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J.P. MORGAN NEDERLAND N.V., AMSTERDAM

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MANAGEMENT REPORT

1989 was another year of transition for J.P. Morgan Nederland N.V. While the business rationalizations started in previous years were for the most part finalized by 1989, the flat to inverse yield curve on the Bank's interest mismatch positions had an adverse impact on earnings. Although this unfavourable interest rate environment was anticipated and steps were taken in prior years to shorten the Bank's position, the severity of the interest rate changes were not anticipated and as a result the Bank reported a net loss for the year of N.fl.s. 2,694,000 compared to a profit of N.fl.s. 9,320,000 in 1988. Income in 1988 included extraordinary profit from the sale of business activities, while 1989 results were favourably impacted, but to a lesser extent, by the sale of office premises.

No dividend is proposed with respect to 1989 results. For the year 1988, a dividend of N.fl.s. 5,000,000 was paid. Shareholder's equity at year-end 1989 was N.fl.s. 98,824,000 or almost 7% of total assets compared to N.fl.s. 100,403,000 (8% of total assets) at the end of 1988. The Bank's risk based capital ratio remains strong in spite of the loss reported in 1989, and is well in excess of the minimum that will be required in 1992 of 8%.

The Bank moved to its new headquarters on the Apollolaan, as scheduled, in August 1989. This new facility allows for better communications and provides a more efficient working environment. The building was completed at a cost which was below the original budget.

1989 saw several changes in the management of the Bank, as Richard Johnson, President, and Theo Roell, Managing Director, resigned effective November 15, 1989 and March 31, 1989, respectively. Tom van Dort succeeded Mr. Johnson as President and Paul Langemeijer was appointed a Managing Director. The Board of Supervisory Directors also changed in 1989 as Eric Bourdaïs de Charbonnière resigned effective September 15, 1989 and Michael Enthoven was appointed as Supervisory Director effective the same date.

J.P. MORGAN NEDERLAND N.V., AMSTERDAM

MANAGEMENT REPORT (continued)

The Bank's headcount declined to 96 at year-end 1989 from 107 at the end of 1988. This was a major reason why expenses declined almost N.fl. 3,700,000 in 1989 from 1988. The Bank, in 1990 will continue to rationalize, where possible, to ensure that human resources - its most valuable asset - are used most efficiently. Communications with the Worker's Council at the Bank continued to be very good and we express our gratitude to our staff for their contributions and dedication.

1990 will be a challenging year, especially in view of the unsettling interest rate environment that currently exists. The shareholder and local management continue to study ways in which to strengthen the Bank's position in the Dutch market.

Amsterdam, March 30, 1990

Managing Directors:

T. van Dort, President

P.A.J.M. Langemeijer

The Bank's balance sheet and statement of profit loss (both consolidated and non-consolidated) and the notes to the 1989 financial statements have been approved by the shareholder on March 30, 1990.

NON-CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1989
after appropriation of the results

ASSETS	Dec. 31, 1989 M. fls.	Dec. 31, 1988 M. fls.	LIABILITIES AND SHAREHOLDER'S EQUITY	Dec. 31, 1989 M. fls.	Dec. 31, 1988 M. fls.
Cash and money at call	133,205,000	73,889,000	Share capital, issued and paid in	20,000,000	20,000,000
Banks	719,209,000	498,353,000	Reserves	78,824,000	80,403,000
Securities	67,583,000	31,426,000	Shareholder's equity	98,824,000	100,403,000
Advances against treasury paper and/or securities	6,710,000	7,267,000	Notes payable and non-subordinated loans	5,373,000	6,953,000
Advances to or guaranteed by public authorities	249,079,000	365,306,000	Deposits	686,322,000	441,506,000
Loans and advances	185,185,000	228,514,000	Current liabilities	80,639,000	170,142,000
Investment in subsidiaries (including advances)	32,714,000	21,440,000	Banks	408,560,000	521,274,000
Property and equipment	5,368,000	6,798,000	Other funds borrowed	328,413,000	8,596,000
Other assets	9,098,000	15,881,000			
	1,408,131,000	1,248,874,000		1,408,131,000	1,248,874,000
			Commitments on guarantees granted	65,989,000	45,236,000
			Commitments on irrevocable letters of credit	-	-
			Commitments on irrevocable facilities	-	9,000

Amsterdam, March 30, 1990

The Board of Supervisory Directors:

- P. B. Smith, Chairman
- M. Enchoven
- E. Brouwer
- J. M. Goris
- V. B. Holding
- G. Hoogerwerf

