

TO F.Y.M. VAN ZINNICQ BERGMANN  
FM A.D.D DIRKZWAGER

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RE ROTTERDAM

As per your request I am pleased to provide you with some thoughts on Rotterdam's results in connection with Mr. Basing's memorandum of March 27, 1992.

First of all, we have to question whether the continental circuits, namely Belgium and the Netherlands, engaged in wholesale banking, really belong to the selected customer markets targetted by the bank? (please refer to the Chief Executive's comments). In the affirmative case is the bank then prepared to make available adequate resources? What we have experienced on the one hand during 1991 was a tightening of controls, questioning established marketing practices, ignoring senior Dutch management empirical experience, inferring a lack of management control when relatively minor transgressions took place, consequently discrediting the Dutch management. On the other hand we have experienced diminishing support, as a result of the bank not being committed to the products it has provided in the Netherlands over the last 25 years. One instance of a withdrawal of resources is that staff is not to be replaced (Rotterdam has reduced staff from 15 to 11.5 over the past 10 months). Tightening credit standards seem to underline the bank's opting out of the Dutch market rather than protecting the bank whilst promoting business.

Now reverting to Mr. Basing's memorandum, it is the undersigned's opinion that the reason for the Dutch circuit's under-performance is the bank's sudden change in overall policy rather than the assumed sluggish market.

Furthermore :

- marketing staff has been cut back by 50 percent;
- as a result of tighter credit standards Rotterdam has been forced to manage away or reduce the limits of 23 account relationships over the last twelve months, which has been time-consuming and has drastically affected our marketing capability;
- a marketing ban on new names was imposed on Rotterdam branch from May to December 1991;
- in a number of instances detailed interim reports on the relationships were required to which inordinate amount of management time has been allocated.
- senior management is increasingly aware that the Dutch activities are increasingly more rule-book rather than marketing-driven, which is a clear sign that the bank is withdrawing from the market;
- concedely the Dutch economy having an open economy is not immune from importing the recessionary effects from other countries, but at this



juncture, it is not expected that the recession will affect the Dutch market as badly as the U.K. Consequently the Dutch market can provide enough business leads which require little country exposure, given only the fact the bank wishes to be committed to this area.

Once the bank unambiguously has determined that the Belgium and Dutch market is a selected customer market then :

- it is of importance to expand the existing portfolio, provided the acceptability of risks such as Internatio-Mueller, Vitol, SSM;
- to enhance our marketing efforts with the Dutch corporate market in a structured manner we shall require two additional, preferably experienced, marketing officers.

Country exposure may be gradually reduced, however, the bank does not have to increase its Iran exposure if the countries like the Netherlands cannot make use of them. In the Netherlands there are no Iranian banks represented and therefore Iranian letters of credits are routed through friendly correspondent banks (including Rotterdam branch, though to a far lesser extent). During the last 6 years Rotterdam has vastly contributed to the success of Tehran/Dubai and this business has also been lucrative for Rotterdam.

In respect of the Rotterdam U.K. desk we have had regular contact over the past twelve months with the following names :

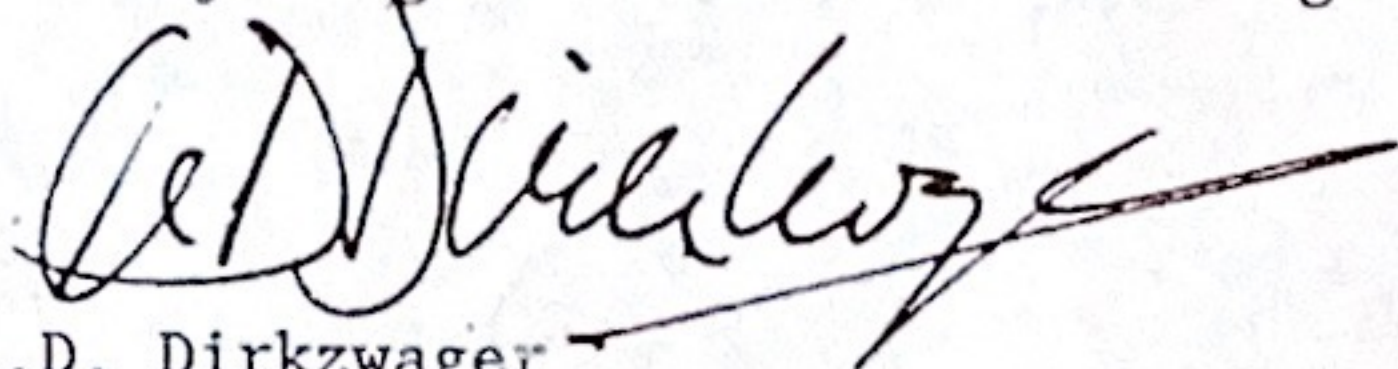
- a) Peek Traffic B.V.,
- b) Daf
- c) DSM
- d) Shell
- e) ADM
- f) Albright & Wilson
- g) Dow
- h) Caterpillar
- i) Davy McKee (Trafalgar House)
- j) Harcross/Limox
- k) BBE/John Mowlem
- l) Caligen/Vita Interfoam
- m) General Electric Plastics
- n) ICI Holland
- o) Colt
- p) Exxtor
- q) Boxrent

We can expect that business with U.K. companies will grow after the deep U.K. recession as the momentum to the single market gathers pace.

In the past ten years <sup>4</sup>except one, the Dutch circuit has contributed with returns exceeding the cost of equity whilst also assisting other areas of the bank by making available CRR and CRA. It seems that the bank is



changing tag and has lost its perception on the Dutch market, now we are not any longer a bead on the string of an international branch network.

A handwritten signature in dark ink, appearing to read 'A.D. Dirkzwager', with a long, sweeping horizontal stroke extending to the right.

A.D. Dirkzwager  
Manager