

The Krause Fund

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American Express Company (AXP)

Financial Services – Credit Services

April 24, 2026

Stock Rating

BUY

Target Price

\$360-375

Investment Thesis

We recommend a **BUY** rating for American Express (AXP, Amex) with a target price range of \$360 - \$375 with 14.6% - 19.4% upside. American Express presents an attractive investment opportunity due to its differentiated closed-loop, spend-centric business model, which enables the company to generate high-margin, fee-based revenue while maintaining direct relationships with both cardholders and merchants. This structure supports consistent revenue growth driven by billed business expansion.

Drivers of Thesis

Billed Business Growth: Revenue is driven by total spending on Amex cards. Growth in the number of total cards in force and higher spending per card from a premium customer base supports consistent expansion in discount revenue.

Premium Customer Base & Pricing Power: American Express targets affluent consumers and businesses, allowing it to maintain higher merchant discount rates and generate strong fee income. The premium customer base offers downside protection during weaker economic times.

Diversified Sources of Income: Amex offers two different sources of income, non-interest and interest revenue. A larger portion of the overall revenue comes from fees, which are less volatile than interest income. This supports its high margins and differentiates it from traditional lenders.

Risks to Thesis

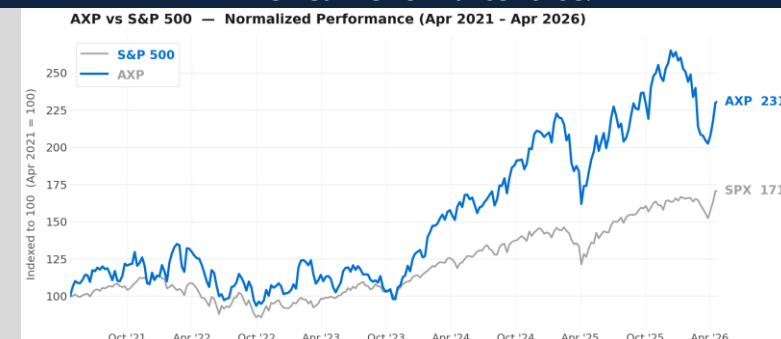
Macroeconomic Slowdown: Revenue is highly dependent on billed business and discretionary spending. A slowdown in economic activity or weakening consumer confidence could reduce transaction volumes, hurting discount revenue and overall growth.

Competitive Pressures: Increasing competition in the industry drives lower card and merchant fees. This competition can pressure pricing and increase rewards cost, compressing margins and lowering returns.

Earnings Estimates

Year	2023	2024	2025	2026E	2027E	2028E
EPS	\$11.21	\$14.01	\$15.38	\$17.77	\$20.07	\$22.65
HF est.				\$17.56	\$20.10	\$22.95
growth	13.81%	24.98%	9.78%	15.54%	12.94%	12.86%

5 Year Performance vs. S&P



Krause Fund DCF	\$377.26
Relative P/B	\$360.75

Price Data

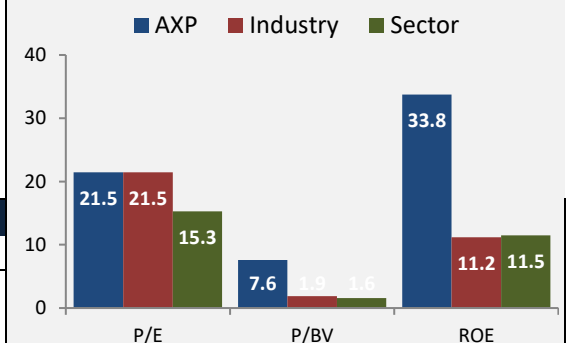
Current Price	\$314.08
52wk Range	\$246.37 – 387.49
Consensus 1yr Target	\$360.24

Key Statistics

Market Cap (B)	\$228.30
Shares Outstanding (M)	\$685.78
Institutional Ownership	65.26%
Beta	1.13
Dividend Yield	1.14%
Est. 5yr Growth	15.2%
Price/Earnings (TTM)	24.06
Price/Earnings (FY1)	18.08
Price/Sales (TTM)	3.20
Price/Book (mrq)	7.58

Profitability

Operating Margin	20.75%
Profit Margin	13.37%
Return on Assets (TTM)	3.75%
Return on Equity (TTM)	33.78%



Company Description

American Express (Amex) is a global financial services company known for its premium cards and impeccable customer service. Amex operates a closed-loop payment network, controlling both the payment network and the card issuance. This gives them a competitive advantage over other credit providers and payments networks who predominantly do one versus the other.

Source: 5-Year Performance - Bloomberg

Source: AXP vs. Industry/Sector - Yahoo Finance

Important disclosures appear on the last page of this report.

COMPANY DESCRIPTION

The American Express Company (founded in 1850) is a globally integrated payments company best known for its premium credit and charge card offerings. The company operates a unique closed-loop network, allowing it to serve as both the card issuer and payment processor, directly connecting cardholders and merchants. Beyond traditional card services, Amex provides merchant acquisition, payment processing, settlement services, and data analytics tools. The company also offers a range of travel and lifestyle services, including hotel bookings, airport lounge access, and concierge services, with operations spanning over 190 countries.

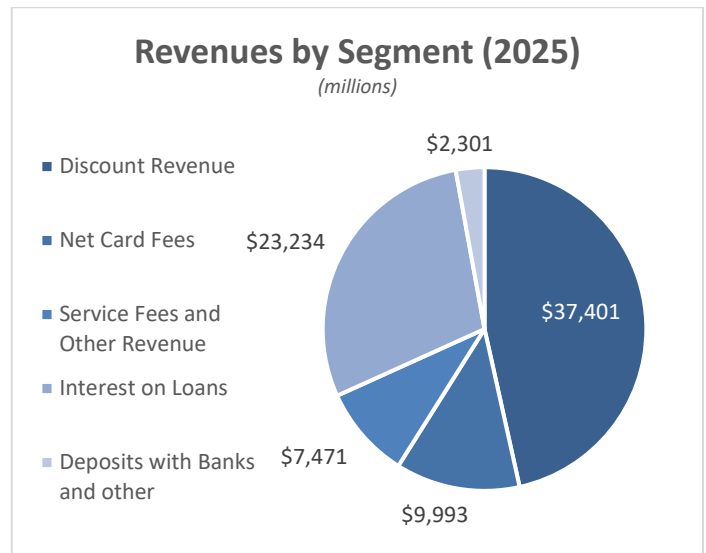
Amex’s business model is centered around a “spend-centric” strategy, which focuses on driving higher transaction volumes per card rather than maximizing the number of cards issued. By targeting affluent consumers and businesses, Amex benefits from higher average spending per customer, which in turn increases transaction-based revenue. This model enables the company to deliver strong value to merchants by providing access to high-value customers who typically spend more per transaction. Additionally, Amex reinforces customer loyalty through premium rewards programs, exclusive experiences, and travel-related benefits, which support retention and pricing power.

The company generates revenue through a diversified mix of non-interest and interest income streams. Non-interest revenue, which represents most of the total revenue, includes discount revenue (fees charged to merchants based on billed business), net card fees (annual membership fees), service fees, and other transaction-related revenues. Interest income is primarily derived from card member loans, as well as interest and dividends on investment securities and deposits with financial institutions. Growth across these revenue streams is largely driven by increases in billed business, expansion of cards-in-force, and higher average spending per card.

Amex organizes its operations into three primary segments: U.S. Consumer Services (USCS), Commercial Services (CS), and International Card Services (ICS). USCS focuses on individual consumers in the United States and represents the largest contributor to billed business, driven by strong spending from premium cardholders. Commercial Services targets small and mid-sized businesses, generating revenue through corporate card

usage and expense management solutions. International Card Services includes both consumer and commercial activities outside the U.S., with growth driven by expanding global acceptance and increasing international spending volumes.

Looking ahead, Amex’s growth strategy centers on expanding its premium customer base, particularly among younger demographics, increasing global merchant acceptance, and enhancing its digital and travel ecosystems. Continued investment in rewards programs, partnerships, and customer experience is expected to sustain high spending levels and support long-term revenue growth across both interest and non-interest segments.



Source: AXP 10-K

Non-Interest Revenues

Discount Revenue

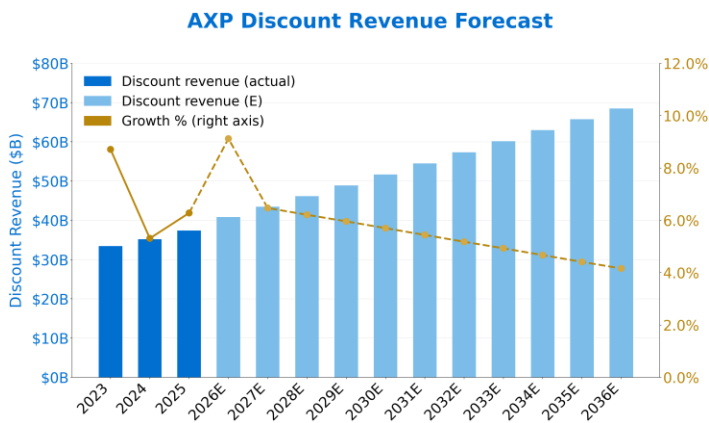
Discount revenues are generated within the payment network division of American Express, and it has been the largest source of revenue for the company historically (56% in 2025). Every time an American Express cardholder swipes their card, Amex earns a percentage of the transaction from the merchant. This includes partnership cards, such as Delta’s Amex SkyMiles cards.

Amex excels within this revenue segment through its closed-loop payment system. They can issue the cards and run the payment network with the merchants. This allows for greater transparency in these transactions, increasing

margins and details surrounding customer purchasing. This can be leveraged into other aspects of their business, such as their card fees, as they have an expansive knowledge surrounding their consumers.

We forecast discount revenue to grow 9% over the next year, compared to 6.28% in 2025. We projected this increase using conservative card growth of 3.75% versus 4.30% in 2025, conservative average spending per card growth of 2.87% compared to 3.23% growth in 2025, and finally a slight uptick in the percentage of billed business Amex can charge merchants, which we project at 2.29% compared to 2.24% in 2025. This uptick is largely due to the customer base AXP can attract. Consumers are typically affluent, and merchants understand their ability to spend excess cash, especially during a recession where middle to lower class spenders are hurt the most.

Furthermore, we decided to taper off to about 4 % annual discount revenue growth towards the end of the 10-year forecast. This is largely due to the decline in projected total card growth, which adjusts from a 3.75 % growth (2025-2026) to a 1.25% growth (2035-2036) throughout the 10-year period. This decline is correlated to the total affluent consumers able to use Amex cards, which we predict is capped within the USA – Amex’s primary market, and ~77% of their revenue⁴.

