

AMERICAN EXPRESS BANK, FSB

This supplement highlights selected information about American Express Bank, FSB (“FSB”, or “the Bank”) and the information presented below is qualified in its entirety by reference to and should be read in conjunction with FSB’s Quarterly Call Report covering the year ended December 31, 2012 and the Quarterly Thrift Financial Reports covering the years ended December 31, 2011 and 2010. The information contained in this supplement is current only as of December 31, 2012. FSB’s business, financial condition, results of operation and prospects may have changed since that date.

Business

American Express Bank, FSB was incorporated under United States law as a federal savings bank in 2000 and received Federal Deposit Insurance Corporation (“FDIC”) insurance in the same year. Its principal office is located at 4315 South 2700 West, Salt Lake City, Utah 84184. FSB is a wholly-owned subsidiary of American Express Travel Related Services Company, Inc. FSB commenced its current operations as American Express Bank, FSB in April 2004.

FSB is regulated, supervised and regularly examined by the Office of Comptroller of the Currency (“OCC”), an independent bureau of the U.S. Department of the Treasury. In addition, FSB and its affiliates are subject to supervision, examination and enforcement by the Consumer Financial Protection Bureau with respect to the marketing and sale of consumer financial products and compliance with certain federal consumer financial laws, including, among other laws, the Consumer Financial Protection Act and the Truth in Lending Act.

FSB issues OPEN from American Express (“OPEN”) and American Express co-branded revolving credit cards in the United States. FSB is also the issuer of certain OPEN charge cards. In addition, FSB has outstanding lines of credit in association with certain OPEN and consumer charge cards and offers unsecured loans to cardmembers in connection with its Lending on Charge program. The Lending on Charge program offers qualified United States cardmembers the option of extending payment for certain charges on a charge card.

In addition, FSB launched a direct deposit program, American Express Personal Savings, to supplement its distribution of deposit products through third-party distribution channels. This program makes FDIC-insured certificates of deposit and high-yield savings account products available directly to consumers.

In addition to earning cardmember lending finance revenue, FSB also receives revenue from cardmember fees and issuer revenue from billed business at service establishments. Cardmember accounts are offered in different versions with a variety of features and terms, including co-branded cards, cards with differing rates, fees, grace periods, and cards with additional features such as rebates.

SELECTED FINANCIAL INFORMATION OF AMERICAN EXPRESS BANK, FSB

The following unaudited financial information of FSB prepared in accordance with Regulatory Accounting Principles for the year ended or as of December 31, 2012 was derived from the FSB's Call Report. The information for each of the years ended or as of December 31, 2011 and 2010 were derived from FSB's Thrift Financial Reports, which are incorporated herein by reference, and should be read in conjunction therewith and with the detailed information contained elsewhere herein.

In the fourth quarter of 2012, FSB reclassified certain amounts pertaining to annual card fees and fraud reserves on the Operating and Balance Sheet Data. The change in annual card fees increased Non-interest income and reduced Interest income and increased Loans and Other liabilities. The fraud reclassification led to a decrease in Provision for loan losses and an increase in Non-interest expense and a decline in Reserves and an increase in Other liabilities. Corresponding amounts in prior periods have not been reclassified to conform to the current period presentation.

(in millions)	For the Years Ended December 31,		
	2012	2011	2010
Operating Data:			
Interest income	\$ 2,320	\$ 2,555	\$ 2,221
Interest expense	377	572	587
Net interest income	1,943	1,983	1,634
Provisions for loan losses	536	423	642
Income after provisions for loan losses	1,407	1,560	992
Non-interest income	6,358	5,228	4,562
Non-interest expense	5,227	4,639	4,302
Net non-interest income	1,131	589	260
Pretax income	2,538	2,149	1,252
Income tax provision	932	801	450
Net income	\$ 1,606	\$ 1,348	\$ 802

(in millions)

