Annual Report 2005

Management Report

American Express Bank GmbH (AEB) celebrated another good year with pre-tax profit increasing by 7.3%. This was achieved through the continued successful growth of both of our core businesses, Consumer Financial Services and Financial Institutions. It confirms the sound structure of our lines of business and represents a firm foundation for long-term growth.

Financial Institutions Group (FIG): 2005 was another successful year for FIG. Despite the negative development of the US dollar exchange rate, our total revenues was 21% higher than in the previous year. The international payments business continues to make a large contribution to the rise in turnover and income. For the fifth year in a row our market share of all payment products has increased compared with the prior year. In comparison, the documentary credit business showed a smaller increase. Operating profits rose by 55% as a result.

These outstanding results reflect the global initiative for euro products conducted by FIG. FIG relationship managers were mobilized on a global basis to focus their marketing activities on AEB Frankfurt's euro products and services. The Product Management Team held numerous seminars locally, not only for clients but also for relationship managers, and updated advertising and marketing material. A special focus was placed on seminars abroad in order to meet clients from many other countries. These marketing efforts contributed positively to the year's results.

Loans to financial institutions grew by 18%. The geographical distribution of clients is expanding, as a result of which credit to any one particular country does not exceed 10% of our total FIG credit portfolio. Our FIG business continued to focus its activities on Central and Eastern Europe as well as Southern and Eastern Asia. Our strategy also continues to provide predominantly short-term trade related financing to banks as an entry point for non-interest related products. In order to achieve this goal for selected clients, we participate in syndicated loans, which can also be long-term.

Consumer Financial Services (CFS) focused its activities in 2005 in particular on the continued expansion of the consumer lending business. In view of the planned sale of the deposit and investment funds business and the investment and marketing restrictions prevailing in the second half of 2005, business development in this area was limited.

The **consumer lending business** developed positively in 2005, driven by the overdraft facility product **DispoEasy** which yielded a 35% increase in client loans. The new introduction rate was the winning factor for a number of clients who took advantage of our DispoEasy offer. A stable result was also achieved by our installment loans product **SofortKredit**. The processing time for new applications was reduced significantly by new optimization measures introduced in September 2005.

The **deposits and investment funds business** was sold to comdirect bank AG, Quickborn at the end of 2005. A portfolio of 45,000 clients was taken over from AEB with the transaction taking effect as of January 1, 2006. 70% of the purchase price of approximately. EUR 13 million was paid at the time of the transfer of the clients to comdirect bank AG. The outstanding payment will be made after a year and will depend on the rate of client retention.

The affected previous clients of AEB direct banking had an average of EUR 11,000 at their disposal which was invested in deposit funds, foreign currency accounts, daily cash or current accounts.

The spin-off of the financial advisory business (AEFA) of the American Express Company in the USA had a significant effect on **Global Investment Distribution (GID)** in 2005. In line with the discontinuation of the asset management business, a new business model was successfully positioned which now forms the basis of the external management of American Express investment funds. GID has since been able to expand its volume of managed assets by over 30%.

On May 2, 2005, **American Express Finanzmanagement GmbH (AEFM)** started business in Heidelberg with 50 financial advisors, increasing in number to 90 by December 31, 2005. Branches have now opened in all major German towns.

AEFM provides a comprehensive investments and pensions advisory service for all stages of life, predominantly to American Express cardholders. It is also developing its potential non-card client base. By the end of 2005, more than 2,100 clients were committed to AEFM's consultancy and service products. Initial start-up losses amounting to EUR 6.59 million were EUR 0.2 million lower than anticipated.

There was a positive development regarding the number of **Travelers Cheque Cards (TCC)** issued. This card, which supplements the traditional travelers cheques, was launched in the German market in November 2004. At the end of 2005, the total card volume was 48% higher than predicted.

Financial summary:

Total assets rose in 2005 by EUR 170 million to EUR 1.5 billion. Liabilities to financial institutions grew by EUR 608 million to EUR 1.3 billion with EUR 180 million higher receivables due from financial institutions (EUR 840 million). Due to aggressive competing offers, which we did not match for strategic reasons, as well as the transfer of deposits to comdirect bank AG, liabilities to customers fell by EUR 459 million to EUR 98 million. Receivables from customers increased by EUR 47 million to EUR 257 million. Bonds and notes dropped by EUR 53 million to EUR 394 due to final maturities and sales.

