1,680	25	(1)	1,704
Mortgage-backed securities [(a)]	**14**	**—**	**—**	**14**	17	1	—	18
Foreign government bonds and obligations	**673**	**—**	**(2)**	**671**	630	—	—	630
Other [(b)]	**33**	**—**	**—**	**33**	43	—	—	43
Equity securities [(c)]	**65**	**—**	**(16)**	**49**	66	17	(4)	79
Total	**$ 4,120**	**$ 2**	**$ (57)**	**$ 4,065**	$ 2,548	$ 48	$ (5)	$ 2,591

(a) Represents mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.
(b) Represents investments in Corporate debt securities and debt securities issued by Community Development Financial Institutions.
(c) Equity securities comprise investments in common stock, exchange-traded funds and mutual funds.

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 June 30, 2022 and December 31, 2021. There were no securities in a gross unrealized loss position for 12 months or more as of both June 30, 2022 and December 31, 2021.

	2022		2021	
	Less than 12 months		Less than 12 months	
Description of Securities (*Millions*)	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
State and municipal obligations	**$ 40**	**$ (8)**	$ —	$ —
U.S. Government treasury obligations	**2,553**	**(31)**	477	(1)
Foreign government bonds and obligations	**550**	**(2)**	—	—
Total	**$ 3,143**	**$ (41)**	$ 477	$ (1)

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The following table summarizes the gross unrealized losses by ratio of fair value to amortized cost as of June 30, 2022 and December 31, 2021:

	Less than 12 months		
Ratio of Fair Value to Amortized Cost (*Dollars in millions*)	Number of Securities	Estimated Fair Value	Gross Unrealized Losses
2022:			
90–100%	**50**	**$ 3,112**	**$ (34)**
Less than 90%	**14**	**31**	**(7)**
Total as of June 30, 2022	**64**	**$ 3,143**	**$ (41)**
2021:			
90–100%	5	$ 477	$ (1)
Total as of December 31, 2021	5	$ 477	$ (1)

Contractual maturities for available-for-sale debt securities with stated maturities as of June 30, 2022 were as follows:

(Millions)	Cost	Estimated Fair Value
Due within 1 year	**$ 1,782**	**$ 1,780**
Due after 1 year but within 5 years	**2,174**	**2,144**
Due after 5 years but within 10 years	**31**	**32**
Due after 10 years	**68**	**60**
Total	**$ 4,055**	**$ 4,016**

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.

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 $15.0 billion as of both June 30, 2022 and December 31, 2021, and for the Charge Trust was $5.8 billion and $3.2 billion as of June 30, 2022 and December 31, 2021, 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 $621 million and $42 million as of June 30, 2022 and December 31, 2021, respectively, and for the Charge Trust was nil and $1 million as of June 30, 2022 and December 31, 2021, respectively. 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 six months ended June 30, 2022 and the year ended December 31, 2021, no such triggering events occurred.

6. Customer Deposits

As of June 30, 2022 and December 31, 2021, customer deposits were categorized as interest-bearing or non-interest-bearing as follows:

(Millions)	**2022**	2021
U.S.:		
Interest-bearing	**$ 95,370**	$ 83,304
Non-interest-bearing (includes Card Member credit balances of: 2022, $489; 2021, $527)	**533**	553
Non-U.S.:		
Interest-bearing	**17**	18
Non-interest-bearing (includes Card Member credit balances of: 2022, $488; 2021, $503)	**491**	507
Total customer deposits	**$ 96,411**	$ 84,382

Customer deposits by deposit type as of June 30, 2022 and December 31, 2021 were as follows:

(Millions)	**2022**	2021
Savings and transaction accounts	**$ 70,776**	$ 66,142
Certificates of deposit:		
Direct	**1,474**	1,415
Third-party (brokered)	**6,593**	3,095
Sweep accounts – Third-party (brokered)	**16,556**	12,658
Other deposits	**35**	42
Card Member credit balances	**977**	1,030
Total customer deposits	**$ 96,411**	$ 84,382

The scheduled maturities of certificates of deposit as of June 30, 2022 were as follows:

(Millions)	2022	2023	2024	2025	2026	After 5 Years	Total
Certificates of deposit	**$ 1,422**	**$ 2,130**	**$ 2,845**	**$ 1,263**	**$ 31**	**$ 376**	**8,067**

As of June 30, 2022 and December 31, 2021, certificates of deposit in denominations of $250,000 or more, in the aggregate, were as follows:

(Millions)	**2022**	2021
U.S.	**$ 543**	$ 521
Non-U.S.	**1**	1
Total	**$ 544**	$ 522

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. A final award is expected by the end of 2022.