As of December 31

	2012	2011	2010
Balance Sheet Data:			
<i>Assets:</i>			
Cash and cash equivalents	\$ 4,621	\$ 4,248	\$ 3,995
Investments	638	1,168	4,878
Loans	32,430	29,380	24,638
Reserves	(633)	(784)	(1,266)
Loans, net	31,797	28,596	23,372
Other assets	841	1,390	2,676
Total Assets	37,897	35,402	34,921
<i>Liabilities and Shareholder's Equity:</i>			
Deposit liabilities	\$ 24,700	\$ 21,418	\$ 17,132
Subordinated debt	400	400	400
Bank notes	3,960	4,676	9,858
Total debt	29,060	26,494	27,390
Other liabilities	2,132	2,351	1,750
Total liabilities	31,192	28,845	29,140
Total shareholder's equity	6,705	6,557	5,781
Total liabilities and shareholder's equity	\$ 37,897	\$ 35,402	\$ 34,921

SELECTED FINANCIAL INFORMATION OF AMERICAN EXPRESS BANK, FSB

(in millions)	As of December 31,		
	2012	2011	2010
Key Statistics:			
Average assets	\$ 36,454	\$ 39,016	\$ 33,391
Average shareholder's equity	\$ 6,609	\$ 6,252	\$ 5,292
Average loans	\$ 29,657	\$ 26,567	\$ 21,690
Total risk-weighted assets	\$ 40,403	\$ 37,278	\$ 34,218
Tier 1 capital	\$ 6,649	\$ 6,493	\$ 5,586
Total risk-based capital	\$ 7,556	\$ 7,363	\$ 6,424
Past-due & nonaccrual loans	\$ 504	\$ 553	\$ 612
Net charge-offs	\$ 672	\$ 879	\$ 1,195

	As of December 31,		
	2012	2011	2010
Selected Ratios:			
Return on average assets ⁽¹⁾	4.41%	3.46%	2.40%
Return on average shareholder's equity ⁽²⁾	24.30%	21.57%	15.16%
Tier 1 leverage ratio ⁽³⁾	17.52%	18.37%	16.09%
Tier 1 risk-based capital ratio	16.46%	17.42%	16.32%
Total risk-based capital ratio	18.70%	19.75%	18.77%
Net charge-offs / average loans ⁽⁴⁾	2.27%	3.31%	5.51%
Reserves / past due & non-accrual loans ⁽⁵⁾	126%	142%	207%
Reserves / period-end-loans ⁽⁶⁾	1.96%	2.67%	5.14%
Past-due & nonaccrual loans / period-end loans ⁽⁷⁾	1.56%	1.88%	2.48%

(1) Return on average assets is calculated by dividing net income by average assets.

(2) Return on average shareholder's equity is calculated by dividing net income by average shareholder's equity.

(3) FSB's 2012 Tier 1 leverage ratio is calculated using ending total assets as prescribed by OCC regulation applicable to federal savings banks. In 2011 and 2010 the leverage ratio represented Tier 1 core capital ratio (as defined by the Office of Thrift Supervision regulations applicable to federal savings banks), calculated similarly to Tier 1 leverage ratio.

(4) Net charge-offs / average loans is calculated by dividing gross charge-offs less recoveries by full year average loans.

(5) Past-due & nonaccrual loans are based on the OCC definition (i.e. all balances that are 30 days or greater past due and still accruing plus all nonaccrual loans).

(6) Reserves / period-end loans is calculated by dividing the allowance for loan losses by total loans.

(7) Past due & non-accrual loans / period-end loans is calculated by dividing past-due and nonaccrual loans by total loans.

CAPITALIZATION OF AMERICAN EXPRESS BANK, FSB

The following table sets forth the consolidated capitalization of FSB as of December 31, 2012, 2011, and 2010. The table should be read in conjunction with FSB's Call Report and Thrift Financial Reports incorporated by reference herein.

(in millions)	As of December 31,		
	2012	2011	2010
Deposit liabilities	\$ 24,700	\$ 21,418	\$ 17,132
Debt:			
Subordinated debt	400	400	400
Bank notes	3,960	4,676	9,858
Total debt	\$ 4,360	\$ 5,076	\$ 10,258
Shareholder's equity:			
Capital surplus	\$ 3,490	\$ 3,490	\$ 3,490
Undivided profits and capital reserves	3,215	3,067	2,291
Total shareholder's equity	\$ 6,705	\$ 6,557	\$ 5,781
Total capitalization	\$ 35,765	\$ 33,051	\$ 33,171