Our equity consists of EUR 20 million share capital with EUR 48 million capital reserves. The 2005 net income of EUR 17.8 million will be distributed to our parent company.

Operating profit rose by 7.3% to EUR 42.8 million (2004: EUR 39.9 million). When adjusted by extraordinary items relating to other operating income and expenses, profit from ordinary operations amounted to EUR 42.8 million as well (2004: EUR 29.2 million). Net commission again grew by 19.1% (2004: 20.8%) as a direct result of a higher volume of payments and foreign trade activities. Net interest

income of EUR 43.6 million represented a 4.7% increase (2004: 5.4%). General administrative expenses rose by 3.4% (2004: 11.6%), whereas there were only minor changes in salaries and wages of EUR 13.3 million (2004: EUR 13.4 million) as well as social security contributions and pension plan expenses of EUR 3.3 million (2004: EUR 3.4 million). Personnel expenses include salaries, which are based on fixed pay scales, bonuses and awards. The increase in other administrative expenses of 7.4% (2004: 22.7%) to EUR 20.3 million (2004: EUR 18.9 million) was mainly due to advertising expenses to promote our consumer lending business. Taxes on income amounted to EUR 18.4 million (2004: EUR 12.9 million). Overall, net income dropped by 26.7% to EUR 17.8 million (2004: EUR 24.3 million). The 2004 net income of EUR 24.3 million was distributed to our parent company.

Risk Management and Risk Situation:

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. We do not see any particular liquidity risk, as AEB can access the resources of the Amex Group at any time as a source of refinancing. '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 or when required. With respect to Financial Institutions Group business, our credit policy is closely aligned to that of our parent company, accepting risks only 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 internal credit ratings which are comparable to the ratings of the large rating agencies. We, however, apply more stringent criteria depending on the portfolio or market conditions.

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 prudence.

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

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 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 factors harmful to the American Express brand. It also decides on corrective measures. This committee meets regularly every two months.

In 2006, the Bank will concentrate its risk management activities on the implementation of the German Minimum Requirements for Risk Management which came into force in January 2006.

Human Resource Development:

The average number of employees in the year under review was 190 (2004: 196 employees).

After the implementation of the Performance Management Process was completed at the end of 2004, all employees participated in a one day training course in 2005. Goals were set, development plans agreed with superiors and performance progress documented in appraisal meetings. The introduction of a Performance Management Process ensures that the expectations of employee performance are clearly defined and employee skills developed in a goal-oriented way in order to raise client satisfaction and directly influence the results and growth of our company.

At the same time, our managers received additional tools and training in order to improve their leadership skills. In this connection, it is worth mentioning the "Leader's Guide" which is available to all managers in the Intranet and contains detailed information and guidelines on how to perform leadership tasks according to the applicable labor laws and regulations.

The training course for Management Assistants in Office Communication held at our sister company, has now been extended to the Bank. As part of their training, all our trainees are employed in different areas of the Bank. The Bank had three trainees in 2005.

As an employer that takes its responsibilities seriously, we are committed to providing pension schemes for our employees. For this reason, we have strengthened our collaboration with Bankbeamten-Versicherungsverein, Berlin (BVV) by holding informative events and giving our employees the opportunity for individual consultations with BVV. All employees can increase and secure their pension simply and effectively through the cash conversion plan.

Transactions after December 31, 2005:

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

Risks, Opportunities and Outlook for 2006:

Although the 2006 forecast for **FIG** is positive, many challenges remain. The successful euro product campaign which led to a significant increase in new clients and business will be sustained in 2006. The upswing in the payments business will continue despite an increasingly complex environment. Trade finance will experience greater challenges, as improved borrowing terms in many markets are putting more and more pressure on profit margins. Although external surveys continue to rate us highly in terms of quality and service, we face the challenge of maintaining this position in the future.

Since January 2006, **Personal and Small Business Lending (PSBL)** has been concentrating its activities on expanding consumer lending which again expects solid growth rates. Targeted acquisition measures will continue to focus on the overdraft facility DispoEasy.