Managing Directors:

- T. van Dort
- P. Langemeijer

J.P. MORGAN NEDERLAND N.V., Amsterdam

NON-CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1989

	Dec. 31, 1989	Dec. 31, 1988
	-----	-----
	N. fls.	N. fls.
Results of subsidiaries, after taxation	(910,000)	174,000
Other income	121,040,000	118,455,000
	-----	-----
Total income	120,130,000	118,629,000
Other expenses	122,824,000	109,309,000
	-----	-----
Net (loss)/profit	(2,694,000)	9,320,000
	=====	=====

Amsterdam, March 30, 1990

The Board of Supervisory Directors:

P. B. Smith, Chairman
M. Enthoven
E. Brouwer
J. H. Goris
W. B. Holding
G. Hoogerwerf

Managing Directors:

T. van Dort
P. Langemeijer

J. P. MORGAN NEDERLAND N.V., Amsterdam

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1989
after appropriation of the results

ASSETS	Dec. 31, 1989	Dec. 31, 1988	LIABILITIES AND SHAREHOLDER'S EQUITY	Dec. 31, 1989	Dec. 31, 1988
	N. fls.	N. fls.		N. fls.	N. fls.
Cash and money at call	133,205,000	73,889,000	Share capital, issued and paid in	20,000,000	20,000,000
Banks	719,209,000	498,353,000	Reserves	78,824,000	80,403,000
Securities	67,583,000	31,426,000	Shareholder's equity	98,824,000	100,403,000
Advances against treasury paper and/or securities	6,710,000	7,267,000	Notes payable and non-subordinated loans	5,373,000	6,953,000
Advances to or guaranteed by public authorities	249,079,000	365,306,000	Deposits	486,322,000	441,506,000
Loans and advances	185,458,000	228,436,000	Current liabilities	80,859,000	169,862,000
Investment in subsidiaries (including advances)	26,545,000	-	Banks	408,560,000	521,274,000
Property and equipment	37,464,000	28,036,000	Other funds borrowed	354,413,000	8,596,000
Other assets	9,098,000	15,881,000			
	1,434,351,000	1,248,594,000			
	-----	-----			
	1,434,351,000	1,248,594,000	Commitments on guarantees granted	65,989,000	45,236,000
	-----	-----	Commitments on irrevocable letters of credit	-	-
	1,434,351,000	1,248,594,000	Commitments on irrevocable facilities	-	9,000
	-----	-----			

Amsterdam, March 30, 1990

The Board of Supervisory Directors:

P. B. Smith, Chairman
M. Entboven
E. Brouwer
J. H. Goris
U. B. Holding
G. Hoogerwaard

Managing Directors:

T. van Dort
P. Lengemeijer

J.P. MORGAN NEDERLAND N.V., Amsterdam

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1989

	Dec. 31, 1989		Dec. 31, 1988	
	N. fls.	N. fls.	N. fls.	N. fls.
Income				

Interest	8,552,000		17,227,000	
Commission	9,156,000		10,253,000	
Other income	2,077,000		5,439,000	
		19,785,000		32,919,000
Expenses				

Salaries, pension and social security costs	16,692,000		19,722,000	
Other expenses	5,575,000		5,981,000	
Depreciation of fixed assets	2,143,000		2,399,000	
		24,410,000		28,102,000
Gross result		(4,625,000)		4,817,000

Addition to the allowance for general risks	(500,000)		(3,000,000)	
Extraordinary income and expenses	2,137,000		8,133,000	
		1,637,000		5,133,000
(Loss)/profit before taxes		(2,988,000)		9,950,000
Less: Taxation (benefit)/expense		(294,000)		630,000
Net (loss)/profit		(2,694,000)		9,320,000
		*****		*****

Amsterdam, March 30, 1990

The Board of Supervisory Directors:

P. B. Smith, Chairman
M. Enthoven
E. Brouwer
J. H. Goris
W. B. Holding
G. Hoogerwerf

Managing Directors:

T. van Dort
P. Langemeijer

NOTES TO THE 1989 FINANCIAL STATEMENTS

General

Unless explicitly stated, the notes apply both to the non-consolidated and to the consolidated statements. The financial statements have been prepared in conformity with Book 2, Title 9 of the Dutch Civil Code and the Model financial statements for financial institutions, as laid down by the Dutch Central Bank.

