

Annual Report

2004

AMERICAN
EXPRESS

Management Report

American Express Bank GmbH celebrated another good year with pre-tax profit growing by 14.2%. This was achieved by the continued successful growth of both our core businesses, Consumer Financial Services and Financial Institutions Group, as well as the final settlement of a leasing transaction. It confirms the sound structure of our lines of business, which represent a firm foundation for long-term growth.

Financial Institutions Group (FIG):

FIG had another outstanding year. Total revenue grew by 23.1% with income from payment products and foreign trade business both increasing by 29%. The market share of all main product groups rose substantially with the volume of customer payments, bank transfers, credits and bank to bank reimbursement transactions rising considerably more than in the market as a whole. This is predominantly due to our global relationship managers who were successfully able to boost market share not only in product penetration but also in the acquisition of new clients. Other important factors are product improvements, flexibility, very competent client service and efficient processes, all of which received excellent feedback from our clients.

FIG can boast relationship managers in over 40 countries and more than 85 large cities globally. Unlike most rival banks, they can market our products locally with a focus on client orientation. A further difference is that our client service is based at the local branches and representative offices of American Express Bank Ltd and can therefore be conducted in the local language and in the same time zone. In addition, real time access to the Frankfurt systems enables our relationship managers to provide a very efficient and comprehensive client service.

In 2004, our **Investment Product Distribution** (IPD) group continued to expand the number of Assets under Management (AUM) by concentrating on intensifying existing cooperation agreements as well as the acquisition of new clients. Our future sales and marketing activities will also focus on insurances and trust organizations.

Consumer Financial Services (CFS) concentrated its activities in 2004 on the development of the Financial Planning Organization under the umbrella of American Express Finanzmanagement GmbH (AEFM) as well as on the expansion of consumer lending. Both strategic initiatives serve the purpose of considerably increasing the Bank's profitability and return on equity.

The **consumer lending business** showed an extremely positive development in 2004 with receivables rising by over 30% in this area. Above all, new clients were acquired for our installment loan product American Express **SofortKredit**. At the same time, there was a greater demand in 2004 for the flexible overdraft facility American Express **DispoEasy**. Both products have profited from the implementation of a new client friendly online application system which has justified the strategic decision to expand this marketing channel. Satisfactory results were also achieved by the risk management group. Despite a distinct growth in volume, the level of risk provisions remained at the same level as the previous year.

The **deposit business** focused its activities on foreign currency deposit accounts with daily fungibility. In particular, the funds inflow to the US dollar and Hungarian florin foreign currency accounts made a strong contribution to the positive results in this business segment. The Bank was able to further strengthen its position as market leader among direct banks in Germany for this form of investment. Controlled withdrawals in the deposit business for euro accounts (Daily Cash) served the purpose of reducing surplus deposits which resulted in a higher return on equity.

Investment funds showed a continuing rise in the amount of managed assets. The marketing strategy of focusing on selected quantitative and qualitative top rated funds proved to be very successful. A net funds inflow was achieved for selected equity funds as well as fixed income security funds. In addition, the American Express BestSelect Chance fund of funds was one of the most popular funds products with the volume of funds increasing by 36% in 2004. This is primarily a result of its above average performance and risk minimizing strategy whilst mirroring the wish of the clients to be relieved of investment decisions.

American Express Finanzmanagement GmbH (AEFM) focused its activities in 2004 on the development of the Financial Planning business line infrastructure. The company was relocated to Heidelberg in August 2004. In the fourth quarter, the first market test was conducted which clearly exceeded all target figures. The launch of the business under the American Express brand is planned for mid 2005. A profit and loss transfer agreement exists with AEFM.

