Table of Contents

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

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2016

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, NY	**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.

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 X No ____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes X No ____

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

Yes ___ No X

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 April 20, 2016
Common Shares (par value $0.20 per share)	951,033,100 shares

AMERICAN EXPRESS COMPANY
FORM 10-Q

INDEX

			Page No.
Part I.	**Financial Information**		
	Item 1.	Financial Statements	
		Consolidated Statements of Income – Three Months Ended March 31, 2016 and 2015	1
		Consolidated Statements of Comprehensive Income – Three Months Ended March 31, 2016 and 2015	2
		Consolidated Balance Sheets – March 31, 2016 and December 31, 2015	3
		Consolidated Statements of Cash Flows – Three Months Ended March 31, 2016 and 2015	4
		Notes to Consolidated Financial Statements	5
	Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	28
	Item 3.	Quantitative and Qualitative Disclosures about Market Risk	65
	Item 4.	Controls and Procedures	65
Part II.	**Other Information**		
	Item 1.	Legal Proceedings	69
	Item 1A.	Risk Factors	70
	Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	71
	Item 5.	Other Information	72
	Item 6.	Exhibits	72
	Signatures		73
	Exhibit Index		E-1

Table of Contents

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Three Months Ended March 31 *(Millions, except per share amounts)*		**2016**		2015
Revenues				
Non-interest revenues				
Discount revenue	**$**	**4,643**	$	4,660
Net card fees		**699**		667
Other fees and commissions		**680**		708
Other		**486**		468
Total non-interest revenues		**6,508**		6,503
Interest income				
Interest on loans		**1,938**		1,795
Interest and dividends on investment securities		**36**		41
Deposits with banks and other		**31**		21
Total interest income		**2,005**		1,857
Interest expense				
Deposits		**150**		103
Long-term debt and other		**275**		307
Total interest expense		**425**		410
Net interest income		**1,580**		1,447
Total revenues net of interest expense		**8,088**		7,950
Provisions for losses				
Charge card		**169**		174
Card Member loans		**227**		235
Other		**38**		11
Total provisions for losses		**434**		420
Total revenues net of interest expense after provisions for losses		**7,654**		7,530
Expenses				
Marketing and promotion		**727**		609
Card Member rewards		**1,703**		1,640
Card Member services and other		**282**		261
Salaries and employee benefits		**1,338**		1,305
Other, net		**1,420**		1,399
Total expenses		**5,470**		5,214
Pretax income		**2,184**		2,316
Income tax provision		**758**		791
Net income	**$**	**1,426**	$	1,525
Earnings per Common Share (Note 15): (a)				
Basic	**$**	**1.45**	$	1.49
Diluted	**$**	**1.45**	$	1.48
Average common shares outstanding for earnings per common share:				
Basic		**961**		1,019
Diluted		**963**		1,023
Cash dividends declared per common share	**$**	**0.29**	$	0.26

(a) Represents net income less (i) earnings allocated to participating share awards of $11 million for both the three months ended March 31, 2016 and 2015, and (ii) dividends on preferred shares of $21 million and nil for the three months ended March 31, 2016 and 2015, respectively.

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

Three Months Ended March 31 *(Millions)*	**2016**	2015
Net income	**$ 1,426**	$ 1,525
Other comprehensive income (loss):		
Net unrealized securities gains, net of tax: 2016, $(1); 2015, nil	**2**	—
Foreign currency translation adjustments, net of tax: 2016, $(38); 2015, $88	**4**	(255)
Net unrealized pension and other postretirement benefit gains, net of tax: 2016, $19; 2015, $19	**26**	23
Other comprehensive income (loss)	**32**	(232)
Comprehensive income	**$ 1,458**	$ 1,293

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Millions, except share data)	March 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents		
Cash and due from banks	**$ 2,761**	$ 2,935
Interest-bearing deposits in other banks (includes securities purchased under resale agreements: 2016, $33; 2015, $41)	**21,899**	19,569
Short-term investment securities	**385**	258
Total cash and cash equivalents	**25,045**	22,762
Card Member loans and receivables held for sale (includes gross loans and receivables available to settle obligations of consolidated variable interest entities: 2016, $3,966; 2015, $4,966)	**11,689**	14,992
Accounts receivable		
Card Member receivables (includes gross receivables available to settle obligations of a consolidated variable interest entity: 2016, $5,802; 2015, $6,649), less reserves: 2016, $446; 2015, $462	**44,027**	43,671
Other receivables, less reserves: 2016, $44; 2015, $43	**2,633**	3,024
Loans		
Card Member loans (includes gross loans available to settle obligations of a consolidated variable interest entity: 2016, $22,206; 2015, $23,559), less reserves: 2016, $1,012; 2015, $1,028	**56,394**	57,545
Other loans, less reserves: 2016, $35; 2015, $20	**1,186**	1,254
Investment securities	**3,839**	3,759
Premises and equipment, less accumulated depreciation and amortization: 2016, $6,972; 2015, $6,801	**4,137**	4,108
Other assets (includes restricted cash of consolidated variable interest entities: 2016, $37; 2015, $155)	**9,866**	10,069
Total assets	**$ 158,816**	$ 161,184
Liabilities and Shareholders' Equity		
Liabilities		
Customer deposits	**$ 55,764**	$ 54,997
Travelers Cheques and other prepaid products	**3,011**	3,247
Accounts payable	**12,027**	11,822
Short-term borrowings (includes debt issued by a consolidated variable interest entity: 2016, nil; 2015, $100)	**2,596**	4,812
Long-term debt (includes debt issued by consolidated variable interest entities: 2016, $12,605; 2015, $13,602)	**47,311**	48,061
Other liabilities	**17,380**	17,572
Total liabilities	**138,089**	140,511
Commitments and Contingencies (Note 8)		
Shareholders' Equity		
Preferred shares, $1.66 2/3 par value, authorized 20 million shares; issued and outstanding 1,600 shares as of March 31, 2016 and December 31, 2015	**—**	—
Common shares, $0.20 par value, authorized 3.6 billion shares; issued and outstanding 951 million shares as of March 31, 2016 and 969 million shares as of December 31, 2015	**191**	194
Additional paid-in capital	**13,089**	13,348
Retained earnings	**9,949**	9,665
Accumulated other comprehensive loss		
Net unrealized securities gains, net of tax: 2016, $32; 2015, $32	**60**	58
Foreign currency translation adjustments, net of tax: 2016, $(139); 2015, $(100)	**(2,040)**	(2,044)
Net unrealized pension and other postretirement benefit losses, net of tax: 2016, $(204); 2015, $(223)	**(522)**	(548)
Total accumulated other comprehensive loss	**(2,502)**	(2,534)
Total shareholders' equity	**20,727**	20,673
Total liabilities and shareholders' equity	**$ 158,816**	$ 161,184

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Three Months Ended March 31 *(Millions)*	2016	2015
Cash Flows from Operating Activities		
Net income	**$ 1,426**	$ 1,525
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for losses	**434**	420
Depreciation and amortization	**261**	251
Deferred taxes and other	**218**	219
Stock-based compensation	**70**	71
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Other receivables	**427**	175
Other assets	**232**	957
Accounts payable and other liabilities	**(356)**	(1,230)
Travelers Cheques and other prepaid products	**(243)**	(262)
Net cash provided by operating activities	**2,469**	2,126
Cash Flows from Investing Activities		
Sales of available-for-sale investment securities	**45**	—
Maturities and redemptions of available-for-sale investment securities	**226**	439
Purchase of investments	**(345)**	(447)
Net decrease in Card Member receivables and loans, including held for sale	**4,039**	3,129
Purchase of premises and equipment, net of sales: 2016, $1; 2015, $17	**(302)**	(256)
Acquisitions/dispositions, net of cash acquired	**(155)**	(59)
Net decrease in restricted cash	**132**	15
Net cash provided by investing activities	**3,640**	2,821
Cash Flows from Financing Activities		
Net increase in customer deposits	**773**	784
Net decrease in short-term borrowings	**(2,217)**	(1,062)
Issuance of long-term debt	**35**	—
Principal payments on long-term debt	**(1,036)**	(3,100)
Issuance of American Express preferred shares	**—**	841
Issuance of American Express common shares	**11**	54
Repurchase of American Express common shares	**(1,128)**	(791)
Dividends paid	**(302)**	(268)
Net cash used in financing activities	**(3,864)**	(3,542)
Effect of foreign currency exchange rates on cash and cash equivalents	**38**	(121)
Net increase in cash and cash equivalents	**2,283**	1,284
Cash and cash equivalents at beginning of period	**22,762**	22,288
Cash and cash equivalents at end of period	**$ 25,045**	$ 23,572

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The Company

American Express Company (the Company) is a global services company that provides customers with access to products, insights and experiences that enrich lives and build business success. The Company's principal products and services are charge and credit payment card products and travel-related services offered to consumers and businesses around the world. Business travel-related services are offered through the non-consolidated joint venture, American Express Global Business Travel (GBT JV). The Company's various products and services are sold globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are sold through various channels, including direct mail, online applications, in-house and third-party sales forces and direct response advertising.

Effective for the first quarter of 2016, the Company realigned its segment presentation to reflect the organizational changes announced during the fourth quarter of 2015. Prior periods have been restated to conform to the new reportable operating segments, which are as follows:

- U.S. Consumer Services (USCS), including the proprietary U.S. Consumer Card Services business and travel services in the United States;
- International Consumer and Network Services (ICNS), including the proprietary International Consumer Card Services business, Global Network Services (GNS) business and travel services outside the United States;
- Global Commercial Services (GCS), including the proprietary Global Corporate Payments (GCP) business, small business services businesses in the United States and internationally (collectively, Global Small Business Services (GSBS)), merchant financing products and foreign exchange services operations; and
- Global Merchant Services (GMS), including the Global Merchant Services business and global loyalty coalition businesses.

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

The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (the Annual Report). If not materially different, certain footnote disclosures included therein have been omitted from this Quarterly Report on Form 10-Q.

The interim consolidated financial information in this report has not been audited. In the opinion of management, all adjustments, which consist of normal recurring adjustments necessary for a fair statement of the interim period consolidated financial information, 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.

Certain reclassifications of prior period amounts have been made to conform to the current period presentation. Travel commissions and fees, which were separately disclosed on the Consolidated Statements of Income historically, are now included within Other fees and commissions.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued new accounting guidance on revenue recognition. The guidance establishes the principles to apply to determine the amount and timing of revenue recognition, specifying the accounting for certain costs related to revenue, and requiring additional disclosures about the nature, amount, timing and uncertainty of revenues and related cash flows. The guidance, as amended, supersedes most of the current revenue recognition requirements, and is effective January 1, 2018, with early adoption as of January 1, 2017, permitted. The Company does not intend to adopt the new standard early and continues to evaluate the impact this guidance, including the method of implementation, will have on its financial position, results of operations and cash flows, among other items.

In January 2016, the FASB issued new accounting guidance on the recognition and measurement of financial assets and financial liabilities. The standard, which is effective January 1, 2018, makes targeted changes to current GAAP, specifically to the classification and measurement of equity securities, and to certain disclosure requirements associated with the fair value of financial instruments. The Company is currently evaluating the impact this guidance will have on its financial position, results of operations and cash flows, among other items.

In February 2016, the FASB issued new accounting guidance on leases. The guidance, which is effective January 1, 2019, with early adoption permitted, requires virtually all leases to be recognized on the Consolidated Balance Sheets and requires retrospective presentation. The Company is currently evaluating the impact this guidance will have on its financial position, results of operations and cash flows, among other items.

In March 2016, the FASB issued new accounting guidance on employee share-based payments. The guidance, which is effective January 1, 2017, with early adoption permitted, simplifies various aspects of the accounting for share-based payment transactions, including the income tax consequences, accounting for award forfeitures, and classification on the Consolidated Statements of Cash Flows. The Company is currently evaluating the impact this guidance will have on its financial position, results of operations and cash flows, among other items.

2. Business Events

During the first quarter of 2016, the Company completed the sale of its outstanding Card Member loans held for sale (HFS) portfolio related to its cobrand partnership with JetBlue Airways Corporation and recognized a gain of $127 million in Other expenses.

Also during the first quarter of 2016, the Company reached an agreement to sell the outstanding Card Member loans and receivables HFS portfolio related to its cobrand partnership with Costco Wholesale Corporation in the United States. The sale of the portfolio is subject to customary closing conditions, and is expected to be completed in June 2016, at which time a related gain will be recognized. The Company continues to reflect the portfolio within Card Member loans and receivables held for sale on the Consolidated Balance Sheets and the associated valuation allowance adjustment for credit costs in Other expenses.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

3. Accounts Receivable and Loans

The Company's charge and lending payment card products result in the generation of Card Member receivables and Card Member loans, respectively. This Note is presented excluding amounts associated with the Card Member loans and receivables HFS as of March 31, 2016 and December 31, 2015.

Card Member accounts receivable by segment and Other receivables as of March 31, 2016 and December 31, 2015 consisted of:

(Millions)	**2016**	2015
U.S. Consumer Services (a)	**$ 10,332**	$ 11,807
International Consumer and Network Services	**5,563**	5,599
Global Commercial Services	**28,578**	26,727
Card Member receivables (b)	**44,473**	44,133
Less: Reserve for losses	**446**	462
Card Member receivables, net	**$ 44,027**	$ 43,671
Other receivables, net (c)	**$ 2,633**	$ 3,024

(a) Includes $5.8 billion and $6.6 billion of gross Card Member receivables available to settle obligations of a consolidated variable interest entity (VIE) as of March 31, 2016 and December 31, 2015, respectively.

(b) Includes approximately $12.4 billion and $11.9 billion of Card Member receivables outside the United States as of March 31, 2016 and December 31, 2015, respectively.

(c) Other receivables primarily represent amounts related to (i) certain merchants for billed discount revenue, (ii) GNS partner banks for items such as royalty and franchise fees and (iii) loyalty coalition partners for points issued, as well as program participation and servicing fees. Other receivables are presented net of reserves for losses of $44 million and $43 million as of March 31, 2016 and December 31, 2015, respectively.

Card Member loans by segment and Other loans as of March 31, 2016 and December 31, 2015 consisted of:

(Millions)	**2016**	2015
U.S. Consumer Services (a)	**$ 42,432**	$ 43,495
International Consumer and Network Services	**6,646**	7,072
Global Commercial Services	**8,328**	8,006
Card Member loans	**57,406**	58,573
Less: Reserve for losses	**1,012**	1,028
Card Member loans, net	**$ 56,394**	$ 57,545
Other loans, net (b)	**$ 1,186**	$ 1,254

(a) Includes approximately $22.2 billion and $23.6 billion of gross Card Member loans available to settle obligations of a consolidated VIE as of March 31, 2016 and December 31, 2015, respectively.

(b) Other loans primarily represent loans to merchants. Other loans are presented net of reserves for losses of $35 million and $20 million as of March 31, 2016 and December 31, 2015, respectively.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Card Member Loans and Card Member Receivables Aging

Generally, a Card Member account is considered past due if payment 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 March 31, 2016 and December 31, 2015:

2016 *(Millions)*	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Card Member Loans:					
U.S. Consumer Services	**$ 42,006**	**$ 122**	**$ 93**	**$ 211**	**$ 42,432**
International Consumer and Network Services	**6,529**	**37**	**26**	**54**	**6,646**
Global Commercial Services					
Global Small Business Services	**8,183**	**27**	**19**	**39**	**8,268**
Global Corporate Payments [a]	**(b)**	**(b)**	**(b)**	**1**	**60**
Card Member Receivables:					
U.S. Consumer Services	**$ 10,187**	**$ 48**	**$ 33**	**$ 64**	**$ 10,332**
International Consumer and Network Services	**5,478**	**27**	**16**	**42**	**5,563**
Global Commercial Services					
Global Small Business Services	**12,997**	**68**	**49**	**94**	**13,208**
Global Corporate Payments [a]	**(b)**	**(b)**	**(b)**	**115**	**15,370**

2015 *(Millions)*	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Card Member Loans:					
U.S. Consumer Services	$ 43,063	$ 128	$ 94	$ 210	$ 43,495
International Consumer and Network Services	6,961	34	25	52	7,072
Global Commercial Services					
Global Small Business Services	7,867	26	18	40	7,951
Global Corporate Payments [a]	(b)	(b)	(b)	1	55
Card Member Receivables:					
U.S. Consumer Services	$ 11,646	$ 54	$ 32	$ 75	$ 11,807
International Consumer and Network Services	5,515	24	18	42	5,599
Global Commercial Services					
Global Small Business Services	12,734	69	45	102	12,950
Global Corporate Payments [a]	(b)	(b)	(b)	124	13,777

(a) For GCP Card Member receivables in GCS, 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 the Company initiates 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. These amounts are shown above as 90+ Days Past Due for presentation purposes.

(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.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Credit Quality Indicators for Card Member Loans and Receivables

The following tables present the key credit quality indicators as of or for the three months ended March 31:

	2016			2015		
	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:						
U.S. Consumer Services	**1.5%**	**1.7%**	**1.0%**	1.5%	1.7%	0.9%
International Consumer and Network Services	**1.9%**	**2.4%**	**1.8%**	2.0%	2.5%	1.8%
Global Small Business Services	**1.4%**	**1.6%**	**1.0%**	1.3%	1.6%	1.0%
Card Member Receivables:						
U.S. Consumer Services	**1.8%**	**2.0%**	**1.4%**	2.1%	2.3%	1.5%
International Consumer and Network Services	**2.2%**	**2.4%**	**1.5%**	1.9%	2.1%	1.6%
Global Small Business Services	**1.8%**	**2.1%**	**1.6%**	2.2%	2.4%	1.8%

	2016		2015	
	Net Loss Ratio as a % of Charge Volume	90+ Days Past Billing as a % of Receivables	Net Loss Ratio as a % of Charge Volume	90+ Days Past Billing as a % of Receivables
Card Member Receivables:				
Global Corporate Payments	0.08%	0.7%	0.10%	0.7%

(a) The Company presents a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, because the Company considers uncollectible interest and/or fees in estimating its reserves for credit losses, a net write-off rate including principal, interest and/or fees is also presented.

Impaired Card Member 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 the Company will be unable to collect all amounts due according to the original contractual terms of the Card Member agreement. In certain cases, these Card Member loans and receivables are included in one of the Company's various Troubled Debt Restructuring (TDR) modification programs.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following tables provide additional information with respect to the Company's impaired Card Member loans and receivables. Impaired Card Member receivables are not significant for ICNS as of March 31, 2016 and December 31, 2015; therefore, the segment's receivables are not included in the following tables.

