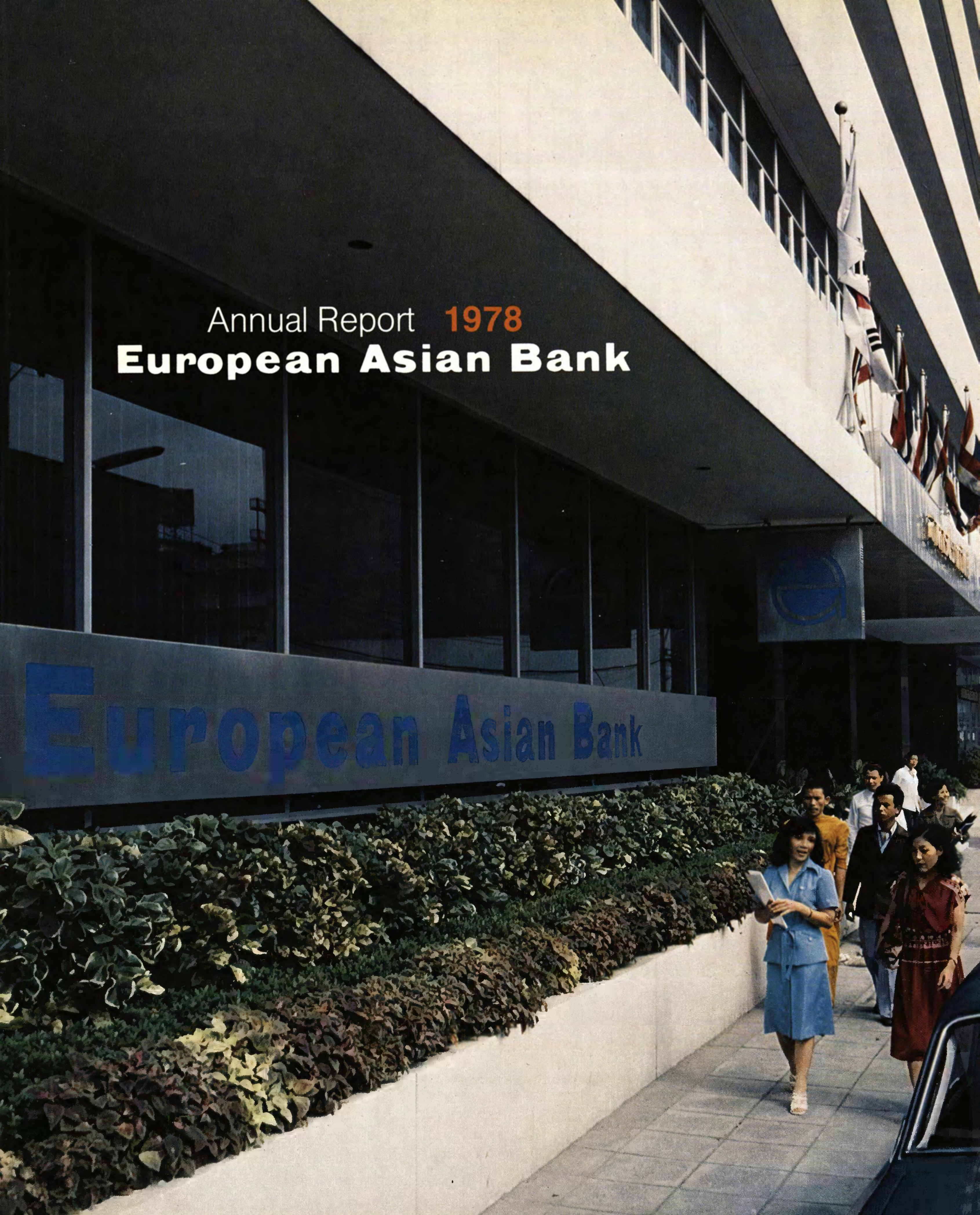
Annual Report 1978

European Asian Bank



Cover:
Facade of our Bangkok Branch opened in September 1978.

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Report for the Year 1978
European Asian Bank

Eurasbank – Seven Years of Growth

1972–1978

DM millions	1972*	1973	1974	1975	1976	1977	**1978**
Total assets	240	522	665	896	1,088	1,416	**2,078**
Business volume (Balance sheet total plus endorsement liabilities on rediscounted bills and liabilities arising from guarantees and warranty contracts)	300	618	796	1,117	1,392	1,858	**2,585**
Credit volume	132	370	572	720	845	1,101	**1,329**
Deposits	199	471	607	832	969	1,291	**1,947**
Capital and reserves	27	36	38	39	95	95	**95**
Net interest income	5.8	10.9	15.6	19.7	23.3	28.3	**30.2**
Commissions and other service income	4.8	7.8	8.2	8.7	8.4	10.3	**13.9**
Taxes	1.5	2.1	5.1	6.5	6.5	9.1	**11.7**
Dividend	–.–	–.–	–.–	2.8 (10%)	5.6 (10%)	5.6 (10%)	**5.6 (10%)****
Staff	377	389	443	457	482	564	**701**

* Partial business year.

** Effective dividend including tax credit: 15.2% (1977: 14.1%).

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(from March 22, 1978)

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(from March 22, 1978)

Peter Ruge, Hamburg*
(until March 21, 1978)

* elected by the staff

Board of Managing Directors

Michael Böhm

Ulrich Cartellieri

Bernard Stentzel

Report of the Board of Managing Directors

South-East Asia in 1978 – Development and Prospects

With economic growth rates ranging from 5.8% to 12.5% and inflation rates on the low side or at least contained within manageable limits, the economies of South-East Asia performed very well during 1978 by worldwide standards.

Korea and Hongkong again took the lead, with some indicators signalling the danger of overheating – not least as a result of massive payment inflows and booming construction and real estate industries which fuelled domestic demand. Sharp rises in interest rates were, however, beginning to put the brakes on overheating sectors in the economies of these countries, with dampening effects on other industries to be expected later this year. Rising US dollar interest rates were also beginning to have an impact on South-East Asian interest rate levels.

As in the years before, exports from South-East Asia increased more rapidly than the world average, reflecting the region's competitive strength and its favourable mix of commodities. Notwithstanding unabated protectionist trends, further inroads into export markets for specific categories of manufactured goods have been made. South-East Asia's imports on the other hand grew even faster during 1978 than exports. This was due not least to steadily expanding expenditure on infrastructural developments. As a consequence of Japan's predominance as a supplier of industrial goods to the region, import costs did not escape the steep rise of the yen against the US dollar. Yet the deterioration in South-East Asian trade balances gave no cause for alarm in view of the unchanged high credit rating of the main South-East Asian borrowers. Current account deficits were bridged by continued capital inflows which helped to maintain foreign exchange reserves at their existing healthy levels. The instability of the US dollar, however, induced the monetary authorities of even more countries to join the league of those preferring to unpeg their currencies from the traditionally strong ties with the US currency, and instead set their exchange rates against a weighted basket of currencies.

In international currency trading, South-East Asia's financial centres have assumed a role that is also demonstrating this region's integration into the world economy. The fast-growing Hongkong

1978 – Another year of dynamic growth in South-East Asia

	Hongkong	Indonesia	Korea	Malaysia	Philippines	Singapore	Thailand
Economic growth (real)							
1977	11.4%	7 %	10.3%	7.6%	6.3%	7.8%	6.2%
1978	10 %	7 %	12.5%	7.2%	5.8%	8 %	7.9%
Inflation rates							
1977	5.5%	11.0%	10.3%	4.8%	7.9%	3.2%	7.2%
1978	6 %	7 %	16 %	5 %	7.7%	4.8%	8.4%
International reserves (US$ million)							
Dec. 1977	n.a.	2,516	4,307	2,858	1,524	3,858	1,915
Sept. 1978	n.a.	2,383	4,534	3,068	1,884	4,745	2,269

Source: Official statistics and estimates.

and Singapore foreign exchange markets have become part of the global 24-hour trading cycle, while the markets in Europe have got used to starting their early morning activities on the basis of closing rates in Asia rather than falling back on New York's previous day quotations.

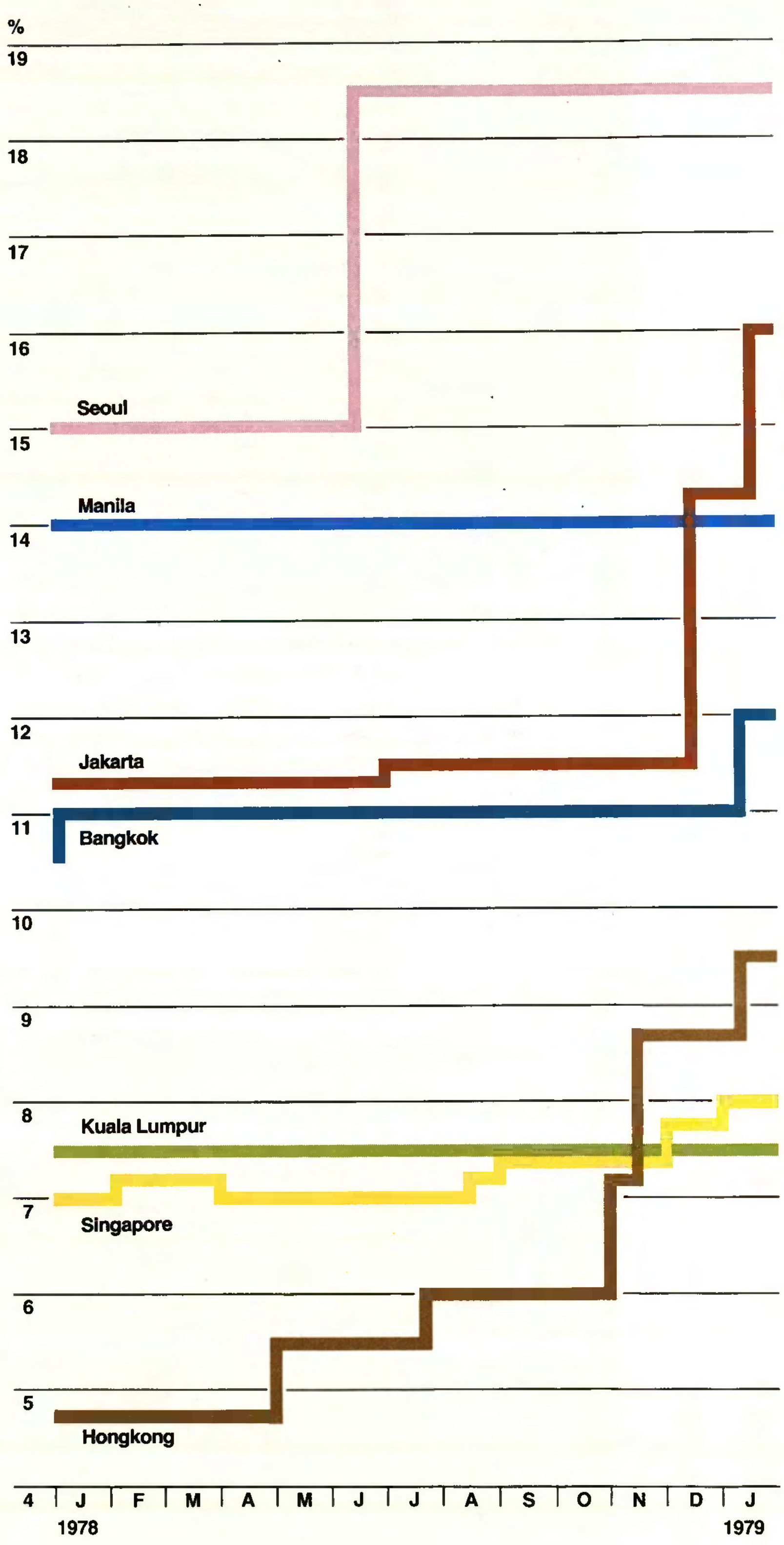
New investment in plant and machinery, which had been sluggish in some South-East Asian economies during 1976 and 1977, showed signs of recovery in 1978. Renewed efforts to improve the investment climate began to pay off in Malaysia, the Philippines and especially in Thailand. This encouraging trend was not confined to domestic manufacturing investment in these countries, but was also visible in new foreign direct investment.

The dramatic shift in the policies of China, which is now opening its doors to co-operate with the free-enterprise systems of the West, is another development which should have stimulating effects on the economies of South-East Asia. More immediate concern has been caused, however, by the recent events in Indochina. The development of the Vietnam-Cambodia conflict was met by negative reactions in the member countries of ASEAN (Indonesia, Malaysia, the Philippines, Singapore and Thailand), and there are signs that this group, which aims for peaceful economic development and stability in the region, is increasingly willing to prepare a joint response to such external challenges. 1978 has seen an increase in both political solidarity and economic co-operation between these nations. In the latter field, promotion of intra-ASEAN trade by preferential tariffs and plans for joint industrial projects made further progress.

A significant development – with long-range implications – is the intensified dialogue that has developed between ASEAN and the European Economic Community. It is marked by the increasing frequency of visits to South-East Asia by top-level European politicians, events like the Brussels meeting of the five ASEAN foreign ministers with their European colleagues in November 1978 – to be followed by a similar meeting in South-East Asia later this year, the ASEAN-EEC conference in Jakarta in February 1979, and the growing number of European industrial exhibitions in South-East Asia.