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 $170 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.

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 June 30, 2022 and December 31, 2021 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 agreement in the event of a downgrade of our debt credit rating below investment grade and settle the outstanding net liability position. As of June 30, 2022, 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 June 30, 2022 and December 31, 2021, 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 June 30, 2022 and December 31, 2021:

	Other Assets Fair Value		Other Liabilities Fair Value	
(Millions)	**2022**	2021	**2022**	2021
Derivatives designated as hedging instruments:				
Fair value hedges - Interest rate contracts [(a)]	**$ —**	$ 204	**$ 114**	$ —
Net investment hedges - Foreign exchange contracts	**436**	219	**56**	54
Total derivatives designated as hedging instruments	**436**	423	**170**	54
Derivatives not designated as hedging instruments:				
Foreign exchange contracts and other	**330**	167	**136**	85
Total derivatives, gross	**766**	590	**306**	139
Derivative asset and derivative liability netting [(b)]	**(141)**	(93)	**(141)**	(93)
Cash collateral netting [(c)]	**(28)**	(204)	**(114)**	(4)
Total derivatives, net	**$ 597**	$ 293	**$ 51**	$ 42

(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 $11 million as of both June 30, 2022 and December 31, 2021 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.

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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 $11.1 billion and $12.9 billion of fixed-rate debt obligations designated in fair value hedging relationships as of June 30, 2022 and December 31, 2021, 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 six months ended June 30:

	Gains (losses)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions)	**2022**	2021	**2022**	2021
Fixed-rate long-term debt	**$ 106**	$ 55	**$ 364**	$ 198
Derivatives designated as hedging instruments	**(106)**	(54)	**(367)**	(199)
Total	**$ —**	$ 1	**$ (3)**	$ (1)

The carrying values of the hedged liabilities, recorded within Long-term debt on the Consolidated Balance Sheets, were $11.0 billion and $13.1 billion as of June 30, 2022 and December 31, 2021, respectively, including the cumulative amount of fair value hedging adjustments of $(127) million and $237 million for the respective periods.

We recognized in Interest expense on Long-term debt net decreases of $34 million and $63 million for the three months ended June 30, 2022 and 2021, respectively, and net decreases of $91 million and $136 million for the six months ended June 30, 2022 and 2021, 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 $12.3 billion and $12.6 billion of foreign currency derivatives designated as net investment hedges as of June 30, 2022 and December 31, 2021, 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 a gain of $293 million and a loss of $108 million for the three months ended June 30, 2022 and 2021, respectively, and a gain of $208 million and a loss of $102 million for the six months ended June 30, 2022 and 2021, respectively. Net investment hedge reclassifications out of AOCI into the Consolidated Statements of Income were not significant for both the three and six months ended June 30, 2022 and 2021.

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 $20.0 billion and $19.0 billion as of June 30, 2022 and December 31, 2021, respectively. The changes in the fair value of the derivatives and the related underlying foreign currency exposures resulted in net losses of $1 million and $9 million for the three months ended June 30, 2022 and 2021, respectively, and net losses of $13 million and $14 million for the six months ended June 30, 2022 and 2021, respectively, that are recognized in Other, net expenses in the Consolidated Statements of Income.

During the quarter ended June 30, 2022, we recorded an embedded derivative with a notional amount of $78 million, related to seller earnout shares granted to us upon the completion of a business combination between our equity method investee, American Express Global Business Travel, and Apollo Strategic Growth Capital. This embedded derivative had a fair value of $19 million as of June 30, 2022. The changes in the fair value of the embedded derivative resulted in a loss of $4 million for both the three and six months ended June 30, 2022, which was recognized in Service Fees and Other Revenue in the Consolidated Statements of Income.

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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 June 30, 2022 and December 31, 2021:

	2022				2021			
(Millions)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Investment securities: (a)								
Equity securities	**$ 49**	**$ 48**	**$ 1**	**$ —**	$ 79	$ 78	$ 1	$ —
Debt securities	**4,016**	**—**	**3,984**	**32**	2,512	—	2,480	32
Derivatives, gross (a)(b)	**766**	**—**	**747**	**19**	590	—	590	—
Total Assets	**4,831**	**48**	**4,732**	**51**	3,181	78	3,071	32
Liabilities:								
Derivatives, gross (a)	**306**	**—**	**306**	**—**	139	—	139	—
Total Liabilities	**$ 306**	**$ —**	**$ 306**	**$ —**	$ 139	$ —	$ 139	$ —

(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.