Accounting principles

Unless otherwise stated the assets and liabilities are shown at their face values.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Dutch guilders at spot rates of exchange. Forward exchange contracts are translated into Dutch guilders at the forward rates for their remaining term, unless they were entered into to hedge borrowed or loaned foreign currency funds; in these cases they are translated at the spot rates. Any premium or discount arising on the conclusion of these latter forward contracts is recorded under loans and advances or current liabilities and amortized over the remaining term of the contracts.

Banks

This item is stated at face value after deduction of allowances where deemed necessary.

Securities

The debentures included in the investment portfolio are stated at redemption value. Any premiums and discounts have been included in loans and advances or current liabilities respectively and are amortized over their remaining average life. Officially quoted securities in the trading portfolio are stated at market value, while securities which are not officially quoted are stated at their estimated sales value. Interest accrued at the balance sheet date is shown under loans and advances.

NOTES (continued 1)

Advances to or guaranteed by public authorities

This item is stated at face value after deduction of allowances where deemed necessary.

Loans and advances

Loans and advances are stated at their face value. Allowances are deducted where deemed necessary. With reference to loans not acquired at their par value, any premiums and discounts have been included in this item or in current liabilities, and are amortized over their remaining life.

Investment in subsidiaries (including advances)

The subsidiaries include Handelsmaatschappij Leda B.V. and Handelsmaatschappij Vondel B.V., both wholly owned subsidiaries, as well as companies of relatively minor importance. In the non-consolidated financial statements, these subsidiaries are accounted for at their net equity value. The consolidated financial statements include the assets and liabilities and the results of the wholly owned subsidiaries, as well as the net equity value of non wholly owned subsidiaries.

Property and equipment

The premises are stated at replacement value. During 1989 two office buildings have been sold. The revaluation reserve related to these buildings has been transferred to retained earnings. The premises are depreciated at an annual rate of 1.5%. Computer equipment and software have been stated at cost, less depreciation, based on a 4-year life. Furniture and other equipment have been stated at cost, less depreciation based on a 5-year life, except for automobiles and dealing desks for which depreciation is based on a 3-year life. Renovation and maintenance is fully written off in the year in which the expense is incurred.

Allowance for general risks

This allowance for contingencies is to cover the direct and indirect general business risks incurred by the bank and its subsidiaries as a result of granting credit and other banking transactions. It is included in current liabilities. Charges are made against this allowance for the increases in the specific allowance for bad debts which are deemed necessary. The specific allowance is assessed individually. In addition, an allowance for individual country risks is made.

NOTES (continued 2)

Other allowances

The allowances for deferred tax liabilities, early retirement and disablement benefits are stated at present value.

Interest rate swaps

Income or expense associated with interest rate swap transactions is accrued over the life of the agreement.

Investment premiums

Investment premiums are amortized to income on a straight-line basis over the life of the related assets and included in the depreciation charge for the year. Investment premiums which have not yet been recognized as income are included in an equalization account in current liabilities.

Principles for determining results

Interest income and expense are calculated for the reporting period. Interest of which receipt is uncertain is not recorded as income. Commissions are usually accounted for in the year they are received. Exchange and securities valuation differences are determined as the difference between the sales proceeds or balance sheet value at the end of the year and the purchase cost or the balance sheet value at the beginning of the year. Expenses are attributed to the year to which they relate. In the calculation of the tax burden, the amount of the addition to the allowance for general risks is taken as a charge.

Non-consolidated statement of profit and loss

The non-consolidated statement of profit and loss only shows the subsidiaries' results after taxation and the other results, as permitted by Article 402, Book 2, Title 9 of the Dutch Civil Code.

NOTES (continued 3)

Balance sheet as at December 31, 1989

	Non-consolidated		Consolidated	
	Dec. 31, 1989	Dec. 31, 1988	Dec. 31, 1989	Dec. 31, 1988
	x M. fls. 1,000	x M. fls. 1,000	x M. fls. 1,000	x M. fls. 1,000
ASSETS				
Cash and money at call	133,205	73,889	133,205	73,889
Banks				
This item covers:				
- money on demand	50,604	1,570	50,604	1,570
- money not on demand	668,605	496,783	668,605	496,783
The money on demand is non-interest bearing	719,209	498,353	719,209	498,353
Securities				
This balance sheet heading is composed as follows:				
- Bonds of domestic public authorities, listed	43,730	22,662	43,730	22,662
- Other bonds and shares	23,728	8,639	23,728	8,639
. listed	125	125	125	125
. unlisted				
In connection with collateral given, an amount of	67,583	31,426	67,583	31,426
M. fls. 40,310,000 (1988: M. fls. nil) is not at the bank's free disposal.				
The securities form part of:				
- the trading portfolio	5,639	4,640	5,639	4,640
- the investment portfolio	61,944	26,786	61,944	26,786
	67,583	31,426	67,583	31,426

