

**Annual Report**

**2003**



## Management Report

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American Express Bank GmbH celebrated another good year with pre-tax profit growing by 4.2%. This was achieved by the continued successful growth of both our core businesses, Personal Financial Services and Financial Institutions Group. It confirms the sound structure of our lines of business which represent a solid basis for long-term growth.

### Financial Institutions Group (FIG):

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The Euro Booking Center of American Express Bank Limited's global correspondent banking business is located in Frankfurt. In addition to the US Dollar and Yen Booking Centers in New York and Tokyo, this Center processes the business activities of our parent bank with correspondent banks all over the world. Our operational result from this sector recorded a very satisfactory growth compared to the previous year. In particular, commission income from payments and documentary collections grew by more than 20%. Net interest income increased, despite persistent low interest rates and less participation in syndicated loans compared with the year before. Analyses by independent institutions have shown that, with our above average growth in important payment products, we have succeeded in raising our market share.

The global FIG relationship managers were again able to win a large number of new clients for euro payments leading to further country diversification in the Euro Booking Center. The centralization of American Express Bank Limited's European foreign trade business in the Frankfurt Euro Booking Center was also completed. Cross selling activities and the utilization of synergies enabled us to enhance client relations and increase their profitability. Ongoing training and substantial investment in our systems served to reinforce our "best-in-class" standards in global payments and documentary collections.

It is the strategic goal of our company to distribute production processes across worldwide locations in such a way as to optimize efficiency, economy and security. Customer service, on the other hand, is centered in those locations that provide the closest proximity and greatest benefit to our clients. In line with the New York and Tokyo Booking Centers, part of the processing of payments and foreign trade business is now being handled in the Processing Center in Chennai, India. This relocation gives us optimum productivity and flexibility and provides the basis for an efficient back-up in case of disaster. The results of regular internal and external client satisfaction surveys confirm the continuing improvement of our services. This in particular reflects our focus on client orientation and the dedication of our employees.

We expect continued strong growth in both commercial payments and foreign trade lines of business.

In 2003, our **Investment Product Distribution (IPD)** group continued to expand the number of external sales partners for our American Express Asset Management products, in particular by concentrating on activating existing cooperation agreements. With the new Investment Modernization Law we shall turn our attention in the future to the sales of Hedge Fund of Funds as well as Single Hedge Funds.

In line with the positive development in international capital markets, our aim for IPD in 2004 is to achieve positive results in net commission income.

### Personal Financial Services (PFS):

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As in 2002, the PFS 2003 results continued to be affected by weak equity markets in the first half of the year as well as marked client reluctance to trade in securities. This is also reflected in the composition of earnings from deposits, investment funds and loans. Deposits were clearly dominated by products with calculable risks and revenues such as Daily Cash and Foreign Currency accounts. Personal loans enjoyed solid growth.

Foreign currency **deposit business** continued to expand with the addition of RandPlus, a special foreign currency account for the South African Rand, contributing significantly to this positive result. PFS has become a clear market leader among direct banks in Germany for this type of deposit. The extremely difficult market environment in the deposit business for euro accounts (DailyCash) led to withdrawals. In addition, interest margins were squeezed by the continual reduction of interest rates by the European Central Bank as well as historically low levels of interest.

The area of **investment funds** enjoyed growth despite a weak economic environment. Our strategy of placing selected funds on the BestSelect list proved to be successful. This was confirmed by a client satisfaction survey which demonstrated the clients' wish for a selective and independent choice of products combined with comprehensive and user-friendly information. The possibility for clients to have personal contact with a competent bank employee is regarded as being a necessary and fundamental requirement of this service. This complements the clients' natural desire for easy and secure transaction handling.

In addition to the BestSelect funds, a marked growth has been seen in the American Express BestSelect Fund Chance fund of funds which was launched in the fourth quarter of 2002. This is clearly a result of its above average performance and risk minimizing strategy.

The PFS **lending business** prospered again. In August 2003 we lowered the interest rates for our long-term installment loans American Express SofortKredit and exceeded our strategic goal of gaining more clients with a higher volume of loans. Numerous press releases have confirmed that we are one of the most attractive banks in the market which provide four year loans of EUR 10,000. Our overdraft facility American Express DispoEasy also developed positively together with the increasingly popular option of online applications.

On the whole, the **PFS** area expects the growth trend to continue this year with the main focus on the lending business. On a long-term basis we are pursuing an even balance between deposits and loans in order to further improve return on equity.