	As of March 31, 2016						
			Accounts Classified as a TDR (c)				
2016 *(Millions)*	Over 90 days Past Due & Accruing Interest(a)	Non-Accruals(b)	In Program (d)	Out of Program (e)	Total Impaired Balance	Unpaid Principal Balance	Allowance for TDRs
Card Member Loans:							
U.S. Consumer Services	**$ 139**	**$ 123**	**$ 147**	**$ 99**	**$ 508**	**$ 469**	**$ 44**
International Consumer and Network Services	**54**	**—**	**—**	**—**	**54**	**53**	**—**
Global Commercial Services	**24**	**26**	**23**	**19**	**92**	**85**	**8**
Card Member Receivables:							
U.S. Consumer Services	**—**	**—**	**9**	**4**	**13**	**13**	**6**
Global Commercial Services	**—**	**—**	**20**	**5**	**25**	**24**	**14**
Total	**$ 217**	**$ 149**	**$ 199**	**$ 127**	**$ 692**	**$ 644**	**$ 72**

	As of December 31, 2015						
			Accounts Classified as a TDR (c)				
2015 *(Millions)*	Over 90 days Past Due & Accruing Interest(a)	Non-Accruals(b)	In Program (d)	Out of Program(e)	Total Impaired Balance	Unpaid Principal Balance	Allowance for TDRs
Card Member Loans:							
U.S. Consumer Services	$ 140	$ 124	$ 149	$ 89	$ 502	$ 463	$ 44
International Consumer and Network Services	52	—	—	—	52	51	—
Global Commercial Services	24	26	23	18	91	85	9
Card Member Receivables:							
U.S. Consumer Services	—	—	11	3	14	14	8
Global Commercial Services	—	—	16	3	19	19	12
Total	$ 216	$ 150	$ 199	$ 113	$ 678	$ 632	$ 73

(a) The Company's policy is generally to accrue interest through the date of write-off (typically 180 days past due). The Company establishes reserves for interest that it believes will not be collected. Amounts presented exclude loans classified as a TDR.

(b) Non-accrual loans not in modification programs primarily include certain Card Member loans placed with outside collection agencies for which the Company has ceased accruing interest.

(c) Accounts classified as a TDR include $18 million and $20 million that are over 90 days past due and accruing interest and $15 million and $18 million as of March 31, 2016 and December 31, 2015, respectively.

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

(e) Out of Program TDRs include $98 million and $84 million of Card Member accounts that have successfully completed a modification program and $29 million and $29 million of Card Member accounts that were not in compliance with the terms of the modification programs as of March 31, 2016 and December 31, 2015, respectively.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table provides information with respect to the Company's average balances of, and interest income recognized from, impaired Card Member loans and the average balances of impaired Card Member receivables for the three months ended March 31:

	2016		2015	
(Millions)	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized
Card Member Loans:				
U.S. Consumer Services	**$ 505**	**$ 12**	$ 587	$ 10
International Consumer and Network Services	**53**	**4**	56	4
Global Commercial Services	**92**	**3**	105	3
Card Member Receivables:				
U.S. Consumer Services	**14**	**—**	14	—
Global Commercial Services	**22**	**—**	24	—
Total	**$ 686**	**$ 19**	$ 786	$ 17

Card Member Loans and Receivables Modified as TDRs

The following table provides additional information with respect to the USCS and GCS Card Member loans and receivables modified as TDRs for the three months ended March 31, 2016 and 2015. The ICNS Card Member loans and receivables modifications were not significant; therefore, this segment is not included in the following TDR disclosures.

	Three Months Ended March 31, 2016			
	Number of Accounts (in thousands)	Outstanding Balances (a) ($ in millions)	Average Interest Rate Reduction (% points)	Average Payment Term Extensions (# of months)
Troubled Debt Restructurings:				
Card Member Loans	**8**	**$ 57**	**13**	**(b)**
Card Member Receivables	**3**	**38**	**(c)**	**16**
Total	**11**	**$ 95**		

	Three Months Ended March 31, 2015			
	Number of Accounts (in thousands)	Outstanding Balances (a) ($ in millions)	Average Interest Rate Reduction (% points)	Average Payment Term Extensions (# of months)
Troubled Debt Restructurings:				
Card Member Loans	11	$ 80	12	(b)
Card Member Receivables	3	40	(c)	12
Total	14	$ 120		

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

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table provides information for the three months ended March 31, 2016 and 2015, with respect to the USCS and GCS Card Member loans and receivables modified as TDRs that subsequently defaulted within 12 months of modification. A Card Member is considered in default of a modification program after one and up to two consecutive missed payments, depending on the terms of the modification program. For all Card Members that defaulted from a modification program, the probability of default is factored into the reserves for Card Member loans and receivables.

	2016		2015	
(Accounts in thousands, Dollars in millions)	Number of Accounts (thousands)	Outstanding Balances Upon Default (millions) (a)	Number of Accounts (thousands)	Outstanding Balances Upon Default (millions) (a)
Troubled Debt Restructurings That Subsequently Defaulted:				
Card Member Loans	**1**	**$ 9**	2	$ 10
Card Member Receivables	**1**	**1**	1	1
Total	**2**	**$ 10**	3	$ 11

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

4. Reserves for Losses

Reserves for losses relating to Card Member receivables and loans represent management's best estimate of the probable inherent losses in the Company's outstanding portfolio of loans and receivables, as of the balance sheet date. Management's evaluation process requires certain estimates and judgments.

This Note is presented excluding amounts associated with the Card Member loans and receivables HFS as of March 31, 2016 and December 31, 2015.

Changes in Card Member Receivables Reserve for Losses

The following table presents changes in the Card Member receivables reserve for losses for the three months ended March 31:

(Millions)	**2016**	2015
Balance, January 1	**$ 462**	$ 465
Provisions (a)	**169**	174
Net write-offs (b)	**(186)**	(199)
Other (c)	**1**	(11)
Balance, March 31	**$ 446**	$ 429

(a) Provisions for principal and fee reserve components.

(b) Consists of principal and fee components, less recoveries of $101 million and $99 million, including net write-offs from TDRs of $10 million and $31 million, for the three months ended March 31, 2016 and 2015, respectively.

(c) Includes foreign currency translation adjustments of $2 million and $(7) million for the three months ended March 31, 2016 and 2015, respectively, and other adjustments of $(1) million and $(4) million for the three months ended March 31, 2016 and 2015, respectively.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Card Member Receivables Evaluated Individually and Collectively for Impairment

The following table presents Card Member receivables evaluated individually and collectively for impairment, and related reserves, as of March 31, 2016 and December 31, 2015:

(Millions)		**2016**		2015
Card Member receivables evaluated individually for impairment [a]	**$**	**38**	$	33
Related reserves [a]	**$**	**20**	$	20
Card Member receivables evaluated collectively for impairment	**$**	**44,435**	$	44,100
Related reserves [b]	**$**	**426**	$	442

(a) Represents receivables modified as a TDR and related reserves.

(b) The reserves include the quantitative results of analytical models that are specific to individual pools of receivables, and reserves for internal and external qualitative risk factors that apply to receivables that are collectively evaluated for impairment.

Changes in Card Member Loans Reserve for Losses

The following table presents changes in the Card Member loans reserve for losses for the three months ended March 31:

(Millions)		**2016**		2015
Balance, January 1	**$**	**1,028**	$	1,201
Provisions [a]		**227**		235
Net write-offs				
Principal [b]		**(214)**		(259)
Interest and fees [b]		**(40)**		(43)
Other [c]		**11**		(4)
Balance, March 31	**$**	**1,012**	$	1,130

(a) Provisions for principal, interest and fee reserve components.

(b) Consists of principal write-offs, less recoveries of $88 million and $103 million, including net write-offs/(recoveries) from TDRs of $13 million and $16 million, for the three months ended March 31, 2016 and 2015, respectively. Recoveries of interest and fees were de minimis.

(c) Includes foreign currency translation adjustments of $2 million and $(7) million and other adjustments of $2 million and $3 million for the three months ended March 31, 2016 and 2015, respectively. The three months ended March 31, 2016 also includes the transfer of reserves of $7 million associated with $20 million of Card Member loans transferred from HFS to held for investment.

Card Member Loans Evaluated Individually and Collectively for Impairment

The following table presents Card Member loans evaluated individually and collectively for impairment and related reserves as of March 31, 2016 and December 31, 2015:

(Millions)		**2016**		2015
Card Member loans evaluated individually for impairment [a]	**$**	**288**	$	279
Related reserves [a]	**$**	**52**	$	53
Card Member loans evaluated collectively for impairment [b]	**$**	**57,118**	$	58,294
Related reserves [b]	**$**	**960**	$	975

(a) Represents loans modified as a TDR and related reserves.

(b) Represents current loans and loans less than 90 days past due, loans over 90 days past due and accruing interest, and non-accrual loans. The reserves include the quantitative results of analytical models that are specific to individual pools of loans, and reserves for internal and external qualitative risk factors that apply to loans that are collectively evaluated for impairment.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

5. Investment Securities

Investment securities principally include debt securities that the Company classifies as available-for-sale and carries at fair value on the Consolidated Balance Sheets, with unrealized gains (losses) recorded in Accumulated Other Comprehensive Loss, net of income taxes. Realized gains and losses are recognized on a trade-date basis in results of operations upon disposition of the securities using the specific identification method.

The following is a summary of investment securities as of March 31, 2016 and December 31, 2015:

	2016				2015			
Description of Securities *(Millions)*	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
State and municipal obligations	**$ 2,695**	**$ 76**	**$ (4)**	$ 2,767	$ 2,813	$ 85	$ (5)	$ 2,893
U.S. Government agency obligations	**2**	**—**	**—**	2	2	—	—	2
U.S. Government treasury obligations	**375**	**10**	**—**	385	406	4	(1)	409
Corporate debt securities	**28**	**1**	**—**	29	29	1	—	30
Mortgage-backed securities [a]	**117**	**5**	**—**	122	117	4	—	121
Equity securities	**1**	**—**	**—**	1	1	—	—	1
Foreign government bonds and obligations	**477**	**7**	**—**	484	250	6	(1)	255
Other [b]	**50**	**1**	**(2)**	49	50	—	(2)	48
Total	**$ 3,745**	**$ 100**	**$ (6)**	**$ 3,839**	$ 3,668	$ 100	$ (9)	$ 3,759

(a) Represents mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.
(b) Other comprises investments in various mutual funds.

The following table provides information about the Company's investment securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2016 and December 31, 2015:

	2016				2015			
	Less than 12 months		12 months or more		Less than 12 months		12 months or more	
Description of Securities *(Millions)*	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
State and municipal obligations	**$ 97**	**$ (4)**	**$ —**	**—**	$ 100	$ (3)	$ 13	$ (2)
U.S. Government treasury obligations	**—**	**—**	**—**	**—**	253	(1)	—	—
Foreign government bonds and obligations	**—**	**—**	**—**	**—**	99	(1)	—	—
Other	**—**	**—**	**33**	**(2)**	—	—	33	(2)
Total	**$ 97**	**$ (4)**	**$ 33**	**$ (2)**	$ 452	$ (5)	$ 46	$ (4)

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table summarizes the gross unrealized losses due to temporary impairments by ratio of fair value to amortized cost as of March 31, 2016 and December 31, 2015:

Ratio of Fair Value to Amortized Cost *(Dollars in millions)*	Less than 12 months			12 months or more			Total		
	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses
2016:									
90%–100%	**14**	**$ 97**	**$ (4)**	**6**	**$ 33**	**$ (2)**	**20**	**$ 130**	**$ (6)**
Less than 90%	—	—	—	—	—	—	—	—	—
Total as of March 31, 2016	**14**	**$ 97**	**$ (4)**	**6**	**$ 33**	**$ (2)**	**20**	**$ 130**	**$ (6)**
2015:									
90%–100%	52	$ 450	$ (5)	15	$ 37	$ (2)	67	$ 487	$ (7)
Less than 90%	—	—	—	2	9	(2)	2	9	(2)
Total as of December 31, 2015	52	$ 450	$ (5)	17	$ 46	$ (4)	69	$ 496	$ (9)

The gross unrealized losses are attributed to overall wider credit spreads for state and municipal securities, wider credit spreads for specific issuers, adverse changes in market benchmark interest rates, or a combination thereof, all compared to those prevailing when the investment securities were acquired.

Overall, for the investment securities in gross unrealized loss positions (i) the Company does not intend to sell the investment securities, (ii) it is more likely than not that the Company will not be required to sell the investment securities before recovery of the unrealized losses, and (iii) the Company expects that the contractual principal and interest will be received on the investment securities. As a result, the Company recognized no other-than-temporary impairment during the periods presented.

Contractual maturities of investment securities with stated maturities as of March 31, 2016 were as follows:

(Millions)	Cost	Estimated Fair Value
Due within 1 year	**$ 556**	**$ 557**
Due after 1 year but within 5 years	**209**	**214**
Due after 5 years but within 10 years	**410**	**430**
Due after 10 years	**2,519**	**2,588**
Total [(a)]	**$ 3,694**	**$ 3,789**

(a) Balances primarily represent investments in state and municipal obligations, and foreign government bonds and obligations.

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

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

6. Asset Securitizations

The Company periodically securitizes Card Member receivables and loans arising from its card business, including Card Member loans and receivables HFS, through the transfer of those assets to securitization trusts. The trusts then issue debt securities to third-party investors, collateralized by the transferred assets.

The following table provides information on the restricted cash held by the American Express Issuance Trust II (the Charge Trust) and the American Express Credit Account Master Trust (the Lending Trust, collectively the Trusts) as of March 31, 2016 and December 31, 2015, included in Other assets on the Consolidated Balance Sheets:

(Millions)	**2016**	2015
Charge Trust	**$ 1**	$ 2
Lending Trust	**36**	153
Total	**$ 37**	$ 155

These amounts relate to collections of Card Member receivables and loans to be used by the Trusts to fund future expenses and obligations, including interest on debt securities, credit losses and upcoming debt maturities.

American Express Travel Related Services Company, Inc. (TRS), in its role as servicer of the Trusts, has the power to direct the most significant activity of the Trusts, which is the collection of the underlying Card Member receivables and loans. In addition, TRS directly and indirectly (through its consolidated subsidiaries) holds all of the variable interests in both Trusts, with the exception of the debt securities issued to third party investors. As of March 31, 2016, TRS' direct and indirect ownership of variable interests was $14.7 billion for the Lending Trust and $4.4 billion for the Charge Trust. These variable interests held by TRS provide it 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, TRS is the primary beneficiary of both Trusts and therefore consolidates both Trusts.

Under the respective terms of the Charge Trust and the Lending 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 three months ended March 31, 2016 and the year ended December 31, 2015, no such triggering events occurred.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

7. Customer Deposits

As of March 31, 2016 and December 31, 2015, customer deposits were categorized as interest bearing or non-interest bearing, as follows:

(Millions)	**2016**	2015
U.S.:		
Interest bearing	**$ 54,934**	$ 54,102
Non-interest bearing (includes Card Member credit balances of:		
2016, $372 million; 2015, $389 million)	**405**	478
Non-U.S.:		
Interest bearing	**87**	82
Non-interest bearing (includes Card Member credit balances of:		
2016, $317 million; 2015, $323 million)	**338**	335
Total customer deposits	**$ 55,764**	$ 54,997

Customer deposits by deposit type as of March 31, 2016 and December 31, 2015 were as follows:

(Millions)	**2016**	2015
U.S. retail deposits:		
Savings accounts – Direct	**$ 30,295**	$ 29,023
Certificates of deposit:		
Direct	**282**	281
Third-party (brokered)	**13,676**	13,856
Sweep accounts – Third-party (brokered)	**10,681**	10,942
Other retail deposits:		
Non-U.S. deposits and U.S. non-interest bearing deposits	**141**	183
Card Member credit balances — U.S. and non-U.S.	**689**	712
Total customer deposits	**$ 55,764**	$ 54,997

The scheduled maturities of certificates of deposit as of March 31, 2016 were as follows:

(Millions)	U.S.	Non-U.S.	Total
2016	**$ 2,264**	**$ 6**	**$ 2,270**
2017	**3,651**	**2**	**3,653**
2018	**3,190**	**—**	**3,190**
2019	**2,330**	**—**	**2,330**
2020	**2,516**	**—**	**2,516**
After 5 years	**7**	—	**7**
Total	**$ 13,958**	**$ 8**	**$ 13,966**

As of March 31, 2016 and December 31, 2015, certificates of deposit in denominations of $250,000 or more, in the aggregate, were as follows:

(Millions)	**2016**	2015
U.S.	**$ 109**	$ 105
Non-U.S.	**1**	1
Total	**$ 110**	$ 106

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

8. Contingencies

In the ordinary course of business, the Company and its subsidiaries are subject to various claims, investigations, examinations, pending and potential legal actions, and other matters relating to compliance with laws and regulations (collectively, legal proceedings). The Company discloses its material legal proceedings under Part II, Item 1. "Legal Proceedings" in this Quarterly Report on Form 10-Q and Part I, Item 3. "Legal Proceedings" in the Annual Report.

The Company has recorded reserves for certain of its outstanding legal proceedings. A reserve 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 recorded reserve. The Company evaluates, on a quarterly basis, developments in legal proceedings that could cause an increase or decrease in the amount of the reserve that has been previously recorded, or a revision to the disclosed estimated range of possible losses, as applicable.

The Company's legal proceedings range from cases brought by a single plaintiff to class actions with millions of putative class members. These legal proceedings involve various lines of business of the Company and a variety of claims (including, but not limited to, common law tort, contract, antitrust and consumer protection claims), some of which present novel factual allegations and/or unique legal theories. While some matters pending against the Company specify the damages claimed by the plaintiff or class, 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 the Company 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 the Company to estimate an amount of loss or a range of possible loss, while other matters have progressed sufficiently such that the Company is able to estimate an amount of loss or a range of possible loss.

For those disclosed material legal proceedings where a loss is reasonably possible in future periods, whether in excess of a related reserve for legal contingencies or where there is no such reserve, and for which the Company is able to estimate a range of possible loss, the current estimated range is zero to $350 million in excess of any reserves related to those matters. This range represents management's estimate based on currently available information and does not represent the Company's maximum loss exposure; actual results may vary significantly. As such proceedings evolve, including the merchant claims described under "Legal Proceedings" in the Annual Report, the Company may need to increase its range of possible loss or reserves for legal contingencies.

Based on its current knowledge, and taking into consideration its litigation-related liabilities, the Company believes it is not a party to, nor are any of its properties the subject of, any legal proceeding that would have a material adverse effect on the Company's consolidated financial condition or liquidity. However, in light of the uncertainties involved in such matters, it is possible that the outcome of legal proceedings, including the possible resolution of merchant claims, could have a material impact on the Company's results of operations.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

9. Derivatives and Hedging Activities

The Company uses derivative financial instruments (derivatives) to manage exposures to various market risks. These instruments derive their value from an underlying variable or multiple variables, including interest rates, foreign exchange rates, and equity index or price, 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 the Company's market risk management. The Company does not transact in derivatives for trading purposes.

In relation to the Company's credit risk, under the terms of the derivative agreements it has with its various counterparties, the Company is not required to either immediately settle any outstanding liability balances or post collateral upon the occurrence of a specified credit risk-related event. Based on the assessment of credit risk of the Company's derivative counterparties as of March 31, 2016 and December 31, 2015, the Company does not have derivative positions that warrant credit valuation adjustments.

The following table summarizes the total fair value, excluding interest accruals, of derivative assets and liabilities as of March 31, 2016 and December 31, 2015:

	Other Assets Fair Value		Other Liabilities Fair Value	
(Millions)	**2016**	2015	**2016**	2015
Derivatives designated as hedging instruments:				
Interest rate contracts				
Fair value hedges	**$ 391**	$ 236	**$ —**	$ 9
Foreign exchange contracts				
Net investment hedges	**113**	191	**279**	57
Total derivatives designated as hedging instruments	**504**	427	**279**	66
Derivatives not designated as hedging instruments:				
Foreign exchange contracts, including certain embedded derivatives (a)	**120**	117	**177**	135
Total derivatives, gross	**624**	544	**456**	201
Less: Cash collateral netting (b)	**(324)**	(155)	**—**	—
Derivative asset and derivative liability netting (c)	**(120)**	(107)	**(120)**	(107)
Total derivatives, net (d)	**$ 180**	$ 282	**$ 336**	$ 94

(a) Includes foreign currency derivatives embedded in certain operating agreements.
(b) Represents the offsetting of derivative instruments and the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) arising from derivative instrument(s) executed with the same counterparty under an enforceable master netting arrangement. Additionally, the Company posted $140 million and $149 million as of March 31, 2016 and December 31, 2015, respectively, as initial margin on its centrally cleared interest rate swaps; such amounts are recorded within Other receivables on the Consolidated Balance Sheets and are not netted against the derivative balances.
(c) Represents the amount of netting of derivative assets and derivative liabilities executed with the same counterparty under an enforceable master netting arrangement.
(d) The Company has no individually significant derivative counterparties and therefore, no significant risk exposure to any single derivative counterparty. The total net derivative assets and derivative liabilities are presented within Other assets and Other liabilities on the Consolidated Balance Sheets.