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 June 30, 2022 and December 31, 2021. The fair values of these financial instruments are estimates based upon the market conditions and perceived risks as of June 30, 2022 and December 31, 2021, 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.

		Corresponding Fair Value Amount			
2022 (Billions)	Carrying Value	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)]	**$ 26**	**$ 26**	**$ 24**	**$ 2**	**$ —**
Other financial assets [(b)]	**59**	**59**	**—**	**59**	**—**
Financial assets carried at other than fair value					
Card Member and Other loans, less reserves [(c)]	**96**	**99**	**—**	**—**	**99**
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	**114**	**114**	**—**	**114**	**—**
Financial liabilities carried at other than fair value					
Certificates of deposit [(d)]	**8**	**8**	**—**	**8**	**—**
Long-term debt [(c)]	**$ 40**	**$ 41**	**$ —**	**$ 41**	**$ —**

		Corresponding Fair Value Amount			
2021 (Billions)	Carrying Value	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)]	$ 22	$ 22	$ 20	$ 2	$ —
Other financial assets [(b)]	56	56	—	56	—
Financial assets carried at other than fair value					
Card Member and Other loans, less reserves [(c)]	88	91	—	—	91
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	105	105	—	105	—
Financial liabilities carried at other than fair value					
Certificates of deposit [(d)]	5	5	—	5	—
Long-term debt [(c)]	$ 39	$ 40	$ —	$ 40	$ —

(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 $5.8 billion and $5.2 billion held by a consolidated VIE as of June 30, 2022 and December 31, 2021, 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 $26.9 billion and $26.7 billion as of June 30, 2022 and December 31, 2021, respectively, and the fair values of Long-term debt were $11.8 billion and $13.9 billion as of June 30, 2022 and December 31, 2021, respectively.

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

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 based on price changes as of the date of new similar equity financing transactions completed by the companies in our portfolio. The carrying value of equity investments without readily determinable fair values totaled $1.3 billion as of both June 30, 2022 and December 31, 2021. These amounts are included within Other assets on the Consolidated Balance Sheets. We recorded unrealized gains of $76 million and $249 million for the three months ended June 30, 2022 and 2021, respectively, and $88 million and $627 million for the six months ended June 30, 2022 and 2021, respectively. Unrealized losses including any impairments were $84 million and $1 million for the three months ended June 30, 2022 and 2021, respectively, and $102 million and $2 million for the six months ended June 30, 2022 and 2021 respectively. 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 $1.2 billion and $1.1 billion as of June 30, 2022 and December 31, 2021, respectively, and cumulative unrealized losses including any impairments were $112 million and $10 million as of June 30, 2022 and December 31, 2021, 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 June 30, 2022 and December 31, 2021.

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 $28 million, respectively, as of June 30, 2022, and $1 billion and $24 million, respectively, as of December 31, 2021, all of which were primarily related to our real estate 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.

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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 six months ended June 30, 2022 and 2021 were as follows:

Three Months Ended June 30, 2022 (Millions), net of tax	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)
Balances as of March 31, 2022	$ (5)	$ (2,412)	$ (556)	$ (2,973)
Net change	**(25)**	**(157)**	**12**	**(170)**
Balances as of June 30, 2022	**$ (30)**	**$ (2,569)**	**$ (544)**	**$ (3,143)**

Six Months Ended June 30, 2022 (Millions), net of tax	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)
Balances as of December 31, 2021	$ 23	$ (2,392)	$ (576)	$ (2,945)
Net change	**(53)**	**(177)**	**32**	**(198)**
Balances as of June 30, 2022	**$ (30)**	**$ (2,569)**	**$ (544)**	**$ (3,143)**

Three Months Ended June 30, 2021 (Millions), net of tax	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)
Balances as of March 31, 2021	$ 53	$ (2,246)	$ (705)	$ (2,898)
Net change	(11)	19	9	17
Balances as of June 30, 2021	$ 42	$ (2,227)	$ (696)	$ (2,881)

Six Months Ended June 30, 2021 (Millions), net of tax	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)
Balances as of December 31, 2020	$ 65	$ (2,229)	$ (731)	$ (2,895)
Net change	(23)	2	35	14
Balances as of June 30, 2021	$ 42	$ (2,227)	$ (696)	$ (2,881)

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

The following table shows the tax impact for the three and six months ended June 30 for the changes in each component of AOCI presented above:

	Tax expense (benefit)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions)	**2022**	2021	**2022**	2021
Net unrealized (losses) gains on debt securities	**$ (7)**	$ (3)	**$ (16)**	$ (6)
Foreign currency translation adjustment, net of hedges	**92**	(38)	**62**	(30)
Pension and other postretirement benefits	**10**	2	**17**	13
Total tax impact	**$ 95**	$ (39)	**$ 63**	$ (23)

Reclassifications out of AOCI into the Consolidated Statements of Income, net of taxes, were not significant for any of the three and six months ended June 30, 2022 and 2021.