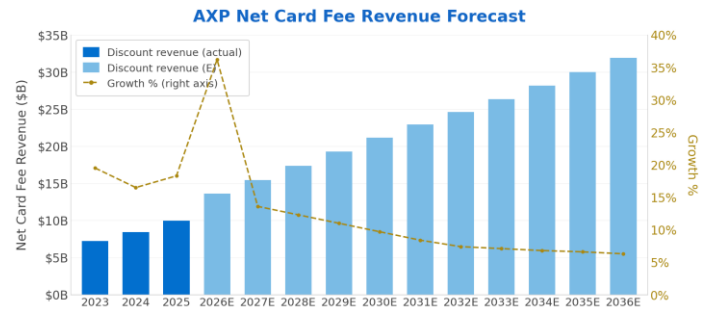


Source: Valuation Model

Net Card Fees

Net Card fees are Amex’s second-largest non-interest revenue and are driven by annual card membership fees. This segment is primarily made up of premium cardholders, who pay a larger fee. The average fee per card has averaged just over 10% growth from 2022 to

2025, and we anticipate this growth to continue in the upcoming years. We do forecast this growth to decline over time as Amex continues to saturate the current USA affluent market, and consumers’ willingness to pay an increasingly higher fee decreases over time. This decrease in average fee per card steadies at 5% in 2031 to account for increases due to inflation, accounting for slight brand growth. Overall, we forecast a massive short-term growth in net card fees, but growth decreases and steadies quickly.



Source: Valuation Model

Service Fees and Other Revenue

Service fees and other revenue are the final non-interest revenue categories, making up less than 15% of total non-interest revenues. It predominantly consists of revenues related to network partnerships, alongside alternative payment solutions, merchant services, delinquency fees, and travel commissions.

We project these fees to grow at a conservative 5% for the duration of our 10-year forecast. Over the past 4 years (2021-2025), this revenue grew by an average of 23%. Much of this growth was due to a massive rebound in travel post-COVID, which we forecast will settle down in the coming years.

Interest Income

Interest on Loans

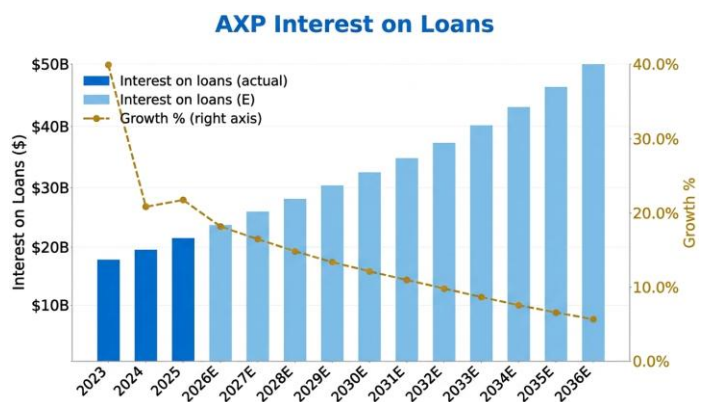
Interest on loans is the largest interest income segment Amex has, and it is the second largest source of revenue overall. This segment is primarily driven by card member loans, with those who do not pay off their balance amassing \$145 billion in 2025. Amex can generate revenues via interest on these loans at a 15.92% rate (2025), calculated by dividing Total Interest Income / Total Card Member Loans. (Note: Amex has an overall net

interest yield of 8.1% when including receivables and other loans; we simply used loans to forecast this revenue line item)¹.

Card member loans also include partnership cards, such as Delta’s partnership, which accounts for “21 percent of worldwide Card Member loans” for Amex¹.

There are also Other Loans, which are provided outside of the typical Card Member agreements. These could include installment loans or lines of credit offered to small businesses. These Other Loans totaled \$10.6 billion in 2025, making it only about 7% of Card Member + Other Loans.

We project this interest income on loans to grow approximately 8.54% from 2025-2026, which is slightly lower than 2024 & 2025—19.2% & 10.14% respectively. This lower growth projection is largely due to the spike in growth during COVID continuing to mellow down; Amex saw an interest income on loans spike 35.22% from 2021 to 2022¹.



Source: Valuation Model

Interest and Dividends on Investment Securities

Interest and dividends on investment securities are the smallest category of all revenues, being less than 1% of interest income. Income in this category is derived primarily from fixed-income securities. We projected this category to remain stable as a percentage of short-term investment securities of 8.49%, which was the same as the 2025 figure.

Deposits with Banks and Other

Deposits with Banks and Other is slightly larger than the interest and dividends on investment securities revenue

category, amassing \$2.3 Billion in 2025. This is still less than 10% of Total Interest Income and less than 5% of Total Revenues. It is predominantly used when Amex has excess cash compared to its short-term funding requirements. Amex places this cash into “interest-bearing time deposits, overnight sweep accounts, and other interest-bearing demand and call accounts¹”. We projected Deposits with Banks and Other to amount to around \$3 Billion in 2026 and grow continuously from there.

Return on Equity Analysis

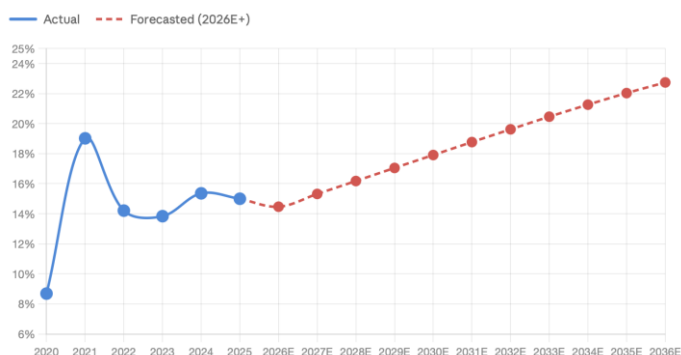
American Express generates returns on equity capital through a high-margin, moderate-turnover business model, with profitability serving as the primary growth driver of ROE. The company’s profit margin has expanded significantly from 8.7% in 2020 to 15% in 2025, with our forecasts indicating further expansion up to about 23% in the long term. On the other hand, asset turnover has remained relatively steady, right around 0.25, indicating that capital efficiency has remained relatively unchanged and improvements have been limited. AXP’s return profile has been clearly margin-driven rather than turnover-driven, reflecting its premium customer base and pricing power in the industry.

Historically, ROE declined from 35.7% in 2020 to about 32% in 2022, driven by normalization following elevated pandemic-era dynamics. Since 2023, returns have recovered and stabilized in the low-to-mid 30% range, supported by stronger billed business growth, increased spend per card, and continued expansion in non-interest income. Financial leverage has modestly declined over recent years; the impact has been more than offset by margin expansion and operating leverage.

Looking forward, our projections indicate ROE to increase steadily from 33.46% in 2025 to 40% by 2035. This growth is backed primarily by continued margin improvements. With recent developments in artificial intelligence, we believe employee wage growth will slow as AI will be used to cut costs and improve efficiency. We believe asset turnover will remain around the 0.25 benchmark as it has remained constant for many years. Lastly, we predict financial leverage to decrease slightly over time as the company looks to be less debt-financed, relying more on internal cash, allowing for more liquidity.

Historical and forecasted ROE for American Express remains consistently above its estimated cost of equity, meaning the company generates returns in excess of its cost of equity capital. This positive spread confirms that the firm has historically created shareholder value through its operations. Our model projects ROE to remain elevated and gradually expand over time. Incremental growth is expected to be value-accretive, with reinvested earnings continuing to generate economic profit and enhance overall firm value. We believe the ROE-cost of equity spread will increase from 2406 bps in 2025 to 3011 bps in 2035.

Net Profit Margin Forecast



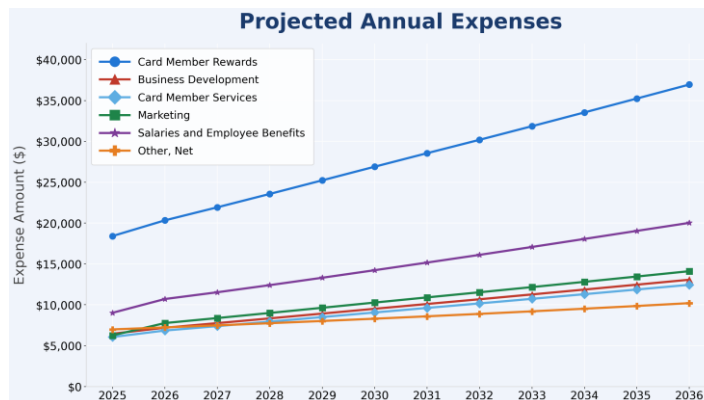
Source: Valuation Model

Cost Structure Analysis

Amex’s largest expense comes from Card Member rewards, dominated by those who are frequent spenders. We forecast this expense to be \$20.3 Billion in 2026, using a percentage of total non-interest revenue. This figure works perfectly as it correlates actual card spending to the card rewards expense. We took the average percentage of non-interest revenues from 2021-2025, calculating to 32.66%--and having a range of only 2%--to then compute the total expense.

Over the 10-year forecast, we also predict profit margins to improve from 16% in 2025 to 24% in 2036. This is largely grounded in the idea of lowered growth in salaries & employee benefits, which is forecasted to have a 10 bps decrease in growth annually. We did project the marketing and business development categories without a decline in growth, due to Amex’s need to expand its customer base if/when the current USA affluent market becomes saturated.

While Amex is an asset-light business with low capital intensity, it is subject to financial regulation as a bank under Federal Reserve regulations. Amex does, however, operate well above these regulations, so these requirements are unlikely to restrict growth in the near future.



Source: Valuation Model

Invested Capital Analysis

Amex’s invested capital profile can be best described as working capital-intensive. Their main way to grow their business is not through investing deeper into fixed costs, such as restaurant locations for a Texas Roadhouse, but by expanding their assets compared to liabilities. This would include growing card member receivables and card member loans in relation to customer deposits and long-term debt.

By growing these assets, Amex is directly driving revenues. This comes from increased discount revenue, card fees, and interest income via increased loans and receivables. This makes the rate at which these assets grow in relation to liabilities vital in our revenue assumptions. By having many of these costs based on operations and within working capital, it makes scaling very profitable. There are not too many new locations or fixed costs that Amex needs to incur when expanding its asset base. This will allow for higher profit margins in the future.

In order to grow net income from \$10.83 billion in 2025 to \$38.27 billion in 2036, we expect Amex to need to increase assets from about \$300 billion to about \$734 billion. This forecasts the ability to raise net income by about 3.5 times while only growing assets by about 2.4 times. This showcases Amex’s ability to grow ROE, providing insight

into why ROE increases from 34% to 40% over the forecast period.

Although Amex’s fixed PPE is negligible, its intangible invested capital is extremely important. This includes their brand, how it’s presented, and who it is positioned towards. We understood the importance of this intangible investing, incorporating a 24% increase in marketing expenses within the first year, and a projected percentage of non-interest revenues. By doing so, Amex will continue to improve its branding, guiding more customers to its cards, promoting billed business overall.

MARKETS AND COMPETITION

The global payments industry remains highly concentrated and structurally attractive, dominated by scaled companies including American Express, Visa, Mastercard, and Capital One. Industry growth is supported by the continued shift to electronic payments, with global card volumes growing mid-to-high single digits annually and e-commerce penetration continuing to expand.

Key Trends and Impact

- Premium & Spend Growth: AXP billed business grew 8-10% per year in recent periods, reflecting strong demand from affluent consumers and resilient discretionary spending
- Rising Rewards Intensity: Industry-wide rewards and marketing expenses have increased materially, with AXP rewards expense exceeding \$15 billion annually, pressuring margins
- Merchant Pricing Pressure: Large merchants continue to challenge AXP’s elevated discount rate (2.29%) compared to other networks, limiting price upside

These trends lead to sustained growth but modestly higher competitive intensity.

