

American Express Company
Consolidated Statements of Income

(Millions, except percentages and per share amounts)

	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20	YOY % change	YTD'21	YTD'20	YOY % change
Non-interest revenues									
Discount revenue	\$6,327	\$5,242	\$ 5,549	\$ 4,999	\$ 4,015	58	\$11,569	\$9,853	17
Net card fees (A)	1,286	1,253	1,222	1,191	1,141	13	2,539	2,251	13
Other fees and commissions	560	520	516	478	449	25	1,080	1,169	(8)
Other	252	219	167	209	186	35	471	498	(5)
Total non-interest revenues	8,425	7,234	7,454	6,877	5,791	45	15,659	13,771	14
Interest income									
Interest on loans	2,094	2,144	2,236	2,266	2,368	(12)	4,238	5,277	(20)
Interest and dividends on investment securities	24	24	29	33	27	(11)	48	65	(26)
Deposits with banks and other	22	24	22	25	31	(29)	46	130	(65)
Total interest income	2,140	2,192	2,287	2,324	2,426	(12)	4,332	5,472	(21)
Interest expense									
Deposits	113	134	155	202	260	(57)	247	586	(58)
Long-term debt and other	209	228	235	248	282	(26)	437	672	(35)
Total interest expense	322	362	390	450	542	(41)	684	1,258	(46)
Net interest income	1,818	1,830	1,897	1,874	1,884	(4)	3,648	4,214	(13)
Total revenues net of interest expense	10,243	9,064	9,351	8,751	7,675	33	19,307	17,985	7
Provisions for credit losses									
Card Member receivables	(125)	(10)	(54)	117	355	#	(135)	952	#
Card Member loans	(396)	(573)	37	571	969	#	(969)	2,845	#
Other	(85)	(92)	(94)	(23)	231	#	(177)	379	#
Total provisions for credit losses	(606)	(675)	(111)	665	1,555	#	(1,281)	4,176	#
Total revenues net of interest expense after provisions for credit losses	10,849	9,739	9,462	8,086	6,120	77	20,588	13,809	49
Expenses									
Marketing and business development (A)	2,219	1,766	1,858	1,822	1,362	63	3,985	3,067	30
Card Member rewards	2,712	2,243	2,296	2,004	1,349	#	4,955	3,741	32
Card Member services	432	317	307	259	208	#	749	664	13
Salaries and employee benefits	1,539	1,550	1,566	1,408	1,349	14	3,089	2,744	13
Professional services	458	403	523	421	406	13	861	845	2
Data processing and equipment	577	582	644	577	564	2	1,159	1,113	4
Other, net	(28)	(115)	410	231	260	#	(143)	561	#
Total expenses	7,909	6,746	7,604	6,722	5,498	44	14,655	12,735	15
Pretax income	2,940	2,993	1,858	1,364	622	#	5,933	1,074	#
Income tax provision	660	758	420	291	365	81	1,418	450	#
Net income	\$2,280	\$2,235	\$ 1,438	\$ 1,073	\$ 257	#	\$4,515	\$ 624	#
Net income attributable to common shareholders (B)	\$2,249	\$2,206	\$ 1,415	\$ 1,050	\$ 238	#	\$4,455	\$ 571	#
Effective tax rate	22.4 %	25.3 %	22.6 %	21.3 %	58.7 %		23.9 %	41.9 %	
Earnings Per Common Share									
Basic									
Net income attributable to common shareholders	\$2.81	\$2.74	\$ 1.76	\$ 1.31	\$ 0.29	#	\$5.55	\$0.71	#
Average common shares outstanding	801	804	805	804	804	—	802	806	—
Diluted									
Net income attributable to common shareholders	\$2.80	\$2.74	\$ 1.76	\$ 1.30	\$ 0.29	#	\$5.54	\$0.71	#
Average common shares outstanding	802	805	806	805	805	—	803	807	—
Cash dividends declared per common share	\$0.43	\$0.43	\$ 0.43	\$ 0.43	\$ 0.43	—	\$0.86	\$0.86	—

- Denotes a variance of 100 percent or more.