All in all, despite some degree of uncertainty over the impact of the Iranian crisis on the oil situation in the coming months, it can be expected that most of the South-East Asian countries will register a further increase in their productive potential and maintain their growth momentum in 1979.

Development of prime lending rates in South-East Asia



Hongkong

Despite constraints imposed by increased protectionist measures overseas, Hongkong's export-dependent economy continued to outperform earlier expectations. It managed to register an inflation-adjusted overall growth of about 10% in 1978, thus enjoying a *double-digit growth rate* for the third successive year. Again the main impetus came from domestic demand, in particular from buoyant consumer demand, but also from rising investment in the building and construction sector. However, during 1978 there were signs that the economy was overheating.

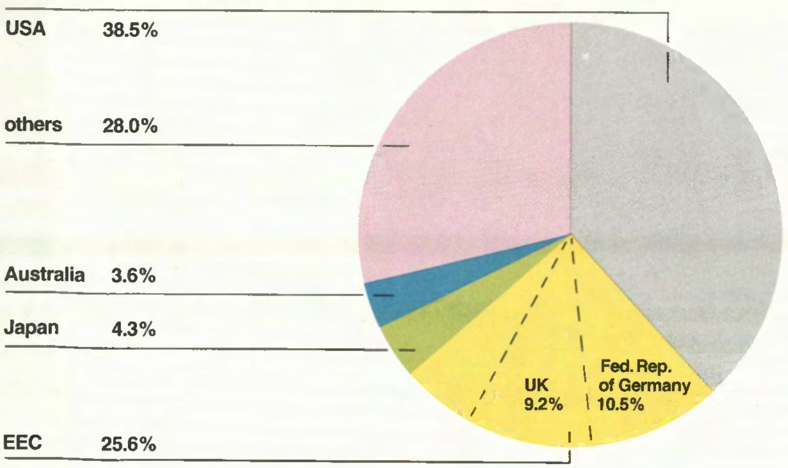
Besides a record visible trade deficit, the imbalance was particularly marked in the *property market,* prompting the Financial Secretary to warn against the possible repercussions of a sharp downturn in this market on other sectors of the economy. The present private sector construction boom in Hongkong coincides with a high and mounting level of publicly financed building activity including the Mass Transit Railway (MTR) project which is continuing to make good progress. In the first six months of 1978, public sector expenditure on building and construction was as much as 35% higher in real terms than over the same period of the preceding year.

With unemployment already at a low level, the improved export performance during 1978 led to a further tightening of the *labour market.* The unemployment rate dropped to 3% in March 1978 and there was a general shortage of labour, particularly in the manufacturing sector where the vacancy rate reached a record high of 7.6%. The recent increases in manufacturing wages were such that in March 1978 the average daily wage rate including fringe benefits was 13% higher in nominal terms than a year before.

Increases in demand from Hongkong's major export markets (USA, Fed.Rep. of Germany, UK and Japan) as well as the improved competitiveness of local companies as a result of the depreciation of the Hongkong dollar, contributed to an upsurge in the value of Hongkong's *domestic exports* by 16% in 1978. Quota utilization for "restrained" items of textiles and clothing was in some cases very substantial. The growth rate among products other than textiles and clothing, especially in domestic exports of watches and electronic components, was far above average. Yet the most striking feature in Hongkong's trade was in *re-exports* which soared by 34%, due mainly to China's greatly expanded trade. Diamonds constituted an important re-export item.

The healthy increase in aggregate domestic exports and re-exports was, however, far outstripped by the strong growth in *imports* (29%). This was largely attributable to the heavy demand for foreign consumer goods – the most prominent being motor cars and clothing – as well as for raw materials and semi-manufactures. Consistent with these developments, Hongkong's customary trade deficit widened sharply and its currency continued to weaken. While the *Hongkong dollar* remained fairly stable against the US dollar and sterling, it depreciated substantially against the yen and the Deutschmark. In relation to a trade-weighted aver-

Destination of domestic exports January–September 1978



Source: The Hong Kong General Chamber of Commerce.

age of fifteen foreign currencies the Hongkong dollar has depreciated by up to 20% since year-end 1976. It is difficult to gauge to what extent the price effects of this depreciation process have filtered through to the retail level. As measured by the overall Consumer Price Index, the *inflation rate* was only in the region of 6% for 1978 as a whole – a surprisingly low figure under the circumstances.

Hongkong's *banking scene* was characterised by three major developments in 1978:

● The conditional lifting of the 12-year moratorium on the issue of licences to foreign banks. So far, 24 new licences have been granted to international banks which fulfil the government's licensing criteria.

● The introduction of a 17% tax on offshore banking profits. At the time of writing, it was still unclear how this controversial new tax will affect banking profits and banking activities in Hongkong. A trend of particular interest evident in the October figures indicates that overseas loans granted by licensed banks have been falling to below the previous year's level, while local loans continued to advance at a high annual rate. Previously, overseas loans had recorded consistently above-average growth rates.

● A five-step interest rate adjustment within 9 months boosting the prime lending rate from 4¾% to 9½% annually. These rises brought the local prime lending rate to a more realistic level, whilst still keeping it below the local interbank rates for short-term funds, and should also contribute to cooling domestic demand and narrowing the differential to US and Eurodollar rates. The latter tended to cause an outflow of funds from Hongkong, further weakening the local currency.

No doubt Hongkong's role as a regional commercial and technological centre has been further strengthened by the recent developments in *China*. The People's Republic's interest in maintaining the status quo in Hongkong is apparent, for example, from China's growing presence in the local investment scene and its increasing use of Hongkong's infrastructural facilities. On the other hand, China has also begun to invite Hongkong companies to form joint ventures to help its modernisation and industrialisation programme.

Rate of exchange on Dec. 30, 1978 . . . .
US$ 1 = HK$ 4.8000 (as against HK$ 4.6175 12 months before)

The two latest additions to the sub-branch network of our Hongkong Branch in the business district of Kowloon, in San Po Kong (top) and Hung Hom.

Chung Wah Shipbuilders Ltd. of Hongkong was awarded the contract to build this 20,000 h.p. salvage tug for the Hull-based North British Maritime Group. The vessel, which is being financed by European Asian Bank, will be one of the most modern and powerful tugs afloat.

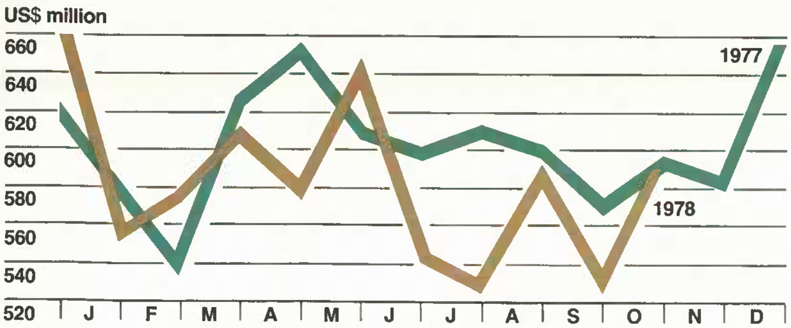
Indonesia

During the first half of 1978 there was mounting evidence that prospects for Indonesia's *foreign trade* were far less favourable than they had been in 1976 or 1977. Following years of continuous growth, earnings from oil – the country's key export item – began to fall slightly due to declining oil production and marketing problems. This was accompanied by a stagnation in non-oil exports (rubber, tin, palm oil, timber and coffee) – a development partly caused by limitations in productive capacity.

To spur agricultural and industrial production and to improve the competitive position of Indonesian manufactured exports, the government made a controversial decision in mid-November. It effectively *devalued* the Indonesian currency by around one-third against the US dollar and at the same time untied the rupiah from the dollar, to which it had been pegged at 415 since 1971, in favour of a "managed float". The new middle rate for the US dollar was initially fixed at 625 rupiah.

The devaluation itself did not come as a total surprise since economic analysts had for some time been arguing that six consecutive years of double-digit inflation rates had left the rupiah considerably overvalued, thus making an eventual devaluation necessary.

Export of oil companies (Pertamina and foreign companies)



Source: Bank Indonesia.

However, the economy at large was taken unawares by the actual timing and extent of the devaluation. On announcing the change in parity, the government stressed that it was acting "from a position of strength" and that the devaluation was part of a package of measures designed to prepare the national economy for its third five-year development plan (Repelita III) to begin on April 1, 1979. Two important arguments which had previously been militating against devaluation had lost much of their potency in the course of 1978, namely:

- *Domestic inflation* had been successfully brought under control during the first 10 months of the year. The rate was appreciably below the 10% mark compared with 11% in 1977 and 20% in 1976.
- The country was heading for an exceptionally good *rice harvest* of at least 17.5 million tons in 1978 (up some 10% on the 1976 and 1977 crops) and the government rice procurement board, Bulog, had stocks of more than 1.2 million tons. Thanks to the record harvest, far less rice needed to be imported, whereas in 1977 Indonesia still had to spend nearly US$ 700 million on importing 2.5 million tons of this basic foodstuff.

Despite its present healthy foreign exchange reserves oscillating around the US$ 2.5 billion level, Indonesia is likely to experience a significant decrease in its *balance of payments* surplus from US$ 1 billion in fiscal 1976–77 to an estimated US$ 270 million for 1978–79 ending March 31. The growth curve of export receipts is now flattening out and the 1979 OPEC oil price hike may just about compensate for the loss in export revenue resulting from the predicted further decline in oil production. Whilst aiming to boost exports of non-oil raw materials and goods in the medium- and long-term, the devaluation is also intended to help hold down imports. To what extent these major goals can be achieved remains to be seen. During the first weeks after the devaluation, the Indonesian economy was in any case going through a difficult transition period following the heavy fall in the external value of the rupiah. As expected, the post-devaluation prices not only of imported but also of domestic goods rose steeply, and in an attempt to limit price increases the government laid down temporary price guidelines on a selective basis. However, an appraisal of currently available data suggests that an annual inflation rate of between 20% and 30% for 1979 cannot be ruled out.

To partially cushion the economy against "imported" inflation, the devaluation was accompanied by a 50% decrease in taxes on imported raw materials and the abolition of all taxes on imported raw materials and components used specifically in the production of goods for export. Yet some local and foreign *investors* voiced concern over the immediate negative impact which the rupiah devaluation had on import costs and on debt service obligations arising from borrowings in foreign currencies.

Understandably, the *brighter spots* in the 1978 economic scene tended to be overshadowed by the devaluation. Major industrial achievements in 1978 included the fact that Indonesia, which used to be a big net importer of cement until the second half of 1977, has become a cement exporting country with a first shipment of 55,000 tons going to Thailand. Another important event strengthening the country's exporting capacity was the inauguration of a second major natural gas liquefaction plant located at Arun in the province of Aceh (Sumatra). Aceh is also to be the site for a urea fertilizer plant which has recently been given the green light as one of the first of the five regional projects to be set up jointly by the ASEAN states. The plant will use natural gas from the Arun offshore field. The port of Belawan, as the main gateway for foreign and domestic trade of the provinces of Aceh and North Sumatra, will be expanded with the help of a US$ 26.3 million loan from the Asian Development Bank. The loan will cover 40% of the total foreign exchange requirement for the project to which the Indonesian government accords high priority.

During the year under review, the *commercial banks* – foreign and domestic – continued to be subject to credit restrictions. The main instrument for containing the credit expansion is the Net Domestic Asset Ceiling which Bank Indonesia has set for each bank and which is periodically adjusted. As a result of increased demand for rupiah after the devaluation, the cost of overnight rupiah borrowings climbed to over 10% from a pre-devaluation level of about 7.5%. In line with this development, the local prime lending rate rose from about 11½% to about 14¼%.

Rate of exchange on Dec. 29, 1978 ....
US$ 1 = Rp 621 (as against Rp 415 12 months before)

Assembly of Daimler-Benz heavy-duty trucks in Indonesia: Will E. von Below (second from left), Manager of Eurasbank's Jakarta Branch with members of the management team from P. T. Star Motors Indonesia (l.t.r.: Drs. T. Pawitra, Managing Director, E. L. Haakshorst, Marketing Director and W. K. A. Stoesser, Finance Director).

An investment credit from our Jakarta Branch assisted with the finance for the new factory of P. T. Gajah Tunggal, Indonesia's largest producer of motorcycle tyres. Mr. von Below (second from left) visiting the new facilities with (left to right) B. Schouten, Lim Boon Hong and Lim Ping Kian of Gajah Tunggal.