Financial summary:

Total assets rose in 2004 by EUR 77 million to EUR 1.4 billion. Liabilities to financial institutions grew by EUR 143 million to EUR 688 million while receivables due from financial institutions were 72 million higher at EUR 660 million. Due to a deliberate reduction in deposit rates, liabilities to customers fell by EUR 71 million to EUR 557 million. Receivables from customers went up by EUR 35 million to EUR 211 million. Bonds and notes declined by EUR 45 million to EUR 446 million due to final maturities.

Our equity consists of EUR 20 million share capital with EUR 48 million capital reserves. The 2003 net income of EUR 17 million was distributed to our parent company. Operating profit rose by 14.2% to EUR 37.2 million (2003: EUR 32.6 million). When adjusted for extraordinary items relating to other operating income and expenses, profit from ordinary operations amounted to EUR 29.2 million (2003: 28 million). Net commission income again grew by 20.8% (2003: 23.8%) as a direct result of a higher volume of payments and foreign trade activities. Net interest income of EUR 41.6 million represented a 5.4% increase (2003: 11.3%). General administrative expenses rose by 11.6% (2003: 11.3%), whereas salaries and wages of EUR 13.4 million (2003: EUR 13.3 million) as well as social security contributions and pension plan expenses of EUR 3.4 million (EUR 3.3 million) only showed a minor change. The increase in other operating expenses of 22.7% (2003: 12.2%) to EUR 18.9 million (2003: 15.4 million) is mainly due to advertising expenses to promote our consumer lending business. Taxes on income amounted to EUR 12.9 million (2003: 15.5 million). The 2003 figures contain expenses relating

to an external tax audit. Overall, net income increased by 42.2 % to EUR 24.3 million (2003: 17.1 million). General Management proposes distributing this year's net income.

Future performance risks:

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 Asset and Liability Committee (ALCO) whose members are from the General Management, Heads of lines of business, Treasury and Market Controller Group. '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 ALCO during its meetings.

Our Asset Approval Committee reviews our credit policy and related risks on a quarterly basis and 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 risk 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 Consumer Financial Services lending business, very strict scoring models have been in place for several years and are subject to continuous review. Our write-off rate below market norms confirms the validity of our principles of quality not quantity.

The German Minimum Requirements for the Lending Activities of Credit Institutions (MAKred) were implemented separately for each line of business due to the totally different structures and risk profiles in the Financial Institutions Group and Consumer Financial Services. The Asset Approval Committee is also specifically responsible for the monitoring and revision of all risk strategies.

Operational risks are reviewed by means of a bottom-up application and regular self-assessments. These include systematic examination of all vital controls in our business processes with respect to 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.

In addition, the American Express Bank Risk Committee monitors all actual and potential risks in the categories of finance, supervisory law as well as litigation risk and American Express Brand influences. It also decides on corrective measures. This committee meets regularly every two months.

Human Resource Development:

The average number of employees in the year under review was 196 (2003: 200 employees).

The Background Verification Process introduced a year ago is now in full operation and carefully ensures that new employees are qualified and reliable. This process also includes obtaining references from previous employers.

The global eHR strategy of our parent company was implemented in 2004. This enables all employees to profit from a wide range of training programs available online and to improve their career chances within the organization's global job application and recruiting system.

In addition, the foundations for the introduction of a Performance Management System were laid in the year under review. Performance Management has the purpose of more goal-oriented development of employee commitment and performance in order to increase client satisfaction and raise the success level of the individual employees as well as of the company.

Transactions after December 31, 2004:

There were no transactions of significant importance for the evaluation of the income and financial position of American Express Bank GmbH.

FIG predicts a very promising outlook for 2005. A global euro campaign is currently being implemented to further promote euro business. Recent complex changes in euro payments have made the situation less transparent to our international clients and have given FIG the opportunity to take advantage of this position proactively. With this in mind, a targeted marketing campaign has been launched in cooperation with Product Management and Marketing Support in Frankfurt with the aim of assisting our relationship managers globally to strengthen their client relationships by communicating clearly defined product specifications. Major investments in systems and personnel are planned to further improve the competitiveness of our products.