See Appendix IV for footnote references

Consolidated Balance Sheets and Related Statistical Information

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

	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20	YOY % change
Assets						
Cash & cash equivalents	\$ 31	\$ 40	\$ 33	\$ 36	\$ 42	(26)
Card Member receivables, less reserves	48	42	43	40	37	30
Card Member loans, less reserves	72	66	68	64	64	13
Investment securities	12	21	22	22	20	(40)
Other (C)	24	24	25	25	26	(8)
Total assets	\$ 187	\$ 193	\$ 191	\$ 187	\$ 189	(1)
Liabilities and Shareholders' Equity						
Customer deposits	\$ 85	\$ 89	\$ 87	\$ 85	\$ 85	—
Short-term borrowings	2	2	2	2	2	—
Long-term debt	37	42	43	45	49	(24)
Other (C)	37	36	36	33	32	16
Total liabilities	161	169	168	165	168	(4)
Shareholders' Equity	26	24	23	22	21	24
Total liabilities and shareholders' equity	\$ 187	\$ 193	\$ 191	\$ 187	\$ 189	(1)
Return on average equity (D)	30.5 %	22.6 %	14.2 %	15.3 %	18.1 %	
Return on average common equity (D)	32.2 %	23.9 %	14.9 %	15.9 %	18.9 %	
Book value per common share (dollars)	\$ 30.02	\$ 28.46	\$ 26.58	\$ 25.19	\$ 24.19	24

American Express Company
Consolidated Capital

(Preliminary)

	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20
Shares Outstanding (in millions)					
Beginning of period	803	805	805	805	805
Repurchase of common shares	(6)	(3)	—	—	—
Net impact of employee benefit plans and others	1	1	—	—	—
End of period	798	803	805	805	805
Risk-Based Capital Ratios - Basel III (\$ in billions)					
Common Equity Tier 1/Risk Weighted Assets (RWA)	14.2 %	14.8 %	13.5 %	13.9 %	13.6 %
Tier 1	15.3 %	16.0 %	14.7 %	15.1 %	14.8 %
Total	16.8 %	17.5 %	16.2 %	16.7 %	16.5 %
Common Equity Tier 1	\$ 21.0	\$ 20.0	\$ 18.7	\$ 18.3	\$ 17.6
Tier 1 Capital	\$ 22.6	\$ 21.6	\$ 20.3	\$ 19.9	\$ 19.2
Tier 2 Capital	\$ 2.2	\$ 2.1	\$ 2.1	\$ 2.2	\$ 2.1
Total Capital	\$ 24.8	\$ 23.6	\$ 22.4	\$ 22.1	\$ 21.3
RWA	\$ 147.5	\$ 135.1	\$ 138.3	\$ 131.9	\$ 129.3
Tier 1 Leverage	12.2 %	11.4 %	11.0 %	10.8 %	10.4 %
Average Total Assets to calculate the Tier 1 Leverage Ratio (E)	\$ 185.6	\$ 189.3	\$ 185.1	\$ 185.3	\$ 184.3

See Appendix IV for footnote references

Selected Card Related Statistical Information

(Billions, except percentages and where indicated)

