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

**FORM 10-Q**

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

**For the Quarterly Period Ended September 30, 2021**

or

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

For the Transition Period from ____ to ____

Commission file number 1-7657

# AMERICAN EXPRESS COMPANY

(Exact name of registrant as specified in its charter)

| **New York** | **13-4922250** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **200 Vesey Street, New York, New York** | **10285** |
| (Address of principal executive offices) | (Zip Code) |

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

None

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common shares (par value $0.20 per share) | AXP | New York Stock Exchange |

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

**Yes** ☑ **No** ☐

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

**Yes** ☑ **No** ☐

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☑ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

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

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

**Yes** ☐ **No** ☑

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

| Class | Outstanding at October 18, 2021 |
|---|---|
| Common Shares (par value $0.20 per share) | 774,555,761 Shares |

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

**PART I. FINANCIAL INFORMATION**

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

***Business Introduction***

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

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

Our various products and services are 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 mobile and online applications, affiliate marketing, customer referral programs, third-party vendors and business partners, direct mail, telephone, in-house sales teams, and direct response advertising. Business travel-related services are offered through our non-consolidated joint venture, American Express Global Business Travel (the GBT JV).

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

The following types of revenue are generated from our various products and services:

- Discount revenue, our largest revenue source, primarily represents the amount we earn on transactions occurring at merchants that have entered into a card acceptance agreement with us, or a Global Network Services (GNS) partner or other third-party merchant acquirer, for facilitating transactions between the merchants and Card Members;
- Interest on loans, principally represents interest income earned on outstanding balances;
- Net card fees, represent revenue earned from annual card membership fees, which vary based on the type of card and the number of cards for each account;
- Other fees and commissions, primarily represent Card Member delinquency fees, foreign currency conversion fees charged to Card Members, loyalty coalition-related fees, service fees earned from merchants, travel commissions and fees, and Membership Rewards program fees; and
- Other revenue, primarily represents revenues arising from contracts with partners of our GNS business (including commissions and signing fees less issuer rate payments), cross-border Card Member spending, ancillary merchant-related fees, earnings (losses) from equity method investments (including the GBT JV), insurance premiums earned from Card Members, and prepaid card and Travelers Cheque-related revenue.

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

Effective for the first quarter of 2021, we changed the way we describe our volume metrics. Throughout this Report:

- 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 have now included in this category transactions associated with certain alternative payment solutions that were not previously reported in our volume metrics.
- Where we previously used the term "Non-T&E-related volume" to describe spend in merchant categories other than travel and entertainment (T&E)-related merchant categories, we now use the term "Goods & Services (G&S)-related volume."

We believe that these changes provide better differentiation and descriptors for the volumes that run across the American Express network. Prior period amounts have been recast to conform with current period presentation.

***Forward-Looking Statements and Non-GAAP Measures***

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

***Bank Holding Company***

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

***Business Environment***

Our results for the third quarter reflect the strong growth momentum that we have seen in our business over the last several quarters. We continue to see positive results from the increased investments we have made to drive customer acquisition, engagement and retention. Network volumes continued to accelerate on a sequential basis and exceeded pre-pandemic levels for the quarter and credit metrics remained around historic lows.

The Company experienced significant adverse impacts during the prior year due to the COVID-19 pandemic and the resulting containment measures such as lockdowns and travel restrictions implemented by local and national authorities. Year-over-year comparisons for the three-month period reflect the pandemic impact on our business in 2020, with less of an impact for the nine-month period due to the pre-pandemic results for the first two months in the prior year. While the economy has continued to improve, there remains uncertainty related to ongoing effects of the pandemic on the global macroeconomic environment.

Worldwide network volumes for the third quarter increased 29 percent year-over-year and exceeded levels in the third quarter of 2019 (pre-pandemic levels) by 5 percent. Billed business, which represented 85 percent of our total network volumes in the third quarter of 2021 and drives most of our financial results, increased 31 percent and continued to show different paces of recovery for G&S and T&E spend. G&S spend, which accounts for the majority of our billed business, continued to grow sequentially versus the prior quarter and grew by 18 percent on a year-over-year basis, and is now 20 percent above pre-pandemic levels. This growth was primarily driven by ongoing strong performance in online and card-not-present spending even as offline spending exceeded pre-pandemic levels. While T&E spend more than doubled versus the prior year, with continued sequential growth compared to the second quarter, it remained 29 percent below pre-pandemic levels. The year-over-year and sequential growth was primarily driven by U.S. consumer Card Members and small and mid-sized enterprise customers. U.S. billed business increased 32 percent versus the prior year and exceeded pre-pandemic levels by 9 percent. While international billed business grew 28 percent versus the prior year, it remained 8 percent below pre-pandemic levels, as we have historically had a higher mix of T&E spend in our international markets, and we are seeing a slower pace of recovery in T&E spend.

Total revenues net of interest expense increased 25 percent year-over-year reflecting double digit growth in all our non-interest revenue lines. Discount revenue, our largest revenue line, increased 34 percent year-over-year, driven primarily by growth in Card Member spending. Other fees and commissions and Other revenues increased year-over-year, primarily driven by higher travel-related revenues. Net card fees grew 10 percent year over year, as new card acquisitions increased, and Card Member retention remained high. Net interest income grew by 6 percent year-over-year, primarily due to reduced interest expense on deposits and lower outstanding debt, partially offset by lower net interest yields driven by higher paydown rates on revolving loan balances.

Card Member loans increased 11 percent, which was lower than the growth in billed business due to higher paydown rates driven in part by the continued liquidity and financial strength of our customer base. We expect recovery in loan balances and Net interest income to continue to lag the improvement in spend volumes. Provisions for credit losses decreased and resulted in a net benefit, primarily due to lower net write-offs and a higher reserve release driven by improved portfolio quality and a strengthening macroeconomic outlook, partially offset by an increase in the outstanding balance of loans and receivables in the current year. As loan balances begin to rebuild more meaningfully, we expect delinquencies and loss rates to increase slowly over time, however we do not expect to see a material increase in write-off rates in the next few quarters. We are closely monitoring the performance of Card Members exiting our financial relief programs, though early performance indicators are strong. We are mindful that the last of the remaining government stimulus and industry forbearance programs have yet to roll off and we continue to maintain an appropriately significant level of reserves given the remaining uncertainties in the medical and macroeconomic environment.

Card Member rewards, Card Member services and business development expenses are generally correlated to volumes or are variable based on usage, and increased year-over-year due to growth in spend and higher usage of travel-related benefits. Additionally, our higher rewards expense versus last year was partially driven by an increase to our Membership Rewards liability to reflect a higher mix of redemptions in travel-related categories. We continue to make strategic investments in marketing, value propositions on our products, technology, and our colleagues to support our growth momentum. The additional value on several of our premium products is helping to drive increased Card Member engagement and retention rates. We expect marketing investments to remain elevated for the rest of the year while continuing to focus on controlling operating expenses.

Our capital position remains strong, with capital ratios that are well above our targets and regulatory requirements. We are focused on getting back to our Common Equity Tier 1 (CET1) risk-based capital ratio target range of 10 to 11 percent. We returned $3.6 billion of capital to our shareholders during the quarter and plan to continue returning excess capital through share repurchases and dividend payments over the next several quarters.

We remain optimistic that the strength in our business will continue, particularly in the U.S., although we recognize challenges still exist and the pace of recovery remains uneven in different regions of the world. We remain committed to executing our investment strategy for building sustainable long term growth momentum.

See “Certain Legislative, Regulatory and Other Developments” and "Cautionary Note Regarding Forward-Looking Statements" for information on legislative and regulatory changes, additional impacts of the COVID-19 pandemic and other matters that could have a material adverse effect on our results of operations and financial condition.

# Results of Operations

The discussions in both the “Consolidated Results of Operations” and “Business Segment Results of Operations” provide commentary on the variances for the three and nine months ended September 30, 2021 compared to the same periods in the prior year, as presented in the accompanying tables. These discussions should be read in conjunction with the discussion under “Business Environment,” which contains further information on the COVID-19 pandemic and the related impacts on our results.

## Consolidated Results of Operations

**Table 1: Summary of Financial Performance**

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(Millions, except percentages and per share amounts)* | **2021** | 2020 | Change 2021 vs. 2020 | **2021** | 2020 | Change 2021 vs. 2020 |
| Total revenues net of interest expense | **$ 10,928** | $ 8,751 | $ 2,177 25% | **$ 30,235** | $ 26,736 | $ 3,499 13% |
| Provisions for credit losses | **(191)** | 665 | (856) # | **(1,472)** | 4,841 | (6,313) # |
| Expenses | **8,669** | 6,722 | 1,947 29 | **23,324** | 19,457 | 3,867 20 |
| Pretax income | **2,450** | 1,364 | 1,086 80 | **8,383** | 2,438 | 5,945 # |
| Income tax provision | **624** | 291 | 333 # | **2,042** | 741 | 1,301 # |
| Net income | **1,826** | 1,073 | 753 70 | **6,341** | 1,697 | 4,644 # |
| Earnings per common share — diluted [a] | **$ 2.27** | $ 1.30 | $ 0.97 75% | **$ 7.82** | $ 2.01 | $ 5.81 # |
| Return on average equity [b] | **32.6 %** | 15.3 % | | **32.6 %** | 15.3 % | |
| Effective tax rate | **25.5 %** | 21.3 % | | **24.4 %** | 30.4 % | |

# Denotes a variance of 100 percent or more

(a) Represents net income, less (i) earnings allocated to participating share awards of $14 million and $7 million for the three months ended September 30, 2021 and 2020, respectively, and $45 million and $10 million for the nine months ended September 30, 2021 and 2020, respectively, (ii) dividends on preferred shares of $20 million and $16 million for the three months ended September 30, 2021 and 2020, respectively, and $49 million and $65 million for the nine months ended September 30, 2021 and 2020, respectively, and (iii) an equity-related adjustment of $9 million related to the redemption of preferred shares for the three and nine months ended September 30, 2021. Refer to Note 14 and Note 15 to the "Consolidated Financial Statements" for further details on earnings per common share (EPS) and preferred shares, respectively.

(b) Return on average equity (ROE) is calculated for the relevant periods by dividing the (i) preceding twelve months of net income ($7.8 billion and $3.4 billion for September 30, 2021 and 2020, respectively) by (ii) one-year monthly average of total shareholders’ equity ($23.8 billion and $22.2 billion for September 30, 2021 and 2020, respectively).

**Table 2: Total Revenues Net of Interest Expense Summary**

| *(Millions, except percentages)* | Three Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | | Nine Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | |
|---|---|---|---|---|---|---|---|---|
| Discount revenue | **$ 6,676** | $ 4,999 | $ 1,677 | 34% | **$ 18,245** | $ 14,852 | $ 3,393 | 23% |
| Net card fees [(a)] | **1,312** | 1,191 | 121 | 10 | **3,851** | 3,442 | 409 | 12 |
| Other fees and commissions | **632** | 478 | 154 | 32 | **1,712** | 1,647 | 65 | 4 |
| Other | **314** | 209 | 105 | 50 | **785** | 707 | 78 | 11 |
| Total non-interest revenues | **8,934** | 6,877 | 2,057 | 30 | **24,593** | 20,648 | 3,945 | 19 |
| Total interest income | **2,301** | 2,324 | (23) | (1) | **6,633** | 7,796 | (1,163) | (15) |
| Total interest expense | **307** | 450 | (143) | (32) | **991** | 1,708 | (717) | (42) |
| Net interest income | **1,994** | 1,874 | 120 | 6 | **5,642** | 6,088 | (446) | (7) |
| **Total revenues net of interest expense** | **$ 10,928** | $ 8,751 | $ 2,177 | 25% | **$ 30,235** | $ 26,736 | $ 3,499 | 13% |

(a) Effective April 1, 2021, we prospectively changed the recognition of certain costs paid to a third party previously recognized in Net card fees. Refer to Note 1 to the "Consolidated Financial Statements" for further details.

***Total Revenues Net of Interest Expense***

Discount revenue increased for both the three and nine month periods, primarily due to increases in worldwide network volumes of 29 percent and 22 percent, respectively.

See Tables 5, 6 and 7 for more details on network volume performance.

The average discount rate was 2.32 percent and 2.27 percent for the three months ended September 30, 2021 and 2020, respectively, and 2.30 percent and 2.29 percent for the nine months ended September 30, 2021 and 2020, respectively. The increase for both periods was primarily due to the change in the mix of spending driven by increased levels of T&E volumes, compared to the prior year.

Net card fees increased for both the three and nine month periods, primarily driven by our premium card product portfolios. Net card fees are recognized on a straight line basis over a twelve month period and are therefore more stable in relation to short term business or economic shifts.

Other fees and commissions increased for both the three and nine month periods. The increase in the three month period was primarily due to higher foreign exchange conversion revenue related to cross-border Card Member spending and higher travel commissions and fees from our consumer travel business. The increase in the nine month period was primarily driven by higher travel commissions and fees from our consumer travel business, increased revenues from our alternative payment solutions and higher loyalty coalition-related fees, partially offset by a decline in late fees due to lower delinquencies.

Other revenues increased for both the three and nine month periods, primarily driven by a lower net loss in the current year from the GBT JV and an increase in travel insurance revenue.

Interest income decreased for both the three and nine month periods, primarily due to a decline in the interest yield on average Card Member loans driven by higher paydown rates on revolving loan balances.

Interest expense decreased for both the three and nine month periods, primarily driven by lower interest rates paid on deposits and a reduction in outstanding debt.

**Table 3: Provisions for Credit Losses Summary**

| *(Millions, except percentages)* | Three Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | | Nine Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | |
|---|---|---|---|---|---|---|---|---|
| Card Member receivables | | | | | | | | |
| Net write-offs | **$ 32** | $ 219 | $ (187) | (85)% | **$ 89** | $ 776 | $ (687) | (89)% |
| Reserve (release) build [a] | **(44)** | (102) | 58 | (57) | **(236)** | 293 | (529) | # |
| Total | **(12)** | 117 | (129) | # | **(147)** | 1,069 | (1,216) | # |
| Card Member loans | | | | | | | | |
| Net write-offs | **161** | 523 | (362) | (69) | **708** | 1,750 | (1,042) | (60) |
| Reserve (release) build [a] | **(338)** | 48 | (386) | # | **(1,854)** | 1,666 | (3,520) | # |
| Total | **(177)** | 571 | (748) | # | **(1,146)** | 3,416 | (4,562) | # |
| Other | | | | | | | | |
| Net write-offs - Other loans [b] | **—** | 27 | (27) | # | **19** | 80 | (61) | (76) |
| Net write-offs - Other receivables [c] | **9** | 12 | (3) | (25) | **25** | 20 | 5 | 25 |
| Reserve (release) build - Other loans [a][b] | **(5)** | (53) | 48 | (91) | **(171)** | 198 | (369) | # |
| Reserve (release) build - Other receivables [a][c] | **(6)** | (9) | 3 | (33) | **(52)** | 58 | (110) | # |
| Total | **(2)** | (23) | 21 | (91) | **(179)** | 356 | (535) | # |
| Total provisions for credit losses | **$ (191)** | $ 665 | $ (856) | # | **$ (1,472)** | $ 4,841 | $ (6,313) | # |

# Denotes a variance of 100 percent or more

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

(b) Relates to Other loans of $2.4 billion and $2.9 billion, less reserves of $66 million and $238 million, as of September 30, 2021 and December 31, 2020, respectively; and $3.5 billion and $4.8 billion, less reserves of $370 million and $152 million, as of September 30, 2020 and December 31, 2019, respectively.

(c) Relates to Other receivables included in Other assets on the Consolidated Balance Sheets of $2.7 billion and $3.0 billion, less reserves of $33 million, and $85 million, as of September 30, 2021 and December 31, 2020, respectively; and $2.6 billion and $3.1 billion, less reserves of $85 million and $27 million, as of September 30, 2020 and December 31, 2019, respectively.

***Provisions for Credit Losses***

Card Member receivables provisions for credit losses decreased for both the three and nine month periods and resulted in a net benefit. The decrease for the three month period was primarily driven by lower net write-offs, partially offset by a smaller reserve release in the current period versus the prior period. The decrease for the nine month period was primarily driven by lower net write-offs and a reserve release in the current period versus a reserve build in the prior period. The reserve releases for the current periods were driven by improved portfolio quality and macroeconomic outlook, partially offset by an increase in the outstanding balance of receivables, and for the current nine month period, the reserve release was also driven by lower delinquencies. The reserve release for the prior three month period was due to lower delinquencies. The reserve build for the prior nine month period was due to the deterioration of the global macroeconomic outlook as a result of the COVID-19 pandemic, partially offset by a decrease in the outstanding balances of receivables.

Card Member loans provisions for credit losses decreased for both the three and nine month periods and resulted in a net benefit due to reserve releases in the current periods versus reserve builds in the prior periods, and lower net write-offs. The reserve releases for the current periods were driven by improved portfolio quality and macroeconomic outlook, partially offset by an increase in the outstanding balance of loans, and for the current nine month period, the reserve release was also driven by lower delinquencies. The reserve builds for the prior periods were due to the previously mentioned deterioration of the global macroeconomic outlook, partially offset by a decrease in the outstanding balances of loans and lower delinquencies.

Other provision for credit losses increased for the three month period and decreased for the nine month period. The increase in the three month period was primarily driven by smaller reserve releases in the current period versus the prior period, partially offset by lower net write-offs. The decrease in the nine month period was primarily due to a reserve release in the current period versus a reserve build in the prior period, and lower net write-offs. The reserve releases for both the current and prior three month periods were due to lower balances of non-card loans. The reserve release in the current nine month period was due to lower delinquencies and lower balances of non-card loans, while the reserve build in the prior nine month period was due to the previously mentioned deterioration of the global macroeconomic outlook.

Refer to Note 3 to the "Consolidated Financial Statements" for the range of key variables in the macroeconomic scenarios utilized for the computation of our reserves for credit losses.

**Table 4: Expenses Summary**

| *(Millions, except percentages)* | Three Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | | Nine Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | |
|---|---|---|---|---|---|---|---|---|
| Marketing and business development | **$ 2,355** | $ 1,822 | $ 533 | 29% | **$ 6,340** | $ 4,889 | $ 1,451 | 30% |
| Card Member rewards | **3,020** | 2,004 | 1,016 | 51 | **7,975** | 5,745 | 2,230 | 39 |
| Card Member services | **579** | 259 | 320 | # | **1,328** | 923 | 405 | 44 |
| Total marketing, business development, and Card Member rewards and services | **5,954** | 4,085 | 1,869 | 46 | **15,643** | 11,557 | 4,086 | 35 |
| Salaries and employee benefits | **1,497** | 1,408 | 89 | 6 | **4,586** | 4,152 | 434 | 10 |
| Other, net | **1,218** | 1,229 | (11) | (1) | **3,095** | 3,748 | (653) | (17) |
| **Total expenses** | **$ 8,669** | $ 6,722 | $ 1,947 | 29% | **$ 23,324** | $ 19,457 | $ 3,867 | 20% |

***Expenses***

Marketing and business development expense increased for both the three and nine month periods, primarily due to increases in marketing investments to continue building growth momentum and higher partner payments driven by higher spending volumes.

Card Member rewards expense increased for both the three and nine month periods, primarily driven by increases in Membership Rewards and cash back rewards expenses of $747 million and $1.7 billion and co-brand rewards expense of $269 million and $518 million for the three and nine month periods, respectively, all of which were primarily driven by higher billed business. The increases in Membership Rewards expense were also driven by a larger proportion of spend in categories that earn incremental rewards compared to the prior year and a higher mix of redemptions in travel-related categories, which contributed to an increase in our Membership Rewards liability.

The Membership Rewards Ultimate Redemption Rate (URR) for current program participants was 96 percent at September 30, 2021 and 96 percent (rounded up) at September 30, 2020.

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

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

Other expenses decreased for both the three and nine month periods, primarily driven by higher net unrealized gains in the current year related to our Amex Ventures equity investments. In addition, the decrease for the three month period was also driven by the impact of the implementation of the Proportional Amortization Method (PAM) related to investments in qualified affordable housing projects, partially offset by an increase in professional services expense. Refer to Note 1 to the “Consolidated Financial Statements” for further information on PAM.

***Income Taxes***

The effective tax rate was 25.5 percent and 21.3 percent for the three months ended September 30, 2021 and 2020, respectively, and 24.4 percent and 30.4 percent for the nine months ended September 30, 2021 and 2020, respectively. The increase in the effective tax rate for the three month period primarily reflected changes in the level and geographic mix of pretax income and discrete tax charges in the current period. The decrease in the effective tax rate for the nine month period primarily reflected discrete tax charges in the prior period related to the realizability of certain foreign deferred tax assets. The current period effective tax rates also reflect the implementation of PAM related to investments in qualified affordable housing projects. Refer to Note 1 to the "Consolidated Financial Statements" for further information.

**Table 5: Selected Card-Related Statistical Information**

| | As of or for the Three Months Ended September 30, | | Change 2021 vs. 2020 | As of or for the Nine Months Ended September 30, | | Change 2021 vs. 2020 |
|---|---|---|---|---|---|---|
| | **2021** | 2020 | | **2021** | 2020 | |
| Network volumes: *(billions)* | | | | | | |
| U.S. | **$ 232.0** | $ 174.6 | 33 % | **$ 640.8** | $ 513.2 | 25 % |
| Outside the U.S. | **98.7** | 80.9 | 22 | **275.3** | 238.7 | 15 |
| Total | **$ 330.7** | $ 255.5 | 29 | **$ 916.1** | $ 751.9 | 22 |
| Billed business | **$ 280.4** | $ 213.6 | 31 | **$ 773.6** | $ 630.9 | 23 |
| Processed volumes | **50.3** | 41.9 | 20 | **142.5** | 121.0 | 18 |
| Total | **$ 330.7** | $ 255.5 | 29 | **$ 916.1** | $ 751.9 | 22 |
| Cards-in-force: *(millions)* | | | | | | |
| U.S. | **56.0** | 53.6 | 4 | **56.0** | 53.6 | 4 |
| Outside the U.S. | **63.2** | 57.9 | 9 | **63.2** | 57.9 | 9 |
| Total | **119.2** | 111.5 | 7 | **119.2** | 111.5 | 7 |
| Proprietary | **70.6** | 68.8 | 3 | **70.6** | 68.8 | 3 |
| GNS | **48.6** | 42.7 | 14 | **48.6** | 42.7 | 14 |
| Total | **119.2** | 111.5 | 7 | **119.2** | 111.5 | 7 |
| Basic cards-in-force: *(millions)* | | | | | | |
| U.S. | **44.0** | 42.0 | 5 | **44.0** | 42.0 | 5 |
| Outside the U.S. | **54.3** | 48.8 | 11 | **54.3** | 48.8 | 11 |
| Total | **98.3** | 90.8 | 8 | **98.3** | 90.8 | 8 |
| Average proprietary basic Card Member spending: *(dollars)* | | | | | | |
| U.S. | **$ 5,771** | $ 4,486 | 29 | **$ 16,106** | $ 13,110 | 23 |
| Outside the U.S. | **3,893** | 2,989 | 30 | **10,745** | 8,776 | 22 |
| Worldwide Average | **$ 5,231** | $ 4,041 | 29 | **$ 14,555** | $ 11,814 | 23 |
| Average discount rate | **2.32 %** | 2.27 % | | **2.30 %** | 2.29 % | |
| Average fee per card *(dollars)*[(a)] | **$ 75** | $ 69 | 9 % | **$ 74** | $ 66 | 12 % |

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

**Table 6: Network Volumes-Related Statistical Information**

| | Three Months Ended September 30, 2021 | |
|---|---|---|
| | Year over Year Percentage Increase (Decrease) | Year over Year Percentage Increase (Decrease) Assuming No Changes in FX Rates [(a)] |
| **Worldwide** | | |
| Network volumes | **29 %** | **29 %** |
| Total billed business | **31** | **31** |
| Consumer billed business | **34** | **34** |
| Commercial billed business | **28** | **28** |
| Processed volumes | **20** | **18** |
| | | |
| **U.S.** | | |
| Network volumes | **33** | |
| Total billed business | **32** | |
| Consumer billed business | **37** | |
| Commercial billed business | **28** | |
| | | |
| **Outside the U.S.** | | |
| Network volumes | **22** | **20** |
| Total billed business | **28** | **25** |
| Consumer billed business | **27** | **24** |
| Commercial billed business | **28** | **27** |
| Asia Pacific network volumes | **10** | **10** |
| Latin America & Canada network volumes | **39** | **35** |
| Europe, the Middle East & Africa network volumes | **36** | **31** |
| | | |
| **Merchant Industry Metrics** | | |
| Worldwide billed business | | |
| G&S-related (79% of worldwide billed business) | **18** | **18** |
| T&E-related (21% of worldwide billed business) | **126** | **124** |
| Airline-related (3% of worldwide billed business) | **429** | **426 %** |
| U.S. billed business | | |
| G&S-related (80% of U.S. billed business) | **19** | |
| T&E-related (20% of U.S. billed business) | **141** | |
| Airline-related (3% of U.S. billed business) | **421 %** | |

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

**Table 7: Network Volumes-Related Statistical Information**

| | Nine Months Ended September 30, 2021 | |
|---|---|---|
| | Year over Year Percentage Increase (Decrease) | Year over Year Percentage Increase (Decrease) Assuming No Changes in FX Rates [(a)] |
| **Worldwide** | | |
| Network volumes | **22 %** | **20 %** |
| Total billed business | **23** | **21** |
| Consumer billed business | **27** | **25** |
| Commercial billed business | **18** | **16** |
| Processed volumes | **18** | **14** |
| | | |
| **U.S.** | | |
| Network volumes | **25** | |
| Total billed business | **24** | |
| Consumer billed business | **30** | |
| Commercial billed business | **19** | |
| | | |
| **Outside the U.S.** | | |
| Network Volumes | **15** | **9** |
| Total billed business | **18** | **11** |
| Consumer billed business | **21** | **14** |
| Commercial billed business | **13** | **7** |
| Asia Pacific network volumes | **12** | **6** |
| Latin America & Canada network volumes | **18** | **16** |
| Europe, the Middle East & Africa network volumes | **20** | **12** |
| | | |
| **Merchant Industry Metrics** | | |
| Worldwide billed business | | |
| G&S-related (82% of worldwide billed business) | **19** | **18** |
| T&E-related (18% of worldwide billed business) | **39** | **37** |
| Airline-related (3% of worldwide billed business) | **27** | **24 %** |
| U.S. billed business | | |
| G&S-related (82% of U.S. billed business) | **19** | |
| T&E-related (18% of U.S. billed business) | **51** | |
| Airline-related (3% of U.S. billed business) | **45 %** | |

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

**Table 8: Selected Credit-Related Statistical Information**

| *(Millions, except percentages and where indicated)* | As of or for the Three Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | As of or for the Nine Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 |
|---|---|---|---|---|---|---|
| **Worldwide Card Member loans:** | | | | | | |
| Card Member loans: *(billions)* | | | | | | |
| U.S. | **$ 67.5** | $ 61.4 | 10 % | **$ 67.5** | $ 61.4 | 10 % |
| Outside the U.S. | **9.5** | 8.2 | 16 | **9.5** | 8.2 | 16 |
| Total | **$ 77.0** | $ 69.6 | 11 | **$ 77.0** | $ 69.6 | 11 |
| Credit loss reserves: | | | | | | |
| Beginning balance | **$ 3,835** | $ 5,628 | (32) | **$ 5,344** | $ 4,027 | 33 |
| Provisions - principal, interest and fees | **(177)** | 571 | # | **(1,146)** | 3,416 | # |
| Net write-offs — principal less recoveries | **(118)** | (432) | (73) | **(544)** | (1,449) | (62) |
| Net write-offs — interest and fees less recoveries | **(43)** | (91) | (53) | **(164)** | (301) | (46) |
| Other [a] | **$ (8)** | $ 12 | # | **(1)** | (5) | (80) |
| Ending balance | **$ 3,489** | $ 5,688 | (39) | **$ 3,489** | $ 5,688 | (39) |
| % of loans | **4.5 %** | 8.2 % | | **4.5 %** | 8.2 % | |
| % of past due | **666 %** | 679 % | | **666 %** | 679 % | |
| Average loans *(billions)* | **$ 76.4** | $ 69.9 | 9 | **$ 73.4** | $ 75.4 | (3) |
| Net write-off rate — principal only [b] | **0.6 %** | 2.5 % | | **1.0 %** | 2.6 % | |
| Net write-off rate — principal, interest and fees [b] | **0.8** | 3.0 | | **1.3** | 3.1 | |
| 30+ days past due as a % of total | **0.7 %** | 1.2 % | | **0.7 %** | 1.2 % | |
| | | | | | | |
| **Worldwide Card Member receivables:** | | | | | | |
| Card Member receivables: *(billions)* | | | | | | |
| U.S. | **$ 34.8** | $ 29.2 | 19 | **$ 34.8** | $ 29.2 | 19 |
| Outside the U.S. | **14.0** | 11.6 | 21 | **14.0** | 11.6 | 21 |
| Total | **$ 48.8** | $ 40.8 | 20 | **$ 48.8** | $ 40.8 | 20 |
| Credit loss reserves: | | | | | | |
| Beginning balance | **$ 73** | $ 519 | (86) | **$ 267** | $ 126 | # |
| Provisions - principal and fees | **(12)** | 117 | # | **(147)** | 1,069 | # |
| Net write-offs - principal and fees less recoveries [c] | **(32)** | (219) | (85) | **(89)** | (776) | (89) |
| Other [a] | **1** | 5 | (80) | **(1)** | 3 | # |
| Ending balance | **$ 30** | $ 422 | (93) % | **$ 30** | $ 422 | (93) % |
| % of receivables | **0.1 %** | 1.0 % | | **0.1 %** | 1.0 % | |
| Net write-off rate — principal and fees [b][c][d] | **0.3 %** | 2.2 % | | **0.3 %** | 2.3 % | |

# Denotes a variance of 100 percent or more

(a) Other includes foreign currency translation adjustments.

(b) We present a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, as our practice is to include uncollectible interest and/or fees as part of our total provision for credit losses, a net write-off rate including principal, interest and/or fees is also presented.

(c) The current nine month period 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.

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

**Table 9: Net Interest Yield on Average Card Member Loans**

| *(Millions, except percentages and where indicated)* | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| Net interest income | **$ 1,994** | $ 1,874 | **$ 5,642** | $ 6,088 |
| Exclude: | | | | |
| Interest expense not attributable to our Card Member loan portfolio [(a)] | **172** | 296 | **603** | 1,041 |
| Interest income not attributable to our Card Member loan portfolio [(b)] | **(92)** | (137) | **(281)** | (557) |
| Adjusted net interest income [(c)] | **$ 2,074** | $ 2,033 | **$ 5,964** | $ 6,572 |
| Average Card Member loans *(billions)* | **$ 76.4** | $ 69.9 | **$ 73.4** | $ 75.4 |
| Net interest income divided by average Card Member loans [(c)] | **10.4 %** | 10.7 % | **10.2 %** | 10.8 % |
| Net interest yield on average Card Member loans [(c)] | **10.8 %** | 11.6 % | **10.9 %** | 11.6 % |

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

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

(c) Adjusted net interest income and net interest yield on average Card Member loans are non-GAAP measures. Refer to "Glossary of Selected Terminology" for the definitions of these terms. We believe adjusted net interest income is useful to investors because it represents the interest expense and interest income attributable to our Card Member loan portfolio and is a component of net interest yield on average Card Member loans, which provides a measure of profitability of our Card Member loan portfolio. Net interest yield on average Card Member loans reflects adjusted net interest income divided by average Card Member loans, computed on an annualized basis. Net interest income divided by average Card Member loans, computed on an annualized basis, a GAAP measure, includes elements of total interest income and total interest expense that are not attributable to the Card Member loan portfolio, and thus is not representative of net interest yield on average Card Member loans.

# Business Segment Results of Operations

As a result of organizational changes announced during the second quarter of 2021, our loyalty coalition businesses results, which were previously reported within the Global Merchant and Network Services (GMNS) segment, are now reported within the GCSG segment. Prior period segment results have been revised to conform with current period presentation.

# Global Consumer Services Group

**Table 10: GCSG Selected Income Statement Data**

| | Three Months Ended September 30, | | Change | | Nine Months Ended September 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| *(Millions, except percentages)* | **2021** | 2020 | 2021 vs. 2020 | | **2021** | 2020 | 2021 vs. 2020 | |
| Revenues | | | | | | | | |
| Non-interest revenues | **$ 4,699** | $ 3,632 | $ 1,067 | 29% | **$ 12,982** | $ 10,662 | $ 2,320 | 22% |
| Interest income | **1,879** | 1,916 | (37) | (2) | **5,436** | 6,298 | (862) | (14) |
| Interest expense | **174** | 244 | (70) | (29) | **536** | 844 | (308) | (36) |
| Net interest income | **1,705** | 1,672 | 33 | 2 | **4,900** | 5,454 | (554) | (10) |
| Total revenues net of interest expense | **6,404** | 5,304 | 1,100 | 21 | **17,882** | 16,116 | 1,766 | 11 |
| Provisions for credit losses | **(126)** | 411 | (537) | # | **(972)** | 3,107 | (4,079) | # |
| Total revenues net of interest expense after provisions for credit losses | **6,530** | 4,893 | 1,637 | 33 | **18,854** | 13,009 | 5,845 | 45 |
| Expenses | | | | | | | | |
| Marketing, business development, and Card Member rewards and services | **3,791** | 2,547 | 1,244 | 49 | **9,745** | 7,042 | 2,703 | 38 |
| Salaries and employee benefits and other operating expenses | **1,251** | 1,221 | 30 | 2 | **3,584** | 3,740 | (156) | (4) |
| Total expenses | **5,042** | 3,768 | 1,274 | 34% | **13,329** | 10,782 | 2,547 | 24% |
| Pretax segment income | **$ 1,488** | $ 1,125 | $ 363 | 32% | **$ 5,525** | $ 2,227 | $ 3,298 | # |

# Denotes a variance of 100 percent or more

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

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

Discount revenue increased 37 percent and 28 percent for the three and nine month periods, respectively, reflecting an increase in consumer billed business of 34 percent and 27 percent for the three and nine month periods, respectively, primarily due to the change in the mix of spending driven by increased levels of T&E volumes, compared to the prior year.

See Tables 5, 6, 7 and 11 for more details on volume metrics.

Net card fees increased 11 percent and 13 percent for the three and nine month periods, respectively, primarily driven by year-over-year increases in the average fee per card of our premium card products.

Other fees and commissions increased 26 percent and 6 percent for the three and nine month periods, respectively. The increase in the three month period was primarily due to higher travel commissions and fees from our consumer travel business and higher foreign exchange conversion revenue related to increased cross-border Card Member spending. The increase in the nine month period was primarily due to higher travel commissions and fees from our consumer travel business and higher loyalty coalition-related fees, partially offset by a decline in late fees due to lower delinquencies.

