Annual Report 1981

European Asian Bank

Cover: Bang Pa In – former summer residence of the Thai royal family. The contrasting styles of a European statue and of the Aisawan Thi Phaya At Pavilion not only reflect the cosmopolitan tastes of King Chulalongkorn (1868–1910) but also symbolize the marriage of European and Asian business interests which is basic to Eurasbank's philosophy.

Contents

Our Report for 1981 is published in English and German.
Printed in West Germany.

Report for the Year 1981

European Asian Bank

European Asian Bank

Ten Years of Growth
1972–1981

DM millions	1972*	1973	1974	1975	1976	1977	1978	1979	1980	1981
Total assets	240	522	665	896	1,088	1,416	2,078	2,846	4,059	5,257
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	3,638	5,141	6,504
Credit volume	132	370	572	720	845	1,101	1,329	2,022	2,915	4,133
Deposits	199	471	607	832	969	1,291	1,947	2,670	3,767	4,794
Capital and reserves	27	36	38	39	95	95	95	126	205	300
Net interest income	5.8	10.9	15.6	19.7	23.3	28.3	30.2	43.9	77.7	117.6
Net commissions and other service income	4.7	7.7	8.1	8.7	8.3	10.2	13.7	15.7	22.7	32.4
Taxes	1.5	2.1	5.1	6.5	6.5	9.1	11.7	14.4	24.6	35.5
Dividend	–.–	–.–	–.–	2.8 (10%)	5.6 (10%)	5.6 (10%)	5.6 (10%)	6.3 (10%)	9.6 (10%)	12.6 (10%)**
Staff	377	389	443	457	482	564	701	765	958	1,182

*** Partial business year**

**** Effective dividend including tax credit: 14.1% (1980: 13.7%)**

Advisory Council

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Mitglied des Vorstandes der
Deutsche Bank AG

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Administrateur
et Membre du Comité de Direction
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Chief Executive (International)
Midland Bank Limited

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Société Générale

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Banca Commerciale Italiana
(from April 1, 1982)

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General Manager (International)
Midland Bank Limited
(from April 1, 1981)

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Mitglied des Vorstandes der
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(until March 31, 1982)

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Société Générale de Banque S.A.
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Vorsitzender-Stellvertreter
des Vorstandes der
Creditanstalt-Bankverein
(until March 31, 1982)

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Midland Bank Limited
(until March 31, 1981)

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Direttore di Sede
Banca Commerciale Italiana
(until March 31, 1982)

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Birgit Joost, Hamburg*
Ursula Koehn-Graeff, Hamburg*
(until March 31, 1982)
Christa Roehl, Hamburg*
(until March 31, 1982)

* elected by the staff

Board of Managing Directors

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J. Nikolaus Korsch
(from April 1, 1981)

Tjark H. Woydt
(from April 1, 1981)

Dr. Ulrich Cartellieri
(until March 31, 1981)

Bernard Stentzel
(until March 31, 1981)

Report of the Board of Managing Directors

South-East Asia in 1981 – Developments and Prospects

The market-oriented economies on the Asian seaboard once again demonstrated a remarkable resilience in the face of an unfavourable international climate. Most of these countries were able to absorb without appreciable difficulty the continuing effects of the energy price burden, the prolonged recession in the West and the higher cost of external financing. There has been widespread encouragement of more energy-efficient production as well as further diversification of export products and markets. With inflation receding, many governments adopted measures aimed at boosting public and private investment, while still maintaining cautious monetary policies. This faster domestic expansion was envisaged as a counterbalance to the weaker external demand which became increasingly apparent during the year. This slowdown, coupled with the interest rate burden, pulled down the average growth rate in developing Asia by about one percentage point to an estimated 5% for 1981. Despite this moderate decline, Asia's output growth still compared favourably with the global trend. An outstanding performance was registered again by the two city states of Hongkong and Singapore.

As in the previous year, the region figured only rarely in the political headlines. This can be partly attributed to a new balance of power in this part of the world. However, the developments in Afghanistan and the Kampuchean issue continued to give cause for concern, especially to such bordering states as Pakistan and Thailand. Although a number of independent Asian nations have serious internal problems, there is no sign of fundamental political changes occurring in the near future.