Global Investment Distribution (GID) expects its positive sales trend to continue in 2006. Our efforts will focus on the expansion and strengthening of strategic partnerships as well as the launch of new products.

American Express Finanzmanagement GmbH (AEFM) expects to increase its number of Financial Advisors to about 150 in 2006. Planned income of EUR 6.827 million set against planned costs of EUR 9.537 million will result in EUR 2.710 million planned losses for 2006. We expect positive monthly results from the fourth quarter in 2006.

Further seasonal and partner related sales measures are planned for the **Travelers Cheque Card (TCC)** in 2006 which should have a sustainable positive effect on business development.

American Express Bank GmbH plans to open a **branch in Milan, Italy** in 2006.

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

Frankfurt am Main, May 12, 2006

Frankfurt am Main, 31 March 2005

Gertrud Wolfrum | Arnim Kraemer | Michael Spitaliotis

Balance Sheet as at 31 December 2005 of American Express Bank GmbH, Frankfurt am Main

Assets			EUR	EUR	EUR	Previous Year TEUR
1. Liquid funds						
a) Cash				9,941.34		7
b) Balance with central banks				63,521.37		7,707
thereof: with Deutsche Bundesbank	EUR	63,521.37				
c) Balance with postal giro accounts					73,462.71	
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				12,427,506.73		18,013
b) Other receivables				826,685,232.83	839,112,739.56	641,949
4. Receivables from customers					257,163,804.57	210,504
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			26,465,321.91			26,474
as collateral at Deutsche Bundesbank	EUR	21,357,963.38				
bb) other bonds and notes, thereof: eligible			367,148,372.52	393,613,694.43		419,990
as collateral at Deutsche Bundesbank	EUR	357,516,348.28				
c) Own bonds and notes Nominal value	EUR				393,613,694.43	
6. Shares and other variable-interest bearing securities					0.00	0
7. Investments					110,078.17	115
thereof: in credit institutions	EUR	64,039.30				
thereof: in financial institutions	EUR					
8. Shares in affiliated companies					3,992,922.97	3,868
thereof: in credit institutions	EUR	127,822.97				
thereof: in financial institutions	EUR					
9. Trust assets					1,703,103.96	1,534
thereof: Fiduciary loans	EUR	1,703,103.96				
10. Equalization claims against public authorities including debt securities of their own exchange						
11. Intangible assets					69.39	0
12. Tangible fixed assets					501,741.60	693
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				38,055,369.32	33,416
16. Prepaid expenses and deferred charges					9,490.13	75
17. Loss not covered by share capital and reserves						
Total assets					1,534,336,476.81	1,364,345

Balance Sheet as at 31 December 2005 of American Express Bank GmbH, Frankfurt am Main

Liabilities		EUR	EUR	EUR	Previous Year TEUR
1. Liabilities to financial institutions					
a) payable on demand			320,677,601.46		256,558
b) with fixed maturities or notice periods			975,019,448.43	1,295,697,049.89	431,255
2. Liabilities to customers					
a) Saving deposits					
aa) with a term of three months		839,079.49			842
ab) with a term of more than three months		197,410.30	1,036,489.79		200
b) Other liabilities					
ba) payable on demand		78,093,746.37			528,781
bb) with fixed maturities or notice periods		18,790,424.93	96,884,171.30	97,920,661.09	26,846
3. Certificated liabilities					
a) Debt securities issued					
b) Other certificated liabilities			0.00	0.00	0
thereof: Money market securities	EUR				
Own acceptance and promissory notes in circulation	EUR				
4. Trust liabilities				1,703,103.96	1,534
thereof: Fiduciary deposits	EUR	1,703,103.96			
5. Other liabilities				27,499,938.61	938
6. Deferred income and accrued expenses				604,241.51	231
7. Provisions					
a) Accruals for pensions and other similar liabilities			14,908,418.00		14,158
b) Tax accruals			3,258,219.39		5,324
c) Other provisions			6,532,633.52	24,699,270.91	4,972
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			17,837,210.84	86,212,210.84	24,331
Total liabilities and equity				1,534,336,476.81	1,364,345