12. Service Fees and Other Revenue and Other Expenses

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions)	**2022**	2021	**2022**	2021
Service fees	**$ 370**	$ 334	**$ 719**	$ 674
Foreign currency-related revenue	**304**	131	**529**	245
Delinquency fees	**193**	146	**372**	294
Travel commissions and fees	**131**	58	**219**	90
Other fees and revenues	**267**	36	**332**	40
Total Service fees and other revenue	**$ 1,265**	$ 705	**$ 2,171**	$ 1,343

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions)	**2022**	2021	**2022**	2021
Data processing and equipment	**$ 623**	$ 577	**$ 1,223**	$ 1,159
Professional services	**501**	458	**973**	861
Net unrealized and realized losses (gains) on Amex Ventures investments	**10**	(248)	**21**	(632)
Other	**317**	220	**632**	489
Total Other expenses	**$ 1,451**	$ 1,007	**$ 2,849**	$ 1,877

13. Income Taxes

The effective tax rate was 22.8 percent and 22.4 percent for the three months ended June 30, 2022 and 2021, respectively, and 22.7 percent and 23.9 percent for the six months ended June 30, 2022 and 2021, respectively. The increase in the effective tax rate for the three month period primarily reflected discrete tax benefits in the prior period. The decrease in the effective tax rate for the six month period primarily reflected discrete tax benefits in the current period related to the resolution of certain prior years' tax items and stock-based compensation. The effective tax rate for the prior six month period also reflected the prospective implementation of the Proportional Amortization Method to account for investments in qualified affordable housing projects.

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 $173 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 $173 million of unrecognized tax benefits, approximately $137 million relates to amounts that, if recognized, would impact the effective tax rate in a future period.

14. Earnings Per Common Share (EPS)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions, except per share amounts)	**2022**	2021	**2022**	2021
Numerator:				
Basic and diluted:				
Net income	**$ 1,964**	$ 2,280	**$ 4,063**	$ 4,515
Preferred dividends	**(15)**	(15)	**(29)**	(29)
Net income available to common shareholders	**$ 1,949**	$ 2,265	**$ 4,034**	$ 4,486
Earnings allocated to participating share awards [(a)]	**(15)**	(16)	**(31)**	(31)
Net income attributable to common shareholders	**$ 1,934**	$ 2,249	**$ 4,003**	$ 4,455
Denominator:[(a)]				
Basic: Weighted-average common stock	**752**	801	**755**	802
Add: Weighted-average stock options [(b)]	**1**	1	**1**	1
Diluted	**753**	802	**756**	803
Basic EPS	**$ 2.57**	$ 2.81	**$ 5.30**	$ 5.55
Diluted EPS	**$ 2.57**	$ 2.80	**$ 5.30**	$ 5.54

(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 0.25 million and 0.01 million of options for the three months ended June 30, 2022 and 2021, respectively, and 0.21 million of options for both the six months ended June 30, 2022 and 2021 because inclusion of the options would have been anti-dilutive.

15. Reportable Operating Segments

Effective for the first quarter of 2022, we updated the methodology used to allocate certain revenues across reportable operating segments. Prior period amounts have been recast to conform with current period presentation.

The following table presents certain selected financial information for our reportable operating segments and Corporate & Other as of or for the three and six months ended June 30:

Three Months Ended June 30, 2022 (Millions, except where indicated)	GCSG	GCS	GMNS	Corporate & Other [a]	Consolidated
Total non-interest revenues	**$ 5,792**	**$ 3,643**	**$ 1,551**	**$ 49**	**$ 11,035**
Revenue from contracts with customers [b]	**4,155**	**3,175**	**1,418**	**23**	**8,771**
Interest income	**2,217**	**490**	**5**	**87**	**2,799**
Interest expense	**238**	**163**	**(61)**	**99**	**439**
Total revenues net of interest expense	**7,771**	**3,970**	**1,617**	**37**	**13,395**
Pretax segment income (loss)	**$ 1,404**	**$ 817**	**$ 815**	**$ (493)**	**$ 2,543**
Total assets *(billions)*	**$ 108**	**$ 59**	**$ 16**	**$ 22**	**$ 205**