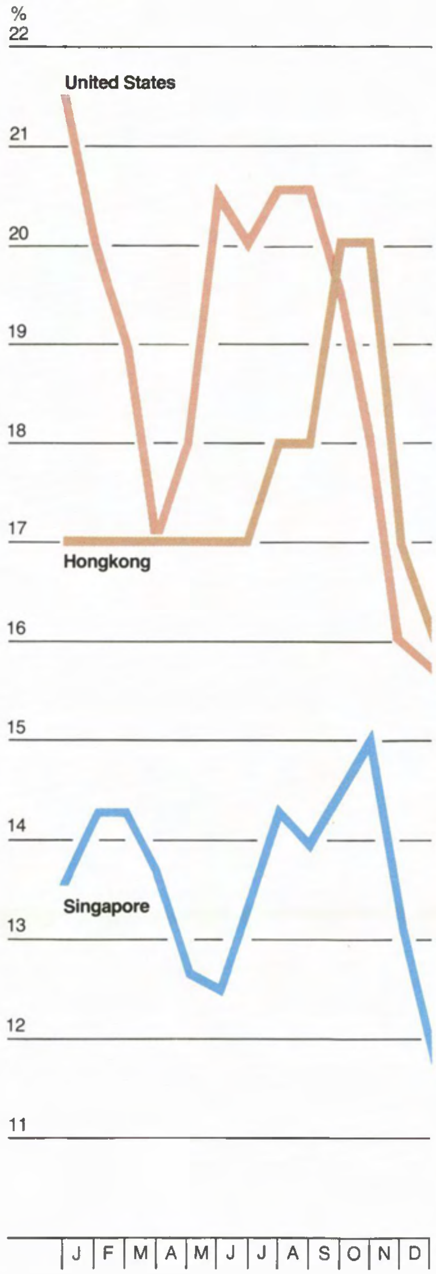
Foreign trade patterns in 1981 moved against those Asian countries whose export earnings are still heavily influenced by world market prices for key commodities such as tin, copper, rubber, timber, coconut products, tapioca and palm oil. Semi-industrial exporters of manufactures, on the other hand, were able to cope quite well with changing circumstances. It is of significance that the region's economies are now increasingly relying on each other for new markets.

Most Asian developing countries experienced a further deterioration in their current accounts in 1981. In a bid to alleviate balance of payments pressures, monetary authorities adjusted exchange rates more frequently. Almost every Asian currency depreciated against the US dollar – the Singapore dollar being an important exception. In general however, these declines were not large enough to prevent Asian currencies from rising against a wide range of their European counterparts, with the inevitable result that the price competitiveness of Asian exports to Europe was to some extent reduced.

Assuming that there will be a moderate economic recovery in the industrial world by mid-1982, demand for Asian goods can also be expected to pick up in the second half of the year. It is to be hoped that protectionist sentiment will be dampened not only by consumer demand for low-price imports but also by Western governments' fighting their own domestic inflation. Another major positive factor in Asia's 1982 outlook is offered by the likelihood of relatively stable oil prices. Thus there is every indication that the Asia-Pacific region will in 1982 again prove to be one of the world's most dynamic areas for foreign trade and investment. At the same time, with more attention being focused on regional co-operation, Asia should continue to move towards becoming an economic entity in its own right.

Development of prime lending rates during 1981

at end of month



A number of customers of Eurasbank Singapore are involved in oil industry supply activities. Pictures show oil field operations in the Mahakam River Delta and the construction of a 20" gas pipeline between Handil and Badak, in East Kalimantan, Indonesia.

Hongkong

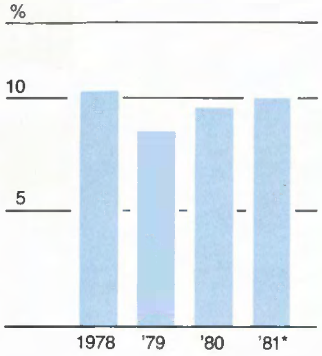
Selected economic indicators

AREA:
1,061 sq.km

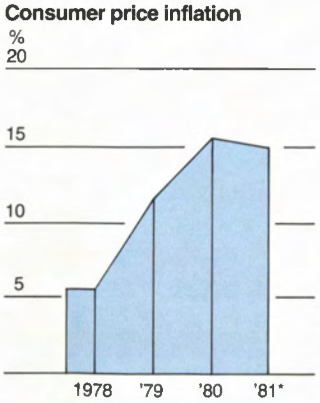
POPULATION:
5.1 million

GDP:
US$ 21.5 billion (1980)