	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20	YOY % change	YTD'21	YTD'20	YOY % change
Network volumes (F)									
U.S.	\$222.6	\$186.2	\$195.0	\$174.6	\$145.1	53	\$408.9	\$338.5	21
Outside the U.S.	93.5	83.1	90.9	80.9	65.9	42	176.5	157.9	12
Total	\$316.1	\$269.3	\$285.9	\$255.5	\$211.0	50	\$585.4	\$496.4	18
Billed business (F)	\$267.8	\$225.4	\$239.8	\$213.6	\$174.7	53	\$493.3	\$417.3	18
Processed volumes (F)	48.3	43.9	46.1	41.9	36.3	33	92.1	79.1	16
Total	\$316.1	\$269.3	\$285.9	\$255.5	\$211.0	50	\$585.4	\$496.4	18
Cards-in-force (millions) (G)									
U.S.	54.8	54.1	53.8	53.6	54.4	1	54.8	54.4	1
Outside the U.S.	60.2	58.8	58.2	57.9	58.5	3	60.2	58.5	3
Total	115.0	112.9	112.0	111.5	112.9	2	115.0	112.9	2
Proprietary	69.6	69.0	68.9	68.8	69.3	—	69.6	69.3	—
GNS	45.4	43.9	43.1	42.7	43.6	4	45.4	43.6	4
Total	115.0	112.9	112.0	111.5	112.9	2	115.0	112.9	2
Basic cards-in-force (millions) (G)									
U.S.	43.0	42.4	42.2	42.0	42.7	1	43.0	42.7	1
Outside the U.S.	51.2	49.8	49.1	48.8	49.1	4	51.2	49.1	4
Total	94.2	92.2	91.3	90.8	91.8	3	94.2	91.8	3
Average proprietary basic Card Member spending (dollars)									
U.S.	\$5,607	\$4,723	\$4,983	\$4,486	\$3,697	52	\$10,331	\$8,629	20
Outside the U.S.	\$3,686	\$3,170	\$3,505	\$2,989	\$2,272	62	\$6,854	\$5,788	18
Average	\$5,051	\$4,270	\$4,549	\$4,041	\$3,270	54	\$9,322	\$7,776	20
Card Member loans									
U.S.	\$ 66.2	\$ 61.6	\$ 64.2	\$ 61.4	\$ 62.0	7	\$ 66.2	\$ 62.0	7
Outside the U.S.	9.4	8.5	9.2	8.2	8.1	16	9.4	8.1	16
Total	\$ 75.6	\$ 70.1	\$ 73.4	\$ 69.6	\$ 70.1	8	\$ 75.6	\$ 70.1	8
Average discount rate (H)									
	2.30 %	2.26 %	2.25 %	2.27 %	2.23 %		2.28 %	2.30 %	
Average fee per card (dollars) (I)									
	\$ 74	\$ 73	\$ 71	\$ 69	\$ 65	14	\$ 73	\$ 64	14

Selected Credit Related Statistical Information

(Billions, except percentages and where indicated)