#### **Financial Summary:**

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Total assets grew in 2003 by EUR 65 million to EUR 1.3 billion primarily due to higher liabilities to financial institutions which increased by EUR 150 million to EUR 545 million and EUR 52 million higher amounts due from financial institutions. Within an environment of continually dropping interest rates, client deposits went down by EUR 100 million and receivables from customers went up by EUR 25 million. Our bonds and notes declined by EUR 28 million. As at December 31, 2003 our equity consisted of EUR 20 million share capital with EUR 48 million capital reserves which were stocked up by EUR 21 million in 2003.

Due to increased business activities, operating profit again grew by 4.2% to EUR 32.6 million (2002: EUR 31.3 million). This was mainly generated by a 23.8% higher net commission income (2002: 20.9%) as a direct result of a higher volume of payments and foreign trade activities. Net interest income was 11.3% (2002: 4.9%) higher than in the previous year. General administrative expenses rose by 11.3% (2002: 9.1%) to EUR 32 million (2002: EUR 28.7 million). These consist of EUR 13.3 million (2002: EUR 12.3 million) salaries and wages, EUR 3.3 million (2002: EUR 2.7 million) social security contributions and EUR 15.4 million other administrative expenses. Taxes on income rose to EUR 15.5 million (2002: EUR 9.1 million) following an external audit. Overall, net income dropped by 22.8% to EUR 17.1 million (2002: EUR 22.2 million). General Management proposes distributing this year's net income.

#### **Future Performance Risks:**

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Primary risks that need to be addressed and managed are, in particular, market risks, counterparty risks, liquidity risks and operational risks.

Market risks and liquidity risks are reviewed on a monthly basis and are managed by the ALCO committee whose members are taken from the General Management, heads of lines of business, Treasury and Finance. 'Earnings at Risk' and 'Value at Risk' modules with volatilities updated on a monthly basis are used to facilitate the monitoring of interest rate risks and currency risks. To ensure professional liquidity planning, Treasury prepares asset maturity schedules and cash flow forecasts, the assumptions of which are reviewed by the ALCO committee during its meetings.

Our Asset Approval Committee reviews our credit policy and related risks on a quarterly basis or when required. With respect to Financial Institutions Group business, our credit policy is basically closely aligned to that of our parent company, only accepting risks with prime borrowers in markets with potential country risks. In addition to the individual credit risk, the assessment of country exposure risks plays a predominant role in our strategically important business with foreign correspondent banks. As a rule, we base our provisions for country risks on the Institutional Investor Credit Rating as a minimum standard, but apply more conservative criteria depending on the portfolio or market condition.

For the PFS lending business, very strict scoring models have been in place for several years and are continually subject to review. Our write-off rate below market norms confirms the validity of our principles of prudence.

Operational risks are reviewed by means of a bottom-up application and regular self-assessments and include systematic examination of all vital controls in our business processes in terms of efficiency and effectiveness. To mitigate operational risks, emergency plans have been developed and warm and hot sites set up. These are tested and updated on a regular basis. In addition we continually apply the 'Six Sigma' quality improvement concept to monitor, maintain and improve certain standards in strictly defined operational processes.

#### **Human Resource Development:**

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The number of employees rose in the year under review to just over 200. This growth stems exclusively from the PFS area. Our company enjoys extremely low employee turnover.

For many years, we have had an attractive system of variable pay for our managers. In addition there are company share programs to enable managers to participate in the long-term success of the company. A system of variable pay is also being developed for tariff employees.

All members of staff benefit from a company pension plan.

Our parent company provides a wide range of seminars and web-based training opportunities. Our staff also makes active use of a program which motivates them to use their own initiative in the development of their professional and foreign language skills.

**Transactions after December 31, 2003:**

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There were no transactions of significant importance for

the evaluation of the income and financial position of American Express Bank GmbH.

This year we are focusing on the development of new product areas and sales channels. We anticipate that these investments will influence our 2004 results.

We thank all members of staff for their personal commitment shown during the year which again enabled us to achieve very good results.