Korea

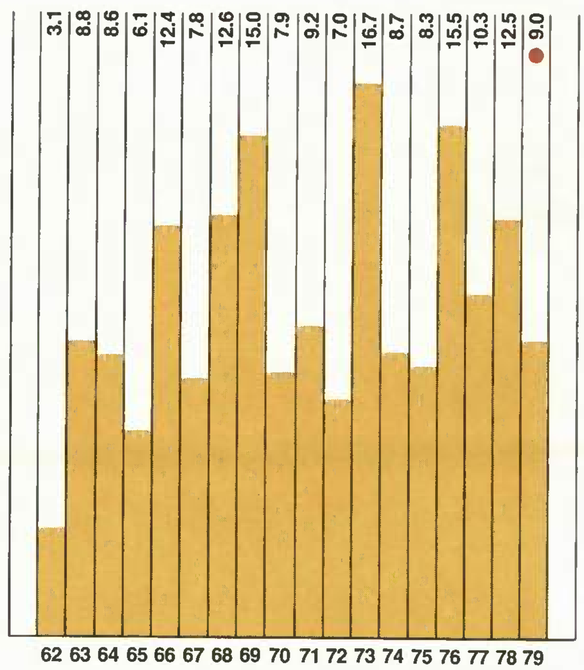
1978 was another year of *vigorous economic expansion* for Korea. Real GNP rose by 12.5% and per capita income at current prices is estimated to have exceeded the US$ 1,000 level for the first time (up from US$ 864 in 1977). Overall economic growth was spurred in particular by brisk domestic investment and construction activity. In some industries the pronounced rise in investment was closely linked to the increase in private consumption. There was a surge in the demand for durable consumer goods such as washing machines, refrigerators, TV sets and passenger cars, reflecting the rising level of consumer purchasing power in Korea. The inflow of earnings from Koreans working overseas, including some 65,000 in the Middle East alone, is playing an important role in this development but has also contributed to pushing up prices.

Besides a continuing shortage of labour, *high inflation* remained the country's number one economic problem. In an effort to reduce inflationary pressures, the official growth target for 1979 has been lowered to 9%. The government had originally planned to keep the upward movement of both the consumer and wholesale prices below 10% for the whole of 1978, but had to raise these target figures. At the end of 1978 the Seoul Consumer and Wholesale Price Indices showed advances of 16% and 12% respectively, due to soaring costs of basic consumer goods and industrial products.

Despite the fact that the government's goal of 25% *export growth* to US$ 12.5 billion was fully met in 1978, Korea's trade deficit more than trebled to reach US$ 2.5 billion, up from US$ 764 million the previous year. *Imports* expanded by 38% to US$ 15 billion, making Korea the second largest import market in the Far East after Japan and before Hongkong and Singapore. The substantially higher import bill was attributable to several factors:

- *Imports of capital goods* (machinery, electrical and transport equipment) rose steeply, in line with the planned shift from light manufactures to heavy and chemical industries under the current five-year plan ending 1981.
- The government continued to gradually raise the ratio of *import-liberalized items* which currently stands at 65%. The impact of these measures was most clearly apparent in the case of non-durable consumer goods, imports of which amounted to more than US$ 300 million in the first half of 1978 (up from a mere US$ 20 million in the first half of 1977).
- Import costs were also boosted by the sharp decline of the US dollar against the yen, since a large proportion of the nation's imports (40%) come from Japan. Senior government officials have therefore stressed their desire to cut the huge trade deficit with Japan by increasing trade with Europe. To enhance the stability of the won, the Korean currency may be next in line to cut its ties with the US dollar following the example of Thailand and Indonesia. The Ministry of Finance recently acknowledged that it is currently reviewing the pros and cons of a "basket of currencies" as a new reference system for the won.

GNP growth rate (%) **(at 1970 constant market prices)**



● **Target figure**

Source: Economic Planning Board.

In order to balance its external payments, Korea still requires some US$ 2 billion in foreign capital annually. However, tighter controls have already been imposed on the inflow of foreign commercial loans and *foreign investments* are now encouraged on a selective basis only. The government has set the 1979 target for foreign investment inducement at US$ 100 million, compared with US$ 80 million for 1978. Foreign investments in the fields of machinery, metals and integrated engineering will be given special priority. At the same time joint ventures with foreign firms aimed at introducing up-to-date technology will be permitted even for contracts of less than US$ 200,000, the current minimum. Efforts will also be made to attract more joint venture partners from Europe, thus lessening the dependence on Japanese and US investors.

Amongst the best-known European investors about to set up a joint venture in Korea is the Swiss engineering concern Brown Boveri whose local partner will be Daewoo Heavy Industries of Seoul. Under a 12-year licence agreement complete steam turbine aggregates will be produced for oil-fired and nuclear power plants. With its soaring energy requirements, Korea has embarked upon an ambitious programme for the building of new power stations. Since the country produces no oil, and there is as yet no firm evidence of commercially viable reserves, it is planned to establish *nuclear power* as a major source of energy. Under current projections seven nuclear power plants are scheduled to be in operation by 1986, providing roughly 15% of the nation's electricity requirements.

To counteract overheating in certain sectors of the economy the government reinforced its tight monetary policy in 1978. With effect from June 13 it raised the bank interest rate for general business loans – applicable to the majority of loans in local currency – by 3% to 19% p.a., while the *prime rate* was increased by 3.5% to 18.5%, thus narrowing the differential between general and prime rates to just 0.5%. The number of foreign banks now operating in Korea has increased to around 30, and the government has declared a moratorium on the admission of further foreign banks.

Basic exchange rate of the Bank of Korea on Dec. 31, 1978 .... US$ 1 = Won 484.00
(same as 12 months before)

Seoul:
The Daewoo Center – our new branch location in the Korean capital.

B. Y. Yoo, Managing Director of Sam-Sung Special Paper Manufacturing Co. Ltd. (right) informing H. F. des Coudres (left) and Y. S. Shin of Eurasbank Seoul about the production process of this leading Korean manufacturer.

Malaysia

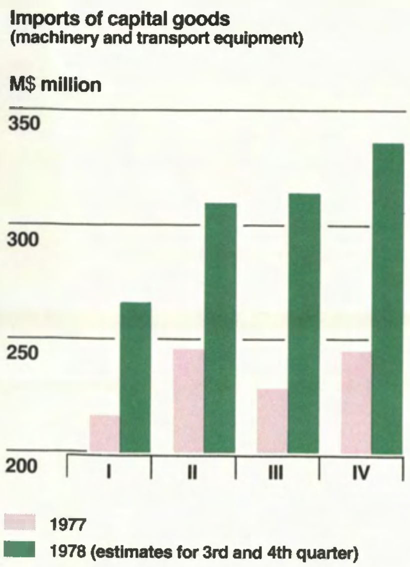
The 1978 *elections* confirmed in power Malaysia's National Front government led by Prime Minister Datuk Hussein Onn. The Front, a coalition of 10 political parties, easily retained its two-thirds majority in the 154-member House of Representatives. The main political issue remains the achieving of a social balance between the various ethnic groups.

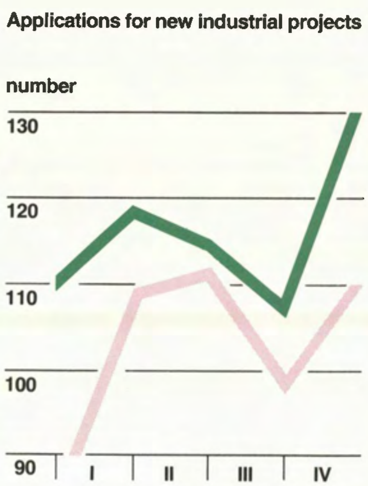
The economy continued to perform well in 1978. Real GNP is expected to have increased by about 7.2% compared with the 7.6% growth achieved in 1977, while consumer prices rose at an annual rate of about 5%. The slightly slower pace of *economic expansion* resulted mainly from weaker foreign demand and the long drought in Malaysia which affected the production of major export commodities such as rubber and palm oil. However, sustained growth in the exports of crude and partly refined oil and manufactured goods helped to partially offset the unimpressive performance of the agricultural sector. Total Malaysian *exports* amounted to M$ 16,200 million, an increase of around 8% over 1977.

The main stimulus to economic growth in 1978 was provided by the *manufacturing sector,* with its value added increasing by 11.5% and its share of real Gross Domestic Product rising to 19%. Manufacturing thus maintained its role as a leading growth area of the Malaysian economy. Despite increased competition from other foreign suppliers, exports of manufactured goods went up by 15% to M$ 2,900 million, making this category the second largest export earner after rubber. Machinery, such as printing machinery and electrical appliances in particular, formed the biggest group of manufactured goods exports, accounting for about 38% of the total. The principal buyers were the United States and Singapore. Exports of manufactured goods to the EEC countries totalled M$ 301 million during the first half of 1978, an increase of 21% over the same period in 1977. Textiles, footwear, fertilizer and canned foodstuffs predominated among industrial products delivered to these European markets.

The mounting significance of the *oil sector* in the Malaysian economy became particularly evident in 1978. Private investment expenditure in the petroleum industry, for example, more than doubled and made up over 12% of total private investment. At the same time production of crude oil increased by almost 25% to about 229,000 barrels per day, chiefly because the new fields developed off the east coast of Peninsular Malaysia and offshore Sabah and Sarawak came on stream. The bulk of local oil production was again exported, Japan and the United States being the largest consumers. Another important event in the energy field was the signing of a 20-year agreement between the National Petroleum Corporation Petronas, Shell and Mitsubishi Corporation to establish a liquefied natural gas (LNG) plant in Bintulu, Sarawak. LNG is scheduled to come on

Indicators of private investment





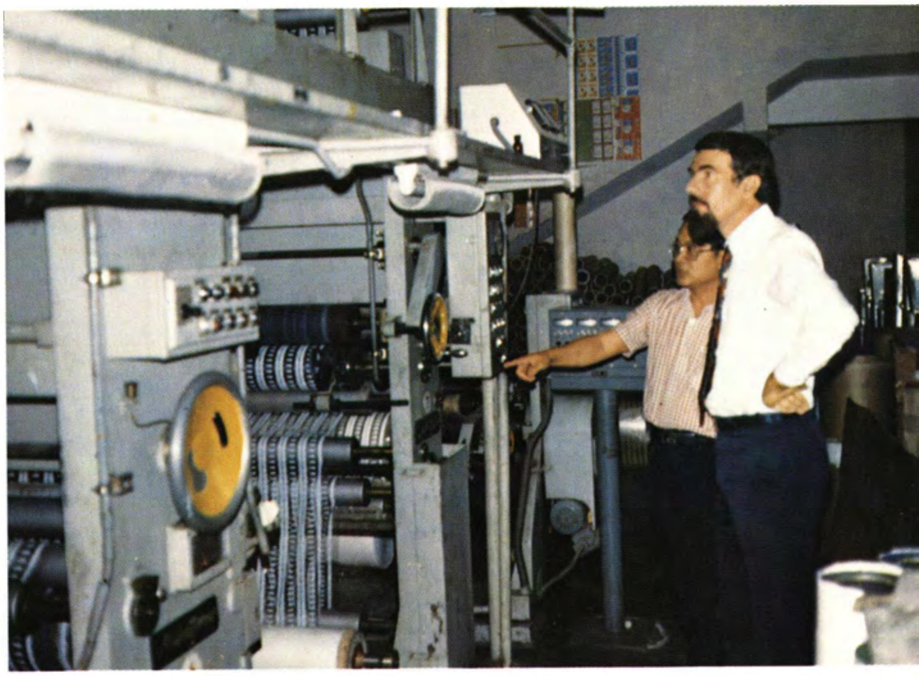
Source: Ministry of Finance, Malaysia.

stream for shipment to foreign markets in 1983. The US$ 1 billion plant, with an expected annual yield of 6 million tons of LNG is the largest project in terms of capital outlay in Malaysia to date. Tenders for the construction of this mammoth project are expected to be called in 1979. Work on a new port near Bintulu including special facilities for LNG carriers will also commence soon.

As a result of stronger private sector demand, *imports* in 1978 grew by 17% to reach M$ 13,100 million. Imports of capital goods, a good indicator of investment activity, are estimated to have increased by 18%, forming 30% of total imports. As in previous years the United Kingdom and the Fed. Rep. of Germany ranked as the two most important EEC suppliers.

To attract more foreign investment and rekindle domestic investor interest, the government repeatedly indicated that it would apply the controversial *Industrial Coordination Act* with pragmatism and flexibility. It has also been announced that the *bumiputra equity* and *bumiputra employment requirements* for manufacturing companies will be softened because of their obvious difficulties in complying with these conditions. No doubt such concessions will improve the business climate. Signs of a pick-up in non-oil investment were already evident in 1978. In the first seven months 195 manufacturing projects with a potential employment of more than 15,000 persons were approved (up 20% in the number of projects as against the same period in 1977). The majority of these new approvals were for labour-intensive and export-oriented industries, such as food manufacturing (37 approvals), electric and electronic products (26), wood and wood products (21) and textiles (16). In terms of ownership joint ventures between Malaysians and foreigners accounted for 99 projects (51%), while wholly foreign-owned projects amounted to 13.

Although the external trade surplus was lower than in the two preceding years, Malaysia's overall *balance of payments* continued to be favourable in 1978, as reflected in the further increase in net international reserves. The latter now come close to US$ 3 billion, sufficient to finance about seven months of imports at the 1978 level – a very healthy position by international standards. The same can be said of the country's *debt service ratio* which stood at 4.3% for 1978 (without prepayments). In view of the rather favourable international market conditions for borrowers, a great part of the external loans raised in 1978 was used mainly for refinancing or prepayment of previous Eurocurrency credits.