Net interest income increased for the three month period and decreased for the nine month period. The increase in the three month period was primarily due to lower cost of funds, partially offset by a decline in interest income driven by lower revolving Card Member loan balances. The decrease in the nine month period was primarily driven by lower revolving Card Member loan balances.

Provisions for credit losses decreased and resulted in a net benefit for both the three and nine month periods. The decrease for the three month period was primarily driven by lower net write-offs and higher reserve releases in the current period versus the prior period. The current period reserve releases were driven by improved portfolio quality and macroeconomic outlook, partially offset by increases in the outstanding balances of loans and receivables. The prior period reserve releases were driven by improved portfolio quality, partially offset by deterioration of the global macroeconomic outlook.

The decrease for the nine month period was primarily driven by lower net write-offs and reserve releases in the current period versus reserve builds in the prior period. The current period reserve releases were driven by improved portfolio quality and macroeconomic outlook, partially offset by increases in the outstanding balances of loans and receivables. The prior period reserve builds were due to the deterioration of the global macroeconomic outlook as a result of the COVID-19 pandemic, partially offset by decreases in the outstanding balances of loans and receivables.

Marketing, business development, and Card Member rewards and services expenses increased for both the three and nine month periods. The increases in Card Member rewards expense were primarily driven by higher billed business as well as higher travel-related spend and redemptions and a shift in the prior year in redemptions to non-travel-related options. The increases in Marketing and business development expense were primarily due to increases in marketing investments to continue building growth momentum as well as higher spending volumes. The increases in Card Member services expense were primarily due to higher usage of travel-related benefits.

**Table 11: GCSG Selected Statistical Information**

| *(Millions, except percentages and where indicated)* | As of or for the Three Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | As of or for the Nine Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 |
|---|---|---|---|---|---|---|
| Billed business: *(billions)* | | | | | | |
| U.S. | **$ 114.9** | $ 83.9 | 37 % | **$ 314.7** | $ 242.9 | 30 % |
| Outside the U.S. | **38.2** | 30.2 | 26 | **104.3** | 86.4 | 21 |
| Total | **$ 153.1** | $ 114.1 | 34 | **$ 419.0** | $ 329.3 | 27 |
| Proprietary cards-in-force: | | | | | | |
| U.S. | **38.7** | 37.5 | 3 | **38.7** | 37.5 | 3 |
| Outside the U.S. | **16.8** | 16.8 | — | **16.8** | 16.8 | — |
| Total | **55.5** | 54.3 | 2 | **55.5** | 54.3 | 2 |
| Proprietary basic cards-in-force: | | | | | | |
| U.S. | **27.2** | 26.5 | 3 | **27.2** | 26.5 | 3 |
| Outside the U.S. | **11.7** | 11.7 | — | **11.7** | 11.7 | — |
| Total | **38.9** | 38.2 | 2 | **38.9** | 38.2 | 2 |
| Average proprietary basic Card Member spending: *(dollars)* | | | | | | |
| U.S. | **$ 4,255** | $ 3,162 | 35 | **$ 11,731** | $ 9,080 | 29 |
| Outside the U.S. | **$ 3,278** | $ 2,555 | 28 | **$ 8,982** | $ 7,209 | 25 |
| Average | **$ 3,960** | $ 2,975 | 33 | **$ 10,901** | $ 8,501 | 28 |
| Total segment assets *(billions)* | **$ 91.8** | $ 81.9 | 12 | **$ 91.8** | $ 81.9 | 12 |
| Card Member loans: | | | | | | |
| Total loans *(billions)* | | | | | | |
| U.S. | **$ 52.6** | $ 49.8 | 6 | **$ 52.6** | $ 49.8 | 6 |
| Outside the U.S. | **9.0** | 7.7 | 17 | **9.0** | 7.7 | 17 |
| Total | **$ 61.6** | $ 57.5 | 7 | **$ 61.6** | $ 57.5 | 7 |
| Average loans *(billions)* | | | | | | |
| U.S. | **$ 52.3** | $ 50.0 | 5 | **$ 50.5** | $ 53.8 | (6) |
| Outside the U.S. | **8.9** | 7.8 | 14 | **8.5** | 8.6 | (1) |
| Total | **$ 61.2** | $ 57.8 | 6 % | **$ 59.0** | $ 62.4 | (5) % |
| | | | | | | |
| U.S. | | | | | | |
| Net write-off rate - principal only [a] | **0.5 %** | 2.4 % | | **0.9 %** | 2.6 % | |
| Net write-off rate - principal, interest and fees [a] | **0.8** | 2.9 | | **1.2** | 3.1 | |
| 30+ days past due as a % of total | **0.7** | 1.1 | | **0.7** | 1.1 | |
| Outside the U.S. | | | | | | |
| Net write-off rate - principal only [a] | **1.3** | 3.3 | | **2.0** | 3.2 | |
| Net write-off rate - principal, interest and fees [a] | **1.7** | 4.1 | | **2.6** | 4.0 | |
| 30+ days past due as a % of total | **1.0** | 1.8 | | **1.0** | 1.8 | |
| Total | | | | | | |
| Net write-off rate – principal only [a] | **0.7** | 2.5 | | **1.1** | 2.7 | |
| Net write-off rate – principal, interest and fees [a] | **0.9** | 3.1 | | **1.4** | 3.2 | |
| 30+ days past due as a % of total | **0.7 %** | 1.2 % | | **0.7 %** | 1.2 % | |

| *(Millions, except percentages and where indicated)* | As of or for the Three Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | As of or for the Nine Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 |
|---|---|---|---|---|---|---|
| Card Member receivables: *(billions)* | | | | | | |
| U.S. | **$ 12.6** | $ 10.3 | 22 % | **$ 12.6** | $ 10.3 | 22 % |
| Outside the U.S. | **6.9** | 5.8 | 19 | **6.9** | 5.8 | 19 |
| Total receivables | **$ 19.5** | $ 16.1 | 21 % | **$ 19.5** | $ 16.1 | 21 % |
| | | | | | | |
| U.S. | | | | | | |
| Net write-off rate – principal only [(a)] | **— %** | 1.0 % | | **— %** | 1.6 % | |
| Net write-off rate – principal and fees [(a)] | **0.1** | 1.1 | | **—** | 1.7 | |
| 30+ days past due as a % of total | **0.4** | 0.6 | | **0.4** | 0.6 | |
| Outside the U.S. | | | | | | |
| Net write-off rate – principal only [(a)] | **0.6** | 2.8 | | **1.0** | 2.9 | |
| Net write-off rate – principal and fees [(a)] | **0.7** | 3.1 | | **1.1** | 3.1 | |
| 30+ days past due as a % of total | **0.7** | 1.2 | | **0.7** | 1.2 | |
| Total | | | | | | |
| Net write-off rate – principal only [(a)] | **0.2** | 1.7 | | **0.3** | 2.0 | |
| Net write-off rate – principal and fees [(a)] | **0.3** | 1.8 | | **0.4** | 2.2 | |
| 30+ days past due as a % of total | **0.5 %** | 0.8 % | | **0.5 %** | 0.8 % | |

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

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

| *(Millions, except percentages and where indicated)* | Three Months Ended September 30, 2021 | 2020 | Nine Months Ended September 30, 2021 | 2020 |
|---|---|---|---|---|
| U.S. | | | | |
| Net interest income | **$ 1,524** | $ 1,470 | **$ 4,337** | $ 4,732 |
| Exclude: | | | | |
| Interest expense not attributable to our Card Member loan portfolio [(a)] | **31** | 81 | **135** | 224 |
| Interest income not attributable to our Card Member loan portfolio [(b)] | **(27)** | (42) | **(74)** | (156) |
| Adjusted net interest income [(c)] | **$ 1,528** | $ 1,509 | **$ 4,398** | $ 4,800 |
| Average Card Member loans *(billions)* | **$ 52.3** | $ 50.0 | **$ 50.5** | $ 53.8 |
| Net interest income divided by average Card Member loans [(c)] | **11.7 %** | 11.8 % | **11.5 %** | 11.7 % |
| Net interest yield on average Card Member loans [(c)] | **11.6 %** | 12.0 % | **11.7 %** | 11.9 % |
| Outside the U.S. | | | | |
| Net interest income | **$ 181** | $ 202 | **$ 563** | $ 721 |
| Exclude: | | | | |
| Interest expense not attributable to our Card Member loan portfolio [(a)] | **29** | 36 | **81** | 71 |
| Interest income not attributable to our Card Member loan portfolio [(b)] | **(2)** | (3) | **(6)** | (9) |
| Adjusted net interest income [(c)] | **$ 208** | $ 235 | **$ 638** | $ 783 |
| Average Card Member loans *(billions)* | **$ 8.9** | $ 7.8 | **$ 8.6** | $ 8.6 |
| Net interest income divided by average Card Member loans [(c)] | **8.1 %** | 10.4 % | **8.7 %** | 11.2 % |
| Net interest yield on average Card Member loans [(c)] | **9.3 %** | 11.9 % | **10.0 %** | 12.2 % |
| Total | | | | |
| Net interest income | **$ 1,705** | $ 1,672 | **$ 4,900** | $ 5,454 |
| Exclude: | | | | |
| Interest expense not attributable to our Card Member loan portfolio [(a)] | **60** | 117 | **216** | 295 |
| Interest income not attributable to our Card Member loan portfolio [(b)] | **(29)** | (45) | **(80)** | (166) |
| Adjusted net interest income [(c)] | **$ 1,736** | $ 1,744 | **$ 5,036** | $ 5,583 |
| Average Card Member loans *(billions)* | **$ 61.2** | $ 57.8 | **$ 59.0** | $ 62.4 |
| Net interest income divided by average Card Member loans [(c)] | **11.1 %** | 11.6 % | **11.1 %** | 11.7 % |
| Net interest yield on average Card Member loans [(c)] | **11.3 %** | 12.0 % | **11.4 %** | 12.0 % |

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

# Global Commercial Services

**Table 13: GCS Selected Income Statement Data**

| *(Millions, except percentages)* | Three Months Ended September 30, **2021** | 2020 | Change 2021 vs. 2020 | | Nine Months Ended September 30, **2021** | 2020 | Change 2021 vs. 2020 | |
|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | |
| Non-interest revenues | **$ 2,978** | $ 2,327 | $ 651 | 28 % | **$ 8,225** | $ 7,129 | $ 1,096 | 15 % |
| Interest income | **378** | 351 | 27 | 8 | **1,059** | 1,252 | (193) | (15) |
| Interest expense | **111** | 139 | (28) | (20) | **338** | 493 | (155) | (31) |
| Net interest income | **267** | 212 | 55 | 26 | **721** | 759 | (38) | (5) |
| Total revenues net of interest expense | **3,245** | 2,539 | 706 | 28 | **8,946** | 7,888 | 1,058 | 13 |
| Provisions for credit losses | **(67)** | 250 | (317) | # | **(464)** | 1,657 | (2,121) | # |
| Total revenues net of interest expense after provisions for credit losses | **3,312** | 2,289 | 1,023 | 45 | **9,410** | 6,231 | 3,179 | 51 |
| Expenses | | | | | | | | |
| Marketing, business development, and Card Member rewards and services | **1,757** | 1,221 | 536 | 44 | **4,773** | 3,653 | 1,120 | 31 |
| Salaries and employee benefits and other operating expenses | **837** | 796 | 41 | 5 | **2,415** | 2,309 | 106 | 5 |
| Total expenses | **2,594** | 2,017 | 577 | 29 | **7,188** | 5,962 | 1,226 | 21 |
| Pretax segment income | **$ 718** | $ 272 | $ 446 | # | **$ 2,222** | $ 269 | $ 1,953 | # |

# Denotes a variance of 100 percent or more

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

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

Discount revenue increased 30 percent and 17 percent for the three and nine month periods, respectively, reflecting an increase in commercial billed business of 28 percent and 18 percent for the three and nine month periods, respectively.

See Tables 5, 6, 7 and 14 for more details on volume metrics.

Other fees and commissions increased 44 percent for the three month period and decreased 1 percent for the nine month period. The increase in the three month period was primarily due to increased revenues from our alternative payment solutions and higher foreign exchange conversion revenue related to increased cross-border Card Member spending. The decrease in the nine month period was primarily due to a decline in late fees due to lower delinquencies, partially offset by increased revenues from our alternative payment solutions.

Net card fees increased 7 percent and 9 percent for the three and nine month periods, respectively, driven by growth in our premium card products.

Net interest income increased for the three month period and decreased for the nine month period. The increase in the three month period was primarily due to lower cost of funds and higher average Card Member loan balances. The decrease in the nine month period was primarily driven by lower revolving Card Member loan balances.

Provisions for credit losses decreased for both the three and nine month periods and resulted in a net benefit due to lower write-offs and reserve releases in the current periods versus reserve builds in the prior periods. The reserve releases in the current periods were driven by improved portfolio quality and macroeconomic outlook, partially offset by increases in the outstanding balances of loans and receivables. The significant reserve builds in the prior periods were due to the deterioration of the global macroeconomic outlook as a result of the COVID-19 pandemic, partially offset by decreases in the outstanding balances of loans and receivables.

Marketing, business development, and Card Member rewards and services expenses increased for both the three and nine month periods. The increases in Card Member rewards expense were primarily driven by higher billed business as well as higher travel-related spend and redemptions and a shift in the prior year in redemptions to non-travel-related options. The increases in Marketing and business development expense were primarily due to increases in marketing investments to continue building growth momentum as well as, for the three month period, an increase in corporate client incentives due to higher spending volumes. The increase in the nine month period also included higher partner payments, partially offset by a decrease in corporate client incentives.

Salaries and employee benefits and other operating expenses increased for both the three and nine month periods, primarily due to higher compensation. The increase in the nine month period was also driven by the Company's partial repayment of a prior year insurance claim associated with insured losses from a corporate client bankruptcy that were partially recovered during the current period.

**Table 14: GCS Selected Statistical Information**

| *(Millions, except percentages and where indicated)* | As of or for the Three Months Ended September 30, 2021 | 2020 | Change 2021 vs 2020 | As of or for the Nine Months Ended September 30, **2021** | 2020 | Change 2021 vs 2020 |
|---|---|---|---|---|---|---|
| Billed business *(billions)* | **$ 126.1** | $ 98.5 | 28 % | **$ 350.0** | $ 297.4 | 18 % |
| Proprietary cards-in-force | **15.1** | 14.5 | 4 | **15.1** | 14.5 | 4 |
| Average Card Member spending *(dollars)* | **$ 8,447** | $ 6,776 | 25 | **$ 23,790** | $ 20,268 | 17 |
| Total segment assets *(billions)* | **$ 48.2** | $ 39.9 | 21 | **$ 48.2** | $ 39.9 | 21 |
| GSBS Card Member loans: | | | | | | |
| Total loans *(billions)* | **$ 15.3** | $ 12.0 | 28 | **$ 15.3** | $ 12.0 | 28 |
| Average loans *(billions)* | **$ 15.2** | $ 12.1 | 26 | **$ 14.3** | $ 13.0 | 10 |
| Net write-off rate - principal only [a] | **0.5 %** | 2.2 % | | **0.7 %** | 2.1 % | |
| Net write-off rate - principal, interest and fees [a] | **0.6 %** | 2.5 % | | **0.8 %** | 2.4 % | |
| 30+ days past due as a % of total | **0.5 %** | 1.1 % | | **0.5 %** | 1.1 % | |
| Calculation of Net Interest Yield on Average Card Member Loans: | | | | | | |
| Net interest income | **$ 267** | $ 212 | | **$ 721** | $ 759 | |
| Exclude: | | | | | | |
| Interest expense not attributable to our Card Member loan portfolio [b] | **88** | 111 | | **269** | 375 | |
| Interest income not attributable to our Card Member loan portfolio [c] | **(17)** | (34) | | **(62)** | (145) | |
| Adjusted net interest income [d] | **$ 338** | $ 289 | | **$ 928** | $ 989 | |
| Average Card Member loans *(billions)* | **$ 15.2** | $ 12.1 | | **$ 14.4** | $ 13.1 | |
| Net interest income divided by average Card Member loans [d] | **7.0 %** | 7.0 % | | **6.7 %** | 7.7 % | |
| Net interest yield on average Card Member loans [d] | **8.8 %** | 9.5 % | | **8.6 %** | 10.1 % | |
| Card Member receivables: | | | | | | |
| Total receivables *(billions)* | **$ 29.3** | $ 24.7 | 19 | **$ 29.3** | 24.7 | 19 |
| Net write-off rate - principal and fees [a][e][f] | **0.2 %** | 2.5 % | | **0.2 %** | 2.4 % | |
| GCP Card Member receivables: | | | | | | |
| Total receivables *(billions)* | **$ 12.5** | $ 10.4 | 20 | **$ 12.5** | $ 10.4 | 20 |
| 90+ days past billing as a % of total [e] | **0.3 %** | 0.6 % | | **0.3 %** | 0.6 % | |
| Net write-off rate - principal and fees [a][e][f] | **0.2 %** | 2.4 % | | **(0.1) %** | 2.2 % | |
| GSBS Card Member receivables: | | | | | | |
| Total receivables *(billions)* | **$ 16.8** | $ 14.3 | 17 % | **$ 16.8** | $ 14.3 | 17 % |
| Net write-off rate - principal only [a] | **0.2 %** | 2.3 % | | **0.3 %** | 2.3 % | |
| Net write-off rate - principal and fees [a] | **0.3 %** | 2.5 % | | **0.4 %** | 2.6 % | |
| 30+ days past due as a % of total | **0.6 %** | 1.0 % | | **0.6 %** | 1.0 % | |

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

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

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

(d) Refer to Table 9 footnote (c).

(e) For GCP Card Member receivables, delinquency data is tracked based on days past billing status rather than days past due. A Card Member account is considered 90 days past billing if payment has not been received within 90 days of the Card Member's billing statement date. In addition, if we initiate collection procedures on an account prior to the account becoming 90 days past billing, the associated Card Member receivable balance is classified as 90 days past billing. GCP delinquency data for periods other than 90+ days past billing and the net write-off rate based on principal losses only are not available due to system constraints.

(f) The net write-off rate for the current nine month period 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.

# Global Merchant and Network Services

**Table 15: GMNS Selected Income Statement and Other Data**

| *(Millions, except percentages and where indicated)* | Three Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | | Nine Months Ended September 30, 2021 | 2020 | Change 2021 vs. 2020 | |
|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | |
| Non-interest revenues | **$ 1,280** | $ 997 | $ 283 | 28% | **$ 3,545** | $ 3,057 | $ 488 | 16% |
| Interest income | **4** | 4 | — | — | **12** | 14 | (2) | (14) |
| Interest expense | **(24)** | (19) | (5) | 26 | **(61)** | (61) | — | — |
| Net interest income | **28** | 23 | 5 | 22 | **73** | 75 | (2) | (3) |
| Total revenues net of interest expense | **1,308** | 1,020 | 288 | 28 | **3,618** | 3,132 | 486 | 16 |
| Provisions for credit losses | **—** | 3 | (3) | # | **(37)** | 75 | (112) | # |
| Total revenues net of interest expense after provisions for credit losses | **1,308** | 1,017 | 291 | 29 | **3,655** | 3,057 | 598 | 20 |
| Expenses | | | | | | | | |
| Marketing, business development, and Card Member rewards and services | **375** | 297 | 78 | 26 | **1,048** | 800 | 248 | 31 |
| Salaries and employee benefits and other operating expenses | **404** | 394 | 10 | 3 | **1,166** | 1,218 | (52) | (4) |
| Total expenses | **779** | 691 | 88 | 13 | **2,214** | 2,018 | 196 | 10 |
| Pretax segment income | **529** | 326 | 203 | 62 | **1,441** | 1,039 | 402 | 39 |
| Total segment assets *(billions)* | **$ 14.2** | $ 12.0 | | 18% | **$ 14.2** | $ 12.0 | | 18% |

# Denotes a variance of 100 percent or more

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

Non-interest revenues increased for both the three and nine month periods, primarily driven by higher Discount revenue due to increases in worldwide network volumes.

The average discount rate increased for both the three and nine month periods, primarily due to the change in the mix of spending driven by increased levels of T&E volumes, compared to the prior year.

For further discussion on network volumes and the average discount rate, please refer to the “Consolidated Results of Operations.”

GMNS receives an interest expense credit relating to internal transfer pricing due to its merchant payables. Net interest income increased for the three month period, due to a higher interest expense credit, primarily driven by an increase in average merchant payables related to year-over-year billed business growth. Net interest income decreased for the nine month period, due to a lower interest expense credit driven by lower cost of funds, partially offset by higher average merchant payables.

Marketing, business development, and Card Member rewards and services expenses increased for both the three and nine month periods, primarily driven by higher Marketing and business development expense, as a result of increased spend on initiatives to support merchant engagement and increased network issuer expense, reflecting higher processed volumes from certain GNS partners.

Salaries and employee benefits and other operating expenses increased for the three month period and decreased for the nine month period. The increase for the three month period was primarily driven by higher compensation. The decrease for the nine month period was primarily driven by a net reserve release in the current year versus a net reserve build in the prior year associated with merchant exposure for Card Member purchases.

## Corporate & Other

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

Corporate & Other pretax loss was $285 million for the three months ended September 30, 2021, compared to $359 million for the same period in the prior year, and $805 million for the nine months ended September 30, 2021, compared to $1,097 million for the same period in the prior year. The decreases in the pretax loss were primarily driven by higher net unrealized gains in the current year related to our Amex Ventures equity investments and a lower net loss in the current year from the GBT JV, partially offset by higher compensation.

# CONSOLIDATED CAPITAL RESOURCES AND LIQUIDITY

Our balance sheet management objectives are to maintain:

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

We are monitoring the changing macroeconomic environment and managing our balance sheet to reflect evolving circumstances.

***Capital***

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

We seek to maintain capital levels and ratios in excess of the minimum regulatory requirements, specifically within a 10 to 11 percent target range for American Express' CET1 risk-based capital ratio.

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

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

The following table presents our regulatory risk-based capital and leverage ratios and those of our U.S. bank subsidiary, American Express National Bank (AENB), as of September 30, 2021.

**Table 16: Regulatory Risk-Based Capital and Leverage Ratios**

| | Effective Minimum [a] | Ratios as of September 30, 2021 |
|---|---|---|
| **Risk-Based Capital** | | |
| Common Equity Tier 1 | **7.0 %** | |
| *American Express Company* | | **12.6 %** |
| *American Express National Bank* | | **13.5** |
| Tier 1 | **8.5** | |
| *American Express Company* | | **14.2** |
| *American Express National Bank* | | **13.5** |
| Total | **10.5** | |
| *American Express Company* | | **15.7** |
| *American Express National Bank* | | **15.6** |
| **Tier 1 Leverage** | **4.0 %** | |
| *American Express Company* | | **11.8** |
| *American Express National Bank* | | **10.4 %** |

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

The following table presents American Express Company's regulatory risk-based capital and risk-weighted assets as of September 30, 2021:

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

| **American Express Company** *($ in Billions)* | September 30, 2021 |
|---|---|
| **Risk-Based Capital** | |
| Common Equity Tier 1 | **$ 19.1** |
| Tier 1 Capital | **21.4** |
| Tier 2 Capital | **2.2** |
| Total Capital | **23.7** |
| | |
| **Risk-Weighted Assets** | **150.7** |
| **Average Total Assets to calculate the Tier 1 Leverage Ratio** | **$ 182.1** |

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

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

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

*Tier 1 Risk-Based Capital Ratio* — Calculated as Tier 1 capital divided by risk-weighted assets. Tier 1 capital is the sum of CET1, preferred shares and third-party non-controlling interests in consolidated subsidiaries, adjusted for capital held by insurance subsidiaries. The minimum requirement for the Tier 1 risk-based capital ratio is 1.5 percent higher than the minimum for the CET1 risk-based capital ratio. We issue preferred shares to help address a portion of the Tier 1 capital requirements in excess of common equity requirements. See "Preferred Shares" below for further information.

*Total Risk-Based Capital Ratio* — Calculated as the sum of Tier 1 capital and Tier 2 capital, divided by risk-weighted assets. Tier 2 capital is the sum of the reserve for loan and receivable credit losses adjusted for the CECL final rules (limited to 1.25 percent of risk-weighted assets) and $360 million of eligible subordinated notes, adjusted for capital held by insurance subsidiaries. The $360 million of eligible subordinated notes reflect a 40 percent, or $240 million, reduction of Tier 2 capital credit for the $600 million subordinated debt issued in December 2014.

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

We elected to delay the impact of the adoption of the CECL methodology on regulatory capital for two years followed by a three-year phase-in period pursuant to rules issued by federal banking regulators (the CECL final rules). As of September 30, 2021, our reported regulatory capital excluded the $0.9 billion impact to retained earnings upon the adoption of the CECL methodology and 25 percent of the $0.7 billion decrease in reserves for credit losses from January 1, 2020 to September 30, 2021. We will begin phasing in the cumulative amount that is not recognized in regulatory capital at 25 percent per year beginning January 1, 2022.

As a Category IV firm, we were not subject to the Federal Reserve's supervisory stress tests in 2021. We were required to submit to the Federal Reserve our annual capital plan, which we did in April 2021.

On June 24, 2021, the Federal Reserve confirmed our SCB of 2.5 percent and resulting CET1 capital ratio requirement of 7 percent, which remain unchanged from the levels announced in August 2020.

Failure to maintain minimum regulatory capital levels at American Express or AENB could affect our status as a financial holding company and cause the regulatory agencies with oversight of American Express or AENB to take actions that could limit our business operations.

***Dividends and Share Repurchases***

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

During the three and nine months ended September 30, 2021, we returned $3.6 billion and $5.6 billion, respectively, to our shareholders in the form of common stock dividends of $0.3 billion and $1.0 billion, respectively, and share repurchases of $3.3 billion and $4.6 billion, respectively. We repurchased 19.7 million common shares at an average price of $167.27 in the third quarter of 2021.

In addition, during the three and nine months ended September 30, 2021, we paid $20 million and $49 million, respectively, in dividends on non-cumulative perpetual preferred shares.

During the first six months of 2021, the Federal Reserve placed restrictions on common stock dividends and common share repurchases for bank holding companies like us that participate in the Federal Reserve's Comprehensive Capital Analysis and Review (CCAR). These capital distribution restrictions were lifted beginning on July 1, 2021. Our capital distributions have since returned to being governed by the SCB framework and based on managing our CET1 risk-based capital ratio within a 10 to 11 percent target range. We plan to continue repurchasing shares at elevated levels over the next several quarters to migrate our CET1 ratio back to our target range. We may conduct share repurchases through a variety of methods, including open market purchases, 10b5-1 plans, privately negotiated transactions (including employee benefit plans) or other purchases, including block trades, accelerated share repurchase programs or any combination of such methods as market conditions warrant and at prices we deem appropriate.

Our decisions on capital distributions depend on various factors, including: our capital levels and regulatory capital requirements; regulatory guidance or restrictions, actual and forecasted business results; economic and market conditions; revisions to, or revocation of, the Federal Reserve’s authorization of our capital plan; and the supervisory stress test process.

***Preferred Shares***

We issue preferred shares to finance a portion of the Tier 1 capital requirements in excess of common equity requirements. On August 3, 2021, we issued $1.6 billion of 3.550% Fixed Rate Reset Noncumulative Preferred Shares, Series D. With the proceeds from that issuance, we redeemed in full the $850 million of 4.900% Fixed Rate/Floating Rate Noncumulative Preferred Shares, Series C on September 15, 2021 and will redeem in full the $750 million of 5.200% Fixed Rate/Floating Rate Noncumulative Preferred Shares, Series B on November 15, 2021. Refer to Note 15 to the "Consolidated Financial Statements" for additional information on our preferred shares.

***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 asset growth in our global businesses as well as to maintain a strong liquidity profile.

We meet our funding needs through a variety of sources, including direct and third-party distributed deposits and debt instruments, such as senior unsecured debt, asset securitizations, borrowings through secured borrowing facilities and a committed bank credit facility. We seek to diversify our funding sources by maintaining scale and relevance in unsecured debt, asset securitizations and deposits. Our customer deposits have become a larger proportion of our funding over time and we expect that will continue.

Our funding needs are driven by, among other factors, maturing obligations, our liquidity position and the pace of growth in our loans and receivables balances. We expect increasing levels of unsecured and secured term debt issuances in the next 12 to 18 months. Actual funding activities can vary from our plans due to various factors, such as future business growth, the impact of global economic, political and other events on market capacity and funding needs, demand for securities offered by us, regulatory changes, ability to securitize and sell receivables, and the performance of receivables previously sold in securitization transactions. Many of these factors are beyond our control.

In order to simplify our funding and reporting structure, in October 2021, we terminated the commercial paper program at American Express Credit Corporation (Credco) and Credco's committed syndicated bank credit facility, the undrawn amounts from which could serve as a backstop for the amount of commercial paper outstanding. Concurrently, we established a new commercial paper program at American Express Travel Related Services Company, Inc. (TRS) and a new credit facility with American Express Company and TRS as co-borrowers and co-obligors, as described further below. Credco will continue to finance certain Card Member receivables and loans using intercompany borrowing as its primary funding source.

*Summary of Consolidated Debt*

We had the following consolidated debt and customer deposits outstanding as of September 30, 2021 and December 31, 2020:

**Table 18: Summary of Consolidated Debt and Customer Deposits**

| *(Billions)* | **September 30, 2021** | December 31, 2020 |
|---|---|---|
| Short-term borrowings | **$ 2.3** | $ 1.9 |
| Long-term debt | **34.5** | 43.0 |
| Total debt | **36.8** | 44.9 |
| Customer deposits | **84.3** | 86.9 |
| Total debt and customer deposits | **$ 121.1** | $ 131.8 |

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

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

**Table 19: Unsecured Debt Ratings**

| Credit Agency | American Express Entity | Short-Term Ratings | Long-Term Ratings | Outlook |
|---|---|---|---|---|
| Fitch | American Express Credit Corporation | N/A | A | Stable |
| Fitch | All other rated entities | F1 | A | Stable |
| Moody’s | American Express Travel Related Services Company, Inc. | Prime-1 | A2 | Stable |
| Moody's | American Express Credit Corporation | Prime-1 | A2 | Stable |
| Moody's | American Express National Bank | Prime-1 | A3 | Stable |
| Moody's | American Express Company | N/A | A3 | Stable |
| S&P | American Express Travel Related Services Company, Inc. | A-2 | A- | Stable |
| S&P | American Express Credit Corporation | N/A | A- | Stable |
| S&P | American Express National Bank | A-2 | A- | Stable |
| S&P | American Express Company | A-2 | BBB+ | Stable |

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

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

***Liquidity Management***

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

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

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

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

We believe that we currently maintain sufficient liquidity to meet all internal and regulatory liquidity requirements. As of September 30, 2021, we had $38 billion in Cash and cash equivalents and Investment securities (which are substantially comprised of U.S. Government Treasury obligations). The decrease of $17 billion from $55 billion as of December 31, 2020 was primarily driven by the increase in the balances of our Card Member loans and receivables, debt maturities, share repurchases and the reduction in customer deposits.

The investment income we receive on liquidity resources 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 September 30, 2021, we maintained our committed, revolving, secured borrowing facility, with a maturity date of July 15, 2024, which gives us the right to sell up to $3.0 billion face amount of eligible AAA notes from the American Express Issuance Trust II (the Charge Trust). We also maintained our committed, revolving, secured borrowing facility that gives us the right to sell up to $2.0 billion face amount of eligible AAA certificates from the American Express Credit Account Master Trust (the Lending Trust). On September 15, 2021, we extended the Lending Trust's $2.0 billion facility by two years to mature on September 16, 2024. Both facilities are used in the ordinary course of business to fund working capital needs, as well as to further enhance our contingent funding resources. As of September 30, 2021, no amounts were drawn on the Charge Trust facility or the Lending Trust facility.

*Federal Reserve Discount Window*

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

As of September 30, 2021, we had approximately $73.1 billion in U.S. credit card loans and charge card receivables that could be sold over time through our securitization trusts or pledged in return for secured borrowings to provide further liquidity, subject in each case to applicable market conditions and eligibility criteria.

*Committed Bank Credit Facility*

In addition to the secured borrowing facilities described above, we maintained a committed syndicated bank credit facility of $3.5 billion through our wholly owned subsidiary Credco as of September 30, 2021. As of September 30, 2021, no amounts were drawn on this facility. Effective October 1, 2021, this facility was terminated and we entered into a new $3.5 billion committed syndicated bank credit facility with a maturity date of October 15, 2024, with American Express Company and TRS as co-borrowers and co-obligors. The availability of the new credit facility is subject to the maintenance by American Express of a minimum CET1 ratio of 4.5 percent, with certain restrictions in relation to either accessing the facility or distributing capital to common shareholders in the event our CET1 ratio falls between 4.5 percent and 6.5 percent. We may, from time to time, use this facility in the ordinary course of business to fund working capital needs. Any undrawn portion of this facility could serve as a backstop for the amount of commercial paper outstanding.

The new credit facility does not contain a material adverse change clause, which might otherwise preclude borrowing under the facility, nor is it dependent on our credit rating.

***Unused Credit Outstanding and Certain Contractual Obligations***

As of September 30, 2021, we had approximately $325 billion of unused credit available to Card Members as part of established lending product agreements. Total unused credit available to Card Members does not represent potential future cash requirements, as a significant portion of this unused credit will likely not be drawn. Our charge card products generally have no pre-set spending limit and therefore are not reflected in unused credit available to Card Members.

We provide Card Member protection that covers losses associated with purchased goods and services. See Note 7 to the Consolidated Financial Statements for further information.

***Cash Flows***

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

**Table 20: Cash Flows**

| *(Billions)* | **2021** | 2020 |
|---|---|---|
| Total cash provided by (used in): | | |
| Operating activities | **$ 9.6** | $ 2.1 |
| Investing activities | **0.8** | 17.2 |
| Financing activities | **(15.3)** | (8.4) |
| Effect of foreign currency exchange rates on cash and cash equivalents | **(0.2)** | 0.3 |
| Net (decrease) increase in cash and cash equivalents | **$ (5.1)** | $ 11.2 |

*Cash Flows from Operating Activities*

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

In 2021, the net cash provided by operating activities was primarily driven by cash generated from net income for the period and higher net operating liabilities, primarily resulting from an increase in Membership Rewards liability related to growth in billed business.

In 2020, the net cash provided by operating activities was primarily driven by the cash generated from net income for the period, partially offset by lower accounts payable to merchants and other liabilities and purchases of loyalty program points from certain of our cobrand partners, which resulted in an increase in Other assets.

*Cash Flows from Investing Activities*

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

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

In 2020, the net cash provided by investing activities was primarily driven by a decline in Card Member loan and receivable balances, partially offset by net purchases of investment securities. The decline in Card Member loan and receivable balances was due to the ongoing pay down of outstanding balances by Card Members combined with significant declines in spending that occurred due to the COVID-19 pandemic.

*Cash Flows from Financing Activities*

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

In 2021, the net cash used in financing activities was primarily driven by debt repayments, decreases in customer deposits, share repurchases and dividends, and redemption of preferred shares, partially offset by the proceeds from the issuance of preferred shares.