A majority of the Company's derivative assets and liabilities as of March 31, 2016 and December 31, 2015 are subject to master netting agreements with its derivative counterparties. The Company has no derivative amounts subject to enforceable master netting arrangements that are not offset on the Consolidated Balance Sheets.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Fair Value Hedges

The Company is exposed to interest rate risk associated with its fixed-rate long-term debt. The Company uses interest rate swaps to economically convert certain fixed-rate debt obligations to floating-rate obligations at the time of issuance. The Company hedged $18.8 billion of its fixed-rate debt to floating-rate debt using interest rate swaps as of both March 31, 2016 and December 31, 2015.

The following table summarizes the impact on the Consolidated Statements of Income associated with the Company's fair value hedges for the three months ended March 31:

For the Three Months Ended March 31: *(Millions)*									
	Gains (losses) recognized in income								
	Derivative contract			Hedged item			Net hedge ineffectiveness		
		Amount			Amount				
Derivative relationship	Income Statement Line Item	**2016**	2015	Income Statement Line Item	**2016**	2015	**2016**	2015
Interest rate contracts	Other expenses	**$ 165**	$ 63	Other expenses	**$ (171)**	$ (57)	**$ (6)**	$ 6

The Company also recognized a net reduction in interest expense on long-term debt of $59 million and $70 million for the three months ended March 31, 2016 and 2015, respectively, primarily related to the net settlements (interest accruals) on the Company's interest rate derivatives designated as fair value hedges.

Net Investment Hedges

The effective portion of the gain or (loss) on net investment hedges, net of taxes, recorded in Accumulated Other Comprehensive Loss as part of the cumulative translation adjustment, was $ (92) million and $195 million for the three months ended March 31, 2016 and 2015, respectively, with any ineffective portion recognized in Other expenses during the period of change. During the three months ended March 31, 2016 and 2015, the Company did not reclassify any amounts from Accumulated Other Comprehensive Loss to earnings as a component of Other expenses and no ineffectiveness was recognized in either period.

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. The changes in the fair value of the derivatives and the related underlying foreign currency exposures totaled a net loss of $13 million and a net gain of $97 million for the three months ended March 31, 2016 and 2015, respectively, and are recognized in Other expenses.

The Company previously disclosed in Note 9 to the Consolidated Financial Statements in the Quarterly Report on Form 10-Q for the period ended March 31, 2015, a loss of $45 million related to derivatives not designated as hedges. This amount should have been disclosed as a gain of $293 million, which is the amount used to calculate the above referenced net gain of $97 million. This change to the previously disclosed amount has no impact on the Consolidated Statements of Income, Balance Sheets or Cash Flows.

The changes in the fair value of an embedded derivative gain of $6 million and nil for the three months ended March 31, 2016 and 2015, respectively, is recognized in Card Member services and other expense.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

10. Fair Values

Financial Assets and Financial Liabilities Carried at Fair Value

The following table summarizes the Company's financial assets and financial liabilities measured at fair value on a recurring basis, categorized by GAAP's valuation hierarchy, as of March 31, 2016 and December 31, 2015:

	2016				2015			
(Millions)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Investment securities: [a]								
Equity securities	**$ 1**	**$ 1**	**$ —**	**$ —**	$ 1	$ 1	$ —	$ —
Debt securities and other	**3,838**	**385**	**3,453**	**—**	3,758	409	3,349	—
Derivatives [a]	**624**	**—**	**624**	**—**	544	—	544	—
Total assets	**4,463**	**386**	**4,077**	**—**	4,303	410	3,893	—
Liabilities:								
Derivatives [a]	**456**	**—**	**456**	**—**	201	—	201	—
Total liabilities	**$ 456**	**$ —**	**$ 456**	**$ —**	$ 201	$ —	$ 201	$ —

(a) Refer to Note 5 for the fair values of investment securities and to Note 9 for the fair values of derivative assets and liabilities, on a further disaggregated basis.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table summarizes the estimated fair values of the Company's financial assets and financial liabilities that are not required to be carried at fair value on a recurring basis, as of March 31, 2016 and December 31, 2015. The fair values of these financial instruments are estimates based upon the market conditions and perceived risks as of March 31, 2016 and December 31, 2015, and require management judgment. These figures may not be indicative of future fair values, nor can the fair value of the Company be estimated by aggregating the amounts presented.

2016 *(Billions)*	**Carrying Value**	**Corresponding Fair Value Amount**			
		Total	Level 1	Level 2	Level 3
Financial Assets:					
Financial assets for which carrying values equal or approximate fair value					
Cash and cash equivalents	**$ 25**	**$ 25**	**$ 24**	**$ 1**[a]	**$ —**
Other financial assets [b]	**47**	**47**	**—**	**47**	**—**
Financial assets carried at other than fair value					
Card Member loans and receivables HFS [d]	**12**	**12**	**—**	**—**	**12**
Loans, net	**58**	**58**[c]	**—**	**—**	**58**
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	**65**	**65**	**—**	**65**	**—**
Financial liabilities carried at other than fair value					
Certificates of deposit [e]	**14**	**14**	**—**	**14**	**—**
Long-term debt	**$ 47**	**$ 49**[c]	**$ —**	**$ 49**	**$ —**

2015 *(Billions)*	Carrying Value	Corresponding Fair Value Amount			
		Total	Level 1	Level 2	Level 3
Financial Assets:					
Financial assets for which carrying values equal or approximate fair value					
Cash and cash equivalents	$ 23	$ 23	$ 22	$ 1[a]	$ —
Other financial assets [b]	47	47	—	47	—
Financial assets carried at other than fair value					
Card Member loans and receivables HFS [d]	15	15	—	—	15
Loans, net	59	60[c]	—	—	60
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	67	67	—	67	—
Financial liabilities carried at other than fair value					
Certificates of deposit [e]	14	14	—	14	—
Long-term debt	$ 48	$ 49[c]	$ —	$ 49	$ —

(a) Reflects time deposits.
(b) Includes Card Member receivables (including fair values of Card Member receivables of $5.8 billion and $6.7 billion held by consolidated VIEs as of March 31, 2016 and December 31, 2015, respectively), Other receivables, restricted cash and other miscellaneous assets.
(c) Includes the fair values of Card Member loans of $22.2 billion and $23.5 billion and long-term debt of $12.6 billion and $13.6 billion held by consolidated VIEs as of March 31, 2016 and December 31, 2015, respectively.
(d) Does not include any fair value associated with the Card Member account relationships. Refer to Note 2 for additional information.
(e) Presented as a component of customer deposits on the Consolidated Balance Sheets.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Nonrecurring Fair Value Measurements

The Company has 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 determined to be impaired. During the three months ended March 31, 2016, the Company did not have any material assets that were measured at fair value due to impairment. During the year ended December 31, 2015, the Company recorded a $384 million impairment charge, consisting of a $219 million write-down of the entire balance of goodwill in the Prepaid Services business and a $165 million write-down of technology and other assets to fair value.

11. Guarantees

The Company provides Card Member protection plans that cover losses associated with purchased products, as well as certain other guarantees and indemnifications in the ordinary course of business.

In relation to its maximum potential undiscounted future payments as shown in the table that follows, to date the Company has not experienced any significant losses related to guarantees or indemnifications. The Company's initial recognition of these instruments is at fair value. In addition, the Company establishes reserves when a loss is probable and the amount can be reasonably estimated.

The following table provides information related to such guarantees and indemnifications as of March 31, 2016 and December 31, 2015:

	Maximum potential undiscounted future payments [a] *(Billions)*		Related liability [b] *(Millions)*	
Type of Guarantee	**2016**	2015	**2016**	2015
Return and Merchant Protection	**$ 43**	$ 42	**$ 42**	$ 49
Other [c]	**6**	6	**40**	37
Total	**$ 49**	$ 48	**$ 82**	$ 86

(a) Represents the notional amounts that could be lost under the guarantees and indemnifications if there were a total default by the guaranteed or indemnified parties. The maximum potential undiscounted future payments for Merchant Protection are measured using management's best estimate of maximum exposure, which is based on all eligible claims in relation to annual billed business volumes.

(b) Included in Other liabilities on the Company's Consolidated Balance Sheets.

(c) Primarily includes guarantees related to the Company's purchase protection, real estate and business dispositions.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

12. Changes In Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss 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 months ended March 31, 2016 and 2015 were as follows:

2016 *(Millions)* , net of tax	Net Unrealized Gains (Losses) on Investment Securities	Foreign Currency Translation Adjustments	Net Unrealized Pension and Other Postretirement Benefit Gains (Losses)	Accumulated Other Comprehensive (Loss) Income
Balances as of December 31, 2015	$ 58	$ (2,044)	$ (548)	$ (2,534)
Net unrealized gains	**4**	—	—	**4**
Decrease due to amounts reclassified into earnings	**(2)**	—	—	**(2)**
Net translation gain of investments in foreign operations	—	**96**	—	**96**
Net losses related to hedges of investments in foreign operations	—	**(92)**	—	**(92)**
Pension and other postretirement benefit gains	—	—	**26**	**26**
Net change in accumulated other comprehensive loss	**2**	**4**	**26**	**32**
Balances as of March 31, 2016	**$ 60**	**$ (2,040)**	**$ (522)**	**$ (2,502)**

2015 *(Millions)* , net of tax	Net Unrealized Gains (Losses) on Investment Securities	Foreign Currency Translation Adjustments	Net Unrealized Pension and Other Postretirement Benefit Gains (Losses)	Accumulated Other Comprehensive (Loss) Income
Balances as of December 31, 2014	$ 96	$ (1,499)	$ (516)	$ (1,919)
Net translation loss of investments in foreign operations	—	(450)	—	(450)
Net gains related to hedges of investments in foreign operations	—	195	—	195
Pension and other postretirement benefit gains	—	—	23	23
Net change in accumulated other comprehensive loss	—	(255)	23	(232)
Balances as of March 31, 2015	$ 96	$ (1,754)	$ (493)	$ (2,151)

The following table presents the effects of reclassifications out of Accumulated Other Comprehensive Loss and into the Consolidated Statements of Income for the three months ended March 31, 2016 and 2015:

Description (*Millions*)	Income Statement Line Item	Gains (losses) recognized in earnings Amount **2016**	2015
Available-for-sale securities			
Reclassifications for previously unrealized net gains on investment securities	Other non-interest revenues	**$ 4**	$ —
Related income tax expense	Income tax provision	**(2)**	—
Total		**$ 2**	$ —

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

13. Non-Interest Revenue and Expense Detail

The following is a detail of Other fees and commissions for the three months ended March 31:

(Millions)		**2016**		2015
Delinquency fees	**$**	**200**	$	195
Foreign currency conversion fee revenue		**196**		211
Loyalty coalition-related fees		**94**		91
Travel commissions and fees		**80**		89
Service fees		**78**		87
Other [a]		**32**		35
Total Other fees and commissions	**$**	**680**	$	708

(a) Other primarily includes revenues from fees related to Membership Rewards programs.

The following is a detail of Other revenues for the three months ended March 31:

(Millions)		**2016**		2015
Global Network Services partner revenues	**$**	**145**	$	164
Gross realized gains on sale of investment securities		**4**		—
Other [a]		**337**		304
Total Other revenues	**$**	**486**	$	468

(a) Other includes revenues arising from net revenue earned on cross-border Card Member spending, merchant-related fees, insurance premiums earned from Card Member travel and other insurance programs, Travelers Cheques-related revenues, revenues related to the GBT JV transition services agreement, earnings from equity method investments (including the GBT JV) and other miscellaneous revenue and fees.

The following is a detail of Other expenses for the three months ended March 31:

(Millions)		**2016**		**2015**
Professional services	**$**	**604**	$	624
Occupancy and equipment		**465**		434
Communications		**83**		88
Card and merchant-related fraud losses		**58**		100
Gain on sale of JetBlue HFS portfolio [a]		**(127)**		—
Other [b]		**337**		153
Total Other Expenses	**$**	**1,420**	$	1,399

(a) Refer to Note 2 for additional information.
(b) Other expense includes general operating expenses, gains and losses on sale of assets or businesses not classified as discontinued operations, litigation, certain internal and regulatory review-related reimbursements and insurance costs or settlements, certain loyalty coalition-related expenses, the valuation allowance adjustment associated with loans and receivables HFS during the quarter (refer to Note 2), and foreign currency-related gains and losses (including the favorable impact from the reassessment of the functional currency of certain UK legal entities in prior year).

14. Income Taxes

The effective tax rate was 34.7 percent and 34.2 percent for the three months ended March 31, 2016 and 2015, respectively. The tax rates in both periods primarily reflected the level of pretax income in relation to recurring permanent tax benefits and the geographic mix of business. Additionally, the effective tax rate in both periods reflected the resolution of certain prior years' tax items.

The Company is under continuous examination by the Internal Revenue Service (IRS) and tax authorities in other countries and states in which the Company has significant business operations. The tax years under examination and open for examination vary by jurisdiction. The IRS has completed its field examination of the Company's federal tax returns for years through 2007; however, refund claims for certain years continue to be reviewed by the IRS. In addition, the Company is currently under examination by the IRS for the years 2008 through 2014.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Company believes it is reasonably possible that its unrecognized tax benefits could decrease within the next 12 months by as much as $263 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 $263 million of unrecognized tax benefits, approximately $21 million relates to amounts that if recognized would be recorded in shareholders' equity and would not impact the Company's results of operations or its effective tax rate.

15. Earnings Per Common Share (EPS)

The computations of basic and diluted EPS for the three months ended March 31 were as follows:

(Millions, except per share amounts)		**2016**		2015
Numerator:				
Basic and diluted:				
Net income	**$**	**1,426**	$	1,525
Preferred dividends		**(21)**		—
Net income available to common shareholders	**$**	**1,405**	$	1,525
Earnings allocated to participating share awards (a)		**(11)**		(11)
Net income attributable to common shareholders	**$**	**1,394**	$	1,514
Denominator: (a)				
Basic: Weighted-average common stock		**961**		1,019
Add: Weighted-average stock options (b)		**2**		4
Diluted		**963**		1,023
Basic EPS	**$**	**1.45**	$	1.49
Diluted EPS	**$**	**1.45**	$	1.48

(a) The Company's unvested restricted stock awards, which include the right to receive non-forfeitable dividends or dividend equivalents, are considered participating securities. Calculations of EPS under the two-class method exclude from the numerator any dividends paid or owed on participating securities and any undistributed earnings considered to be attributable to participating securities. The related participating securities are similarly excluded from the denominator.
(b) The dilutive effect of unexercised stock options excludes from the computation of EPS 1.5 million and 0.5 million of options for the three months ended March 31, 2016 and 2015, respectively, because inclusion of the options would have been anti-dilutive.

For the three months ended March 31, 2016 and 2015, the Company met specified performance measures related to the $750 million of Subordinated Debentures issued in 2006, and maturing in 2036. If the performance measures were not achieved in any given quarter, the Company would be required to issue common shares and apply the proceeds to make interest payments.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

16. Reportable Operating Segments

The Company is a global services company that is principally engaged in businesses comprising four reportable operating segments: USCS, ICNS, GCS and GMS. Corporate functions and certain other businesses and operations are included in Corporate & Other.

The following table presents certain selected financial information for the Company's reportable operating segments and Corporate & Other for the three months ended March 31, 2016 and 2015:

(Millions, except where indicated)	USCS	ICNS	GCS	GMS	Corporate & Other [a]	Consolidated
2016						
Non-interest revenues	**$ 2,029**	**$ 1,140**	**$2,190**	**$1,041**	**$ 108**	**$ 6,508**
Interest income	**1,391**	**227**	**321**	**—**	**66**	**2,005**
Interest expense	**140**	**54**	**95**	**(59)**	**195**	**425**
Total revenues net of interest expense	**3,280**	**1,313**	**2,416**	**1,100**	**(21)**	**8,088**
Net income (loss)	**694**	**188**	**485**	**357**	**(298)**	**1,426**
Total assets *(billions)*	**86**	**34**	**47**	**24**	**(32)**	**159**
Total equity *(billions)*	**7**	**3**	**7**	**2**	**2**	**21**
2015						
Non-interest revenues	2,031	1,145	2,175	1,070	82	6,503
Interest income	1,273	245	278	—	61	1,857
Interest expense	114	63	89	(59)	203	410
Total revenues net of interest expense	3,190	1,327	2,364	1,129	(60)	7,950
Net income (loss)	659	197	517	369	(217)	1,525
Total assets *(billions)*	84	29	46	17	(21)	155
Total equity *(billions)*	$ 8	$ 3	$ 7	$ 2	$ 2	$ 22

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Introduction

When we use the terms "American Express," "the Company," "we," "our" or "us," we mean American Express Company and its subsidiaries on a consolidated basis, unless we state or the context implies otherwise.

We are a global services 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 charge and credit payment card products and travel-related services offered to consumers and businesses around the world. Business travel-related services are offered through our non-consolidated joint venture, American Express Global Business Travel (GBT JV). Our range of products and services includes:

- Charge and credit card products
- Network services
- Merchant acquisition and processing, servicing and settlement, marketing and information products and services for merchants
- Fee services, including fraud prevention services and the design and operation of customer loyalty and rewards programs
- Expense management products and services
- Other lending products, including merchant financing
- Travel-related services
- Stored-value/prepaid products

Our various products and services are sold globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are sold through various channels, including direct mail, online applications, in-house and third-party sales forces and direct response advertising.

We compete in the global payments industry with charge, credit and debit card networks, issuers and acquirers, as well as evolving and growing alternative payment providers. As the payments industry continues to evolve, we face increasing competition from non-traditional players that leverage new technologies and customers' existing accounts and relationships to create payment or other fee-based solutions.

Our products and services generate the following types of revenue for the Company:

- Discount revenue, our largest revenue source, which represents fees generally charged to merchants when Card Members use their cards to purchase goods and services at merchants on our network;
- Interest on loans, which principally represents interest income earned on outstanding balances;
- Net card fees, which represent revenue earned from annual card membership fees;
- Other fees and commissions, which are earned on card-related fees (such as late fees and assessments), foreign exchange conversions, loyalty coalition-related fees, travel commissions and fees and other service fees; and
- Other revenue, which represents revenues arising from contracts with partners of our Global Network Services (GNS) business (including commissions and signing fees), insurance premiums earned from Card Member travel and other insurance programs, prepaid card-related revenues, revenues related to the

GBT JV transition services agreement, earnings from equity method investments (including the GBT JV) and other miscellaneous revenue and fees.

Effective for the first quarter of 2016, we realigned our segment presentation to reflect the organizational changes announced during the fourth quarter of 2015. Prior periods have been restated to conform to the new reportable operating segments, which are: U.S. Consumer Services (USCS), International Consumer and Network Services (ICNS), Global Commercial Services (GCS) and Global Merchant Services (GMS), with corporate functions and certain other businesses and operations included in Corporate & Other. Refer to Note 1 to the "Consolidated Financial Statements" for additional information.