	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20	YOY % change	YTD'21	YTD'20	YOY % change
Worldwide Card Member loans									
U.S.	\$66.2	\$61.6	\$64.2	\$61.4	\$62.0	7	\$ 66.2	\$ 62.0	7
Outside the U.S.	\$ 9.4	\$ 8.5	\$ 9.2	\$ 8.2	\$ 8.1	16	\$ 9.4	\$ 8.1	16
Total loans	\$75.6	\$70.1	\$73.4	\$69.6	\$70.1	8	\$ 75.6	\$ 70.1	8
Credit loss reserves (millions)									
Beginning balance	\$4,467	\$5,344	\$5,688	\$5,628	\$5,236	(15)	\$5,344	\$4,027	33
Provisions - principal, interest and fees	(396)	(573)	37	571	969	#	(969)	2,845	#
Net write-offs - principal less recoveries	(185)	(241)	(346)	(432)	(499)	(63)	(426)	(1,017)	(58)
Net write-offs - interest and fees less recoveries	(58)	(63)	(74)	(91)	(103)	(44)	(121)	(210)	(42)
Other (J)	7	—	39	12	25	(72)	7	(17)	#
Ending balance	\$3,835	\$4,467	\$5,344	\$5,688	\$5,628	(32)	\$3,835	\$5,628	(32)
% of loans	5.1 %	6.4 %	7.3 %	8.2 %	8.0 %		5.1 %	8.0 %	
% of past due	782 %	723 %	727 %	679 %	493 %		782 %	493 %	
Average loans	\$72.8	\$70.7	\$71.2	\$69.9	\$72.1	1	\$ 72.0	\$ 77.8	(7)
Net write-off rate (principal only) (K)	1.0 %	1.4 %	1.9 %	2.5 %	2.8 %		1.2 %	2.6 %	
Net write-off rate (principal, interest and fees) (K)	1.3 %	1.7 %	2.4 %	3.0 %	3.3 %		1.5 %	3.2 %	
30+ days past due as a % of total (L)	0.6 %	0.9 %	1.0 %	1.2 %	1.6 %		0.6 %	1.6 %	
Net interest income divided by average Card Member loans (M)									
	10.0 %	10.4 %	10.7 %	10.7 %	10.5 %		10.1 %	10.8 %	
Net interest yield on average Card Member loans (M)									
	10.6 %	11.3 %	11.4 %	11.6 %	11.6 %		10.9 %	11.7 %	
Worldwide Card Member receivables									
U.S.	\$33.9	\$30.1	\$30.5	\$29.2	\$26.9	26	\$ 33.9	\$ 26.9	26
Outside the U.S.	\$13.7	\$11.9	\$13.2	\$11.6	\$10.7	28	\$ 13.7	\$ 10.7	28
Total receivables	\$47.6	\$42.0	\$43.7	\$40.8	\$37.6	27	\$ 47.6	\$ 37.6	27
Credit loss reserves (millions)									
Beginning balance	\$202	\$267	\$422	\$519	\$459	(56)	\$ 267	\$ 126	#
Provisions - principal and fees	(125)	(10)	(54)	117	355	#	(135)	952	#
Net write-offs - principal and fees less recoveries (N)	(4)	(53)	(105)	(219)	(299)	(99)	(57)	(557)	(90)
Other (J)	—	(2)	4	5	4	#	(2)	(2)	—
Ending balance	\$ 73	\$202	\$267	\$422	\$519	(86)	\$ 73	\$ 519	(86)
% of receivables	0.2 %	0.5 %	0.6 %	1.0 %	1.4 %		0.2 %	1.4 %	
Net write-off rate (principal and fees) (K)(N)	0.0 %	0.5 %	1.0 %	2.2 %	3.1 %		0.3 %	2.4 %	
Net write-off rate, excluding Global Corporate Payments (GCP) (principal and fees) (K)(O)	0.3 %	0.6 %	1.1 %	2.2 %	2.8 %		0.4 %	2.5 %	
Net write-off rate, excluding GCP (principal only) (K)(O)	0.3 %	0.5 %	1.0 %	2.0 %	2.5 %		0.4 %	2.3 %	
30+ days past due as a % of total, excluding GCP (L)(O)	0.5 %	0.6 %	0.6 %	0.9 %	1.7 %		0.5 %	1.7 %	
Other loans (C)									
Total other loans	\$ 2.2	\$ 2.3	\$ 2.9	\$ 3.5	\$ 4.6	(52)	\$ 2.2	\$ 4.6	(52)
Credit loss reserves (millions)									
Beginning balance	\$143	\$238	\$370	\$423	\$241	\$ (41)	\$ 238	\$ 172	38
Provisions	(65)	(82)	(101)	(26)	206	#	(147)	304	#
Net write-offs	(5)	(14)	(31)	(27)	(24)	(79)	(19)	(53)	(64)
Other (J)	(1)	1	—	—	—	—	—	—	—
Ending balance	\$ 72	\$143	\$238	\$370	\$423	\$ (83)	\$ 72	\$ 423	\$ (83)

See Appendix IV for footnote references

% of other loans	3.3 %	6.2 %	8.2 %	10.6 %	9.2 %		3.3 %	9.2 %	
Other receivables (C)									
Total other receivables	\$ 2.9	\$ 2.4	\$ 3.0	\$ 2.6	\$ 2.8	4	\$ 2.9	\$ 2.8	4
Credit loss reserves (millions)									
Beginning balance	\$ 67	\$ 85	\$ 85	\$ 94	\$ 71	(6)	\$ 85	\$ 27	#
Provisions	(20)	(10)	7	3	25	#	(30)	75	#
Net write-offs	(8)	(8)	(7)	(12)	(2)	#	(16)	(8)	#
Ending balance	\$ 39	\$ 67	\$ 85	\$ 85	\$ 94	(59)	\$ 39	\$ 94	(59)
% of other receivables	1.3 %	2.8 %	2.8 %	3.3 %	3.4 %		1.3 %	3.4 %	

- Denotes a variance of 100 percent or more.