In 2020, the net cash used in financing activities was primarily driven by debt repayments and share repurchases and dividends, partially offset by growth in customer deposits.

# OTHER MATTERS

***Certain Legislative, Regulatory and Other Developments***

*Supervision & Regulation*

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

Governmental authorities have focused, and we believe will continue to focus, considerable attention on reviewing compliance by financial services firms with laws and regulations, and as a result, we continually work to evolve and improve our risk management framework, governance structures, practices and procedures. Reviews by us and by governmental authorities to assess compliance with laws and regulations, as well as our own internal reviews to assess compliance with internal policies, including error or misconduct by employees or third parties or control failures, have resulted in, and are likely to continue to result in, changes to our products, practices and procedures, restitution to our customers and increased costs related to regulatory oversight, supervision and examination. We have also been subject to regulatory actions and may continue to be the subject of such actions, including governmental inquiries, investigations, enforcement proceedings and the imposition of fines or civil money penalties, in the event of noncompliance or alleged noncompliance with laws or regulations. External publicity concerning investigations, including those that are narrow in scope, can increase their scope and scale and lead to further regulatory inquiries.

For example, as previously disclosed, beginning in May 2020 we began responding to a regulatory review led by the Office of the Comptroller of the Currency and the Department of Justice Civil Division regarding historical sales practices relating to certain small business card sales. We also conducted an internal review of certain sales from 2015 and 2016 and have taken appropriate disciplinary and remedial actions, including voluntarily providing remediation to certain current and former customers. Information regarding our investigation has been provided to our other regulators, including the Federal Reserve. In January 2021, we received a grand jury subpoena from the United States Attorney's Office for the Eastern District of New York regarding the sales practices for small business cards and a Civil Investigative Demand from the Consumer Financial Protection Bureau (CFPB) seeking information on sales practices related to consumers. We are cooperating with all of these inquiries and continue to review and enhance our controls related to our sales practices generally. We do not believe this matter will have a material adverse impact on our business or results of operations.

Please see the "Supervision and Regulation" and "Risk Factors" sections of our Annual Report on Form 10-K for the year ended December 31, 2020 (the 2020 Form 10-K) for further information.

*Consumer Financial Products Regulation*

In the United States, our marketing, sale and servicing of consumer financial products and our compliance with certain federal consumer financial laws are supervised and examined by the CFPB, which has broad rulemaking and enforcement authority over providers of credit, savings and payment services and products and authority to prevent "unfair, deceptive or abusive" acts or practices. In addition, a number of U.S. states have significant consumer credit protection, disclosure and other laws (in certain cases more stringent than U.S. federal laws). U.S. federal law also regulates abusive debt collection practices, which along with bankruptcy and debtor relief laws, can affect our ability to collect amounts owed to us or subject us to regulatory scrutiny. Other jurisdictions around the world are increasingly focusing on consumer financial protection.

For more information on consumer financial products regulation, as well as the potential impacts on our results of operations and business, please see the "Supervision and Regulation" and "Risk Factors" sections of the 2020 Form 10-K.

*Payments Regulation*

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

The European Union, Australia and other jurisdictions have focused on interchange fees (that is, the fee paid by the bankcard merchant acquirer to the card issuer in payment networks like Visa and Mastercard), as well as the rules, contract terms and practices governing merchant card acceptance. Regulation and other governmental actions relating to pricing or practices could affect all networks directly or indirectly, as well as adversely impact consumers and merchants. Among other things, regulation of bankcard fees has negatively impacted, and may continue to negatively impact, the discount revenue we earn, including as a result of downward pressure on our discount rate from decreases in competitor pricing in connection with caps on interchange fees. In some cases, regulations also extend to certain aspects of our business, such as network and cobrand arrangements or the terms of card acceptance for merchants. There is uncertainty as to when or how interchange fee caps and other provisions of the EU and U.K. payments legislation might apply when we work with cobrand partners and agents in the EU and the U.K. Given differing interpretations by regulators and participants in cobrand arrangements, we are subject to regulatory action, penalties and the possibility we will not be able to maintain our existing cobrand and agent relationships in the EU or the U.K.

Broad regulatory oversight over payment systems can also include, in some cases, requirements for international card networks to localize aspects of their operations, such as processing infrastructure and data storage, which 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. On April 23, 2021, the Reserve Bank of India imposed restrictions on the ability of American Express Banking Corp. to engage in certain card issuing activities in India from May 1, 2021 until it complies with a regulation requiring storage of payment transaction data exclusively in India. This order does not impact existing customers. We are working towards complying with the regulation.

For more information on payments regulation, as well as the potential impacts on our results of operations and business, please see the “Supervision and Regulation” and “Risk Factors” sections of the 2020 Form 10-K.

*Surcharging*

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

For more information on the potential impacts of surcharging and other actions that could impair the Card Member experience, please see the “Risk Factors” section of the 2020 Form 10-K.

*Antitrust Litigation*

The U.S. Department of Justice 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. On June 25, 2018, the Supreme Court found in favor of American Express in that case. We continue to vigorously defend similar antitrust claims initiated by merchants. See Note 7 to the "Consolidated Financial Statements" for descriptions of the cases. It is possible that actions impairing the Card Member experience, or the resolution of one or any combination of these merchant claims for damages, could have a material adverse effect on our business. For more information on the potential impacts of an adverse decision in the merchant litigations on our business, please see the “Risk Factors” section of the 2020 Form 10-K.

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

Regulatory and legislative activity in the areas of privacy, data protection, data governance and information and cyber security continues to increase worldwide. We have established, and continue to maintain, policies and a governance framework to comply with applicable laws, meet evolving customer and industry expectations and support and enable business innovation and growth. Global financial institutions like us, as well as our customers, colleagues, regulators, vendors and other third parties, have experienced a significant increase in information and cyber security risk in recent years and will likely continue to be the target of increasingly sophisticated cyber attacks, including computer viruses, malicious or destructive code, ransomware, social engineering attacks (including phishing, impersonation and identity takeover attempts), corporate espionage, hacking, website defacement, denial-of-service attacks and other attacks and similar disruptions from the misconfiguration or unauthorized use of or access to computer systems. For more information on privacy, data protection and information and cyber security regulation and the potential impacts of a major information or cyber security incident on our results of operations and business, please see the "Supervision and Regulation" and "Risk Factors" sections of the 2020 Form 10-K.

*Anti-Money Laundering*

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

Among other things, these laws and regulations require us to establish AML programs that meet certain standards, including, in some instances, expanded reporting, particularly in the area of suspicious transactions, and enhanced information gathering and recordkeeping requirements. Our AML programs have become the subject of heightened scrutiny in some countries. Any errors, failures or delays in complying with federal, state or foreign AML and counter-terrorist financing laws or perceived deficiencies in our AML programs could result in significant criminal and civil lawsuits, penalties and forfeiture of significant assets, loss of licenses or restrictions on business activities, or other enforcement actions. For more information on AML regulation, as well as the potential impacts on our results of operations and business, please see the "Supervision and Regulation" and "Risk Factors" sections of the 2020 Form 10-K.

*Environmental, Social and Governance (ESG) Matters*

On September 28, 2021, we published our 2020-2021 ESG Report, which includes our ESG strategy and objectives in three areas: Promoting Diversity, Equity and Inclusion (DE&I); Building Financial Confidence; and Advancing Climate Solutions. The Report follows the Global Reporting Initiative, Sustainability Accounting Standards Board and Task Force on Climate-related Financial Disclosures (TCFD) reporting guidelines, including the results of a qualitative climate-related risk assessment. Potential physical risks related to climate change identified in the TCFD index include severe weather conditions across some of our critical sites. Potential transition risks and opportunities identified in the TCFD index relate to emerging regulations, shifting consumer preferences, impacts to travel patterns, operating costs and reputational risks and opportunities. We continue to identify and assess climate-related risks and opportunities, as well as pursue initiatives to promote DE&I and build financial resilience for our colleagues, customers and communities.

***Recently Issued and Adopted Accounting Standards***

Refer to the Recently Adopted Accounting Standards section of Note 1 to the "Consolidated Financial Statements."

***Glossary of Selected Terminology***

*Adjusted net interest income* — A non-GAAP measure that represents net interest income attributable to our Card Member loans (which includes, on a GAAP basis, interest that is deemed uncollectible), excluding the impact of interest expense and interest income not attributable to our Card Member loans.

*Airline-related volume* — Represents spend at airlines as a merchant.

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

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

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

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

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

*Card Member loans* — Represents 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 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, other than revolving balances on certain American Express charge cards with Pay Over Time features. Such revolving balances are included within Card Member loans.

*Cards-in-force* — Represents the number of cards that are issued and outstanding by American Express (proprietary cards-in-force) and cards issued and outstanding under network partnership agreements with banks and other institutions, including joint ventures (GNS cards-in-force), except for GNS retail cobrand cards that had no out-of-store spending activity during the prior twelve months. *Basic cards-in-force* excludes supplemental cards issued on consumer accounts. Cards-in-force is useful in understanding the size of our Card Member base.

*Charge cards* — Represents cards that generally carry no pre-set spending limits and are primarily designed as a method of payment and not as a means of financing purchases. 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 cards have additional Pay Over Time feature(s) that allow revolving of certain charges.

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

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

*Discount revenue* — Primarily represents the amount earned on transactions occurring at merchants that have entered into a card acceptance agreement with us, a GNS partner or other third-party merchant acquirer, for facilitating transactions between the merchants and Card Members.

*Goods and Services (G&S)-related volume* — Includes spend in merchant categories other than T&E-related merchant categories.

*Interest expense* — Includes interest incurred primarily to fund Card Member loans and receivables, general corporate purposes and liquidity needs. Interest expense is divided principally into two categories: (i) deposits, which primarily relates to interest expense on deposits taken from customers and institutions, and (ii) debt, which primarily relates to interest expense

on our long-term financing and short-term borrowings, (e.g., commercial paper, federal funds purchased, bank overdrafts and other short-term borrowings), as well as the realized impact of derivatives hedging interest rate risk on our long-term debt.

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

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

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

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

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

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

*Net interest yield on average Card Member loans* — A non-GAAP measure that is computed by dividing adjusted net interest income by average Card Member loans, computed on an annualized basis. Reserves and net write-offs related to uncollectible interest are recorded through provision for credit losses and are thus not included in the net interest yield calculation.

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

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

*Network volumes* — Represents the total of billed business and processed volumes. Network volumes are reported as United States or outside the United States based on the location of the issuer.

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

*Processed volumes* — Represents transaction volumes (including cash advances) on cards issued under network partnership agreements with banks and other institutions, including joint ventures, as well as alternative payment solutions facilitated by American Express. Processed volume is reported as United States or outside the United States based on the location of the issuer.

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

*Return on average equity* — Calculated by dividing the preceding twelve months of net income by one-year monthly average total shareholders' equity.

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

# CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The forward-looking statements, which address our current expectations regarding business and financial performance, among other matters, contain words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “aim,” “will,” “may,” “should,” “could,” “would,” “likely,” “estimate,” “predict,” “potential,” “continue” and similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update or revise any forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements, include, but are not limited to, the following:

- our ability to continue building growth momentum and improve our financial performance, which will depend in part on spending volumes and therefore on economies continuing to re-open, vaccination rates increasing, travel restrictions lifting, consumers continuing to spend online and on Goods & Services, and the general public feeling comfortable traveling, shopping and dining out again; credit performance and reserve levels; identifying attractive investment opportunities to continue building growth momentum, including customer retention and acquisition efforts; our ability to control operating expenses; the effective tax rate remaining consistent with current levels; and our ability to continue our share repurchase program; any of which could be impacted by, among other things, the factors identified in the subsequent paragraphs;
- our ability to grow volumes, revenues and EPS, which could be impacted by, among other things, uncertainty regarding the continued spread of COVID-19 (including new variants) and the availability, distribution and use of effective treatments and vaccines; a deterioration in global economic and business conditions; consumer and business spending not growing in line with expectations, including G&S spending not continuing to show strong growth and T&E spending not reaching 80 percent of 2019 levels by the fourth quarter of 2021; an inability or unwillingness of Card Members to pay amounts owed to us; the termination of government support and relief programs; prolonged measures to contain the spread of COVID-19 (including travel restrictions) or premature easing of such containment measures, both of which could further exacerbate the effects on business activity and our Card Members, partners and merchants; health concerns associated with the pandemic continuing to affect consumer behavior, spending levels and preferences, and travel patterns and demand even after government restrictions are lifted and economies re-open; our inability to effectively manage risk in an uncertain environment; market volatility, changes in capital and credit market conditions and the availability and cost of capital; issues impacting brand perceptions and our reputation; the amount and efficacy of investments in share, scale and relevance; an inability of business partners to meet their obligations to us and our customers due to slowdowns or disruptions in their businesses, bankruptcy or liquidation, or otherwise; the impact of any future contingencies, including, but not limited to, restructurings, impairments, changes in reserves, legal costs, the imposition of fines or civil money penalties and increases in Card Member reimbursements; and the impact of regulation and litigation, which could affect the profitability of our business activities, limit our ability to pursue business opportunities, require changes to business practices or alter our relationships with partners, merchants and Card Members;
- future credit performance, the level of future delinquency and write-off rates and the amount and timing of future credit reserve builds and releases, which will depend in part on changes in consumer behavior that affect loan and receivable balances (such as paydown and revolve rates); macroeconomic factors such as unemployment rates, gross domestic product (GDP) and the volume of bankruptcies; the performance of accounts as they graduate and exit from financial relief programs; collections capabilities and recoveries of previously written-off loans and receivables; the enrollment in, and effectiveness of, hardship programs and troubled debt restructurings; continued government support for the economy; and governmental actions that provide forms of relief with respect to certain loans and fees, such as limiting debt collections efforts and encouraging or requiring extensions, modifications or forbearance;
- net interest income and the growth rate of loans outstanding being higher or lower than current expectations, which will depend on the behavior of Card Members and their actual spending, borrowing and paydown patterns; government stimulus, liquidity and financial strength in our customer base and the availability of forbearance programs; our ability to effectively manage risk and enhance Card Member value propositions; changes in interest rates and our cost of funds; credit actions, including line size and other adjustments to credit availability; and the effectiveness of our strategies to capture a greater share of existing Card Members’ spending and borrowings, reduce Card Member attrition and attract new customers;
- the actual amount we spend on marketing in the future, which will be based in part on continued changes in the macroeconomic and competitive environment and business performance; management’s identification and assessment of attractive investment opportunities and the receptivity of Card Members and prospective customers to advertising and customer acquisition initiatives; the pace at which we wind down our value injections efforts; our ability to

balance expense control and investments in the business; and management's ability to realize efficiencies and optimize investment spending;

- the actual amount to be spent on Card Member rewards and services and business development, and the relationship of these variable customer engagement costs to revenues, which could be impacted by continued changes in macroeconomic conditions and Card Member behavior as it relates to their spending patterns (including the level of spend in bonus categories) and the redemption of rewards and offers (including travel redemptions); the costs related to reward point redemptions; Card Members' interest in the value propositions we offer; further enhancements to product benefits to make them attractive to Card Members, potentially in a manner that is not cost-effective; and new and renegotiated contractual obligations with business partners;
- our ability to control our operating expenses and the actual amount we spend on operating expenses in the future, which could be impacted by, among other things, salary and benefit expenses to attract and retain talent; costs due to new hybrid working arrangements; supply chain issues; higher-than-expected inflation; management's decision to increase or decrease spending in such areas as technology, business and product development, sales force, premium servicing and digital capabilities depending on overall business performance; our ability to innovate efficient channels of customer interactions; restructuring activity; fraud costs; information security or compliance expenses or consulting, legal and other professional services fees, including as a result of litigation or internal and regulatory reviews; the level of M&A activity and related expenses; the payment of civil money penalties, disgorgement, restitution, non-income tax assessments and litigation-related settlements; impairments of goodwill or other assets; and the impact of changes in foreign currency exchange rates on costs;
- net card fees not performing consistent with current expectations, which could be impacted by, among other things, the further deterioration in macroeconomic conditions impacting the ability and desire of Card Members to pay card fees; higher Card Member attrition rates; Card Members continuing to be attracted to our premium card products and the pace of Card Member acquisition activity; and our inability to address competitive pressures and implement our strategies and business initiatives, including introducing new and enhanced benefits and services that are designed for the current environment;
- the average discount rate not performing consistent with current expectations, including as a result of further changes in the mix of spending by location and industry (including the level of T&E spending), merchant negotiations (including merchant incentives, concessions and volume-related pricing discounts), competition, pricing regulation (including regulation of competitors' interchange rates) and other factors;
- our tax rate not remaining consistent with current levels, which could be impacted by, among other things, further changes in tax laws and regulation, our geographic mix of income, unfavorable tax audits and other unanticipated tax items;
- changes in the substantial and increasing worldwide competition in the payments industry, including competitive pressure that may materially impact the prices charged to merchants that accept American Express cards, our ability to maintain the Platinum card franchise's leadership in the premium space, competition for new and existing cobrand relationships, competition from new and non-traditional competitors and the success of marketing, promotion and rewards programs;
- changes affecting our plans regarding the return of capital to shareholders, including the level of share repurchases over the next several quarters, which will depend on factors such as capital levels and regulatory capital ratios; changes in the stress testing and capital planning process and new guidance from the Federal Reserve; our results of operations and financial condition; our credit ratings and rating agency considerations; and the economic environment and market conditions in any given period;
- our ability to increase Card Member acquisition activities, provide additional value to Card Members and refresh our premium products, which will be impacted in part by competition, brand perceptions and reputation, and our ability to develop and market value propositions that appeal to Card Members and new customers and offer attractive services and rewards programs, which will depend in part on ongoing investments in Card Member acquisition efforts, addressing changing customer behaviors, new product innovation and development, and enrollment processes, including through digital channels, and infrastructure to support new products, services and benefits;
- our ability to grow commercial payments, including through cash flow and supplier payment solutions, which will depend in part on competition, the willingness and ability of companies to use such solutions for procurement and other business expenditures, our ability to offer attractive value propositions to potential customers, our ability to enhance and expand our payment and lending solutions, and our ability to integrate Kabbage's digital capabilities and continue the rollout of the Kabbage platform to our small business customers;
- our ability to innovate and strengthen our global network, which will depend in part on our ability to update our systems and platforms, the amount we invest in the network and our ability to make funds available for such

investments, our ability to execute on our plans in China, and technological developments, including capabilities that allow greater digital integration;

- the possibility that we will not execute on our plans to expand merchant coverage and improve perceptions of coverage, which will depend in part on the success of the company, OptBlue merchant acquirers and GNS partners in signing merchants to accept American Express, which could be impacted by our value propositions offered to merchants and merchant acquirers for card acceptance, as well as the awareness and willingness of Card Members to use American Express cards at merchants and whether Card Members experience welcome acceptance for American Express cards;
- our ability to introduce new and expanded digital capabilities, which will depend on our success in evolving our products and processes for the digital environment, developing new features in the Amex app and enhancing our digital channels, building partnerships and executing programs with other companies, effectively utilizing artificial intelligence to address servicing and other customer needs, and supporting the use of our products as a means of payment through online and mobile channels, all of which will be impacted by investment levels, new product innovation and development and infrastructure to support new products, services and benefits;
- a failure in or breach of our operational or security systems, processes or infrastructure, or those of third parties, including as a result of cyberattacks, which could compromise the confidentiality, integrity, privacy and/or security of data, disrupt our operations, reduce the use and acceptance of American Express cards and lead to regulatory scrutiny, litigation, remediation and response costs, and reputational harm;
- changes in capital and credit market conditions, which may significantly affect our ability to meet our liquidity needs and expectations regarding capital ratios; our access to capital and funding costs; the valuation of our assets; and our credit ratings or those of our subsidiaries;
- our deposit rates increasing faster or slower than current expectations and changes affecting our ability to grow retail direct deposits, including due to market demand, changes in benchmark interest rates, competition or regulatory restrictions on our ability to obtain deposit funding or offer competitive interest rates, which could affect our net interest yield and ability to fund our businesses;
- our funding plan being implemented in a manner inconsistent with current expectations, which will depend on various factors such as future business growth, the impact of global economic, political and other events on market capacity, demand for securities we offer, regulatory changes, ability to securitize and sell loans and receivables and the performance of loans and receivables previously sold in securitization transactions;
- our ability to implement our ESG strategies and initiatives, which depend in part on the amount and efficacy of our investments in product innovations, marketing campaigns, our supply chain and operations, and philanthropic, colleague and community programs; customer behaviors; and the cost and availability of solutions for a low carbon economy;
- legal and regulatory developments, which could affect the profitability of our business activities; limit our ability to pursue business opportunities or conduct business in certain jurisdictions; require changes to business practices or alter our relationships with Card Members, partners, merchants and other third parties, including our ability to continue certain cobrand relationships in the EU and U.K.; exert further pressure on the average discount rate and GNS business; result in increased costs related to regulatory oversight, litigation-related settlements, judgments or expenses, restitution to Card Members or the imposition of fines or civil money penalties; materially affect capital or liquidity requirements, results of operations or ability to pay dividends; or result in harm to the American Express brand;
- changes in the financial condition and creditworthiness of our business partners, such as bankruptcies, restructurings or consolidations, including of cobrand partners and merchants that represent a significant portion of our business, such as the airline industry, or 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; and
- factors beyond our control such as continued waves of COVID-19 cases, whether and when populations achieve herd immunity, severe weather conditions, natural disasters, power loss, disruptions in telecommunications, terrorism and other catastrophic events, any of which could significantly affect demand for and spending on American Express cards, delinquency rates, loan and receivable balances and other aspects of our business and results of operations or disrupt our global network systems and ability to process transactions.

A further description of these uncertainties and other risks can be found in the 2020 Form 10-K, the Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2021, and other reports filed with the Securities and Exchange Commission.

# ITEM 1. FINANCIAL STATEMENTS

**AMERICAN EXPRESS COMPANY**
**CONSOLIDATED STATEMENTS OF INCOME**
**(Unaudited)**

| *Three Months Ended September 30 (Millions, except per share amounts)* | **2021** | 2020 |
|---|---|---|
| **Revenues** | | |
| Non-interest revenues | | |
| Discount revenue | **$ 6,676** | $ 4,999 |
| Net card fees | **1,312** | 1,191 |
| Other fees and commissions | **632** | 478 |
| Other | **314** | 209 |
| Total non-interest revenues | **8,934** | 6,877 |
| Interest income | | |
| Interest on loans | **2,256** | 2,266 |
| Interest and dividends on investment securities | **18** | 33 |
| Deposits with banks and other | **27** | 25 |
| Total interest income | **2,301** | 2,324 |
| Interest expense | | |
| Deposits | **109** | 202 |
| Long-term debt and other | **198** | 248 |
| Total interest expense | **307** | 450 |
| Net interest income | **1,994** | 1,874 |
| Total revenues net of interest expense | **10,928** | 8,751 |
| Provisions for credit losses | | |
| Card Member receivables | **(12)** | 117 |
| Card Member loans | **(177)** | 571 |
| Other | **(2)** | (23) |
| Total provisions for credit losses | **(191)** | 665 |
| Total revenues net of interest expense after provisions for credit losses | **11,119** | 8,086 |
| **Expenses** | | |
| Marketing and business development | **2,355** | 1,822 |
| Card Member rewards | **3,020** | 2,004 |
| Card Member services | **579** | 259 |
| Salaries and employee benefits | **1,497** | 1,408 |
| Other, net | **1,218** | 1,229 |
| Total expenses | **8,669** | 6,722 |
| Pretax income | **2,450** | 1,364 |
| Income tax provision | **624** | 291 |
| Net income | **$ 1,826** | $ 1,073 |
| **Earnings per Common Share (Note 14)**[a] | | |
| Basic | **$ 2.27** | $ 1.31 |
| Diluted | **$ 2.27** | $ 1.30 |
| Average common shares outstanding for earnings per common share: | | |
| Basic | **786** | 804 |
| Diluted | **787** | 805 |

(a) Represents net income less (i) earnings allocated to participating share awards of $14 million and $7 million for the three months ended September 30, 2021 and 2020, respectively, (ii) dividends on preferred shares of $20 million and $16 million for the three months ended September 30, 2021 and 2020, respectively, and (iii) an equity-related adjustment of $9 million related to the redemption of preferred shares for the three months ended September 30, 2021.

See Notes to Consolidated Financial Statements.

**AMERICAN EXPRESS COMPANY**
**CONSOLIDATED STATEMENTS OF INCOME**
**(Unaudited)**

| *Nine Months Ended September 30 (Millions, except per share amounts)* | **2021** | 2020 |
|---|---|---|
| **Revenues** | | |
| Non-interest revenues | | |
| Discount revenue | **$ 18,245** | $ 14,852 |
| Net card fees | **3,851** | 3,442 |
| Other fees and commissions | **1,712** | 1,647 |
| Other | **785** | 707 |
| Total non-interest revenues | **24,593** | 20,648 |
| Interest income | | |
| Interest on loans | **6,494** | 7,543 |
| Interest and dividends on investment securities | **66** | 98 |
| Deposits with banks and other | **73** | 155 |
| Total interest income | **6,633** | 7,796 |
| Interest expense | | |
| Deposits | **356** | 788 |
| Long-term debt and other | **635** | 920 |
| Total interest expense | **991** | 1,708 |
| Net interest income | **5,642** | 6,088 |
| Total revenues net of interest expense | **30,235** | 26,736 |
| Provisions for credit losses | | |
| Card Member receivables | **(147)** | 1,069 |
| Card Member loans | **(1,146)** | 3,416 |
| Other | **(179)** | 356 |
| Total provisions for credit losses | **(1,472)** | 4,841 |
| Total revenues net of interest expense after provisions for credit losses | **31,707** | 21,895 |
| **Expenses** | | |
| Marketing and business development | **6,340** | 4,889 |
| Card Member rewards | **7,975** | 5,745 |
| Card Member services | **1,328** | 923 |
| Salaries and employee benefits | **4,586** | 4,152 |
| Other, net | **3,095** | 3,748 |
| Total expenses | **23,324** | 19,457 |
| Pretax income | **8,383** | 2,438 |
| Income tax provision | **2,042** | 741 |
| Net income | **$ 6,341** | $ 1,697 |
| **Earnings per Common Share (Note 14)**[(a)] | | |
| Basic | **$ 7.84** | $ 2.01 |
| Diluted | **$ 7.82** | $ 2.01 |
| Average common shares outstanding for earnings per common share: | | |
| Basic | **796** | 805 |
| Diluted | **797** | 806 |

(a) Represents net income less (i) earnings allocated to participating share awards of $45 million and $10 million for the nine months ended September 30, 2021 and 2020, respectively, (ii) dividends on preferred shares of $49 million and $65 million for the nine months ended September 30, 2021 and 2020, respectively, and (iii) an equity-related adjustment of $9 million related to the redemption of preferred shares for the nine months ended September 30, 2021.

See Notes to Consolidated Financial Statements.

**AMERICAN EXPRESS COMPANY**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(Unaudited)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(Millions)* | **2021** | 2020 | **2021** | 2020 |
| Net income | **$ 1,826** | $ 1,073 | **$ 6,341** | $ 1,697 |
| Other comprehensive income (loss): | | | | |
| Net unrealized debt securities (losses) gains, net of tax | **(8)** | (9) | **(31)** | 43 |
| Foreign currency translation adjustments, net of tax | **(83)** | 40 | **(81)** | (159) |
| Net unrealized pension and other postretirement benefits, net of tax | **9** | 8 | **44** | (19) |
| Other comprehensive income (loss) | **(82)** | 39 | **(68)** | (135) |
| Comprehensive income | **$ 1,744** | $ 1,112 | **$ 6,273** | $ 1,562 |

See Notes to Consolidated Financial Statements.

**AMERICAN EXPRESS COMPANY**
**CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**

| *(Millions, except share data)* | **September 30, 2021** | December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | | |
| Cash and due from banks | **$ 2,944** | $ 2,984 |
| Interest-bearing deposits in other banks (includes securities purchased under resale agreements: 2021, $369; 2020, $92) | **24,864** | 29,824 |
| Short-term investment securities (includes restricted investments of consolidated variable interest entities: 2021, $25; 2020, $47) | **108** | 157 |
| Total cash and cash equivalents | **27,916** | 32,965 |
| Card Member receivables (includes gross receivables available to settle obligations of a consolidated variable interest entity: 2021, $5,101; 2020, $4,296), less reserves for credit losses: 2021, $30; 2020, $267 | **48,728** | 43,434 |
| Card Member loans (includes gross loans available to settle obligations of a consolidated variable interest entity: 2021, $24,675; 2020, $25,908), less reserves for credit losses: 2021, $3,489; 2020, $5,344 | **73,537** | 68,029 |
| Other loans, less reserves for credit losses: 2021, $66; 2020, $238 | **2,349** | 2,614 |
| Investment securities | **9,589** | 21,631 |
| Premises and equipment, less accumulated depreciation and amortization: 2021, $8,371; 2020, $7,540 | **4,960** | 5,015 |
| Other assets, less reserves for credit losses: 2021, $33; 2020, $85 | **17,182** | 17,679 |
| Total assets | **$ 184,261** | $ 191,367 |
| **Liabilities and Shareholders' Equity** | | |
| **Liabilities** | | |
| Customer deposits | **$ 84,326** | $ 86,875 |
| Accounts payable | **9,641** | 9,444 |
| Short-term borrowings | **2,253** | 1,878 |
| Long-term debt (includes debt issued by consolidated variable interest entities: 2021, $9,059; 2020, $12,760) | **34,483** | 42,952 |
| Other liabilities | **29,132** | 27,234 |
| Total liabilities | **$ 159,835** | $ 168,383 |
| **Contingencies (Note 7)** | | |
| **Shareholders' Equity** | | |
| Preferred shares, $1.66$^{2/3}$ par value, authorized 20 million shares; issued and outstanding 2,350 shares as of September 30, 2021 and 1,600 shares as of December 31, 2020 | — | — |
| Common shares, $0.20 par value, authorized 3.6 billion shares; issued and outstanding 778 million shares as of September 30, 2021 and 805 million shares as of December 31, 2020 | **156** | 161 |
| Additional paid-in capital | **12,401** | 11,881 |
| Retained earnings | **14,832** | 13,837 |
| Accumulated other comprehensive income (loss) | | |
| Net unrealized debt securities gains, net of tax of: 2021, $11; 2020, $20 | **34** | 65 |
| Foreign currency translation adjustments, net of tax of: 2021, $(366); 2020, $(381) | **(2,310)** | (2,229) |
| Net unrealized pension and other postretirement benefits, net of tax of: 2021, $(218); 2020, $(236) | **(687)** | (731) |
| Total accumulated other comprehensive income (loss) | **(2,963)** | (2,895) |
| Total shareholders' equity | **24,426** | 22,984 |
| Total liabilities and shareholders' equity | **$ 184,261** | $ 191,367 |

See Notes to Consolidated Financial Statements.

**AMERICAN EXPRESS COMPANY**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| Nine Months Ended September 30 *(Millions)* | | **2021** | | 2020 |
|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | |
| Net income | **$** | **6,341** | $ | 1,697 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Provisions for credit losses | | **(1,472)** | | 4,841 |
| Depreciation and amortization | **$** | **1,276** | | 1,115 |
| Deferred taxes and other | | **(446)** | | 79 |
| Stock-based compensation | | **256** | | 175 |
| Changes in operating assets and liabilities, net of effects of acquisitions and dispositions: | | | | |
| Other assets | | **863** | | (1,432) |
| Accounts payable & other liabilities | | **2,819** | | (4,384) |
| Net cash provided by operating activities | | **9,637** | | 2,091 |
| **Cash Flows from Investing Activities** | | | | |
| Sale of investment securities | | **37** | | 58 |
| Maturities and redemptions of investment securities | | **12,803** | | 4,881 |
| Purchase of investments | | **(1,179)** | | (18,977) |
| Net (increase) decrease in Card Member loans and receivables, and other loans | | **(9,790)** | | 32,262 |
| Purchase of premises and equipment, net of sales: 2021, $41; 2020, $1 | | **(1,079)** | | (1,042) |
| Other investing activities | | **1** | | 7 |
| Net cash provided by investing activities | | **793** | | 17,189 |
| **Cash Flows from Financing Activities** | | | | |
| Net (decrease) increase in customer deposits | | **(2,534)** | | 12,158 |
| Net increase (decrease) in short-term borrowings | | **428** | | (4,737) |
| Proceeds from long-term debt | | **38** | | — |
| Payments of long-term debt | | **(8,247)** | | (13,699) |
| Issuance of American Express preferred shares | | **1,584** | | — |
| Redemption of American Express preferred shares | | **(850)** | | — |
| Issuance of American Express common shares | | **54** | | 34 |
| Repurchase of American Express common shares and other | | **(4,681)** | | (1,026) |
| Dividends paid | | **(1,090)** | | (1,112) |
| Net cash used in financing activities | | **(15,298)** | | (8,382) |
| Effect of foreign currency exchange rates on cash and cash equivalents | | **(181)** | | 283 |
| Net (decrease) increase in cash and cash equivalents | | **(5,049)** | | 11,181 |
| Cash and cash equivalents at beginning of period | | **32,965** | | 24,446 |
| Cash and cash equivalents at end of period | **$** | **27,916** | $ | 35,627 |

**Supplemental cash flow information**

| **Cash and cash equivalents reconciliation** | | **Sep-21** | | Dec-20 | | Sep-20 | | Dec-19 |
|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents per Consolidated Balance Sheets | **$** | **27,916** | $ | 32,965 | $ | 35,627 | $ | 24,446 |
| Restricted balances included in Cash and cash equivalents | | **475** | | 606 | | 2,597 | | 514 |
| Total cash and cash equivalents excluding restricted balances | **$** | **27,441** | $ | 32,359 | $ | 33,030 | $ | 23,932 |

See Notes to Consolidated Financial Statements.