	EUR	EUR	EUR	Previous Year TEUR
1. Contingent liabilities				
a) Contingent liabilities from rediscounted bills		0.00		
b) Liabilities from guarantees and indemnity agreements		233,757,110.16		199,929
c) Liabilities from collateral for engagements of third parties			233,757,110.16	
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		2,391,537.84	2,391,537.84	7,813

Profit and Loss Account of American Express Bank GmbH, Frankfurt am Main, for the period from 1 January 2005 until 31 December 2005

Expenses		EUR	EUR	EUR	Previous Year TEUR
1. Interest expenses				26,362,722.86	18,094
2. Commission expenses				763,025.91	2,586
3. Net expenses from financial transactions				0.00	
4. General administrative expenses					
a) Personnel expenditure					
aa) Salaries and wages		13,306,238.14			13,357
ab) Social security contributions and pension plan and assistance expenses		3,313,164.21	16,619,402.35		3,437
thereof: pension plan expenses	EUR 1,445,668.75				
b) Other administrative expenses			20,274,796.08	36,894,198.43	18,887
5. Depreciation and value adjustments on intangible assets and tangible fixed assets				411,752.40	390
6. Other operating expenses				390,530.75	1,079
7. Depreciation and value adjustments on receivables and certain securities, additions to loan loss provisions				11,361,310.38	9,752
8. Depreciation and value adjustments on investments, shares in affiliated companies and securities treated like fixed assets				0.00	438
9. Losses incurred under profit and loss transfer agreements				6,590,347.83	2,695
10. Transfers to special reserve items				0.00	0
11. Extraordinary expenses					
12. Taxes on income				18,402,768.48	12,893
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				17,837,210.84	24,331
		Total expenses		119,013,867.88	107,939

Profit and Loss Account of American Express Bank GmbH, Frankfurt am Main, for the period from 1 January 2005 until 31 December 2005

Income	EUR	EUR	EUR	Previous Year TEUR
1. Interest income from				
a) Loans and money market transactions		46,499,739.02		36,107
b) Fixed-interest securities		23,183,559.45	69,683,298.47	23,626
2. Current income from				
a) Shares and other variable-interest securities				
b) Investments		2,325.75		2
c) Shares in affiliated companies		98,984.28	101,310.03	100
3. Profits from pooling agreements, profit transfer agreements or partial profit transfer agreements			0.00	0
4. Commission income			40,707,236.44	36,135
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			5,704,264.58	0
8. Other operating income			2,817,758.36	11,969
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			119,013,867.88	107,939

	EUR	EUR	EUR	Previous Year TEUR
1. Net income for the year			17,837,210.84	24,331
2. Profit brought forward from the previous year				
			17,837,210.84	24,331
3. Withdrawals from capital reserve				
			17,837,210.84	24,331
4. Withdrawals from revenue reserves				
a) from legal reserve				
b) from reserve for own shares				
c) from statutory reserves				
d) from other reserves				
			17,837,210.84	24,331
5. Withdrawals from bonus share capital				
			17,837,210.84	24,331
6. Additions to revenue reserves				
a) to legal reserve				
b) to reserve for own shares				
c) to statutory reserves				
d) to other reserves				
			17,837,210.84	24,331
7. Replenishment of bonus share capital				
8. Balance sheet profit			17,837,210.84	24,331

Notes to the Accounts of American Express Bank GmbH, Frankfurt am Main, for the 2005 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, 2005 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 reserves. Prepaid expenses and deferred income were amortized over the period to which they apply.

Acute risks were accounted for by specific reserves.

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

The premium of securities purchased at a price above par is amortized over the term until final maturity. In the year under review, there was a change in the valuation of the discount of securities purchased below par. Discounts are now recorded as income over the term until final maturity. The discounts which were accrued up to 2005 were recorded as income in the year under review.