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 constitute 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 Company 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.

Business Environment

During the quarter, we continued to focus on our key initiatives to accelerate growth and optimize investments. Our results for the first quarter of 2016 reflected higher revenues and elevated investment levels as compared to the prior year, as well as healthy underlying loan growth, excellent credit performance and a strong balance sheet that enabled us to return a substantial amount of capital to shareholders. Results also included a $127 million pretax gain ($79 million after-tax) from our sale of the JetBlue Airways Corporation (JetBlue) cobrand portfolio and an $84 million pretax restructuring charge ($55 million after-tax), which reflected the initial phase of actions to take $1 billion out of our cost base by the end of 2017. We expect to incur an additional charge or charges in future quarters that, in the aggregate, will likely be significant as we continue our cost reduction efforts.

Billings growth for the first quarter, as compared to the prior year, increased sequentially reflecting a benefit from the leap year as well as slightly higher international volume growth, partially offset by a year-over-year decline in U.S. billings related to Costco Wholesale Corporation (Costco) as we move closer to the end of the Costco relationship in the United States in June. Within GCS, we continue to see differing performance trends with better growth among small and middle market businesses as compared to more cautious spending among global and large corporate customers. Internationally, billings growth after adjusting for foreign currency exchange rates remained strong as compared to the prior year, driven by China, Korea, Japan and the UK, although there is relatively little economic contribution from spending occurring within China and Korea.

Revenues net of interest expense grew as compared to the prior year driven by net interest income, Card Member spending, (which increased despite a slowdown in Costco-related spending), and net card fees. This growth was partially offset by the higher costs associated with cash back rewards and a greater decline in the reported average discount rate, which was due to the continued expansion of OptBlue, merchant negotiations, changes in industry mix and the impact from regulatory changes enacted in the EU late last year. Revenue growth also continues to be impacted by a stronger U.S. dollar, although this impact was smaller than in recent quarters.

Growth in net interest income remained strong during the quarter, driven primarily by loan growth. Card Member loans held for investment were down in the first quarter of 2016 compared to the prior year on a reported basis due to the transfer of the Costco U.S. cobrand loan portfolio to Card Member loans and receivables held for sale effective December 1, 2015, and the sale of the JetBlue cobrand portfolio this quarter. Excluding the Costco and JetBlue cobrand portfolios from the prior year, worldwide loans increased driven by growth in both Card Member loans and loans related to our merchant financing products. We continue to believe there are opportunities to increase our share of lending from both existing customers and high quality prospects without significantly changing the overall risk profile of the Company.

Excluding from the prior year credit costs related to the Costco and JetBlue cobrand portfolios, which are reported in Other expenses for the first quarter of 2016, our credit provision increased year-over-year as a result of an increase in overall loan balances, including our merchant financing loans, although Card Member lending write-off rates were slightly lower versus the prior year. We expect continued growth in loans held for investment will contribute to an increase in provisions for losses; we also expect to see some upward pressure on our write-off rates, due primarily to the seasoning of loans related to new Card Members.

Our strong capital position allowed us to return substantially all of the capital we generated in the first quarter to our shareholders in the form of dividends and share repurchases, while maintaining strong capital ratios. We continue to believe our ability to return a high level of capital to our shareholders while maintaining our capital ratios illustrates the strength of our balance sheet and business model.

As mentioned above, we expect our relationship with Costco in the United States to end in June. The ultimate gain on the sale of the Costco cobrand portfolio will be determined based on the assets actually sold, but we continue to estimate a gain of approximately $1 billion, although given that Card Member borrowing and paydown trends are difficult to predict in this type of transition, the final gain could differ from our estimate. We expect the portfolio sale gain will be partially used to fund spending on growth initiatives throughout 2016. We expect total spending on growth initiatives during 2016 to be consistent with 2015 levels.

Relative to the first quarter of 2016, we expect earnings per share to be higher during the second quarter as a result of the Costco portfolio sale gain, with lower earnings during the second half of 2016 following the end of the Costco relationship. As of March 31, 2016, Costco cobrand accounts were responsible for approximately 10 percent of our total cards-in-force. Costco cobrand accounts generated approximately 7 percent of our worldwide billed business during the first quarter of 2016. Approximately 70 percent of the spending on these accounts occurred outside Costco warehouses. In addition, 1 percent of our worldwide billed business during the first quarter of 2016 came from spending on other (non-Costco cobrand) American Express cards at Costco in the United States.

See “Certain legislative, regulatory and other developments” in “Other Matters” for information on the potential impacts of an adverse decision in the Department of Justice (DOJ) case and related merchant litigations on our business, as well as other legislative and regulatory changes that could have a material adverse effect on our results of operations and financial condition.

American Express Company
Consolidated Results of Operations

Refer to the "Glossary of Selected Terminology" for the definitions of certain key terms and related information appearing within this section.

Effective December 1, 2015, we transferred the Card Member loans and receivables related to our cobrand partnerships with Costco in the United States and JetBlue (the HFS portfolios) to Card Member loans and receivables HFS (included in the USCS and GCS segments) on the Consolidated Balance Sheets (the sale of JetBlue was completed on March 18, 2016). The primary impacts beyond the HFS classification on the Consolidated Balance Sheets are to provisions for losses and credit metrics, which no longer reflect amounts related to these loans and receivables, as credit costs are reported in Other expenses through a valuation allowance adjustment. Other, non-credit related metrics (i.e., billed business, cards-in-force, net interest yield) continue to reflect amounts related to the HFS portfolios. Refer to Note 2 to the "Consolidated Financial Statements" for additional information.

The relative strengthening of the U.S. dollar over the periods of comparison has had an impact on our results of operations. Where meaningful in describing our performance, foreign currency-adjusted amounts, which exclude the impact of changes in the foreign exchange (FX) rates, have been provided.

Table 1: Summary of Financial Performance

	Three Months Ended March 31,		Change	
(Millions, except percentages and per share amounts)	**2016**	2015	2016 vs. 2015	
Total revenues net of interest expense	**$ 8,088**	$ 7,950	$ 138	2%
Provisions for losses	**434**	420	14	3
Expenses	**5,470**	5,214	256	5
Net income	**1,426**	1,525	(99)	(6)
Earnings per common share — diluted [a]	**$ 1.45**	$ 1.48	$ (0.03)	(2)%
Return on average equity [b]	**23.6%**	29.0%		
Return on average tangible common equity [c]	**30.6%**	36.2%		

(a) Earnings per common share — diluted was reduced by the impact of (i) earnings allocated to participating share awards and other items of $11 million for both the three months ended March 31, 2016 and 2015, and (ii) dividends on preferred shares of $21 million and nil for the three months ended March 31, 2016 and 2015, respectively.

(b) Return on average equity (ROE) is computed by dividing (i) one-year period net income ($5.1 billion and $6.0 billion for March 31, 2016 and 2015, respectively) by (ii) one-year average total shareholders' equity ($21.5 billion and $20.6 billion for March 31, 2016 and 2015, respectively).

(c) Return on average tangible common equity (ROTCE), a non-GAAP measure, is computed in the same manner as ROE except the computation of average tangible common equity, a non-GAAP measure, excludes from average total shareholders' equity, average goodwill and other intangibles of $3.7 billion and $3.8 billion as of March 31, 2016 and 2015, respectively, and average preferred shares of $1.6 billion and $350 million as of March 31, 2016 and 2015, respectively. We believe ROTCE is a useful measure of the profitability of our business.

Table 2: Total Revenue Net of Interest Expense Summary

(Millions, except percentages)	Three Months Ended March 31, 2016	2015	Change 2016 vs. 2015	
Discount revenue	**$ 4,643**	$ 4,660	$ (17)	—%
Net card fees	**699**	667	32	5
Other fees and commissions	**680**	708	(28)	(4)
Other	**486**	468	18	4
Total non-interest revenues	**6,508**	6,503	5	—
Total interest income	**2,005**	1,857	148	8
Total interest expense	**425**	410	15	4
Net interest income	**1,580**	1,447	133	9
Total revenues net of interest expense	**$ 8,088**	$ 7,950	$ 138	2 %

Total Revenues Net of Interest Expense

Discount revenue remained relatively flat for the three months ended March 31, 2016, compared to the same period in the prior year, and increased 1 percent on an FX-adjusted basis, driven by 3 percent growth in billed business (6 percent on an FX-adjusted basis), partially offset by a decrease in the average discount rate, and increases in contra discount revenues, such as higher cash rebate rewards including new Card Member acquisition offers . [1] U.S. billed business increased 4 percent, and non-U.S. billed business increased 2 percent (9 percent on an FX-adjusted basis), compared to the same period in the prior year. [1]

The average discount rate was 2.44 percent and 2.49 percent for the three months ended March 31, 2016 and 2015, respectively. The decrease was driven in part by growth of the OptBlue program, merchant negotiations, changes in industry mix, and impacts from European regulatory changes. We expect the average discount rate will likely decline by a greater amount during 2016 than 2015 due to the continued expansion of OptBlue, a greater impact from international regulatory changes and continued competitive pressures. More broadly, overall changes in the mix of spending by location and industry, merchant incentives and concessions, volume related pricing discounts, strategic investments, certain pricing initiatives, competition, pricing regulation (including regulation of competitors' interchange rates) and other factors will likely result in continued erosion of our discount rate over time. See Tables 5 and 6 for more details on billed business performance and the average discount rate.

Net card fees increased $32 million or 5 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by higher proprietary cards-in-force.

Other fees and commissions decreased $28 million or 4 percent for the three months ended March 31, 2016, compared to the same period in the prior year, and remained relatively flat on an FX-adjusted basis. [1]

Other revenues increased $18 million or 4 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by higher revenues from our Prepaid Services business.

Interest income increased $148 million or 8 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily reflecting an increase in average Card Member loans (including Card Member loans HFS) and a higher yield.

[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 period against which such results are being compared). Certain amounts included in the calculations of foreign currency-adjusted revenues and expenses, which constitute non-GAAP measures, are subject to management allocations. 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.

Interest expense increased $15 million or 4 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by higher average customer deposit balances, partially offset by lower average long-term debt.

Table 3: Provisions for Losses Summary

	Three Months Ended March 31,		Change	
(Millions, except percentages)	**2016**	2015	2016 vs. 2015	
Charge card	**$ 169**	$ 174	$ (5)	(3)%
Card Member loans	**227**	235	(8)	(3)
Other	**38**	11	27	#
Total provisions for losses (a)	**$ 434**	$ 420	$ 14	3 %

# Denotes a variance greater than 100 percent.

(a) For the three months ended March 31, 2016, provisions for losses does not reflect the HFS portfolios.

Provisions for Losses

Charge card provision for losses decreased $5 million or 3 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by lower write-offs, partially offset by a lower reserve release in the current year.

Card Member loans provision for losses decreased $8 million or 3 percent for the three months ended March 31, 2016, compared to the same period in the prior year, as the current year period does not reflect HFS portfolios as related credit costs are reported in Other expenses through a valuation allowance adjustment, the decrease from which was substantially offset by growth in Card Member loans.

Other provision for losses increased $27 million for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by growth and higher delinquency rates in merchant financing loans.

Table 4: Expenses Summary

	Three Months Ended March 31,		Change	
(Millions, except percentages)	**2016**	2015	2016 vs. 2015	
Marketing and promotion	**$ 727**	$ 609	$ 118	19 %
Card Member rewards	**1,703**	1,640	63	4
Card Member services and other	**282**	261	21	8
Total marketing, promotion, rewards, Card Member services and other	**2,712**	2,510	202	8
Salaries and employee benefits	**1,338**	1,305	33	3
Other, net (a)	**1,420**	1,399	21	2
Total expenses	**$ 5,470**	$ 5,214	$ 256	5 %

(a) Effective December 1, 2015, Other, net includes the valuation allowance adjustment associated with the HFS portfolios.

Expenses

Marketing and promotion expenses increased $118 million or 19 percent for the three months ended March 31, 2016, compared to the same period in the prior year, driven by elevated levels of spending on growth initiatives, predominantly within the USCS and ICNS segments.

Card Member rewards expenses increased $63 million or 4 percent for the three months ended March 31, 2016, compared to the same period in the prior year. The current period increase was primarily driven by higher Membership Rewards expense of $49 million and higher cobrand rewards expense of $14 million. The increase in Membership Rewards expense was primarily driven by an increase in new points earned as a result of higher spending volumes. The increase in cobrand rewards expense was primarily driven by higher spending volumes, partially offset by a continued decline in spending on the Costco cobrand card portfolio.

The Membership Rewards Ultimate Redemption Rate (URR) for current program participants was 95 percent *(rounded down)* at March 31, 2016, compared to 95 percent *(rounded up)* at March 31, 2015.

Card Member services and other expenses increased $21 million or 8 percent for the three months ended March 31, 2016, compared to the same period in the prior year, driven by growth in proprietary cards-in-force as well as increased usage of new benefits.

Salaries and employee benefits expenses increased $33 million or 3 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by restructuring in the current year.

Other expenses increased $21 million or 2 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by the benefit in the prior year from both the reassessment of the functional currency of certain UK legal entities and other FX-related activity. The increase was also driven by the impact of the transfer of the HFS portfolios to Card Member loans and receivables HFS, as related credit costs are reported in Other expenses through a valuation allowance adjustment, both of which were partially offset by the gain on the sale of the JetBlue Card Member loans HFS portfolio, as well as lower fraud expense in the current year.

Income Taxes

The effective tax rate was 34.7 percent and 34.2 percent for the three months ended March 31, 2016, and 2015, respectively. The tax rates in both periods primarily reflect the level of pretax income in relation to permanent tax benefits and geographic mix of business. Additionally, the effective tax rates in both periods reflect the resolution of certain prior years' tax items.

Table 5: Selected Card Related Statistical Information

	As of or for the Three Months Ended March 31,		Change 2016 vs. 2015
	2016	2015	
Card billed business: *(billions)*			
United States	**$ 176.3**	$ 169.4	4%
Outside the United States	**77.5**	76.2	2
Worldwide	**$ 253.8**	$ 245.6	3
Total cards-in-force: *(millions)*			
United States	**57.9**	54.8	6
Outside the United States	**60.7**	57.4	6
Worldwide	**118.6**	112.2	6
Basic cards-in-force: *(millions)*			
United States	**45.1**	42.4	6
Outside the United States	**50.0**	47.3	6
Worldwide	**95.1**	89.7	6
Average basic Card Member spending: *(dollars)* (a)			
United States	**$ 4,249**	$ 4,320	(2)
Outside the United States	**3,082**	3,135	(2)
Worldwide Average	**3,952**	4,008	(1)
Card Member loans: *(billions)* (b)			
United States	**50.7**	59.9	(15)
Outside the United States	**6.7**	6.9	(3)
Worldwide	**$ 57.4**	$ 66.8	(14)
Average discount rate	**2.44%**	2.49%	
Average fee per card *(dollars)* (a)	**$ 40**	$ 39	3
Average fee per card adjusted *(dollars)* (a)	**$ 43**	$ 44	(2)%

(a) Average basic Card Member spending and average fee per card are computed from proprietary card activities only. Average fee per card is computed based on net card fees, including the amortization of deferred direct acquisition costs divided by average worldwide proprietary cards-in-force. The average fee per card adjusted, which is a non-GAAP measure, is computed in the same manner, but excludes amortization of deferred direct acquisition costs. The amount of amortization excluded was $68 million and $84 million for the three months ended March 31, 2016 and 2015, respectively. We present the average fee per card adjusted because we believe this metric presents a useful indicator of card fee pricing across a range of our proprietary card products.

(b) Effective December 1, 2015, does not reflect the HFS portfolios.

Table 6: Billed Business Growth

	Three Months Ended March 31, 2016	
	Percentage Increase (Decrease)	Percentage Increase (Decrease) Assuming No Changes in FX Rates [a]
Worldwide [b]		
Total billed business	**3%**	**6%**
Proprietary billed business	**3**	**4**
GNS billed business [c]	**5**	**13**
Airline-related volume (9% of worldwide billed business)	**(4)**	**(2)**
United States [b]		
Billed business	**4**	
Proprietary consumer card billed business [d]	**4**	
Proprietary small business and corporate services billed business [e]	**5**	
T&E-related volume (27% of U.S. billed business)	**1**	
Non-T&E-related volume (73% of U.S. billed business)	**5**	
Airline-related volume (8% of U.S. billed business)	**(5)**	
Outside the United States [b]		
Billed business	**2**	**9**
Japan, Asia Pacific & Australia billed business	**8**	**13**
Latin America & Canada billed business	**(14)**	**5**
Europe, the Middle East & Africa billed business	**3**	**8**
Proprietary consumer card billed business [c]	**1**	**8**
Proprietary small business and corporate services billed business [e]	**(3)%**	**4%**

(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 period against which such results are being compared).
(b) Captions in the table above not designated as “proprietary” or “GNS” include both proprietary and GNS data.
(c) Included in the ICNS segment.
(d) Included in the USCS segment.
(e) Included in the GCS segment.

Table 7: Selected Credit Related Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended March 31, 2016	2015	Change 2016 vs. 2015
Worldwide Card Member receivables: (a)			
Total receivables *(billions)*	**$ 44.5**	$ 43.7	2 %
Loss reserves:			
Beginning balance	**$ 462**	$ 465	(1)
Provisions (b)	**169**	174	(3)
Net write-offs (c)	**(186)**	(199)	(7)
Other	**1**	(11)	#
Ending balance	**$ 446**	$ 429	4
% of receivables	**1.0%**	1.0%	
Net write-off rate — principal only (d)	**1.9%**	2.1%	
Net write-off rate — principal and fees (d)	**2.1%**	2.3%	
30+ days past due as a % of total (d)	**1.5%**	1.6%	
Net loss ratio as a % of charge volume — GCP	**0.08%**	0.10%	
90+ days past billing as a % of total — GCP	**0.7%**	0.7%	
Worldwide Card Member loans: (a)			
Total loans *(billions)*	**$ 57.4**	$ 66.8	(14)
Loss reserves:			
Beginning balance	**$ 1,028**	$ 1,201	(14)
Provisions (b)	**227**	235	(3)
Net write-offs — principal only (c)	**(214)**	(259)	(17)
Net write-offs — interest and fees (c)	**(40)**	(43)	(7)
Other	**11**	(4)	#
Ending balance	**$ 1,012**	$ 1,130	(10)
Ending reserves — principal	**$ 959**	$ 1,074	(11)
Ending reserves — interest and fees	**$ 53**	$ 56	(5)
% of loans	**1.8%**	1.7%	
% of past due	**161%**	163%	
Average loans *(billions)* (a)	**$ 57.4**	$ 67.6	(15)%
Net write-off rate — principal only (d)	**1.5%**	1.5%	
Net write-off rate — principal, interest and fees (d)	**1.8%**	1.8%	
30+ days past due as a % of total (d)	**1.1%**	1.0%	

# Denotes a variance greater than 100 percent.

(a) Refer to Table 5 footnote (b).

(b) Provisions on principal and fee reserve components on Card Member receivables and provisions for principal, interest and/or fees on Card Member loans. Refer to Table 3 footnote (a).

(c) Write-offs, less recoveries.

(d) 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, because we consider uncollectible interest and/or fees in our reserves for credit losses, a net write-off rate including principal, interest and/or fees is also presented. The net write-off rates and 30+ days past due as a percentage of total relate to USCS, ICNS and Global Small Business Services (GSBS) Card Member receivables.