Frankfurt am Main, 24 May 2004

Gertrud Wolfrum

Achim Straßburger

Arthur Fuchs

Werner Decker



**Balance Sheet as at 31 December 2003 of American Express Bank GmbH, Frankfurt am Main**
**Liabilities**

	EUR	EUR	EUR	Previous Year TEUR
<b>1. Liabilities to financial institutions</b>				
a) payable on demand		229,269,606.27		195,140
b) with fixed maturities or notice periods		315,744,300.61	545,013,906.88	199,569
<b>2. Liabilities to customers</b>				
a) Saving deposits				
aa) with a term of three months	848,522.38			852
ab) with a term of more than three months	209,196.60	1,057,718.98		208
b) Other liabilities				
ba) payable on demand	603,259,102.49			695,444
bb) with fixed maturities or notice periods	23,597,292.25	626,856,394.74	627,914,113.72	31,709
<b>3. Certificated liabilities</b>				
a) Debt securities issued				
b) Other certificated liabilities		1,389,222.82	1,389,222.82	1,887
thereof:				
Money market securities	EUR —			
Own acceptance and promissory notes in circulation	EUR —		1,630,910.17	2,624
<b>4. Trust liabilities</b>				
thereof: Fiduciary deposits	EUR 1,624,956.31			
<b>5. Other liabilities</b>			1,359,524.87	2,496
<b>6. Deferred income and accrued expenses</b>			308,174.84	3,752
<b>7. Provisions</b>				
a) Accruals for pensions and other similar liabilities		13,280,596.00		12,522
b) Tax accruals		5,614,316.63		2,923
c) Other provisions		4,985,924.44	23,880,837.07	3,502
<b>8. Special untaxed reserves</b>			0.00	
<b>9. Subordinated liabilities</b>				
<b>10. Bonus share capital</b>				
thereof: due within two years	EUR —			
<b>11. Funds for general risks of banking business</b>				
<b>12. Equity</b>				
a) Share capital		20,000,000.00		20,000
b) Capital reserve		48,375,000.00		27,000
c) Revenue reserves				
ca) Legal reserves	—			
cb) Reserve for own shares	—			
cc) Statutory reserves	—			
cd) Other revenue reserves	—			
d) Net profit		17,121,986.58	85,496,986.58	22,507
<b>Total liabilities and equity</b>			1,286,993,676.95	1,222,136

	EUR	EUR	Previous Year TEUR
<b>1. Contingent liabilities</b>			
a) Contingent liabilities from rediscounted bills		0.00	—
b) Liabilities from guarantees and indemnity agreements		150,846,944.99	114,742
c) Liabilities from collateral for engagements of third parties		—	150,846,944.99
<b>2. Other contingent liabilities</b>			
a) Liabilities to repurchase items sold to third parties under recourse purchase agreements		—	—
b) Placement and underwriting commitments		—	—
c) Irrevocable loan commitments		—	—

**Profit and Loss Account of American Express Bank GmbH, Frankfurt am Main, for the period from 1 January 2003 until 31 December 2003**

Expenses

	EUR	EUR	EUR	Previous Year TEUR
<b>1. Interest expenses</b>			18,793,395.04	22,761
<b>2. Commission expenses</b>			2,356,582.66	1,190
<b>3. Net expenses from financial transactions</b>			0.00	–
<b>4. General administrative expenses</b>				
a) Personnel expenditure				
aa) Salaries and wages	13,252,414.32			12,297
ab) Social security contributions and pension plan and assistance expenses	3,331,315.79	16,583,730.11		2,709
thereof: pension plan expenses	EUR 1,284,951.48			
b) Other administrative expenses		15,397,362.13	31,981,092.24	13,722
<b>5. Depreciation and value adjustments on intangible assets and tangible fixed assets</b>			467,975.08	449
<b>6. Other operating expenses</b>			1,179,369.67	1,195
<b>7. Depreciation and value adjustments on receivables and certain securities, additions to loan loss provisions</b>			4,634,528.94	3,272
<b>8. Depreciation and value adjustments on investments, shares in affiliated companies and securities treated like fixed assets</b>			1,879,050.98	0
<b>9. Losses incurred under profit and loss transfer agreements</b>			0.00	0
<b>10. Transfers to special reserve items</b>			0.00	0
<b>11. Extraordinary expenses</b>			–	–
<b>12. Taxes on income</b>			15,482,715.67	9,158
<b>13. Other taxes not already shown under item 6</b>			0.00	0
<b>14. Profits transferred under pooling agreements, profit transfer agreements or partial profit transfer agreements</b>			–	–
<b>15. Net income for the year</b>			17,114,524.16	22,163
<b>Total expenses</b>			93,889,234.44	88,916



## Notes to the Accounts of American Express Bank GmbH, Frankfurt am Main for the 2003 Business Year

### A. General Data on the Itemization of the Annual Financial Statement and on the Accounting and Valuation Methods

The financial statement of American Express Bank GmbH as of December 31, 2003 was prepared in accordance with the provisions of the German Commercial Code (HGB), the Accounting Standards for Financial Institutions (RechKredV) and the GmbHG.