Appendix I

Components of Return on Average Equity (ROE) and Return on Average Common Equity (ROCE)

(Millions, except percentages)

	For the Twelve Months Ended				
	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020
ROE					
Net income	\$ 7,026	\$ 5,003	\$ 3,135	\$ 3,390	\$ 4,072
Average shareholders' equity	\$ 23,071	\$ 22,158	\$ 22,002	\$ 22,172	\$ 22,504
Return on average equity (D)	30.5 %	22.6 %	14.2 %	15.3 %	18.1 %
Reconciliation of ROCE					
Net income	\$ 7,026	\$ 5,003	\$ 3,135	\$ 3,390	\$ 4,072
Preferred shares dividends and related accretion	59	61	79	85	90
Earnings allocated to participating share awards and other	47	33	20	23	27
Net income attributable to common shareholders	\$ 6,920	\$ 4,909	\$ 3,036	\$ 3,282	\$ 3,955
Average shareholders' equity	\$ 23,071	\$ 22,158	\$ 22,002	\$ 22,172	\$ 22,504
Average preferred shares	1,584	1,584	1,584	1,584	1,584
Average common shareholders' equity	\$ 21,487	\$ 20,574	\$ 20,418	\$ 20,588	\$ 20,920
Return on average common equity (D)	32.2 %	23.9 %	14.9 %	15.9 %	18.9 %

Appendix II

Net Interest Yield on Average Card Member Loans

(Millions, except percentages and where indicated)