Six Months Ended June 30, 2022 (Millions, except where indicated)	GCSG	GCS	GMNS	Corporate & Other [a]	Consolidated
Total non-interest revenues	**$ 10,841**	**$ 6,823**	**$ 2,907**	**$ —**	**$ 20,571**
Revenue from contracts with customers [b]	**7,774**	**5,934**	**2,676**	**27**	**16,411**
Interest income	**4,257**	**926**	**7**	**129**	**5,319**
Interest expense	**430**	**285**	**(105)**	**150**	**760**
Total revenues net of interest expense	**14,668**	**7,464**	**3,019**	**(21)**	**25,130**
Pretax segment income (loss)	**$ 3,139**	**$ 1,621**	**$ 1,502**	**$ (1,007)**	**$ 5,255**
Total assets *(billions)*	**$ 108**	**$ 59**	**$ 16**	**$ 22**	**$ 205**

Three Months Ended June 30, 2021 (Millions, except where indicated)	GCSG	GCS	GMNS	Corporate & Other [a]	Consolidated
Total non-interest revenues	$ 4,466	$ 2,811	$ 1,204	$ (56)	$ 8,425
Revenue from contracts with customers [b]	3,225	2,407	1,135	(5)	6,762
Interest income	1,749	345	4	42	2,140
Interest expense	174	111	(20)	57	322
Total revenues net of interest expense	6,041	3,045	1,228	(71)	10,243
Pretax segment income (loss)	$ 1,884	$ 835	$ 527	$ (306)	$ 2,940
Total assets *(billions)*	$ 90	$ 46	$ 14	$ 37	$ 187

Six Months Ended June 30, 2021 (Millions, except where indicated)	GCSG	GCS	GMNS	Corporate & Other [a]	Consolidated
Total non-interest revenues	$ 8,275	$ 5,253	$ 2,265	$ (134)	$ 15,659
Revenue from contracts with customers [b]	5,829	4,470	2,129	(12)	12,416
Interest income	3,557	681	8	86	4,332
Interest expense	362	227	(37)	132	684
Total revenues net of interest expense	11,470	5,707	2,310	(180)	19,307
Pretax segment income (loss)	$ 4,029	$ 1,510	$ 912	$ (518)	$ 5,933
Total assets *(billions)*	$ 90	$ 46	$ 14	$ 37	$ 187

(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, 2021, there have been no material changes in market risk exposures associated with interest rate risk due to rising interest rates or with foreign exchange risk described above. A hypothetical immediate 100 basis point decrease in market interest rates, which are assumed to remain at or above zero percent, would not have a detrimental impact on our annual net interest income.

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 our 2021 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 our Annual Report on Form 10-K for the year ended December 31, 2021 (the 2021 Form 10-K) and Part II, Item 1A. “Risk Factors” of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the First Quarter Form 10-Q). The information included in the “Risk Factors” section of the First Quarter Form 10-Q is incorporated by reference herein. The risks and uncertainties that we face are not limited to those set forth in the 2021 Form 10-K, as supplemented and updated in the First Quarter Form 10-Q. 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 June 30, 2022.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [c]	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1-30, 2022				
Repurchase program[a]	2,760,602	$181.70	2,760,602	45,266,336
Employee transactions[b]	(613)	177.06	N/A	N/A
May 1-31, 2022				
Repurchase program[a]	—	—	—	45,266,336
Employee transactions[b]	26,037	$174.72	N/A	N/A
June 1-30, 2022				
Repurchase program[a]	664,435	$164.66	664,435	44,601,901
Employee transactions[b]	(73)	$171.79	N/A	N/A
Total				
Repurchase program[a]	3,425,037	$178.39	3,425,037	44,601,901
Employee transactions[b]	25,351	$174.67	N/A	N/A

(a) On September 23, 2019, 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) Share purchases under publicly announced programs are made pursuant to open market purchases, 10b5-1 plans, privately negotiated transactions (including employee benefit plans) 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 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 Jeffrey C. Campbell 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 Jeffrey C. Campbell 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: July 22, 2022	By	/s/ Jeffrey C. Campbell Jeffrey C. Campbell Vice Chairman and Chief Financial Officer
Date: July 22, 2022	By	/s/ Jessica Lieberman Quinn Jessica Lieberman Quinn Executive Vice President and Corporate Controller (Principal Accounting Officer)