Table 8: Net Interest Yield on Card Member Loans

(Millions, except percentages and where indicated)	Three Months Ended March 31, 2016	2015
Net interest income	**$ 1,580**	$ 1,447
Exclude:		
Interest expense not attributable to the Company's Card Member loan portfolio	**238**	246
Interest income not attributable to the Company's Card Member loan portfolio	**(103)**	(87)
Adjusted net interest income (a)	**$ 1,715**	$ 1,606
Average loans including HFS loan portfolios *(billions)*	**$ 70.8**	$ 67.6
Net interest income divided by average loans	**8.9%**	8.6%
Net interest yield on Card Member loans (a)	**9.7%**	9.6%

(a) Adjusted net interest income and net interest yield on Card Member loans are non-GAAP measures. Refer to "Glossary of Selected Terminology" for definitions of these terms. We believe adjusted net interest income is useful to investors because it is a component of net interest yield on Card Member loans, which provides a measure of profitability of our Card Member loan portfolio.

Business Segment Results

U.S. Consumer Services

Table 9: USCS Selected Income Statement Data

(Millions, except percentages)	Three Months Ended March 31, **2016**	2015	Change 2016 vs. 2015	
Revenues				
Non-interest revenues	**$ 2,029**	$ 2,031	$ (2)	—%
Interest income	**1,391**	1,273	118	9
Interest expense	**140**	114	26	23
Net interest income	**1,251**	1,159	92	8
Total revenues net of interest expense	**3,280**	3,190	90	3
Provisions for losses	**190**	193	(3)	(2)
Total revenues net of interest expense after provisions for losses	**3,090**	2,997	93	3
Expenses				
Marketing, promotion, rewards, Card Member services and other	**1,348**	1,210	138	11
Salaries and employee benefits and other operating expenses	**655**	746	(91)	(12)
Total expenses	**2,003**	1,956	47	2
Pretax segment income	**1,087**	1,041	46	4
Income tax provision	**393**	382	11	3
Segment income	**$ 694**	$ 659	$ 35	5%
Effective tax rate	**36.2%**	36.7%		

USCS issues a wide range of proprietary consumer cards and provides services to consumers in the United States, including consumer travel services.

Non-interest revenues decreased marginally for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by lower discount revenue as a result of higher cash rebate rewards including new Card Member acquisition offers, which was partially offset by growth in billed business. The decrease in discount revenue was largely offset by both an increase in net card fees, resulting from higher proprietary cards-in-force, and higher delinquency fees. Billed business increased 4 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by a 6 percent increase in proprietary cards-in-force, partially offset by a 3 percent decrease in average spending per proprietary basic card.

Net interest income increased $92 million or 8 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by higher average Card Member loans (including Card Member loans HFS), partially offset by higher interest expense.

Overall, provisions for losses decreased $3 million or 2 percent for the three months ended March 31, 2016, compared to the same period in the prior year, as the current year period does not reflect provisions for the HFS portfolios as related credit costs are reported in Other expenses through a valuation allowance adjustment, the decrease from which was partially offset by growth in Card Member loans held for investment.

Marketing, promotion, rewards, Card Member services and other expenses increased $138 million or 11 percent for the three months ended March 31, 2016, compared to the same period in the prior year. This increase was primarily driven by an $81 million increase in marketing and promotion expense, driven by elevated levels of spending on growth initiatives, and a $36 million increase in Card Member rewards expense. The increase in Card Member rewards expense was due to higher Membership Rewards expense of $30 million primarily driven by an increase in new points earned due to higher spending volumes and an increase in the URR, partially offset by a decline in the weighted average cost (WAC) per point assumption. The increase in cobrand rewards expense of $6 million was primarily driven by higher spending volumes, partially offset by a continued decline in spending on the Costco cobrand card portfolio.

Salaries and employee benefits and other operating expenses decreased $91 million or 12 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by the gain on the sale of the JetBlue Card Member loans HFS portfolio.

Table 10: USCS Selected Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended March 31, 2016	2015	Change 2016 vs. 2015
Card billed business *(billions)*	**$ 89.0**	$ 85.7	4%
Total cards-in-force	**40.9**	38.6	6
Basic cards-in-force	**28.8**	26.9	7
Average basic Card Member spending *(dollars)*	**$ 3,092**	$ 3,184	(3)
Total segment assets *(billions)* (a)	**$ 86.3**	$ 84.0	3
Segment capital *(billions)*	**$ 7.4**	$ 7.8	(5)
Return on average segment capital (b)	**31.8%**	30.5%	
Return on average tangible segment capital (b)	**33.3%**	31.6%	
Card Member receivables: (c)			
Total receivables *(billions)*	**$ 10.3**	$ 10.5	(2)
Net write-off rate – principal only (d)	**1.8%**	2.1%	
Net write-off rate – principal and fees (d)	**2.0%**	2.3%	
30+ days past due as a % of total	**1.4%**	1.5%	
Card Member loans: (c)			
Total loans *(billions)*	**$ 42.4**	$ 50.3	(16)
Average loans *(billions)*	**$ 42.5**	$ 50.9	(16)%
Net write-off rate – principal only (d)	**1.5%**	1.5%	
Net write-off rate – principal, interest and fees (d)	**1.7%**	1.7%	
30+ days past due loans as a % of total	**1.0%**	0.9%	
Calculation of Net Interest Yield on Card Member loans:			
Net interest income	**$ 1,251**	$ 1,159	
Exclude:			
Interest expense not attributable to the Company's Card Member loan portfolio	**19**	17	
Interest income not attributable to the Company's Card Member loan portfolio	**(5)**	(4)	
Adjusted net interest income (e)	**$ 1,265**	$ 1,172	
Average loans including HFS loan portfolios *(billions)*	**$ 53.8**	$ 50.9	
Net interest income divided by average loans	**9.3%**	9.1%	
Net interest yield on Card Member loans (e)	**9.5%**	9.4%	

(a) Effective September 30, 2015, certain intercompany balances have been reclassified between operating segments, as a result of system enhancements.
(b) Return on average segment capital is calculated by dividing (i) one-year period segment income ($2.4 billion and $2.3 billion for the twelve months ended March 31, 2016 and 2015, respectively) by (ii) one-year average segment capital ($7.5 billion and $7.4 billion for the twelve months ended March 31, 2016 and 2015, respectively). Return on average tangible segment capital, a non-GAAP measure, is computed in the same manner as return on average segment capital except the computation excludes from average segment capital average goodwill and other intangibles of $330 million and $261 million as of March 31, 2016 and 2015, respectively. We believe the return on average tangible segment capital is a useful measure of the profitability of our business.
(c) Refer to Table 5 footnote (b).
(d) Refer to Table 7 footnote (d).
(e) Adjusted net interest income and net interest yield on 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 is a component of net interest yield on Card Member loans, which provides a measure of profitability of our Card Member loan portfolio.

International Consumer and Network Services

Table 11: ICNS Selected Income Statement Data

(Millions, except percentages)	Three Months Ended March 31, 2016	2015	Change 2016 vs. 2015	
Revenues				
Non-interest revenues	**$ 1,140**	$ 1,145	$ (5)	–%
Interest income	**227**	245	(18)	(7)
Interest expense	**54**	63	(9)	(14)
Net interest income	**173**	182	(9)	(5)
Total revenues net of interest expense	**1,313**	1,327	(14)	(1)
Provisions for losses	**71**	70	1	1
Total revenues net of interest expense after provisions for losses	**1,242**	1,257	(15)	(1)
Expenses				
Marketing, promotion, rewards, Card Member services and other	**481**	447	34	8
Salaries and employee benefits and other operating expenses	**506**	530	(24)	(5)
Total expenses	**987**	977	10	1
Pretax segment income	**255**	280	(25)	(9)
Income tax provision	**67**	83	(16)	(19)
Segment income	**$ 188**	$ 197	$ (9)	(5)%
Effective tax rate	**26.3**%	29.6%		

ICNS issues a wide range of proprietary consumer cards outside the United States and enters into partnership agreements with third party card issuers and acquirers, licensing the American Express brand and extending the reach of the global network. It also provides travel services to consumers outside the United States.

Non-interest revenues remained relatively flat for the three months ended March 31, 2016, compared to the same period in the prior year, and increased 8 percent on an FX-adjusted basis, primarily driven by higher discount revenue, due to an increase in both proprietary and non-proprietary (i.e., GNS) billed business, as well as higher net card fees. [2] Total billed business increased 3 percent (11 percent on an FX adjusted basis) for the three months ended March 31, 2016, compared to the same period in the prior year, primarily due to increased proprietary and GNS cards in force, with a relatively consistent level of average spend per card. [2] Refer to Tables 6 and 7 for additional information on billed business by region.

Interest income decreased $18 million or 7 percent for the three months ended March 31, 2016, compared to the same period in the prior year, and increased 5 percent on an FX-adjusted basis, primarily driven by higher average FX-adjusted loan balances. [2]

Interest expense decreased $9 million or 14 percent for the three months ended March 31, 2016, compared to the same period in the prior year, and was relatively flat on an FX-adjusted basis. [2]

Provisions for losses remained relatively flat for the three months ended March 31, 2016, compared to the same period in the prior year, and increased 13 percent on an FX-adjusted basis, driven by higher charge card net write-offs. [2]

Marketing, promotion, rewards, Card Member services and other expenses increased $34 million or 8 percent (15 percent on an FX-adjusted basis) for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by elevated levels of spending on growth initiatives and higher rewards expense, mostly due to higher spending volumes. [2]

[2] Refer to footnote 1 on page 32 for details regarding foreign currency adjusted information.

Salaries and employee benefits and other operating expenses decreased $24 million or 5 percent for the three months ended March 31, 2016, compared to the same period in the prior year, and was relatively flat on an FX-adjusted basis. [3]

The effective tax rate in all periods reflects the recurring permanent tax benefit related to the segment's ongoing funding activities outside the United States, which is allocated to ICNS under the Company's internal tax allocation process. The effective tax rate for 2015 also reflects the allocated share of tax benefits related to the resolution of certain prior years' items. In addition, the effective tax rate in each of the periods reflects the impact of recurring permanent tax benefits on varying levels of pretax income.

[3] Refer to footnote 1 on page 32 for details regarding foreign currency adjusted information.

Table 12: ICNS Selected Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended March 31, **2016**	2015	Change 2016 vs. 2015
Card billed business *(billions)*			
Proprietary	**$ 24.7**	$ 24.5	1%
GNS	**40.5**	38.6	5
Total	**$ 65.2**	$ 63.1	3
Total cards-in-force			
Proprietary	**14.8**	14.3	3
GNS	**47.7**	44.5	7
Total	**62.5**	58.8	6
Proprietary basic cards-in-force	**10.1**	9.9	2
Average proprietary basic Card Member spending *(dollars)*	**$ 2,455**	$ 2,454	—
Total segment assets *(billions)* (a)	**$ 34.3**	$ 28.6	20
Segment capital *(billions)*	**$ 2.5**	$ 3.0	(17)
Return on average segment capital (b)	**23.6%**	24.3%	
Return on average tangible segment capital (b)	**31.7%**	34.2%	
Card Member receivables:			
Total receivables *(billions)*	**$ 5.6**	$ 5.1	10
Net write-off rate – principal only (c)	**2.2%**	1.9%	
Net write-off rate – principal and fees (c)	**2.4%**	2.1%	
30+ days past due loans as a % of total	**1.5%**	1.6%	
Card Member loans:			
Total loans *(billions)*	**$ 6.6**	$ 6.8	(3)
Average loans *(billions)*	**$ 6.8**	$ 7.2	(6)%
Net write-off rate – principal only (c)	**1.9%**	2.0%	
Net write-off rate – principal, interest and fees (c)	**2.4%**	2.5%	
30+ days past due loans as a % of total	**1.8%**	1.8%	
Calculation of Net Interest Yield on Card Member loans:			
Net interest income	**$ 173**	$ 182	
Exclude:			
Interest expense not attributable to the Company's Card Member loan portfolio	**11**	15	
Interest income not attributable to the Company's Card Member loan portfolio	**(3)**	(4)	
Adjusted net interest income (d)	**$ 181**	$ 193	
Average loans *(billions)*	**$ 6.7**	$ 7.2	
Net interest income divided by average loans	**10.3%**	10.2%	
Net interest yield on Card Member loans (d)	**10.8%**	10.9%	

(a) Effective September 30, 2015, certain intercompany balances have been reclassified between operating segments as a result of system enhancements.

(b) Return on average segment capital is calculated by dividing (i) one-year period segment income ($676 million and $651 million for the twelve months ended March 31, 2016 and 2015, respectively) by (ii) one-year average segment capital ($2.9 billion and $2.7 billion for the twelve months ended March 31, 2016 and 2015, respectively). Return on average tangible segment capital, a non-GAAP measure, is computed in the same manner as return on average segment capital except the computation excludes from average segment capital average goodwill and other intangibles of $0.7 billion and $0.8 billion as of March 31, 2016 and 2015, respectively. We believe return on average tangible segment capital is a useful measure of the profitability of our business.

(c) Refer to Table 7 footnote (d).

(d) Adjusted net interest income and net interest yield on 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 is a component of net interest yield on Card Member loans, which provides a measure of profitability of our Card Member loan portfolio.

Global Commercial Services

Table 13: GCS Selected Income Statement Data

(Millions, except percentages)	Three Months Ended March 31, 2016	2015	Change 2016 vs. 2015	
Revenues				
Non-interest revenues	**$ 2,190**	$ 2,175	$ 15	1%
Interest income	**321**	278	43	15
Interest expense	**95**	89	6	7
Net interest income	**226**	189	37	20
Total revenues net of interest expense	**2,416**	2,364	52	2
Provisions for losses	**160**	151	9	6
Total revenues net of interest expense after provisions for losses	**2,256**	2,213	43	2
Expenses				
Marketing, promotion, rewards, Card Member services and other	**766**	723	43	6
Salaries and employee benefits and other operating expenses	**729**	673	56	8
Total expenses	**1,495**	1,396	99	7
Pretax segment income	**761**	817	(56)	(7)
Income tax provision	**276**	300	(24)	(8)
Segment income	**$ 485**	$ 517	$ (32)	(6)%
Effective tax rate	**36.3%**	36.7%		

GCS issues a wide range of proprietary corporate and small business cards and provides payment and expense management services globally. In addition, GCS provides financing products for qualified merchants.

Non-interest revenues increased $15 million or 1 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by higher discount revenue due to an increase in billed business. Billed business increased 3 percent for the three months ended March 31, 2016, compared to the same period in the prior year. Billed business increased 5 percent within the United States and decreased 3 percent outside the United States (increased 4 percent on an FX-adjusted basis) for the three months ended March 31, 2016, compared to the same period in the prior year, primarily due to increased cards-in-force and higher Card Member spending. [4]

Net interest income increased $37 million or 20 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by higher average loan balances, partially offset by higher interest expense.

Provisions for losses increased $9 million or 6 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by growth and higher delinquency rates in merchant financing loans, partially offset by lower write-offs in the Card Member receivables portfolio.

Marketing, promotion, rewards, Card Member services and other expenses increased $43 million or 6 percent for the three months ended March 31, 2016, compared to the same period in the prior year primarily driven by higher Card Member rewards expense, due to higher spending volumes, and increased marketing and promotion expense.

[4] Refer to footnote 1 on page 32 for details regarding foreign currency adjusted information.

Salaries and employee benefits and other operating expenses increased $56 million or 8 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily due to higher other operating expenses, such as technology development and professional fees, as well as payroll costs.

Table 14: GCS Selected Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended March 31, 2016	2015	Change 2016 vs. 2015
Card billed business *(billions)*	**$ 98.5**	$ 95.5	3 %
Total cards-in-force	**15.2**	14.8	3
Basic cards-in-force	**15.2**	14.8	3
Average basic Card Member spending *(dollars)*	**$ 6,509**	$ 6,461	1
Total segment assets *(billions)* (a)	**$ 46.7**	$ 45.5	3
Segment capital *(billions)*	**$ 7.2**	$ 7.3	(1)
Return on average segment capital (b)	**28.0%**	34.4%	
Return on average tangible segment capital (b)	**38.8%**	48.4%	
Card Member receivables *(billions)* (c)	**$ 28.6**	$ 28.1	2
Card Member loans *(billions)* (c)	**$ 8.3**	$ 9.7	(14)
Card Member receivables:			
Total receivables - GCP *(billions)*	**$ 15.4**	$ 15.7	(2)
90+ days past billing as a % of total - GCP (d)	**0.7%**	0.7%	
Net loss ratio (as a % of charge volume) - GCP	**0.08%**	0.10%	
Total receivables - GSBS *(billions)* (c)	**$ 13.2**	$ 12.4	7
Net write-off rate (principal only) - GSBS (e)	**1.8%**	2.2%	
Net write-off rate (principal and fees) - GSBS (e)	**2.1%**	2.4%	
30+ days past due as a % of total - GSBS	**1.6%**	1.8%	
Card Member loans: (c)			
Total loans - GSBS *(billions)*	**$ 8.3**	$ 9.7	(14)
Average loans - GSBS *(billions)*	**$ 8.1**	$ 9.5	(15)%
Net write-off rate (principal only) - GSBS (e)	**1.4%**	1.3%	
Net write-off rate (principal, interest and fees) - GSBS (e)	**1.6%**	1.6%	
30+ days past due as a % of total - GSBS	**1.0%**	1.0%	
Calculation of Net Interest Yield on Card Member loans:			
Net interest income	**$ 226**	$ 189	
Exclude:			
Interest expense not attributable to the Company's Card Member loan portfolio	**72**	71	
Interest income not attributable to the Company's Card Member loan portfolio	**(28)**	(19)	
Adjusted net interest income	**$ 270**	$ 241	
Average loans including HFS loan portfolios *(billions)*	**$ 10.3**	$ 9.6	
Net interest income divided by average loans	**8.8%**	7.9%	
Net interest yield on Card Member loans (f)	**10.5%**	10.2%	

(a) Effective September 30, 2015, certain intercompany balances have been reclassified between operating segments as a result of system enhancements.

(b) Return on average segment capital is calculated by dividing (i) one-year period segment income ($2.0 billion and $2.4 billion for the twelve months ended March 31, 2016 and 2015, respectively) by (ii) one-year average segment capital ($7.1 billion and $6.8 billion for the twelve months ended March 31, 2016 and 2015, respectively). Return on average tangible segment capital, a non-GAAP measure, is computed in the same manner as return on average segment capital except the computation excludes from average segment capital average goodwill and other intangibles of $2.0 billion as of both March 31, 2016 and 2015. We believe return on average tangible segment capital is a useful measure of the profitability of our business.

(c) Refer to Table 5 footnote (b).

(d) 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 the Company initiates 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. These amounts are shown above as 90+ Days Past Due for presentation purposes.

(e) Refer to Table 7 footnote (d).

(f) Adjusted net interest income and net interest yield on 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 is a component of net interest yield on Card Member loans, which provides a measure of profitability of our Card Member loan portfolio.