In our continuing efforts to increase operational efficiency, the American Express Bank is planning to outsource a limited number of positions in the second half of this year. This will mainly affect the processing of payment related enquiries as well as administrative activities in Trade Finance. In addition to cost savings, we are aiming for higher standardization of global processes in order to optimize client service.

As in 2004, **Consumer Financial Services (CFS)** will continue to focus on the further expansion of consumer lending as well as the roll out of American Express Finanzmanagement (AEFM).

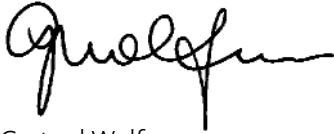
After the successful completion of the development phase, AEFM will be launching in southern Germany its liquidity, pension and investment advisory services for American Express card holders on May 1, 2005. Further strategically important locations will be developed during 2005.

Continued double figure growth rate is expected in consumer lending with a below average growth in risk provisions. It is also our goal to achieve a marked improvement in the results of the deposit and funds line of business by means of targeted acquisition measures and a focus on products with a high margin contribution combined with a variable cost basis.

The Bank's 2005 results will be lower due to the investment in the development of the Financial Planning line of business under the umbrella of AEFM.

We thank all members of staff for their personal commitment throughout the year enabling us again to achieve very good results.

Frankfurt am Main, 31 March 2005



Gertrud Wolfrum



Achim Straßburger



Werner Decker

Balance Sheet as at 31 December 2004 of American Express Bank GmbH, Frankfurt am Main

Assets	EUR	EUR	EUR	Previous Year TEUR
1. Liquid funds				
a) Cash		7,365.96		12
b) Balance with central banks		7,707,021.75		7,101
thereof: with Deutsche Bundesbank	EUR 7,707,021.75			
c) Balance with postal giro accounts			7,714,387.71	
2. Debt certificates issued by public authorities and bills of exchange eligible for refinancing with central banks				
a) Treasury bills and treasury discount notes and similar debt certificates issued by public authorities				
thereof: rediscountable at Deutsche Bundesbank	EUR -			
b) Bills of exchange		0.00	0.00	0
thereof: rediscountable at Deutsche Bundesbank	EUR 0.00			
3. Receivables from financial institutions				
a) Due on demand		18,012,914.84		71,592
b) Other receivables		641,949,468.11	659,962,382.95	515,918
4. Receivables from customers			210,504,124.77	175,277
thereof: secured by real estate lien	EUR 0.00			
Public sector loans	EUR 0.00			
5. Debt securities and other fixed-interest bearing securities				
a) Money market securities				
aa) issued by public authorities, thereof: eligible as collateral at Deutsche Bundesbank	EUR -			
ab) other money market securities, thereof: eligible as collateral at Deutsche Bundesbank	EUR -			
b) Bonds and notes				
ba) issued by public authorities, thereof: eligible as collateral at Deutsche Bundesbank	EUR 21,386,325.53	26,474,527.57		45,195
bb) other bonds and notes, thereof: eligible as collateral at Deutsche Bundesbank	EUR 387,109,835.45	419,989,679.47	446,464,207.04	446,548
c) Own bonds and notes			446,464,207.04	
Nominal value	EUR		0.00	39
6. Shares and other variable-interest bearing securities			115,200.15	116
7. Investments				
thereof: in credit institutions	EUR 66,639.30			
thereof: in financial institutions	EUR -		3,867,822.97	278
8. Shares in affiliated companies				
thereof: in credit institutions	EUR 127,822.97			
thereof: in financial institutions	EUR -			
9. Trust assets			1,533,688.92	1,631
thereof: Fiduciary loans	EUR 1,533,688.92			
10. Equalization claims against public authorities including debt securities of their own exchange				
11. Intangible assets			207.94	
12. Tangible fixed assets			692,683.87	967
a) assets on lease			0.00	
13. Unpaid share capital contributions				
thereof: have been claimed	EUR -			
14. Own stocks and shares				
Nominal value				
15. Other assets	EUR -		33,415,980.44	22,320
16. Prepaid expenses and deferred charges			74,680.89	0
17. Loss not covered by share capital and reserves			-	-
Total Assets			1,364,345,367.65	1,286,994