NOTES (continued 4)

	Non-consolidated		Consolidated	
	Dec. 31, 1989	Dec. 31, 1988	Dec. 31, 1989	Dec. 31, 1988
	x N. fls. 1,000	x N. fls. 1,000	x N. fls. 1,000	x N. fls. 1,000
Advances against treasury paper and/or securities	6,710	7,267	6,710	7,267
This item includes loans and advances in current account with securities as collateral, as well as amounts due to the bank in connection with securities sold but still to be delivered.				
Advances to or guaranteed by public authorities	178,600	351,765	178,600	351,765
- by Dutch public authorities	70,479	13,541	70,479	13,541
- by foreign public authorities	249,079	365,306	249,079	365,306
In connection with collateral given, an amount of N. fls. 57,369,000 (1988: N. fls. n.t.) is not at the bank's free disposal.				
Both central and other public authorities are included in this item.				
Loans and advances	130,523	166,660	130,523	166,660
- advances in current account and fixed-term advances	29,921	27,031	30,082	27,031
- accrued and uncharged interest				
- accruals, investment premiums receivable and corporate income tax receivable	24,721	34,823	24,853	34,745
	185,165	228,514	185,458	228,436

NOTES (continued 5)

The credits granted can be detailed as follows:

- According to collateral given
 - credits extended on mortgage security
 - debtors guaranteed by credit institutions
 - other loans
- According to terms
 - loans with an average initial term of less than two years
 - loans with an average initial term of two years and longer
- According to business sectors
 - to industry
 - to service enterprises
 - to financial institutions
 - unspecified

Investment in subsidiaries (including advances)

This heading includes:

Consolidated subsidiaries

- Shares
- Advances

Non-consolidated subsidiaries

- Shares
- Advances

	Non-consolidated		Consolidated	
	Dec. 31, 1989 x N. fls. 1,000	Dec. 31, 1988 x N. fls. 1,000	Dec. 31, 1989 x N. fls. 1,000	Dec. 31, 1988 x N. fls. 1,000
	503	532	503	552
	103,657	74,710	103,657	74,710
	26,363	91,398	26,363	91,398
	130,523	166,660	130,523	166,660
	60,592	134,667	60,592	134,667
	69,931	31,993	69,931	31,993
	130,523	166,660	130,523	166,660
	29,583	29,250	29,583	29,250
	5,861	29,698	5,861	29,698
	89,756	93,613	89,756	93,613
	5,323	14,099	5,323	14,099
	130,523	166,660	130,523	166,660
	784	684		
	8,281	20,756		
	9,065	21,440		
	23,649	23,649	2,896	
		0	23,649	
				0
				26,545

NOTES (continued 6)

	Non-consolidated		Consolidated	
	Dec. 31, 1989	Dec. 31, 1988	Dec. 31, 1989	Dec. 31, 1988
	x M. fls. 1,000	x M. fls. 1,000	x M. fls. 1,000	x M. fls. 1,000
Shares (consolidated subsidiaries)				
Book value January 1	684	1,184		
Purchases/(Disposals)	100	(500)		
Book value December 31	784	684		
Shares (non-consolidated subsidiaries)				
Book value January 1	-	100		
Purchases/(Disposals)	-	(100)	2,896	
Book value December 31	0	0	2,896	0
Advances (consolidated subsidiaries)				
Balance January 1	20,756	-		
Movements	(12,475)	20,756		
Book value December 31	8,281	20,756		
Advances (non-consolidated subsidiaries)				
Balance January 1	23,649	66,282		
Movements		(66,282)	23,649	66,282
Book value December 31	23,649	0	23,649	0

NOTES (continued 7)

	Non-consolidated		Consolidated	
Property and equipment	Dec. 31, 1989	Dec. 31, 1988	Dec. 31, 1989	Dec. 31, 1988
	x N. fls. 1,000	x N. fls. 1,000	x N. fls. 1,000	x N. fls. 1,000
	5,368	6,796	37,464	28,036

Property and equipment may be further detailed as follows (consolidated x N. fls. 1,000):