Global Merchant Services

Table 15: GMS Selected Income Statement Data

(Millions, except percentages)	Three Months Ended March 31, 2016	2015	Change 2016 vs. 2015	
Revenues				
Non-interest revenues	**$ 1,041**	$ 1,070	$ (29)	(3)%
Interest expense	**(59)**	(59)	—	—
Total revenues net of interest expense	**1,100**	1,129	(29)	(3)
Provisions for losses	**8**	6	2	33
Total revenues net of interest expense after provisions for losses	**1,092**	1,123	(31)	(3)
Expenses				
Marketing, promotion, rewards, Card Member services and other	**58**	56	2	4
Salaries and employee benefits and other operating expenses	**463**	481	(18)	(4)
Total expenses	**521**	537	(16)	(3)
Pretax segment income	**571**	586	(15)	(3)
Income tax provision	**214**	217	(3)	(1)
Segment income	**$ 357**	$ 369	$ (12)	(3)%
Effective tax rate	**37.5%**	37.0%		

GMS operates a global payments network that processes and settles proprietary and non-proprietary card transactions. GMS acquires merchants and provides multi-channel marketing programs and capabilities, services and data, leveraging the Company's global closed-loop network. GMS also operates loyalty coalition businesses in certain countries around the world.

Non-interest revenues decreased $29 million or 3 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by higher contra revenues, as well as a decrease in the discount rate, partially offset by a 3 percent increase in global billed business (6 percent on an FX-adjusted basis). [5]

Net interest expense was flat for the three months ended March 31, 2016, compared to the same period in the prior year, and increased 18 percent on an FX-adjusted basis, reflecting a higher interest expense credit relating to internal transfer pricing and funding rates, which resulted in a net benefit for GMS due to its merchant payables. [5]

Salaries and employee benefits and other operating expenses decreased $18 million or 4 percent for the three months ended March 31, 2016, compared to the same period in the prior year, primarily driven by lower professional fees.

[5] Refer to footnote 1 on page 32 for details regarding foreign currency adjusted information.

Table 16: GMS Selected Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended March 31, 2016	2015	Change 2016 vs. 2015
Loyalty Coalition revenue	**$ 94**	$ 91	3%
Average discount rate	**2.44%**	2.49%	
Total segment assets [a] *(billions)*	**$ 23.7**	$ 17.2	38%
Segment capital *(billions)*	**$ 2.4**	$ 2.2	9%
Return on average segment capital [b]	**62.7%**	68.9%	
Return on average tangible segment capital [b]	**79.3%**	92.0%	

(a) Effective September 30, 2015, certain intercompany balances have been reclassified between operating segments as a result of system enhancements.
(b) Return on average segment capital is calculated by dividing (i) one-year period segment income ($1.5 billion for both the twelve months ended March 31, 2016 and 2015, respectively) by (ii) one-year average segment capital ($2.4 billion and $2.1 billion for the twelve months ended March 31, 2016 and 2015, respectively). Return on average tangible segment capital, a non-GAAP measure, is computed in the same manner as return on average segment capital except the computation excludes from average segment capital average goodwill and other intangibles of $496 million and $534 million as of March 31, 2016 and 2015, respectively. We believe return on average tangible segment capital is a useful measure of the profitability of our business.

Corporate & Other

Corporate functions and certain other businesses, including our Prepaid Services business and other operations, are included in Corporate & Other.

Corporate & Other net expense increased to $298 million for the three months ended March 31, 2016, compared to $217 million for the three months ended March 31, 2015, primarily driven by the benefit in the prior year from both the reassessment of the functional currency of certain UK legal entities and other FX-related activity, as well as restructuring in the current year, partially offset by higher revenues from our Prepaid Services business.

Results for both periods disclosed included net interest expense related to maintaining the liquidity pool discussed in “Consolidated Capital Resources and Liquidity – Liquidity Management”, as well as interest expense related to other corporate indebtedness.

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 12-month period, even in the event we are unable to continue to raise new funds under our traditional funding programs during a substantial weakening in economic conditions.

Transitional Basel III

The following table presents our regulatory risk-based capital ratios and leverage ratios and those of our significant bank subsidiaries, American Express Centurion Bank (AECB) and American Express Bank, FSB (FSB), as well as additional ratios widely utilized in the marketplace, as of March 31, 2016.

Table 17: Regulatory Risk-Based Capital and Leverage Ratios

	Basel III Standards 2016 (a)	Ratios as of March 31, 2016
Risk-Based Capital		
Common Equity Tier 1	5.1%	
American Express		**12.6%**
AECB		**17.9**
FSB		**14.9**
Tier 1	6.6	
American Express		**13.8**
AECB		**17.9**
FSB		**14.9**
Total	8.6	
American Express		**15.3**
AECB		**19.2**
FSB		**16.4**
Tier 1 Leverage	4.0	
American Express		**11.5**
AECB		**17.4**
FSB		**13.2**
Supplementary Leverage Ratio (b)	3.0%	
American Express		**9.6**
AECB		**13.8**
FSB		**10.0**
Common Equity to Risk-Weighted Assets		
American Express		**14.6**
Tangible Common Equity to Risk-Weighted Assets (c)		
American Express		**11.8%**

(a) Transitional Basel III minimum and conservation buffer as defined by the Federal Reserve for calendar year 2016 for Advanced Approaches institutions.
(b) The minimum supplementary leverage ratio (SLR) requirement of 3 percent is effective January 1, 2018.
(c) Tangible Common Equity to Risk-Weighted Assets, a non-GAAP measure, is calculated by dividing shareholders' equity of $20.7 billion as of March 31, 2016, less preferred shares of $1.6 billion and goodwill and other intangibles of $3.7 billion, by risk-weighted assets of $130.9 billion. We believe presenting the ratio of Tangible Common Equity to Risk-Weighted Assets is a useful measure of evaluating the strength of our capital position. Tangible Common Equity to Risk-Weighted Assets ratio is widely used in the marketplace, although it may be calculated differently by different companies.

Table 18: Regulatory Risk-Based Capital Components and Risk Weighted Assets

($ in Billions)		March 31, 2016
Risk-Based Capital		
Common Equity Tier 1	$	**16.5**
Tier 1 Capital		**18.0**
Tier 2 Capital [a]		**2.1**
Total Capital		**20.1**
Risk Weighted Assets		**130.9**
Average Total Assets to calculate the Tier 1 Leverage Ratio		**157.1**
Total Leverage Exposure to calculate SLR	$	**188.3**

(a) Tier 2 capital is the sum of the allowance for receivable and loan losses (limited to 1.25 percent of risk-weighted assets) and $600 million of subordinated notes issued in the fourth quarter of 2014 adjusted for capital held by insurance subsidiaries.

We seek to maintain capital levels and ratios in excess of the minimum regulatory requirements and finance such capital in a cost efficient manner; failure to maintain minimum capital levels could affect our status as a financial holding company and cause the regulatory agencies with oversight of American Express, AECB and FSB to take actions that could limit our business operations.

Our primary source of equity capital has been the generation of net income. Historically, capital generated through net income and other sources, such as the exercise of stock options by employees, has exceeded the annual growth in our capital requirements. To the extent capital has exceeded business, regulatory and rating agency requirements, we have historically returned excess capital to shareholders through our regular common share dividend and share repurchase program.

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 profile and liquidity levels at the American Express parent company level. We do not currently intend or foresee a need to shift capital from non-U.S. subsidiaries with permanently reinvested earnings to a U.S. parent company.

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. The off-balance sheet items comprise a minimal part of the overall calculation.

Common Equity Tier 1 Risk-Based Capital Ratio — Calculated as Common Equity Tier 1 capital, divided by risk-weighted assets. Common Equity Tier 1 is the sum of common shareholders' equity, adjusted for ineligible goodwill and intangible assets, certain deferred tax assets, as well as certain other comprehensive income items as follows: net unrealized gains/losses on securities and derivatives, and net unrealized pension and other postretirement benefit losses, all net of tax and subject to transition provisions.

Tier 1 Risk-Based Capital Ratio — Calculated as Tier 1 capital divided by risk-weighted assets. Tier 1 capital is the sum of Common Equity Tier 1 capital, our perpetual preferred stock and third-party non-controlling interests in consolidated subsidiaries adjusted for capital to be held by insurance subsidiaries and deferred tax assets from net operating losses not deducted from Common Equity Tier 1 capital.

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 allowance for receivable and loan losses (limited to 1.25 percent of risk-weighted assets) and $600 million of subordinated notes issued in the fourth quarter of 2014 adjusted for capital held by insurance subsidiaries.

Tier 1 Leverage Ratio — The Tier 1 leverage ratio is calculated by dividing Tier 1 capital by our average total consolidated assets for the most recent quarter. Average total consolidated assets as of March 31, 2016 were $157.1 billion.

Supplementary Leverage Ratio – The supplementary leverage ratio is calculated by dividing Tier 1 capital by total leverage exposure under Basel III. Leverage exposure, which reflects average total consolidated assets with adjustments for Tier 1 capital deductions, average off-balance sheet derivatives exposures, securities purchased under agreements to resell and credit equivalents of undrawn commitments that are both conditionally and unconditionally cancellable. Total leverage exposure for supplementary leverage ratio purposes as of March 31, 2016 was $188.3 billion.

The following is a definition for Tangible Common Equity to Risk-Weighted Assets ratio, which is widely used in the marketplace, although it may be calculated differently by different companies:

Common Equity and Tangible Common Equity to Risk-Weighted Assets Ratios — Common equity equals our shareholders' equity of $20.7 billion as of March 31, 2016, less preferred shares of $1.6 billion. Tangible common equity, a non-GAAP measure, equals common equity less goodwill and other intangibles of $3.7 billion as of March 31, 2016. We believe presenting the ratio of tangible common equity to risk-weighted assets is a useful measure of evaluating the strength of our capital position.

Fully Phased-in Basel III

Basel III, when fully phased-in, will require bank holding companies and their bank subsidiaries to maintain more capital than prior requirements, with a greater emphasis on common equity. The following table presents our estimates for our regulatory risk-based capital ratios and leverage ratios had Basel III been fully phased-in as of March 31, 2016. These ratios are calculated using the Standardized Approach for determining risk-weighted assets. As noted previously, we are currently taking steps toward Basel III Advanced Approaches implementation in the United States. We believe the presentation of these ratios is helpful to investors by showing the impact of future regulatory capital standards on our capital and leverage ratios.

Table 19: Estimated Fully Phased-in Basel III Capital and Leverage Ratios

($ in Billions)		March 31, 2016
Estimated Common Equity Tier 1 Ratio under Fully Phased-In Basel III [a]		**12.0%**
Estimated Tier 1 Capital Ratio under Fully Phased-In Basel III [a]		**13.2**
Estimated Tier 1 Leverage Ratio under Fully Phased-In Basel III [b]		**11.1**
Estimated Supplementary Leverage Ratio under Fully Phased-In Basel III		**9.3%**
Estimated Risk-Weighted Assets under Fully Phased-In Basel III [c]	**$**	**132.2**
Estimated Average Total Assets to calculate the Tier 1 Leverage Ratio [b]		**156.8**
Estimated Total Leverage Exposure to calculate SLR under Fully Phased-In Basel III [d]	**$**	**187.9**

(a) The Fully Phased-in Basel III Common Equity Tier 1 and Tier 1 risk-based capital ratios, non-GAAP measures, are calculated as Common Equity Tier 1 or Tier 1 capital under Fully Phased-in Basel III rules, as applicable, divided by risk-weighted assets under Fully Phased-in Basel III rules. Refer to Table 20 for a reconciliation of Common Equity Tier 1 and Tier 1 capital under Fully Phased-in Basel III rules to Common Equity Tier 1 and Tier 1 capital under Transitional Basel III rules.
(b) The Fully Phased-in Basel III Tier 1 and supplementary leverage ratios, non-GAAP measures, are calculated by dividing Fully Phased-in Basel III Tier 1 capital by our average total assets and Fully Phased-in total leverage exposure for supplementary leverage ratio purposes under Fully Phased-in Basel III, respectively.
(c) Estimated Fully Phased-in Basel III risk-weighted assets, a non-GAAP measure, reflect our Basel III risk-weighted assets, with all transition provisions fully phased in. This includes incremental risk weighting applied to deferred tax assets and significant investments in unconsolidated financial institutions, as well as exposures to past due accounts, equities and sovereigns.
(d) Estimated Fully Phased-in Basel III Leverage Exposure, a non-GAAP measure, reflects average total consolidated assets with adjustments for Tier 1 capital deductions on a fully phased-in basis, off-balance sheet derivatives, undrawn conditionally and unconditionally cancellable commitments and other off-balance sheet liabilities.

The Basel capital standards establish minimum requirements for the Tier 1 risk-based capital ratios that are 1.5 percent higher than the minimum requirements for Common Equity Tier 1 risk-based capital ratios. This difference between Tier 1 capital, which includes common equity and qualifying preferred securities and Common Equity Tier 1 is also present in the minimum capital requirements within Comprehensive Capital Analysis and Review (CCAR). We issued $1.6 billion of preferred shares to help finance a portion of the Tier 1 capital requirements in excess of common equity requirements.

Our $750 million of subordinated debentures, which prior to 2014, were fully included in Tier 2 capital (but not in Tier 1 capital), do not meet the requirements of Tier 2 capital under Basel III. The phase-out of the subordinated debentures from Tier 2 capital began in the first quarter of 2014 and was fully phased out on January 1, 2016. At our option, the subordinated debentures are redeemable for cash on or after September 1, 2016 at 100 percent of the principal amount plus any accrued but unpaid interest. We currently intend to exercise this redemption option, subject to business and market conditions. As previously mentioned, we issued $600 million of subordinated notes, which qualify as Tier 2 capital under Basel rules.

The following table presents a comparison of our Common Equity Tier 1 and Tier 1 risk-based capital under Transitional Basel III rules to our estimated Common Equity Tier 1 and Tier 1 risk-based capital under Fully Phased-in Basel III rules as of March 31, 2016.

Table 20: Transitional Basel III versus Fully Phased-in Basel III

(Billions)	CET1	Tier 1
Risk-Based Capital under Transitional Basel III	$ 16.5	$ 18.0
Adjustments related to:		
Accumulated Other Comprehensive Income	(0.2)	(0.2)
Transition provisions for intangible assets	(0.3)	(0.3)
Other	(0.1)	—
Estimated Common Equity Tier 1 (CET1) and Tier 1 Risk-Based Capital under Fully Phased-in Basel III	$ 15.9	$ 17.5

Fully Phased-in Basel III Risk-Weighted Assets — Reflects our Basel III risk-weighted assets, with all transition provisions fully phased in. This includes incremental risk weighting applied to deferred tax assets and significant investments in unconsolidated financial institutions, as well as exposures to past due accounts, equities and sovereigns.

Fully Phased-in Basel III Tier 1 Leverage Ratio — Calculated by dividing Fully Phased-in Basel III Tier 1 capital by our average total consolidated assets.

Fully Phased-in Basel III Supplementary Leverage Ratio — Calculated by dividing Fully Phased-in Basel III Tier 1 capital by our Fully Phased-in total leverage exposure for supplementary leverage ratio purposes under Fully Phased-in Basel III.

Share Repurchases and Dividends

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

During the three months ended March 31, 2016, we returned $1.4 billion to our shareholders in the form of common stock dividends ($0.3 billion) and share repurchases ($1.1 billion). We repurchased 19.9 million common shares at an average price of $56.17 in the first quarter of 2016. These dividend and share repurchase amounts represent approximately 99 percent of total capital generated during the quarter. The amount of capital we generated in the first quarter of 2016 significantly exceeded the capital required to finance organic business growth and acquisitions. The recent and expected sales of the HFS loan portfolios are expected to, all else remaining constant, increase our capital ratios due to the reduction in risk-weighted assets. This additional capital flexibility may be used to support growth in loans, potential acquisitions, distributions to shareholders, or a combination thereof.

In addition, during the three months ended March 31, 2016, we had $750 million of non-cumulative perpetual preferred shares (the “Series B Preferred Shares”) and $850 million of non-cumulative perpetual preferred shares (the “Series C Preferred Shares”) outstanding. Dividends declared and paid on Series C Preferred Shares during the first quarter of 2016 were $20.8 million.

Bank holding companies with $50.0 billion or more in total consolidated assets, including the Company, are required to develop and maintain a capital plan, and to submit the capital plan to the Federal Reserve for review under its Comprehensive Capital Analysis and Review (“CCAR”) process. All such bank holding companies were required to submit their capital plans to the Federal Reserve by April 5, 2016. The Federal Reserve is expected to publish the decisions for all the bank holding companies participating in CCAR 2016, including the reasons for any objection to capital plans, by June 30, 2016. In addition, the Federal Reserve will separately publish the results of its supervisory stress test under both the supervisory severely adverse and adverse scenarios. The information to be released will include, among other things, the Federal Reserve’s projection of company-specific information, including post-stress capital ratios and the minimum value of these ratios over the planning horizon.

Funding Strategy

Our principal funding objective is to maintain broad and well-diversified funding sources to allow us to meet our maturing obligations, cost-effectively finance current and future asset growth in our global businesses as well as to maintain a strong liquidity profile.

Summary of Consolidated Debt

We had the following consolidated debt and customer deposits outstanding as of March 31, 2016 and December 31, 2015:

Table 21: Consolidated Debt

(Billions)	**March 31, 2016**	December 31, 2015
Short-term borrowings	**$ 2.6**	$ 4.8
Long-term debt	**47.3**	48.1
Total debt	**49.9**	52.9
Customer deposits	**55.8**	55.0
Total debt and customer deposits	**$ 105.7**	$ 107.9

Management does not currently expect to make any significant changes to our funding programs in order to satisfy Basel III's Liquidity Coverage Ratio (LCR) standard based upon our current understanding of the requirements, which may be subject to change as we receive additional clarification and implementation guidance from regulators relating to the requirements and as the interpretation of requirements evolves over time.

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), Fitch Ratings (Fitch) and Dominion Bond Rating Services (DBRS). Such ratings help support our access to cost-effective unsecured funding as part of our overall funding strategy. Our asset-backed securitization activities are rated separately.

Table 22: Unsecured Debt Ratings

Credit Agency	American Express Entity	Short-Term Ratings	Long-Term Ratings	Outlook
DBRS	All rated entities	R-1 (middle)	A (high)	Stable
Fitch	All rated entities	F1	A	Negative
Moody's	TRS and rated operating subsidiaries (a)	Prime-1	A2	Stable
Moody's	American Express Company	Prime-2	A3	Stable
S&P	TRS and rated operating subsidiaries (a) (b)	A-2	A-	Stable
S&P	American Express Company	A-2	BBB+	Stable

(a) American Express Travel Related Services Company, Inc.
(b) S&P does not provide a rating for TRS short-term debt.

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 lines of credit. 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), should reduce the impact that credit rating downgrades would have on our funding capacity and costs.

Deposit Programs

We held the following deposits as of March 31, 2016 and December 31, 2015:

Table 23: Customer Deposits

(Billions)	**March 31, 2016**	December 31, 2015
U.S. retail deposits:		
Savings accounts — Direct	**$ 30.3**	$ 29.0
Certificates of deposit: [a]		
Direct	**0.3**	0.3
Third-party (brokered)	**13.7**	13.9
Sweep accounts — Third-party (brokered)	**10.7**	10.9
Other retail deposits:		
Non-U.S. deposits and U.S. non-interest bearing	**0.1**	0.2
Card Member credit balances - U.S. and non-U.S.	**0.7**	0.7
Total customer deposits	**$ 55.8**	$ 55.0

(a) The weighted average remaining maturity and weighted average rate at issuance on the total portfolio of U.S. retail CDs, issued through direct and third-party programs, were 28.2 months and 1.90 percent, respectively, as of March 31, 2016.