Balance Sheet as at 31 December 2004 of American Express Bank GmbH, Frankfurt am Main

Liabilities	EUR	EUR	EUR	Previous Year TEUR
1. Liabilities to financial institutions				
a) payable on demand		256,557,933.12		229,270
b) with fixed maturities or notice periods		431,255,450.92	687,813,384.04	315,744
2. Liabilities to customers				
a) Saving deposits				
aa) with a term of three months	841,783.60			849
ab) with a term of more than three months	199,689.14	1,041,472.74		209
b) Other liabilities				
ba) payable on demand	528,781,298.04			603,259
bb) with fixed maturities or notice periods	26,846,032.91	555,627,330.95	556,668,803.69	23,597
3. Certificated liabilities				
a) Debt securities issued				
b) Other certificated liabilities		0.00	0.00	1,389
thereof: Money market securities	EUR -			
Own acceptance and promissory notes	EUR -			
in circulation			1,533,688.92	1,631
4. Trust liabilities				
thereof: Fiduciary deposits	EUR 1,533,688.92			
5. Other liabilities			938,078.95	1,360
6. Deferred income and accrued expenses			231,191.77	308
7. Provisions				
a) Accruals for pensions and other similar liabilities		14,158,062.00		13,281
b) Tax accruals		5,324,031.66		5,614
c) Other provisions		4,971,710.09	24,453,803.75	4,986
8. Special untaxed reserves			0.00	
9. Subordinated liabilities				
10. Bonus share capital				
thereof: due within two years	EUR -			
11. Funds for general risks of banking business				
12. Equity				
a) Share capital		20,000,000.00		20,000
b) Capital reserve		48,375,000.00		48,375
c) Revenue reserves				
ca) Legal reserves				
cb) Reserve for own shares				
cc) Statutory reserves				
cd) Other revenue reserves				
d) Net profit		24,331,416.53	92,706,416.53	17,122
Total liabilities and equity			1,364,345,367.65	1,286,994

Liabilities	EUR	EUR	EUR	Previous Year TEUR
1. Contingent liabilities				
a) Contingent liabilities from rediscounted bills		0.00		
b) Liabilities from guarantees and indemnity agreements		199,929,206.88		150,847
c) Liabilities from collateral for engagements of third parties			199,929,206.88	
2. Other contingent liabilities				
a) Liabilities to repurchase items sold to third parties under recourse purchase agreements				
b) Placement and underwriting commitments				
c) Irrevocable loan commitments		7,813,285.75	7,813,285.75	0

**Profit and Loss Account of American Express Bank GmbH, Frankfurt am Main,
for the period from 1 January 2004 until 31 December 2004**

Expenses	EUR	EUR	EUR	Previous Year TEUR
1. Interest expenses			18,093,615.02	18,793
2. Commission expenses			2,585,788.94	2,357
3. Net expenses from financial transactions			0.00	
4. General administrative expenses				
a) Personnel expenditure				
aa) Salaries and wages	13,356,592.29			13,252
ab) Social security contributions and pension plan and assistance expenses	3,436,905.34	16,793,497.63		3,331
thereof: pension plan expenses	EUR 1,445,668.75			
b) Other administrative expenses		18,886,977.12	35,680,474.75	15,397
5. Depreciation and value adjustments on intangible assets and tangible fixed assets			390,534.95	468
6. Other operating expenses			1,079,530.97	1,179
7. Depreciation and value adjustments on receivables and certain securities, additions to loan loss provisions			9,751,603.03	4,635
8. Depreciation and value adjustments on investments, shares in affiliated companies and securities treated like fixed assets			437,744.61	1,879
9. Losses incurred under profit and loss transfer agreements			2,695,223.70	0
10. Transfers to special reserve items			0.00	0
11. Extraordinary expenses				
12. Taxes on income			12,893,074.83	15,483
13. Other taxes not already shown under item 6			0.00	0
14. Profits transferred under pooling agreements, profit transfer agreements or partial profit transfer agreements				
15. Net income for the year			24,331,416.53	17,115
Total expenses			107,939,007.33	93,889