Details and explanations on the Balance Sheet and the Income Statement were generally provided in the Notes to the Accounts, to the extent that this was an option.

Cash reserves were quoted at their nominal value. Receivables were quoted at their nominal value less any specific or general reserves. Prepaid expenses and deferred income were amortized over the period to which they apply.

Acute risks were accounted for by specific reserves, potential risks by general reserves. The calculation of general reserves was performed in accordance with the requirements of the Federal Ministry of Finance.

Bonds and fixed interest securities were classified as financial assets and accounted for at the lowest value at year end.

Investments and shares in affiliated companies were accounted for according to their acquisition cost less any extraordinary depreciation in line with regulations applicable to financial assets.

Fixed and intangible assets were quoted at their acquisition cost less any regular depreciation. Calculation of depreciation was based on the permissible levels under tax regulations. Low value assets are fully depreciated in the year of purchase in accordance with § 6 Section 2 Income Tax Law. With respect to movable assets, the simplification ruling according to RL 44 (2) EStR was applied.

Liabilities were quoted at their amounts repayable. Debt discounts are classified as accrued and deferred items and amortized over time as appropriate

The accumulated provisions for pensions of the Bank were based on a mathematical insurance model. Underlying this were the insurance tables of the year 1998 at an interest rate of 6%.

Currency conversion was based on the foreign exchange mid-rates taking into account § 340 h of the German Commercial Code (HGB).

**B. Notes on the Balance Sheet****31-Dec-2003****31-Dec-2002**

EUR

EUR

**Maturity Breakdown of Receivables According to Remaining Tenor****Receivables from financial institutions****b) Other receivables**

- less than three months	168,347,754.52	255,443,133.16
- three months to less than one year	243,208,258.94	172,251,856.63
- one year to less than five years	104,361,978.05	47,862,402.41

**Receivables from customers**

- unspecified maturities	87,644,021.92	79,752,956.74
- less than three months	2,844,907.78	191,842.13
- three months to less than one year	11,065,555.70	7,349,799.62
- one year to less than five years	63,821,473.33	45,780,011.13
- five years or more	9,900,904.05	17,381,798.34

**Receivables from affiliates**

- Banks	182,638,899.48	232,101,881.04
- Non-banks	6,710,013.35	1,093,179.57

**Bonds and notes**

listed	491,743,294.68	520,119,455.66
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## Bonds and notes issued by

government or government agencies	45,194,870.41	69,209,640.72
other issuers	446,548,424.27	450,909,814.94

have an original term of more than four years.

All bond and note holdings are classified as fixed assets.

Probable impairment of value has been taken into account, and no further mark to market value adjustment is required.

The following securities mature in 2004:

Securities/Security identification number	Nominal value	Book value	Due date
Landesbank Hessen-Thüringen 267252	5.113	5.113	January 27, 2004
Dresdner Finance B.V. (DRF) 191301	5.113	5.189	April 30, 2004
Anleihe der Treuhandanstalt von 1994 109008	17.895	17.917	May 13, 2004
KFW International Finance Inc. 415174	5.113	5.158	October 6, 2004
Landeskreditbank Baden-Württemberg 346607	10.226	10.006	December 10, 2004

	31-Dec-2003	31-Dec-2002
	EUR	EUR
<b>Shares and other</b>		
<b>non-fixed securities:</b>	38,783.17	16,871.46
listed	2,082.79	595.99
negotiable	2,082.79	595.99
In 2001 shares and securities were classified as other assets.		
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<b>Investments</b>		
not listed	115,500.15	115,500.15
not negotiable	115,500.15	115,500.15
<hr/>		
<b>Shares in affiliated companies</b>		
not listed	277,822.97	127,822.97
not negotiable	127,822.97	127,822.97
The Bank holds a 100 % investment in AEB-International Portfolio Management Company in Luxembourg with net equity of Euro 127,822.97. Net profit for the fiscal year 2003 amounted to Euro 77,398. In August 2003 the Bank founded Continentale American Express Finanzmanagement GmbH as a 100 % subsidiary with net equity of Euro 150,000. In 2003 the company showed a net loss of Euro 117,629.95.		
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<b>Fiduciary assets</b>		
<b>Receivables from financial institutions</b>	1,630,910.17	2,624,495.19
Other receivables	1,624,956.31	1,886,780.23
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<b>Gross fixed assets</b>		
refer to appendix		
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<b>Tangible assets</b>		
Office furniture and equipment	966,898.65	1,142,448.87
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<b>Lease transactions</b>		
Other operating income (rent)	4,636,706.04	4,634,824.97 Airbus Taxes
Other assets	1,265,286.53	1,721,048.84 Airbus Taxes
Deferred charges	0.00	3,090,861.78
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<b>Other assets</b>		
Cheques for collection	20,583,964.55	8,356,471.56
Airbus (refer item lease transaction)	1,263,714.53	1,721,048.84
Interest Rate Swaps	73,226.58	1,491,330.33
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<b>Breakdown of maturities of liabilities</b>		
<b>Liabilities to financial institutions</b>		
<b>b) with fixed maturities or notice periods</b>		
- less than three months	179,415,329.93	158,771,115.95
- three months to less than one year	136,089,858.09	34,782,403.74
- one year to less than five years	239,112.59	6,015,625.59