	Office building and house	Buildings under construction	Computer equipment and software	Other equipment and cars	Total
Balance sheet value January 1, 1989	3,340	21,799	2,408	489	28,036
Investments	935	10,581	1,564	2,595	15,675
Reclassification	32,380	(32,380)	-	-	-
Disinvestments	3,299	-	495	151	3,945
Depreciation	331	-	1,645	326	2,302
Balance sheet value December 31, 1989	33,025	0	1,832	2,607	37,464
Accumulated depreciation	290	-	4,387	734	5,411
Accumulated revaluation	-	-	-	-	-

The office building, owned by the subsidiary Rendelmeetschap Leda, is partly in use by the bank. Included in the cost of the building is a 50 year lease on the land. The office building is encumbered with a mortgage which secures a loan of N. fls. 26 million which is included in other funds borrowed.

Other assets	9,098	15,881	9,098	15,881
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This item represents the balances on outstanding forward foreign exchange contracts.

NOTES (continued B)

	Non-consolidated		Consolidated	
	Dec. 31, 1989	Dec. 31, 1988	Dec. 31, 1989	Dec. 31, 1988
	x N. fls. 1,000	x N. fls. 1,000	x N. fls. 1,000	x N. fls. 1,000
Share capital, issued and paid in	20,000	20,000	20,000	20,000
The authorized share capital remains unchanged at N. fls. 100 million divided into shares of N. fls. 1,000. Of this capital N. fls. 20 million (unchanged) is subscribed and fully paid in.				
Reserves				
This heading represents:				
- capital surplus	4,075	4,075	4,075	4,075
- retained earnings	76,749	75,016	76,749	75,016
- revaluation reserve	-	1,312	-	1,312
	78,824	80,403	78,824	80,403
The movements in the retained earnings are as follows:				
Balance sheet value as at January 1	75,016	70,470	75,016	70,470
(Loss)/profit (after appropriation) for the year	(2,694)	4,320	(2,694)	4,320
Transfer from revaluation reserve (related to the sale of office buildings)	1,312	226	1,312	226
Transfer from deferred tax (related to the sale of office buildings)	1,115	-	1,115	-
	76,749	75,016	76,749	75,016
Balance sheet value as at December 31	1,312	1,281	1,312	1,281
The movements in the revaluation reserve are as follows:				
Balance sheet value as at January 1	(1,312)	(226)	(1,312)	(226)
Transfer to retained earnings (related to the sale of office buildings)	-	257	-	257
Transfer from deferred tax as a result of the decrease in current tax rate from 42% to 35%	0	1,312	0	1,312
Balance sheet value as at December 31				

NOTES (continued 9)

	Non-consolidated		Consolidated	
	Dec. 31, 1989	Dec. 31, 1988	Dec. 31, 1989	Dec. 31, 1988
Notes payable and non-subordinated loans	5,373	6,953	5,373	6,953
	x N. fls. 1,000	x N. fls. 1,000	x N. fls. 1,000	x N. fls. 1,000
	484,165	439,012	486,165	439,012
	2,157	2,494	2,157	2,494
	486,322	441,506	486,322	441,506
	80,639	170,142	80,859	169,862

Notes payable and non-subordinated loans

This item comprises notes and certificates of deposit issued by the bank.

Deposits

These deposits taken from non-credit institutions mature

as follows:

- within one year
- after one year

Current liabilities

This heading represents clients' credit balances, the allowance for general risks, dividend payable (1988), interest payable, accruals, the investment premium equalization account and other allowances.

The other allowances include:

- allowance for deferred tax liabilities;
- allowance for liabilities pertaining to employees who have opted for the regulation regarding early retirement as well as the allowance for future early retirements;
- allowance for disability payments.

Banks

This item comprises:

- debts immediately payable
- debts not immediately payable maturing within one year
- debts maturing after one year

J. P. MORGAN NEDERLAND N.V., Amsterdam

NOTES (continued 10)

	Non-consolidated		Consolidated	
	Dec. 31, 1989	Dec. 31, 1988	Dec. 31, 1989	Dec. 31, 1988
	x N. fls. 1,000	x N. fls. 1,000	x N. fls. 1,000	x N. fls. 1,000
	328,413	328,413	354,413	8,956
				8,956

Other funds borrowed

This item represents money deposited at call, accounts with The Netherlands Bank amounting to N. fls. 79,100,000 (1988: N. fls. nil), amounts due in connection with securities transactions and other money deposited.

This item matures within one year.