**Profit and Loss Account of American Express Bank GmbH, Frankfurt am Main,
for the period from 1 January 2004 until 31 December 2004**

Income	EUR	EUR	EUR	Previous Year TEUR
1. Interest income from				
a) Loans and money market transactions	36,107,164.20			32,003
b) Fixed-interest securities	23,625,851.75	59,733,015.95		26,294
2. Current income from				
a) Shares and other variable-interest securities				
b) Investments	2,151.00			4
c) Shares in affiliated companies	100,000.00	102,151.00		40
3. Profits from pooling agreements, profit transfer agreements or partial profit transfer agreements			0.00	0
4. Commission income			36,134,779.43	30,139
5. Net income from financial transactions			0.00	0
6. Income from write-ups to receivables and certain securities and transfers from loan loss provisions			0.00	0
7. Income from write-ups to investments, shares in affiliated companies and securities treated like fixed assets			0.00	0
8. Other operating income			11,969,060.95	5,409
9. Income from liquidation of special reserve items			0.00	0
10. Extraordinary income				
11. Income from losses taken over				
12. Net loss for the year				
Total income			107,939,007.33	93,889
	EUR	EUR	EUR	Previous Year TEUR
1. Net income for the year			24,331,416.53	17,115
2. Profit brought forward from the previous year				7
			24,331,416.53	17,122
3. Withdrawals from capital reserve				
			24,331,416.53	17,122
4. Withdrawals from revenue reserves				
a) from legal reserve				
b) from reserve for own shares				
c) from statutory reserves				
d) from other reserves				
			24,331,416.53	17,122
5. Withdrawals from bonus share capital				
			24,331,416.53	17,122
6. Additions to revenue reserves				
a) to legal reserve				
b) to reserve for own shares				
c) to statutory reserves				
d) to other reserves				
			24,331,416.53	17,122
7. Replenishment of bonus share capital				
8. Balance sheet profit			24,331,416.53	17,122

Notes to the Accounts of American Express Bank GmbH, Frankfurt am Main for the 2004 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, 2004 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.

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

<u>Maturity Breakdown of Receivables According to Remaining Tenor</u>	<u>31-Dec-2004</u>	<u>31-Dec-2003</u>
	EUR	EUR
Receivables from financial institutions		
b) Other receivables		
- less than three months	251,970,473.51	168,347,754.52
- three months to less than one year	265,639,279.15	243,208,258.94
- one year to less than five years	124,339,715.45	104,361,978.05
Receivables from customers		
- unspecified maturities	99,930,149.68	87,644,021.92
- less than three months	9,539,829.39	2,844,907.78
- three months to less than one year	14,514,065.51	11,065,555.70
- one year to less than five years	71,895,673.26	63,821,473.33
- five years or more	14,624,406.93	9,900,904.05
Receivables from affiliates		
- Banks	131,861,737.31	182,638,899.48
- Non-banks	4,923,794.02	6,710,013.35
Bonds and notes		
listed	446,464,207.04	491,743,294.68
Bonds and notes issued by		
government or government agencies	26,474,527.57	45,194,870.41
other issuers	419,989,679.47	446,548,424.27
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 2005:

<u>Securities/Security identification number</u>	<u>Nominal value</u>	<u>Book value</u>	<u>Due date</u>
Landesbank Rheinland-Pfalz Finance B.V. 128290	5,113	5,113	April 20, 2005