Positioning and Industry Structure

- Oligopolistic structure with rational competition among scaled companies
- AXP operates a differentiated closed-loop model, capturing both network fees and lending income
- Industry is mature but growing, with stable returns supported by scale and high barriers to entry

Basis of Competition

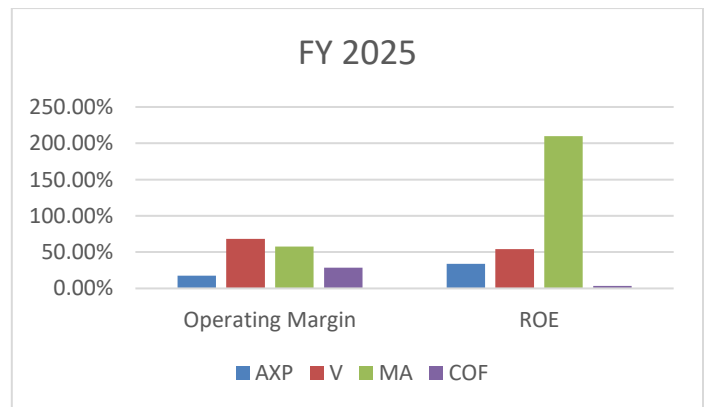
Competition is driven across the industry by brand image, rewards, and customer experience rather than price alone. AXP’s premium positioning and affluent customer base drive higher spend per card (3-4 times typical mass-market cards), supporting revenue yield and loyalty. American Express’s competitive advantage remains strong, backed by a strong brand and high-spending customers, but faces pressure from rewards competition and merchant negotiations.

- Growth: Supported by continued billed business expansion and premium segment penetration
- Margins: Stable with mild pressure from elevated rewards and marketing costs
- Returns: Remain strong, with ROE staying around 30% and expected to improve steadily as operating leverage offsets cost pressure

The industry dynamics support continued growth and sustained returns in the industry, reinforcing AXP’s ability to maintain and dramatically expand ROIC over time.

Peer Comparisons- Key Metrics

Margins and return differences across the industry are driven by business model structure. Visa and Mastercard generate operating margins over 50% and high ROE due to their asset-light, fee-based model with minimal capital requirements. In contrast, Capital One has lower returns due to credit risk, funding costs, and higher capital needs. Amex sits between all three, with margins around the mid-20s and ROE consistently around 30%, driven by higher revenue yield but offset by higher costs and capital intensity.



Source: Yahoo Finance

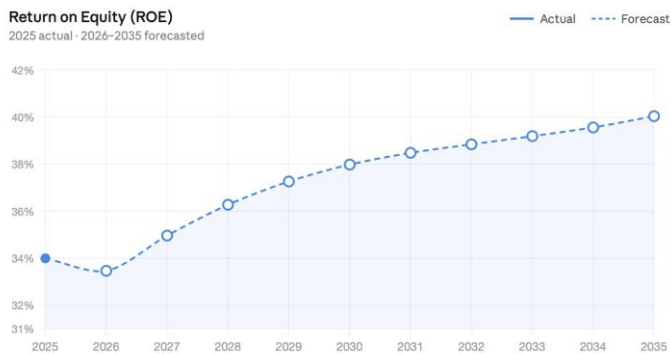


- Mastercard’s ROE is much higher because of its asset-light network model; it does not lend, and it does not need to hold large capital reserves
- Capital One has a much lower ROE compared to its peers because it must hold capital against its loans, driving equity up. This, paired with volatile earnings, results in a lower return on equity

American Express earns its ROIC through its premium pricing and higher customer spend, partially offset by rewards expense and lending exposure. Its competitive advantage lies in its brand, affluent customer base, and closed-loop network, which support pricing power and customer loyalty. However, this does cause AXP to lack in terms of cost efficiency compared to its peers.

These advantages are relatively durable due to switching costs and brand strength, but face pressure from rising rewards competition and merchant pricing pushback. As a result, Visa and Mastercard remain best positioned structurally with minor credit issues, while American Express is positioned for solid growth but with moderate margin pressures regarding their discount rate for merchants.

Looking forward, industry growth continues to support expansion, and increasing competition is likely to pressure costs. However, AXP is positioned to expand its ROIC (ROE) over time, driven by sustained premium pricing, strong billed business growth, and operating leverage as spending scales fast compared to fixed costs. While rewards expenses remain elevated and continue to grow, AXP’s ability to grow revenue per customer and maintain high spend levels improves margin stability and supports capital efficiency. We expect ROIC to trend upward, to about 40%, reinforcing the durability of the business model.



Source: Valuation Model

Economic Outlook

GDP

U.S GDP growth decelerated meaningfully through 2025. The Bureau of Economic Analysis’s final estimate shows Q4 2025 GDP rising only 0.5%, down from earlier estimates and below expectations, contributing to a full-year growth rate of 2.1%. Growth was supported by consumer spending and investment, but was weighed down by reduced government spending and exports. The Federal Reserve’s 2025 projections anticipate real GDP growth moderating to a range of 1.7-2.5% in 2026, reflecting a slower but still positive trajectory.

Annual GDP growth, 2010 to 2030

Annual percent change in gross domestic product. This data is adjusted for inflation.



Source: Our World in Data

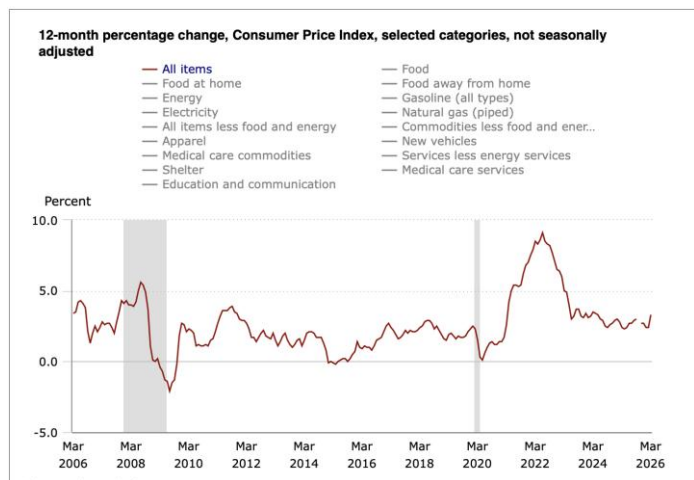
For American Express, GDP growth is a critical driver of billed business and transaction volumes. A stable growth environment supports continued expansion in card spending, particularly in travel and entertainment categories. However, a slowdown to around the 2% range signals a more mature economic cycle, which could moderate spending growth and reduce the pace of revenue expansion going forward.

Inflation

Inflation has declined significantly from its post-pandemic peak but remains above the Federal Reserve’s long-term target of 2.5%. As of March 2026, U.S CPI inflation is approximately 3.3% YoY, with core inflation remaining near 2.5%, indicating persistent price pressures. While

inflation eased to around 2.7% by late 2025, the conflict in Iran has begun to put upward pressure, particularly in the energy and services sectors.

Inflation has a mixed impact on Amex. Moderate inflation supports nominal spending, which directly benefits discount revenue and transaction-based fees. However, persistently elevated inflation can erode purchasing power and reduce discretionary spending, specifically among lower-income consumers. While AXP’s affluent customer base provides some protection, sustained inflation can still dampen growth in key spending categories over time.



Source: U.S Bureau of Labor Statistics

Interest Rates

The Federal Reserve continues to maintain a relatively restrictive monetary policy stance, with interest rates remaining elevated compared to recent years. The federal funds rate has been sitting at 3.75% since December 2025, and the market believes there may only be one cut by the end of 2026 as policymakers balance inflation risks and slowing growth.

For American Express, higher interest rates have a dual effect. Elevated rates increase income on card member loans, supporting profitability in the near term. However, higher borrowing costs also place pressure on consumers and businesses, increasing the risks of delinquency and credit losses as the economic cycle progresses. While current conditions remain stable, a prolonged high-rate environment may signal increasing late-cycle credit risk.



Source: Bloomberg

Labor Market

The U.S. labor market remains relatively strong, though signs of gradual softening are emerging. Forecasts indicate the unemployment rate will average around 4.5% in 2026, reflecting a modest increase from historically low levels. Recently, as of March 2026, unemployment ticked down to 4.3% from the 4.4% recorded in February, while adding 178,000 non-farm payroll jobs, beating expectations. Job growth is expected to remain positive but slower, with stable employment conditions supporting overall economic activity.

A stable labor market is critical for American Express, as employment levels directly influence consumer spending and credit performance. Continued job stability supports higher transaction volumes and limits credit losses. However, any deterioration in labor conditions, such as rising unemployment or reduced wage growth, would likely result in weaker spending and increased default rates, posing a risk to both revenue and profitability.



Source: FRED

Consumer Confidence

Consumer confidence has shown volatility amid ongoing economic uncertainty. As of April 2026, the University of Michigan Consumer Sentiment Index declined to 47.6, down significantly from prior periods, indicating weakening consumer sentiment. Although some measures of confidence have improved intermittently, overall



sentiment remains below historical averages, reflecting concerns around inflation, interest rates, and economic stability.

For American Express, consumer confidence is a key determinant of discretionary spending, particularly in travel, dining, and luxury categories. While higher-income consumers, who represent a large portion of AXP’s customer base, have remained relatively resilient, declining sentiment signals potential downside risk to future spending growth. A sustained decline in confidence could lead to reduced transaction volumes and slower revenue growth.

RISKS

While American Express is a strong and stable company, it also has its risks, which can negatively affect operations, leading to a fall in stock price.

Some of the major risks include:

Macroeconomic and Consumer Spending Risk (Medium) -

The “spend-centric” model makes revenue highly sensitive to consumer spending trends. Economic slowdowns, inflation, or declining consumer confidence can reduce billed business, leading to slower growth in discount revenue and overall performance of the company. Specifically in 2020, the average spending dropped \$1,583.41 at the beginning of the pandemic to \$7,774.11 and didn’t recover to that level of spending till 2022.

Credit Risk (Low) - American Express is directly exposed to its customer defaults through its card member loans. During periods of economic stress or rising unemployment, delinquency and charge-off rates tend to increase, requiring higher provisions for credit losses. This directly reduces net income and can have a significant impact on profitability.

Competitive Risk (Low) - American Express faces competition from Visa and Mastercard, as well as issuers like Capital One. Competitive Pressures can lead to lower merchant discount fees, higher rewards and marketing expenses, and challenges in retaining premium customers.

Debt Maturity Analysis

American Express maintains a well-structured debt maturity profile with obligations staggered over time and no significant near-term maturity cliff. While maturities

peak in 2027 at approximately \$8 billion, the company’s strong and growing operating cash flow is projected to exceed \$20 billion annually beginning in 2027, which provides ample capacity to meet these obligations through internal cash generation and not have to refinance any debt.

Additionally, management’s disciplined approach to capital structure, supported by a diversified funding base including customer deposits, enhances financial flexibility.

Also, as a regulated financial institution, American Express is subject to capital requirements, including maintaining a minimum Common Equity Tier 1 (CET1) ratio. The company consistently operates above regulatory thresholds, providing an additional buffer against financial stress and supporting its ability to meet obligations without impairing capital levels.

Overall, AXP’s liquidity position and earnings power suggest low financial risk and a strong ability to meet debt obligations as they come due.