Computer Forms (M) Sdn. Bhd., leading manufacturer of computer stationery in Malaysia. Tan Kit Chin (left), Managing Director, explaining the printing process to Frans Kuyken, Deputy Manager of Eurasbank Kuala Lumpur.

The *banking system* experienced tighter liquidity conditions in 1978. This can be attributed to an increase in loans and advances to the private sector in the face of only sluggish growth in deposits reflecting the slowdown in export earnings. To promote Kuala Lumpur as a financial centre the Malaysian budget for 1979 introduced a set of monetary measures, including the deregulation of commercial banks' interest rates with effect from October 23, 1978. However, the maximum interest rates to be charged by the banks for loans to special groups or priority sectors – bumiputras, small business, housing – will continue to be regulated. After this liberalisation, deposit rates moved upwards while the prime lending rate remained at 7.5% until the close of the year.

Rate of exchange on Dec. 29, 1978 ....
US$ 1 = M$ 2.200
(as against M$ 2.363 12 months before)

Pakistan

Although political problems continued to cast a shadow over Pakistan's economy, several economic indicators showed signs of a notable *improvement* in the fiscal year ended June 30, 1978. GNP in real terms rose by 9.2% as against a growth rate of only 2.8% in fiscal 1977. Per capita income, therefore, increased by more than 6% in sharp contrast to the fall of 0.2% in the preceding year. At the same time inflation was brought down to single-digit figures, though part of this deceleration was only achieved at the expense of enlarged government subsidies.

The pronounced recovery of the ground lost in 1976–77 was largely attributable to the rise in agricultural and industrial production, which had been adversely affected in 1976–77 by a number of factors such as the short cotton crop and interruptions in economic activity caused by strikes and political disturbances. In fiscal 1978, the growth rate in agriculture more than doubled to 4.3%, and last year's decline in industrial output was checked. *Industry* was growing at a rate of nearly 5%, with the exception of the still ailing cotton industry. The better overall performance of the manufacturing sector may have been helped by the policy measures taken by the ruling military government. These measures included the denationalisation of cotton ginning, rice milling and flour milling units, various fiscal and monetary incentives and, above all, the announcement in September 1977 of a clear-cut demarcation between the future roles of public and private sectors. Amongst the areas re-opened to private investment are metal processing, heavy engineering, heavy electrical industries, chemicals, petrochemicals and cement.

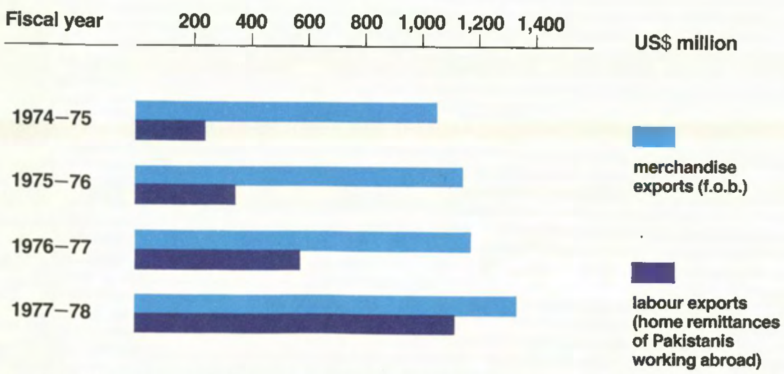
Visible progress has been made in *oil and gas exploration.* In order to intensify activity in this field the government has entered into a second joint venture with the Gulf Oil Corporation of America, and it is significant that the World Bank has agreed to consider providing finance for oil production under this agreement. Oil-related equipment might therefore constitute an import item of increasing importance in the future.

An important *foreign project* currently under negotiation is the Massey-Ferguson tractor plant. The proposed US$ 120 million joint venture in which Massey-Ferguson will have a 49% share and the state-owned Pakistan Tractor Corporation 51%, envisages an annual production of 10,000 units in the initial phases. Located in the Punjab, Pakistan's most productive agricultural region, this venture is expected to considerably reduce the country's dependence on imported tractors.

To further develop the country's exporting capacity, the government has announced a series of new concessions to foreign and domestic investors. These include, for example, the planned establishment of *free industrial zones* in Karachi and Lahore. Preference will be given to labour-intensive industries and those based on locally available raw materials. Reportedly, several foreign companies have already shown interest in setting up production facilities in these export processing zones.

Pakistan's current *export receipts* showed a rise of 15% in fiscal 1978, totalling around US$ 1,300 million. The re-emergence of raw cotton as a major export earner – after its almost complete disappearance the previous year – contributed significantly to this performance. Amongst manufactured goods recording further sales increases were carpets and rugs, petroleum products, surgical instruments and sports goods. Despite these export gains, the *trade gap* widened to about US$ 1.5 billion since the value of *imports,* and particularly of consumer goods and raw materials for con-

Growth of earnings from merchandise and labour exports



Source: National Bank of Pakistan and International Monetary Fund.

sumer goods, rose sharply during the year (up 20%). This expansionary trend in imports was largely due to the continuation of the relatively liberal import policy but was also indicative of the shortages and excess demand in the domestic market. Attempts are presently being made to stimulate Pakistan-EEC trade, especially Pakistan's exports to the Nine, under the sponsorship of the European Commission in Brussels. Between 20% and 25% of Pakistan's trade, both in exports and imports, is with the EEC countries.

Strong support to the *balance of payments* was again provided by home remittances of Pakistanis working abroad. These transfers climbed to about US$ 100 million a month in fiscal 1978, thus narrowing the previous year's deficit in the current account from US$ 902 million to US$ 661 million. Over the same period international reserves registered a sizeable increase from US$ 438 million to US$ 768 million. Nevertheless, the structural imbalances continue to persist in the country's overall balance of payments position. As indicated by the trade figures mentioned above Pakistan today imports goods to twice the value of its exports. Another factor causing a great deal of anxiety is the heavy burden of *foreign debt servicing*. Outstanding external public debt (excluding projects located in Bangladesh) amounted to US$ 6.9 billion as at June 30, 1977 and the debt service ratio was in the region of 20%. The bulk of this debt is owed to official lenders while the amount owed to private lenders (banks and suppliers) is relatively small. Total debt service payments are estimated by the World Bank to reach about US$ 500 million in each of the calendar years from 1978–81. Pakistan has therefore asked the Western creditor nations for new debt rescheduling arrangements. Although ties with the Muslim states have remained close, actual disbursements of aid from these sources have declined for the second successive year (from US$ 421 million in fiscal 1976 to an estimated US$ 196 million in fiscal 1978).

Government recourse to the *banking system* for budgetary support exerted an expansionary influence on the money supply during fiscal 1978. At the same time the State Bank of Pakistan continued its restrictive credit policy by prescribing overall credit ceilings for individual banks in respect of lending to private and public sector enterprises. Although the tightness of local money markets was eased in the second half of 1978 by a modification of the ceiling calculation, the maximum rate for commercial loans remained unchanged at 14% per annum. In late 1978 the government announced its intention to bring the method of taxation and the financial system within Islamic law, but at this stage it is difficult to assess the full impact of such an "Islamisation" of Pakistan on the banking sector and on the business world in general.

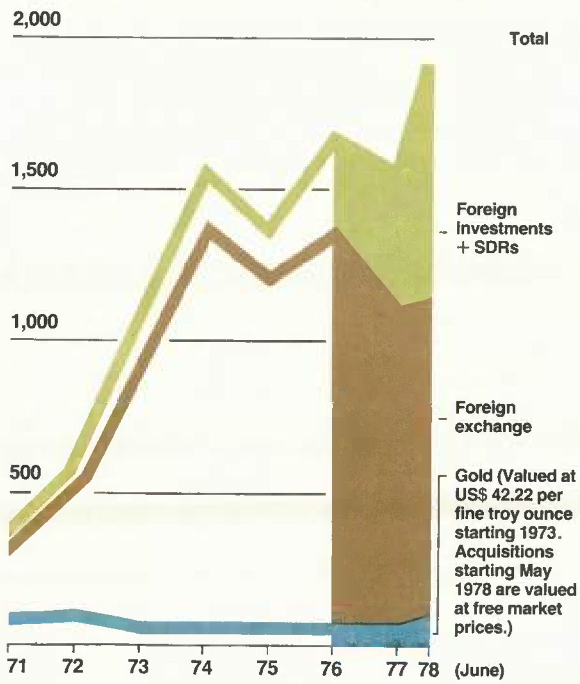
Provision of working capital for European-Pakistani joint ventures is an important activity of Karachi Branch. Jürgen Zieler (right) and Amin-ur-Rehman Khan (left) at the Karachi factory of Hoechst Pakistan Ltd. with Dr. Uwe Schaffer, the company's technical director.

Parity rate of exchange on Dec. 31, 1978 ....
US$ 1 = Rs. 9.90 (same as 12 months before)

Philippines

In a first review by the Philippine central bank the country's economic performance in 1978 was described as "mixed". *Economic growth* slowed to 5.8% from 6.3% in 1977, thus falling behind the 7.5% target set under the current five-year development plan (1978–1982). This could largely be traced to the slowdown in exports and bad weather conditions which particularly affected rice, copra and sugar cane crops. The annual *inflation rate,* as measured by the Metro Manila consumer price index, was 7.7%, slightly over the target rate of around 7%. Wages of skilled industrial workers in the Manila area rose by 4% in real terms, while those of unskilled workers continued to be eroded by price increases.

Central bank gross reserves 1971–1978 (June)



Source: Central Bank of the Philippines.

According to central bank data on foreign exchange transactions, *export receipts* in 1978 were up by only 7% to a total of US$ 2.74 billion. Price declines and lower demand for some of the Philippines' major export commodities were the main reasons for the unexciting export performance. Sugar, once the country's top dollar earner, was again most adversely affected. In the first 11 months of 1978, revenues from sugar exports were only US$ 134 million as against a comparative figure of US$ 372 million for 1977. Under its buffer stock financing facility, the International Monetary Fund recently approved a loan to the equivalent of SDR 36,076,000 (approx. US$ 46 million) in order to help the Philippines hold sugar off the world market. This was the first loan made by the Fund to assist a sugar-exporting country in financing "buffer stocks" under the terms of the 1977 Sugar Agreement, which aims to stabilize prices within the range of 11 to 21 cents a pound, but which has not yet been formally ratified by the United States.

There are, however, also some brighter export spots. Copper prices have shown a recovery and, considering the relatively firm world demand and the disruption of supplies from some of the major copper-producing countries, there are expectations that this trend may well continue into 1979. Further gains may also be expected from coconut product exports, a steadily increasing proportion of which is switching to the higher-value coconut oil.

In the field of export diversification, encouraging results have been achieved in the *electronics industry.* Among the so-called non-traditional exports, electronics now ranks second only to garments. Preliminary estimates place electronics exports for 1978 above the US$ 200 million mark, with semi-conductor devices as the key product. The two biggest markets are the United States (taking nearly 50%) and Western Europe (24%). Offering a highly-trainable, low-cost workforce, the Philippines has managed to attract well-known foreign firms in this sector.

Although the foreign business community has occasionally voiced its concern about too frequent changes in the rules affecting day-to-day operations, the investment climate, as measured by the volume of new applications approved by the Board of Investments (BOI), has shown a certain revival during 1978. The BOI approved US$ 75.6 million in new *foreign equity investments* compared with US$ 45.9 million in 1977. Approvals were widely spread amongst over 200 different firms. European investors were still lagging behind US interests with slightly under 20% of the total approved.