Asset Securitization Programs

We periodically securitize Card Member receivables and loans arising from our card business, as the securitization market provides us with cost-effective funding. Securitization of Card Member receivables and loans is accomplished through the transfer of those assets to a trust, which in turn issues securities collateralized by the transferred assets to third party investors. The proceeds from issuance are distributed to us, through our wholly owned subsidiaries, as consideration for the transferred assets.

The receivables and loans being securitized are reported as Card Member receivables and loans on our Consolidated Balance Sheets, with a portion also included in Card Member loans and receivables HFS, and the related securities issued to third-party investors are reported as long-term debt.

Under the respective terms of the securitization 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 three months ended March 31, 2016, no such triggering events occurred.

Liquidity Management

We incur liquidity risk that arises in the course of offering our products and services. 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, even in the event we are unable to raise new funds under our regular funding programs during a substantial weakening in economic conditions, in amounts sufficient to meet our expected future financial obligations and our businesses' requirements for liquidity for a period of at least twelve months. Our liquidity risk policy sets out our objectives and approach to managing liquidity risk.

The liquidity risks that we are exposed to could arise from a wide variety of scenarios. Our liquidity management strategy thus 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;
- Establishing clear objectives for liquidity risk management, including compliance with regulatory requirements;
- Incorporating liquidity risk management as appropriate into our capital adequacy framework.

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 (Dodd-Frank) and other regulatory measures of liquidity, such as the LCR, as well as additional stress scenarios required under our liquidity risk policy. The Company was in compliance with the liquidity requirements to which it is subject, including the LCR, for the three months ended March 31, 2016.

The investment income we receive on liquidity resources, such as cash, is less than the interest expense on the sources of funding for these balances. The net interest costs to maintain these resources have been substantial. The level of future net interest costs depends on the amount of liquidity resources we maintain and the difference between our cost of funding these amounts and their investment yields.

Securitized Borrowing Capacity
As of March 31, 2016, we maintained our committed, revolving, secured borrowing facility, with a maturity date of July 15, 2018, that 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 together with the Lending Trust, the Trusts). We also maintained our committed, revolving, secured borrowing facility, with a maturity date of September 15, 2017, that gives us the right to sell up to $2.0 billion face amount of eligible AAA certificates from the Lending Trust. Both facilities are used in the ordinary course of business to fund seasonal working capital needs, as well as to further enhance our contingent funding resources. As of March 31, 2016, no amounts were drawn on the Charge Trust facility or the Lending Trust facility.

Federal Reserve Discount Window
As insured depository institutions, the Banks may borrow from the Federal Reserve Bank of San Francisco, subject to the amount of qualifying collateral that they 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.

We had approximately $54 billion as of March 31, 2016 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 Facilities
In addition to the secured borrowing facilities described earlier in this section, we maintained a committed syndicated bank credit facility as of March 31, 2016 of $3.0 billion, which expires on December 9, 2018. As of March 31, 2016, no amounts were drawn on this facility.

Certain Other Off-Balance Sheet Arrangements
As of March 31, 2016, we had approximately $306.7 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 limit, and therefore are not reflected in unused credit available to Card Members.

Cash Flows

The following table summarizes our cash flow activity for the three months ended March 31, 2016.

Table 24: Cash Flows

(Billions)	**2016**	2015
Total cash provided by (used in):		
Operating activities	**$ 2.5**	$ 2.1
Investing activities	**3.7**	2.8
Financing activities	**(3.9)**	(3.5)
Effect of foreign currency exchange rates on cash and cash equivalents and other	**—**	(0.1)
Net increase in cash and cash equivalents	**$ 2.3**	$ 1.3

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 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.

For the three months ended March 31, 2016 and 2015, net cash provided by operating activities was $2.5 billion and $2.1 billion, respectively, driven in both periods by net income of $1.4 billion and $1.5 billion, respectively, adjusted for non cash items including changes in provisions for losses, depreciation and amortization, deferred taxes, and stock-based compensation. The increase in the current period, as compared to the three months ended March 31, 2015, primarily resulted from offsetting impacts from movements in Other assets and Accounts payable and Other liabilities as a result of normal business operating activities.

Cash Flows from Investing Activities

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

For the three months ended March 31, 2016, and 2015, net cash provided by investing activities was $3.7 billion and $2.8 billion, respectively. The increase in the current period, as compared to the three months ended March 31, 2015, was primarily driven by the sale of the JetBlue portfolio and a decrease in the remaining HFS portfolio balances.

Cash Flows from Financing Activities

Our cash flows from financing activities primarily include issuing and repaying debt, changes in customer deposits, issuing and repurchasing our common shares, and paying dividends.

For the three months ended March 31, 2016, and 2015, net cash used in financing activities was $3.9 billion and $3.5 billion, respectively. The increase in the current period, as compared to the three months ended March 31, 2015, primarily resulted from a higher net decrease in short-term borrowings and higher common share repurchases in the current year, partially offset by lower net long-term debt repayments in the current year, as compared to the same period in the prior year.

OTHER MATTERS

Certain Legislative, Regulatory and Other Developments

As a participant in the financial services industry, and as a bank holding company, we are subject to comprehensive examination and supervision by the Federal Reserve and to a range of laws and regulations that impact our business and operations. In light of the current environment of additional regulation, enhanced supervision efforts and increased regulatory investigations and enforcement, compliance requirements and expenditures have risen for financial services firms, including us, and we expect compliance requirements and expenditures will continue to rise in the future.

In addition, legislators and regulators in various countries in which we operate have focused on the operation of card networks, including through antitrust actions, legislation and rules 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. Regulators and legislators have focused on the fees merchants pay to accept cards, including the way bankcard network members collectively set the "interchange" (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. Although, unlike the Visa and MasterCard networks, the American Express network does not have interchange fees or collectively set fees or rules, antitrust actions and government regulation relating to merchant pricing or terms of merchant rules and contracts could affect all networks directly or indirectly, as well as adversely impact consumers and merchants. Among other things, lower interchange and/or merchant discount revenue may lead card issuers to look for other sources of revenue from consumers such as higher annual card fees or interest charges, as well as to reduce costs by scaling back or eliminating rewards, services or benefits to cardholders and merchants. 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, which could increase our costs and 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.

In certain countries, such as Australia and certain Member States in the EU, merchants are permitted by law to surcharge card purchases. While surcharging continues to be actively considered in certain jurisdictions, the benefits to customers have not been apparent in countries that have allowed it, and in some cases regulators are addressing concerns about excessive surcharging by merchants. Surcharging, particularly where it disproportionately impacts American Express Card Members, which is known as differential surcharging, as well as other steering practices that are permitted by regulation in some countries could have a material adverse effect on us if it becomes widespread. The Reserve Bank of Australia allows us and other networks to limit a merchant's right to surcharge to "the reasonable cost of card acceptance." In the EU, in those Member States that permit surcharging, the Consumer Rights Directive prohibits merchants from surcharging card purchases more than the merchants' cost of acceptance.

European Union Payments Legislation

In 2015, the European Union adopted legislation in two parts, covering a wide range of topics across the payments industry. The first part was an EU-wide regulation on interchange fees (the Interchange Fee Regulation); the second consisted of revisions to the Payment Services Directive (the PSD2).

The Interchange Fee Regulation was formally adopted in April 2015. The substantive terms as adopted include the following:

- Price caps – Interchange fees on consumer card transactions in the EU are capped as of December 2015, generally at 20 basis points for debit and prepaid cards and 30 basis points for credit and charge

cards, with the possibility of lower caps in some instances. Although we do not have interchange fees and "three party" networks such as American Express are exempt from the application of the caps, the regulation provides that "three party" networks should be treated as "four party" networks (such as Visa and MasterCard, which have interchange fees) when they license third party providers to issue cards and/or acquire merchants or when they issue cards with a cobrand partner or through an agent. This means, for example, the caps will apply to elements of the financial arrangements agreed to between us and each of our GNS partners in the EU, which may undermine our ability to attract and retain GNS partners. While the discount rates we agree to with merchants are not capped, the interchange caps have exerted, and will likely continue to exert, downward pressures on merchant fees across the industry, including our discount rates. We have brought a legal challenge and seek a ruling from the EU Court of Justice to invalidate the application of price caps in circumstances where three party networks issue cards with a cobrand partner or through an agent. The Interchange Fee Regulation excludes commercial card transactions from the scope of the caps.

- Card acceptance terms –"Anti-steering" and honor-all-cards rules across all card networks, including non-discrimination and honor-all-cards provisions in our card acceptance agreements, are prohibited with some exceptions. Removal of these provisions creates significant risk of customer confusion and Card Member dissatisfaction, which would result in harm to the American Express brand. The prohibition on "anti-steering rules" took effect immediately upon effectiveness of the regulation; the prohibition on honor-all-cards rules takes effect in June 2016.

- Network licensing – In December 2015, the geographic scope of the network licenses that we agree to with our GNS partners in the EU was amended to cover the entire EU in order to meet the requirements of the regulation. This allows GNS partners to actively pursue their American Express business throughout the EU, including countries where we or other GNS partners are present, and may undermine the value of licenses granted to some GNS partners to date, which have been subject to varying levels of exclusivity to incentive development of the American Express business in relation to a particular country.

- Separation of network processing – From June 2016, card networks will be required to separate their network processing functions (in which transactions between different issuers and acquirers are processed for authorization, clearing and settlement). This provision does not generally apply to "three party" payment networks, such as American Express, but may be deemed applicable, for example, where a different GNS issuer and acquirer is involved in a transaction, which represent a very small percentage of transactions on our network.

- Co-badging of cards – From June 2016, a single card may bear the brand of multiple networks and be used to process transactions on any of those networks. Merchants may install automatic mechanisms in point-of-sale equipment to prioritize selection of a particular network, subject to override by the cardholder. These provisions may harm the American Express brand insofar as GNS issuing partners will be able to offer multiple networks on a single card and merchants may program their point-of-sale equipment to prioritize selection of another network on such cards.

The PSD2 was adopted on November 25, 2015, and was published in the Official Journal of the European Union on December 23, 2015. Each Member State has until January 2018 to transpose the PSD2 into national law.

Among other terms, the published text of PSD2 includes provisions that will (i) further regulate surcharging so that transactions falling in scope of the interchange caps could not be surcharged, but transactions falling outside the scope of the caps could be surcharged up to cost, subject potentially to the decision of an individual Member State to prohibit surcharging altogether; and (ii) require all networks, including "three party" payment networks that operate with licensing arrangements, such as our GNS business, to establish objective, proportionate and non-discriminatory criteria under which a financial institution may access the network, for example, as a licensed issuer or acquirer. The potential surcharging regulation may increase instances of differential surcharging of our cards, prompt customer and merchant confusion as to which transactions may be surcharged and lead to Card Member dissatisfaction. The access requirements will undermine the flexibility and discretion we have had to date in deciding with whom to partner in our GNS business and, together with requirements in the Interchange Fee Regulation, may undermine the value of our GNS business in Europe.

Australia Payments Regulation

Following a formal review of the regulatory framework for card payments in Australia, the Reserve Bank of Australia published a consultation paper on December 3, 2015, proposing new regulations, including the following:

- Interchange caps – the interchange fee paid on Visa and MasterCard credit transactions must not exceed a weighted-average benchmark of 0.50 percent across all transactions, with a maximum interchange fee cap of 0.80 percent for each individual credit card transaction.

- The inclusion of our GNS business in Australia under interchange regulation, which would subject GNS payments to bank partners to the same interchange caps and regulations that apply to Visa and MasterCard credit card transactions in Australia.

- Broadening the definition of interchange fees to include any fees paid by networks to card-issuing banks as incentives to issue cards as well as any other net payments made to card issuers.

- Increasing the frequency of periodic weighted-average benchmark calculations from every three years to quarterly, and including all transactions at Australian merchants in benchmark calculations (thereby capturing foreign-issued cards, which had previously been excluded).

- Changing the rules on merchant surcharging to limit surcharging to the actual costs of card acceptance paid to the merchant acquirer, as recorded on the merchant statement issued by the merchant acquirer.

The industry consultation process is now complete. The Reserve Bank of Australia is expected to publish its final amended standards and consultation findings, together with implementation timeframes, by mid-2016.

Dodd-Frank Wall Street Reform and Consumer Protection Act

Dodd-Frank contains a wide array of provisions intended to govern the practices and oversight of financial institutions and other participants in the financial markets. Among other matters, the law created an independent Consumer Financial Protection Bureau (the CFPB), which has broad rulemaking authority over providers of credit, savings, payment and other consumer financial products and services with respect to certain federal consumer financial laws. Moreover, the CFPB has examination and enforcement authority with respect to certain federal consumer financial laws for providers of consumer financial products and services, including certain of our subsidiaries. The CFPB is directed to prohibit “unfair, deceptive or abusive” acts or practices, and to ensure that all consumers have access to fair, transparent and competitive markets for consumer financial products and services.

The review of products and practices to prevent unfair, deceptive or abusive conduct will be a continuing focus of the CFPB and regulators more broadly, as well as our own internal reviews. Internal and regulatory reviews have resulted in, and are likely to continue to result in, changes to our practices, products and procedures. Such reviews are also likely to continue to result in increased costs related to regulatory oversight, supervision and examination, and additional restitution to our Card Members and may result in additional regulatory actions, including civil money penalties.

On October 7, 2015, the CFPB announced a proposal that would, among other changes, require that our consumer arbitration clause not apply to cases filed in court as class actions, unless and until class certification is denied or the class claims are dismissed. This proposal is the beginning of a rulemaking process that may not result in a final rule, if any, becoming effective before 2018.

Antitrust Litigation

The U.S. DOJ and certain states' attorneys general brought an action against us in 2010 alleging that the provisions in our card acceptance agreements with merchants that prohibit merchants from engaging in various actions to discriminate against our card products violate the U.S. antitrust laws. The trial court has ruled that the challenged provisions violate U.S. antitrust laws and issued an injunction, effective July 20, 2015, prohibiting us from enforcing certain elements of such provisions in the United States. We appealed this judgment and on December 18, 2015, the Court of Appeals for the Second Circuit stayed the trial court's judgment pending the issuance of its appellate decision. We are also vigorously defending similar antitrust claims initiated by merchants in other court and arbitration proceedings. See Part I, Item 3. "Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2015 (the 2015 Form 10-K) for descriptions of the DOJ action and related cases. It is possible that significantly increased merchant steering or other actions impairing the Card Member experience, or the resolution of one or any combination of these merchant claims for damages, could have a material adverse effect on our business. See Part I, Item 1A, "Risk Factors" in the 2015 Form 10-K for information on the potential impacts of an adverse decision in the DOJ case and related merchant litigations on our business.

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 — Represents net interest income attributable to our Card Member loans and loans HFS, including interest that is deemed uncollectible; excludes the impact of interest expense and interest income not attributable to our Card Member loans.

Asset securitizations — Asset securitization involves the transfer and sale of receivables or loans 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 receivables or loans. The trust uses the proceeds from the sale of such securities to pay the purchase price for the underlying receivables or loans. The receivables and loans of our Charge Trust and Lending Trust being securitized 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 pricing at merchants accepting general-purpose American Express cards. It represents the percentage of billed business (generated from both proprietary and GNS Card Member spending) retained by us from merchants we acquire, or for merchants acquired by a third party on our behalf, net of amounts retained by such third party.

Basic cards-in-force — Proprietary basic consumer cards-in-force includes basic cards issued to the primary account owner, (i.e., not including additional supplemental cards issued on accounts). Proprietary basic small business and corporate cards-in-force includes both basic and supplemental cards issued. Non-proprietary basic cards-in-force includes cards that are issued and outstanding under network partnership agreements, except for supplemental cards and retail cobrand Card Member accounts which have had no out-of-store spending activity during the prior 12-month period.

Billed business — Includes activities (including cash advances) related to proprietary cards, cards issued under network partnership agreements (non-proprietary billed business), corporate payment services and certain insurance fees charged on proprietary cards. In-store spending activity within retail cobrand portfolios in GNS, from which we earn no revenue, is not included in non-proprietary billed business. Card billed business is included in the United States or outside the United States based on where the issuer is located.

Capital ratios — Represents the minimum standards established by the 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 Transitional Basel III and Fully Phased-in Basel III.

Card Member — The individual holder of an issued American Express-branded charge, credit and certain prepaid cards.

Card Member loans — Represents the outstanding amount due from Card Members for charges made on their American Express credit cards, as well as any interest charges and card-related fees. Card Member loans also include revolving balances on certain American Express charge card products.

Card Member loans and receivables HFS — Beginning as of December 1, 2015 and continuing until a sale is completed, represents Card Member loans and receivables related to our cobrand partnerships with Costco in the United States and JetBlue (the JetBlue sale was completed on March 18, 2016).

Card Member receivables — Represents the outstanding amount due from Card Members for charges made on their American Express charge cards, as well as any card-related fees.

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. Charge Card Members generally must pay the full amount billed each month. No finance charges are assessed on charge cards. Each charge card transaction is authorized based on its likely economics reflecting a Card Member's most recent credit information and spend patterns. Some charge card accounts have an additional lending-on-charge feature that allows revolving certain balances.

Credit cards — Represents cards that have a range of revolving payment terms, grace periods, and rate and fee structures.

Discount revenue — Represents revenue earned from fees generally charged to merchants who have entered into a card acceptance agreement. The discount fee generally is deducted from our payment for Card Member purchases. Discount revenue is reduced by incentive payments made to merchants, payments to third-party card issuing partners, cash-back reward costs and statement credits, corporate incentive payments and other similar items.

Interest expense — Includes interest incurred primarily to fund Card Member receivables and loans, general corporate purposes and liquidity needs, and is recognized as incurred. 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 and loans HFS. 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 as earned 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 — Recognized as earned, and 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.

Liquidity Coverage Ratio — Represents the proposed minimum standards being established by the regulatory agencies as a measure to determine whether the regulated entity has sufficient liquidity to meet liquidity needs in periods of financial and economic stress.

Merchant acquisition — Represents our process of entering into agreements with merchants to accept American Express-branded cards.

Net card fees — Represents the card membership fees earned during the period. These fees are 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 Card Member loans — Net interest yield on Card Member loans is computed by dividing adjusted net interest income by average loans, computed on an annualized basis. The calculation of net interest yield on Card Member loans includes interest that is deemed uncollectible. Reserves and net write-offs related to uncollectible interest are recorded through provisions for losses, which are not included in the net interest yield calculation.

Net loss ratio — Represents the ratio of GCP charge card write-offs, consisting of principal (resulting from authorized transactions) and fee components, less recoveries, on Card Member receivables expressed as a percentage of gross amounts billed to corporate Card Members.

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 receivables 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.

Operating expenses — Represents salaries and employee benefits, professional services, occupancy and equipment, communications and other expenses.

Return on average equity — Calculated by dividing one-year period net income by one-year average total shareholders' equity.

Return on average segment capital — Calculated by dividing one-year period segment income by one-year average segment capital.

Return on average tangible segment capital — Computed in the same manner as the return on average segment capital, except the computation of average tangible segment capital excludes from average segment capital, average goodwill and other intangibles.

Segment capital — Represents the capital allocated to a segment based upon specific business operational needs, risk measures, and regulatory capital requirements.

Total cards-in-force — Represents the number of cards that are issued and outstanding. Non-proprietary cards-in-force includes all cards that are issued and outstanding under network partnership agreements, except for retail cobrand Card Member accounts which have no out-of-store spending activity during the prior 12-month period.

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 interest rates on our assets (such as loans, receivables and investment securities) and on our liabilities (such as debt and deposits); and (ii) foreign exchange risk related to earnings, transactions and investments in currencies other than the U.S. dollar. There were no material changes in these market risks since December 31, 2015.