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

| *Three months ended September 30, 2021 (Millions, except per share amounts)* | Total | Preferred Shares | Common Shares | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings |
|---|---|---|---|---|---|---|
| **Balances as of June 30, 2021** | $ 25,539 | $ — | $ 160 | $ 11,858 | $ (2,881) | $ 16,402 |
| Net income | **1,826** | — | — | — | — | **1,826** |
| Other comprehensive income | **(82)** | — | — | — | **(82)** | — |
| Preferred shares issued | **1,584** | — | — | **1,584** | — | — |
| Redemption of preferred shares | **(850)** | — | — | **(841)** | — | **(9)** |
| Repurchase of common shares | **(3,300)** | — | **(4)** | **(266)** | — | **(3,030)** |
| Other changes, primarily employee plans | **66** | — | — | **66** | — | — |
| Cash dividends declared preferred Series B, $9.06 per depositary share | **(7)** | — | — | — | — | **(7)** |
| Cash dividends declared preferred Series C, $8.70 per depositary share | **(7)** | — | — | — | — | **(7)** |
| Cash dividends declared preferred Series D, $4.24 per depositary share | **(6)** | — | — | — | — | **(6)** |
| Cash dividends declared common, $0.43 per share | **(337)** | — | — | — | — | **(337)** |
| **Balances as of September 30, 2021** | **$ 24,426** | **$ —** | **$ 156** | **$ 12,401** | **$ (2,963)** | **$ 14,832** |

| *Nine months ended September 30, 2021 (Millions, except per share amounts)* | Total | Preferred Shares | Common Shares | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings |
|---|---|---|---|---|---|---|
| **Balances as of December 31, 2020** | $ 22,984 | $ — | $ 161 | $ 11,881 | $ (2,895) | $ 13,837 |
| Net income | **6,341** | — | — | — | — | **6,341** |
| Other comprehensive income | **(68)** | — | — | — | **(68)** | — |
| Preferred shares issued | **1,584** | — | — | **1,584** | — | — |
| Redemption of preferred shares | **(850)** | — | — | **(841)** | — | **(9)** |
| Repurchase of common shares | **(4,646)** | — | **(6)** | **(400)** | — | **(4,240)** |
| Other changes, primarily employee plans | **160** | — | **1** | **177** | — | **(18)** |
| Cash dividends declared preferred Series B, $27.44 per depositary share | **(21)** | — | — | — | — | **(21)** |
| Cash dividends declared preferred Series C, $26.32 per depositary share | **(22)** | — | — | — | — | **(22)** |
| Cash dividends declared preferred Series D, $4.24 per depositary share | **(6)** | — | — | — | — | **(6)** |
| Cash dividends declared common, $1.29 per share | **(1,030)** | — | — | — | — | **(1,030)** |
| **Balances as of September 30, 2021** | **$ 24,426** | $ — | **$ 156** | **$ 12,401** | **$ (2,963)** | **$ 14,832** |

See Notes to Consolidated Financial Statements.

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

| *Three months ended September 30, 2020 (Millions, except per share amounts)* | Total | Preferred Shares | Common Shares | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings |
|---|---|---|---|---|---|---|
| **Balances as of June 30, 2020** | $ 21,062 | $ — | $ 161 | $ 11,760 | $ (2,911) | $ 12,052 |
| Net income | 1,073 | — | — | — | — | 1,073 |
| Other comprehensive income | 39 | — | — | — | 39 | — |
| Other changes, primarily employee plans | 59 | — | — | 58 | — | 1 |
| Cash dividends declared preferred Series B, $9.98 per depositary share | (7) | — | — | — | — | (7) |
| Cash dividends declared preferred Series C, $9.20 per depositary share | (9) | — | — | — | — | (9) |
| Cash dividends declared common, $0.43 per share | (348) | — | — | — | — | (348) |
| **Balances as of September 30, 2020** | $ 21,869 | $ — | $ 161 | $ 11,818 | $ (2,872) | $ 12,762 |

| *Nine months ended September 30, 2020 (Millions, except per share amounts)* | Total | Preferred Shares | Common Shares | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings |
|---|---|---|---|---|---|---|
| **Balances as of December 31, 2019** | $ 23,071 | $ — | $ 163 | $ 11,774 | $ (2,737) | $ 13,871 |
| Cumulative effect of change in accounting principle - Reserve for Credit Losses[(a)] | (882) | — | — | — | — | (882) |
| Net income | 1,697 | — | — | — | — | 1,697 |
| Other comprehensive loss | (135) | — | — | — | (135) | — |
| Repurchase of common shares | (875) | — | (2) | (105) | — | (768) |
| Other changes, primarily employee plans | 102 | — | — | 149 | — | (47) |
| Cash dividends declared preferred Series B, $36.44 per depositary share | (27) | — | — | — | — | (27) |
| Cash dividends declared preferred Series C, $43.99 per depositary share | (38) | — | — | — | — | (38) |
| Cash dividends declared common, $1.29 per share | (1,044) | — | — | — | — | (1,044) |
| **Balances as of September 30, 2020** | $ 21,869 | $ — | $ 161 | $ 11,818 | $ (2,872) | $ 12,762 |

(a) Represents $1,170 million, net of tax of $288 million, related to the impact as of January 1, 2020 of adopting the current expected credit loss methodology for the recognition of credit losses on certain financial instruments.

See Notes to Consolidated Financial Statements.

**AMERICAN EXPRESS COMPANY**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

# 1. Basis of Presentation

**The Company**

We are a globally integrated payments company that provides our customers with access to products, insights and experiences that enrich lives and build business success. Our principal products and services are credit and charge card products, along with travel and lifestyle related services, offered to consumers and businesses around the world. Business travel-related services are offered through our non-consolidated joint venture, American Express Global Business Travel. 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 mobile and online applications, affiliate marketing, customer referral programs, third-party vendors and business partners, direct mail, telephone, in-house sales teams, and direct response advertising.

The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2020. If not materially different, certain note disclosures included therein have been omitted from these Consolidated Financial Statements.

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

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

Effective 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.

**Recently Adopted Accounting Standards**

Effective January 1, 2021, we elected to change our accounting for investments in qualified affordable housing projects from the equity method of accounting to the proportional amortization method (PAM) in accordance with the accounting guidance. PAM results in the amortization of the initial cost of the investment in proportion to the related tax credits, and recognition of the net investment performance in the statement of income as a component of Income tax provision, while the equity method reflected losses related to the investments as a component of Other, net expenses. As a result, we believe PAM is preferable as it better reflects the economics of our tax credit investments. Since the impact of this change is immaterial to our prior and current period financial statements, we implemented PAM on a prospective basis which resulted in a one-time charge to Income tax provision of $55 million in the first quarter of 2021, reflecting the cumulative impact of the difference in the timing of expense recognition between the equity method and PAM.

# 2. Loans and Card Member Receivables

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

Card Member loans by segment and Other loans as of September 30, 2021 and December 31, 2020 consisted of:

| *(Millions)* | | **2021** | | 2020 |
|---|---|---|---|---|
| Global Consumer Services Group [a] | **$** | **61,625** | $ | 60,084 |
| Global Commercial Services | | **15,401** | | 13,289 |
| Card Member loans | | **77,026** | | 73,373 |
| Less: Reserves for credit losses | | **3,489** | | 5,344 |
| Card Member loans, net | **$** | **73,537** | $ | 68,029 |
| Other loans, net [b] | **$** | **2,349** | $ | 2,614 |

(a) Includes approximately $24.7 billion and $25.9 billion of gross Card Member loans available to settle obligations of a consolidated variable interest entity (VIE) as of September 30, 2021 and December 31, 2020, respectively.

(b) Other loans represent consumer and commercial non-card financing products, and Small Business Administration Paycheck Protection Program (PPP) loans. There were $0.1 billion and $0.6 billion of gross PPP loans outstanding as of September 30, 2021 and December 31, 2020, respectively. Other loans are presented net of reserves for credit losses of $66 million and $238 million as of September 30, 2021 and December 31, 2020, respectively.

Card Member receivables by segment as of September 30, 2021 and December 31, 2020 consisted of:

| *(Millions)* | | **2021** | | 2020 |
|---|---|---|---|---|
| Global Consumer Services Group | **$** | **19,499** | $ | 18,685 |
| Global Commercial Services [a] | | **29,259** | | 25,016 |
| Card Member receivables | | **48,758** | | 43,701 |
| Less: Reserves for credit losses | | **30** | | 267 |
| Card Member receivables, net | **$** | **48,728** | $ | 43,434 |

(a) Includes $5.1 billion and $4.3 billion of gross Card Member receivables available to settle obligations of a consolidated VIE as of September 30, 2021 and December 31, 2020, respectively.

**AMERICAN EXPRESS COMPANY**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

## Card Member Loans and Receivables Aging

Generally, a Card Member account is considered past due if payment is not received within 30 days after the billing statement date. The following table presents the aging of Card Member loans and receivables as of September 30, 2021 and December 31, 2020:

| **2021 (Millions)** | Current | 30-59 Days Past Due | 60-89 Days Past Due | 90+ Days Past Due | Total |
|---|---|---|---|---|---|
| **Card Member Loans:** | | | | | |
| Global Consumer Services Group | **$ 61,178** | **$ 144** | **$ 100** | **$ 203** | **$ 61,625** |
| Global Commercial Services | | | | | |
| Global Small Business Services | **15,272** | **29** | **19** | **29** | **15,349** |
| Global Corporate Payments [a] | **(b)** | **(b)** | **(b)** | **—** | **52** |
| **Card Member Receivables:** | | | | | |
| Global Consumer Services Group | **19,400** | **38** | **22** | **39** | **19,499** |
| Global Commercial Services | | | | | |
| Global Small Business Services | **$ 16,684** | **$ 42** | **$ 24** | **$ 31** | **$ 16,781** |
| Global Corporate Payments [a] | **(b)** | **(b)** | **(b)** | **$ 35** | **$ 12,478** |

| 2020 (Millions) | Current | 30-59 Days Past Due | 60-89 Days Past Due | 90+ Days Past Due | Total |
|---|---|---|---|---|---|
| **Card Member Loans:** | | | | | |
| Global Consumer Services Group | $ 59,442 | $ 177 | $ 148 | $ 317 | $ 60,084 |
| Global Commercial Services | | | | | |
| Global Small Business Services | 13,132 | 27 | 20 | 47 | 13,226 |
| Global Corporate Payments [a] | (b) | (b) | (b) | — | 63 |
| **Card Member Receivables:** | | | | | |
| Global Consumer Services Group | 18,570 | 33 | 26 | 56 | 18,685 |
| Global Commercial Services | | | | | |
| Global Small Business Services | $ 14,023 | $ 37 | $ 21 | $ 38 | $ 14,119 |
| Global Corporate Payments [a] | (b) | (b) | (b) | $ 60 | $ 10,897 |

(a) Global Corporate Payments (GCP) reflects global, large and middle market corporate accounts. Delinquency data is tracked based on days past billing status rather than days past due. A Card Member account is considered 90 days past billing if payment has not been received within 90 days of the Card Member's billing statement date. In addition, if we initiate collection procedures on an account prior to the account becoming 90 days past billing, the associated Card Member loan or receivable balance is classified as 90 days past billing. These amounts are shown above as 90+ Days Past Due for presentation purposes. See also (b).

(b) Delinquency data for periods other than 90+ days past billing is not available due to system constraints. Therefore, such data has not been utilized for risk management purposes. The balances that are current to 89 days past due can be derived as the difference between the Total and the 90+ Days Past Due balances.

**AMERICAN EXPRESS COMPANY**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

## Credit Quality Indicators for Card Member Loans and Receivables

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

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Net Write-Off Rate | | | Net Write-Off Rate | | |
| | Principal Only[a] | Principal, Interest & Fees[a] | 30+ Days Past Due as a % of Total | Principal Only[a] | Principal, Interest & Fees[a] | 30+ Days Past Due as a % of Total |
| **Card Member Loans:** | | | | | | |
| Global Consumer Services Group | **1.1 %** | **1.4 %** | **0.7 %** | 2.7 % | 3.2 % | 1.2 % |
| Global Small Business Services | **0.7 %** | **0.8 %** | **0.5 %** | 2.1 % | 2.4 % | 1.1 % |
| **Card Member Receivables:** | | | | | | |
| Global Consumer Services Group | **0.3 %** | **0.4 %** | **0.5 %** | 2.0 % | 2.2 % | 0.8 % |
| Global Small Business Services | **0.3 %** | **0.4 %** | **0.6 %** | 2.3 % | 2.6 % | 1.0 % |
| Global Corporate Payments [d] | **(b)** | **(0.1) %** | **(c)** | (b) | 2.2 % | (c) |

(a) We present a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, as our practice is to include uncollectible interest and/or fees as part of our total provision for credit losses, a net write-off rate including principal, interest and/or fees is also presented.

(b) Net write-off rate based on principal losses only is not available due to system constraints.

(c) For GCP Card Member receivables, delinquency data is tracked based on days past billing status rather than days past due. Delinquency data for periods other than 90+ days past billing is not available due to system constraints. 90+ Days Past Billing as a % of total was 0.3% and 0.6% as of September 30, 2021 and 2020, respectively.

(d) The net write-off rate for the current year 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.

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

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## Impaired Loans and Receivables

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

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

The following tables provide additional information with respect to our impaired loans and receivables as of September 30, 2021 and December 31, 2020:

| | As of September 30, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | | | Accounts Classified as a TDR [c] | | | |
| **2021 (Millions)** | Over 90 days Past Due & Accruing Interest[a] | Non-Accruals[b] | In Program[d] | Out of Program[e] | Total Impaired Balance | Reserve for Credit Losses - TDRs |
| **Card Member Loans:** | | | | | | |
| Global Consumer Services Group | **$ 134** | **$ 77** | **$ 845** | **$ 891** | **$ 1,947** | **$ 491** |
| Global Commercial Services | **14** | **15** | **209** | **299** | **537** | **165** |
| **Card Member Receivables:** | | | | | | |
| Global Consumer Services Group | **—** | **—** | **138** | **101** | **239** | **24** |
| Global Commercial Services | **—** | **—** | **254** | **265** | **519** | **46** |
| **Other Loans [f]** | **1** | **—** | **97** | **3** | **101** | **9** |
| Total | **$ 149** | **$ 92** | **$ 1,543** | **$ 1,559** | **$ 3,343** | **$ 735** |

| | As of December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | | | Accounts Classified as a TDR [c] | | | |
| 2020 (Millions) | Over 90 days Past Due & Accruing Interest[a] | Non-Accruals[b] | In Program[d] | Out of Program[e] | Total Impaired Balance | Reserve for Credit Losses - TDRs |
| **Card Member Loans:** | | | | | | |
| Global Consumer Services Group | $ 203 | $ 146 | $ 1,586 | $ 248 | $ 2,183 | $ 782 |
| Global Commercial Services | 21 | 29 | 478 | 67 | 595 | 285 |
| **Card Member Receivables:** | | | | | | |
| Global Consumer Services Group | — | — | 240 | 34 | 274 | 60 |
| Global Commercial Services | — | — | 534 | 75 | 609 | 139 |
| **Other Loans [f]** | 2 | 1 | 248 | 6 | 257 | 80 |
| Total | $ 226 | $ 176 | $ 3,086 | $ 430 | $ 3,918 | $ 1,346 |

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

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

(c) Accounts classified as a TDR include $32 million and $32 million that are over 90 days past due and accruing interest as of September 30, 2021 and December 31, 2020, respectively, and $17 million and $11 million that are non-accruals as of September 30, 2021 and December 31, 2020, respectively.

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

(e) Out of Program TDRs include $1,413 million and $316 million of accounts that have successfully completed a modification program and $146 million and $114 million of accounts that were not in compliance with the terms of the modification programs as of September 30, 2021 and December 31, 2020, respectively.

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

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## Loans and Receivables Modified as TDRs

The following tables provide additional information with respect to loans and receivables that entered a financial relief program and were modified as TDRs during the three and nine months ended September 30, 2021 and 2020:

| | Three Months Ended September 30, 2021 | | | | Nine Months Ended September 30, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of Accounts (thousands) | Account Balances (millions)[a] | Average Interest Rate Reduction (% Points) | Average Payment Term Extensions (# of Months) | Number of Accounts (thousands) | Account Balances (millions)[a] | Average Interest Rate Reduction (% Points) | Average Payment Term Extension (# of Months) |
| **Troubled Debt Restructurings:** | | | | | | | | |
| Card Member Loans | **26** | **$ 177** | **13** | **(b)** | **87** | **$ 636** | **13** | **(b)** |
| Card Member Receivables | **5** | **114** | **(c)** | **17** | **16** | **314** | **(c)** | **18** |
| Other Loans [d] | **1** | **2** | **3** | **17** | **3** | **$ 12** | **3** | **16** |
| Total | **32** | **$ 293** | | | **106** | **$ 962** | | |

| | Three Months Ended September 30, 2020 | | | | Nine Months Ended September 30, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of Accounts (thousands) | Account Balances (millions)[a] | Average Interest Rate Reduction (% Points) | Average Payment Term Extensions (# of Months) | Number of Accounts (thousands) | Account Balances (millions)[a] | Average Interest Rate Reduction (% Points) | Average Payment Term Extension (# of Months) |
| **Troubled Debt Restructurings:** | | | | | | | | |
| Card Member Loans | 76 | $ 649 | 14 | (b) | 216 | $ 1,947 | 14 | (b) |
| Card Member Receivables | 13 | 231 | (c) | 18 | 38 | 1,049 | (c) | 19 |
| Other Loans [d] | 3 | $ 165 | 3 | 17 | 8 | $ 319 | 3 | 16 |
| Total | 92 | $ 1,045 | | | 262 | $ 3,315 | | |

(a) Represents the outstanding balance immediately prior to modification. The outstanding balance includes principal, fees and accrued interest on loans and principal and fees on receivables. Modifications did not reduce the principal balance.

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

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

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

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

| | Three Months Ended September 30, 2021 | | Nine Months Ended September 30, 2021 | |
|---|---|---|---|---|
| | Number of Accounts (thousands) | Aggregated Outstanding Balances Upon Default (millions)[a] | Number of Accounts (thousands) | Aggregated Outstanding Balances Upon Default (millions)[a] |
| **Troubled Debt Restructurings That Subsequently Defaulted:** | | | | |
| Card Member Loans | **4** | **$ 32** | **20** | **$ 148** |
| Card Member Receivables | **1** | **10** | **5** | **48** |
| Other Loans [b] | **1** | **1** | **3** | **9** |
| Total | **6** | **$ 43** | **28** | **$ 205** |

| | Three Months Ended September 30, 2020 | | Nine Months Ended September 30, 2020 | |
|---|---|---|---|---|
| | Number of Accounts (thousands) | Aggregated Outstanding Balances Upon Default (millions)[a] | Number of Accounts (thousands) | Aggregated Outstanding Balances Upon Default (millions)[a] |
| **Troubled Debt Restructurings That Subsequently Defaulted:** | | | | |
| Card Member Loans | 4 | $ 32 | 11 | $ 84 |
| Card Member Receivables | 1 | 16 | 3 | 34 |
| Other Loans [b] | 1 | 1 | 2 | $ 2 |
| Total | 6 | $ 49 | 16 | $ 120 |

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

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

# 3. Reserves for Credit Losses

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

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

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

We also estimate the likelihood and magnitude of recovery of previously written off accounts considering how long ago the account was written off and future economic conditions. Our models are developed using historical loss experience covering the economic cycle and consider the impact of account characteristics on expected losses.

Future economic conditions that are incorporated over the R&S Period include multiple macroeconomic scenarios provided to us by an independent third party. Management reviews these economic scenarios and applies judgment to weight them in order to reflect the uncertainty surrounding these scenarios. These macroeconomic scenarios contain certain variables, including unemployment rates and real gross domestic product (GDP), that are significant to our models.

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

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

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

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

| | U.S. Unemployment Rate | | U.S. GDP Growth (Contraction) [a] | |
|---|---|---|---|---|
| | **September 30, 2021** | **December 31, 2020** | **September 30, 2021** | **December 31, 2020** |
| Third quarter of 2021 | 5% | 7% - 11% | 8% | 3% - (3)% |
| Fourth quarter of 2021 | 5% - 7% | 7% - 11% | 6% - (4)% | 6% - (2)% |
| Fourth quarter of 2022 | 4% - 9% | 6% - 12% | 2% - 1% | 4% - 3% |
| Fourth quarter of 2023 | 3% - 7% | 4% -10% | 4% - 3% | 5% - 3% |

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

**Changes in Card Member Loans Reserve for Credit Losses**

Card Member loans reserve for credit losses decreased for the three and nine months ended September 30, 2021, driven by improved portfolio quality and macroeconomic outlook, partially offset by an increase in the outstanding balance of loans, and for the current nine month period, the decrease in reserves was also driven by lower delinquencies.

Card Member loans reserve for credit losses increased for the three and nine months ended September 30, 2020, driven by the deterioration of the global macroeconomic outlook as a result of the COVID-19 pandemic, partially offset by a decline in the outstanding balance of loans and lower delinquencies.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(Millions)* | **2021** | 2020 | **2021** | 2020 |
| Beginning Balance | **$ 3,835** | $ 5,628 | **$ 5,344** | $ 4,027 |
| Provisions [a] | **(177)** | 571 | **(1,146)** | 3,416 |
| Net write-offs [b] | | | | |
| Principal | **(118)** | (432) | **(544)** | (1,449) |
| Interest and fees | **(43)** | (91) | **(164)** | (301) |
| Other [c] | **(8)** | 12 | **(1)** | (5) |
| Ending Balance | **$ 3,489** | $ 5,688 | **$ 3,489** | $ 5,688 |

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

(b) Principal write-offs are presented less recoveries of $167 million and $142 million for the three months ended September 30, 2021 and 2020, respectively, and $507 million and $421 million for the nine months ended September 30, 2021 and 2020, respectively. Recoveries of interest and fees were not significant. Amounts include net (write-offs) recoveries from TDRs of $(36) million and $(35) million for the three months ended September 30, 2021 and 2020, respectively, and $(124) million and $(98) million for the nine months ended September 30, 2021 and 2020, respectively.

(c) Primarily includes foreign currency translation adjustments of $(8) million and $13 million for the three months ended September 30, 2021 and 2020, respectively, and $(2) million and $(4) million for the nine months ended September 30, 2021 and 2020, respectively.

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**Changes in Card Member Receivables Reserve for Credit Losses**

Card Member receivables reserve for credit losses decreased for the three and nine months ended September 30, 2021, driven by improved portfolio quality and macroeconomic outlook, partially offset by an increase in the outstanding balance of receivables.

Card Member receivables reserve for credit losses decreased for the three months ended September 30, 2020, primarily driven by lower delinquencies. Card Member receivables reserve for credit losses increased for the nine months ended September 30, 2020, driven by the deterioration of the global macroeconomic outlook as a result of the COVID-19 pandemic, partially offset by a decline in the outstanding balance of receivables.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(Millions)* | **2021** | 2020 | **2021** | 2020 |
| Beginning Balance | **$ 73** | $ 519 | **$ 267** | $ 126 |
| Provisions [a] | **(12)** | 117 | **(147)** | 1,069 |
| Net write-offs [b] | **(32)** | (219) | **(89)** | (776) |
| Other [c] | **1** | 5 | **(1)** | 3 |
| Ending Balance | **$ 30** | $ 422 | **$ 30** | $ 422 |

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

(b) Net write-offs are presented less recoveries of $79 million and $103 million for the three months ended September 30, 2021 and 2020, respectively, and $303 million and $283 million for the nine months ended September 30, 2021 and 2020, respectively. Amounts include net (write-offs) recoveries from TDRs of $(15) million and $(15) million for the three months ended September 30, 2021 and 2020, respectively, and $(51) million and $(31) million for the nine months ended September 30, 2021 and 2020, respectively.

(c) Primarily includes foreign currency translation adjustments of nil and $3 million for the three months ended September 30, 2021 and 2020, respectively, and $(1) million and $2 million for the nine months ended September 30, 2021 and 2020, respectively.

# 4. Investment Securities

Investment securities principally include available-for-sale debt securities carried at fair value on the Consolidated Balance Sheets. Unrealized losses attributable to credit deterioration are recorded in the Consolidated Statements of Income in Other loans Provision for credit losses. Unrealized gains and any portion of a security's unrealized loss attributable to non-credit losses are recorded in the Consolidated Statements of Comprehensive Income, net of tax. We had accrued interest on our available-for-sale debt securities totaling $38 million and $26 million as of September 30, 2021 and December 31, 2020, respectively, presented as Other assets on the Consolidated Balance Sheets.

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

Realized gains and losses are recognized upon disposition of the securities using the specific identification method.

The following is a summary of investment securities as of September 30, 2021 and December 31, 2020:

| | 2021 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| Description of Securities *(Millions)* | Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value | Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Available-for-sale debt securities: | | | | | | | | |
| State and municipal obligations | **$ 102** | **$ 5** | **$ (1)** | **$ 106** | $ 172 | $ 7 | $ — | $ 179 |
| U.S. Government agency obligations | **6** | **—** | **—** | **6** | 7 | — | — | 7 |
| U.S. Government treasury obligations | **8,718** | **39** | **—** | **8,757** | 20,655 | 76 | — | 20,731 |
| Mortgage-backed securities [a] | **19** | **2** | **—** | **21** | 28 | 2 | — | 30 |
| Foreign government bonds and obligations | **556** | **—** | **—** | **556** | 581 | — | — | 581 |
| Other [b] | **41** | **—** | **—** | **41** | 22 | — | — | 22 |
| Equity securities [c][d] | **58** | **46** | **(2)** | **102** | 56 | 27 | (2) | 81 |
| Total | **$ 9,500** | **$ 92** | **$ (3)** | **$ 9,589** | $ 21,521 | $ 112 | $ (2) | $ 21,631 |

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

(b) Represents investments in Corporate debt securities and debt securities issued by Community Development Financial Institutions.

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

(d) During the third quarter of 2021, certain equity securities were reclassified from Other assets to Investment securities following the completion of initial public offerings by the issuers of the securities. The investments had a fair value of $51 million with an associated cost basis of $7 million as of September 30, 2021. The gross unrealized gains amount includes $5 million that was recognized during 2018.

There were no available-for-sale debt securities with gross unrealized losses as of both September 30, 2021 and December 31, 2020.

Contractual maturities for investment securities with stated maturities as of September 30, 2021 were as follows:

| *(Millions)* | Cost | Estimated Fair Value |
|---|---|---|
| Due within 1 year | **$ 8,453** | **$ 8,460** |
| Due after 1 year but within 5 years | **879** | **909** |
| Due after 5 years but within 10 years | **35** | **41** |
| Due after 10 years | **75** | **77** |
| Total | **$ 9,442** | **$ 9,487** |

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

# 5. Asset Securitizations

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

The Trusts are considered VIEs as they have insufficient equity at risk to finance their activities, which are to issue debt securities that are collateralized by the underlying Card Member loans and receivables. We perform the servicing and key decision making for the Trusts, and therefore have the power to direct the activities that most significantly impact the Trusts' economic performance, which are the collection of the underlying Card Member loans and receivables. In addition, we hold all of the variable interests in both Trusts, with the exception of the debt securities issued to third-party investors. As of September 30, 2021 and December 31, 2020, our ownership of variable interests was $15.8 billion and $13.4 billion, respectively, for the Lending Trust and $5.1 billion and $4.3 billion, respectively, for the Charge Trust. These variable interests held by us provide us with the right to receive benefits and the obligation to absorb losses, which could be significant to both the Lending Trust and the Charge Trust. Based on these considerations, we are the primary beneficiary of the Trusts and therefore consolidate the Trusts.

Restricted cash and cash equivalents held by the Lending Trust and Charge Trust was $25 million and nil, respectively, as of September 30, 2021 and $47 million and nil, respectively, as of December 31, 2020. These amounts relate to collections of Card Member loans and receivables to be used by the Trusts to fund future expenses and obligations, including interest on debt securities, credit losses and upcoming debt maturities.

Under the respective terms of the Lending Trust and the Charge Trust agreements, the occurrence of certain triggering events associated with the performance of the assets of each Trust could result in payment of trust expenses, establishment of reserve funds, or, in a worst-case scenario, early amortization of debt securities. During the nine months ended September 30, 2021 and the year ended December 31, 2020, no such triggering events occurred.

# 6. Customer Deposits

As of September 30, 2021 and December 31, 2020, customer deposits were categorized as interest-bearing or non-interest-bearing as follows:

| *(Millions)* | **2021** | 2020 |
|---|---|---|
| U.S.: | | |
| Interest-bearing | **$ 83,299** | $ 85,583 |
| Non-interest-bearing (includes Card Member credit balances of: 2021, $467; 2020, $576) | **489** | 599 |
| Non-U.S.: | | |
| Interest-bearing | **19** | 19 |
| Non-interest-bearing (includes Card Member credit balances of: 2021, $515; 2020, $671) | **519** | 674 |
| Total customer deposits | **$ 84,326** | $ 86,875 |

Customer deposits by deposit type as of September 30, 2021 and December 31, 2020 were as follows:

| *(Millions)* | **2021** | 2020 |
|---|---|---|
| U.S. retail deposits: | | |
| Savings accounts – Direct | **$ 65,721** | $ 63,512 |
| Certificates of deposit: | | |
| Direct | **1,665** | 2,440 |
| Third-party (brokered) | **3,274** | 5,561 |
| Sweep accounts – Third-party (brokered) | **12,637** | 14,070 |
| Other deposits: | | |
| U.S. deposits | **24** | 23 |
| Non-U.S. deposits | **23** | 22 |
| Card Member credit balances — U.S. and non-U.S. | **982** | 1,247 |
| Total customer deposits | **$ 84,326** | $ 86,875 |

The scheduled maturities of certificates of deposit as of September 30, 2021 were as follows:

| *(Millions)* | U.S. | Non-U.S. | Total |
|---|---|---|---|
| 2021 | **$ 567** | **$ 2** | **$ 569** |
| 2022 | **3,123** | **5** | **3,128** |
| 2023 | **738** | **—** | **738** |
| 2024 | **284** | **—** | **284** |
| 2025 | **211** | **—** | **211** |
| After 5 years | **16** | **—** | **16** |
| Total | **$ 4,939** | **$ 7** | **$ 4,946** |

As of September 30, 2021 and December 31, 2020, certificates of deposit in denominations of $250,000 or more, in the aggregate, were as follows:

| *(Millions)* | **2021** | 2020 |
|---|---|---|
| U.S. | **$ 627** | $ 930 |
| Non-U.S. | **1** | 1 |
| Total | **$ 628** | $ 931 |

# 7. Contingencies

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

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

A putative merchant class action in the Eastern District of New York, consolidated in 2011 and collectively captioned In re: American Express Anti-Steering Rules Antitrust Litigation (II), alleged that provisions in our merchant agreements prohibiting merchants from differentially surcharging our cards or steering a customer to use another network's card or another type of general-purpose card ("anti-steering" and "non-discrimination" contractual provisions) violate U.S. antitrust laws. On January 15, 2020, our motion to compel arbitration of claims brought by merchants who accept American Express and to dismiss claims of merchants who do not was granted. Plaintiffs have appealed part of this decision.

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

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

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

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

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

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

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

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

For those disclosed material legal proceedings where a loss is reasonably possible in future periods, whether in excess of a recorded accrual for legal or tax contingencies, or where there is no such accrual, and for which we are able to estimate a range of possible loss, the current estimated range is zero to $210 million in excess of any accruals related to those matters. This range represents management's estimate based on currently available information and does not represent our maximum loss exposure; actual results may vary significantly. As such legal proceedings evolve, we may need to increase our range of possible loss or recorded accruals. In addition, it is possible that significantly increased merchant steering or other actions impairing the Card Member experience as a result of an adverse resolution in one or any combination of the disclosed merchant cases could have a material adverse effect on our business and results of operations.

In addition, we face exposure associated with Card Member purchases, including with respect to the following:

- Return Protection — refunds the price of qualifying purchases made with eligible cards, where the merchant will not accept the return, for up to 90 days from the date of purchase; and
- Merchant Protection — protects Card Members primarily against non-delivery of purchases, usually in the event of the bankruptcy or liquidation of a merchant. When this occurs, the Card Member may dispute the transaction for which we will generally credit the Card Member's account. If we are unable to collect the amount from the merchant, we may bear the loss for the amount credited to the Card Member. The largest component of the exposure relates to Card Member transactions associated with travel-related merchants, primarily through business arrangements where we have remitted payment to such merchants for a Card Member travel purchase that has not yet been used or "flown."

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We have an accrual of $18 million related to these exposures as of September 30, 2021. To date, we have not experienced significant losses related to these exposures; however, our historical experience may not be representative in the current environment given the economic and financial disruptions caused by the COVID-19 pandemic and resulting containment measures. A reasonably possible loss related to these exposures in excess of the recorded accrual cannot be quantified as the Card Member purchases that may include or result in claims are not sufficiently estimable, although we believe our risk of loss has increased as a result of the COVID-19 pandemic.

# 8. Derivatives and Hedging Activities

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

A majority of our derivative assets and liabilities as of September 30, 2021 and December 31, 2020 are subject to master netting agreements with our derivative counterparties. Accordingly, where appropriate, we have elected to present derivative assets and liabilities with the same counterparty on a net basis in the Consolidated Balance Sheets.

In relation to our credit risk, certain of our bilateral derivative agreements include provisions that allow our counterparties to terminate the agreement in the event of a downgrade of our debt credit rating below investment grade and settle the outstanding net liability position. As of September 30, 2021, these derivatives were not in a material net liability position. Based on our assessment of the credit risk of our derivative counterparties and our own credit risk as of September 30, 2021 and December 31, 2020, no credit risk adjustment to the derivative portfolio was required.

The following table summarizes the total fair value, excluding interest accruals, of derivative assets and liabilities as of September 30, 2021 and December 31, 2020:

| | Other Assets Fair Value | | Other Liabilities Fair Value | |
|---|---|---|---|---|
| *(Millions)* | **2021** | 2020 | **2021** | 2020 |
| Derivatives designated as hedging instruments: | | | | |
| Fair value hedges - Interest rate contracts [a] | **$ 308** | $ 500 | **$ —** | $ — |
| Net investment hedges - Foreign exchange contracts | **102** | 24 | **47** | 474 |
| Total derivatives designated as hedging instruments | **410** | 524 | **47** | 474 |
| Derivatives not designated as hedging instruments: | | | | |
| Foreign exchange contracts | **121** | 105 | **72** | 228 |
| Total derivatives, gross | **531** | 629 | **119** | 702 |
| Derivative asset and derivative liability netting [b] | **(74)** | (98) | **(74)** | (98) |
| Cash collateral netting [c] | **(310)** | (500) | **(3)** | (16) |
| Total derivatives, net | **$ 147** | $ 31 | **$ 42** | $ 588 |

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

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

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

We posted $15 million and $34 million as of September 30, 2021 and December 31, 2020, respectively, as initial margin on our centrally cleared interest rate swaps; such amounts are recorded within Other assets on the Consolidated Balance Sheets and are not netted against the derivative balances.

**Fair Value Hedges**

We are exposed to interest rate risk associated with our fixed-rate debt obligations. At the time of issuance, certain fixed-rate long-term debt obligations are designated in fair value hedging relationships, using interest rate swaps, to economically convert the fixed interest rate to a floating interest rate. We had $12.9 billion and $15.8 billion of fixed-rate debt obligations designated in fair value hedging relationships as of September 30, 2021 and December 31, 2020, respectively.

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

| | Gains (losses) | | | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| *(Millions)* | **2021** | 2020 | **2021** | 2020 |
| Fixed-rate long-term debt | **$ 59** | $ 96 | **$ 257** | $ (497) |
| Derivatives designated as hedging instruments | **(58)** | (97) | **(257)** | 504 |
| Total | **$ 1** | $ (1) | **$ —** | $ 7 |

The carrying values of the hedged liabilities, recorded within Long-term debt on the Consolidated Balance Sheets, were $13.2 billion and $16.4 billion as of September 30, 2021 and December 31, 2020, respectively, including the cumulative amount of fair value hedging adjustments of $365 million and $622 million for the respective periods.