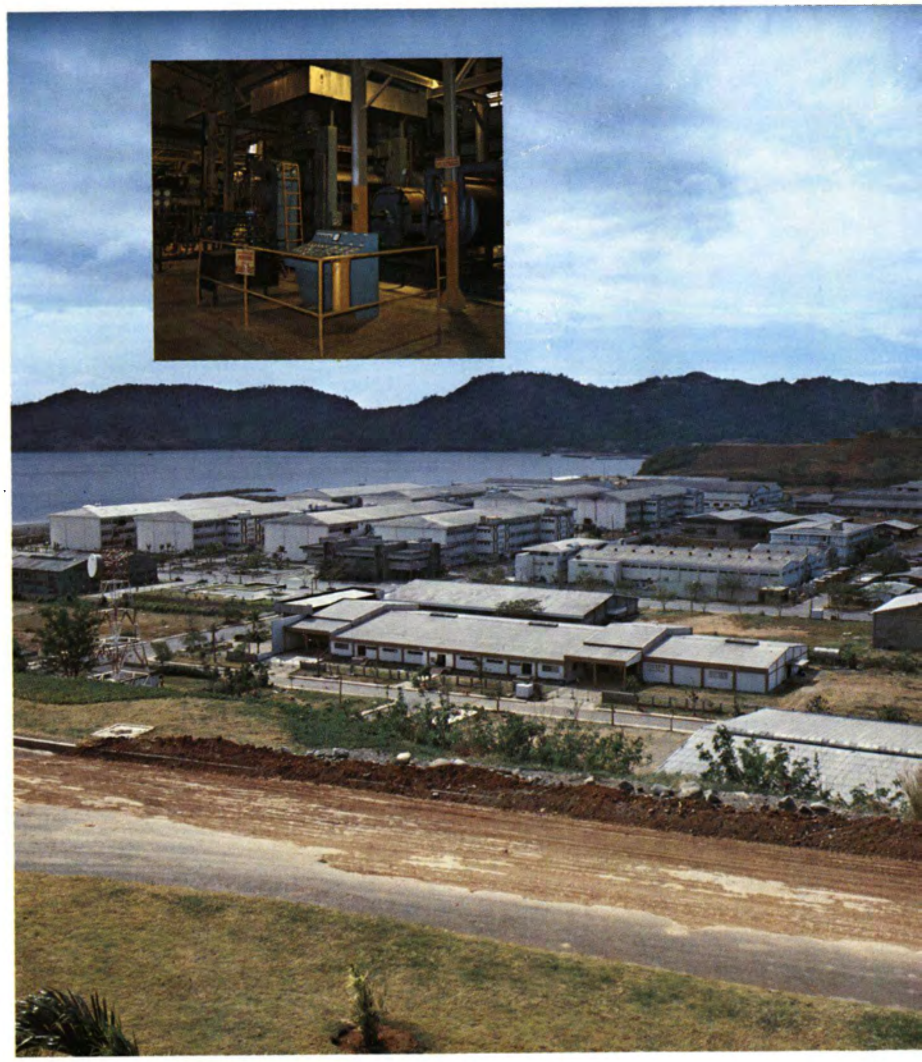
Though partly reflecting a rise in domestic investment, the sharp increase in *import payments* (up 28%) led to a deteriorating trade balance in 1978. The deficit of US$ 1.4 billion was more than double last year's figure. As usual, it was balanced by such factors as tourism revenues, inward remittances from Filipinos working abroad and by foreign borrowing. Philippine external debt (central bank, government and private sectors) is estimated to have grown by US$ 1.22 billion to a total of US$ 7.78 billion on December 31, 1978. The debt service ratio – calculated by dividing the current year's debt service requirement by the previous year's foreign exchange receipts – was likely to be in the region of 18%, thus remaining under the statutory limit of 20%. As of December 14, international reserves amounted to US$ 1.85 billion, representing an increase of some US$ 300 million over end-1977 level.

Regarding the country's *infrastructure,* the government is concentrating its efforts on the improvement of transport systems and developing domestic energy resources. It is assumed that much of the 1979 oil price increase can be "neutralized" by progress on the energy front. The Philippines is on the brink of becoming a significant geothermal power producer. In January 1979, President Marcos inaugurated the country's first major geothermal power plant, while further geothermal projects are underway. During 1979 the Philippines will also join the league of *oil producers.* Initial supply from domestic oil wells is projected at 40,000 barrels a day. This would be equivalent to 10–15% of present oil imports on which more than US$ 1 billion had to be spent in 1978.

The improved liquidity position of the *banking sector* during 1978 was reflected in a general softening of interest rates. The overall weighted money-market rate averaged 10.7% as against 12.6% in 1977. The newly-established offshore banking system made an impressive start. As of mid-December, combined assets of the 18 offshore banking units (OBUs) licensed so far amounted to US$ 1.8 billion. The system has clearly improved the country's access to international money and capital markets and significantly reduced the cost of foreign borrowing for Philippine public and private corporate borrowers.

Rate of exchange on Dec. 30, 1978 ....
US$ 1 = ₱ 7.370 (same as 12 months before)

The Bataan Export-Processing Zone located at the entrance to Manila Bay accommodates a number of key industrial ventures including Vinyl Products (Philippines) Inc. Eurasbank is assisting in the financing of the plant – considered to be the most advanced of its kind in South-East Asia.



Singapore

Reflecting the gradual transition to a more mature industrial base and the attaining of near-full employment, Singapore's economy is no longer marked by the explosive expansion of the late 60's and early 70's. However, the island republic has found a new balance after the oil crisis and continues to show a remarkably steady and solid economic performance, in contrast to the sharper business cycles seen elsewhere. In his National Day message in August, Prime Minister Lee Kuan Yew described the outlook for the next five years as "more than fair". *Overall economic growth* in 1978 was estimated by the Monetary Authority of Singapore to be slightly above the 1977 figure of 7.8%. At the same time the inflation rate remained at a low level. The increase in the cost of living was kept down to less than 5%.

Asian dollar market: total assets of Asian Currency Units

Source: The Monetary Authority of Singapore.

The fastest-growing sector of the Singapore economy in 1978 was transport and communications. The brisk expansion of *air services,* for instance, was highlighted by Singapore Airlines' decision in May to buy 19 new Boeing aircraft at a total cost of US$ 900 million, representing one of the largest orders to date in the history of commercial aviation. The number of visitors arriving in Singapore by air exceeded the 1.5 million figure during the year under review.

The high level of activity in the *manufacturing sector,* accounting for more than 20% of total Gross Domestic Product, was led by increased output in the petroleum, electrical and electronics industries. Strong growth was also recorded by the transport equipment industry, especially in ship-repairing and oil-rig construction, while the textile industry remained sluggish. Without doubt, Singapore profited from the increased oil exploration activities in the surrounding region in 1978.

In contrast to the manufacturing sector, the *construction industry* took a much less dynamic course in 1978. The slowdown in the building programme of the Housing and Development Board contributed to a further decline in construction activity which was 9% lower in the first half of 1978 than a year before. While a real turnaround is not considered likely in the short term, members of the construction industry are slightly more optimistic for the longer term. As a result of the continuing growth in the tourist sector, a need for considerable new hotel space is expected, and building on most of the reclaimed land has not yet commenced. Moreover, a mammoth project, the mass rapid transit scheme (MRT), is still under consideration. Bids have been accepted from six international groups – amongst them consulting groups from Britain, France and the Fed. Rep. of Germany – to undertake preliminary design and cost-estimations.

Singapore's vital *external trade* ended 1978 with a wider deficit of S$ 6.6 billion, reversing the favourable trend of the last three years when the trade gap had narrowed. As shown by newly released statistics, about 40% of all economic activity in Singapore is aimed at satisfying the demand from beyond the city state's shores. The enlarged trade deficit in 1978 was partly due to the rising yen which made imports from Japan more expensive, and to trade restrictions in some of the major export markets. Total exports (domestic exports plus re-exports) grew by "only" 14% compared with an increase of almost 24% in 1977. Singapore's top nine trading partners in 1978 were Japan, the United States, Malaysia, Saudi Arabia, Hongkong, Fed. Rep. of Germany, Britain, Thailand and Australia (this excludes trade with Indonesia for which figures are not available). Of these nine, Thailand was a newcomer, registering a rise of some 50% in its total trade with Singapore.

Singapore's reputation as one of the world's most preferred locations for *foreign direct investment* was endorsed in 1978, the best year since the 1974 recession for attracting international manufacturers. New manufacturing commitments totalled S$ 700 million over the first nine months of the year. Of this amount, nearly one half was for the upgrading of the petroleum industry, while the rest was spread over a wide range of other sophisticated manufacturing activities. Recent projects were mainly for the manufacture of such products as aircraft equipment and components, automotive parts, automatic lathes, electrical and electronic measuring instruments, new petroleum products and specialty chemicals.

Strong loan demand led to a tightening of money market conditions. The upward drift in *local interest rates,* however, was also tied to the developments in other money centres such as the United States. Commercial banks in Singapore raised their prime lending rates in several steps during the second half of 1978 with some banks exceeding the 8% level.

To further enhance Singapore's position as a financial centre, all *foreign exchange controls* were lifted on June 1. The first major move to ease exchange restrictions which had been in existence since 1939, was made by the government in 1968 to launch the *Asian dollar market.* November 1, 1978 thus marked the 10th anniversary of this market which has become an integral part of the worldwide Eurocurrency market. Total assets as recorded in Singapore topped US$ 25 billion, of which some 25% represented lending to non-banks. The new issue market in floating rate CDs got off to a strong start in 1978 with 17 issues, the majority made by Japanese banks.

Rate of exchange on Dec. 29, 1978 ....
US$ 1 = S$ 2.166
(as against S$ 2.330 12 months before)

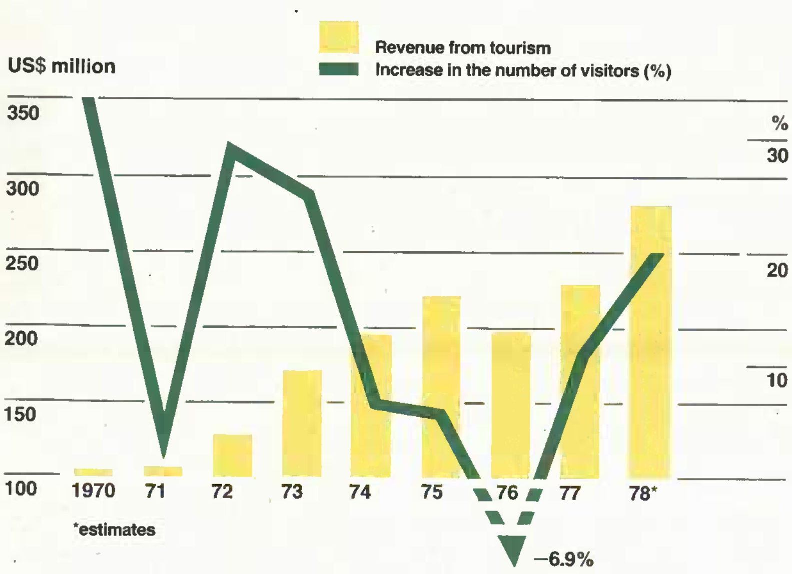
Deep sea fisheries are also amongst the customers of Eurasbank Singapore. Present at the unloading of tuna fish in Jurong Port: Tjark H. Woydt (centre), Manager of our Singapore Branch, Yeo Tong Kok (left), Managing Director, and Terence Tan Too Cheon, Director, of Indonesia Fisheries Development Pte. Ltd.

Singapore continues to attract European manufacturing projects requiring advanced skills and technology. Frederick J. A. Brown (centre), General Manager of Eurasbank Singapore, with K. Vetter, Managing Director of Traub Pte. Ltd. which produces single spindle automatic lathes in the Republic.

Thailand

In 1978 Thailand registered its highest economic growth rate since 1973. Gross Domestic Product showed an increase of 7.9% in real terms, reflecting remarkable strength in domestic industrial and consumer demand as well as in the country's agricultural base. *Industrial growth*, at 14.3%, was substantially higher than the 9.6% target set in the national development plan. The highest gains in output were recorded in three major industries – textiles (up 20%), beverages (up 25%) and chemicals (up 17%). Rising food prices were the main factor causing the acceleration in the 1978 inflation rate to 8.4%, from 7.2% in 1977. The National Economic and Social Development Board, however, expects that price pressures will lessen somewhat in 1979 as a result of last year's good harvests.

Tourism as a foreign exchange earner



Source: Tourist Organization of Thailand.

With a 14.4% increase in *total exports* Thailand's chronic trade deficit did not deteriorate as much in 1978 as had originally been feared. The overall decline in agricultural exports – the volume of rice shipments fell by nearly 50% as a result of the 1977 drought – was offset by a significant increase in exports of processed and manufactured goods such as canned pineapples, electronic circuits and textiles. To forestall possible protective measures on the part of the EEC, volume controls on the export of tapioca products have now been introduced. Tapioca became Thailand's biggest export commodity in 1978 with shipments rising to 6.3 millions tons valued at US$ 530 million. The largest consumer countries are the Fed. Rep. of Germany, the Netherlands, Belgium and France.

Despite government measures to cut non-essential imports, Thailand's purchases abroad registered an increase of 14.7% in 1978. Reflecting the remarkable buoyancy of the industrial sector, *capital goods imports* rose by 14.9%, accounting for nearly two-fifths of total imports. Fuel imports cost more than US$ 1 billion. From 1979 onwards China will supply about 10% of Thailand's annual crude oil imports under the terms of a five-year agreement recently signed in Peking.

As part of the government's drive to reduce the trade balance deficit, an *import ban* on 18 luxury items was issued in early 1978. However, the import ban was partially lifted in January 1979. The categories of goods still banned include assembled cars and motor cycles.

With a view to gaining greater flexibility in the management of the country's foreign exchange position, and also to allow better control of the cost of imports, the government announced in March 1978 that the *baht* would no longer be pegged to the US dollar but that its external value would be linked to a basket of currencies in which the dollar would remain a major element. Although a substantial proportion of Thailand's trade is denominated in US dollars, only 10% of exports and 12% of imports are actually traded with the United States – Japan and the EEC being much more important trading partners for Thailand. Daily rate-fixing started on November 1, but for the present there has been no significant change in the dollar exchange rate.