	31-Dec-2003	31-Dec-2002
	EUR	EUR
<b>Liabilities to customers</b>		
<b>a) Savings deposits</b>		
<b>ab) with an agreed notice period of more than three months</b>		
- three months to less than one year	118,320.95	117,739.60
- one year to less than five years	90,875.65	90,498.68
<b>b) Other liabilities</b>		
<b>bb) with fixed maturities or notice periods</b>		
- less than three months	19,044,402.22	21,064,873.91
- three months to less than one year	4,519,575.40	10,626,880.86
- one year to less than five years	33,314.63	16,790.36
<b>Liabilities to affiliates</b>		
- Banks	291,119,553.41	166,900,328.94
- Non-banks	12,951,526.85	10,968,893.69
<b>Securitized obligations</b>		
<b>b) Other securitized obligations</b>		
- less than three months	1,094,782.82	760,628.92
- three months to less than one year	294,440.00	1,126,602.00
- one year to less than five years		
All obligations are due in 2004.		
<b>Fiduciary liabilities</b>		
- Fiduciary credits	1,630,910.17	2,624,495.19
	1,624,956.31	1,886,780.23
<b>Other liabilities</b>		
- Interest Rate Swaps	125,607.72	1,580,882.04
<b>Accrued and deferred items</b>		
- Airbus (debt discount)	0.00	3,090,861.78
<b>Total foreign currency assets in Euro</b>		
	434,068,875.42	282,312,067.40
<b>Total foreign currency liabilities in Euro</b>		
	433,562,239.59	281,870,289.98
<b>Contingent liabilities</b>		
from guarantees and indemnity agreements	150,846,944.99	114,742,364.39
The <b>nominal value</b> of contingent liabilities is determined as follows:		
Letters of credit - gross	155,850,428.35	115,242,997.95
Guarantees - gross	53,134,217.41	32,995,291.50
	208,984,645.76	148,238,289.45
less cash collateral		
- foreign banks	58,137,700.77	33,495,925.06
- other foreign creditors	-	-
	<b>150,846,944.99</b>	<b>114,742,364.39</b>

### C. Notes to the income Statement

#### Breakdown according to geographic markets

<b>Interest income:</b>	<b>Kazakhstan</b>	<b>1.360 TEUR</b>
	<b>Turkey</b>	<b>1.011 TEUR</b>
	<b>Russia</b>	<b>834 TEUR</b>
	<b>India</b>	<b>827 TEUR</b>
	<b>South Korea</b>	<b>626 TEUR</b>
	<b>Romania</b>	<b>502 TEUR</b>

A geographic breakdown for all other countries is not appropriate because the bank's structure does not differentiate in this regard.

#### Other operational income

- Airbus rental income	4,637 TEUR
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### D. Additional Information

#### Forward transactions not yet settled per Balance Sheet date

- **3 foreign exchange forward contracts with a total amount of TEUR 75**  
serve as hedge for currency risks.
- **3 Interest Rate Swaps with a total amount of EUR 57,268**  
serve as hedge for interest risks

<u>Other financial commitments</u>	<b>Annual</b>	<b>Cumulative</b>
Office rent Th.-Heuss-Allee 112 until 30. 04. 2008	1,062,890.76 EUR	4,605,859.96 EUR
Proportional reserve liability towards Liquiditäts-Konsortialbank GmbH, Frankfurt		500,000.00 EUR

#### Material income from services rendered to third parties

Insurance brokerage	1,753 TEUR
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**General Management** comprised the following members in 2003:

<b>Gertrud Wolfrum</b>	Chairperson	General Manager	Dipl. Betriebswirtin
<b>Achim Straßburger</b>		General Manager	Dipl. Volkswirt
<b>Arthur Fuchs</b>		General Manager	Großhandelskaufmann
<b>Werner Decker</b>	since April 04, 2002	General Manager	Dipl. Kaufmann

#### **Mandates in supervisory boards**

Werner Decker is Chairman of the Supervisory Board of Yeald AG, Nuremberg and General Manager of Continentale American Express Finanzmanagement GmbH, Frankfurt.