	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20	YTD'21	YTD'20
Consolidated							
Net interest income	\$1,818	\$1,830	\$1,897	\$1,874	\$1,884	\$3,648	\$4,214
<i>Exclude:</i>							
Interest expense not attributable to our Card Member loan portfolio (S)	195	236	254	296	350	431	745
Interest income not attributable to our Card Member loan portfolio (T)	(93)	(96)	(111)	(137)	(156)	(189)	(420)
Adjusted net interest income (U)	\$1,920	\$1,970	\$2,040	\$2,033	\$2,078	\$3,890	\$4,539
Average Card Member loans (billions)	\$72.8	\$70.7	\$71.2	\$69.9	\$72.1	\$72.0	\$77.8
Net interest income divided by average Card Member loans (V)	10.0 %	10.4 %	10.7 %	10.7 %	10.5 %	10.1 %	10.8 %
Net interest yield on average Card Member loans (W)	10.6 %	11.3 %	11.4 %	11.6 %	11.6 %	10.9 %	11.7 %
Global Consumer Services Group (P)							
U.S.							
Net interest income	\$1,392	\$1,421	\$1,490	\$1,470	\$1,462	\$2,813	\$3,262
<i>Exclude:</i>							
Interest expense not attributable to our Card Member loan portfolio (S)	44	60	64	81	97	103	143
Interest income not attributable to our Card Member loan portfolio (T)	(22)	(25)	(33)	(42)	(54)	(46)	(114)
Adjusted net interest income (U)	\$1,414	\$1,456	\$1,521	\$1,509	\$1,505	\$2,870	\$3,291
Average Card Member loans (billions)	\$49.9	\$49.0	\$50.3	\$50.0	\$51.7	\$49.6	\$55.5
Net interest income divided by average Card Member loans (V)	11.2 %	11.6 %	11.8 %	11.8 %	11.3 %	11.3 %	11.8 %
Net interest yield on average Card Member loans (W)	11.4 %	12.1 %	12.0 %	12.0 %	11.7 %	11.7 %	11.9 %
Outside the U.S.							
Net interest income	\$183	\$199	\$201	\$202	\$237	\$ 382	\$ 520
<i>Exclude:</i>							
Interest expense not attributable to our Card Member loan portfolio (S)	26	26	34	36	18	52	34
Interest income not attributable to our Card Member loan portfolio (T)	(2)	(2)	(2)	(3)	(2)	(4)	(6)
Adjusted net interest income (U)	\$207	\$223	\$233	\$235	\$253	\$ 430	\$ 548
Average Card Member loans (billions)	\$8.4	\$8.3	\$8.3	\$7.8	\$7.6	\$ 8.4	\$ 8.9
Net interest income divided by average Card Member loans (V)	8.7 %	9.6 %	9.7 %	10.4 %	12.5 %	9.1 %	11.7 %
Net interest yield on average Card Member loans (W)	9.9 %	10.9 %	11.1 %	11.9 %	13.3 %	10.3 %	12.4 %
Total							
Net interest income	\$1,575	\$1,620	\$1,691	\$1,672	\$1,699	\$3,195	\$3,782
<i>Exclude:</i>							
Interest expense not attributable to our Card Member loan portfolio (S)	70	86	98	117	115	155	177
Interest income not attributable to our Card Member loan portfolio (T)	(24)	(27)	(35)	(45)	(56)	(50)	(120)
Adjusted net interest income (U)	\$1,621	\$1,679	\$1,754	\$1,744	\$1,758	\$3,300	\$3,839
Average Card Member loans (billions)	\$58.3	\$57.3	\$58.6	\$57.8	\$59.3	\$58.0	\$64.3
Net interest income divided by average Card Member loans (V)	10.8 %	11.3 %	11.5 %	11.6 %	11.5 %	11.0 %	11.8 %
Net interest yield on average Card Member loans (W)	11.1 %	11.9 %	11.9 %	12.0 %	11.9 %	11.5 %	12.0 %
Global Commercial Services							
Net interest income	\$234	\$220	\$208	\$212	\$248	\$ 454	\$ 547
<i>Exclude:</i>							
Interest expense not attributable to our Card Member loan portfolio (S)	87	93	103	111	119	180	264
Interest income not attributable to our Card Member loan portfolio (T)	(22)	(22)	(25)	(34)	(47)	(44)	(111)
Adjusted net interest income (U)	\$299	\$291	\$286	\$289	\$320	\$ 590	\$ 700
Average Card Member loans (billions)	\$14.5	\$13.5	\$12.6	\$12.1	\$12.8	\$14.0	\$13.5
Net interest income divided by average Card Member loans (V)	6.5 %	6.5 %	6.6 %	7.0 %	7.8 %	6.5 %	8.1 %
Net interest yield on average Card Member loans (W)	8.3 %	8.7 %	9.0 %	9.5 %	10.0 %	8.5 %	10.5 %

See Appendix IV for footnote references

Appendix III

Card Member Receivables Net Write-offs Components

(Billions, except percentages and where indicated)