	<u>31-Dec-2004</u>	<u>31-Dec-2003</u>
	EUR	EUR
Shares and other non-fixed interest securities		
listed	0.00	38,783.17
negotiable	0.00	2,082.79
Investments		
not listed	115,200.15	115,500.15
not negotiable	115,200.15	115,500.15
In 2001 shares and securities were classified as other assets.		
Shares in affiliated companies		
not listed	3,867,822.97	277,822.97
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 EUR 127,822.97. Net profit for the fiscal year 2004 amounted to EUR 58,915. EUR 100,000 were distributed in March 2005. In August 2003 the Bank founded American Express Finanzmanagement GmbH as a 100 % subsidiary with net equity of EUR 150,000. EUR 3,590,000 were added to capital reserves in 2004 and the company made a loss of EUR 2,695,223.70 which was 100 % absorbed by the Bank. Liabilities to AE Finanzmanagement amount to EUR 443,612.02.

	<u>31-Dec-2004</u>	<u>31-Dec-2003</u>
	EUR	EUR
<u>Fiduciary assets</u>		
Receivables from financial institutions	1,533,688.92	1,630,910.17
Other receivables	1,533,688.92	1,624,956.31
<u>Gross fixed assets</u> refer to appendix		
<u>Intangible assets</u>		
	207.94	
<u>Tangible assets</u>		
Office furniture and equipment	692,683.87	966,898.65
<u>Lease transactions</u>		
Other operating income (rent)	10,738,299.04	4,636,706.04
Other assets	0.00	1,265,286.53
<u>Other assets</u>		
Cheques for collection	32,902,900.43	20,583,964.55
Airbus (refer item lease transaction)	0.00	1,263,714.53
Interest Rate Swaps	0.00	73,226.58
<u>Breakdown of maturities of liabilities</u>		
Liabilities to financial institutions		
b) with fixed maturities or notice periods		
- less than three months	277,610,905.68	179,415,329.93
- three months to less than one year	143,702,313.18	136,089,858.09
- one year to less than five years	9,942,232.06	239,112.59
Liabilities to customers		
a) Saving deposits		
ab) with an agreed notice period of more than three months		
- three months to less than one year	118,599.13	118,320.95
- one year to less than five years	81,090.01	90,875.65
b) Other liabilities		
bb) with fixed maturities or notice periods		
- less than three months	22,406,967.94	19,044,402.22
- three months to less than one year	4,269,149.49	4,519,575.40
- one year to less than five years	169,915.48	33,314.63
<u>Liabilities to affiliates</u>		
- Banks	407,300,599.07	291,119,553.41
- Non-banks	12,101,984.23	12,951,526.85

<u>Securitized obligations</u>	<u>31-Dec-2004</u>	<u>31-Dec-2003</u>
	EUR	EUR
b) other securitized obligations		
- less than three months	0.00	1,094,782.82
- three months to less than one year	0.00	294,440.00
- one year to less than five years		
All obligations are due in 2004.		
<u>Fiduciary liabilities</u>	1,533,688.92	1,630,910.17
- Fiduciary credits	1,533,688.92	1,624,956.31
<u>Other liabilities</u>		
- Interest Rate Swaps	0.00	125,607.72
<u>Total foreign currency assets in EUR</u>	520,918,303.36	434,068,875.42
<u>Total foreign currency liabilities in EUR</u>	520,479,248.63	433,562,239.59
<u>Contingent liabilities</u>		
from guarantees and indemnity agreements	199,929,206.88	150,846,944.99
The nominal value of contingent liabilities is determined as follows:		
Letters of credit - gross	190,014,161.13	155,850,428.35
Guarantees - gross	34,054,401.34	53,134,217.41
	224,068,562.47	208,984,645.76
less cash collateral		
- foreign banks	20,039,355.59	58,137,700.77
- other foreign creditors	4,100,000.00	
	199,929,206.88	150,846,944.99
<u>Other liabilities</u>		
Irrevocable loan commitments	7,813,285.75	0.00