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 and 2005 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

Maturity Breakdown of Receivables According to Remaining Tenor	31-Dec-2005 EUR	31-Dec-2004 EUR
Receivables from financial institutions		
b) Other receivables		
- less than three months	253,839,447.64	251,970,473.51
- three months to less than one year	378,163,117.07	265,639,279.15
- one year to less than five years	194,682,668.12	124,339,715.45
Receivables from customers		
- unspecified maturities	132,996,763.37	99,930,149.68
- less than three months	920,166.81	9,539,829.39
- three months to less than one year	44,562,871.18	14,514,065.51
- one year to less than five years	69,749,253.77	71,895,673.26
- five years or more	8,934,749.45	14,624,406.93
Receivables from affiliates		
- Banks	160,712,140.92	131,861,737.31
- Non-banks	4,601,157.54	4,923,794.02
Bonds and notes		
listed	393,613,694.43	446,464,207.04
Bonds and notes issued by		
government or government agencies	26,465,321.91	26,474,527.57
other issuers	367,148,372.52	419,989,679.47
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 2006:

Securities/Security identification number	Nominal value	Book value	Due date
Bonds of the Federal Republic of Germany			
113500	10,226	10,226	16. Feb. 2006
Bayer Landesbank - GZ - 212072	5,113	5,114	27. Feb. 2006

	31-Dec-2005 EUR	31-Dec-2004 EUR
Shares and other non-fixed interest securities	0.00	0.00
listed	0.00	0.00
negotiable	0.00	0.00
Investments		
not listed	110,078.17	115,200.15
not negotiable	110,078.17	115,200.15
Shares in affiliated companies		
not listed	3,992,922.97	3,867,822.97
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 2005 amounted to EUR 99,282. EUR 100,000 were distributed in March 2005. There is also a 100% investment in American Express Finanzmanagement GmbH, Heidelberg with net equity of Euro 150,000. The company made a net loss of Euro 6,590,347.83 which was 100% absorbed by the Bank. In 2005, the Bank founded Miranda GmbH with net equity of Euro 25,000 and Miranda KG with net equity of Euro 100,000 The 2005 net profit of Miranda KG & Co. GmbH amounting to Euro 98,984.28 was absorbed.

	31-Dec-2005	31-Dec-2004
	EUR	EUR
Fiduciary assets		
Receivables from financial institutions	1,703,103.96	1,533,688.92
Other receivables	1,703,103.96	1,533,688.92
Gross fixed assets refer to appendix		
Intangible assets	69.39	207.94
Tangible assets		
Office furniture and equipment	501,741.60	692,683.87
Lease transactions		
Other operating income (rent)	0.00	10,738,299.04
Other assets		
Cheques for collection	37,242,615.71	32,902,900.43
Breakdown of maturities of liabilities		
Liabilities to financial institutions		
b) with fixed maturities or notice periods		
- less than three months	702,551,145.87	277,610,905.68
- three months to less than one year	255,687,413.73	143,702,313.18
- one year to less than five years	16,780,888.83	9,942,232.06
Liabilities to customers		
a) Saving deposits		
ab) with an agreed notice period of more than three months		
- three months to less than one year	116,754.85	118,599.13
- one year to less than five years	80,655.45	81,090.01
b) Other liabilities		
bb) with fixed maturities or notice periods		
- less than three months	16,303,576.56	22,406,967.94
- three months to less than one year	2,486,848.38	4,269,149.49
- one year to less than five years	0.00	169,915.48
Liabilities to affiliates		
- Banks	885,511,521.90	407,300,599.07
- Non-banks	29,132,601.30	12,101,984.23

Securitized obligations	31-Dec-2005	31-Dec-2004
	EUR	EUR
b) other securitized obligations		
- less than three months	0.00	0.00
- three months to less than one year	0.00	0.00
- one year to less than five years		
Fiduciary liabilities	1,703,103.96	1,533,688.92
- Fiduciary credits	1,703,103.96	1,533,688.92
Other liabilities		
- Travelers Cheque Card	14,564,523.10	0.00
- Deposit for sale of Miranda	9,100,000.00	0.00
Total foreign currency assets in EUR	616,993,449.01	520,918,303.36
Total foreign currency liabilities in EUR	616,959,093.31	520,479,248.63
Contingent liabilities		
from guarantees and indemnity agreements	233,757,110.16	199,929,206.88
The **nominal value** of contingent liabilities is determined as follows:		
Letters of credit - gross	219,139,035.14	190,014,161.13
Guarantees - gross	35,128,106.10	34,054,401.34
	254,267,141.24	224,068,562.47
less cash collateral		
- foreign banks	16,410,031.08	20,039,355.59
- other foreign creditors	4,100,000.00	4,100,000.00
	233,757,110.16	199,929,206.88
Other liabilities		
Irrevocable loan commitments	2,391,537.84	7,813,285.75