Commitments

Other commitments, not arising from guarantees or letters of credit, amount to N. fls. Nil (1988: N. fls. 16,150,000).

The pension liabilities are covered by a separate foundation Stichting Pensioenfonds J. P. Morgan Nederland. In 1989 all contractual pension liabilities were fully funded.

General guarantees have been given for the wholly owned subsidiaries. As a result these companies have applied for the exemptions regarding their financial statements as included in Article 403 Book 2, Title 9 of the Dutch Civil Code.

The commitments on irrevocable facilities, as shown below the balance sheet have to be disclosed from 1989 onwards. At December 31, 1989 there are no such commitments.

NOTES (continued 11)

Consolidated statement of profit and loss for
the year ended December 31, 1989

	1989 ----- N.fls. 1,000	1988 ----- N.fls. 1,000
<u>Interest</u>	8,552 *****	17,227 *****
This heading includes the balance of interest income and expense, taking into account the results of swap transactions.		
<u>Commission</u>	9,156 *****	10,253 *****
This includes income from security dealings, banking activities, private placements, etc.		
<u>Other income</u>	2,077 *****	5,439 *****
This item comprises exchange and valuation differences, whether or not realized on foreign currencies, securities, options and private placements, as well as rental proceeds.		
<u>Salaries, pension and social security costs</u>	16,692 *****	19,722 *****

This heading comprises the total of salaries and bonuses amounting to N.fls. 9,001,000 (1988: N.fls. 11,301,000), compulsory and non-compulsory social security payments, amounting to N.fls. 2,175,000 (1988: N.fls. 3,029,000) and other staff expenses amounting to N.fls. 5,516,000 (1988: N.fls. 5,392,000). The pension charges for 1989 are nil (1988: nil).

The average number of employees during the year was 96 (1988: 121). The items as meant by Book 2, Title 9 Article 383 sub 1 of the Dutch Civil Code, amount to N.fls. 1,423,000 (1988: N.fls. 3,150,000) and N.fls. 44,900 (1988: N.fls. 50,300). The former amounts are influenced by the changing composition and number of persons as meant in the aforementioned article.

J.P. MORGAN NEDERLAND N.V., Amsterdam

NOTES (continued 12)

	1989	1988
	-----	-----
	N.fls. 1,000	N.fls. 1,000
<u>Other expenses</u>	5,575	5,981
	=====	=====
<p>Material items under this heading are newsservice costs, occupancy expenses, the maintenance costs of office and computer equipment, and professional fees.</p>		
<u>Depreciation of fixed assets</u>		
Depreciation of premises	331	78
Other depreciation	1,971	2,480
	-----	-----
	2,302	2,558
Less: Investment premium	159	159
	-----	-----
	2,143	2,399
	=====	=====
<p>The method of depreciation is explained in the accounting principles.</p>		
<u>Addition to the allowance for general risks</u>	500	3,000
	===	=====
<p>The addition to this allowance is based on the extent of risk-related assets and contingent liabilities. This addition is determined with reference to the charges to the allowance and management's assessment of inherent risk.</p>		
<u>Extraordinary income and expenses</u>	2,137	8,133
	=====	=====
<p>The 1989 extraordinary income consists of a book profit on the sale of bank premises as well as profits on the sale of computer equipment and inventory.</p>		
<u>Taxation (benefit)/expense</u>	(294)	630
	=====	===
<p>In 1989 this amount represents the release to the profit and loss account of a portion of the deferred tax liability relating to the sale of bank premises. The 1989 loss can only be compensated with future profits.</p>		

Amsterdam, March 30, 1990

The Board of Supervisory Directors:

P. B. Smith, Chairman
M. Enthoven
E. Brouwer
J. H. Goris
W. B. Holding
G. Hoogerwerf

Managing Directors:

T. van Dort
P. Langemeijer

J.P. MORGAN NEDERLAND N.V., Amsterdam

OTHER INFORMATION

Auditors' report

We have examined the financial statements of J.P. Morgan Nederland N.V., Amsterdam, for the year 1989. In our opinion these statements present fairly the financial position of the company as at December 31, 1989 and the results of its operations for the year 1989.

Amsterdam, March 30, 1990

KPMG KLYNVELD KRAAYENHOF & CO.

Appropriation of (loss)/profit

	<u>1989</u> N. fls.	<u>1988</u> N. fls.
Dividend	-	5,000,000
Transfer to retained earnings	(2,694,000)	4,320,000
	-----	-----
	(2,694,000)	9,320,000
	*****	*****