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.

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 expected business and financial performance, among other matters, contain words such as “believe,” “expect,” “estimate,” “anticipate,” “intend,” “plan,” “aim,” “will,” “may,” “should,” “could,” “would,” “likely,” and similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. 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 in the future, as well as our earnings expectations for the second quarter and second half of 2016, which will depend in part on the following: an acceleration of billed business and revenue growth above the level generated in 2015, which could be impacted by, among other things, weakening economic conditions in the United States or internationally, a decline in consumer confidence impacting the willingness and ability of Card Members to sustain spending, a further decline in airfare and gas prices, a further strengthening of the U.S. dollar, a greater erosion of the average discount rate than expected, a greater impact on discount revenue from cash back, GNS volumes and cobrand partner and client incentive payments, continued cautious spending by large and global corporate Card Members and lower spending on new cards acquired than estimated; our success in addressing competitive pressures and implementing strategies and business initiatives, including growing profitable spending from new and existing Card Members, increasing penetration among middle market and small business clients, expanding our international footprint, growing loyalty coalitions and increasing merchant acceptance; the timing and impact of the expected sale of the Costco U.S. Card Member loan portfolio; realizing incremental economics associated with the Costco U.S. contract

extension, which could be impacted by, among other things, Card Member behavior, including the desire of Costco U.S. Card Members to continue to use their Costco U.S. cobrand cards and the availability to those Card Members of other payment forms; the impact of any potential restructuring charges or other contingencies, including, but not limited to, litigation-related expenses, impairments, the imposition of fines or civil money penalties, an increase in Card Member reimbursements and changes in reserves; credit performance remaining in line with current expectations; continued growth of Card Member loans held for investment; the ability to continue to realize benefits from restructuring actions and operating leverage at levels consistent with current expectations; the amount we spend on growth initiatives; changes in interest rates beyond current expectations; 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 partners, merchants and Card Members; our tax rate remaining in line with current expectations, which could be impacted by, among other things, our geographic mix of income being weighted more to higher tax jurisdictions than expected and unfavorable tax audits and other unanticipated tax items; the impact of accounting changes and reclassifications; and our ability to continue executing the share repurchase program;

- the actual amount to be spent on growth initiatives, as well as the timing of any such spending, which will be based in part on management's assessment of competitive opportunities, overall business performance, the amount of any potential gain arising from the sale of the Costco U.S. Card Member loan portfolio management decides to invest in the business, contractual obligations with business partners and other fixed costs relative to revenue levels, management's ability to identify attractive investment opportunities and make such investments, which could be impacted by business, regulatory or legal complexities and our performance, and our ability to realize efficiencies, optimize investment spending and control expenses to fund such spending;

- our ability to reduce our overall cost base by $1 billion by the end of 2017, which will depend in part on the timing and financial impact of future reengineering plans (including whether we will recognize restructuring charges in future periods), which could be impacted by factors such as our inability to mitigate the operational and other risks posed by potential staff reductions, our inability to develop and implement technology resources to realize cost savings, underestimating hiring needs related to some of the job positions being eliminated and other employee needs not currently anticipated, lower than expected attrition rates and higher than expected redeployment rates; our ability to identify synergies and redundancies within our organizational structure, as well as reduce management layers; our ability to reduce annual operating expenses, which could be impacted by, among other things, the factors identified below; and our ability to optimize and lower marketing and promotion expenses, which could be impacted by higher advertising and mailing costs, competitive pressures that may require additional expenditures or limit our ability to reduce costs, the availability of opportunities to invest at a higher level due to favorable business results and changes in macroeconomic conditions;

- the ability to reduce annual operating expenses, which could be impacted by increases in significant categories of operating expenses, such as consulting or professional fees, including as a result of increased litigation, compliance or regulatory-related costs, technology costs or fraud costs; our ability to develop, implement and achieve substantial benefits from reengineering plans; higher than expected employee levels; the impact of changes in foreign currency exchange rates on costs; the payment of civil money penalties, disgorgement, restitution, non-income tax assessments and litigation-related settlements; impairments of goodwill or other assets; management's decision to increase or decrease spending in such areas as technology, business and product development and sales forces depending on overall business performance; greater than expected inflation or merit increases; our ability to balance expense control and investments in the business; the impact of accounting changes and reclassifications; and the level of M&A activity and related expenses;

- our lending write-off rates changing differently than current expectations and provision expense being higher or lower than current expectations, which will depend in part on changes in the level of loan balances, delinquency rates of Card Members, loans related to new Card Members performing as expected, unemployment rates, the volume of bankruptcies and recoveries of previously written-off loans;

- our ability to execute against our lending strategy and grow Card Member loans held for investment as well as merchant financing and other non-card loans, without changing the overall risk profile of the Company, which may be affected by increasing competition, brand perceptions and reputation, our ability to manage risk in a growing Card Member loan portfolio, and the behavior of Card Members and their actual spending and borrowing patterns, which in turn may be driven by our ability to issue new and enhanced card products, offer attractive services and rewards programs, attract new Card Members, reduce Card Member attrition and capture a greater share of existing Card Members' spending and borrowings;

- uncertainties associated with the impact and timing of the expected sale of the Costco U.S. Card Member loan portfolio and the corresponding extension of the merchant acceptance agreement, such as operational issues related to the transfer of Card Member loans and accounts, the parties' ability to satisfy the closing conditions and the amount of any gain we recognize as a result of a sale, which could be impacted by the credit quality and performance of the portfolio, the amount of any volume decline experienced by the cobrand portfolio and the timing of the potential sale as the gain will be determined by the amount of the aggregate outstanding loans transferred at closing;

- the erosion of the average discount rate by a greater amount than anticipated during 2016 and beyond, including as a result of changes in the mix of spending by location and industry, merchant incentives and concessions, volume-related pricing discounts, strategic investments, certain pricing initiatives, competition, pricing regulation (including regulation of competitors' interchange rates in the European Union and elsewhere) and other factors;

- the possibility that we will not fully execute on our plans for OptBlue to significantly increase merchant coverage, which will depend in part on the success of OptBlue merchant acquirers in signing merchants to accept American Express, which could be impacted by the pricing set by the merchant acquirers, the value proposition offered to small merchants and the efforts of OptBlue merchant acquirers to sign merchants for American Express acceptance, as well as the willingness of Card Members to use American Express cards at small merchants and of those merchants to accept American Express cards;

- uncertainty relating to the ultimate outcome of the antitrust lawsuit filed against us by the DOJ and certain state attorneys general, including the success or failure of our appeal and the impact on existing private merchant cases and potentially additional litigation and/or arbitrations;

- changes affecting our ability or desire to return capital to shareholders through dividends and share repurchases, including the opportunity for incremental capital returns related to the Costco U.S. portfolio sale, which will depend on factors such as approval of our capital plans by our primary regulators, the amount we spend on acquisitions and results of operations and capital needs in any given period;

- changes in global economic and business conditions, including consumer and business spending, the availability and cost of capital, unemployment and political conditions, all of which may significantly affect spending on American Express cards, delinquency rates, loan balances and other aspects of our business and results of operations;

- changes in capital and credit market conditions, including sovereign creditworthiness, which may significantly affect our ability to meet our liquidity needs, expectations regarding capital and liquidity ratios, access to capital and cost of capital, including changes in interest rates; changes in market conditions affecting the valuation of our assets; or any reduction in our credit ratings or those of our subsidiaries, which could materially increase the cost and other terms of our funding, restrict our access to the capital markets or result in contingent payments under contracts;

- legal and regulatory developments wherever we do business, including with regard to broad payment system regulatory regimes, such as in Europe and Australia, consumer financial product protection actions by the CFPB and other regulators and the stricter regulation of large, interconnected financial institutions, which could make fundamental changes to many of our business practices or materially affect our capital or liquidity requirements, results of operations, or ability to pay dividends or repurchase our stock; potential actions by the FDIC and credit rating agencies applicable to securitization trusts, which could impact our ABS program; or potential changes to the taxation of our businesses, the allowance of deductions for significant expenses, or the incidence of consumption taxes on our transactions, products and services;

- changes in the substantial and increasing worldwide competition in the payments industry, including competitive pressure that may impact the prices we charge merchants that accept our cards, competition for cobrand relationships and the success of marketing, promotion or rewards programs;

- changes in the financial condition and creditworthiness of our business partners, such as bankruptcies, restructurings or consolidations, involving merchants that represent a significant portion of our business, such as the airline industry, or our partners in GNS or financial institutions that we rely on for routine funding and liquidity, which could materially affect our financial condition or results of operations;

- our ability to maintain and expand our presence in the digital payments space, including online and mobile channels, which will depend on our success in evolving our business models and processes for the digital environment, building partnerships and executing programs with companies, and utilizing digital capabilities that can be leveraged for future growth; and

- factors beyond our control such as fire, power loss, disruptions in telecommunications, severe weather conditions, natural disasters, health pandemics, terrorism, cyber attacks or fraud, which could significantly affect spending on American Express cards, delinquency rates, loan balances and travel-related spending 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 2015 Form 10-K and our other reports filed with the Securities and Exchange Commission.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of business, we and our subsidiaries are subject to various claims, investigations, examinations, pending and potential legal actions, and other matters relating to compliance with laws and regulations (collectively, "legal proceedings"). We believe we have meritorious defenses to each of these legal proceedings and intend to defend them vigorously. Some of these proceedings are at preliminary stages and seek an indeterminate amount of damages.

We believe we are not 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, it is possible that the outcome of legal proceedings, including the possible resolution of merchant claims described in our 2015 Form 10-K, could have a material impact on our results of operations. In addition, it is possible that significantly increased merchant steering or other actions impairing the Card Member experience as a result of the DOJ case described in our 2015 Form 10-K could have a material adverse effect on our business. Certain legal proceedings involving us or our subsidiaries are further described in this section and others, for which there have been no subsequent material developments since the filing of our 2015 Form 10-K, are described in such report.

For those legal proceedings described in this section and in the 2015 Form 10-K where a loss is reasonably possible in future periods, whether in excess of a related reserve for legal contingencies or where there is no such reserve, and for which we are able to estimate a range of possible loss, the current estimated range is zero to $350 million in excess of any reserves related to those matters. This range represents our estimate based on currently available information and does not represent our maximum loss exposure; actual results may vary significantly. As such proceedings evolve, including the merchant claims, we may need to increase our range of possible loss or reserves for legal contingencies. For additional information, see Note 8 to our Consolidated Financial Statements.

We are a defendant in a class action captioned Kaufman v. American Express Travel Related Services , which was filed on February 14, 2007, and is pending in the United States District Court for the Northern District of Illinois. Plaintiffs' principal allegation is that our gift cards violated consumer protection statutes because consumers allegedly had difficulty spending small residual amounts on the gift cards prior to the imposition of monthly service fees. The Court preliminarily certified a settlement class consisting of (with some exceptions) "all purchasers, recipients and holders of all gift cards issued by American Express from January 1, 2002 through the date of preliminary approval of the settlement." On March 2, 2016, the court granted final approval of the class-wide settlement. Notices of appeal have been filed.

On July 30, 2015, plaintiff Plumbers and Steamfitters Local 137 Pension Fund, on behalf of themselves and other purchasers of American Express stock, filed a suit, captioned Plumbers and Steamfitters Local 137 Pension Fund v. American Express Co., Kenneth I. Chenault and Jeffrey C. Campbell , for violation of federal securities law, alleging that the Company deliberately issued false and misleading statements to, and omitted important information from, the public relating to the financial importance of the Costco cobrand relationship to the Company, including, but not limited to, the decision to accelerate negotiations to renew the cobrand agreement. The plaintiff seeks damages and injunctive relief. The Company moved to dismiss the amended complaint on March 21, 2016.

On October 16, 2015, a putative class action, captioned Houssain v. American Express Company, et al. , was filed in the United States District Court for the Southern District of New York against the Company and certain officers of the Company under the Employee Retirement Income Security Act of 1974 ("ERISA") relating to disclosures of the Costco cobrand relationship. The complaint alleges that the defendants violated certain ERISA obligations by: allowing the investment of American Express Retirement Savings Plan ("Plan") assets in American Express common stock when American Express common stock was not a prudent investment; misrepresenting and failing to disclose material facts to Plan participants in connection with the administration of the Plan; and breaching certain fiduciary obligations. The suit seeks, among other remedies, an unspecified amount of damages. The Company moved to dismiss the complaint on April 20, 2016.

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. On April 18, 2016, the Company filed a motion to compel arbitration and change venue and jointly moved with co-defendants to dismiss the complaint.

ITEM 1A. RISK FACTORS

For a discussion of our risk factors, see Part I, Item 1A. "Risk Factors" of the 2015 Form 10-K. There are no material changes from the risk factors set forth in the 2015 Form 10-K. However, the risks and uncertainties that we face are not limited to those set forth in the 2015 Form 10-K. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business and the trading price of our securities.

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

(c) ISSUER PURCHASES OF SECURITIES

The table below sets forth the information with respect to purchases of the Company's common stock made by or on behalf of the Company during the three months ended March 31, 2016.

	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
January 1-31, 2016				
Repurchase program [a]	2,850,400	$54.58	2,850,400	102,794,901
Employee transactions [b]	1,041,904	$53.82	N/A	N/A
February 1-29, 2016				
Repurchase program [a]	9,008,295	$53.81	9,008,295	93,786,606
Employee transactions [b]	75,139	$54.57	N/A	N/A
March 1-31, 2016				
Repurchase program [a]	8,055,672	$59.37	8,055,672	85,730,934
Employee transactions [b]	72	$62.79	N/A	N/A
Total				
Repurchase program [a]	19,914,367	$56.17	19,914,367	85,730,934
Employee transactions [b]	1,117,115	$53.87	N/A	N/A

(a) On May 12, 2015, the Company announced the authorization to repurchase up to 150 million shares of common stock from time to time, in accordance with the capital distribution plans approved by the Federal Reserve and subject to market conditions. The authorization replaced the prior repurchase authorization and does not have an expiration date.

(b) Includes: (i) shares surrendered by holders of employee stock options who exercised options (granted under the Company's 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 the Company's incentive compensation plans) to offset tax withholding obligations that occur upon vesting and release of restricted shares. The Company's incentive compensation plans provide that the value of the shares delivered or attested to, or withheld, be based on the price of the Company's common stock on the date the relevant transaction occurs.

(c) Share purchases under publicly announced programs are made pursuant to open market purchases or privately negotiated transactions (including employee benefit plans) as market conditions warrant and at prices the Company deems appropriate.

ITEM 5. OTHER INFORMATION

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) to the Exchange Act, an issuer is required to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with individuals or entities designated pursuant to certain Executive Orders. Disclosure is generally required even where the activities, transactions or dealings were conducted outside the United States by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

During the first quarter of 2016, American Express Global Business Travel booked 10 reservations at hotels that may be owned, directly or indirectly, or may otherwise affiliated with, the Government of Iran. In addition, American Express Global Business Travel obtained approximately 20 visas from Iranian embassies and consulates around the world during the first quarter of 2016 in connection with certain travel arrangements on behalf of American Express Global Business Travel clients. American Express Global Business Travel had negligible gross revenues and net profits attributable to these transactions. American Express Global Business Travel believes these transactions were permissible pursuant to certain exemptions from U.S. sanctions for travel-related transactions under the International Emergency Economic Powers Act, as amended. American Express Global Business Travel has informed us that it intends to continue to engage in these activities on a limited basis so long as such activities are permitted under U.S. law.

In addition, a travel company that may be considered an affiliate of ours, American Express Nippon Travel Agency, Inc. (“Nippon Travel Agency”), has informed us that during the first quarter of 2016 it obtained 40 visas from the Iranian embassy in Japan in connection with certain travel arrangements on behalf of clients. Nippon Travel Agency had negligible gross revenues and net profits attributable to these transactions. Nippon Travel Agency has informed us that it intends to continue to engage in this activity so long as such activity is permitted under U.S. law.

ITEM 6. EXHIBITS

The list of exhibits required to be filed as exhibits to this report are listed on page E-1 hereof, under “Exhibit Index” which is incorporated herein by reference.

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: April 27, 2016

By /s/ Jeffrey C. Campbell
Jeffrey C. Campbell
Executive Vice President and
Chief Financial Officer

Date: April 27, 2016

By /s/ Linda Zukauckas
Linda Zukauckas
Executive Vice President and
Corporate Comptroller
(Principal Accounting Officer)

EXHIBIT INDEX

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

Exhibit	Description
12	Computation in Support of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends
31.1	Certification of Kenneth I. Chenault 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 Kenneth I. Chenault 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
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

EXHIBIT 12

AMERICAN EXPRESS COMPANY
COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(*Dollars in Millions*)

	Three Months Ended March 31,	Years Ended December 31,				
	2016	2015	2014	2013	2012	2011
Earnings:						
Pretax income from continuing operations	**$ 2,184**	$ 7,938	$ 8,991	$ 7,888	$ 6,451	$ 6,956
Interest expense [(a)]	**425**	1,623	1,707	1,958	2,226	2,320
Other adjustments [(b)]	**27**	118	402	133	117	124
Total earnings	**$ 2,636**	$ 9,679	$ 11,100	$ 9,979	$ 8,794	$ 9,400
Fixed charges:						
Interest expense	**$ 425**	$ 1,623	$ 1,707	$ 1,958	$ 2,226	$ 2,320
Other adjustments [(c)]	**14**	62	79	93	102	94
Total fixed charges	**439**	1,685	1,786	2,051	2,328	2,414
Preferred stock dividends	**21**	62	—	—	—	—
Total fixed charges and preferred stock dividends	**$ 460**	$ 1,747	$ 1,786	$ 2,051	$ 2,328	$ 2,414
Ratio of earnings to combined fixed charges and preferred stock dividends	**5.73**	5.54	6.22	4.87	3.78	3.89

(a) Included in interest expense is interest expense related to the Card Member lending activities, international banking operations, and charge card and other activities in the Consolidated Statements of Income. Interest expense does not include interest on liabilities recorded under GAAP governing accounting for uncertainty in income taxes. The Company's policy is to classify such interest in income tax provision in the Consolidated Statements of Income.

(b) For purposes of the "earnings" computation, "other adjustments" include adding the amortization of capitalized interest, the net loss of affiliates accounted for under the equity method whose debt is not guaranteed by the Company, the noncontrolling interest in the earnings of majority-owned subsidiaries with fixed charges, and the interest component of rental expense, and subtracting undistributed net income of affiliates accounted for under the equity method.

(c) For purposes of the "fixed charges" computation, "other adjustments" include capitalized interest costs and the interest component of rental expense.

EXHIBIT 31.1

CERTIFICATION

I, Kenneth I. Chenault, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Express Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2016

/s/ Kenneth I. Chenault

Kenneth I. Chenault
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Jeffrey C. Campbell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Express Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2016

/s/ Jeffrey C. Campbell

Jeffrey C. Campbell
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of American Express Company (the "Company") for the quarterly period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Kenneth I. Chenault, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kenneth I. Chenault

Name: Kenneth I. Chenault
Title: Chief Executive Officer
Date: April 27, 2016

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being "filed" as part of the Form 10-Q or as a separate disclosure document for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that this Exhibit 32.1 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of American Express Company (the "Company") for the quarterly period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jeffrey C. Campbell, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey C. Campbell
Name: Jeffrey C. Campbell
Title: Chief Financial Officer
Date: April 27, 2016

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being "filed" as part of the Form 10-Q or as a separate disclosure document for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that this Exhibit 32.2 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.