We recognized net decreases of $60 million and $81 million in Interest expense on Long-term debt for the three months ended September 30, 2021 and 2020, respectively, and net decreases of $196 million and $183 million for the nine months ended September 30, 2021 and 2020, respectively, primarily related to the net settlements including interest accruals on our interest rate derivatives designated as fair value hedges.

**Net Investment Hedges**

We primarily designate foreign currency derivatives as net investment hedges to reduce our exposure to changes in currency exchange rates on our investments in non-U.S. subsidiaries. We had notional amounts of approximately $11.4 billion and $10.5 billion of foreign currency derivatives designated as net investment hedges as of September 30, 2021 and December 31, 2020, respectively. The gain or loss on net investment hedges, net of taxes, recorded in AOCI as part of the cumulative translation adjustment, was a gain of $155 million and a loss of $170 million for the three months ended September 30, 2021 and 2020, respectively, and gains of $53 million and $223 million for the nine months ended September 30, 2021 and 2020, respectively. Net investment hedge reclassifications out of AOCI into the Consolidated Statements of Income, net of taxes, were not significant for any of the three and nine months ended September 30, 2021 and 2020.

**Derivatives Not Designated as Hedges**

The changes in the fair value of derivatives that are not designated as hedges are intended to offset the related foreign exchange gains or losses of the underlying foreign currency exposures. We had notional amounts of approximately $16.8 billion and $14.4 billion as of September 30, 2021 and December 31, 2020, respectively. The changes in the fair value of the derivatives and the related underlying foreign currency exposures resulted in a net loss of $10 million and a net gain of $4 million for the three months ended September 30, 2021 and 2020, respectively, and a net loss of $24 million and a net gain of $22 million for the nine months ended September 30, 2021 and 2020, respectively, that are recognized in Other, net expenses in the Consolidated Statements of Income.

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# 9. Fair Values

**Financial Assets and Financial Liabilities Carried at Fair Value**

The following table summarizes our financial assets and financial liabilities measured at fair value on a recurring basis, categorized by GAAP's fair value hierarchy, as of September 30, 2021 and December 31, 2020:

| | 2021 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| *(Millions)* | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 |
| **Assets:** | | | | | | | | |
| Investment securities: [a] | | | | | | | | |
| Equity securities | **$ 102** | **$ 101** | **$ 1** | **$ —** | $ 81 | $ 80 | $ 1 | $ — |
| Debt securities [b] | **9,487** | **—** | **9,462** | **25** | 21,550 | — | 21,550 | — |
| Derivatives, gross [a] | **531** | **—** | **531** | **—** | 629 | — | 629 | — |
| Total Assets | **10,120** | **101** | **9,994** | **25** | 22,260 | 80 | 22,180 | — |
| **Liabilities:** | | | | | | | | |
| Derivatives, gross [a] | **119** | **—** | **119** | **—** | 702 | — | 702 | — |
| Total Liabilities | **$ 119** | **$ —** | **$ 119** | **$ —** | $ 702 | $ — | $ 702 | $ — |

(a) Refer to Note 4 for the fair values of investment securities and to Note 8 for the fair values of derivative assets and liabilities on a further disaggregated basis.
(b) Level 3 fair value amount represents investments in debt securities issued by Community Development Financial Institutions.

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## Financial Assets and Financial Liabilities Carried at Other Than Fair Value

The following table summarizes the estimated fair values of our financial assets and financial liabilities that are measured at amortized cost, and not required to be carried at fair value on a recurring basis, as of September 30, 2021 and December 31, 2020. The fair values of these financial instruments are estimates based upon the market conditions and perceived risks as of September 30, 2021 and December 31, 2020, and require management's judgment. These figures may not be indicative of future fair values, nor can the fair value of American Express be estimated by aggregating the amounts presented.

| *2021 (Billions)* | Carrying Value | Corresponding Fair Value Amount | | | |
|---|---|---|---|---|---|
| | | Total | Level 1 | Level 2 | Level 3 |
| **Financial Assets:** | | | | | |
| Financial assets for which carrying values equal or approximate fair value | | | | | |
| Cash and cash equivalents [a] | **$ 28** | **$ 28** | **$ 26** | **$ 2** | **$ —** |
| Other financial assets [b] | **51** | **51** | **—** | **51** | **—** |
| Financial assets carried at other than fair value | | | | | |
| Card Member and Other loans, less reserves [c] | **76** | **79** | **—** | **—** | **79** |
| | | | | | |
| **Financial Liabilities:** | | | | | |
| Financial liabilities for which carrying values equal or approximate fair value | **103** | **103** | **—** | **103** | **—** |
| Financial liabilities carried at other than fair value | | | | | |
| Certificates of deposit [d] | **5** | **5** | **—** | **5** | **—** |
| Long-term debt [c] | **$ 34** | **$ 36** | **$ —** | **$ 36** | **$ —** |

| *2020 (Billions)* | Carrying Value | Corresponding Fair Value Amount | | | |
|---|---|---|---|---|---|
| | | Total | Level 1 | Level 2 | Level 3 |
| **Financial Assets:** | | | | | |
| Financial assets for which carrying values equal or approximate fair value | | | | | |
| Cash and cash equivalents [a] | $ 33 | $ 33 | $ 31 | $ 2 | $ — |
| Other financial assets [b] | 46 | 46 | — | 46 | — |
| Financial assets carried at other than fair value | | | | | |
| Card Member and Other loans, less reserves [c] | 71 | 75 | — | — | 75 |
| | | | | | |
| **Financial Liabilities:** | | | | | |
| Financial liabilities for which carrying values equal or approximate fair value | 101 | 101 | — | 101 | — |
| Financial liabilities carried at other than fair value | | | | | |
| Certificates of deposit [d] | 8 | 8 | — | 8 | — |
| Long-term debt [c] | $ 43 | $ 45 | $ — | $ 45 | $ — |

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

(b) Balances include Card Member receivables (including fair values of Card Member receivables of $5.1 billion and $4.2 billion held by a consolidated VIE as of September 30, 2021 and December 31, 2020, respectively), other receivables and other miscellaneous assets.

(c) Balances include amounts held by a consolidated VIE for which the fair values of Card Member loans were $24.7 billion and $25.8 billion as of September 30, 2021 and December 31, 2020, respectively, and the fair values of Long-term debt were $9.2 billion and $13.0 billion as of September 30, 2021 and December 31, 2020, respectively.

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

**Nonrecurring Fair Value Measurements**

We have certain assets that are subject to measurement at fair value on a nonrecurring basis. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if they are determined to be impaired or where there are observable price changes for equity investments without readily determinable fair values. During the nine months ended September 30, 2021 and the year ended December 31, 2020, we did not have any material assets that were measured at fair value due to impairment.

We estimate the Level 3 fair value of equity investments without readily determinable fair values based on price changes as of the date of new similar equity financing transactions completed by the companies in our portfolio. The carrying value of equity investments without readily determinable fair values totaled $1.3 billion and $530 million as of September 30, 2021 and December 31, 2020, respectively. These amounts are included within Other assets on the Consolidated Balance Sheets. We recorded net unrealized gains of $103 million and $25 million for the three months ended September 30, 2021 and 2020, respectively, and $728 million and $47 million for the nine months ended September 30, 2021 and 2020, respectively. Unrealized losses including any impairments were not significant for any of the three and nine months ended September 30, 2021 and 2020. Beginning in January 2018, cumulative net unrealized gains for equity investments without readily determinable fair values totaled $1.1 billion and $347 million as of September 30, 2021 and December 31, 2020, respectively.

In addition, we also have certain equity investments measured at fair value using the net asset value practical expedient. Such investments were immaterial as of both September 30, 2021 and December 31, 2020.

## 10. Guarantees

The maximum potential undiscounted future payments and related liability resulting from guarantees and indemnifications provided by us in the ordinary course of business were $1 billion and $25 million, respectively, as of September 30, 2021, and $1 billion and $24 million, respectively, as of December 31, 2020, all of which were primarily related to our real estate and business dispositions.

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

## 11. Changes in Accumulated Other Comprehensive Income (Loss)

AOCI is comprised of items that have not been recognized in earnings but may be recognized in earnings in the future when certain events occur. Changes in each component for the three and nine months ended September 30, 2021 and 2020 were as follows:

| Three Months Ended September 30, 2021 (Millions), net of tax | Net Unrealized Gains (Losses) on Debt Securities | Foreign Currency Translation Adjustment Gains (Losses) | Net Unrealized Pension and Other Postretirement Benefit Gains (Losses) | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|
| **Balances as of June 30, 2021** | $ 42 | $ (2,227) | $ (696) | $ (2,881) |
| Net unrealized losses | **(8)** | — | — | **(8)** |
| Net translation on investments in foreign operations | **—** | **(238)** | **—** | **(238)** |
| Net hedges of investments in foreign operations | **—** | **155** | **—** | **155** |
| Pension and other postretirement benefits | **—** | **—** | **9** | **9** |
| Net change in accumulated other comprehensive income (loss) | **(8)** | **(83)** | **9** | **(82)** |
| **Balances as of September 30, 2021** | **$ 34** | **$ (2,310)** | **$ (687)** | **$ (2,963)** |

| Nine Months Ended September 30, 2021 (Millions), net of tax | Net Unrealized Gains (Losses) on Debt Securities | Foreign Currency Translation Adjustment Gains (Losses) | Net Unrealized Pension and Other Postretirement Benefit Gains (Losses) | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|
| **Balances as of December 31, 2020** | $ 65 | $ (2,229) | $ (731) | $ (2,895) |
| Net unrealized losses | **(31)** | — | — | **(31)** |
| Net translation on investments in foreign operations | **—** | **(134)** | **—** | **(134)** |
| Net hedges of investments in foreign operations | **—** | **53** | **—** | **53** |
| Pension and other postretirement benefits | **—** | **—** | **44** | **44** |
| Net change in accumulated other comprehensive income (loss) | **(31)** | **(81)** | **44** | **(68)** |
| **Balances as of September 30, 2021** | **$ 34** | **$ (2,310)** | **$ (687)** | **$ (2,963)** |

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| Three Months Ended September 30, 2020 (Millions), net of tax | Net Unrealized Gains (Losses) on Debt Securities | Foreign Currency Translation Adjustment Gains (Losses) | Net Unrealized Pension and Other Postretirement Benefit Gains (Losses) | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|
| **Balances as of June 30, 2020** | $ 85 | $ (2,388) | $ (608) | $ (2,911) |
| Net unrealized losses | (9) | — | — | (9) |
| Net translation on investments in foreign operations | — | 210 | — | 210 |
| Net hedges of investments in foreign operations | — | (170) | — | (170) |
| Pension and other postretirement benefits | — | — | 8 | 8 |
| Net change in accumulated other comprehensive income (loss) | (9) | 40 | 8 | 39 |
| **Balances as of September 30, 2020** | $ 76 | $ (2,348) | $ (600) | $ (2,872) |

| Nine Months Ended September 30, 2020 (Millions), net of tax | Net Unrealized Gains (Losses) on Debt Securities | Foreign Currency Translation Adjustment Gains (Losses) | Net Unrealized Pension and Other Postretirement Benefit Gains (Losses) | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|
| **Balances as of December 31, 2019** | $ 33 | $ (2,189) | $ (581) | $ (2,737) |
| Net unrealized gains | 43 | — | — | 43 |
| Decrease due to amounts reclassified into earnings | — | (3) | — | (3) |
| Net translation on investments in foreign operations | — | (379) | — | (379) |
| Net hedges of investments in foreign operations | — | 223 | — | 223 |
| Pension and other postretirement benefits | — | — | (19) | (19) |
| Net change in accumulated other comprehensive income (loss) | 43 | (159) | (19) | (135) |
| **Balances as of September 30, 2020** | $ 76 | $ (2,348) | $ (600) | $ (2,872) |

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

| | Tax expense (benefit) | | | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| *(Millions)* | **2021** | 2020 | **2021** | 2020 |
| Net unrealized (losses) gains on debt securities | **$ (3)** | $ (3) | **$ (9)** | $ 13 |
| Net translation on investments in foreign operations | **(2)** | (14) | **3** | 10 |
| Net hedges of investments in foreign operations | **47** | (57) | **12** | 67 |
| Pension and other postretirement benefits | **5** | (1) | **18** | 10 |
| Total tax impact | **$ 47** | $ (75) | **$ 24** | $ 100 |

Reclassifications out of AOCI into the Consolidated Statements of Income, net of taxes, were not significant for any of the three and nine months ended September 30, 2021 and 2020.

# 12. Other Fees and Commissions and Other Expenses

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(Millions)* | **2021** | 2020 | **2021** | 2020 |
| Fees charged to Card Members: | | | | |
| Delinquency fees | **$ 166** | $ 159 | **$ 460** | $ 615 |
| Foreign currency conversion fee revenue | **142** | 86 | **347** | 336 |
| Other customer fees: | | | | |
| Loyalty coalition-related fees | **123** | 112 | **368** | 309 |
| Travel commissions and fees | **74** | 19 | **164** | 84 |
| Service fees and other [(a)] | **127** | 102 | **373** | 303 |
| Total Other fees and commissions | **$ 632** | $ 478 | **$ 1,712** | $ 1,647 |

(a) Other includes Membership Rewards program fees that are not related to contracts with customers.

Revenue expected to be recognized in future periods related to contracts that have an original expected duration of one year or less and contracts with variable consideration (e.g. discount revenue) are not required to be disclosed. Non-interest revenue expected to be recognized in future periods through remaining contracts with customers is not material.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(Millions)* | **2021** | 2020 | **2021** | 2020 |
| Data processing and equipment [(a)] | **$ 613** | $ 577 | **$ 1,772** | $ 1,690 |
| Professional services | **490** | 421 | **1,351** | 1,266 |
| Net unrealized and realized gains on Amex Ventures equity investments | **(142)** | (66) | **(773)** | (116) |
| Other [(b)] | **257** | 297 | **745** | 908 |
| Total Other expenses | **$ 1,218** | $ 1,229 | **$ 3,095** | $ 3,748 |

(a) Effective for the first quarter of 2021, we changed the expense category name from Occupancy and equipment to Data processing and equipment to better reflect the nature and components of the expense.

(b) Other primarily includes general operating expenses, communication expenses, non-income taxes, Card Member and merchant-related fraud losses, foreign currency-related gains and losses and litigation expenses.

# 13. Income Taxes

The effective tax rate was 25.5 percent and 21.3 percent for the three months ended September 30, 2021 and 2020, respectively, and 24.4 percent and 30.4 percent for the nine months ended September 30, 2021 and 2020, respectively. The increase in the effective tax rate for the three month period primarily reflected changes in the level and geographic mix of pretax income and discrete tax charges in the current period. The decrease in the effective tax rate for the nine month period primarily reflected discrete tax charges in the prior period related to the realizability of certain foreign deferred tax assets. The current period effective tax rates also reflect the implementation of PAM. Refer to Note 1 for further information.

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

We believe it is reasonably possible that our unrecognized tax benefits could decrease within the next twelve months by as much as $144 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 $144 million of unrecognized tax benefits, approximately $114 million relates to amounts that, if recognized, would impact the effective tax rate in a future period.

# 14. Earnings Per Common Share (EPS)

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(Millions, except per share amounts)* | **2021** | 2020 | **2021** | 2020 |
| **Numerator:** | | | | |
| Basic and diluted: | | | | |
| Net income | **$ 1,826** | $ 1,073 | **$ 6,341** | $ 1,697 |
| Preferred dividends | **(20)** | (16) | **(49)** | (65) |
| Equity-related adjustment [a] | **(9)** | — | **(9)** | — |
| Net income available to common shareholders | **$ 1,797** | $ 1,057 | **$ 6,283** | $ 1,632 |
| Earnings allocated to participating share awards [b] | **(14)** | (7) | **(45)** | (10) |
| Net income attributable to common shareholders | **$ 1,783** | $ 1,050 | **$ 6,238** | $ 1,622 |
| **Denominator:**[b] | | | | |
| Basic: Weighted-average common stock | **786** | 804 | **796** | 805 |
| Add: Weighted-average stock options [c] | **1** | 1 | **1** | 1 |
| Diluted | **787** | 805 | **797** | 806 |
| | | | | |
| Basic EPS | **$ 2.27** | $ 1.31 | **$ 7.84** | $ 2.01 |
| Diluted EPS | **$ 2.27** | $ 1.30 | **$ 7.82** | $ 2.01 |

(a) Represents the difference between the redemption value and carrying value of the Series C preferred shares, which were redeemed on September 15, 2021. The carrying value represents the original issuance proceeds, net of underwriting fees and offering costs for the Series C preferred shares.

(b) Our unvested restricted stock awards, which include the right to receive non-forfeitable dividends or dividend equivalents, are considered participating securities. Calculations of EPS under the two-class method exclude from the numerator any dividends paid or owed on participating securities and any undistributed earnings considered to be attributable to participating securities. The related participating securities are similarly excluded from the denominator.

(c) The dilutive effect of unexercised stock options excludes from the computation of EPS 0.01 million and 0.88 million of options for the three months ended September 30, 2021 and 2020, respectively, and 0.01 million and 0.61 million of options for the nine months ended September 30, 2021 and 2020, respectively, because inclusion of the options would have been anti-dilutive.

**AMERICAN EXPRESS COMPANY**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

# 15. Preferred Shares

The Board of Directors is authorized to permit us to issue up to 20 million preferred shares at a par value of $1.66^{2/3}$ without further shareholder approval. The following table summarizes our preferred shares issued and outstanding as of September 30, 2021:

| | Series B | Series D |
|---|---|---|
| Issuance Date | November 10, 2014 | August 3, 2021 |
| Securities issued | 750 Preferred shares; represented by 750,000 depositary shares | 1,600 Preferred shares; represented by 1,600,000 depositary shares |
| Dividend rate per annum | 5.20% through November 14, 2019; 3-month LIBOR plus 3.428% thereafter | 3.55% through September 14, 2026; resets September 15, 2026 and every subsequent 5-year anniversary at 5-year Treasury rate plus 2.854% |
| Dividend payment date | Semi-annual beginning May 15, 2015 and, quarterly beginning February 15, 2020 | Quarterly beginning September 15, 2021 |
| Earliest redemption date | November 15, 2019 | September 15, 2026 |
| Aggregate liquidation preference | $750 million | $1,600 million |
| Carrying value [(a)] | $742 million | $1,584 million |

(a) Carrying value, presented in the Statements of Shareholders' Equity, represents the issuance proceeds, net of underwriting fees and offering costs.

In the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, the preferred shares then outstanding take precedence over our common shares for the payment of dividends and the distribution of assets out of funds legally available for distribution to shareholders. We may redeem each outstanding series of preferred shares at $1 million per preferred share (equivalent to $1,000 per depositary share) plus any declared but unpaid dividends in whole or in part, from time to time, on any dividend payment date on or after the respective earliest redemption date, or in whole, but not in part, within 90 days of certain bank regulatory changes.

We paid $850 million to redeem in full the outstanding 4.900% Fixed Rate/Floating Rate Noncumulative Preferred Shares, Series C, on September 15, 2021. The difference between the redemption value and carrying value of the redeemed Series C preferred shares resulted in a $9 million reduction to net income available to common shareholders. On October 15, 2021, we issued a redemption notice for all outstanding Series B preferred shares; the redemption date will be November 15, 2021.

# 16. Reportable Operating Segments

As a result of organizational changes announced during the second quarter of 2021, our loyalty coalition businesses results, which were previously reported within the Global Merchant and Network Services (GMNS) segment, are now reported within the Global Consumer Services Group (GCSG) segment. Prior period segment results have been revised to conform with current period presentation.

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

| *Three Months Ended September 30, 2021 (Millions, except where indicated)* | GCSG | GCS | GMNS | Corporate & Other [a] | Consolidated |
|---|---|---|---|---|---|
| Total non-interest revenues | **$ 4,699** | **$ 2,978** | **$ 1,280** | **$ (23)** | **$ 8,934** |
| Revenue from contracts with customers [b] | **3,392** | **2,556** | **1,198** | **(7)** | **7,139** |
| Interest income | **1,879** | **378** | **4** | **40** | **2,301** |
| Interest expense | **174** | **111** | **(24)** | **46** | **307** |
| Total revenues net of interest expense | **6,404** | **3,245** | **1,308** | **(29)** | **10,928** |
| Pretax segment income (loss) | **$ 1,488** | **$ 718** | **$ 529** | **$ (285)** | **$ 2,450** |
| Total assets *(billions)* | **$ 92** | **$ 48** | **$ 14** | **$ 30** | **$ 184** |

| *Nine Months Ended September 30, 2021 (Millions, except where indicated)* | GCSG | GCS | GMNS | Corporate & Other [a] | Consolidated |
|---|---|---|---|---|---|
| Total non-interest revenues | **$ 12,982** | **$ 8,225** | **$ 3,545** | **$ (159)** | **$ 24,593** |
| Revenue from contracts with customers [b] | **9,229** | **7,019** | **3,327** | **(20)** | **19,555** |
| Interest income | **5,436** | **1,059** | **12** | **126** | **6,633** |
| Interest expense | **536** | **338** | **(61)** | **178** | **991** |
| Total revenues net of interest expense | **17,882** | **8,946** | **3,618** | **(211)** | **30,235** |
| Pretax segment income (loss) | **$ 5,525** | **$ 2,222** | **$ 1,441** | **$ (805)** | **$ 8,383** |
| Total assets *(billions)* | **$ 92** | **$ 48** | **$ 14** | **$ 30** | **$ 184** |

| *Three Months Ended September 30, 2020 (Millions, except where indicated)* | GCSG | GCS | GMNS | Corporate & Other [a] | Consolidated |
|---|---|---|---|---|---|
| Total non-interest revenues | $ 3,632 | $ 2,327 | $ 997 | $ (79) | $ 6,877 |
| Revenue from contracts with customers [b] | 2,476 | 1,969 | 941 | (6) | 5,380 |
| Interest income | 1,916 | 351 | 4 | 53 | 2,324 |
| Interest expense | 244 | 139 | (19) | 86 | 450 |
| Total revenues net of interest expense | 5,304 | 2,539 | 1,020 | (112) | 8,751 |
| Pretax segment income (loss) | $ 1,125 | $ 272 | $ 326 | $ (359) | $ 1,364 |
| Total assets *(billions)* | $ 82 | $ 40 | $ 12 | $ 53 | $ 187 |

| *Nine Months Ended September 30, 2020 (Millions, except where indicated)* | GCSG | GCS | GMNS | Corporate & Other [a] | Consolidated |
|---|---|---|---|---|---|
| Total non-interest revenues | $ 10,662 | $ 7,129 | $ 3,057 | $ (200) | $ 20,648 |
| Revenue from contracts with customers [b] | 7,205 | 5,993 | 2,857 | (22) | 16,033 |
| Interest income | 6,298 | 1,252 | 14 | 232 | 7,796 |
| Interest expense | 844 | 493 | (61) | 432 | 1,708 |
| Total revenues net of interest expense | 16,116 | 7,888 | 3,132 | (400) | 26,736 |
| Pretax segment income (loss) | $ 2,227 | $ 269 | $ 1,039 | $ (1,097) | $ 2,438 |
| Total assets *(billions)* | $ 82 | $ 40 | $ 12 | $ 53 | $ 187 |

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

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

# ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk to earnings or asset and liability values resulting from movements in market prices. Our market risk exposures include (i) interest rate risk due to changes in the relationship between the interest rates on our assets (such as loans, receivables and investment securities) and the interest rates on our liabilities (such as debt and deposits); and (ii) foreign exchange risk related to transactions, funding, investments and earnings in currencies other than the U.S. dollar. Due to the evolving mix of fixed and floating rate assets and liabilities on our balance sheet, as of September 30, 2021 a hypothetical immediate 100 basis point increase in market interest rates would have a detrimental impact of approximately $206 million on our annual net interest income. There were no material changes in foreign exchange risk related to transactions, funding, investments and earnings in currencies other than the U.S. dollar since December 31, 2020.

# ITEM 4. CONTROLS AND PROCEDURES

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

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

# PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

For information that updates the disclosures set forth under Part I, Item 3. “Legal Proceedings” in our 2020 Form 10-K, refer to Note 7 to the “Consolidated Financial Statements” in this Form 10-Q.

## ITEM 1A. RISK FACTORS

For a discussion of our risk factors, see Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020 (the 2020 Form 10-K). The risks and uncertainties that we face are not limited to those set forth in the 2020 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, particularly in light of the fast-changing nature of the COVID-19 pandemic, containment and stimulus measures, continued outbreaks and new variants, and the related impacts to economic and operating conditions.

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

**(c) ISSUER PURCHASES OF SECURITIES**

The table below sets forth the information with respect to purchases of our common stock made by or on behalf of us during the three months ended September 30, 2021.

| | 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 |
|---|---|---|---|---|
| July 1-31, 2021 | | | | |
| Repurchase program[a] | 11,545,072 | $168.87 | 11,545,072 | 81,603,030 |
| Employee transactions[b] | — | — | N/A | N/A |
| | | | | |
| August 1-31, 2021 | | | | |
| Repurchase program[a] | 3,119,478 | $167.56 | 3,119,478 | 78,483,552 |
| Employee transactions[b] | 18,346 | $170.53 | N/A | N/A |
| | | | | |
| September 1-30, 2021 | | | | |
| Repurchase program[a] | 5,064,065 | $163.45 | 5,064,065 | 73,419,487 |
| Employee transactions[b] | — | — | N/A | N/A |
| | | | | |
| Total | | | | |
| Repurchase program[a] | 19,728,615 | $167.27 | 19,728,615 | 73,419,487 |
| Employee transactions[b] | 18,346 | $170.53 | N/A | N/A |

(a) On September 23, 2019, the Board of Directors authorized the repurchase of up to 120 million common shares from time to time, subject to market conditions and in accordance with our capital plans. This authorization replaced the prior repurchase authorization and does not have an expiration date. See “MD&A – Consolidated Capital Resources and Liquidity” for additional information regarding share repurchases.

(b) Includes: (i) shares surrendered by holders of employee stock options who exercised options (granted under our incentive compensation plans) in satisfaction of the exercise price and/or tax withholding obligation of such holders and (ii) restricted shares withheld (under the terms of grants under our incentive compensation plans) to offset tax withholding obligations that occur upon vesting and release of restricted shares. Our incentive compensation plans provide that the value of the shares delivered or attested to, or withheld, be based on the price of our common stock on the date the relevant transaction occurs.

(c) Share purchases under publicly announced programs are made pursuant to open market purchases, 10b5-1 plans, privately negotiated transactions (including employee benefit plans) or other purchases, including block trades, accelerated share repurchase programs or any combination of such methods as market conditions warrant and at prices we deem appropriate.

# ITEM 5. OTHER INFORMATION

On September 26, 2021, our independent directors elected John J. Brennan to serve as Lead Independent Director of the Board of Directors. Mr. Brennan succeeds Ronald A. Williams who will not stand for reelection at our 2022 annual meeting of shareholders as he will have reached our mandatory retirement age for directors.

# ITEM 6. EXHIBITS

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

| Exhibit | Description |
|---|---|
| 3.1 | Conformed copy of Amended and Restated Certificate of Incorporation of American Express Company, as amended through August 2, 2021. |
| 31.1 | Certification of Stephen J. Squeri pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended. |
| 31.2 | Certification of Jeffrey C. Campbell pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended. |
| 32.1 | Certification of Stephen J. Squeri pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Jeffrey C. Campbell pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document. |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) |

# SIGNATURES

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

AMERICAN EXPRESS COMPANY
(Registrant)

Date: October 22, 2021

By /s/ Jeffrey C. Campbell
Jeffrey C. Campbell
Chief Financial Officer

Date: October 22, 2021

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

**EXHIBIT 3.1**

**CONFORMED COPY TO REFLECT AMENDMENTS MADE THROUGH AUGUST 2, 2021**

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

AMERICAN EXPRESS COMPANY

UNDER SECTION 807 OF THE BUSINESS CORPORATION LAW

* * * * *

SECTION 1. NAME

The name of the corporation is "AMERICAN EXPRESS COMPANY."

SECTION 2. PURPOSES

The purposes for which the corporation is formed are:

1. To continue to conduct and carry on the business heretofore conducted and carried on by American Express Company.

2. To engage in any lawful act or activity for which corporations may be organized under New York Business Corporation Law, and in furtherance of the foregoing purposes to exercise all powers now or hereafter granted or permitted by law, including, without limitation, the powers specified in the New York Business Corporation Law.

Notwithstanding the foregoing, the corporation will not engage in any acts or activities requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

SECTION 3. OFFICE

The office of the corporation within the State of New York is to be located in the City and County of New York.

SECTION 4. AUTHORIZED SHARES

1. The aggregate number of shares of all classes which the corporation shall have the authority to issue is 3,620,000,000 shares, consisting of 20,000,000 preferred shares of the par value of $1.66 2/3 each and 3,600,000,000 common shares of the par value of $.20 each.

2. No holder of common shares or of preferred shares of any series shall have any preemptive or preferential right to purchase or subscribe to any shares of any class or series of the corporation, whether now or hereafter authorized, or to any obligations or other securities convertible into or exchangeable for shares of the corporation or carrying options or rights to purchase shares of any class or series whatsoever, nor any right of subscription to any thereof, other than such, if any, as the Board of Directors in its discretion may, from time to time,

determine or as may be specified in any certificate of amendment of this certificate of incorporation, and at such price or prices and at such rate or rates as the Board of Directors may from time to time fix pursuant to the authority conferred by the provisions of this Section 4; and any shares or obligations or other securities which the Board of Directors may determine to offer for subscription to the holders of shares may, as the Board shall determine, be offered exclusively either to the holders of preferred shares or any one or more series thereof or to the holders of common shares, or partly to the holders of preferred shares or any one or more series thereof and partly to the holders of common shares, and in such case in such proportions as between such classes and series as the Board of Directors in its discretion may determine.

3. Subject to the foregoing, the designations and the relative rights, preferences and limitations of the shares of each class, and the authority hereby vested in the Board of Directors of the corporation to establish and to fix the numbers, designations and relative rights, preferences and limitations of series of preferred shares, are as follows:

a. The preferred shares may be issued from time to time by the Board of Directors in one or more series and, subject only to the provisions of this Section 4 and the limitations prescribed by law, the Board of Directors is expressly authorized, prior to issuance, in the resolution or resolutions providing for the issue of, or providing for a change in the number of, shares of any particular series, and by filing a certificate of amendment pursuant to the Business Corporation Law of the State of New York, to establish or change the number of shares to be included in each such series and to fix the designation and relative rights, preferences and limitations of the shares of each such series. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(1) the distinctive serial designation of such series and the number of shares constituting such series (provided that the aggregate number of shares constituting all series of preferred shares shall not exceed the aggregate number of preferred shares authorized above);

(2) the times at which and the conditions under which dividends shall be payable on shares of such series, the annual dividend rate thereon, whether dividends shall be cumulative and, if so, from which date or dates, and the status of such dividends as participating or non-participating;

(3) whether the shares of such series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon and after which such shares shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(4) the obligation, if any, of the corporation to retire shares of such series pursuant to a sinking fund or redemption or purchase account;

(5) whether the shares of such series shall be convertible into, or exchangeable for, shares of any other class or classes or shares of any series of any class, and, if so, the terms and conditions of such conversion or exchange, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment thereof, if any;

(6) whether the shares of such series shall have voting rights, in addition to the voting rights otherwise provided in this certificate of incorporation or by law, and, if so, the terms of such voting rights;

(7) the rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of the affairs of the corporation; and

(8) any other relative rights, preferences and limitations of such series.

b. All preferred shares shall be of equal rank with each other regardless of series. In case the stated dividends and the amounts payable on liquidation are not paid in full, the preferred shares of all

series shall share ratably in the payment of dividends including accumulations, if any, in accordance with the sums which would be payable on such shares if all dividends were declared and paid in full, and in any distribution of assets other than by the way of dividends in accordance with the sums which would be payable in such distribution if all sums payable were discharged in full.

The preferred shares of any one series shall be identical with each other in all respects except as to the dates from which cumulative dividends, if any, thereon shall be cumulative.

c. Subject to the rights of the preferred shares, dividends may be paid upon the common shares as and when declared by the Board of Directors out of any funds legally available therefor.

d. Upon any liquidation, dissolution or winding up of the affairs of the corporation (which shall not be deemed to include a consolidation or merger of the corporation, or the sale of all or substantially all of the corporation's assets, into, with or to any other corporation or corporations), whether voluntary or involuntary, and after the holders of the preferred shares shall have been paid in full the amounts, if any, to which they respectively shall be entitled or provision for such payment shall have been made, the remaining net assets of the corporation shall be distributed pro rata to the holders of the common shares.

e. So long as any preferred shares of any series are outstanding,

(1) Whenever dividends payable on the preferred shares of any series shall be in arrears in an aggregate amount at least equal to six full quarterly dividends (which need not be consecutive) on such series, the holders of the outstanding preferred shares of all series shall have the special right, voting separately as a single class, to elect two directors of the corporation, at the next succeeding annual meeting of shareholders (and at each succeeding annual meeting of shareholders thereafter until such right shall terminate as hereinafter provided), and, subject to the terms of any outstanding series of preferred shares, the holders of the common shares and the holders of one or more series of preferred shares then entitled to vote shall have the right, voting as a single class, to elect the remaining authorized number of directors.

At each meeting of shareholders at which the holders of the preferred shares of all series shall have the special right, voting separately as a single class, to elect directors as provided in this paragraph e, the presence in person or by proxy of the holders of record of one-third of the total number of the preferred shares of all series then issued and outstanding shall be necessary and sufficient to constitute a quorum of such class for such election by such shareholders.

Each director elected by the holders of the preferred shares of all series shall hold office until the annual meeting of shareholders next succeeding his election and until his successor, if any, is elected by such holders and qualified or until his death, resignation or removal in the manner provided in the by-laws of the corporation; provided, however, that notwithstanding any provision in the by-laws, a director elected by the holders of the preferred shares of all series may be removed only by such holders if such removal is without cause.

In case any vacancy shall occur among the directors elected by the holders of the preferred shares of all series such vacancy may be filled for the unexpired portion of the term by vote of the single remaining director theretofore elected by such shareholders, or his successor in office, or, if such vacancy shall occur more than 90 days prior to the first anniversary of the next preceding annual meeting of shareholders, by the vote of such shareholders given at a special meeting of such shareholders called for the purpose.

Whenever all arrears of dividends on the preferred shares of all series shall have been paid and dividends thereon for the current quarterly period shall have been paid or declared and provided for, the right of the holders of the preferred shares of all series to elect two

directors as provided in this paragraph e shall terminate at the next succeeding annual meeting of shareholders, but subject always to the same provisions for the vesting of such special right, voting separately as a single class, to elect two directors in the case of any future arrearages of the kind and amount described in this paragraph e.

