

RECENT PRICE	77.84	P/E RATIO	13.7 (Trailing: 13.7 Median: NMF)	RELATIVE P/E RATIO	0.71	DIV'D YLD	1.5%	VALUE LINE
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2018-20 PROJECTIONS				
	Price	Gain	Ann'l Total Return	
High	115	(+50%)	11%	
Low	85	(+10%)	4%	

Insider Decisions												
	J	J	A	S	O	N	D	J	F			
to Buy	0	0	0	0	0	0	0	0	0	1		
Options	0	0	4	0	0	0	0	0	0	1		
to Sell	0	0	4	0	0	0	0	0	0	1		

Institutional Decisions				
	2Q2014	3Q2014	4Q2014	
to Buy	471	519	612	
to Sell	566	533	520	
Hld's(000)	872530	854202	834630	

% TOT. RETURN 4/15		
	THIS STOCK	VL ARITH. INDEX
1 yr.	-10.3	9.1
3 yr.	33.0	58.8
5 yr.	79.3	84.6

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
2.43	2.92	3.39	2.48	1.54	3.35	4.09	4.40	4.88	5.56	5.60	5.75	Earnings per sh ^A	7.00
.48	.57	.63	.72	.72	.72	.72	.78	.86	.98	1.10	1.22	Div'ds Decl'd per sh ^B	1.50
8.50	8.77	9.52	10.21	12.09	13.56	16.15	17.09	18.32	20.21	22.35	23.75	Book Value per sh	28.65
1241.0	1199.0	1158.0	1160.0	1192.0	1197.0	1164.0	1105.0	1064.0	1023.0	1000.0	990.0	Common Shs Outst'g ^C	950.0
21.9	18.7	17.4	15.3	17.5	12.4	11.6	12.7	15.0	16.2	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0
1.17	1.01	.92	.92	1.17	.79	.73	.81	.84	.85			Relative P/E Ratio	.90
.9%	1.0%	1.1%	1.9%	2.7%	1.7%	1.5%	1.4%	1.2%	1.1%			Avg Ann'l Div'd Yield	1.5%
113960	128329	149830	126074	124088	147042	153337	153140	153375	159103	158000	160000	Total Assets (\$mill)	175000
48081	43116	53436	40659	30010	57616	61166	64309	66585	70104	67940	68800	Loans (\$mill)	75250
2440.0	2993.0	3590.0	3646.0	3124.0	4869.0	4641.0	4628.0	5047.0	5472.0	5690	5860	Net Interest Inc (\$mill)	6440
2758.0	3026.0	4341.0	5798.0	5313.0	2207.0	1112.0	1990.0	2110.0	2044.0	2000	2025	Loan Loss Prov'n (\$mill)	2100
19985	22161	24141	24719	21399	22950	25321	26954	27927	28820	27450	28000	Noninterest Inc (\$mill)	30000
15614	16989	17824	18986	16369	19648	21894	22246	22976	23257	22700	23290	Noninterest Exp (\$mill)	24300
3062.0	3611.0	4048.0	2871.0	2137.0	4057.0	4899.0	5076.0	5359.0	5885.0	5660	5725	Net Profit (\$mill)	6725
24.5%	29.7%	27.3%	19.8%	24.8%	32.0%	29.6%	30.9%	32.1%	34.5%	33.0%	33.0%	Income Tax Rate	33.0%
2.69%	2.81%	2.70%	2.28%	1.72%	2.76%	3.20%	3.31%	3.49%	3.70%	3.60%	3.60%	Return on Total Assets	3.80%
30781	42747	55285	60041	52338	66416	59570	58973	55330	57955	55000	55000	Long-Term Debt (\$mill)	53000
10549	10511	11029	11841	14406	16230	18794	18886	19496	20673	22350	23500	Shr. Equity (\$mill)	27200
9.3%	8.2%	7.4%	9.4%	11.6%	11.0%	12.3%	12.3%	12.7%	13.0%	14.0%	14.5%	Shr. Eq. to Total Assets	15.5%
35.8%	33.6%	35.7%	32.3%	24.2%	39.2%	39.9%	42.0%	43.4%	44.1%	43.0%	43.0%	Loans to Tot Assets	43.0%
29.0%	34.4%	36.7%	24.2%	14.8%	25.0%	26.1%	26.9%	27.5%	28.5%	25.5%	24.5%	Return on Shr. Equity	24.5%
23.4%	28.1%	30.2%	17.2%	8.4%	19.7%	21.5%	22.1%	22.7%	23.4%	20.5%	19.5%	Retained to Com Eq	19.5%
19%	18%	18%	29%	43%	21%	18%	18%	18%	18%	20%	21%	All Div'ds to Net Prof	21%

MARKET CAP: \$79.1 billion (Large Cap)

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Loans	5.0%	2.5%	4.5%
Earnings	4.0%	.5%	6.0%
Dividends	8.5%	13.0%	9.5%
Book Value	4.0%	-2.0%	7.5%

Calendar	QUARTERLY DIVIDENDS PAID \$				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.18	.18	.18	.18	.72
2012	.18	.20	.20	.20	.78
2013	.20	.20	.23	.23	.86
2014	.23	.23	.26	.26	.98
2015	.26	.26			

Shares of American Express have continued to slump. As we mentioned in our February report, AXP registered a 2014 total return of just 3.7%, which ranked in the bottom half of the Dow 30. So far in 2015, the situation has deteriorated fur-

Looking ahead, we have reduced our near- and long-term earnings expectations. Along with its loss of Costco, we think that results will continue to be hurt by unfavorable currency exchange rates and, in particular, the stronger U.S. dollar. For instance, in the first quarter, card member spending increased just 3%, though that figure would have been 7% on a constant-currency basis. Higher reward costs will probably also hamper the bottom

As for the stock, it does hold some worthwhile investment attributes. First off, it is ranked favorably for both Timeliness and Safety. What's more, due to the recent underperformance, the issue is trading at a very reasonable P/E ratio, which may interest some bargain hunters. The stock also offers decent total return potential to 2018–2020. All that said, some risks, like the loss of Costco's business, are present, so conservative investors should probably proceed with caution.

Ian Gendler *May 15, 2015*

(A) Fully diluted earnings. May not sum to total due to rounding. Next earnings report due mid-July.	(B) Div'd's historically paid in mid-Feb., May, Aug., and Nov. ■ Div'd reinv. plan available.	(C) In mill., adj. for stock split. (D) Began reporting as a bank holding company on 11/14/08.	Company's Financial Strength A++ Stock's Price Stability 75 Price Growth Persistence 60
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