Five-Year Debt Maturity Schedule

Fiscal Year	Payment (\$mil)
2026	\$3,950
2027	\$8,011
2028	\$3,700
2029	\$6,750
2030	\$1,400
Thereafter	\$19,151
Total	\$42,961

Source: AXP 10-K

VALUATION

Our model prices American Express at \$377.26, 18.9% higher than the current asking price of \$314.08 (April 24, 2026). This difference is due to our confidence in Amex’s premium branding, Amex’s revenue structure, and its ability to fight back from economic recessions.

Amex has dominated the luxury credit card space for years now, and almost anyone can recognize the metal card hitting the table. There is no credit card provider with a comparable status that also incorporates banking into its company. Competitors like Visa and MasterCard may have massive payment networks, but they do not have the banking aspects that US Bank or PNC Bank include. This is where Amex comes in with a combination that tops the rest.

Through this elite branding, Amex will continue to expand its total card network by 3.75% in 2026. This growth slows throughout the model, reaching just 1.25% in 2036. This overall growth leads to a total card expansion of 47 million or 31% of Amex's current total cards in force. This is conservative for the 10-year time frame—showcased by their 6.43% average growth from 2021 to 2025.

Amex was also able to bounce back quickly during the COVID recession. From 2019 to 2020, Amex's average spending per card (Billed Business / Total Cards in Force) dropped about 17%, yet it was able to recover within 3 years, when spending normalized. This drop was more significant than both US Bank & Visa, which saw a drop of 9% and 2% in revenues, respectively. Although these drops were less significant, both companies took the exact same time to recover. This gives us confidence in Amex's ability to recover from a recession in the future.

These assumptions help us project Amex's Net Income to grow from \$10,833 billion to \$38,269 billion. This growth is paired with incrementally slowed expense growth. Slow expense growth is primarily due to salaries and employee benefits growth decreasing over time, due to reduced headcounts and technological efficiencies. These figures lead to profit margins improving from 16% to 25%.

These earnings estimates do contradict the consensus as they are below what analysts are predicting for earnings at Yahoo Finance. They predict that Amex will earn \$17.6 billion in 2026, and \$20.14 billion in 2027₈. This contradicts our estimates of \$11.8 billion and \$13.6 billion respectively.

This disparity of earnings, yet our rating being a buy, is likely due to the cost of equity difference. We have a strong outlook for Amex's beta of 1.13, and a market risk premium of 5%, which is at the lower end of 5-6%. This leads to a lower total equity risk premium and an increased overall valuation.

After accumulating this FCFE, we project the firm to repurchase shares and increase dividend payouts. Dividend payouts amount to about \$72 billion over the course of the forecast, and repurchases of shares total \$124 billion. We projected based on historical figures, alongside growth due to excess cash increases; these increases are due to fewer capital expenditures necessary to continue business building.

Some risks to consider within our valuation relate to relative valuations with competitors and sensitivity analyses. We noticed that relative valuation based on earnings per share was \$280 versus our current DCF at about \$377. We also noticed that our price-to-book relative valuation came to be around \$360.75, which compares more closely to our DCF. Overall, the relative P/E valuation concerns us minimally, as our business model is quite different than our peers. However, there is quite a disparity, so it is something to consider.

The first concept we considered while running sensitivity analyses relates to the market risk premium. If the market risk premium is truly 6% versus our current 5%, the valuation reduces itself to slightly below current pricing. Furthermore, an increased beta from 1.13 to 1.34 would place our valuation at the current price per share. We believe that Amex will be able to keep this lower cost of equity due to its premium branding and loyal customer base, especially when forecasting for the long-term.

Beyond the cost of equity estimations, card growth is something to consider. If Amex is unable to grow total cards in force next year by 3.75%, and instead only grows it 2.75%, we notice a \$40 per share decrease in value.

Overall, our valuation's revenue and earnings forecasts are below the consensus, yet we are still rating the company a buy. We believe the market has not properly bought into Amex's dominance within the premium card industry and instead has overestimated its ability to earn in the short term. Furthermore, our faith in Amex's ability to restore presence even in economic downturns emphasizes our beliefs in the buy rating.

KEYS TO MONITOR

There are a few key details analysts will need to consider while reviewing our investment thesis. These will be broken down into a bullish case and a bearish case.

The bullish case incorporates our ideas of costs of equity becoming true, relying on Amex's resilience in recessions. This would include keeping beta ≤ 1.13 and market risk premium at 5%. The bearish case, or analyses that would reverse our investment decision, would come with a decrease in card growth or a significant recession. A decrease in card growth would likely be caused by a capped affluent market and the inability to grow

elsewhere. A significant recession would cause even the affluent customers to be seriously affected long-term, creating a negative outlook on our valuation.

Overall, we find Amex to be in a strong position for long-term success, earning it a Buy rating. If the price increases to a level at or beyond \$330/share we will need to reconsider our valuation before purchase.

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American Express

Income Statement

All figures in **millions** of U.S. Dollar except per share items

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024	2025
Net income	\$ 3,135	\$ 8,060	\$ 7,514	\$ 8,374	\$ 10,129	\$ 10,833
Pretax income	\$ 4,296	\$ 10,689	\$ 9,585	\$ 10,513	\$ 12,895	\$ 13,795
Total expenses	\$(27,061)	\$(33,110)	\$(41,095)	\$(45,079)	\$(47,869)	\$(53,178)
Marketing and business development						
Card member rewards	\$ (8,041)	\$(11,007)	\$(14,002)	\$(15,367)	\$(16,599)	\$(18,409)
Business development	\$ (3,051)	\$ (3,762)	\$ (4,943)	\$ (5,657)	\$ (5,886)	\$ (6,457)
Card member services	\$ (1,230)	\$ (1,993)	\$ (2,959)	\$ (3,968)	\$ (4,782)	\$ (6,057)
Salaries and employee benefits	\$ (5,718)	\$ (6,240)	\$ (7,252)	\$ (8,067)	\$ (8,198)	\$ (9,016)
Professional services						
Data processing and equipment						
Other, net	\$ (5,325)	\$ (4,817)	\$ (6,481)	\$ (6,807)	\$ (6,364)	\$ (6,987)
Marketing	\$ (3,696)	\$ (5,291)	\$ (5,458)	\$ (5,213)	\$ (6,040)	\$ (6,252)
Total revenues net of interest expense after provisions for c	\$ 31,357	\$ 43,799	\$ 50,680	\$ 55,592	\$ 60,764	\$ 66,973
Total revenues net of interest expense	\$ 36,087	\$ 42,380	\$ 52,862	\$ 60,515	\$ 65,949	\$ 72,229
Total non-interest revenues	\$ 28,102	\$ 34,630	\$ 42,967	\$ 47,381	\$ 50,406	\$ 54,865
Discount revenue	\$ 19,435	\$ 24,563	\$ 30,739	\$ 33,416	\$ 35,192	\$ 37,401
Net card fees	\$ 4,664	\$ 5,195	\$ 6,070	\$ 7,255	\$ 8,449	\$ 9,993
Other fees and commissions						
Other						
Service fees and other revenue	\$ 2,702	\$ 3,316	\$ 4,521	\$ 6,710	\$ 6,765	\$ 7,471
Processed revenue	\$ 1,301	\$ 1,556	\$ 1,637			
Net interest income	\$ 7,985	\$ 7,750	\$ 9,895	\$ 13,134	\$ 15,543	\$ 17,364
Total interest income	\$ 10,083	\$ 9,033	\$ 12,658	\$ 19,983	\$ 23,795	\$ 25,598
Interest on loans	\$ 9,779	\$ 8,850	\$ 11,967	\$ 17,697	\$ 21,095	\$ 23,234
	14.37%	10.38%	11.48%	14.64%	15.74%	15.92%
Interest and dividends on investment securities	\$ 127	\$ 83	\$ 96	\$ 128	\$ 86	\$ 63
Deposits with banks and other	\$ 177	\$ 100	\$ 595	\$ 2,158	\$ 2,614	\$ 2,301
Total interest expense	\$ (2,098)	\$ (1,283)	\$ (2,763)	\$ (6,849)	\$ (8,252)	\$ (8,234)
Deposits	\$ (943)	\$ (458)	\$ (1,527)	\$ (4,865)	\$ (5,695)	\$ (5,425)
Long-term debt and other	\$ (1,155)	\$ (825)	\$ (1,236)	\$ (1,984)	\$ (2,557)	\$ (2,809)
Total provisions for credit losses	\$ (4,730)	\$ 1,419	\$ (2,182)	\$ (4,923)	\$ (5,185)	\$ (5,256)
Card member receivables	\$ (1,015)	\$ 73	\$ (627)	\$ (880)	\$ (774)	\$ (751)
Card member loans	\$ (3,453)	\$ 1,155	\$ (1,514)	\$ (3,839)	\$ (4,109)	\$ (4,067)
Other	\$ (262)	\$ 191	\$ (41)	\$ (204)	\$ (302)	\$ (438)
Income tax provision	\$ (1,161)	\$ (2,629)	\$ (2,071)	\$ (2,139)	\$ (2,766)	\$ (2,962)
Net income attributable to common shareholders (a)						\$ (196)

American Express*Balance Sheet*All figures in **billions** of U.S. Dollar except per share items**Fiscal Years Ending 358.529891218601**

	2020	2021	2022	2023	2024	2025
Total assets	\$ 191.4	\$ 188.5	\$ 228.4	\$ 261.1	\$ 271.5	\$ 300.1
Total cash and cash equivalents includes restricted cash	\$ 33.0	\$ 22.0	\$ 33.9	\$ 46.6	\$ 40.6	\$ 47.8
Cash and due from banks includes restricted cash of consolidated variable interest entities	\$ 3.0		\$ 5.5	\$ 7.1	\$ 3.4	\$ 3.6
Interest-bearing deposits in other banks	\$ 29.8	\$ 20.5	\$ 28.1	\$ 39.3	\$ 37.0	\$ 43.5
Short-term investment securities includes gross receivables available to settle obligations of a consolidated variable interest entity less reserves for credit losses	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.2	\$ 0.2	\$ 0.7
Card member receivables	\$ 43.4	\$ 53.6	\$ 57.4	\$ 60.2	\$ 59.2	\$ 61.9
Card member loans includes gross loans available to settle obligations of a consolidated variable interest entity less reserves for credit losses	\$ 68.0	\$ 85.3	\$ 104.2	\$ 120.9	\$ 134.0	\$ 145.9
Card member loans held for sale				\$ -	\$ 0.8	\$ 2.5
Other loans, less reserves for credit losses	\$ 2.6	\$ 2.9	\$ 5.4	\$ 7.0	\$ 9.0	\$ 10.6
Investment securities	\$ 21.6	\$ 2.6	\$ 4.6	\$ 2.2	\$ 1.2	\$ 1.0
Premises and equipment, less accumulated depreciation and amortization	\$ 5.0	\$ 5.0	\$ 5.2	\$ 5.1	\$ 5.4	\$ 6.1
Other assets, less reserves for credit losses	\$ 17.7	\$ 17.2	\$ 17.7	\$ 19.1	\$ 21.2	\$ 24.3
Other						
Total liabilities and shareholders' equity	\$ 191.4	\$ 188.5	\$ 228.4	\$ 261.1	\$ 271.5	\$ 300.1
Total liabilities	\$ 168.4	\$ 166.4	\$ 203.6	\$ 233.1	\$ 241.2	\$ 266.6
Customer deposits	\$ 86.9	\$ 84.4	\$ 110.2	\$ 129.1	\$ 139.4	\$ 152.5
Accounts payable	\$ 9.4	\$ 10.6	\$ 12.1	\$ 13.1	\$ 13.9	\$ 14.7
Short-term borrowings	\$ 1.9	\$ 2.2	\$ 1.3	\$ 1.3	\$ 1.4	\$ 1.4
Long-term debt includes debt issued by consolidated variable interest entities	\$ 43.0	\$ 38.7	\$ 42.6	\$ 47.9	\$ 49.7	\$ 56.4
Other liabilities	\$ 27.2	\$ 30.5	\$ 37.4	\$ 41.6	\$ 36.8	\$ 41.6
Other						
Total shareholders' equity	\$ 23.0	\$ 22.2	\$ 24.7	\$ 28.1	\$ 30.3	\$ 33.5
Preferred shares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common shares	\$ 0.2	\$ 0.2	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
Additional paid-in capital	\$ 11.9	\$ 11.5	\$ 11.5	\$ 11.4	\$ 11.4	\$ 11.1
Retained earnings	\$ 13.8	\$ 13.5	\$ 16.3	\$ 19.6	\$ 22.1	\$ 25.5
Accumulated other comprehensive income/loss	\$ (2.9)	\$ (2.9)	\$ (3.2)	\$ (3.1)	\$ (3.4)	\$ (3.3)
Net unrealized debt securities gains, net of tax	\$ 0.1					
Foreign currency translation adjustments, net of tax	\$ (2.2)					
Net unrealized pension and other postretirement benefits, net of tax of	\$ (0.7)					