(2) The consent of the holders of at least two-thirds of the outstanding preferred shares, given in person or by proxy, at a special or annual meeting of shareholders called for the purpose, at which the holders of the preferred shares of all series shall vote separately as a single class, shall be necessary for effecting the authorization of any class of shares ranking prior to the preferred shares as to dividends or upon liquidation, dissolution or winding up, or an increase in the authorized amount of any class of shares so ranking prior to the preferred shares, or the authorization of any amendment of the certificate of incorporation or the by-laws of the corporation so as to affect adversely the relative rights, preferences or limitations of the preferred shares; provided, however, that, if any such amendment shall affect adversely the relative rights, preferences or limitations of one or more, but not all, of the series of preferred shares then outstanding, the consent of the holders of at least two-thirds of the outstanding preferred shares of the several series so affected shall be required in lieu of the consent of the holders of at least two-thirds of the outstanding preferred shares of all series.

(3) In any case in which the holders of the preferred shares shall be entitled to vote separately as a single class pursuant to the provisions hereof or pursuant to law, each holder of preferred shares of any series shall be entitled to one vote for each such share held.

SECTION 5. AGENT FOR PROCESS

The secretary of state is designated as agent of the corporation upon whom process against it may be served, and the post office address to which the secretary of state shall mail a copy of any process against the corporation served upon him is, American Express Company, 200 Vesey Street, New York, New York 10285. In addition, CT Corporation System, 1633 Broadway, New York, New York 10019 has been designated as the registered agent of the corporation in New York upon whom all process against the corporation may be served.

SECTION 6. SHAREHOLDER VOTE

1. Every holder of common shares of record shall be entitled at every meeting of shareholders to one vote for each common share standing in his name on the record of shareholders. Holders of each series of preferred shares shall be entitled to vote in accordance with the provisions of this certificate relating to such series.

2. At a meeting of shareholders following all requisite approvals under the New York Business Corporation Law, and subject to any rights granted to any holders of the corporation's preferred shares that may be issued from time to time, the affirmative vote of a majority of the votes of all outstanding shares entitled to vote thereon shall be required to take any of the following actions:

a. to adopt a plan of merger or consolidation in accordance with Section 903 of the New York Business Corporation Law or any successor provision thereto.

b. to approve the sale, lease, exchange or other disposition of all or substantially all of the assets of the corporation in accordance with Section 909 of the New York Business Corporation Law or any successor provision thereto.

c. to adopt a plan for the exchange of shares in accordance with Section 913 of the New York Business Corporation Law or any successor provision thereto.

d. to authorize the dissolution of the corporation in accordance with Section 1001 of the New York Business Corporation Law or any successor provision thereto.

3. Except in a contested election, the vote required for the election of a director by the shareholders shall be the affirmative vote of a majority of the votes cast in favor of or against a nominee at a meeting by the holders of shares entitled to vote on such election. In a contested election, directors shall be elected by a plurality of the votes so cast. An election shall be deemed contested if there are more nominees than positions on the Board of Directors to be filled at the meeting of shareholders as of the fourteenth (14th) day prior to the date on which the corporation files its definitive proxy statement with the Securities and Exchange Commission. The corporation's subsequent amendment or supplement of the definitive proxy statement shall not affect the status of the election.

SECTION 7. AMENDMENTS

The corporation reserves the right to amend, alter, change or repeal any provision herein contained in the manner now or hereafter prescribed by applicable law, and all rights conferred hereunder upon shareholders of the corporation are granted subject to this reservation.

SECTION 8. LIABILITY OF DIRECTORS

No director shall be personally liable to the corporation or any shareholder for damages for any breach of duty as a director, except for (a) the liability of any director if a judgment or other final adjudication adverse to him establishes that (i) his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or (ii) he personally gained in fact a financial profit or other advantage to which he was not legally entitled or (iii) his acts violated Section 719 of the New York Business Corporation Law, or (b) the liability of any director for any act or omission prior to the adoption of this Section 8. Any repeal or modification of this Section 8 by the shareholders of the corporation shall not, unless otherwise required by law, adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification. If the New York Business Corporation Law is amended after approval by the shareholders of this Section 8 to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the New York Business Corporation Law, as amended from time to time.

SECTION 9. DESIGNATION OF FIXED RATE CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES A

A. DESIGNATION AND NUMBER OF SHARES. There is hereby created out of the authorized and unissued preferred shares of the Corporation a series of preferred shares designated as the "Fixed Rate Cumulative Perpetual Preferred Stock, Series A" (the "DESIGNATED PREFERRED STOCK"). The authorized number of shares of Designated Preferred Stock shall be 3,388,890.

B. GENERAL MATTERS. Each share of Designated Preferred Stock shall be identical in all respects to every other share of Designated Preferred Stock. The Designated Preferred Stock shall be perpetual, subject to the provisions of subsection G below. The Designated Preferred Stock shall rank equally with Parity Stock and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Corporation.

C. DEFINITIONS. The following terms are used in this Section 9 as defined below:

(a) "APPLICABLE DIVIDEND RATE" means (i) during the period from the Original Issue Date to, but excluding, the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 5% per annum and (ii) from and after the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 9% per annum.

(b) "APPROPRIATE FEDERAL BANKING AGENCY" means the "appropriate Federal banking agency" with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(c) "BUSINESS COMBINATION" means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Corporation's stockholders.

(d) "BUSINESS DAY" means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

(e) "BYLAWS" means the bylaws of the Corporation, as they may be amended from time to time.

(f) "CHARTER" means the Corporation's certificate or articles of incorporation, articles of association, or similar organizational document.

(g) "COMMON STOCK" means the Common Shares, par value $0.20 per share, of the Corporation.

(h) "DIVIDEND PAYMENT DATE" means February 15, May 15, August 15 and November 15 of each year.

(i) "DIVIDEND PERIOD" has the meaning set forth in subsection E(a).

(j) "DIVIDEND RECORD DATE" has the meaning set forth in subsection E(a).

(k) "JUNIOR STOCK" means the Common Stock and any other class or series of stock of the Corporation the terms of which expressly provide that it ranks junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation.

(l) "LIQUIDATION AMOUNT" means $1,000 per share of Designated Preferred Stock.

(m) "LIQUIDATION PREFERENCE" has the meaning set forth in subsection F(a).

(n) "MINIMUM AMOUNT" means $847,222,500.

(o) "ORIGINAL ISSUE DATE" means the date on which shares of Designated Preferred Stock are first issued.

(p) "PARITY STOCK" means any class or series of stock of the Corporation (other than Designated Preferred Stock) the terms of which do not expressly provide that such class or series will rank senior or junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation (in each case without regard to whether dividends accrue cumulatively or non-cumulatively).

(q) "PREFERRED DIRECTOR" has the meaning set forth in subsection I(b).

(r) "PREFERRED STOCK" means any and all series of preferred shares of the Corporation, including the Designated Preferred Stock.

(s) "QUALIFIED EQUITY OFFERING" means the sale and issuance for cash by the Corporation to persons other than the Corporation or any of its subsidiaries after the Original Issue Date of shares of perpetual Preferred Stock, Common Stock or any combination of such stock, that, in each case, qualify as and may be included in Tier 1 capital of the Corporation at the time of issuance under the applicable risk-based capital guidelines of the Corporation's Appropriate Federal Banking Agency (other than any such sales and issuances made pursuant to agreements or arrangements entered into, or pursuant to financing plans which were publicly announced, on or prior to October 13, 2008).

(t) "SHARE DILUTION AMOUNT" has the meaning set forth in subsection E(b).

(u) "SIGNING DATE" means the Original Issue Date.

(v) "SUCCESSOR PREFERRED STOCK" has the meaning set forth in subsection G(a).

(w) "VOTING PARITY STOCK" means, with regard to any matter as to which the holders of Designated Preferred Stock are entitled to vote as specified in subsections I(a) and I(b), any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

(x) Unless the context otherwise requires, any reference to a "SUBSECTION" refers to a subsection of this Section 9, as it may be amended from time to time.

D. CERTAIN VOTING MATTERS. Holders of shares of Designated Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Designated Preferred Stock are entitled to vote, including any action by written consent.

E. DIVIDENDS.

(a) RATE. Holders of Designated Preferred Stock shall be entitled to receive, on each share of Designated Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, cumulative cash dividends with respect to each Dividend Period (as defined below) at a rate per annum equal to the Applicable Dividend Rate on (i) the Liquidation Amount per share of Designated Preferred Stock and (ii) the amount of accrued and unpaid dividends for any prior Dividend Period on such share of Designated Preferred Stock, if any. Such dividends shall begin to accrue and be cumulative from the Original Issue Date, shall compound on each subsequent Dividend Payment Date (i.e., no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends having been paid on such date) and shall be payable quarterly in arrears on each first such Dividend Payment Date to occur at least 20 calendar days after the Original Issue Date. In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. The period from and including any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "DIVIDEND PERIOD", provided that the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Payment Date.

Dividends that are payable on Designated Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on Designated Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on Designated Preferred Stock on any Dividend Payment Date will be payable to holders of record of Designated Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date or such other record date fixed by the Board of Directors or any duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a "DIVIDEND RECORD DATE"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Holders of Designated Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Designated Preferred Stock as specified in this subsection E (subject to the other provisions of this Section 9).

(b) PRIORITY OF DIVIDENDS. So long as any share of Designated Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity

Stock, subject to the immediately following paragraph in the case of Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its subsidiaries unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in subsection E(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Designated Preferred Stock on the applicable record date). The foregoing limitation shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business (including purchases to offset the Share Dilution Amount (as defined below) pursuant to a publicly announced repurchase plan) and consistent with past practice, PROVIDED that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount; (ii) purchases or other acquisitions by a broker-dealer subsidiary of the Corporation solely for the purpose of market-making, stabilization or customer facilitation transactions in Junior Stock or Parity Stock in the ordinary course of its business; (iii) purchases by a broker-dealer subsidiary of the Corporation of capital stock of the Corporation for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary; (iv) any dividends or distributions of rights or Junior Stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan; (v) the acquisition by the Corporation or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Corporation or any of its subsidiaries), including as trustees or custodians; and (vi) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock. "SHARE DILUTION AMOUNT" means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of the Corporation's consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Original Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to employees and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon Designated Preferred Stock and any shares of Parity Stock, all dividends declared on Designated Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared PRO RATA so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the shares of Designated Preferred Stock (including, if applicable as provided in subsection E(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors or a duly authorized committee of the Board of Directors out of legally available funds and including, in the case of Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other. If the Board of Directors or a duly authorized committee of the Board of Directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of Designated Preferred Stock prior to such Dividend Payment Date.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of Designated Preferred Stock shall not be entitled to participate in any such dividends.

F. LIQUIDATION RIGHTS.

(a) VOLUNTARY OR INVOLUNTARY LIQUIDATION. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Designated Preferred Stock shall be entitled to receive for each share of Designated Preferred Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Corporation ranking junior to Designated Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends (including, if applicable as provided in subsection E(a) above, dividends on such amount), whether or not declared, to the date of payment (such amounts collectively, the "LIQUIDATION PREFERENCE").

(b) PARTIAL PAYMENT. If in any distribution described in subsection F(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution, holders of Designated Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) RESIDUAL DISTRIBUTIONS. If the Liquidation Preference has been paid in full to all holders of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution has been paid in full, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) MERGER, CONSOLIDATION AND SALE OF ASSETS NOT LIQUIDATION. For purposes of this subsection F, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Designated Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation.

G. REDEMPTION.

(a) OPTIONAL REDEMPTION. Except as provided below, the Designated Preferred Stock may not be redeemed prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date. On or after the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in subsection G(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in subsection E(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption.

Notwithstanding the foregoing, prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Corporation, at its option, subject to the approval of

the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in subsection G(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in subsection E(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption; PROVIDED that (x) the Corporation (or any successor by Business Combination) has received aggregate gross proceeds of not less than the Minimum Amount (plus the "Minimum Amount" as defined in the relevant certificate of designations for each other outstanding series of preferred stock of such successor that was originally issued to the United States Department of the Treasury (the "SUCCESSOR PREFERRED STOCK") in connection with the Troubled Asset Relief Program Capital Purchase Program) from one or more Qualified Equity Offerings (including Qualified Equity Offerings of such successor), and (y) the aggregate redemption price of the Designated Preferred Stock (and any Successor Preferred Stock) redeemed pursuant to this paragraph may not exceed the aggregate net cash proceeds received by the Corporation (or any successor by Business Combination) from such Qualified Equity Offerings (including Qualified Equity Offerings of such successor).

The redemption price for any shares of Designated Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in subsection E above.

(b) NO SINKING FUND. The Designated Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Designated Preferred Stock will have no right to require redemption or repurchase of any shares of Designated Preferred Stock.

(c) NOTICE OF REDEMPTION. Notice of every redemption of shares of Designated Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this subsection G(c) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Designated Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Designated Preferred Stock. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Designated Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Designated Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered or payment of the redemption price.

(d) PARTIAL REDEMPTION. In case of any redemption of part of the shares of Designated Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either PRO RATA or in such other manner as the Board of Directors or a duly authorized committee thereof may determine to be fair and equitable. Subject to the provisions hereof, the Board of Directors or a duly authorized committee thereof shall have full power and authority to prescribe the terms and conditions upon which shares of Designated Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) EFFECTIVENESS OF REDEMPTION. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Corporation, in trust for the PRO RATA benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least $500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

(f) STATUS OF REDEEMED SHARES. Shares of Designated Preferred Stock that are redeemed, repurchased or otherwise acquired by the Corporation shall revert to authorized but unissued shares of Preferred Stock (PROVIDED that any such cancelled shares of Designated Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Designated Preferred Stock).

H. CONVERSION. Holders of Designated Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

I. VOTING RIGHTS.

(a) GENERAL. The holders of Designated Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) PREFERRED STOCK DIRECTORS. Whenever, at any time or times, dividends payable on the shares of Designated Preferred Stock have not been paid for an aggregate of six quarterly Dividend Periods or more, whether or not consecutive, the authorized number of directors of the Corporation shall automatically be increased by two and the holders of the Designated Preferred Stock shall have the right, with holders of shares of any one or more other classes or series of Voting Parity Stock outstanding at the time, voting together as a class, to elect two directors (hereinafter the "PREFERRED DIRECTORS" and each a "PREFERRED DIRECTOR") to fill such newly created directorships at the Corporation's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting of stockholders until all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in subsection E(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been declared and paid in full at which time such right shall terminate with respect to the Designated Preferred Stock, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned; PROVIDED that it shall be a qualification for election for any Preferred Director that the election of such Preferred Director shall not cause the Corporation to violate any corporate governance requirements of any securities exchange or other trading facility on which securities of the Corporation may then be listed or traded that listed or traded companies must have a majority of independent directors. Upon any termination of the right of the holders of shares of Designated Preferred Stock and Voting Parity Stock as a class to vote for directors as provided above, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected pursuant hereto. Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only by the affirmative vote of the holders a majority of the shares of Designated Preferred Stock at the time outstanding voting separately as a class together with the holders of shares of Voting Parity Stock, to the extent the voting rights of such holders described above are then exercisable. If the office of any Preferred Director becomes vacant for any reason other than removal from office as aforesaid, the remaining

Preferred Director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) CLASS VOTING RIGHTS AS TO PARTICULAR MATTERS. So long as any shares of Designated Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the vote or consent of the holders of at least 66 2/3% of the shares of Designated Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) AUTHORIZATION OF SENIOR STOCK. Any amendment or alteration of the Charter to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Corporation ranking senior to Designated Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Corporation;

(ii) AMENDMENT OF DESIGNATED PREFERRED STOCK. Any amendment, alteration or repeal of any provision of the Charter (including, unless no vote on such merger or consolidation is required by subsection I(c)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Designated Preferred Stock; or

(iii) SHARE EXCHANGES, RECLASSIFICATIONS, MERGERS AND CONSOLIDATIONS. Any consummation of a binding share exchange or reclassification involving the Designated Preferred Stock, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of Designated Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such consummation, taken as a whole;

PROVIDED, HOWEVER, that for all purposes of this subsection I(c), any increase in the amount of the authorized Preferred Stock, including any increase in the authorized amount of Designated Preferred Stock necessary to satisfy preemptive or similar rights granted by the Corporation to other persons prior to the Signing Date, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock, ranking equally with and/or junior to Designated Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Designated Preferred Stock.

(d) CHANGES AFTER PROVISION FOR REDEMPTION. No vote or consent of the holders of Designated Preferred Stock shall be required pursuant to subsection I(c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such subsection, all outstanding shares of the Designated Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to subsection G above.

(e) PROCEDURES FOR VOTING AND CONSENTS. The rules and procedures for calling and conducting any meeting of the holders of Designated Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which Designated Preferred Stock is listed or traded at the time.

J. RECORD HOLDERS. To the fullest extent permitted by applicable law, the Corporation and the transfer agent for Designated Preferred Stock may deem and treat the record holder of any share of Designated Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

K. NOTICES. All notices or communications in respect of Designated Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in the Charter or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any similar facility, such notices may be given to the holders of Designated Preferred Stock in any manner permitted by such facility.

L. NO PREEMPTIVE RIGHTS. No share of Designated Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

M. REPLACEMENT CERTIFICATES. The Corporation shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.

N. OTHER RIGHTS. The shares of Designated Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

SECTION 10. DESIGNATION OF 5.200% FIXED RATE / FLOATING RATE NONCUMULATIVE PREFERRED SHARES, SERIES B

1. Designation and Number of Shares.

(a) There is hereby created out of the authorized and unissued preferred shares of the Corporation a series of preferred shares designated as the "5.200% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series B" (the "Series B Preferred Shares").

(b) The number of authorized Series B Preferred Shares shall be 750. That number from time to time may be increased (but not in excess of the total number of authorized preferred shares) or decreased (but not below the number of Series B Preferred Shares then outstanding) by further resolution duly adopted by the Board of Directors, the Preferred Share Pricing Committee thereof or any other duly authorized committee thereof and by the filing of a certificate pursuant to the provisions of the Business Corporation Law stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional Series B Preferred Shares.

2. General Matters.

Each Series B Preferred Share shall be identical in all respects to every other Series B Preferred Share. The Series B Preferred Shares shall be perpetual, subject to the provisions of Subsection 5 below.

3. Definitions.

As used in this Section 10:

"Appropriate Federal Banking Agency" means the "appropriate federal banking agency" with respect to the Corporation as that term is defined in Section 3(q) of the Federal Deposit Insurance Act of 1950, as amended, or any successor provision.

"Board of Directors" means the Board of Directors of the Corporation.

"Business Day" means any day that is not a Saturday or Sunday or any other day on which banks in New York City are authorized or obligated by law or regulation to close.

"Business Corporation Law" means the Business Corporation Law of the State of New York.

"By-Laws" means the bylaws of the Corporation, as they may be amended from time to time.

"Calculation Agent" means the Transfer Agent acting in its capacity as calculation agent for the Series B Preferred Shares, and its successors and permitted assigns.

"Common Shares" means the common shares of the Corporation, par value $0.20 per share, or any other shares of the capital stock of the Corporation into which such common shares shall be reclassified or changed.

"Corporation" means American Express Company, a New York corporation.

"Depositary" means DTC or its nominee or any successor depositary appointed by the Corporation.

"Dividend Payment Date" has the meaning set forth in Subsection 4(a) of this Section 10.

"Dividend Period" has the meaning set forth in Subsection 4(a) of this Section 10.

"Dividend Record Date" has the meaning set forth in Subsection 4(a) of this Section 10.

"DTC" means The Depository Trust Company.

"Holder" means the Person in whose name the shares of the Series B Preferred Shares are registered, which may be treated by the Corporation, Calculation Agent, Transfer Agent, Registrar and paying agent as the absolute owner of the Series B Preferred Shares for the purpose of making payment and for all other purposes.

"Junior Stock" means the Common Shares and any other class or series of capital stock of the Corporation now existing or hereafter authorized over which Series B Preferred Shares has preference or priority in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"LIBOR Determination Date" means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

"London Banking Day" means any day on which commercial banks are open for general business (including dealings in deposits in United States dollars) in London.

"Nonpayment" has the meaning set forth in Subsection 7(b)(i) of this Section 10.

"Parity Stock" means any other class or series of capital stock of the Corporation now existing or hereafter authorized that ranks on par with the Series B Preferred Shares in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, or other entity.

"Preferred Shares" means the Series B Preferred Shares and preferred shares of the Corporation of any series that by its terms votes together with the Series B Preferred Shares in the election of directors, as applicable.

"Preferred Share Director" has the meaning set forth in Subsection 7(b)(i) of this Section 10.

"Preferred Share Director Termination Date" has the meaning set forth in Subsection 7(b)(ii) of this Section 10.

"Registrar" means the Transfer Agent acting in its capacity as registrar for the Series B Preferred Shares, and its successors and permitted assigns.

"Regulatory Capital Event" means the good faith determination by the Corporation that, as a result of (i) any amendment to, clarification of, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any Series B Preferred Shares, (ii) any proposed amendment to, clarification of, or change in those laws or regulations that is announced or becomes effective on or after the initial issuance of any Series B Preferred Shares, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations or policies with respect thereto that is announced on or after the initial issuance of any Series B Preferred Shares, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of $1,000,000 per share of the Series B Preferred Shares then outstanding as "tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency) as then in effect and applicable, for so long as any Series B Preferred Share is outstanding.

"Reuters LIBOR01 Page" means the display designated as page LIBOR01 on the Reuters 3000 Xtra (or such other page as may replace the Reuters LIBOR01 Page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

"Series B Preferred Shares" has the meaning set forth in Subsection 1 of this Section 10.

"Series B Preferred Shares Certificate" has the meaning set forth in Subsection 14(a) of this Section 10.

"Three-month LIBOR" means the rate (expressed as a percentage per annum) for deposits in United States dollars for a three-month period commencing on the first day of a Dividend Period that appears on the Reuters LIBOR01 Page as of 11:00 a.m. (London time) on the LIBOR Determination Date for that Dividend Period. If such rate does not appear on the Reuters LIBOR01 Page, Three-month LIBOR will be determined on the basis of the rates at which deposits in United States dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1 million are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent (after consultation with the Corporation), at approximately 11:00 a.m., London time, on the LIBOR Determination Date for that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of such quotations. If fewer than two quotations are provided, Three-month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the rates quoted by three major banks in New York City selected by the Calculation Agent (after consultation with the Corporation), at approximately 11:00 a.m., New York City time, on the LIBOR Determination Date for that Dividend Period for loans in United States dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1 million. However, if fewer than three banks selected by the Calculation Agent to provide quotations are quoting as described above, Three-month LIBOR for that Dividend Period will be the same Three-month LIBOR as determined for the previous Dividend Period or, in the case of the Dividend Period beginning on November 15, 2019, 0.23185%. The

determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

"Transfer Agent" means Computershare Trust Company, N.A., acting as Transfer Agent, Calculation Agent, Registrar and paying agent for the Series B Preferred Shares, and its successors and permitted assigns.

"Trust" has the meaning set forth in Subsection 6(d) of this Section 10.

4. Dividends.

(a) Rate. Holders shall be entitled to receive, when, as and if declared by the Board of Directors or any duly authorized committee thereof, but only out of funds legally available therefor, noncumulative cash dividends on the Series B Preferred Shares in the amounts specified below in this Subsection 4, and no more, payable (i) semi-annually in arrears on each May 15 and November 15, beginning May 15, 2015, from and including the date of issuance to, but excluding November 15, 2019, and (ii) quarterly in arrears on each February 15, May 15, August 15 and November 15 of each year, beginning on February 15, 2020; *provided, however,* if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (except if after November 15, 2019, that day falls in the next calendar month, in which case the payment of any dividend otherwise payable will be made on the first preceding Business Day), (a) on or prior to November 15, 2019, without any interest or other payment in respect of such postponement, and (b) after November 15, 2019, with dividends accruing to the actual payment date (each such day referred to in clauses (i) and (ii) on which dividends are payable a "Dividend Payment Date"). The period from and including the date of issuance of the Series B Preferred Shares or any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "Dividend Period." Dividends on each Series B Preferred Share will accrue on the liquidation preference of $1,000,000 per share at a rate per annum equal to (i) 5.200%, for each Dividend Period from and including the date of issuance to, but excluding, November 15, 2019 and (ii) Three-month LIBOR plus 3.428%, for each Dividend Period from and including November 15, 2019. The record date for payment of dividends on the Series B Preferred Shares will be the record date fixed by the Board of Directors or any other duly authorized committee thereof that is not more than 30 days prior to such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date will be a Dividend Record Date whether or not such day is a Business Day. The amount of dividends payable on or prior to November 15, 2019 will be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable after November 15, 2019 will be computed on the basis of a 360-day year and the actual number of days elapsed.

(b) Noncumulative Dividends. If the Board of Directors or any duly authorized committee thereof does not declare a dividend on the Series B Preferred Shares for any Dividend Period prior to the related Dividend Payment Date, that dividend will not accrue, and the Corporation will have no obligation to pay, and Holders shall have no right to receive, a dividend for that Dividend Period on the related Dividend Payment Date or at any future time, whether or not dividends on the Series B Preferred Shares or any other series of preferred shares or common shares are declared for any subsequent period. References herein to the "accrual" of dividends refer only to the determination of the amount of such dividend and do not imply that any right to a dividend arises prior to the date on which a dividend is declared.

(c) Priority of Dividends. So long as any Series B Preferred Shares remain outstanding, unless as to a Dividend Payment Date full dividends on all outstanding Series B Preferred Shares have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside for the Dividend Period then ending, the Corporation will not, and will cause its subsidiaries not to, during the next succeeding Dividend Period that commences on such Dividend Payment Date, declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any Junior Stock, or make any guarantee payment with respect thereto, other than:

(i) purchases, redemptions or other acquisitions of shares of Junior Stock in connection with (A) any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants or (B) a dividend reinvestment or share purchase plan;

(ii) purchases or repurchases of shares of capital stock of the Corporation pursuant to a contractually binding requirement to buy stock existing prior to the commencement of the then-current Dividend Period, including under a contractually binding share repurchase plan;

(iii) any declaration of a dividend in connection with any shareholders' rights plan, or the issuance of rights, shares or other property under any shareholders' rights plan, or the redemption or repurchase of rights pursuant to the plan;

(iv) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock;

(v) as a result of an exchange, reclassification or conversion of any class or series of Junior Stock for any other class or series of Junior Stock;

(vi) the purchase of fractional interests in shares of Junior Stock pursuant to the conversion or exchange provisions of such Junior Stock or the security being converted or exchanged;

(vii) the purchase of Junior Stock by any subsidiary of the Corporation in connection with the distribution thereof; or

(viii) the purchase of Junior Stock by any subsidiary of the Corporation in connection with market-making or other secondary-market activities in the ordinary course of business.

The restrictions set forth in the preceding provisions of this Subsection 4(c) shall not apply to any Junior Stock dividends paid by the Corporation where the dividend is in the form of the same shares (or the right to buy the same shares) as that on which the dividend is being paid or ranks equal or junior to the Series B Preferred Shares as to both dividends and distributions upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

Except as provided below, for so long as any Series B Preferred Shares remain outstanding, if dividends are not declared and paid in full upon the Series B Preferred Shares and any Parity Stock, all dividends declared upon the Series B Preferred Shares and such other Parity Stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per Series B Preferred Share and accrued dividends for the then-current Dividend Period per share of such other Parity Stock (including, in the case of any such other Parity Stock that bears cumulative dividends, all accrued and unpaid dividends), bear to each other.

Subject to the foregoing, and not otherwise, such dividends payable in cash, shares or otherwise, as may be determined by the Board of Directors or any duly authorized committee thereof, may be declared and paid on any other class or series of capital stock of the Corporation from time to time out of any funds legally available for such payment, and Holders will not be entitled to participate in those dividends.

5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, Holders shall be entitled, out of funds legally available therefor, before any distribution or payment may be made by the Corporation or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of capital stock ranking senior to or on parity with Series B Preferred Shares upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $1,000,000 per share (the "Series B Liquidation Preference"), plus any declared and unpaid dividends thereon, without accumulation of any undeclared dividends, from the last Dividend Payment Date to, but excluding, the date of such voluntary or involuntary liquidation, dissolution or winding up of the Corporation. Holders shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the Corporation other than what is expressly provided for in this Subsection 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the aforesaid liquidation distributions to the Holders and any liquidation distributions owed to holders of any class or series of capital stock of the Corporation ranking equally with the Series B Preferred Shares in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the amounts paid to the Holders and to the holders of all such equally ranking capital stock shall be pro rata in accordance with the respective aggregate liquidating distributions to which they would otherwise be entitled.

(c) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Subsection 5, the sale, conveyance, exchange or transfer (for cash, shares of capital stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or Person or the merger, consolidation or any other business combination transaction of any other corporation or Person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the Corporation.

6. Redemption.

(a) Optional Redemption. At its option, the Corporation may redeem out of funds legally available therefor, (i) in whole or in part, from time to time, the Series B Preferred Shares at the time outstanding, on any Dividend Payment Date on or after November 15, 2019, or (ii) in whole but not in part at any time within 90 days following a Regulatory Capital Event, in each case at a redemption price equal to $1,000,000 per share plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to but excluding the redemption date, upon notice given as provided in Subsection 6(b) below.

(b) Notice of Redemption. Notice of every redemption of Series B Preferred Shares shall be mailed by first class mail, postage prepaid, addressed to the Holders of such shares to be redeemed at their respective last addresses appearing on the share register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection 6(b) shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any Holder of Series B Preferred Shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other Series B Preferred Shares. Each notice shall state:

(i) the redemption date;

(ii) the total number of Series B Preferred Shares to be redeemed and, if fewer than all the shares of a Holder are to be redeemed, the number of such shares to be redeemed;

(iii) the redemption price;

(iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price, if applicable; and

(v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

Notwithstanding the foregoing, if the certificates evidencing the Series B Preferred Shares are held of record by a depositary and any related depository shares are held of record by a Depositary or its nominee, the Corporation may give such notice in any manner permitted by the Depositary.

(c) Partial Redemption. In case of any redemption of only part of the Series B Preferred Shares at the time outstanding, the Series B Preferred Shares to be redeemed shall be selected (i) pro rata from the Holders in proportion to the number of Series B Preferred Shares held by such Holders, (ii) by lot or (iii) in such other manner as the Board of Directors or any duly authorized committee thereof may determine, in its sole discretion, to be fair and equitable.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the

Corporation, separate and apart from its other assets, for the pro rata benefit of the Holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors or any duly authorized committee thereof (the "Trust") in trust for the pro rata benefit of the Holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue on such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the Holders thereof to receive the amount payable on such redemption from the Trust at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Trust any interest accrued on such funds, and the Holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the Holders of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

7. Voting Rights.

(a) General. The Holders shall not be entitled to vote on any matter except as set forth in this Subsection 7 or as required by the Business Corporation Law. In any case in which the holders of the Preferred Shares shall be entitled to vote separately as a single class pursuant to the provisions of the Certificate of Incorporation or pursuant to law, each Holder shall be entitled to one vote for each Series B Preferred Share held.

(b) Preferred Share Directors.

(i) Voting Right. Whenever dividends payable on the Preferred Shares of any series in an aggregate amount at least equal to three semi-annual or six full quarterly dividends (which need not be consecutive) on such series shall not have been paid (a "Nonpayment"), the authorized number of directors of the Corporation shall automatically be increased by two and the holders of the outstanding Preferred Shares of all series shall have the special right, voting separately as a single class, to elect two directors of the Corporation (hereinafter the "Preferred Share Directors" and each a "Preferred Share Director"), to fill such newly created directorships until such right shall terminate as provided below in Subsection 7(b)(ii); *provided, however* that it shall be a qualification for election of any such director that the election of such director shall not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors. At each meeting of shareholders at which the holders of the Preferred Shares of all series shall have the special right, voting separately as a single class, to elect directors as provided in this Subsection (7)(b), the presence in person or by proxy of the holders of record of one-third of the total number of the issued and outstanding Preferred Shares of all series shall be necessary and sufficient to constitute a quorum of such class for such election by such shareholders, and such election shall be by a plurality of the votes cast at such meeting by such shareholders.

(ii) Termination. Each Preferred Share Director shall hold office until the annual meeting of shareholders next succeeding his or her election and until his or her successor, if any, is elected by the holders of the issued and outstanding Preferred Shares and qualified or, if earlier, until the Preferred Share Director Termination Date or his or her death, resignation or removal in the manner provided in the By-Laws; *provided, however*, that notwithstanding any provision in the By-Laws, a Preferred Share Director may be removed only by the affirmative vote of the holders a majority of the issued and outstanding Preferred Shares if such removal is without cause. In case any vacancy shall occur among the Preferred Share Directors, such vacancy may be filled for the unexpired portion of the term by vote of the single remaining Preferred Share Director or his or her successor in office, or, if such vacancy shall occur more than 90 days prior to the first anniversary of the next preceding annual meeting of shareholders, by the holders of the issued and outstanding Preferred Shares at a special meeting of such shareholders called for

the purpose. Whenever the Corporation has paid noncumulative dividends in full on all series of Preferred Shares for at least two consecutive semi-annual or four consecutive quarterly dividend periods following a Nonpayment and has paid arrearages of cumulative dividends in full on any Preferred Shares entitled to cumulative dividends, then the right of the Holders to elect Preferred Share Directors will cease (the time of such cessation, the "Preferred Share Director Termination Date"). Upon a Preferred Share Director Termination Date, the terms of office of the Preferred Share Directors will immediately terminate, the persons then serving as Preferred Share Directors shall immediately cease to be qualified to hold office as Preferred Share Directors, the Preferred Share Directors shall cease to be directors of the Corporation and the number of directors constituting the Board of Directors shall be automatically reduced, without any action by the Board of Directors or the shareholders of the Corporation, by the number of Preferred Share Directors authorized immediately prior to such termination, but subject always to the same provisions for the vesting of such special right, voting separately as a single class, to elect two directors in the case of any future arrearages in an aggregate amount at least equal to six full quarterly dividends as described in this Subsection (7)(b). Notwithstanding the foregoing, if (a) the date of the first annual meeting of shareholders following the date on which all arrears of dividends on the issued and outstanding Preferred Shares of all series providing for cumulative dividends shall have been paid and dividends on the issued and outstanding Preferred Shares of all series for the current quarterly period shall have been paid or declared and provided for is later than (b) the Preferred Share Director Termination Date that would be applicable pursuant to the foregoing provision, the Preferred Share Director Termination Date shall instead be the date of such later annual general meeting. At any time after the special voting power has vested pursuant to Subsection 7(b)(i) above, the secretary of the Corporation may, and upon the written request (addressed to the secretary at the Corporation's principal office) of the holders of at least 20% of the voting power of the Series B Preferred Shares or the holders of at least 20% of the voting power of any series of Preferred Shares (with such voting power measured based on the voting power to elect Preferred Share Directors), must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders at which Preferred Share Directors are to be elected, in which event such election shall be held at such next annual or special meeting of shareholders), call a special meeting of the holders of the Preferred Shares of all series for the purposes of electing Preferred Share Directors.

(iii) Vote. The Preferred Share Directors shall each be entitled to one vote per director on any matter.