	Q2'21	Q1'21	Q4'20	Q3'20	Q2'20	YOY % change	YTD'21	YTD'20	YOY % change
Worldwide Card Member receivables									
Net write-offs (millions)									
Net write-offs (principal and fees) (K)	\$ 4	\$ 53	\$ 105	\$ 219	\$ 299	(99)	\$ 57	\$ 557	(90)
Less: Net write-offs (principal and fees) - GCP (K)(N)(O)	(24)	10	18	60	105	#	(14)	148	#
Net write-offs (principal and fees) - GCSG and GSBS (K)	\$ 28	\$ 43	\$ 87	\$ 159	\$ 194	(86)	\$ 71	\$ 409	(83)
Less: Net write-offs (fees only) - GCSG and GSBS (K)	5	7	10	15	18	(72)	12	37	(68)
Net write-offs (principal only) - GCSG and GSBS (K)	\$ 23	\$ 36	\$ 77	\$ 144	\$ 176	(87)	\$ 59	\$ 372	(84)
Average Card Member receivables									
Global Consumer Services Group (GCSG)	\$ 18.6	\$ 17.1	\$ 17.3	\$ 15.8	\$ 14.0	33	\$ 18.0	\$ 17.0	6
Global Small Business Services (GSBS)	15.2	14.0	14.4	13.8	13.7	11	14.7	15.3	(4)
Average receivables (GCSG and GSBS)	\$ 33.8	\$ 31.1	\$ 31.7	\$ 29.6	\$ 27.7	22	\$ 32.6	\$ 32.3	1
GCP (O)	11.1	10.7	10.7	9.9	10.5	6	10.9	\$ 13.6	(20)
Total average receivables	\$ 44.9	\$ 41.8	\$ 42.4	\$ 39.5	\$ 38.2	18	\$ 43.6	\$ 45.9	(5)
Net write-off rate (principal and fees) (K)	0.0 %	0.5 %	1.0 %	2.2 %	3.1 %		0.3 %	2.4 %	
Net write-off rate (principal and fees) - GCSG and GSBS (K)	0.3 %	0.6 %	1.1 %	2.2 %	2.8 %		0.4 %	2.5 %	
Net write-off rate (principal only) - GCSG and GSBS (K)	0.3 %	0.5 %	1.0 %	2.0 %	2.5 %		0.4 %	2.3 %	

See Appendix IV for footnote references

All Information in the preceding tables is presented on a basis prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), unless otherwise indicated. Certain reclassifications of prior period amounts have been made to conform to the current period presentation.