C. Notes to the income Statement

Breakdown according to geographic markets:

Interest income:	Kazakhstan	1,683 TEuro
	Turkey	1,517 TEuro
	Russia	1,456 TEuro
	India	1,212 TEuro
	South Korea	1,184 TEuro
	Romania	547 TEuro

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 10,738 TEuro

Other operational losses:

Losses from damages 567 TEuro

D. Additional information

Forward transactions not yet settled per Balance Sheet date

- 2 spot transactions with a market value of TEUR 56

TEUR 4 with a term from December 29, 2004 until January 03, 2005

TEUR 52 with a term from December 30, 2004 until January 04, 2005

<u>Other financial commitments</u>	<u>Annual</u>	<u>Cumulative</u>
Office rent Theodor-Heuss-Allee 112 until 30.04.2008	1,021,396.20 EUR	3,404,654.00 EUR
Proportional reserve liability towards Liquiditäts-Konsortialbank GmbH, Frankfurt am Main		500,000.00 EUR

Material income from services rendered to third parties

Insurance brokerage 2,379 TEuro

General Management comprised the following members in 2004:

Gertrud Wolfrum	Chairperson	General Manager	Dipl. Betriebswirtin
Achim Straßburger		General Manager	Dipl. Volkswirt
Werner Decker		General Manager	Dipl. Kaufmann
Arthur Fuchs	until August 31, 2004	General Manager	Großhandelskaufmann

Mandates in supervisory boards

Werner Decker is Chairman of the Supervisory Board of Yeald AG, Nuremberg and General Manager of American Express Finanzmanagement GmbH, Heidelberg. General management expenses amounted to TEUR 891 in 2004. Loans of TEUR 151 were granted. TEUR 686 provisions for pension funds on behalf of former members of General Management were made. No further provisions are required. TEUR 19 pensions payments were made.

The average number of employees in 2004

- divided into groups – was as follows:

Non-exempt:	wage group 1-3:	-
	wage group 4-9:	145
Exempt:		51

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.

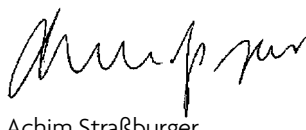
Proposal for the appropriation of profits

General Management propose to distribute this year's net profit of EUR **24,331,416.53**.

Frankfurt/Main, March 31, 2005



Gertrud Wolfrum



Achim Straßburger



Werner Decker

Changes in Fixed Assets and Participations from Jan. 1, 2004 to Dec. 31, 2004

	Purchase Price/ Production Cost	Increases Current Year	Decreases Current Year	Additions Fixed Assets Current Year	Tax Depreciation Depreciation and Value Adjustments		Net Book Value 31.12.2004	Net Book Value 31.12.2003
					Total	Fiscal Year		
	1	2	3	4	5	6	7	8
Investments	237,199.51	0.00	300.00	0.00	121,699.36	0.00	115,200.15	115,500.15
Shares in Affiliated Companies	227,822.97	3,590,000.00	0.00	0.00	0.00	0.00	3,867,822.97	227,822.97
Investment Securities*	495,827,471.9	0.00	45,563,286.98	0.00	3,800,252.97	1,520,149.55	446,464,207.24	491,743,294.68
Intangible Assets	394,395.18	0.00	0.00	0.00	394,187.24	837.34	207.94	1,045.28
Tangible Fixed Assets	5,179,821.29	138,637.05	132,772.69	0.00	4,493,001.78	389,697.61	692,683.87	965,853.37
Other Fixed Assets	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, 2003 includes accrued interest of EUR 14,975,702.30.

The net book value as of December 31, 2004 includes accrued interest of EUR 13,594,169.36.

Auditor's 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, 2004. 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, 2005

Ernst & Young AG
Independent Auditors

Sterz
Certified Accountant

Kuhlmann
Certified Accountant