General Management expenses amounted to TEuro 902 in 2003. Loans of TEuro 167 were granted.

TEuro 667 provisions for pension funds on behalf of former members of General Management were made. No further provisions are required. TEuro 19 pensions payments were made.

#### **The average number of employees in 2003**

– divided into groups – was as follows:

	<b>Non-exempt</b>	<b>Exempt</b>
wage group 1–3:	–	47
wage group 4–9:	156	

#### **Group Consolidation**

The consolidated statement for the largest possible group of affiliated companies is prepared by American Express Company, New York, USA, and the consolidated statement for the smallest possible group of affiliated companies is prepared by American Express Bank Ltd., New York, USA. **Both statements are published in New York.**

#### **Proposal for the appropriation of profits**

General Management proposes to distribute this year's net profit of Euro **17,121,986.58**.

Frankfurt am Main, 24 May 2004

Gertrud Wolfrum

Achim Straßburger

Arthur Fuchs

Werner Decker

**Changes in Fixed Assets and Participations from Jan. 1, 2003 to Dec. 31, 2003**

	Purchase Price / Production Cost	Increases Current Year	Decreases Current Year	Additions Fixed Assets Current Year	Tax Depreciation Depreciation and Value Adjustments		Net Book Value 31.12. 2003	Net Book Value 31.12. 2002
					Total	Fiscal Year		
					5	6		
	1	2	3	4	5	6	7	8
<b>Investments</b>	237,199.51	0.00	0.00	0.00	121,699.36	0.00	115,500.15	115,500.15
<b>Shares in Affiliated Companies</b>	127,822.97	150,000.00	0.00	0.00	0.00	0.00	277,822.97	127,822.97
<b>Investment Securities *)</b>	523,076,200.61	58,324,650.00	85,573,103.42	0.00	4,084,452.51	2,164,863.16	491,743,294.68	520,119,455.60
<b>Intangible Assets</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Tangible Fixed Assets</b>	5,436,433.57	299,272.95	161,490.05	0.00	4,607,317.82	467,975.08	966,898.65	1,142,448.87
<b>Other Fixed Assets</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\*) Including interest.

The net book value as of December 31, 2002 includes accrued interest of EUR 15,434,301.92.

The net book value as of December 31, 2003 includes accrued interest of EUR 14,975,702.30.

## Auditors' Report

We have audited the accounting records and the annual financial statements of American Express Bank GmbH, Frankfurt am Main, together with the notes and the Management Report for the fiscal year ended December 31, 2003. The accounting and the preparation of the annual financial statements as well as the Management Report in accordance with the stipulations of the German commercial law are the responsibility of the General Management. On the basis of our audit, our responsibility is to express an opinion on the annual financial statements, including the accounting records and the Management Report.

We have conducted our audit pursuant to § 317 of the German Commercial Code (HGB) in accordance with German professional auditing standards as set by the Institute of Accountants (IDW) in Germany. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements prepared in compliance with the required accounting principles and the view of the net worth, financial position and results as shown in the Management Report are free of material misstatement.

When determining the auditing procedures, the business activities and the economic and legal environment of the American Express Bank GmbH, as well as expectations about possible errors are taken into account. Performing an audit includes assessing, on the basis of random samples, the

efficiency of accounting related internal control systems, as well as the evidence supporting the data in the accounting records, the annual financial statements as well as the Management Report. The audit includes assessing the accounting principles applied and an assessment of significant estimates made by the General Management as well as evaluating the overall presentation of the annual financial statements and of the Management Report. We are of the opinion that our audit provides a sufficiently sound basis for our assessment.

Our audit has led to no objections.

In our opinion, the annual financial statements present, in compliance with standard accounting principles, a true and fair view of the net worth, the financial position and the results of American Express Bank GmbH. The Management Report provides an overall appropriate presentation of the position of American Express Bank GmbH and describes accurately the risk of the future development of the bank.

Frankfurt am Main, May 24, 2004

Ernst & Young AG  
Independent Auditors

Sterz  
Certified Accountant

Hallenberger  
Certified Accountant