All figures in billions of U.S. Dollar.

American Express

Historical Cash Flow Statement

All figures in millions of U.S. Dollar except per share items

Fiscal Years Ending 338.446442701788	2020	2021	2022	2023	2024	2025
Cash and cash equivalents at end of period	\$ 32,965	\$ 22,028	\$ 33,914	\$ 46,596	\$ 40,640	\$ 47,792
Net decrease/increase in cash and cash equivalents	\$ 8,519	\$ (10,937)	\$ 11,886	\$ 12,682	\$ (5,956)	\$ 7,152
Net cash provided by operating activities	\$ 5,591	\$ 14,645	\$ 21,079	\$ 18,559	\$ 14,050	\$ 18,428
Net income	\$ 3,135	\$ 8,060	\$ 7,514	\$ 8,374	\$ 10,129	\$ 10,833
Provisions for credit losses	\$ 4,730	\$ (1,419)	\$ 2,182	\$ 4,923	\$ 5,185	\$ 5,256
Depreciation and amortization	\$ 1,543	\$ 1,695	\$ 1,626	\$ 1,651	\$ 1,676	\$ 1,777
Stock-based compensation	\$ 249	\$ 330	\$ 375	\$ 450	\$ 504	\$ 551
Deferred taxes and other						
Deferred taxes	\$ (939)	\$ 294	\$ (1,189)	\$ (1,329)	\$ (990)	\$ (542)
Other items (a)	\$ 683	\$ (772)	\$ 365	\$ 664	\$ (564)	\$ (237)
Originations of loans held-for-sale	\$ -	\$ -	\$ (277)	\$ (54)	\$ -	\$ (74)
Proceeds from sales of loans held-for-sale	\$ -	\$ -	\$ 277	\$ 59	\$ -	\$ -
Other assets	\$ (1,785)	\$ 1,068	\$ 1,391	\$ (1,244)	\$ 1,007	\$ (2,781)
Accounts payable & other liabilities	\$ (2,025)	\$ 5,389	\$ 8,815	\$ 5,065	\$ (2,897)	\$ 3,645
Net cash used in investing activities	\$ 11,632	\$ (10,529)	\$ (33,689)	\$ (24,433)	\$ (24,402)	\$ (22,891)
Sale of investments	\$ 69	\$ 62	\$ 26	\$ 2	\$ 42	\$ 47
Maturities and redemptions of investments	\$ 7,159	\$ 20,032	\$ 1,892	\$ 3,888	\$ 2,179	\$ 1,453
Purchase of investments	\$ (20,562)	\$ (1,517)	\$ (4,175)	\$ (1,572)	\$ (1,593)	\$ (1,760)
Net increase in loans and card member receivables, including card member loans held for sale (b)(c)	\$ 26,906	\$ (27,557)	\$ (29,562)	\$ (25,124)	\$ (23,259)	\$ (19,573)
Purchase of premises and equipment, net of sales	\$ (1,478)	\$ (1,550)	\$ (1,855)	\$ (1,563)	\$ (1,911)	\$ (2,425)
Acquisitions, net of cash acquired	\$ (597)	\$ 1	\$ (15)	\$ (64)	\$ (454)	\$ (633)
Dispositions, net of cash disposed			\$ -	\$ -	\$ 594	\$ -
Other investing activities	\$ 135					
Net cash provided by financing activities	\$ (9,068)	\$ (14,933)	\$ 24,509	\$ 18,379	\$ 4,436	\$ 11,210
Net increase in customer deposits	\$ 13,542	\$ (2,468)	\$ 25,902	\$ 18,915	\$ 10,305	\$ 13,045
Net increase/decrease in short-term borrowings	\$ (4,627)	\$ 461	\$ (706)	\$ (105)	\$ 207	\$ (27)
Proceeds from long-term debt	\$ 69	\$ 7,788	\$ 23,230	\$ 15,674	\$ 12,602	\$ 24,377
Payments of long-term debt	\$ (15,593)	\$ (11,662)	\$ (18,906)	\$ (10,703)	\$ (10,759)	\$ (18,157)
Issuance of american express common shares	\$ 44	\$ 64	\$ 56	\$ 28	\$ 100	\$ 57
Issuance of american express preferred shares	\$ -	\$ 1,584				
Redemption of american express preferred shares	\$ -	\$ (1,600)				
Repurchase of american express common shares and other	\$ (1,029)	\$ (7,652)	\$ (3,502)	\$ (3,650)	\$ (6,020)	\$ (5,814)
Dividends paid	\$ (1,474)	\$ (1,448)	\$ (1,565)	\$ (1,780)	\$ (1,999)	\$ (2,271)
Effect of foreign currency exchange rates on cash and cash equivalents	\$ 364	\$ (120)	\$ (13)	\$ 177	\$ (40)	\$ 405
Cash and cash equivalents at beginning of period	\$ 24,446	\$ 32,965	\$ 22,028	\$ 33,914	\$ 46,596	\$ 40,640
Total cash, cash equivalents and restricted cash - Cash, cash equivalents and restricted cash reconciliation	\$ 32,359					
Cash and cash equivalents per consolidated balance sheets	\$ 32,965					
Restricted cash included in other assets per consolidated balance sheets	\$ (606)					
Total cash and cash equivalents excluding restricted balances - Cash and cash equivalents reconciliation						
Cash and cash equivalents per consolidated balance sheets						
Restricted balances included in cash and cash equivalents						

All figures in millions of U.S. Dollar.

Forecasted Income Statement	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
<i>Revenues</i>	Current											
Non-Interest Revenue												
Discount Revenue	\$ 37,401	\$ 40,811	\$ 43,452	\$ 46,151	\$ 48,900	\$ 51,687	\$ 54,500	\$ 57,325	\$ 60,150	\$ 62,959	\$ 65,737	\$ 68,469
Net Card Fees	\$ 9,993	\$ 13,613	\$ 15,464	\$ 17,366	\$ 19,275	\$ 21,145	\$ 22,922	\$ 24,610	\$ 26,357	\$ 28,159	\$ 30,011	\$ 31,905
Service Fees and other revenue	\$ 7,471	\$ 7,845	\$ 8,237	\$ 8,649	\$ 9,081	\$ 9,535	\$ 10,012	\$ 10,512	\$ 11,038	\$ 11,590	\$ 12,169	\$ 12,778
Total Non-Interest Revenue	\$ 54,865	\$ 62,268	\$ 67,153	\$ 72,166	\$ 77,257	\$ 82,367	\$ 87,434	\$ 92,447	\$ 97,545	\$ 102,708	\$ 107,917	\$ 113,152
Interest Income												
Interest on Loans	\$ 23,234	\$ 25,218	\$ 27,303	\$ 29,488	\$ 31,771	\$ 34,148	\$ 36,614	\$ 39,161	\$ 41,784	\$ 44,472	\$ 47,218	\$ 50,009
Interest and Dividends on Investment Securrities	\$ 63	\$ 38	\$ 43	\$ 51	\$ 58	\$ 67	\$ 76	\$ 85	\$ 94	\$ 103	\$ 112	\$ 121
Deposits with Banks and other	\$ 2,301	\$ 3,092	\$ 3,939	\$ 5,110	\$ 6,488	\$ 8,083	\$ 9,902	\$ 11,942	\$ 14,200	\$ 16,647	\$ 19,231	\$ 21,858
Total Interest Income	\$ 25,598	\$ 28,348	\$ 31,285	\$ 34,649	\$ 38,318	\$ 42,298	\$ 46,591	\$ 51,188	\$ 56,077	\$ 61,223	\$ 66,561	\$ 71,988
Interest Expense												
Deposits	\$ (5,425)	\$ (6,259)	\$ (6,770)	\$ (7,305)	\$ (7,862)	\$ (8,442)	\$ (9,042)	\$ (9,662)	\$ (10,299)	\$ (10,950)	\$ (11,615)	\$ (12,289)
Long-Term Debt and other	\$ (2,809)	\$ (2,941)	\$ (3,039)	\$ (3,238)	\$ (3,436)	\$ (3,629)	\$ (3,815)	\$ (3,992)	\$ (4,158)	\$ (4,309)	\$ (4,442)	\$ (4,549)
Total Interest Expense	\$ (8,234)	\$ (9,200)	\$ (9,809)	\$ (10,543)	\$ (11,298)	\$ (12,071)	\$ (12,858)	\$ (13,654)	\$ (14,457)	\$ (15,260)	\$ (16,056)	\$ (16,838)
<i>Net Interest Income</i>	\$ 17,364	\$ 19,148	\$ 21,476	\$ 24,107	\$ 27,020	\$ 30,227	\$ 33,733	\$ 37,534	\$ 41,621	\$ 45,963	\$ 50,505	\$ 55,151
Total Revenues Net of Interest Expense	\$ 72,229	\$ 81,416	\$ 88,629	\$ 96,273	\$ 104,277	\$ 112,594	\$ 121,167	\$ 129,981	\$ 139,165	\$ 148,671	\$ 158,422	\$ 168,303
Provisions for Credit Losses												
Card Memeber Receivables	\$ (751)	\$ (925)	\$ (1,007)	\$ (1,094)	\$ (1,185)	\$ (1,280)	\$ (1,377)	\$ (1,477)	\$ (1,582)	\$ (1,690)	\$ (1,800)	\$ (1,913)
Card Member Loans	\$ (4,067)	\$ (4,762)	\$ (5,150)	\$ (5,557)	\$ (5,981)	\$ (6,422)	\$ (6,879)	\$ (7,350)	\$ (7,835)	\$ (8,331)	\$ (8,836)	\$ (9,349)
Other	\$ (438)	\$ (480)	\$ (521)	\$ (563)	\$ (607)	\$ (653)	\$ (701)	\$ (749)	\$ (800)	\$ (852)	\$ (905)	\$ (959)
<i>Total Provisions for Credit Losses</i>	\$ (5,256)	\$ (6,168)	\$ (6,678)	\$ (7,214)	\$ (7,774)	\$ (8,355)	\$ (8,957)	\$ (9,577)	\$ (10,216)	\$ (10,872)	\$ (11,541)	\$ (12,220)
Total Revenues Net of Interest Expense after Provisions	\$ 66,973	\$ 75,248	\$ 81,951	\$ 89,059	\$ 96,503	\$ 104,239	\$ 112,210	\$ 120,404	\$ 128,949	\$ 137,799	\$ 146,881	\$ 156,082
Expenses												
Card Member Rewards	\$ (18,409)	\$ (20,335)	\$ (21,931)	\$ (23,568)	\$ (25,230)	\$ (26,899)	\$ (28,554)	\$ (30,191)	\$ (31,856)	\$ (33,542)	\$ (35,243)	\$ (36,953)
Business Development	\$ (6,457)	\$ (7,192)	\$ (7,757)	\$ (8,336)	\$ (8,924)	\$ (9,514)	\$ (10,099)	\$ (10,678)	\$ (11,267)	\$ (11,863)	\$ (12,465)	\$ (13,070)
Card Member Services	\$ (6,057)	\$ (6,850)	\$ (7,387)	\$ (7,938)	\$ (8,498)	\$ (9,060)	\$ (9,618)	\$ (10,169)	\$ (10,730)	\$ (11,298)	\$ (11,871)	\$ (12,447)
Marketing	\$ (6,252)	\$ (7,766)	\$ (8,376)	\$ (9,001)	\$ (9,636)	\$ (10,273)	\$ (10,905)	\$ (11,530)	\$ (12,166)	\$ (12,810)	\$ (13,460)	\$ (14,113)
Salaries and Employee Benefits	\$ (9,016)	\$ (10,708)	\$ (11,533)	\$ (12,408)	\$ (13,310)	\$ (14,232)	\$ (15,167)	\$ (16,111)	\$ (17,077)	\$ (18,059)	\$ (19,047)	\$ (20,026)
Other, Net	\$ (6,987)	\$ (7,232)	\$ (7,485)	\$ (7,747)	\$ (8,018)	\$ (8,298)	\$ (8,589)	\$ (8,889)	\$ (9,201)	\$ (9,523)	\$ (9,856)	\$ (10,201)
Total Expenses	\$ (53,178)	\$ (60,083)	\$ (64,468)	\$ (68,997)	\$ (73,616)	\$ (78,277)	\$ (82,931)	\$ (87,569)	\$ (92,297)	\$ (97,096)	\$ (101,942)	\$ (106,809)
Pretax Income	\$ 13,795	\$ 15,165	\$ 17,483	\$ 20,061	\$ 22,888	\$ 25,962	\$ 29,278	\$ 32,835	\$ 36,652	\$ 40,703	\$ 44,939	\$ 49,273
Income Tax Provision	\$ 2,962.00	\$ 3,386.96	\$ 3,904.53	\$ 4,480.35	\$ 5,111.56	\$ 5,798.19	\$ 6,538.86	\$ 7,333.11	\$ 8,185.62	\$ 9,090.40	\$ 10,036.27	\$ 11,004.40
Marginal Tax Rate	21.90%	22.33%	22.33%	22.33%	22.33%	22.33%	22.33%	22.33%	22.33%	22.33%	22.33%	22.33%
Net Income	\$ 10,833	\$ 11,779	\$ 13,578	\$ 15,581	\$ 17,776	\$ 20,164	\$ 22,740	\$ 25,502	\$ 28,466	\$ 31,613	\$ 34,902	\$ 38,269