Since the widening trade gap could not be offset by improved invisible earnings, in spite of fairly steadily rising tourist receipts, the current account deficit continued to deepen in 1978. Thanks to Thailand's continued favourable rating with *overseas lenders* official international reserves remained healthy at US$ 2.3 billion. Commercial borrowing in international capital markets alone (publicized Eurocurrency credits plus foreign and international bonds) totalled US$ 268.3 million during the first three quarters of 1978. The country's external borrowing requirements from 1979 to 1981 are estimated at nearly US$ 5 billion, the bulk of which is likely to be available at concessional terms. Included in the total requirements is an estimated US$ 750 million for the development of the natural gas fields in the Gulf of Thailand. Bids for the construction of the 580 km pipeline to the coast south of Bangkok are expected to be called in the first half of 1979. It will be the largest industrial project to be undertaken so far in Thailand. The government is also considering the feasibility of a mass transit system for the traffic-plagued capital city.

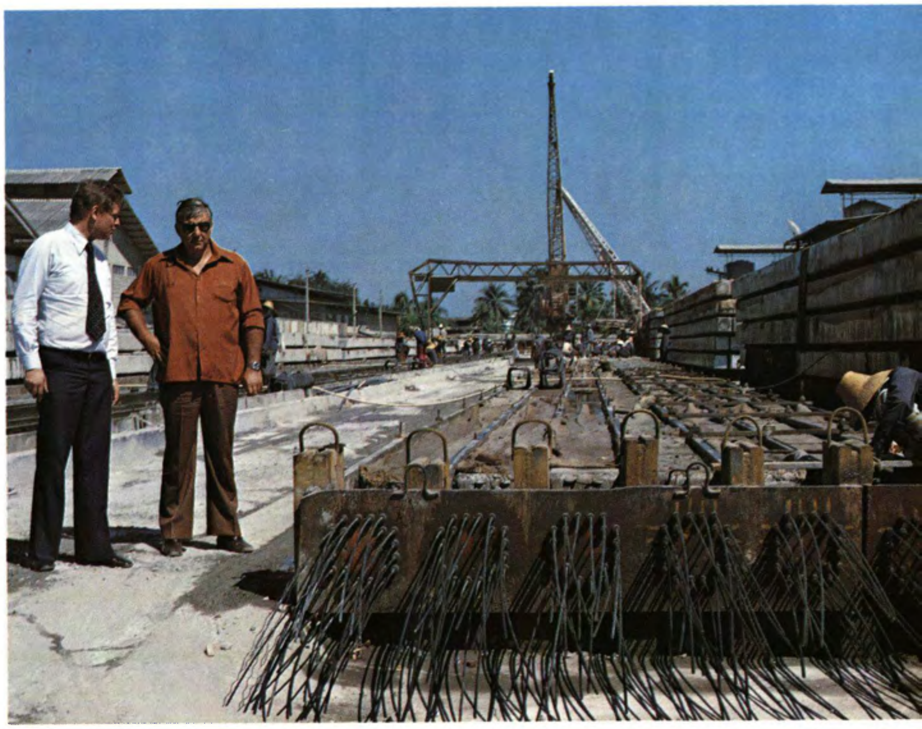
The recovery in *investor confidence* is illustrated by national accounts as well as by Board of Investment (BOI) figures. Private sector investment rose by as much as 15.8% in 1978, and is predicted to grow at an even higher rate in 1979. The number of projects approved by the BOI in 1978 was twice as large (202) as that in the preceding year, and the total investment involved was almost seven times higher. These projects were expected to provide employment for some 40,000 people. Amongst the major projects to be promoted were five cement factories and six plants for the manufacture of diesel and agricultural engines. 13% of the newly registered capital was to be supplied by foreign investors.

Monetary policy during the year under review was aimed at reducing the balance of payments deficit and combating inflation. To slow down the demand for imported consumer durables a limit was set on hire-purchase financing. The basic rate charged by the Bank of Thailand in lending to *commercial banks* was increased twice in 1978 (from 9% at the beginning of the year to 12.5% at the end). Following the central bank's action, the commercial banks also raised their prime lending rate in two steps from 10.5% to 12% p.a.

Rate of exchange on Dec. 29, 1978 ....
US$ 1 = B 20.390 (as against 20.400 12 months before)

"Service with a Smile" at our new Bangkok Branch.

The present construction boom in Thailand has led to an increasing output of construction materials. Seen at a manufacturing plant for concrete piles are Horst Kaiser (left), Manager of Eurasbank Bangkok, and Jacques M. Morin, General Manager of Italthai Industrial Co. Ltd., a leading producer of concrete piles in Thailand.



Review of Business

The year 1978 was marked by continued growth for the Bank. The volume of business grew by 39%. Total assets increased by 47% and passed the DM 2 billion mark. The underlying factor determining this growth was an increase of 27% in loans and advances to customers, the highest absolute increase so far recorded during a business year.

The main thrust of this expansion was in the short term commercial sector whereas further lengthening of maturities and still lower spreads in the term-lending sector led us to confine our activity in this field to serving the needs of the Bank's customers. In a number of cases, we have

In the presence of senior executives of our shareholder banks and prominent officials from the host countries, our new branches in Bangkok and Seoul were inaugurated in September.

Above (from left to right):
Horst Kaiser, Manager of European Asian Bank Bangkok Branch; Dr. Wilfried Guth, Spokesman of the Board of Managing Directors of Deutsche Bank and Chairman of the Advisory Council of Eurasbank; Bernard Stentzel, Member of the Board of Managing Directors of Eurasbank; Dr. Snoh Unakul, Governor of the Bank of Thailand; Dr. Ulrich Cartellieri, Spokesman of the Board of Managing Directors of Eurasbank.

Below (from left to right):
Michael Böhm, Member of the Board of Managing Directors of Eurasbank; In Yong Chung, Assistant Minister for International Finance; Hans-Otto Thierbach, Member of the Board of Managing Directors of Deutsche Bank and Chairman of the Supervisory Board of Eurasbank; Holger F. des Coudres, Manager of Eurasbank Seoul Branch; Byong Hyun Shin, Governor of the Bank of Korea.

also preferred to agree to a cancellation of facilities rather than to renegotiate the terms.

The particular attention which we have directed to the development of the Bank's deposit base was reflected in an increase of 87% in customer deposits. Expanded money market activities, and additional funding and liquidity procurement measures resulting from the increased business volume, brought increases in the items "liabilities to banks and other financial institutions" and "claims on banks" of 39% and 50% respectively. With regard to the funding of the Bank's US dollar rollover loan portfolio, a US$ 15 million Floating Rate Certificate of Deposit issue was successfully floated by our Singapore Branch in November.

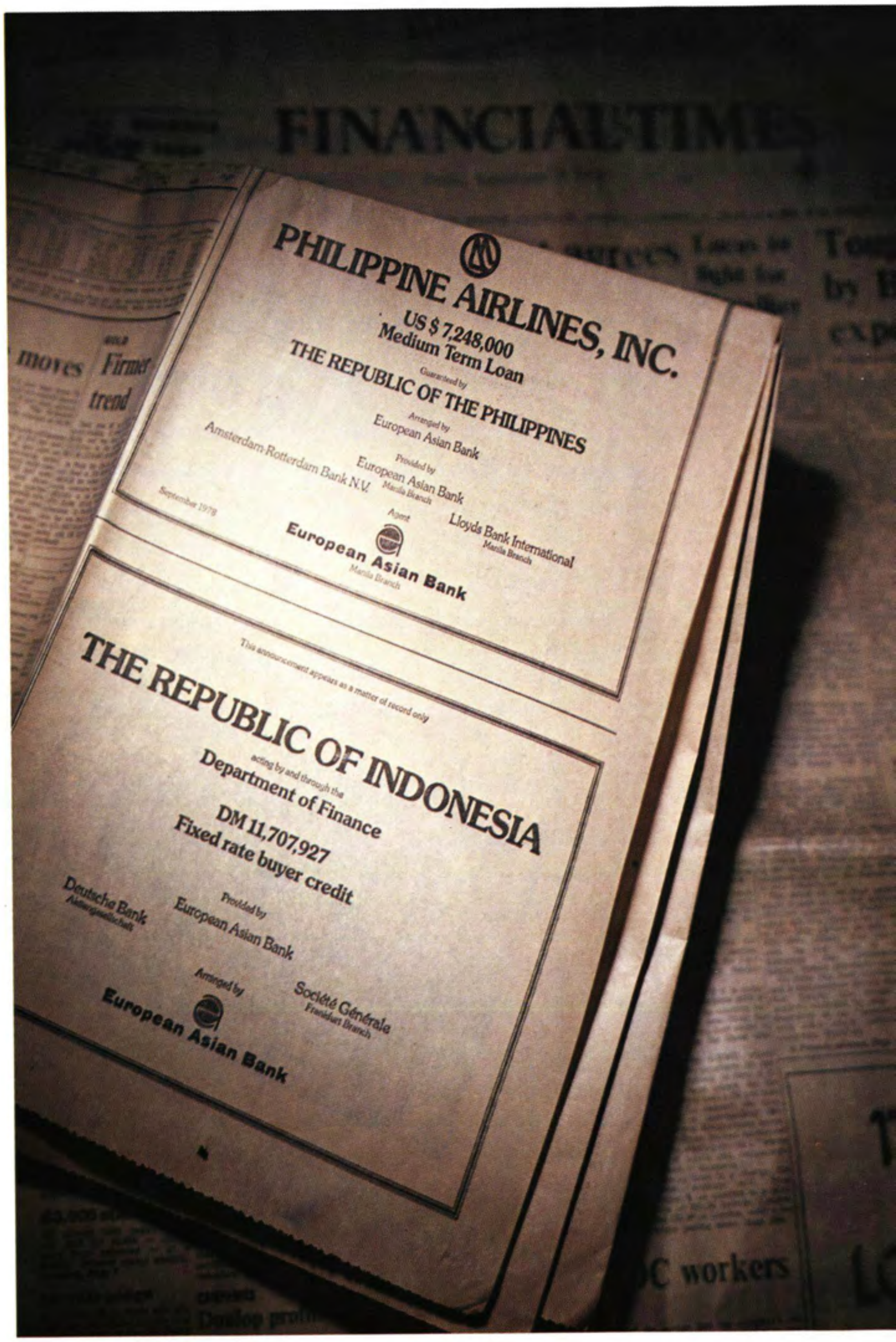
The sharp increase of interest rate levels in most branch countries are mirrored in the much higher levels of overall interest expense and interest earnings. Interest margins continued to be under strong pressure throughout 1978, both in local and international markets. The Bank's operating income, the most substantial portion of which is derived from its operations in currencies other than DM, was again – translated into DM – affected by the further appreciation of the DM against all other operating currencies. Nevertheless, despite substantial cost increases related to the further expansion of the Bank, we can propose an unchanged nominal dividend of 10% to our shareholders. Together with the tax credit payable to shareholders under the new German Corporate Tax Law, the effective dividend to shareholders will be increased to 15.2% as compared with 14.1% in the year before.

In view of the Bank's continued growth, a further increase in the capital of the Bank will be proposed to our shareholders in 1979.

The year 1978 was also marked by the opening of new branches in Seoul and Bangkok. Thus the interbranch network facilities available to our customers now cover all member countries of the ASEAN group, and have also been expanded into East Asia where Korea is generating increasing trade flows with South-East Asia.

Our Hongkong Branch opened a new subbranch in the San Po Kong district of Kowloon, bringing the total number of offices in Hongkong to five. In October, the Hongkong Branch celebrated its twentieth anniversary, having been the first South-East Asian branch of Deutsch-Asiatische Bank to be reopened in 1958.

As a result of the Bank's expansion, the total number of staff increased by 137 to 701. We have to thank all our staff for the dedication with which they continued to contribute to the success of the Bank. Co-operation with staff representatives continued to be constructive and on the basis of mutual trust.



Tailor-made financial schemes for projects and supply contracts in South-East Asia – an important service of European Asian Bank.

Notes on the Statement of Accounts for the Year

BALANCE SHEET

Liquidity

The cash reserve – cash in hand, balances with the Deutsche Bundesbank, foreign central banks and on postal cheque accounts – increased from DM 32.9 million to DM 51.6 million. Balances with the Deutsche Bundesbank and foreign central banks rose to DM 49.6 million.

The sum of liabilities to credit institutions and other creditors, including own acceptances in circulation and sundry liabilities, amounted to DM 1,949.3 million (DM 1,294.1 million last year). The relation of the cash reserve to this figure *(cash liquidity ratio)* was 2.7% (2.5% last year).

Total liquid funds – cash reserve, cheques on other banks, matured bonds, interest and dividend coupons, as well as items received for collection, bills rediscountable at the Bundesbank, demand claims on credit institutions, Treasury bills and non-interest-bearing Treasury bonds, bonds and debt instruments eligible as collateral for Bundesbank or foreign central bank advances – increased from DM 140.3 million to DM 299.5 million. The proportion of liabilities covered by liquid funds *(total liquidity)* thereby increased to 15.6% (10.8% last year).

Securities

Treasury bills and non-interest-bearing Treasury bonds and *bonds and debt instruments* rose altogether by DM 109.4 million, mainly to meet capital and liquidity regulations applicable to the Bank in Germany and in its various branch countries.

Securities amounting to DM 42.3 million (DM 11.1 million last year) as well as DM 0.2 million of equalisation claims were pledged to the Deutsche Bundesbank for advances on securities or for discounting of own acceptances.