C. Notes to the income Statement

Breakdown according to geographic markets:

Interest income:	**Kazakhstan**	3,346 TEUR
	Russia	2,909 TEUR
	Turkey	2,479 TEUR
	South Korea	1,733 TEUR
	Romania	1,732 TEUR
	India	1,557 TEUR

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

Other operational income:

Commissions for work performed of Miranda 1,685,103.18 EUR

D. Additional information

Forward transactions not yet settled per Balance Sheet date

- 8 spot transactions with a market value of TEUR 2.624
with terms from December 29, 2005 until January 03, 2006 TEURO 107, from December 29, 2005 until January 06, 2006 TEURO 2,445 and from December 30, 2005 until January 04, 2006 TEURO 72.

Other financial commitments	**Annual**	**Cumulative**
Office rent Theodor-Heuss-Allee 112 until April 30, 2008	1,059,300.36 EUR	2,471,700.84 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	3,229 TEUR

General Management comprised the following members in 2005:

Gertrud Wolfrum	Chairperson	General Manager	Dipl. Betriebswirtin
Arnim Kraemer	since July 01, 2005	General Manager	Dipl. Volkswirt
Michael Spitaliotis	since April 01, 2006	General Manager	Bachelor of Arts, Economics
Achim Strassburger	until June 30, 2005	General Manager	Dipl. Volkswirt
Werner Decker	until June 30, 2005	General Manager	Dipl. Kaufmann

General management expenses amounted to TEUR 1,450 in the year under review. No loans were granted. TEUR 1,625 provisions for pension funds on behalf of former members of General Management were made. No further provisions are required. TEUR 17 pension payments were made.

The average number of employees in 2005

- divided into groups - was as follows:

Non-exempt:	wage group 1-3:	-
	wage group 4-9:	135
Exempt:		49

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.

Capital Funds
Unrealised reserves from bonds and other fixed interest securities amounting to **Euro 8,955,000.00** are apportioned to liable equity.

Proposal for the appropriation of profits
General Management propose to distribute this year's net profit of EUR **17,837,210.84.**

Frankfurt/Main, May 12, 2006

Gertrud Wolfrum | Arnim Kraemer | Michael Spitaliotis

Changes in Fixed Abssets and Participations from Jan. 1, 2005 to Dec. 31, 2005

	Purchase Price/ Production Cost	Increases Current Year	Decreases Current Year	Additions Fixed Assets		Tax Depreciation Depreciation and Value Adjustments		Net Book Value 31.12.2005	Net Book Value 31.12.2004
				Total	Current Year	Total	Fiscal Year		
	1	2	3	4	5	6	7	8	9
Investments	236,899.51	0.00	2,600.00	0.00	0.00	124,221.34	2,521.98	110,078.17	115,200.15
Shares in Affiliated Companies	3,867,822.97	125,000.00	0.00	0.00	0.00	0.00	0.00	3,992,822.97	3,867,822.97
Investment Securities (including interest)	450,264,460.21	0.00	53,251,881.12	0.00	0.00	3,398,884.66	401,368.31	393,613,694.43	446,464,207.24
Intangible Assets	394,395.18	0.00	0.00	0.00	0.00	394,325.79	138.55	69.39	207.94
Tangible Fixed Assets	5,185,685.65	240,362.08	128,174.36	0.00	0.00	4,796,131.77	303,129.99	501,741.60	692,683.37
Other Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the accounting system and the management report of American Express Bank GmbH, Frankfurt am Main, for the business year from January 1 to December 31, 2005. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions in the articles of incorporation are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the accounting system and the management report based on our audit. We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.
Our audit has not led to any reservations.
In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions in the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, May 17, 2006

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rönnberg	Atton
German Public Auditor	German Public Auditor