Forecasted Balance Sheet (millions)	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Assets	Current											
<i>Cash and Cash Equivalents</i>												
Cash and Due from Banks	\$ 3,559	\$ 5,417	\$ 6,139	\$ 7,173	\$ 8,284	\$ 9,464	\$ 10,705	\$ 11,992	\$ 13,312	\$ 14,634	\$ 15,914	\$ 17,087
Interest Bearing Deposits in Other Banks	\$ 43,491	\$ 51,179	\$ 58,000	\$ 67,771	\$ 78,259	\$ 89,411	\$ 101,132	\$ 113,295	\$ 125,765	\$ 138,257	\$ 150,349	\$ 161,426
Short Term Investment Securities	\$ 742	\$ 450	\$ 510	\$ 596	\$ 688	\$ 786	\$ 889	\$ 996	\$ 1,106	\$ 1,216	\$ 1,322	\$ 1,420
Total Cash and Cash Equivalents	\$ 47,792	\$ 57,610	\$ 65,287	\$ 76,286	\$ 88,092	\$ 100,645	\$ 113,839	\$ 127,530	\$ 141,566	\$ 155,628	\$ 169,240	\$ 181,708
Card Member Receivables	\$ 61,851	\$ 69,718	\$ 75,895	\$ 82,440	\$ 89,294	\$ 96,416	\$ 103,757	\$ 111,305	\$ 119,170	\$ 127,310	\$ 135,660	\$ 144,121
Card Member Loans	\$ 145,923	\$ 158,208	\$ 171,114	\$ 184,625	\$ 198,721	\$ 213,375	\$ 228,551	\$ 244,209	\$ 260,303	\$ 276,777	\$ 293,570	\$ 310,616
Card Member Loans Held For Sale	\$ 2,457	\$ 2,822	\$ 3,223	\$ 3,663	\$ 4,141	\$ 4,660	\$ 5,220	\$ 5,821	\$ 6,465	\$ 7,151	\$ 7,879	\$ 8,647
Other Loans	\$ 10,605	\$ 11,204	\$ 11,838	\$ 12,507	\$ 13,214	\$ 13,961	\$ 14,750	\$ 15,584	\$ 16,465	\$ 17,396	\$ 18,379	\$ 19,418
Investment Securities	\$ 1,043	\$ 1,099	\$ 1,141	\$ 1,180	\$ 1,215	\$ 1,245	\$ 1,269	\$ 1,287	\$ 1,298	\$ 1,301	\$ 1,296	\$ 1,282
Premises and Equipment	\$ 6,118	\$ 6,787	\$ 7,373	\$ 8,000	\$ 8,656	\$ 9,337	\$ 10,038	\$ 10,758	\$ 11,506	\$ 12,278	\$ 13,068	\$ 13,867
Other Assets	\$ 24,263	\$ 26,406	\$ 28,758	\$ 31,253	\$ 33,865	\$ 36,580	\$ 39,377	\$ 42,252	\$ 45,251	\$ 48,357	\$ 51,544	\$ 54,773
Total Non Cash Assets	\$ 252,260	\$ 276,244	\$ 299,342	\$ 323,668	\$ 349,107	\$ 375,574	\$ 402,962	\$ 431,217	\$ 460,458	\$ 490,569	\$ 521,395	\$ 552,723
Total Assets	\$ 300,052	\$ 333,854	\$ 364,629	\$ 399,954	\$ 437,199	\$ 476,219	\$ 516,801	\$ 558,747	\$ 602,024	\$ 646,198	\$ 690,635	\$ 734,431
Liabilities and Shareholder's Equity												
<i>Liabilities</i>												
Customer Deposits	\$ 152,488	\$ 164,578	\$ 178,004	\$ 192,060	\$ 206,723	\$ 221,967	\$ 237,754	\$ 254,043	\$ 270,785	\$ 287,922	\$ 305,391	\$ 323,123
Accounts Payable	\$ 14,700	\$ 17,532	\$ 18,907	\$ 20,319	\$ 21,752	\$ 23,191	\$ 24,617	\$ 26,029	\$ 27,464	\$ 28,918	\$ 30,385	\$ 31,858
Short-Term Borrowing	\$ 1,371	\$ 2,162	\$ 2,361	\$ 2,590	\$ 2,831	\$ 3,084	\$ 3,347	\$ 3,619	\$ 3,899	\$ 4,185	\$ 4,473	\$ 4,756
Long-Term Debt	\$ 56,387	\$ 61,831	\$ 63,884	\$ 68,074	\$ 72,227	\$ 76,292	\$ 80,210	\$ 83,926	\$ 87,416	\$ 90,599	\$ 93,377	\$ 95,626
Other Liabilities	\$ 41,632	\$ 48,278	\$ 52,728	\$ 57,836	\$ 63,222	\$ 68,865	\$ 74,733	\$ 80,799	\$ 87,057	\$ 93,445	\$ 99,871	\$ 106,204
Total Liabilities	\$ 266,578	\$ 294,381	\$ 315,885	\$ 340,879	\$ 366,756	\$ 393,399	\$ 420,661	\$ 448,416	\$ 476,621	\$ 505,069	\$ 533,497	\$ 561,568
Shareholder's Equity												
Preferred Shares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common Shares	\$ 138	\$ 134	\$ 130	\$ 126	\$ 122	\$ 118	\$ 115	\$ 111	\$ 108	\$ 105	\$ 101	\$ 98
Additional Paid-In Capital	\$ 11,126	\$ 11,371	\$ 11,371	\$ 11,371	\$ 11,371	\$ 11,371	\$ 11,371	\$ 11,371	\$ 11,371	\$ 11,371	\$ 11,371	\$ 11,371
Retained Earnings	\$ 25,487	\$ 28,708	\$ 32,517	\$ 36,951	\$ 42,027	\$ 47,737	\$ 54,039	\$ 60,849	\$ 68,035	\$ 75,380	\$ 82,545	\$ 89,024
Accumalated Other Comprehensive Income (loss)	\$ (3,277)	\$ (3,277)	\$ (3,277)	\$ (3,277)	\$ (3,277)	\$ (3,277)	\$ (3,277)	\$ (3,277)	\$ (3,277)	\$ (3,277)	\$ (3,277)	\$ (3,277)
Total Shareholder's Equity	\$ 33,474	\$ 36,936	\$ 40,741	\$ 45,171	\$ 50,243	\$ 55,949	\$ 62,248	\$ 69,055	\$ 76,237	\$ 83,579	\$ 90,741	\$ 97,216
Total Liabilities and Shareholder's Equity	\$ 300,052	\$ 333,854	\$ 364,629	\$ 399,954	\$ 437,199	\$ 476,219	\$ 516,801	\$ 558,747	\$ 602,024	\$ 646,198	\$ 690,635	\$ 734,431