Total credit extended

The volume of credit grew by DM 228.3 million (20.7%); the increase in claims on customers was DM 158.0 million (30.3%) and in discounts DM 24.5 million (16.3%).

The breakdown of the volume of credit as at the end of 1978 and 1977 is given on page 25.

Of bills in hand, DM 21.2 million were eligible for rediscount at the Deutsche Bundesbank. The remainder were, without exception, bills of undoubted quality for which the regulations governing rediscountability at the Bundesbank do not apply as far as they are held by our foreign branches.

Besides the above credits we extended *guarantee facilities and letters of credit* amounting to DM 432.0 million to our customers (DM 388.7 million last year).

Adjustments and provisions were made for all discernible risks in the lending business.

Participations

This item remained unchanged at DM 2.0 million. The participations involve obligations to pay up a maximum of DM 1.7 million and a contingent liability for the obligations of other partners in the Liquiditäts-Konsortialbank GmbH, Frankfurt.

Volume of credit	– DM millions – End of 1978	End of 1977
Claims on customers		
short and medium term	DM 530.0 = 39.9%	DM 390.6 = 35.5%
long-term	DM 148.5 = 11.2%	DM 129.9 = 11.8%
	DM 678.5 = 51.1%	DM 520.5 = 47.3%
Discounts	DM 174.5 = 13.1%	DM 150.0 = 13.6%
Lending to credit institutions	DM 475.9 = 35.8%	DM 430.1 = 39.1%
Total volume of credit	DM 1,328.9 = 100.0%	DM 1,100.6 = 100.0%

Funds from outside sources	– DM millions – End of 1978	End of 1977
Liabilities to credit institutions		
demand deposits	DM 305.0 = 15.7%	DM 89.7 = 6.9%
term deposits	DM 1,066.3 = 54.7%	DM 889.7 = 68.9%
customers' drawings on credits opened at other institutions	DM – = –	DM 4.7 = 0.4%
	DM 1,371.3 = 70.4%	DM 984.1 = 76.2%
Liabilities to non-bank customers		
demand deposits	DM 129.5 = 6.7%	DM 123.8 = 9.6%
term deposits	DM 436.1 = 22.4%	DM 174.4 = 13.5%
savings deposits	DM 10.0 = 0.5%	DM 9.0 = 0.7%
	DM 575.6 = 29.6%	DM 307.2 = 23.8%
Total funds from outside sources	DM 1,946.9 = 100.0%	DM 1,291.3 = 100.0%

Participations

with book values exceeding DM 0.1 million	Others	
European Asian Finance (HK) Ltd. (EAF), Hongkong	Credit Guarantee Corp. Malaysia Berhad, Kuala Lumpur	European Asian Bank (Hongkong) Nominees Ltd., Hongkong
Export Credit Insurance Corporation of Singapore Ltd., Singapore	Commercial Pacific Trust Company Ltd. (COMPACT), Port Vila, New Hebrides	European Asian Bank (Singapore) Nominees Priv. Ltd., Singapore
Liquiditäts-Konsortialbank GmbH, Frankfurt/Main	Deutsch-Indonesische Tabak-Handels-GmbH, Bremen	Malaysia Export Credit Insurance Berhad, Kuala Lumpur
	Deutsch-Indonesische Tabak-Handels-GmbH & Co. KG, Bremen	Privatdiskont AG, Frankfurt/Main

The liabilities for calls on shares, arising from participations, amounted to DM 10,000.–.

For further details of our participation of DM 1.5 million in European Asian Finance (HK) Ltd., Hongkong, please refer to page 34.

Fixed assets

The item *land and buildings* decreased by ordinary depreciation of DM 0.1 million to DM 3.4 million.

Office furniture and equipment increased to DM 3.1 million, after additions of DM 2.2 million, disposals of DM 0.2 million, ordinary depreciation of DM 0.9 million and special depreciation of DM 0.4 million.

Other asset items

The items *sundry assets* and *transitory items* respectively consist essentially of rent deposits and advance rent payments as well as claims for tax refunds and dividend due.

Funds from outside sources

Total funds from outside sources rose by DM 655.6 million (50.8%) to DM 1,946.9 million during the year under review.

An analysis of developments in funds from outside sources during 1978 is given on page 25.

Provisions for special purposes

Provisions for pensions were increased by DM 0.5 million in accordance with the actuarial computation.

Other provisions shown at DM 16.4 million (DM 10.3 million last year) include, besides provisions for tax and other liabilities of uncertain magnitude, that part of the overall valuation adjustment which cannot be offset against asset items.

Other liability items

Sundry liabilities amounting to DM 1.0 million and *transitory items* totalling DM 0.6 million cover liabilities outside the banking business such as sundry accounts payable and rent payments received in advance respectively.

In accordance with the Developing Countries Tax Law DM 2.0 million were added to *special items including reserves,* whereas DM 1.7 million were written back.

Contingent liabilities

Endorsement liabilities on rediscounted bills rose by DM 19.2 million to DM 65.0 million.

Liabilities arising from guarantees given, bills of exchange, cheques guaranteed and warranty contracts increased by DM 43.3 million to DM 432.0 million.

PROFIT AND LOSS ACCOUNT

Earnings on the volume of business

Interest receipts from lending and money market transactions and *current receipts from securities* increased from DM 72.8 million to DM 109.7 million. Against these receipts were *interest and similar expenses* of DM 79.5 million (DM 44.4 million last year). The net interest income, which increased to DM 30.2 million, was – after translation into DM – adversely affected by the further weakening of foreign currencies and reduced margins, reflecting competitive pressures and sharply increased cost of funds, particularly during the second half of 1978.

Earnings on services

Owing to the higher volume of business, *commissions and other receipts from service transactions* rose by DM 3.5 million to DM 13.7 million.

Other receipts

Other receipts, shown at DM 0.8 million, *including those from the writing back of provisions for possible loan losses,* are compensated in accordance with the relevant regulations by the depreciation and adjustments on claims and securities and allocations to provisions for possible loan losses. These also include revenue from rentals.

Staff and material expenditure

Staff expenses rose by DM 1.4 million to DM 13.7 million (11.4%) due to new employees in connection with the further expansion of the Bank as well as both collectively agreed and voluntary increases in payments. The number of employees grew by 137 to 701 in the course of the year.

Expenditure on material for the banking business increased from DM 6.9 million to DM 8.5 million (23.2%) – the increase being mainly due to the setting up of new branches and sub-branches in Bangkok, Seoul, and Hongkong.

Taxes

Taxes on income, earnings and property increased by DM 2.5 million to DM 11.5 million, mainly as a result of higher taxes in foreign countries.

Other expenses

DM 2.0 million were added to *special items including reserves,* in accordance with the Developing Countries Tax Law.

Total remuneration of the Board of Managing Directors amounted to DM 620,092.22.

Payments to former members of the Board of Managing Directors or their surviving dependants aggregated DM 211,970.08.

Emoluments of the Supervisory Board – including fixed payments and those subject to the annual dividend paid – totalled DM 138,600.–.

Proposed appropriation of profits

The profit and loss account for the Bank shows:

Receipts	DM 127.4 million
Expenses	DM 121.8 million
Year's net earnings	DM 5.6 million
Disposable profit	DM 5.6 million

It will be proposed to the shareholders that the disposable profit of DM 5.6 million be used to pay a dividend of 10% on the share capital of DM 56.0 million. In view of the tax credit resulting from the German Corporate Tax Law, this represents an increase to 15.2% in the total yield for shareholders.

Hamburg, February 1979

THE BOARD OF MANAGING DIRECTORS

Report of the Supervisory Board

During the course of the year the Supervisory Board was kept regularly informed at numerous discussions and meetings about the development of the Bank's business, as well as its liquidity and profitability situation.

Matters which by law and under the Bank's Articles of Association require the approval of the Supervisory Board were duly submitted to us and discussed with the Board of Managing Directors. Substantial transactions, principally major loans, were regularly discussed with the Board of Managing Directors.

The Report and Accounts for the year ending December 31, 1978, as well as the Bank's books, have been audited by TREUVERKEHR AG Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Frankfurt/Main, the auditors appointed by the Annual General Meeting, and were found to satisfy the statutory requirements as well as to conform with the Bank's Articles of Association. The Supervisory Board has approved the auditors' report which contains no qualifications.

The Supervisory Board has received the Report and Accounts together with the proposed appropriation of profits and has raised no objections.

The Supervisory Board has approved the Accounts presented to it by the Board of Managing Directors and they are thus confirmed. The Supervisory Board also consents to the Board of Managing Directors' proposals concerning the appropriation of profits.

Hamburg, March 1979

THE SUPERVISORY BOARD

Chairman

European Asian Bank

Balance Sheet
as at December 31, 1978

Profit and Loss Account
for the period from January 1 to December 31, 1978

European Asian Finance (HK) Ltd.

Balance Sheet
as at December 31, 1978

Profit and Loss Account
for the period from January 1 to December 31, 1978

European Asian Bank AKTIENGESELLSCHAFT

ASSETS

	DM	DM	31. 12. 1977 in DM 1,000
Cash in hand		1,869,610.96	1,731
Balances with the Deutsche Bundesbank		29,794,167.16	7,831
Balances with foreign Central Banks		19,811,188.96	23,286
Balances on postal cheque accounts		114,740.59	40
Cheques on other banks, matured bonds, interest and dividend coupons, and items received for collection		1,910,444.20	474
Bills discounted		99,227,339.79	96,574
including: a) rediscountable at the Deutsche Bundesbank . . . DM 21,204,346.88			
b) own drawings . . . DM 1,794,650.32			
Claims on credit institutions			
a) payable on demand	117,601,966.24		53,512
b) with agreed life, or subject to agreed period of notice, of			
ba) less than three months	508,122,753.03		248,525
bb) at least three months, but less than four years	467,776,316.87		428,604
bc) four years or longer	8,169,445.—		1,480
		1,101,670,481.14	732,121
Treasury bills and non-interest-bearing Treasury bonds			
a) of the Federal Republic and the Laender	—.—		—
b) others	12,822,409.26	12,822,409.26	6,423
Bonds and debt instruments			
a) with a life of up to four years			
aa) of the Federal Republic and the Laender . . . DM 5,318,750.—			
ab) of credit institutions . . . DM 6,201,125.—			
ac) others . . . DM 5,977,660.36	17,497,535.36		4,146
including: eligible as collateral for Bundesbank advances . . . DM 9,524,750.— foreign Central Bank advances DM 5,977,660.36			
b) with a life of more than four years			
ba) of the Federal Republic and the Laender . . . DM 9,597,500.—			
bb) of credit institutions . . . DM 81,642,695.85			
bc) others . . . DM 11,275,289.46	102,515,485.31		12,834
		120,013,020.67	16,980
including: eligible as collateral for Bundesbank advances . . . DM 77,275,906.20 foreign Central Bank advances DM 1,553,312.63			
Securities, so far as they have not to be included in other items			
a) shares marketable on a stock exchange and investment fund certificates	5,515.41		12
b) other securities	—.—		—
		5,515.41	12
including: holdings of more than one tenth of the shares in a joint stock corporation or mining company, excluding investments in subsidiaries and associated companies . . . DM —.—			
Claims on customers with agreed life, or subject to agreed period of notice, of			
a) less than four years	529,979,439.75		390,600
b) four years or longer	148,521,227.63		129,878
		678,500,667.38	520,478
including:			
ba) secured by mortgages on real estate . . . DM —.—			
bb) communal loans . . . DM —.—			
Equalisation and Covering Claims on Federal and Laender authorities under the Currency Reform Laws of 1948		229,133.39	237
Participations		2,018,229.29	2,012
including: in credit institutions . . . DM 1,692,567.05			
Land and buildings		3,409,963.38	3,522
Office furniture and equipment		3,097,710.92	2,442
Sundry assets		2,514,779.40	999
Transitory items		1,073,495.89	735
TOTAL ASSETS		2,078,082,897.79	1,415,897

The assets and the rights of recourse in respect of the liabilities shown below the liabilities side include		
a) claims on associated companies	30,341,602.24	22,364
b) claims which arise from credits falling under Article 15, paragraph 1, items 1 to 6, and paragraph 2, of the Banking Law, so far as they are not shown in a)	2,046,880.07	1,323