- (A) Effective April 1, 2021, we prospectively changed the recognition of certain costs paid to a third party previously recognized over the twelve month card membership period in Net card fees in the Consolidated Statements of Income; such costs are now recorded as incurred in Marketing and business development expense. This change is not material to the Consolidated Financial Statements.
- (B) Represents net income, less (i) earnings allocated to participating share awards of \$16 million, \$15 million, \$9 million, \$7 million and \$2 million in Q2'21, Q1'21, Q4'20, Q3'20 and Q2'20, respectively; and (ii) dividends on preferred shares of \$15 million, \$14 million, \$14 million, \$16 million and \$17 million in Q2'21, Q1'21, Q4'20, Q3'20 and Q2'20, respectively.
- (C) Within assets, "other" includes the following items as presented in our Consolidated Balance Sheets: Other loans, less reserves for credit losses (including merchant financing loans and Paycheck Protection Program (PPP)), Premises and equipment and Other assets (including Other receivables); and within liabilities, "other" includes the following items: Accounts payable and Other liabilities.
- (D) Return on average equity and return on average common equity are calculated for the relevant periods by dividing the preceding twelve months of net income by the one-year monthly average total shareholders' equity, and the preceding twelve months of net income attributable to common shareholders by the one-year monthly average common shareholders' equity, respectively. Refer to Appendix I for components of return on average equity and return on average common equity.
- (E) Presented for the purpose of calculating the Tier 1 Leverage Ratio.
- (F) Effective Q1'21, we changed the way we describe our volume metrics:
- Where we previously used the term "Billed Business" to describe our total volumes, we now use the term "Network Volumes."
 - Where we previously used the term "Proprietary Billed Business" to describe transaction volumes from cards and other payment products issued by American Express, we now use the term "Billed Business."
 - Where we previously used the term "GNS Billed Business" to describe transaction volumes from cards issued by GNS partners and joint ventures, we now use the term "Processed Volumes" and in order to provide a more complete view of transactions across our network we have now included in this category transactions associated with certain alternative payment solutions that were not previously reported in our volume metrics.
- We believe that these changes provide better differentiation and descriptors for the volumes that run across the American Express network.
- (G) Cards-in-force represent the number of cards that are issued and outstanding by American Express (proprietary cards-in-force) and cards issued and outstanding under network partnership agreements with banks and other institutions, including joint ventures (GNS cards-in-force) except for GNS retail cobrand cards that have no out of store spend activity during the prior 12 months. Basic cards-in-force excludes supplemental cards issued on consumer accounts. Cards-in-force is useful in understanding the size of our Card Member base.
- (H) Average discount rate calculation is generally designed to reflect the average pricing at all merchants accepting American Express cards and represents the percentage of network volumes retained by us from spend at merchants we acquire, or from merchants acquired by third parties on our behalf, net of amounts retained by such third parties. The average discount rate, together with network volumes, drive our discount revenue.
- (I) Average fee per card is computed based on proprietary net card fees divided by average proprietary total cards-in-force.
- (J) Other includes foreign currency impact on balance sheet re-measurement and translation.
- (K) We present a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, as our practice is to include uncollectible interest and/or fees as part of our total provision for credit losses, a net write-off rate including principal, interest and/or fees is also presented. We believe the net write-off rate, excluding GCP net write-offs, a non-GAAP measure, is useful to show the write-off rate based on principal losses only for the Card Member receivables portfolios for which data is available (i.e., Global Consumer and Global Small Business Services). See Appendix III for a reconciliation.
- (L) Beginning Q1'20, we offered Customer Pandemic Relief programs to provide short-term support for customers impacted by COVID-19. These programs are no longer widely available and negligible balances remained in the programs as of June 30, 2021. Delinquency status is generally frozen at enrollment, and loans that are current at enrollment do not age, regardless of whether payment is made. Upon exiting the program, delinquency aging resumes where it had left off at enrollment.
- (M) See Appendix II for calculations of net interest yield on average Card Member loans, a non-GAAP measure, and net interest income divided by average Card Member loans, a GAAP measure, and the Company's rationale for presenting net interest yield on average Card Member loans (refer to Footnotes "V" and "W").
- (N) Q2'21 includes a \$37 million partial recovery in Card Member receivables related to a corporate client bankruptcy, which had resulted in a \$53 million write-off in the prior year in the Global Commercial Services (GCS) segment.
- (O) GCP reflects global, large and middle market corporate accounts. GCP delinquency data for periods other than 90+ days past billing and the net write-off rate based on principal losses only are not available due to system constraints.
- (P) As a result of organizational changes announced during the second quarter of 2021, our loyalty coalition business results, which were previously reported within the GMNS segment, are now reported within the GCSG segment. Prior period segment results have been revised to conform with current period presentation.
- (Q) FX-adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for Q2'21 apply to the period(s) against which such results are being compared).
- (R) Effective Q1'21, we renamed "Non T&E" to "Goods and services (G&S)" which includes spend in merchant categories other than T&E-related merchant categories.
- (S) Primarily represents interest expense attributable to maintaining our corporate liquidity pool and funding Card Member receivables.
- (T) Primarily represents interest income attributable to Other loans, interest-bearing deposits and the fixed income investment portfolios.
- (U) Adjusted net interest income is a non-GAAP measure that represents net interest income attributable to our Card Member loans (which includes, on a GAAP basis, interest that is deemed uncollectible), excluding the impact of interest expense and interest income not attributable to our Card Member loans. We believe adjusted net interest income is useful to investors because it represents the interest expense and interest income attributable to our Card Member loan portfolio and is a component of net interest yield on average Card Member loans, which provides a measure of profitability of our Card Member loan portfolio.
- (V) Net interest income divided by average Card Member loans, computed on an annualized basis, a GAAP measure, includes elements of total interest income and total interest expense that are not attributable to the Card Member loan portfolio, and thus is not representative of net interest yield on average Card Member loans.
- (W) Net interest yield on average Card Member loans is a non-GAAP measure that is computed by dividing adjusted net interest income by average Card Member loans, computed on an annualized basis. Reserves and net write-offs related to uncollectible interest are recorded through provisions for credit losses, and thus not included in the net interest yield calculation. We believe that net interest yield on average Card Member loans is useful to investors because it provides a measure of profitability of our Card Member loan portfolio.