Forecasted Cash Flow Statement	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Cash Flow from Operating Activities												
Net Income	\$ 10,833	\$ 11,779	\$ 13,578	\$ 15,581	\$ 17,776	\$ 20,164	\$ 22,740	\$ 25,502	\$ 28,466	\$ 31,613	\$ 34,902	\$ 38,269
Depreciation and Amortization	\$ 1,777	\$ 2,138	\$ 2,323	\$ 2,521	\$ 2,727	\$ 2,942	\$ 3,163	\$ 3,390	\$ 3,625	\$ 3,869	\$ 4,118	\$ 4,369
Provisions for Credit Losses	\$ 5,256	\$ 6,168	\$ 6,678	\$ 7,214	\$ 7,774	\$ 8,355	\$ 8,957	\$ 9,577	\$ 10,216	\$ 10,872	\$ 11,541	\$ 12,220
Changes in Working Capital Accounts												
Card Member Receivables	\$ (2,611)	\$ (16,996)	\$ (7,388)	\$ (7,858)	\$ (8,332)	\$ (8,806)	\$ (9,277)	\$ (9,740)	\$ (10,192)	\$ (10,628)	\$ (11,043)	\$ (11,433)
Card Member Loans	\$ (11,928)	\$ (12,285)	\$ (12,906)	\$ (13,512)	\$ (14,096)	\$ (14,653)	\$ (15,176)	\$ (15,659)	\$ (16,093)	\$ (16,474)	\$ (16,793)	\$ (17,045)
Card Member Loans Held For Sale	\$ (1,699)	\$ (365)	\$ (401)	\$ (439)	\$ (478)	\$ (519)	\$ (560)	\$ (602)	\$ (644)	\$ (686)	\$ (727)	\$ (768)
Other Loans	\$ (1,567)	\$ (599)	\$ (633)	\$ (669)	\$ (707)	\$ (747)	\$ (789)	\$ (834)	\$ (881)	\$ (931)	\$ (983)	\$ (1,039)
Investment Securities	\$ 197	\$ (56)	\$ (43)	\$ (39)	\$ (35)	\$ (30)	\$ (24)	\$ (18)	\$ (11)	\$ (3)	\$ 5	\$ 14
Customer Deposits	\$ 13,075	\$ 12,090	\$ 13,425	\$ 14,056	\$ 14,664	\$ 15,243	\$ 15,787	\$ 16,289	\$ 16,741	\$ 17,137	\$ 17,470	\$ 17,732
Accounts Payable	\$ 816	\$ 2,832	\$ 1,375	\$ 1,411	\$ 1,433	\$ 1,439	\$ 1,427	\$ 1,412	\$ 1,435	\$ 1,454	\$ 1,467	\$ 1,474
Other Liabilities	\$ 4,821	\$ 6,646	\$ 4,450	\$ 5,108	\$ 5,386	\$ 5,643	\$ 5,868	\$ 6,066	\$ 6,258	\$ 6,388	\$ 6,426	\$ 6,333
Deferred Tax	\$ (542)											
Total Cash Flow From Operating Activities	\$ 18,428	\$ 11,352	\$ 20,460	\$ 23,374	\$ 26,111	\$ 29,030	\$ 32,115	\$ 35,383	\$ 38,922	\$ 42,611	\$ 46,381	\$ 50,126
Cash Flow from Investing Activities												
Capital Expenditures	\$ (1,030)	\$ (2,807)	\$ (2,909)	\$ (3,148)	\$ (3,384)	\$ (3,623)	\$ (3,864)	\$ (4,110)	\$ (4,373)	\$ (4,641)	\$ (4,908)	\$ (5,168)
Other Assets	\$ (3,084)	\$ (2,143)	\$ (2,352)	\$ (2,494)	\$ (2,613)	\$ (2,715)	\$ (2,797)	\$ (2,876)	\$ (2,999)	\$ (3,106)	\$ (3,187)	\$ (3,229)
Total Cash Flow from Investing Activities	\$ (4,114)	\$ (4,951)	\$ (5,261)	\$ (5,643)	\$ (5,996)	\$ (6,338)	\$ (6,661)	\$ (6,985)	\$ (7,372)	\$ (7,746)	\$ (8,095)	\$ (8,397)
Cash Flow from Financing Activities												
Short-Term Borrowing	\$ (3)	\$ 791	\$ 199	\$ 229	\$ 241	\$ 253	\$ 263	\$ 272	\$ 280	\$ 286	\$ 288	\$ 284
Long-Term Debt	\$ 6,672	\$ 5,444	\$ 2,053	\$ 4,189	\$ 4,153	\$ 4,065	\$ 3,917	\$ 3,716	\$ 3,490	\$ 3,183	\$ 2,777	\$ 2,249
Dividends Paid	\$ (2,271)	\$ (2,571)	\$ (2,937)	\$ (3,383)	\$ (3,932)	\$ (4,609)	\$ (5,449)	\$ (6,496)	\$ (7,809)	\$ (9,466)	\$ (11,569)	\$ (14,254)
Repurchase of american express common shares and other	\$ (5,814)	\$ (5,986)	\$ (6,833)	\$ (7,763)	\$ (8,768)	\$ (9,845)	\$ (10,989)	\$ (12,196)	\$ (13,471)	\$ (14,802)	\$ (16,168)	\$ (17,536)
Change in Common Stock	\$ (3)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (4)	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (3)
Total Cash Flow from Financing Activities	\$ (1,419)	\$ (2,326)	\$ (7,521)	\$ (6,732)	\$ (8,309)	\$ (10,140)	\$ (12,261)	\$ (14,707)	\$ (17,513)	\$ (20,802)	\$ (24,675)	\$ (29,261)
Net Increase (Decrease) in Cash	\$ 12,895	\$ 4,075	\$ 7,678	\$ 10,999	\$ 11,806	\$ 12,553	\$ 13,193	\$ 13,691	\$ 14,037	\$ 14,062	\$ 13,612	\$ 12,468
Cash, Beginning of Year	\$ 40,640	\$ 53,535	\$ 57,610	\$ 65,287	\$ 76,286	\$ 88,092	\$ 100,645	\$ 113,839	\$ 127,530	\$ 141,566	\$ 155,628	\$ 169,240
Cash, End of Year	\$ 53,535	\$ 57,610	\$ 65,287	\$ 76,286	\$ 88,092	\$ 100,645	\$ 113,839	\$ 127,530	\$ 141,566	\$ 155,628	\$ 169,240	\$ 181,708

American Express
Cost of Equity Estimation

Cost of Equity:

Risk-Free Rate	4.28%
Beta	1.13
Equity Risk Premium	5.00%
Cost of Equity Estimation	9.93%

ASSUMPTIONS:

*On the Run 10 Year US Treasury Rate
 5 Year Monthly Beta*

Cost of Debt:

Risk-Free Rate	4.28%
Implied Default Premium	1.22%
Pre-Tax Cost of Debt	5.50%
Marginal Tax Rate	22%
After-Tax Cost of Debt	

Type risk-free rate assumption here (example: "10-year Treasury bond")

Type assumption here (example: "YTM on company's 10-year corporate bond")

Cost of Preferred Stock:

Annual Pfd. Dividend	
Price of Pfd. Shares	
Cost of Preferred:	

Market Value of Common Equity:

Total Shares Outstanding	688.85 (millions)
Current Stock Price	\$314.08
MV of Equity	216,354.01

MV Weights

100.00%

Market Value of Debt:

Short-Term Debt	
Current Portion of LTD	
Long-Term Debt	
PV of Operating Leases	
MV of Total Debt	-

0.00%

Market Value of Preferred Stock:

Total Shares Outstanding	
Price of Pfd. Shares	
MV of Preferred	-

0.00%

Market Value of the Firm

216,354.01 (millions)

100.00%

Estimated Cost of Equity

9.93%

American Express*Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*

Key Inputs:

CV Growth of NI	2.50%
CV Year ROE	40.04%
Cost of Equity	9.93%
Cost of Equity	9.93%

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
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DCF Model:

Free Cash Flow (FCFE)	\$	5,780	\$4,307	\$5,249	\$6,408	\$7,786	\$9,421	\$11,310	\$13,395	\$15,887	\$ 18,892
Continuing Value (CV)											\$483,035
PV of FCF	\$	5,258	\$3,564	\$3,951	\$4,388	\$4,851	\$ 5,339	\$ 5,831	\$ 6,282	\$ 6,778	\$206,065

Value of Operating Assets:
Non-Operating Adjustments

\$252,306

Value of Equity
Shares Outstanding
Intrinsic Value of Last FYE
Implied Price as of Today

\$252,306

688.9

\$ 366.27

\$ 377.26

American Express

Relative Valuation Models

Ticker	Company	Price	EPS		P/E 26	P/E 27	Est. 5yr			BV Tangible		Tangible	
			2026E	2027E			EPS gr.	PEG 26	PEG 27	Equity BV Equity	P/B	P/B	
MA	Mastercard	\$498.66	\$19.60	\$22.67	25.44	22.00		1.66				60.09	
V	Visa	\$304.36	\$12.86	\$14.55	23.67	20.92		1.73				15.95	
COF	Capital One	\$193.00	\$20.03	\$24.40	9.64	7.91		0.22				1.03	
USB	US Bank	\$56.37	\$5.08	\$5.62	11.10	10.03		1.99				1.50	
PNC	PNC Financial Services	\$222.06	\$18.41	\$20.99	12.06	10.58		1.74				1.42	
	Average				16.38	14.29		1.47				16.00	
AXP	American Express	\$314.08	\$17.10	\$19.71	18.4	15.9		1.7	22.55			6.80	

Implied Relative Value:

P/E (EPS26)	\$ 280.09
P/E (EPS27)	\$281.62
PEG (EPS26)	\$461.07
	\$ -
P/B	\$360.75

American Express
Key Management Ratios

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Liquidity Ratios:																	
Cash Ratio (Cash & Equivalents / Current Liabilities)	0.34	0.23	0.27	0.32	0.26	0.28	0.31	0.33	0.35	0.38	0.41	0.43	0.45	0.47	0.48	0.50	0.51
Operating Cash Flow Ratio (Operating Cash Flows / Current Liabilities)	0.06	0.15	0.17	0.13	0.09	0.11	0.06	0.10	0.11	0.11	0.12	0.12	0.12	0.13	0.13	0.14	0.14
Loan-to-Deposit Ratio (Total Loans / Total Deposits)	0.78	1.01	0.95	0.94	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
Note: Current Liabilities = (Customer Deposits + Short-term Borrowings + AP)																	
Asset-Management Ratios:																	
Asset Turnover (Total Revenue / Average Total Assets)		0.23	0.24	0.23	0.23	0.23	0.24	0.45	0.45	0.44	0.44	0.43	0.43	0.43	0.43	0.43	0.43
Receivables Turnover (Total Revenue / Average Card Member Receivables)		0.90	0.91	0.95	1.02	1.11	1.24	1.22	1.22	1.21	1.21	1.21	1.21	1.21	1.21	1.20	1.20
Days Receivables Outstanding (365 / Receivables Turnover)		404.24	399.59	386.13	358.84	329.97	294.92	299.84	300.15	300.56	301.01	301.50	301.96	302.24	302.56	302.94	303.38
Financial Leverage Ratios:																	
Debt-to-Equity (Total Debt / Total Equity)	7.33	7.50	8.24	8.31	7.97	7.96	7.97	7.75	7.55	7.30	7.03	6.76	6.49	6.25	6.04	5.88	5.78
Debt-to-Assets (Total Debt / Total Assets)	0.88	0.88	0.89	0.89	0.89	0.89	0.88	0.87	0.85	0.84	0.83	0.81	0.80	0.79	0.78	0.77	0.76
Equity Multiplier (Total Assets / Total Equity)	8.33	8.50	9.24	9.31	8.97	8.96	9.04	8.95	8.85	8.70	8.51	8.30	8.09	7.90	7.73	7.61	7.55
Profitability Ratios:																	
Return on Equity (NI / Average Total Equity)		0.36	0.32	0.32	0.35	0.34	0.33	0.35	0.36	0.37	0.38	0.38	0.39	0.39	0.40	0.40	0.41
Return on Assets (NI / Average Total Assets)		0.04	0.04	0.03	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.05	0.05	0.05	0.05	0.05	0.05
Net Profit Margin (NI / Total Revenue)	0.10	0.18	0.15	0.15	0.17	0.16	0.16	0.17	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25
Payout Policy Ratios:																	
Dividend Payout Ratio (Dividend/EPS)		28.21	31.45	31.25	28.22	29.24	29.67	28.50	27.75	27.41	27.47	27.92	28.78	30.06	31.81	34.15	37.21
Payout Ratio (Dividends / NI)	0.34	0.14	0.16	0.17	0.16	0.16	0.22	0.22	0.22	0.22	0.23	0.24	0.25	0.27	0.30	0.33	0.37
Retention Ratio (1 - Dividend Ratio)	0.66	0.86	0.84	0.83	0.84	0.84	0.78	0.78	0.78	0.78	0.77	0.76	0.75	0.73	0.70	0.67	0.63