(iv) Notice of Special Meeting. Notice for a special meeting to elect Preferred Share Directors will be given in a similar manner to that provided in the By-Laws for a special meeting of the shareholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any request (although the special voting power has vested pursuant to Subsection 7(b)(i) above), then any Holders meeting the requirements of Subsection 7(b)(ii) may (at the expense of the Corporation) call such meeting, upon notice as provided in this Subsection 7(b)(iv), and for that purpose will have access to the share register of the Corporation. The Preferred Share Directors elected at any such special meeting, and each Preferred Share Director elected at a subsequent annual or special meeting of shareholders, will be elected for a term expiring upon the earlier of the Preferred Share Director Termination Date and the next annual meeting of shareholders following such Preferred Share Director's election. Preferred Share Directors may only be elected by the holders of the Preferred Shares in accordance with this Subsection 7. If the holders of the Preferred Shares fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors pursuant to this Subsection 7, then any directorship not so filled shall remain vacant until such time as the holders of the Preferred Shares elect a person to fill such directorship in accordance with this Subsection 7, or such vacancy is otherwise filled in accordance with this Subsection 7; and no such directorship may be filled by shareholders of the Corporation other than in accordance with this Subsection 7.

(c) Senior Issuances; Adverse Changes. So long as any Series B Preferred Share is outstanding, but subject to the final paragraph of this Subsection 7(c), in addition to any other vote or consent of holders of the Corporation's capital stock required by New York law, the vote or consent of the holders of at least two-thirds of the

voting power of the Series B Preferred Shares and any other issued and outstanding Preferred Shares, given in person or by proxy, at an annual or special meeting of shareholders called for the purpose, at which all holders of all issued and outstanding Preferred Shares shall vote separately as a single class, shall be necessary for effecting any of the following actions, whether or not such approval is required by New York law:

(i) any amendment, alteration or repeal of any provision of the Certificate of Incorporation (including this Section 10) or the By-Laws so as to adversely affect the relative rights, preferences or limitations of the Series B Preferred Shares;

(ii) the authorization of any class or series of capital stock of the Corporation (a) ranking prior to the Series B Preferred Shares in the payment of dividends and/or the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, or an increase in the authorized amount of any shares of, or any securities convertible into shares of, any class or series of capital stock of the Corporation ranking prior to the Series B Preferred Shares in the payment of dividends or in the distribution of assets on any liquidation, dissolution, or winding up of the Corporation or (b) voting together with the Series B Preferred Shares on a basis that grants such class or series more than one vote per $1,000,000 of liquidation preference; or

(iii) the consummation of a binding share exchange or reclassification involving the Series B Preferred Shares or a merger or consolidation of the Corporation with another entity, except that holders of the Series B Preferred Shares will have no right to vote under this provision or otherwise under applicable law if in each case (i) the Series B Preferred Shares remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preferred securities of the surviving or resulting entity or its ultimate parent, and (ii) such Series B Preferred Shares remaining outstanding or such preferred securities, as the case may be, have such relative rights, preferences or limitations, taken as a whole, as are not less favorable to the holders thereof than the relative rights, preferences and limitations of the Series B Preferred Shares, taken as a whole;

*provided, however*, that, for the avoidance of doubt, any increase in the amount of the authorized or issued Series B Preferred Shares or authorized Common Shares or Parity Stock or any securities convertible into Common Shares or Parity Stock or the creation and issuance, or an increase in the authorized or issued amount, of series of Junior Stock or any securities convertible into Junior Stock will not be deemed to adversely affect the voting powers, preferences or special rights of the Series B Preferred Shares, and no shareholder will have the right to vote on such an increase, creation or issuance by reason of this Subsection 7.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Subsection 7(c) would adversely affect the relative rights preferences or limitations of the Series B Preferred Shares but not all other series of issued and outstanding Preferred Shares of the Corporation, then only such series of issued and outstanding Preferred Shares as are adversely affected by and entitled to vote on the matter shall vote on the matter together with the Series B Preferred Shares as a single class (in lieu of all other series of Preferred Shares) for purposes of the vote or consent required by this Subsection 7(c).

(d) No Vote if Redemption. No vote or consent of the Holders shall be required pursuant to Subsection 7(b) or 7(c) if, at or prior to the time when the act with respect to such vote or consent would otherwise be required shall be effected, the Corporation shall have redeemed or shall have called for redemption all outstanding Series B Preferred Shares, with proper notice and sufficient funds having been set aside for such redemption, in each case pursuant to Subsection 6 above.

8. Preemption and Conversion Rights.

The Holders shall not have any preemptive rights or conversion rights as a result of the terms hereof.

9. Rank.

For the avoidance of doubt, the Board of Directors or any duly authorized committee thereof may, without the vote of the Holders, authorize and issue additional shares of Junior Stock or Parity Stock.

10. Reacquired Shares.

The Board of Directors shall take such actions as are necessary to cause the Series B Preferred Shares that have been redeemed or otherwise purchased or acquired by the Corporation to be retired and restored to the status of authorized but unissued preferred shares without designation as to series.

11. No Sinking Fund.

The Series B Preferred Shares are not subject to the operation of a sinking fund.

12. Transfer Agent, Calculation Agent, Registrar and Paying Agent.

The duly appointed Transfer Agent, Calculation Agent, Registrar and paying agent for the Series B Preferred Shares shall be Computershare Trust Company, N.A. The Corporation may, in its sole discretion, remove the Transfer Agent, Calculation Agent, Registrar and paying agent in accordance with the agreement between such party and the Corporation; *provided, however*, that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof by first-class mail, postage prepaid, to the Holders.

13. Replacement Certificates for Mutilated, Destroyed, Stolen and Lost Certificates.

If physical certificates are issued, the Corporation shall replace any mutilated certificate at the Holder's expense upon surrender of that certificate to the Transfer Agent. The Corporation shall replace certificates that become destroyed, stolen or lost at the Holder's expense upon delivery to the Corporation and the Transfer Agent of satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be required by the Transfer Agent and the Corporation.

14. Form.

(a) Series B Preferred Shares Certificates. Series B Preferred Shares shall be issued in certificated form in substantially the form set forth below in this Subsection 14(a) (each, a "Series B Preferred Shares Certificate"). The Series B Preferred Shares Certificates may have notations, legends or endorsements required by law, stock exchange rules, agreements to which the Corporation is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Corporation).

**[**Form of Face of Certificate for
5.200% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series B**]**

Certificate Number _____

Number of Series B Preferred Shares _____

CUSIP NO.:

AMERICAN EXPRESS COMPANY
(formed under the laws of the State of New York)

5.200% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series B

**(par value $1.66 2/3 per share)**
(liquidation preference $1,000,000 per share)

American Express Company, a New York corporation (the "Corporation"), hereby certifies that [ ] (the "Holder") is the registered owner of [ ] fully paid and non-assessable shares of the Corporation's designated 5.200% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series B, with a par **value of $1.66⅔ per share and a liquidation preference of $1,000,000 per share** (the "Series B Preferred Shares"). The Series B Preferred Shares are transferable on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer, and otherwise in the manner provided by law and in the by-laws of the Corporation. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Series B Preferred Shares represented hereby are and shall in all respects be subject to the provisions of Section 10 of the Corporation's Certificate of Incorporation as the same may be amended from time to time (the "Certificate of Incorporation"). Capitalized terms used herein but not defined shall have the meaning given them in Section 10 of the Certificate of Incorporation. The Corporation will provide a copy of the Certificate of Incorporation to a Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to select provisions of the Series B Preferred Shares set forth on the reverse hereof, and to Section 10 of the Certificate of Incorporation, which select provisions and Section 10 of the Certificate of Incorporation shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by Section 10 of the Certificate of Incorporation and is entitled to the benefits thereunder.

Unless the Registrar has properly countersigned, these Series B Preferred Shares shall not be entitled to any benefit under Section 10 of the Certificate of Incorporation or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, this certificate has been executed on behalf of the Corporation by its **[Title]** and by its **[Title]** this __ day of _____, _____.

AMERICAN EXPRESS COMPANY

By:
Name:
Title:

By:
Name:
Title:

REGISTRAR'S COUNTERSIGNATURE

These are Series B Preferred Shares referred to in the within-mentioned Section 10 of the Certificate of Incorporation.

Dated:

COMPUTERSHARE TRUST COMPANY, N.A., as Registrar

By:
Name:

Title:

[REVERSE OF CERTIFICATE]

Dividends on each Series B Preferred Share shall be payable at the rate provided in Section 10 of the Certificate of Incorporation.

The Series B Preferred Shares shall be redeemable at the option of the Corporation in the manner and in accordance with the terms set forth in Section 10 of the Certificate of Incorporation.

The Corporation shall furnish without charge to each shareholder who so requests a full statement of the designation, relative rights, preferences and limitations of the shares of each class authorized to be issued and the designation, relative rights, preferences and limitations of each series of preferred shares that have been fixed and the authority of the board to designate and fix the relative rights, preferences and limitations of other series.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the Series B Preferred Shares evidenced hereby to:

(Insert assignee's social security or taxpayer identification number, if any)

(Insert address and zip code of assignee)
and irrevocably appoints:

as agent to transfer the Series B Preferred Shares evidenced hereby on the books of the Transfer Agent. The agent may substitute another to act for him or her.

Date:

Signature:

(Sign exactly as your name appears on the other side of this Certificate)

Signature Guarantee: _____

(Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

[end of form of Certificate]

(b) Signature. Two signatories, consisting of (i) the chairman or a vice chairman of the Board of Directors or the president or a vice president of the Corporation and (ii) the secretary or an assistant secretary or the treasurer or an assistant treasurer of the Corporation shall sign any Series B Preferred Shares Certificate for the Corporation, by manual or facsimile signature. If any officer whose signature is on a Series B Preferred Shares Certificate no longer holds that office at the time the Transfer Agent countersigned the Series B Preferred Shares Certificate, such Series B Preferred Shares Certificate shall be valid nevertheless. A Series B Preferred Shares Certificate shall not be valid until an authorized signatory of the Transfer Agent manually countersigns such Series B Preferred Shares Certificate. Each Series B Preferred Shares Certificate shall be dated the date of its countersignature.

15. Taxes.

(a) Transfer Taxes. The Corporation shall pay any and all stock transfer, documentary, stamp and similar taxes or governmental charges that may be payable in respect of any issuance or delivery of Series B Preferred Shares. The Corporation shall not, however, be required to pay any such tax or governmental charge that may be payable in respect of any transfer involved in the issuance or delivery of Series B Preferred Shares, in a name other than that in which the Series B Preferred Shares were registered, or in respect of any payment to any Person other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the Person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or governmental charge or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(b) Withholding Taxes. All payments and distributions (or deemed distributions) on the Series B Preferred Shares shall be subject to withholding and backup withholding of tax to the extent required by law, subject to applicable exemptions, and amounts withheld, if any, shall be treated as received by Holders.

16. Notices.

All notices referred to in this Section 10 shall be in writing, and, unless otherwise specified in this Section 10, all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three Business Days after the mailing thereof if sent by registered or certified mail (unless first class mail shall be specifically permitted for such notice under the terms of this Section 10) with postage prepaid, addressed: (i) if to the Corporation, to its office at American Express Tower, 200 Vesey Street, New York, New York 10080 (Attention: Secretary) or to the Transfer Agent at its office at 250 Royall Street, Canton, Massachusetts 02021 (Attn: General Counsel), or other agent of the Corporation designated as permitted by this Section 10, or (ii) if to any Holder, to such Holder at the address of such Holder as listed in the share record books of the Corporation (which may include the records of the Transfer Agent), or (iii) to such other address as the Corporation or any such Holder, as the case may be, shall have designated by notice similarly given.

17. Other Rights Disclaimed.

The Series B Preferred Shares have no voting powers, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth in this Section 10 or elsewhere in the Certificate of Incorporation."

SECTION 11. DESIGNATION OF 4.900% FIXED RATE / FLOATING RATE NONCUMULATIVE PREFERRED SHARES, SERIES C

1. Designation and Number of Shares.

(a) There is hereby created out of the authorized and unissued preferred shares of the Corporation a series of preferred shares designated as the "4.900% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series C" (the "Series C Preferred Shares").

(b) The number of authorized Series C Preferred Shares shall be 850. That number from time to time may be increased (but not in excess of the total number of authorized preferred shares) or decreased (but not below the number of Series C Preferred Shares then outstanding) by further resolution duly adopted by the Board of Directors, the Preferred Share Pricing Committee thereof or any other duly authorized committee thereof and by the filing of a certificate pursuant to the provisions of the Business Corporation Law stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional Series C Preferred Shares.

2. General Matters.

Each Series C Preferred Share shall be identical in all respects to every other Series C Preferred Share. The Series C Preferred Shares shall be perpetual, subject to the provisions of Subsection 5 below.

3. Definitions.

As used in this Section 11:

"Appropriate Federal Banking Agency" means the "appropriate federal banking agency" with respect to the Corporation as that term is defined in Section 3(q) of the Federal Deposit Insurance Act of 1950, as amended, or any successor provision.

"Board of Directors" means the Board of Directors of the Corporation.

"Business Day" means any day that is not a Saturday or Sunday or any other day on which banks in New York City are authorized or obligated by law or regulation to close.

"Business Corporation Law" means the Business Corporation Law of the State of New York.

"By-Laws" means the bylaws of the Corporation, as they may be amended from time to time.

"Calculation Agent" means the Transfer Agent acting in its capacity as calculation agent for the Series C Preferred Shares, and its successors and permitted assigns.

"Common Shares" means the common shares of the Corporation, par value $0.20 per share, or any other shares of the capital stock of the Corporation into which such common shares shall be reclassified or changed.

"Corporation" means American Express Company, a New York corporation.

"Depositary" means DTC or its nominee or any successor depositary appointed by the Corporation.

"Dividend Payment Date" has the meaning set forth in Subsection 4(a) of this Section 11.

"Dividend Period" has the meaning set forth in Subsection 4(a) of this Section 11.

"Dividend Record Date" has the meaning set forth in Subsection 4(a) of this Section 11.

"DTC" means The Depository Trust Company.

"Holder" means the Person in whose name the shares of the Series C Preferred Shares are registered, which may be treated by the Corporation, Calculation Agent, Transfer Agent, Registrar and paying agent as the absolute owner of the Series C Preferred Shares for the purpose of making payment and for all other purposes.

"Junior Stock" means the Common Shares and any other class or series of capital stock of the Corporation now existing or hereafter authorized over which Series C Preferred Shares has preference or priority in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"LIBOR Determination Date" means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

"London Banking Day" means any day on which commercial banks are open for general business (including dealings in deposits in United States dollars) in London.

"Nonpayment" has the meaning set forth in Subsection 7(b)(i) of this Section 11.

"Parity Stock" means the 5.200% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series B and any other class or series of capital stock of the Corporation now existing or hereafter authorized that ranks on par with the Series C Preferred Shares in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, or other entity.

"Preferred Shares" means the Series C Preferred Shares, the 5.200% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series B and preferred shares of the Corporation of any series that by its terms votes together with the Series C Preferred Shares in the election of directors, as applicable.

"Preferred Share Director" has the meaning set forth in Subsection 7(b)(i) of this Section 11.

"Preferred Share Director Termination Date" has the meaning set forth in Subsection 7(b)(ii) of this Section 11.

"Registrar" means the Transfer Agent acting in its capacity as registrar for the Series C Preferred Shares, and its successors and permitted assigns.

"Regulatory Capital Event" means the good faith determination by the Corporation that, as a result of (i) any amendment to, clarification of, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any Series C Preferred Shares, (ii) any proposed amendment to, clarification of, or change in those laws or regulations that is announced or becomes effective on or after the initial issuance of any Series C Preferred Shares, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations or policies with respect thereto that is announced on or after the initial issuance of any Series C Preferred Shares, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of $1,000,000 per share of the Series C Preferred Shares then outstanding as "tier 1 capital" (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency) as then in effect and applicable, for so long as any Series C Preferred Share is outstanding.

"Reuters LIBOR01 Page" means the display designated as page LIBOR01 on the Reuters 3000 Xtra (or such other page as may replace the Reuters LIBOR01 Page on that service, or such other service as may be

nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

"Series C Preferred Shares" has the meaning set forth in Subsection 1 of this Section 11.

"Series C Preferred Shares Certificate" has the meaning set forth in Subsection 14(a) of this Section 11.

"Three-month LIBOR" means the rate (expressed as a percentage per annum) for deposits in United States dollars for a three-month period commencing on the first day of a Dividend Period that appears on the Reuters LIBOR01 Page as of 11:00 a.m. (London time) on the LIBOR Determination Date for that Dividend Period. If such rate does not appear on the Reuters LIBOR01 Page, Three-month LIBOR will be determined on the basis of the rates at which deposits in United States dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1 million are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent (after consultation with the Corporation), at approximately 11:00 a.m., London time, on the LIBOR Determination Date for that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of such quotations. If fewer than two quotations are provided, Three-month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the rates quoted by three major banks in New York City selected by the Calculation Agent (after consultation with the Corporation), at approximately 11:00 a.m., New York City time, on the LIBOR Determination Date for that Dividend Period for loans in United States dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1 million. However, if fewer than three banks selected by the Calculation Agent to provide quotations are quoting as described above, Three-month LIBOR for that Dividend Period will be the same Three-month LIBOR as determined for the previous Dividend Period or, in the case of the Dividend Period beginning on March 15, 2020, 0.261%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

"Transfer Agent" means Computershare Trust Company, N.A., acting as Transfer Agent, Calculation Agent, Registrar and paying agent for the Series C Preferred Shares, and its successors and permitted assigns.

"Trust" has the meaning set forth in Subsection 6(d) of this Section 11.

4. Dividends.

(a) Rate**.** Holders shall be entitled to receive, when, as and if declared by the Board of Directors or any duly authorized committee thereof, but only out of funds legally available therefor, noncumulative cash dividends on the Series C Preferred Shares in the amounts specified below in this Subsection 4, and no more, payable (i) semi-annually in arrears on each March 15 and September 15, beginning September 15, 2015, from and including the date of issuance to, but excluding March 15, 2020, and (ii) quarterly in arrears on each March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2020; *provided, however,* if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (except if after March 15, 2020, that day falls in the next calendar month, in which case the payment of any dividend otherwise payable will be made on the first preceding Business Day), (a) on or prior to March 15, 2020, without any interest or other payment in respect of such postponement, and (b) after March 15, 2020, with dividends accruing to the actual payment date (each such day referred to in clauses (i) and (ii) on which dividends are payable a "Dividend Payment Date"). The period from and including the date of issuance of the Series C Preferred Shares or any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "Dividend Period." Dividends on each Series C Preferred Share will accrue on the liquidation preference of $1,000,000 per share at a rate per annum equal to (i) 4.900%, for each Dividend Period from and including the date of issuance to, but excluding, March 15, 2020 and (ii) Three-month LIBOR plus 3.285%, for each Dividend Period from and including March 15, 2020. The record date for payment of dividends on the Series C Preferred Shares will be the record date fixed by the Board of Directors or any other duly authorized committee thereof that is not more

than 30 days prior to such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date will be a Dividend Record Date whether or not such day is a Business Day. The amount of dividends payable on or prior to March 15, 2020 will be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable after March 15, 2020 will be computed on the basis of a 360-day year and the actual number of days elapsed.

(b) Noncumulative Dividends. If the Board of Directors or any duly authorized committee thereof does not declare a dividend on the Series C Preferred Shares for any Dividend Period prior to the related Dividend Payment Date, that dividend will not accrue, and the Corporation will have no obligation to pay, and Holders shall have no right to receive, a dividend for that Dividend Period on the related Dividend Payment Date or at any future time, whether or not dividends on the Series C Preferred Shares or any other series of preferred shares or common shares are declared for any subsequent period. References herein to the "accrual" of dividends refer only to the determination of the amount of such dividend and do not imply that any right to a dividend arises prior to the date on which a dividend is declared.

(c) Priority of Dividends. So long as any Series C Preferred Shares remain outstanding, unless as to a Dividend Payment Date full dividends on all outstanding Series C Preferred Shares have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside for the Dividend Period then ending, the Corporation will not, and will cause its subsidiaries not to, during the next succeeding Dividend Period that commences on such Dividend Payment Date, declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any Junior Stock, or make any guarantee payment with respect thereto, other than:

(i) purchases, redemptions or other acquisitions of shares of Junior Stock in connection with (A) any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants or (B) a dividend reinvestment or share purchase plan;

(ii) purchases or repurchases of shares of capital stock of the Corporation pursuant to a contractually binding requirement to buy stock existing prior to the commencement of the then-current Dividend Period, including under a contractually binding share repurchase plan;

(iii) any declaration of a dividend in connection with any shareholders' rights plan, or the issuance of rights, shares or other property under any shareholders' rights plan, or the redemption or repurchase of rights pursuant to the plan;

(iv) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock;

(v) as a result of an exchange, reclassification or conversion of any class or series of Junior Stock for any other class or series of Junior Stock;

(vi) the purchase of fractional interests in shares of Junior Stock pursuant to the conversion or exchange provisions of such Junior Stock or the security being converted or exchanged;

(vii) the purchase of Junior Stock by any subsidiary of the Corporation in connection with the distribution thereof; or

(viii) the purchase of Junior Stock by any subsidiary of the Corporation in connection with market-making or other secondary-market activities in the ordinary course of business.

The restrictions set forth in the preceding provisions of this Subsection 4(c) shall not apply to any Junior Stock dividends paid by the Corporation where the dividend is in the form of the same shares (or the right to buy the same shares) as that on which the dividend is being paid or ranks equal or junior to the Series C Preferred Shares as to both dividends and distributions upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

Except as provided below, for so long as any Series C Preferred Shares remain outstanding, if dividends are not declared and paid in full upon the Series C Preferred Shares and any Parity Stock, all dividends declared upon the Series C Preferred Shares and such other Parity Stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per Series C Preferred Share and accrued dividends for the then-current Dividend Period per share of such other Parity Stock (including, in the case of any such other Parity Stock that bears cumulative dividends, all accrued and unpaid dividends), bear to each other.

Subject to the foregoing, and not otherwise, such dividends payable in cash, shares or otherwise, as may be determined by the Board of Directors or any duly authorized committee thereof, may be declared and paid on any other class or series of capital stock of the Corporation from time to time out of any funds legally available for such payment, and Holders will not be entitled to participate in those dividends.

5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, Holders shall be entitled, out of funds legally available therefor, before any distribution or payment may be made by the Corporation or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of capital stock ranking senior to or on parity with Series C Preferred Shares upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $1,000,000 per share (the "Series C Liquidation Preference"), plus any declared and unpaid dividends thereon, without accumulation of any undeclared dividends, from the last Dividend Payment Date to, but excluding, the date of such voluntary or involuntary liquidation, dissolution or winding up of the Corporation. Holders shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the Corporation other than what is expressly provided for in this Subsection 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the aforesaid liquidation distributions to the Holders and any liquidation distributions owed to holders of any class or series of capital stock of the Corporation ranking equally with the Series C Preferred Shares in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the amounts paid to the Holders and to the holders of all such equally ranking capital stock shall be pro rata in accordance with the respective aggregate liquidating distributions to which they would otherwise be entitled.

(c) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Subsection 5, the sale, conveyance, exchange or transfer (for cash, shares of capital stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or Person or the merger, consolidation or any other business combination transaction of any other corporation or Person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the Corporation.

6. Redemption.

(a) Optional Redemption. At its option, the Corporation may redeem out of funds legally available therefor, (i) in whole or in part, from time to time, the Series C Preferred Shares at the time outstanding, on any Dividend Payment Date on or after March 15, 2020, or (ii) in whole but not in part at any time within 90 days following a Regulatory Capital Event, in each case at a redemption price equal to $1,000,000 per share plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to but excluding the redemption date, upon notice given as provided in Subsection 6(b) below.

(b) Notice of Redemption. Notice of every redemption of Series C Preferred Shares shall be mailed by first class mail, postage prepaid, addressed to the Holders of such shares to be redeemed at their respective last addresses appearing on the share register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection 6(b) shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice, but failure duly to

give such notice by mail, or any defect in such notice or in the mailing thereof, to any Holder of Series C Preferred Shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other Series C Preferred Shares. Each notice shall state:

(i) the redemption date;

(i) the total number of Series C Preferred Shares to be redeemed and, if fewer than all the shares of a Holder are to be redeemed, the number of such shares to be redeemed;

(iii) the redemption price;

(iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price, if applicable; and

(v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

Notwithstanding the foregoing, if the certificates evidencing the Series C Preferred Shares are held of record by a depositary and any related depository shares are held of record by a Depositary or its nominee, the Corporation may give such notice in any manner permitted by the Depositary.

(c) Partial Redemption. In case of any redemption of only part of the Series C Preferred Shares at the time outstanding, the Series C Preferred Shares to be redeemed shall be selected (i) pro rata from the Holders in proportion to the number of Series C Preferred Shares held by such Holders, (ii) by lot or (iii) in such other manner as the Board of Directors or any duly authorized committee thereof may determine, in its sole discretion, to be fair and equitable.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, for the pro rata benefit of the Holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors or any duly authorized committee thereof (the "Trust") in trust for the pro rata benefit of the Holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue on such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the Holders thereof to receive the amount payable on such redemption from the Trust at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Trust any interest accrued on such funds, and the Holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the Holders of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

7. Voting Rights.

(a) General. The Holders shall not be entitled to vote on any matter except as set forth in this Subsection 7 or as required by the Business Corporation Law. In any case in which the Holders shall be entitled to vote separately as a single class pursuant to the provisions of the Certificate of Incorporation or pursuant to law, each Holder shall be entitled to one vote for each Series C Preferred Share held.

(b) Preferred Share Directors.

(i) Voting Right. Whenever dividends payable on the Preferred Shares of any series in an aggregate amount at least equal to three semi-annual or six full quarterly dividends (which need not be consecutive) on such series shall not have been paid (a "Nonpayment"), the authorized number of

directors of the Corporation shall automatically be increased by two and the holders of the outstanding Preferred Shares of all series shall have the special right, voting separately as a single class, to elect two directors of the Corporation (hereinafter the "Preferred Share Directors" and each a "Preferred Share Director"), to fill such newly created directorships until such right shall terminate as provided below in Subsection 7(b)(ii); *provided, however,* that it shall be a qualification for election of any such director that the election of such director shall not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors. At each meeting of shareholders at which the holders of the Preferred Shares of all series shall have the special right, voting separately as a single class, to elect directors as provided in this Subsection (7)(b), the presence in person or by proxy of the holders of record of one-third of the total number of the issued and outstanding Preferred Shares of all series shall be necessary and sufficient to constitute a quorum of such class for such election by such shareholders, and such election shall be by a plurality of the votes cast at such meeting by such shareholders.

(ii) Termination. Each Preferred Share Director shall hold office until the annual meeting of shareholders next succeeding his or her election and until his or her successor, if any, is elected by the holders of the issued and outstanding Preferred Shares and qualified or, if earlier, until the Preferred Share Director Termination Date or his or her death, resignation or removal in the manner provided in the By-Laws; *provided, however*, that notwithstanding any provision in the By-Laws, a Preferred Share Director may be removed only by the affirmative vote of the holders a majority of the issued and outstanding Preferred Shares if such removal is without cause. In case any vacancy shall occur among the Preferred Share Directors, such vacancy may be filled for the unexpired portion of the term by vote of the single remaining Preferred Share Director or his or her successor in office, or, if such vacancy shall occur more than 90 days prior to the first anniversary of the next preceding annual meeting of shareholders, by the holders of the issued and outstanding Preferred Shares at a special meeting of such shareholders called for the purpose. Whenever the Corporation has paid noncumulative dividends in full on all series of Preferred Shares for at least two consecutive semi-annual or four consecutive quarterly dividend periods following a Nonpayment and has paid arrearages of cumulative dividends in full on any Preferred Shares entitled to cumulative dividends, then the right of the Holders to elect Preferred Share Directors will cease (the time of such cessation, the "Preferred Share Director Termination Date"). Upon a Preferred Share Director Termination Date, the terms of office of the Preferred Share Directors will immediately terminate, the persons then serving as Preferred Share Directors shall immediately cease to be qualified to hold office as Preferred Share Directors, the Preferred Share Directors shall cease to be directors of the Corporation and the number of directors constituting the Board of Directors shall be automatically reduced, without any action by the Board of Directors or the shareholders of the Corporation, by the number of Preferred Share Directors authorized immediately prior to such termination, but subject always to the same provisions for the vesting of such special right, voting separately as a single class, to elect two directors in the case of any future arrearages in an aggregate amount at least equal to six full quarterly dividends as described in this Subsection (7)(b). Notwithstanding the foregoing, if (a) the date of the first annual meeting of shareholders following the date on which all arrears of dividends on the issued and outstanding Preferred Shares of all series providing for cumulative dividends shall have been paid and dividends on the issued and outstanding Preferred Shares of all series for the current quarterly period shall have been paid or declared and provided for is later than (b) the Preferred Share Director Termination Date that would be applicable pursuant to the foregoing provision, the Preferred Share Director Termination Date shall instead be the date of such later annual general meeting. At any time after the special voting power has vested pursuant to Subsection 7(b)(i) above, the secretary of the Corporation may, and upon the written request (addressed to the secretary at the Corporation's principal office) of the holders of at least 20% of the voting power of the Series C Preferred Shares or the holders of at least 20% of the voting power of any series of Preferred Shares (with such voting power measured based on the voting power to elect Preferred Share Directors), must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders at which Preferred Share Directors are to be elected, in which event such election shall be held at such next annual or special meeting of shareholders),

call a special meeting of the holders of the Preferred Shares of all series for the purposes of electing Preferred Share Directors.

(iii) Vote. The Preferred Share Directors shall each be entitled to one vote per director on any matter.

(iv) Notice of Special Meeting. Notice for a special meeting to elect Preferred Share Directors will be given in a similar manner to that provided in the By-Laws for a special meeting of the shareholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any request (although the special voting power has vested pursuant to Subsection 7(b)(i) above), then any Holders meeting the requirements of Subsection 7(b)(ii) may (at the expense of the Corporation) call such meeting, upon notice as provided in this Subsection 7(b)(iv), and for that purpose will have access to the share register of the Corporation. The Preferred Share Directors elected at any such special meeting, and each Preferred Share Director elected at a subsequent annual or special meeting of shareholders, will be elected for term expiring upon the earlier of the Preferred Share Director Termination Date and the next annual meeting of shareholders following such Preferred Share Director's election. Preferred Share Directors may only be elected by the holders of the Preferred Shares in accordance with this Subsection 7. If the holders of the Preferred Shares fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors pursuant to this Subsection 7, then any directorship not so filled shall remain vacant until such time as the holders of the Preferred Shares elect a person to fill such directorship in accordance with this Subsection 7, or such vacancy is otherwise filled in accordance with this Subsection 7; and no such directorship may be filled by shareholders of the Corporation other than in accordance with this Subsection 7.

(c) Senior Issuances; Adverse Changes. So long as any Series C Preferred Share is outstanding, but subject to the final paragraph of this Subsection 7(c), in addition to any other vote or consent of holders of the Corporation's capital stock required by New York law, the vote or consent of the holders of at least two-thirds of the voting power of the Series C Preferred Shares and any other issued and outstanding preferred shares of the Corporation entitled to vote together with the Series C Preferred Shares thereon, given in person or by proxy, at an annual or special meeting of shareholders called for the purpose, at which all holders of all issued and outstanding Series C Preferred Shares and such preferred shares shall vote separately as a single class, shall be necessary for effecting any of the following actions, whether or not such approval is required by New York law:

(i) any amendment, alteration or repeal of any provision of the Certificate of Incorporation (including this Section 11) or the By-Laws so as to adversely affect the relative rights, preferences or limitations of the Series C Preferred Shares;

(ii) the authorization of any class or series of capital stock of the Corporation (a) ranking prior to the Series C Preferred Shares in the payment of dividends and/or the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, or an increase in the authorized amount of any shares of, or any securities convertible into shares of, any class or series of capital stock of the Corporation ranking prior to the Series C Preferred Shares in the payment of dividends or in the distribution of assets on any liquidation, dissolution, or winding up of the Corporation or (b) voting together with the Series C Preferred Shares on a basis that grants such class or series more than one vote per $1,000,000 of liquidation preference; or

(iii) the consummation of a binding share exchange or reclassification involving the Series C Preferred Shares or a merger or consolidation of the Corporation with another entity, except that holders of the Series C Preferred Shares will have no right to vote under this provision or otherwise under applicable law if in each case (i) the Series C Preferred Shares remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preferred securities of the surviving or resulting entity or its ultimate parent, and (ii) such Series C Preferred Shares remaining outstanding or such preferred securities, as the case may be, have such relative rights, preferences or limitations, taken as a whole, as

are not less favorable to the holders thereof than the relative rights, preferences and limitations of the Series C Preferred Shares, taken as a whole;

*provided, however*, that, for the avoidance of doubt, any increase in the amount of the authorized or issued Series C Preferred Shares or authorized Common Shares or Parity Stock or any securities convertible into Common Shares or Parity Stock or the creation and issuance, or an increase in the authorized or issued amount, of series of Junior Stock or any securities convertible into Junior Stock will not be deemed to adversely affect the voting powers, preferences or special rights of the Series C Preferred Shares, and no shareholder will have the right to vote on such an increase, creation or issuance by reason of this Subsection 7.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Subsection 7(c) would adversely affect the relative rights preferences or limitations of the Series C Preferred Shares but not all other series of issued and outstanding preferred shares of the Corporation, then only such series of issued and outstanding preferred shares as are adversely affected by and entitled to vote on the matter shall vote on the matter together with the Series C Preferred Shares as a single class (in lieu of all other series of preferred shares of the Corporation) for purposes of the vote or consent required by this Subsection 7(c).

(d) No Vote if Redemption. No vote or consent of the Holders shall be required pursuant to Subsection 7(b) or 7(c) if, at or prior to the time when the act with respect to such vote or consent would otherwise be required shall be effected, the Corporation shall have redeemed or shall have called for redemption all outstanding Series C Preferred Shares, with proper notice and sufficient funds having been set aside for such redemption, in each case pursuant to Subsection 6 above.

8. Preemption and Conversion Rights.

The Holders shall not have any preemptive rights or conversion rights as a result of the terms hereof.

9. Rank.

For the avoidance of doubt, the Board of Directors or any duly authorized committee thereof may, without the vote of the Holders, authorize and issue additional shares of Junior Stock or Parity Stock.

10. Reacquired Shares.

The Board of Directors shall take such actions as are necessary to cause the Series C Preferred Shares that have been redeemed or otherwise purchased or acquired by the Corporation to be retired and restored to the status of authorized but unissued preferred shares without designation as to series.

11. No Sinking Fund.

The Series C Preferred Shares are not subject to the operation of a sinking fund.

12. Transfer Agent, Calculation Agent, Registrar and Paying Agent.

The duly appointed Transfer Agent, Calculation Agent, Registrar and paying agent for the Series C Preferred Shares shall be Computershare Trust Company, N.A. The Corporation may, in its sole discretion, remove the Transfer Agent, Calculation Agent, Registrar and paying agent in accordance with the agreement between such party and the Corporation; *provided, however*, that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof by first-class mail, postage prepaid, to the Holders.