BALANCE SHEET as at December 31, 1978

LIABILITIES

	DM	DM	DM	31.12.1977 in DM 1,000
Liabilities to credit institutions				
a) payable on demand		305,019,126.66		89,663
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	354,835,390.76			
bb) at least three months, but less than four years	638,232,423.84			
bc) four years or longer	73,219,695.91	1,066,287,510.51		889,684
including: due in less than four years DM 9,564,433.97				
c) customers' drawings on credits opened at other institutions		—.—		4,744
			1,371,306,637.17	984,091
Banking liabilities to other creditors				
a) payable on demand		129,458,856.26		123,789
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	147,762,428.57			
bb) at least three months, but less than four years	258,578,957.04			
bc) four years or longer	29,812,620.11	436,154,005.72		174,419
including: due in less than four years DM 10,000,000.—				
c) savings deposits				
ca) subject to legal period of notice	4,009,609.62			
cb) others	5,966,039.46	9,975,649.08		9,035
			575,588,511.06	307,243
Own acceptances and promissory notes in circulation			1,455,000.—	2,050
Provisions for special purposes				
a) for pensions		4,353,641.—		3,821
b) others		16,354,516.69		10,312
			20,708,157.69	14,133
Sundry liabilities			976,470.12	710
Transitory items			646,721.75	568
Special items including reserves in accordance with the Developing Countries Tax Law			6,950,600.—	6,651
Capital			56,000,000.—	56,000
Published reserves				
a) statutory reserve fund		34,750,800.—		34,751
b) other reserves		4,100,000.—		4,100
			38,850,800.—	38,851
Disposable profit			5,600,000.—	5,600
TOTAL LIABILITIES			2,078,082,897.79	1,415,897
Own drawings in circulation including those discounted for borrowers' account DM 10,259,165.26			24,401,956.19	30,327
Endorsement liabilities on rediscounted bills of exchange			65,046,263.93	45,854
Liabilities arising from guarantees of various kinds and warranty contracts			432,019,356.37	388,736
Savings premiums under the Savings Premium Law			4,386.50	9
Comprised among the liabilities are those (including those shown below the balance sheet) to associated companies			40,535,020.98	14,083

EXPENSES

	DM	DM	1977 in DM 1,000
Interest and similar expenses		79,460,342.59	44,443
Commissions and similar expenses in respect of service transactions		267,230.26	95
Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses		4,893,182.64	3,591
Salaries and wages		10,733,568.77	9,407
Social security contributions		864,851.63	690
Expenditure on retirement pensions and other benefits		2,140,992.68	2,204
Expenditure on material for the banking business		8,472,606.07	6,917
Depreciation and adjustments on land and buildings, and on office furniture and equipment		1,087,739.13	1,190
Taxes			
a) on income, earnings and property	11,534,276.26		9,035
b) others	129,308.23		105
		11,663,584.49	9,140
Allocations to special items including reserves		2,000,000.—	1,000
Other expenses		248,047.01	577
Year's net earnings		5,600,000.—	5,600
TOTAL EXPENSES		127,432,145.27	84,854

Year's net earnings

Taken from published reserves

Allocations from the year's net earnings to published reserves

Disposable profit

In the year under review the Bank effected payment of DM 502,940.– representing pensions and contributions to the German Bank Officials' Insurance Association in Berlin. The payments to be effected in the next five years will probably reach 103%, 107%, 115%, 123% and 127% of that amount.

Hamburg, February 26, 1979

EUROPEAN ASIAN BANK AG
Board of Managing Directors

Böhm *Cartellieri* *Stentzel*

for the period from January 1 to December 31, 1978

RECEIPTS

	DM	DM	1977 in DM 1,000
Interest and similar receipts from lending and money market transactions		105,716,095.91	72,325
Current receipts from			
a) fixed-interest securities and debt register claims	3,995,489.25		427
b) other securities	812.20		1
c) participations	923,593.75		8
		4,919,895.20	436
Commissions and other receipts from service transactions		13,941,047.03	10,320
Other receipts, including those from the writing back of provisions for possible loan losses		802,347.30	787
Receipts from the writing back of provisions for special purposes, so far as they have not to be shown under "other receipts"		352,183.83	555
Receipts from the writing back of special items including reserves		1,700,576.—	431
TOTAL RECEIPTS		127,432,145.27	84,854

DM	1977 in DM 1,000
5,600,000.—	5,600
—.—	—
—.—	—
5,600,000.—	5,600

According to our audit, carried out in accordance with our professional duties, the accounting, the Annual Statement of Accounts and the Report comply with German law and with the Company's Articles of Association.

Hamburg, February 28, 1979

TREUVERKEHR AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Nebendorf
Wirtschaftsprüfer
(Chartered Accountant)

Brackert
Wirtschaftsprüfer
(Chartered Accountant)

European Asian Finance (HK) Limited

(Incorporated in Hongkong under the Companies Ordinance on July 11, 1975)

BALANCE SHEET AS AT DECEMBER 31, 1978

	HK$	HK$	1977 in HK$ 1,000
LONG TERM LOANS		56,494,353.60	57,971
CURRENT ASSETS			
Short Term Loans	—.—		12,500
Accounts Receivable	3,203,740.80		1,538
Cash at Bank	52,665.60	3,256,406.40	10
			14,048
AMOUNT DUE FROM ASSOCIATED INSTITUTIONS		105,151,435.20	30,481
CONVERSION ADJUSTMENT		—.—	34
FIXED ASSETS		52,680.—	—
TOTAL ASSETS		164,954,875.20	102,534

	HK$	HK$	1977 in HK$ 1,000
LONG TERM DEPOSITS		51,863,860.80	18,470
CURRENT LIABILITIES			
Short Term Deposits	20,616,000.—		25,549
Accounts Payable	3,919,440.—		1,187
Current Taxation	327,580.80		61
		24,863,020.80	26,797
AMOUNT DUE TO ASSOCIATED INSTITUTIONS		80,083,248.—	48,950
SHARE CAPITAL			
Authorized			
10,000 Shares of HK$ 1,000 each	10,000,000.—		
Issued			
10,000 Shares of HK$ 1,000 each	10,000,000.—		10,000
Less: Amount uncalled	7,000,000.—		7,000
		3,000,000.—	3,000
CONVERSION ADJUSTMENT		83,510.40	—
PROFIT AND LOSS ACCOUNT		5,061,235.20	5,317
TOTAL LIABILITIES		164,954,875.20	102,534

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 1978

	HK$	1977 in HK$ 1,000
PROFIT FOR THE YEAR BEFORE TAXATION	2,321,913.60	3,533
Less: TAXATION	388,214.40	114
PROFIT FOR THE YEAR AFTER TAXATION	1,933,699.20	3,419
Balance brought forward	5,527,536.—	1,898
DIVIDEND	2,400,000.—	—
PROFIT AND LOSS ACCOUNT	5,061,235.20	5,317

EUROPEAN ASIAN FINANCE (HK) LTD.
For and on behalf of the Board of Directors

Wiens *Courtney*

The EBIC Banks . . .

Amsterdam-Rotterdam Bank N.V. Netherlands	
Banca Commerciale Italiana Italy	
Creditanstalt-Bankverein Austria	
Deutsche Bank AG Federal Republic of Germany	
Midland Bank Ltd. Britain	
Société Générale de Banque S.A. Belgium	
Société Générale France	

. . . and their Affiliates

Banque Européenne de Crédit (BEC)
Brussels

European American Banking Corporation
New York – Los Angeles – San Francisco – Nassau (Bahamas)

European American Bank & Trust Company
New York – George Town (Cayman Islands)

Europäisch-Arabische Bank GmbH
Frankfurt/Main

European Arab Bank (Brussels) S.A.
Brussels

European Arab Bank Ltd.
London – Bahrain

European Asian Bank
Hamburg – Bangkok – Hongkong – Jakarta – Karachi – Kuala Lumpur – Manila – Seoul – Singapore

European Banking Company Ltd.
London

Euro-Pacific Finance Corporation Ltd.
Melbourne – Sydney

ebic
European Banks International

Head Office

Hamburg
European Asian Bank AG
Rathausstrasse 7
P.O. Box 10 19 20
D-2000 Hamburg 1
Fed. Rep. of Germany
Tel.: (040) 32 14 41
Telex: 02 162 228 eur d

Corporate Banking

Jan Imbeck
Erika Bellstedt
Lutz-Henning Pabst
Dieter Müsse

International Finance

John A. Miles
Marcus C. Davison
Kenneth G. Lomas

Hamburg Branch

European Asian Bank AG

Rathausstrasse 7
P.O. Box 10 19 20
D-2000 Hamburg 1
Fed. Rep. of Germany
Tel.: (040) 32 14 45
Telex: 02 162 228 eur d
02 163 235 eur d (forex)

Manager: Bartel de Bruyn Ouboter
Dep. Manager: Peter Lang

Board of Managing Directors

Michael Böhm
Ulrich Cartellieri
Bernard Stentzel

Bartel de Bruyn Ouboter (centre), Manager of our Hamburg Branch, and Jürgen Hasselbusch (left), Finance Director of the Hamburg-based trading firm Richard Behr & Co., watching the unloading of feather down from the People's Republic of China.

Foreign Branches

Bangkok
European Asian Bank
Praparwit Building
28/1 Surasak Road
Bangkok, Thailand
Tel.: 233-86 60-67
233-86 68
233-86 69
Telex: 7949 euras th
7950 euras th
Manager: Horst Kaiser
Dep. Manager: Georges Legros
Manager (Internal Dept.): Bernd Sperber

Hongkong
European Asian Bank
– Main Office –
American International Tower
16–18 Queen's Road C.
G.P.O. Box 3193
Hongkong
Tel.: 5-26 31 50
5-26 30 60 (forex)
Telex: 73 498 euras hx
65 355 euras hx (forex)
Chief Manager: Heinz Wiens
Manager: D. Anthony Marron
Manager (Loans Dept.):
Bernard Houtekier
Manager (Foreign Exchange):
Manfred Schauer
Manager (Sub-Branches):
Frederick Leung Un
Manager (Diamond Section):
P. H. van Eendenburg
Senior Asst. Manager (Internal):
Andrew Kwong Hon Kwan
Senior Asst. Manager (Loans):
John Kwok Kwong Leung
Senior Asst. Manager (Bills):
Ko Hung Wong

Hung Hom Sub-Branch
182-186 Matauwei Road
Kowloon, Hongkong
Tel.: 3-63 93 52-3
Manager: Hau Hin Law

Mongkok Sub-Branch
Wu Sang House
655 Nathan Road
Kowloon, Hongkong
Tel.: 3-94 02 23-4
Manager: Peter Yin Fai Wong

San Po Kong Sub-Branch
24 Tai Yau Street
Kowloon, Hongkong
Tel.: 3-27 81 91
Manager: Andrew Pui Leung Chung

Tsimshatsui Sub-Branch
7 Cameron Road
Kowloon, Hongkong
Tel.: 3-66 43 57-9
Manager: Francis Chung Yaw Yuen

Jakarta
European Asian Bank
Eurasbank Building
80 Jl. Imam Bondjol
P.O. Box 135
Jakarta, Indonesia
Tel.: 35 82 92-96 34 20 45-46
34 30 81 / 34 15 37 (forex)
Telex: 44 114 euras ia
45 841 euras ia (forex)
Manager: Will E. von Below
Dep. Manager: Peter Palmer-Barnes
Manager (Loans Dept.): Eric Ballot
Asst. Manager (Accounts):
Budhy G. W. Budhyarto
Asst. Manager (Loans): Robert Leman

Karachi
European Asian Bank
Unitowers
I. I. Chundrigar Road
P.O. Box 4925
Karachi, Pakistan
Tel.: 23 74 60 23 06 72
22 14 03 22 14 13
Telex: 2862 eur pw
Manager: Jürgen Zieler
Manager (Loans Dept.):
Amin-ur-Rehman Khan
Manager (Foreign Dept.):
Irudiyanadan N. Francis
Asst. Manager: Dhunij P. Randeria

Kuala Lumpur
European Asian Bank
Yee Seng Building
15 Jl. Raja Chulan
P.O. Box 2211
Kuala Lumpur, Malaysia
Tel.: 29 94 53-7
20 16 81 (forex)
Telex: euras ma 304 64
Manager: Arthur G. Coates
Dep. Manager: Frans Kuyken
Asst. Manager (Internal):
Cheah Yoke Loong
Asst. Manager (Loans): Ah Meng Wong

Manila
European Asian Bank
V. Madrigal Building
6793 Ayala Avenue
MCCPO Box 882
Makati, Metro Manila, Philippines
Tel.: 89 97 11-14
Telex: 36 25 euras pn
Manager: Timothy L. Hooper
Dep. Manager: Santiago S. Cua, Jr.

Seoul
European Asian Bank
Daewoo Center
286 Yang-dong, Chung-ku
C.P.O. Box 8904
Seoul 100, Korea
Tel.: 778-33 91
Telex: 26 353 euras k
Manager: Holger F. des Coudres
Dep. Manager: Willem Kinat
Manager (Foreign Dept.): Viggo Ruf
Asst. Manager (Loans): Kun Il, Chung

Singapore
European Asian Bank
Overseas Union House
50 Collyer Quay
P.O. Box 3941
Singapore 1
Tel.: 91 46 77 220 94 48
91 41 44 / 222 19 38 (forex)
Telex: rs 21 189 euras
rs 21 190 euras (forex)
General Manager: Frederick J. A. Brown
Manager: Tjark H. Woydt
Dep. Manager: Michel Baise
Manager (Foreign Exchange):
Charles Heutschi
Chief Accountant: Francis T. K. Lim
Senior Asst. Manager (Loans):
James Ong Phee Hoon
Asst. Manager (Bills): Bobby Teo Hin Guan
Senior Dealer: Steven L. K. Tan

Affiliate
European Asian Finance (HK) Ltd.
American International Tower
16–18 Queen's Road C.
Hongkong
Tel.: 5-26 05 51 5-26 31 51
Telex: 63 841 eafhk hx
73 498 euras hx
Managing Director: Rohan Courtney

Cables for all offices: EURASBANK

European Asian Bank