American Express
Sensitivity Tables

Beta

	377.26	0.92	0.99	1.06	1.13	1.20	1.27	1.34
Equity Risk Premium	5.00%	462.68	431.03	402.72	377.26	354.27	333.43	314.45
	5.25%	441.48	410.69	383.20	358.53	336.28	316.14	297.83
	5.50%	421.80	391.85	365.15	341.23	319.70	300.23	282.55
	5.75%	403.48	374.35	348.41	325.22	304.36	285.53	268.47
	6.00%	386.41	358.05	332.86	310.35	290.15	271.93	255.44

Cards In Force Growth Rate

	377.26	2.75%	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%
Loans Per Card Growth Rate	3.00%	325.60	336.81	348.27	360.00	372.01	384.29	396.85
	3.50%	327.20	338.45	349.95	361.72	373.76	386.08	398.68
	4.00%	328.81	340.09	351.63	363.43	375.51	387.87	400.51
	4.50%	330.41	341.73	353.30	365.14	377.26	389.66	402.34
	5.00%	332.01	343.36	354.98	366.86	379.01	391.45	404.17
	5.50%	333.62	345.00	356.65	368.57	380.76	393.24	406.00
	6.00%	335.22	346.64	358.33	370.28	382.52	395.03	407.83

Cards in Force Growth Rate

	377.26	2.75%	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%
Spend Per Card Growth Rate	2.12%	322.92	334.04	345.41	357.05	368.95	381.13	393.59
	2.37%	325.36	336.54	347.98	359.68	371.66	383.90	396.44
	2.62%	327.86	339.10	350.61	362.38	374.43	386.75	399.35
	2.87%	330.41	341.73	353.30	365.14	377.26	389.66	402.34
	3.12%	333.03	344.41	356.06	367.97	380.16	392.64	405.39
	3.37%	335.70	347.16	358.88	370.87	383.13	395.68	408.52
	3.62%	338.44	349.97	361.76	373.83	386.17	398.80	411.72

Interest Spread on Loans

	377.26	14.50%	15.00%	15.50%	15.94%	16.50%	17.00%	17.50%
Loans Per Card Growth Rate	3.00%	329.54	344.29	359.03	372.01	388.52	403.27	418.01
	3.50%	331.09	345.90	360.72	373.76	390.35	405.17	419.98
	4.00%	332.63	347.52	362.41	375.51	392.18	407.07	421.96
	4.50%	334.18	349.14	364.10	377.26	394.02	408.97	423.93
	5.00%	335.72	350.75	365.79	379.01	395.85	410.88	425.91
	5.50%	337.27	352.37	367.47	380.76	397.68	412.78	427.88
	6.00%	338.81	353.99	369.16	382.52	399.51	414.68	429.86

Cards In Force Growth Rate

	377.26	2.75%	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%
Discount Revenue as a % of Billed Business	2.00%	316.06	327.04	338.28	349.77	361.53	373.56	385.86
	2.10%	321.01	332.11	343.46	355.07	366.95	379.11	391.54
	2.20%	325.96	337.17	348.64	360.37	372.38	384.66	397.22
	2.29%	330.41	341.73	353.30	365.14	377.26	389.66	402.34
	2.40%	335.85	347.29	359.00	370.98	383.23	395.76	408.59
	2.50%	340.7995	352.3558	364.1799	376.2775	388.6543	401.3163	414.27
	2.60%	345.75	357.42	369.36	381.58	394.08	406.87	419.95

American Express

Revenue Decomposition

All figures in millions of USD or Units besides percentages

Fiscal Years Ending Dec. 31

	2020	2021	2022	2023	2024	2025
Revenue Decomposition						
Total Non-Interest Revenue	\$ 28,102	\$ 34,630	\$ 42,967	\$ 47,381	\$ 50,406	\$ 54,865
% Growth		23.23%	24.07%	10.27%	6.38%	8.85%
Discount Revenue	\$ 19,435	\$ 24,563	\$ 30,739	\$ 33,416	\$ 35,192	\$ 37,401
% Growth		26.39%	25.14%	8.71%	5.31%	6.28%
% of Total Non-Interest Revenue	69.16%	70.93%	71.54%	70.53%	69.82%	68.17%
Net Card Fees	\$ 4,664	\$ 5,195	\$ 6,070	\$ 7,255	\$ 8,449	\$ 9,993
% Growth		11.39%	16.84%	19.52%	16.46%	18.27%
% of Total Non-Interest Revenue	16.60%	15.00%	14.13%	15.31%	16.76%	18.21%
Services Fees and Other Revenue	\$ 2,702	\$ 3,316	\$ 4,521	\$ 6,710	\$ 6,765	\$ 7,471
% Growth		22.72%	36.34%	48.42%	0.82%	10.44%
% of Total Non-Interest Revenue	9.61%	9.58%	10.52%	14.16%	13.42%	13.62%
Total Interest Income	\$ 10,083	\$ 9,033	\$ 12,658	\$ 19,983	\$ 23,795	\$ 25,598
% Growth		-10.41%	40.13%	57.87%	19.08%	7.58%
Interest On Loans	\$ 9,779	\$ 8,850	\$ 11,967	\$ 17,697	\$ 21,095	\$ 23,234
% Growth		-9.50%	35.22%	47.88%	19.20%	10.14%
% of Total Interest Income	96.99%	97.97%	94.54%	88.56%	88.65%	90.76%
Interest and Dividends on Investment Securities	\$ 127	\$ 83	\$ 96	\$ 128	\$ 86	\$ 63
% Growth		-34.65%	15.66%	33.33%	-32.81%	-26.74%
% of Total Interest Income	1.26%	0.92%	0.76%	0.64%	0.36%	0.25%
Deposits with Banks and Other	\$ 177	\$ 100	\$ 595	\$ 2,158	\$ 2,614	\$ 2,301
% Growth		-43.50%	495.00%	262.69%	21.13%	-11.97%
% of Total Interest Income	1.76%	1.11%	4.70%	10.80%	10.99%	8.99%
Total Interest Expense	\$ 2,098	\$ 1,283	\$ 2,763	\$ 6,849	\$ 8,252	\$ 8,234
% Growth		-38.85%	115.35%	147.88%	20.48%	-0.22%
Deposits	\$ 943	\$ 458	\$ 1,527	\$ 4,865	\$ 5,695	\$ 5,425
% Growth		-51.43%	233.41%	218.60%	17.06%	-4.74%
% of Total Interest Income	9.35%	5.07%	12.06%	24.35%	23.93%	21.19%
Long-Term Debt and other	\$ 1,155	\$ 825	\$ 1,236	\$ 1,984	\$ 2,557	\$ 2,809
% Growth		-28.57%	49.82%	60.52%	28.88%	9.86%
% of Total Interest Income	11.45%	9.13%	9.76%	9.93%	10.75%	10.97%
Discount Revenue = Discount Rate*Billed Business						
Discount Revenue	\$ 19,435	\$ 24,563	\$ 30,739	\$ 33,416	\$ 35,192	\$ 37,401
% Growth		26.39%	25.14%	8.71%	5.31%	6.28%
Billed Business	\$ 870,700	\$ 1,089,800	\$ 1,338,300	\$ 1,459,600	\$ 1,550,900	\$ 1,669,800
% Growth		25.16%	22.80%	9.06%	6.26%	7.67%
Discount revenue as a % of Billed business	2.28%	2.30%	2.34%	2.29%	2.27%	2.24%
% Growth		0.88%	1.74%	-2.14%	-0.87%	-1.32%
What it mutltiplies to	\$ 19,851.96	\$ 25,065.40	\$ 31,316.22	\$ 33,424.84	\$ 35,205.43	\$ 37,403.52
Billed Business = Total Cards in Force * Spend per Card						
Cards in Force (Total)	112	121.7	133.3	141.2	146.5	152.8
Avg Spend per Card (USD)	\$ 7,774.11	\$ 8,954.81	\$ 10,039.76	\$ 10,337.11	\$ 10,586.35	\$ 10,928.01
% Growth		15.19%	12.12%	2.96%	2.41%	3.23%
Net Card Fees = Avg Fee Per Card * Total Cards in Force						
Cards in Force (Total)	91.3	100.7	111.5	118.7	123.3	128.9
Avg Fee Per Card	\$ 51.08	\$ 51.59	\$ 54.44	\$ 61.12	\$ 68.52	\$ 77.53
% Growth		0.99%	5.53%	12.27%	12.11%	13.14%
Billed Business Growth Primarily Drives Discount Revenue						
Drivers of Billed Business						
Cards in Force (Total)	112	121.7	133.3	141.2	146.5	152.8
% Growth		8.66%	9.53%	5.93%	3.75%	4.30%
Proprietary Cards in Force (Cards issued directly by Amex)	68.9	71.4	76.7	80.2	83.6	86.6
% Growth		3.63%	7.42%	4.56%	4.24%	3.59%
Basic Cards in Force (Basic = primary account holder)	91.3	100.7	111.5	118.7	123.3	128.9
% Growth		10.30%	10.72%	6.46%	3.88%	4.54%
(USD not in millions) Average proprietary basic Card Member spending (Annual spend per primary account holder via Amex issued card)	\$ 16,352	\$ 20,392	\$ 23,496	\$ 24,059	\$ 24,608	\$ 25,453
% Growth		24.71%	15.22%	2.40%	2.28%	3.43%
Drivers of Interest on Loans						
Net Interest Income	\$ 7,985	\$ 7,750	\$ 9,895	\$ 13,134	\$ 15,543	\$ 17,364
% Growth		-2.94%	27.68%	32.73%	18.34%	11.72%
Average Card Member Loans				\$ 178,735	\$ 197,080	\$ 213,105
% Growth					10.26%	8.13%
Net Interest Yield				7.35%	7.89%	8.15%
Interest On Loans = Total Loans * Spread						
Spread	14.37%	10.38%	11.48%	14.64%	15.74%	15.92%
% Growth		-27.79%	10.62%	27.50%	7.53%	1.14%
Total Loans = Cards in Force (Total) * Loans per Card						
Loans per card (USD not in millions)	\$ 607	\$ 701	\$ 782	\$ 856	\$ 915	\$ 955
% Growth		15.34%	11.60%	9.50%	6.84%	4.41%
Total Loans	\$ 68,029	\$ 85,257	\$ 104,217	\$ 120,877	\$ 133,995	\$ 145,923