13. Replacement Certificates for Mutilated, Destroyed, Stolen and Lost Certificates.

If physical certificates are issued, the Corporation shall replace any mutilated certificate at the Holder’s expense upon surrender of that certificate to the Transfer Agent. The Corporation shall replace certificates that become destroyed, stolen or lost at the Holder’s expense upon delivery to the Corporation and the Transfer Agent of

satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be required by the Transfer Agent and the Corporation.

14. Form.

(a) Series C Preferred Shares Certificates. Series C Preferred Shares shall be issued in certificated form in substantially the form set forth below in this Subsection 14(a) (each, a "Series C Preferred Shares Certificate"). The Series C Preferred Shares Certificates may have notations, legends or endorsements required by law, stock exchange rules, agreements to which the Corporation is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Corporation).

[Form of Face of Certificate for
4.900% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series C]

Certificate Number _____ Number of Series C Preferred Shares _____

CUSIP NO.:

AMERICAN EXPRESS COMPANY
(formed under the laws of the State of New York)

4.900% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series C

(par value $1.66 2/3 per share)
(liquidation preference $1,000,000 per share)

American Express Company, a New York corporation (the "Corporation"), hereby certifies that [ ] (the "Holder") is the registered owner of [ ] fully paid and non-assessable shares of the Corporation's designated 4.900% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series C, with a par value of $1.66 2/3 per share and a liquidation preference of $1,000,000 per share (the "Series C Preferred Shares"). The Series C Preferred Shares are transferable on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer, and otherwise in the manner provided by law and in the by-laws of the Corporation. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Series C Preferred Shares represented hereby are and shall in all respects be subject to the provisions of Section 11 of the Corporation's Certificate of Incorporation as the same may be amended from time to time (the "Certificate of Incorporation"). Capitalized terms used herein but not defined shall have the meaning given them in Section 11 of the Certificate of Incorporation. The Corporation will provide a copy of the Certificate of Incorporation to a Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to select provisions of the Series C Preferred Shares set forth on the reverse hereof, and to Section 11 of the Certificate of Incorporation, which select provisions and Section 11 of the Certificate of Incorporation shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by Section 11 of the Certificate of Incorporation and is entitled to the benefits thereunder.

Unless the Registrar has properly countersigned, these Series C Preferred Shares shall not be entitled to any benefit under Section 11 of the Certificate of Incorporation or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, this certificate has been executed on behalf of the Corporation by its **[Title]** and by its **[Title]** this __ day of _____, _____.

AMERICAN EXPRESS COMPANY

By:
Name:
Title:

By:
Name:
Title:

REGISTRAR'S COUNTERSIGNATURE

These are Series C Preferred Shares referred to in the within-mentioned Section 11 of the Certificate of Incorporation.

Dated:

COMPUTERSHARE TRUST COMPANY, N.A., as Registrar

By:
Name:
Title:

[REVERSE OF CERTIFICATE]

Dividends on each Series C Preferred Share shall be payable at the rate provided in Section 11 of the Certificate of Incorporation.

The Series C Preferred Shares shall be redeemable at the option of the Corporation in the manner and in accordance with the terms set forth in Section 11 of the Certificate of Incorporation.

The Corporation shall furnish without charge to each shareholder who so requests a full statement of the designation, relative rights, preferences and limitations of the shares of each class authorized to be issued and the designation, relative rights, preferences and limitations of each series of preferred shares that have been fixed and the authority of the board to designate and fix the relative rights, preferences and limitations of other series.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the Series C Preferred Shares evidenced hereby to:

(Insert assignee's social security or taxpayer identification number, if any)

(Insert address and zip code of assignee)

and irrevocably appoints:

as agent to transfer the Series C Preferred Shares evidenced hereby on the books of the Transfer Agent. The agent may substitute another to act for him or her.

Date:

Signature:

(Sign exactly as your name appears on the other side of this Certificate)

Signature Guarantee: _____

(Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

[end of form of Certificate]

(b) Signature. Two signatories, consisting of (i) the chairman or a vice chairman of the Board of Directors or the president or a vice president of the Corporation and (ii) the secretary or an assistant secretary or the treasurer or an assistant treasurer of the Corporation shall sign any Series C Preferred Shares Certificate for the Corporation, by manual or facsimile signature. If any officer whose signature is on a Series C Preferred Shares Certificate no longer holds that office at the time the Transfer Agent countersigned the Series C Preferred Shares Certificate, such Series C Preferred Shares Certificate shall be valid nevertheless. A Series C Preferred Shares Certificate shall not be valid until an authorized signatory of the Transfer Agent manually countersigns such Series C Preferred Shares Certificate. Each Series C Preferred Shares Certificate shall be dated the date of its countersignature.

15. Taxes.

(a) Transfer Taxes. The Corporation shall pay any and all stock transfer, documentary, stamp and similar taxes or governmental charges that may be payable in respect of any issuance or delivery of Series C Preferred Shares. The Corporation shall not, however, be required to pay any such tax or governmental charge that may be payable in respect of any transfer involved in the issuance or delivery of Series C Preferred Shares, in a name other than that in which the Series C Preferred Shares were registered, or in respect of any payment to any Person other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the Person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or governmental charge or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(b) Withholding Taxes. All payments and distributions (or deemed distributions) on the Series C Preferred Shares shall be subject to withholding and backup withholding of tax to the extent required by law, subject to applicable exemptions, and amounts withheld, if any, shall be treated as received by Holders.

16. Notices.

All notices referred to in this Section 11 shall be in writing, and, unless otherwise specified in this Section 11, all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three Business Days after the mailing thereof if sent by registered or certified mail (unless first class mail shall be specifically permitted for such notice under the terms of this Section 11) with postage prepaid, addressed: (i) if to the Corporation, to its office at American Express Tower, 200 Vesey Street, New York, New York 10285 (Attention: Secretary) or to the Transfer Agent at its office at 250 Royall Street, Canton, Massachusetts 02021 (Attn: General Counsel), or other agent of the Corporation designated as permitted by this Section 11, or (ii) if to any Holder, to such Holder at the address of such Holder as listed in the share record books of the Corporation (which may include the records of the Transfer Agent) or (iii) to such other address as the Corporation or any such Holder, as the case may be, shall have designated by notice similarly given.

17. Other Rights Disclaimed.

The Series C Preferred Shares have no voting powers, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth in this Section 11 or elsewhere in the Certificate of Incorporation.

SECTION 12. DESIGNATION OF 3.550% FIXED RATE RESET NONCUMULATIVE PREFERRED SHARES, SERIES D

1. Designation and Number of Shares.

(a) There is hereby created out of the authorized and unissued preferred shares of the Corporation a series of preferred shares designated as the "3.550% Fixed Rate Reset Noncumulative Preferred Shares, Series D" (the "Series D Preferred Shares").

(b) The number of authorized Series D Preferred Shares shall be 1,600. That number from time to time may be increased (but not in excess of the total number of authorized preferred shares) or decreased (but not below the number of Series D Preferred Shares then outstanding) by further resolution duly adopted by the Board of Directors, the Risk Committee thereof, the Preferred Share Pricing Committee thereof or any other duly authorized committee thereof and by the filing of a certificate pursuant to the provisions of the Business Corporation Law stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional Series D Preferred Shares.

2. General Matters.

Each Series D Preferred Share shall be identical in all respects to every other Series D Preferred Share. The Series D Preferred Shares shall be perpetual, subject to the provisions of Subsection 5 below.

3. Definitions.

As used in this Section 12:

"Appropriate Federal Banking Agency" means the "appropriate federal banking agency" with respect to the Corporation as that term is defined in Section 3(q) of the Federal Deposit Insurance Act of 1950, as amended, or any successor provision.

"Board of Directors" means the Board of Directors of the Corporation.

"Business Day" means any day that is not a Saturday or Sunday or any other day on which banks in New York City are authorized or obligated by law or regulation to close.

"Business Corporation Law" means the Business Corporation Law of the State of New York.

"By-Laws" means the bylaws of the Corporation, as they may be amended from time to time.

"Calculation Agent" means the Transfer Agent acting in its capacity as calculation agent for the Series D Preferred Shares, and its successors and permitted assigns.

"Common Shares" means the common shares of the Corporation, par value $0.20 per share, or any other shares of the capital stock of the Corporation into which such common shares shall be reclassified or changed.

"Corporation" means American Express Company, a New York corporation.

"Depositary" means DTC or its nominee or any successor depositary appointed by the Corporation.

"Dividend Payment Date" has the meaning set forth in Subsection 4(a) of this Section 12.

"Dividend Period" has the meaning set forth in Subsection 4(a) of this Section 12.

"Dividend Record Date" has the meaning set forth in Subsection 4(a) of this Section 12.

"DTC" means The Depository Trust Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"First Reset Date" means September 15, 2026.

"Five-Year Treasury Rate" means the rate that will be determined as follows:

- The average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the five Business Days appearing under the caption "Treasury Constant Maturities" in the most recently published statistical release designated H.15 Daily Update or any successor publication which is published by the Federal Reserve Board as of 5:00 p.m. (Eastern Time) as of any date of determination, as determined by the Calculation Agent in its sole discretion.

- If no calculation is provided as described above, then the Corporation will use a substitute or successor rate that the Corporation (or its designee, which the Corporation may designate in its sole discretion and which may be an affiliate of the Corporation) has determined, in its (or such designee's) sole discretion after consulting any source the Corporation (or such designee) deems to be reasonable, is (i) the industry-accepted substitute or successor for the Five-Year Treasury Rate or (ii) if there is no such industry-accepted substitute or successor for the Five-Year Treasury Rate, a substitute or successor rate that is most comparable to the Five-Year Treasury Rate. Upon selection of a substitute or successor rate, the Corporation (or its designee) may determine, in its (or such designee's) sole discretion after consulting any source the Corporation (or such designee) deems to be reasonable, the day count convention, the Business Day convention, the definition of Business Day, the Reset Dividend Determination Date and any other relevant methodology or definition for calculating such substitute or successor rate, including any adjustment factor it determines is needed to make such substitute or successor rate comparable to the Five-Year Treasury Rate, in a manner that is consistent with any industry-accepted practices for such substitute or successor rate. If the Corporation or its designee, in its (or such designee's) sole discretion, is unable to determine a substitute or successor rate in accordance with the foregoing, then the Five-Year Treasury Rate will be the same rate determined for the prior Reset Dividend Determination Date or, if this sentence is applicable with respect to the First Reset Date, 0.696%.

The Five-Year Treasury Rate will be determined on each Reset Dividend Determination Date.

Any determination, decision or election that may be made by the Corporation (or its designee, which may be an affiliate of the Corporation) pursuant to the provisions described in the definition of Five-Year Treasury Rate, including any determination with respect to tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, will be made in the Corporation's (or such designee's) sole discretion, and, notwithstanding anything to the contrary in this Certificate of Amendment, shall become effective without consent from the holders of the Series D Preferred Shares or any other party.

All percentages resulting from any calculation of the dividend rate will be rounded, if necessary, to the nearest 1/100,000 of 1% (.0000001), with five one-millionths of a percentage point rounded upward. All currency amounts used in, or resulting from, the calculation on the Series D Preferred Shares will be rounded to the nearest one-hundredth of a unit. For purposes of rounding, .005 of a unit shall be rounded upward.

"Holder" means the Person in whose name the shares of the Series D Preferred Shares are registered, which may be treated by the Corporation, Calculation Agent, Transfer Agent, Registrar and paying agent as the absolute owner of the Series D Preferred Shares for the purpose of making payment and for all other purposes.

"Junior Stock" means the Common Shares and any other class or series of capital stock of the Corporation now existing or hereafter authorized over which Series D Preferred Shares has preference or priority in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"Nonpayment" has the meaning set forth in Subsection 7(b)(i) of this Section 12.

"Parity Stock" means the 5.200% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series B, the 4.900% Fixed Rate/Floating Rate Noncumulative Preferred Shares, Series C and any other class or series of capital stock of the Corporation now existing or hereafter authorized that ranks on par with the Series D Preferred Shares in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, or other entity.

"Preferred Shares" means the Series D Preferred Shares, the 5.200% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series B, the 4.900% Fixed Rate / Floating Rate Noncumulative Preferred Shares, Series C, and preferred shares of the Corporation of any series that by its terms votes together with the Series D Preferred Shares in the election of directors, as applicable.

"Preferred Share Director" has the meaning set forth in Subsection 7(b)(i) of this Section 12.

"Preferred Share Director Termination Date" has the meaning set forth in Subsection 7(b)(ii) of this Section 12.

"Registrar" means the Transfer Agent acting in its capacity as registrar for the Series D Preferred Shares, and its successors and permitted assigns.

"Regulatory Capital Event" means the good faith determination by the Corporation that, as a result of (i) any amendment to, clarification of, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any Series D Preferred Shares, (ii) any proposed amendment to, clarification of, or change in those laws or regulations that is announced or becomes effective on or after the initial issuance of any Series D Preferred Shares, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations or policies with respect thereto that is announced on or after the initial issuance of any Series D Preferred Shares, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of $1,000,000 per share of the Series D Preferred Shares then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines of the Federal Reserve (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency) as then in effect and applicable, for so long as any Series D Preferred Share is outstanding.

"Reset Date" means the First Reset Date and each date falling on the fifth anniversary of the preceding Reset Date, and no Reset Date, including the First Reset Date, will be adjusted for Business Days.

"Reset Dividend Determination Date" means, in respect of any Reset Period, the day that is three Business Days prior to the beginning of such Reset Period.

"Reset Period" means the period from, and including, each Reset Date to, but excluding, the next succeeding Reset Date, except for the initial Reset Period, which will be the period from, and including, the First Reset Date to, but excluding, the next succeeding Reset Date.

"Series D Preferred Shares" has the meaning set forth in Subsection 1 of this Section 12.

"Transfer Agent" means Computershare Trust Company, N.A., acting as Transfer Agent, Calculation Agent, Registrar and paying agent for the Series D Preferred Shares, and its successors and permitted assigns.

"Trust" has the meaning set forth in Subsection 6(d) of this Section 12.

4. Dividends.

(a) Rate. Holders shall be entitled to receive, only when, as, and if declared by the Board of Directors or any duly authorized committee thereof, but only out of funds legally available therefor, noncumulative cash dividends on the Series D Preferred Shares in the amounts specified below in this Subsection 4, and no more, payable quarterly in arrears, on the 15th of March, June, September and December of each year, beginning on September 15, 2021; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such postponement (each such day on which dividends are payable a "Dividend Payment Date"). The period from and including the date of issuance of the Series D Preferred Shares or any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "Dividend Period." Dividends on each Series D Preferred Share will accrue on the liquidation preference of $1,000,000 per share at a rate per annum equal to (i) 3.550% for each Dividend Period from and including the date of issuance to, but excluding, the First Reset Date on September 15, 2026 and (ii) the Five-Year Treasury Rate as of the most recent Reset Dividend Determination Date plus 2.854%, for each Dividend Period from and including the First Reset Date. The record date for payment of dividends on the Series D Preferred Shares will be the record date fixed by the Board of Directors or any other duly authorized committee thereof that is not more than 30 days prior to such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date will be a Dividend Record Date whether or not such day is a Business Day. The amount of dividends payable with respect to any Dividend Period will be computed on the basis of a 360-day year and the actual number of days elapsed.

(b) Noncumulative Dividends. If the Board of Directors or any duly authorized committee thereof does not declare a dividend on the Series D Preferred Shares for any Dividend Period prior to the related Dividend Payment Date, that dividend will not accrue, and the Corporation will have no obligation to pay, and Holders shall have no right to receive, a dividend for that Dividend Period on the related Dividend Payment Date or at any future time, whether or not dividends on the Series D Preferred Shares or any other series of preferred shares or common shares are declared for any subsequent period. References herein to the "accrual" of dividends refer only to the determination of the amount of such dividend and do not imply that any right to a dividend arises prior to the date on which a dividend is declared.

(c) Priority of Dividends. So long as any Series D Preferred Shares remain outstanding, unless as to a Dividend Payment Date full dividends on all outstanding Series D Preferred Shares have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside for the Dividend Period then ending, the Corporation will not, and will cause its subsidiaries not to, during the next succeeding Dividend Period that commences on such Dividend Payment Date, declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any Junior Stock, or make any guarantee payment with respect thereto, other than:

(i) purchases, redemptions or other acquisitions of shares of Junior Stock in connection with (A) any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants or (B) a dividend reinvestment or share purchase plan;

(ii) purchases or repurchases of shares of capital stock of the Corporation pursuant to a contractually binding requirement to buy stock existing prior to the commencement of the then-current Dividend Period, including under a contractually binding share repurchase plan;

(iii) any declaration of a dividend in connection with any shareholders' rights plan, or the issuance of rights, shares or other property under any shareholders' rights plan, or the redemption or repurchase of rights pursuant to the plan;

(iv) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock;

(v) as a result of an exchange, reclassification or conversion of any class or series of Junior Stock for any other class or series of Junior Stock;

(vi) the purchase of fractional interests in shares of Junior Stock pursuant to the conversion or exchange provisions of such Junior Stock or the security being converted or exchanged;

(vii) the purchase of Junior Stock by any subsidiary of the Corporation in connection with the distribution thereof; or

(viii) the purchase of Junior Stock by any subsidiary of the Corporation in connection with market-making or other secondary-market activities in the ordinary course of business.

The restrictions set forth in the preceding provisions of this Subsection 4(c) shall not apply to any Junior Stock dividends paid by the Corporation where the dividend is in the form of the same shares (or the right to buy the same shares) as that on which the dividend is being paid or ranks equal or junior to the Series D Preferred Shares as to both dividends and distributions upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

Except as provided below, for so long as any Series D Preferred Shares remain outstanding, if dividends are not declared and paid in full upon the Series D Preferred Shares and any Parity Stock, all dividends declared upon the Series D Preferred Shares and such other Parity Stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per Series D Preferred Share and accrued dividends for the then-current Dividend Period per share of such other Parity Stock (including, in the case of any such other Parity Stock that bears cumulative dividends, all accrued and unpaid dividends), bear to each other.

Subject to the foregoing, and not otherwise, such dividends payable in cash, shares or otherwise, as may be determined by the Board of Directors or any duly authorized committee thereof, may be declared and paid on any other class or series of capital stock of the Corporation from time to time out of any funds legally available for such payment, and Holders will not be entitled to participate in those dividends.

5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, Holders shall be entitled, out of funds legally available therefor, before any distribution or payment may be made by the Corporation or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of capital stock ranking senior to or on parity with Series D Preferred Shares upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of $1,000,000 per share (the "Series D Liquidation Preference"), plus any declared and unpaid dividends thereon, without accumulation of any undeclared dividends, from the last Dividend Payment Date to, but excluding, the date of such voluntary or involuntary liquidation, dissolution or winding up of the Corporation. Holders shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the Corporation other than what is expressly provided for in this Subsection 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the aforesaid liquidation distributions to the Holders and any liquidation distributions owed to holders of any class or series of

capital stock of the Corporation ranking equally with the Series D Preferred Shares in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the amounts paid to the Holders and to the holders of all such equally ranking capital stock shall be pro rata in accordance with the respective aggregate liquidating distributions to which they would otherwise be entitled.

(c) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Subsection 5, the sale, conveyance, exchange or transfer (for cash, shares of capital stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or Person or the merger, consolidation or any other business combination transaction of any other corporation or Person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the Corporation.

6. Redemption.

(a) Optional Redemption. The Series D Preferred Shares are perpetual and have no maturity date. At its option, the Corporation may redeem out of funds legally available therefor the Series D Preferred Shares at the time outstanding, (i) in whole or in part, from time to time, in each case on any Dividend Payment Date after the First Reset Date on September 15, 2026, or (ii) in whole but not in part at any time within 90 days following a Regulatory Capital Event, in the case of each clause (i) and (ii) at a cash redemption price equal to $1,000,000 per share plus any declared and unpaid dividends, without accumulation of any undeclared dividends, to but excluding the redemption date, upon notice given as provided in Subsection 6(b) below.

(b) Notice of Redemption. Notice of every redemption of Series D Preferred Shares shall be mailed by first class mail, postage prepaid, addressed to the Holders of such shares to be redeemed at their respective last addresses appearing on the share register of the Corporation. Such mailing shall be at least 5 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection 6(b) shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any Holder of Series D Preferred Shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other Series D Preferred Shares. Each notice shall state:

(i) the redemption date;

(ii) the total number of Series D Preferred Shares to be redeemed and, if fewer than all the shares of a Holder are to be redeemed, the number of such shares to be redeemed;

(iii) the redemption price;

(iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price, if applicable; and

(v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

Notwithstanding the foregoing, if the Series D Preferred Stock or depositary shares representing an interest in shares of Series D Preferred Stock are held in book-entry form through the Depositary or any other similar facility, the Corporation may give such notice in any manner permitted by the Depositary or such facility.

(c) Partial Redemption. In case of any redemption of only part of the Series D Preferred Shares at the time outstanding, the Series D Preferred Shares to be redeemed shall be selected (i) pro rata from the Holders in proportion to the number of Series D Preferred Shares held by such Holders, (ii) by lot or (iii) in such other manner as the Board of Directors or any duly authorized committee thereof may determine, in its sole discretion, to be fair and equitable.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, for the pro rata benefit of the Holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors or any duly authorized committee thereof (the "Trust") in trust for the pro rata benefit of the Holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue on such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the Holders thereof to receive the amount payable on such redemption from the Trust at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Trust any interest accrued on such funds, and the Holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the Holders of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

7. Voting Rights.

(a) General. The Holders shall not be entitled to vote on any matter except as set forth in this Subsection 7 or as required by the Business Corporation Law. In any case in which the Holders shall be entitled to vote separately as a single class pursuant to the provisions of the Certificate of Incorporation or pursuant to law, each Holder shall be entitled to one vote for each Series D Preferred Share held.

(b) Preferred Share Directors.

(i) Voting Right. Whenever dividends payable on the Preferred Shares of any series in an aggregate amount at least equal to six full quarterly dividends (which need not be consecutive) on such series shall not have been paid (a "Nonpayment"), the authorized number of directors of the Corporation shall automatically be increased by two and the holders of the outstanding Preferred Shares of all series shall have the special right, voting separately as a single class, to elect two directors of the Corporation (hereinafter the "Preferred Share Directors" and each a "Preferred Share Director"), to fill such newly created directorships until such right shall terminate as provided below in Subsection 7(b)(ii); provided, however that it shall be a qualification for election of any such director that the election of such director shall not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors. At each meeting of shareholders at which the holders of the Preferred Shares of all series shall have the special right, voting separately as a single class, to elect directors as provided in this Subsection (7)(b), the presence in person or by proxy of the holders of record of one-third of the total number of the issued and outstanding Preferred Shares of all series shall be necessary and sufficient to constitute a quorum of such class for such election by such shareholders, and such election shall be by a plurality of the votes cast at such meeting by such shareholders.

(ii) Termination. Each Preferred Share Director shall hold office until the annual meeting of shareholders next succeeding his or her election and until his or her successor, if any, is elected by the holders of the issued and outstanding Preferred Shares and qualified or, if earlier, until the Preferred Share Director Termination Date or his or her death, resignation or removal in the manner provided in the By-Laws; provided, however, that notwithstanding any provision in the By-Laws, a Preferred Share Director may be removed only by the affirmative vote of the holders a majority of the issued and outstanding Preferred Shares if such removal is without cause. In case any vacancy shall occur among the Preferred Share Directors, such vacancy may be filled for the unexpired portion of the term by vote of the

single remaining Preferred Share Director or his or her successor in office, or, if such vacancy shall occur more than 90 days prior to the first anniversary of the next preceding annual meeting of shareholders, by the holders of the issued and outstanding Preferred Shares at a special meeting of such shareholders called for the purpose. Whenever the Corporation has paid noncumulative dividends in full on all series of Preferred Shares for at least four consecutive quarterly Dividend Periods following a Nonpayment and has paid arrearages of cumulative dividends in full on any Preferred Shares entitled to cumulative dividends, then the right of the Holders to elect Preferred Share Directors will cease (the time of such cessation, the "Preferred Share Director Termination Date"). Upon a Preferred Share Director Termination Date, the terms of office of the Preferred Share Directors will immediately terminate, the persons then serving as Preferred Share Directors shall immediately cease to be qualified to hold office as Preferred Share Directors, the Preferred Share Directors shall cease to be directors of the Corporation and the number of directors constituting the Board of Directors shall be automatically reduced, without any action by the Board of Directors or the shareholders of the Corporation, by the number of Preferred Share Directors authorized immediately prior to such termination, but subject always to the same provisions for the vesting of such special right, voting separately as a single class, to elect two directors in the case of any future arrearages in an aggregate amount at least equal to six full quarterly dividends as described in this Subsection (7)(b). Notwithstanding the foregoing, if (a) the date of the first annual meeting of shareholders following the date on which all arrears of dividends on the issued and outstanding Preferred Shares of all series providing for cumulative dividends shall have been paid and dividends on the issued and outstanding Preferred Shares of all series for the current quarterly period shall have been paid or declared and provided for is later than (b) the Preferred Share Director Termination Date that would be applicable pursuant to the foregoing provision, the Preferred Share Director Termination Date shall instead be the date of such later annual meeting. At any time after the special voting power has vested pursuant to Subsection 7(b)(i) above, the secretary of the Corporation may, and upon the written request (addressed to the secretary at the Corporation's principal office) of the holders of at least 20% of the voting power of the Series D Preferred Shares or the holders of at least 20% of the voting power of any series of Preferred Shares (with such voting power measured based on the voting power to elect Preferred Share Directors), must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders at which Preferred Share Directors are to be elected, in which event such election shall be held at such next annual or special meeting of shareholders), call a special meeting of the holders of the Preferred Shares of all series for the purposes of electing Preferred Share Directors.

(iii) Vote. The Preferred Share Directors shall each be entitled to one vote per director on any matter.

(iv) Notice of Special Meeting. Notice for a special meeting to elect Preferred Share Directors will be given in a similar manner to that provided in the By-Laws for a special meeting of the shareholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any request (although the special voting power has vested pursuant to Subsection 7(b)(i) above), then any Holders meeting the requirements of Subsection 7(b)(ii) may (at the expense of the Corporation) call such meeting, upon notice as provided in this Subsection 7(b)(iv), and for that purpose will have access to the share register of the Corporation. The Preferred Share Directors elected at any such special meeting, and each Preferred Share Director elected at a subsequent annual or special meeting of shareholders, will be elected for term expiring upon the earlier of the Preferred Share Director Termination Date and the next annual meeting of shareholders following such Preferred Share Director's election. Preferred Share Directors may only be elected by the holders of the Preferred Shares in accordance with this Subsection 7. If the holders of the Preferred Shares fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors pursuant to this Subsection 7, then any directorship not so filled shall remain vacant until such time as the holders of the Preferred Shares elect a person to fill such directorship in accordance with this Subsection 7, or such vacancy is otherwise filled in accordance with this Subsection 7; and no such directorship may be filled by shareholders of the Corporation other than in accordance with this Subsection 7.

(c) Senior Issuances; Adverse Changes. So long as any Series D Preferred Share is outstanding, but subject to the final paragraph of this Subsection 7(c), in addition to any other vote or consent of holders of the Corporation's capital stock required by New York law, the vote or consent of the holders of at least two-thirds of the voting power of the Series D Preferred Shares and any other issued and outstanding preferred shares of the Corporation entitled to vote together with the Series D Preferred Shares thereon, given in person or by proxy, at an annual or special meeting of shareholders called for the purpose, at which all holders of all issued and outstanding Series D Preferred Shares and such preferred shares shall vote separately as a single class, shall be necessary for effecting any of the following actions, whether or not such approval is required by New York law:

(i) any amendment, alteration or repeal of any provision of the Certificate of Incorporation (including this Section 12) or the By-Laws so as to adversely affect the relative rights, preferences or limitations of the Series D Preferred Shares;

(ii) the authorization of any class or series of capital stock of the Corporation (a) ranking prior to the Series D Preferred Shares in the payment of dividends and/or the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, or an increase in the authorized amount of any shares of, or any securities convertible into shares of, any class or series of capital stock of the Corporation ranking prior to the Series D Preferred Shares in the payment of dividends or in the distribution of assets on any liquidation, dissolution, or winding up of the Corporation or (b) voting together with the Series D Preferred Shares on a basis that grants such class or series more than one vote per $1,000,000 of liquidation preference; or

(iii) the consummation of a binding share exchange or reclassification involving the Series D Preferred Shares or a merger or consolidation of the Corporation with another entity, except that holders of the Series D Preferred Shares will have no right to vote under this provision or otherwise under applicable law if in each case (i) the Series D Preferred Shares remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preferred securities of the surviving or resulting entity or its ultimate parent, and (ii) such Series D Preferred Shares remaining outstanding or such preferred securities, as the case may be, have such relative rights, preferences or limitations, taken as a whole, as are not less favorable to the holders thereof than the relative rights, preferences and limitations of the Series D Preferred Shares, taken as a whole;

provided, however, that, for the avoidance of doubt, any increase in the amount of the authorized or issued Series D Preferred Shares or authorized Common Shares or Parity Stock or any securities convertible into Common Shares or Parity Stock or the creation and issuance, or an increase in the authorized or issued amount, of series of Junior Stock or any securities convertible into Junior Stock will not be deemed to adversely affect the voting powers, preferences or special rights of the Series D Preferred Shares, and no shareholder will have the right to vote on such an increase, creation or issuance by reason of this Subsection 7.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Subsection 7(c) would adversely affect the relative rights preferences or limitations of the Series D Preferred Shares but not all other series of issued and outstanding preferred shares of the Corporation, then only such series of issued and outstanding preferred shares as are adversely affected by and entitled to vote on the matter shall vote on the matter together with the Series D Preferred Shares as a single class (in lieu of all other series of preferred shares of the Corporation) for purposes of the vote or consent required by this Subsection 7(c).

(d) Changes Permitted without Consent. Without the consent of the holders of the Series D Preferred Shares, so long as such action does not adversely affect the rights, preferences, privileges and voting powers of the Series D Preferred Shares, the Corporation may amend, alter, supplement or repeal any terms of the Series D Preferred Shares:

(i) to cure any ambiguity, or to cure, correct or supplement any provision contained in this Certificate of Amendment for the Series D Preferred Shares that may be defective or inconsistent; or

(ii) to make any provision with respect to matters or questions arising with respect to the Series D Preferred Shares that is not inconsistent with the provisions of this Certificate of Amendment.

(e) No Vote if Redemption. No vote or consent of the Holders shall be required pursuant to Subsection 7(b) or 7(c) if, at or prior to the time when the act with respect to such vote or consent would otherwise be required shall be effected, the Corporation shall have redeemed or shall have called for redemption all outstanding Series D Preferred Shares, with proper notice and sufficient funds having been set aside for such redemption, in each case pursuant to Subsection 6 above.

8. Preemption and Conversion Rights.

The Holders shall not have any preemptive rights or conversion rights as a result of the terms hereof.

9. Rank.

For the avoidance of doubt, the Board of Directors or any duly authorized committee thereof may, without the vote of the Holders, authorize and issue additional shares of Junior Stock or Parity Stock.

10. Reacquired Shares.

The Board of Directors shall take such actions as are necessary to cause the Series D Preferred Shares that have been redeemed or otherwise purchased or acquired by the Corporation to be retired and restored to the status of authorized but unissued preferred shares without designation as to series.

11. No Sinking Fund.

The Series D Preferred Shares are not subject to the operation of a sinking fund.

12. Transfer Agent, Calculation Agent, Registrar and Paying Agent.

The duly appointed Transfer Agent, Calculation Agent, Registrar and paying agent for the Series D Preferred Shares shall be Computershare Trust Company, N.A. The Corporation may, in its sole discretion, remove the Transfer Agent, Calculation Agent, Registrar and paying agent in accordance with the agreement between such party and the Corporation; provided, however, that the Corporation shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof by first-class mail, postage prepaid, to the Holders.

13. Replacement Certificates for Mutilated, Destroyed, Stolen and Lost Certificates.

If physical certificates are issued, the Corporation shall replace any mutilated certificate at the Holder's expense upon surrender of that certificate to the Transfer Agent. The Corporation shall replace certificates that become destroyed, stolen or lost at the Holder's expense upon delivery to the Corporation and the Transfer Agent of satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be required by the Transfer Agent and the Corporation.

14. Form.

(a) Series D Preferred Shares Certificates. The Corporation may at its option issue shares of Series D Preferred Shares without certificates.

15. Taxes.

(a) Transfer Taxes. The Corporation shall pay any and all stock transfer, documentary, stamp and similar taxes or governmental charges that may be payable in respect of any issuance or delivery of Series D Preferred Shares. The Corporation shall not, however, be required to pay any such tax or governmental charge that may be payable in respect of any transfer involved in the issuance or delivery of Series D Preferred Shares, in a name other than that in which the Series D Preferred Shares were registered, or in respect of any payment to any Person other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the Person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or governmental charge or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(b) Withholding Taxes. All payments and distributions (or deemed distributions) on the Series D Preferred Shares shall be subject to withholding and backup withholding of tax to the extent required by law, subject to applicable exemptions, and amounts withheld, if any, shall be treated as received by Holders.

16. Notices.

All notices referred to in this Section 12 shall be in writing, and, unless otherwise specified in this Section 12, all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three Business Days after the mailing thereof if sent by registered or certified mail (unless first class mail shall be specifically permitted for such notice under the terms of this Section 12) with postage prepaid, addressed: (i) if to the Corporation, to its office at American Express Tower, 200 Vesey Street, New York, New York 10285 (Attention: Secretary) or to the Transfer Agent at its office at 150 Royall Street, Canton, Massachusetts 02021 (Attn: General Counsel), or other agent of the Corporation designated as permitted by this Section 12, or (ii) if to any Holder, to such Holder at the address of such Holder as listed in the share record books of the Corporation (which may include the records of the Transfer Agent) or (iii) to such other address as the Corporation or any such Holder, as the case may be, shall have designated by notice similarly given. Notwithstanding the foregoing, if the Series D Preferred Stock or depositary shares representing an interest in shares of Series D Preferred Stock are held in book-entry form through the Depositary or any other similar facility, such notices may be given to the holders of the Series D Preferred Stock in any manner permitted by the Depositary or such facility.

17. Other Rights Disclaimed.

The Series D Preferred Shares have no voting powers, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth in this Section 12 or elsewhere in the Certificate of Incorporation.

**EXHIBIT 31.1**

CERTIFICATION

I, Stephen J. Squeri, 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: October 22, 2021

/s/ Stephen J. Squeri
Stephen J. Squeri
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: October 22, 2021

/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 September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stephen J. Squeri, 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/ Stephen J. Squeri

Name: Stephen J. Squeri
Title: Chief Executive Officer

Date: October 22, 2021

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 September 30, 2021, 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: October 22, 2021

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.