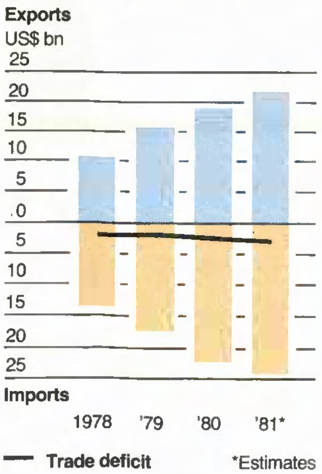
Economic growth (real)



Consumer price inflation



Foreign trade



Hongkong's *economic performance* in 1981 turned out better than generally expected. However, it was internal activity rather than exports which provided the main impetus for the 10% growth in real terms – two percentage points higher than the original forecast. The negative aspects of this situation were a continuing high trade deficit, a volatile Hongkong dollar and a rapid rate of inflation. Nonetheless the number of people employed in manufacturing, which remains the backbone of the export-oriented economy, increased in June to a record level of 942,800. As a result of the measures taken to halt illegal immigration, Hongkong's annual population growth has now slowed to about 1.7%, compared with 6.1% in 1979 and 2.6% in 1980.

Although the external sector in 1981 was affected by recession in its major overseas markets and by the spiralling of interest rates at home and abroad, Hongkong was able to step up its *exports of domestically-produced goods* by 18%. At the same time re-exports expanded by 39%, confirming Hongkong's revival as an entrepot. Growth of total exports was, at 24.4%, slightly ahead of the rise in imports. Thus the visible trade gap – measured as the proportion of the value of imports not covered by the value of total exports – declined marginally to 11.7% from 12% in 1980.

While the *United States* strengthened its position as the top market for Hongkong-made products, shipments to *Germany* fell below their 1980 value. The depreciation of the Hongkong dollar against the US dollar by 10% during the nine months ending June 1981 and the appreciation of the local unit against the German mark by 18% during the same period must have been at least partly responsible for the divergent export development in these two markets.

Textiles and garments did not fare badly during the year and remained Hongkong's biggest revenue earning export, despite various external and internal constraints. The garment industry continued to contribute significantly to the growth in domestic exports and to show improvements in quality and design. But there were some worrying signs in the spinning, weaving and dyeing sectors. The high cost of land, energy and credit forced some factories to shut down and prompted certain others to diversify into real estate as well as transfer part of their operations to other countries. In the second quarter of 1981 there were some 4,900 textile factories operating with a workforce of 125,000, constituting a drop of 4% and 6% respectively from the year-earlier numbers. On the whole redundant workers were absorbed by the faster growing industries such as electronics.

A key feature in 1981 was the further strengthening of Hongkong's industrial and trading links with the *People's Republic of China*. Indeed, China has not only become the largest source and market for Hongkong's re-exports but has also moved up to fifth place amongst the markets for Hongkong's domestic exports. Direct exports to China include, for example, the sale of electricity for use in neighbouring Shenzhen, which is one of the four special economic zones being developed in China. Shenzhen has in fact already attracted investments totalling more than US$ 900 million in 875 contracts, mostly small processing and assembly operations but also real estate and tourist developments. The investors are mainly Chinese from Hongkong, Macau and other parts of South-East Asia.

The Hongkong dollar's weakness against the US dollar and the continued sharp expansion in the money supply had an adverse impact on *inflation*. For the second year in succession, consumer prices increased at a rate of about 15%. In the absence of a classic central bank reserve system, interest rates are the government's only monetary weapon. The licensed banks' *prime lending rate* had reached 20% in early October but – following the easing of American interest rates – was down to 16% in less than one and a half months. Hongkong's banking sector now comprises 123 licensed banks (of which over two-thirds are incorporated abroad), 349 deposit-taking companies and 122 foreign bank representative offices.

Rate of exchange on Dec. 31, 1981 ....
US$ 1 = HK$ 5.692
(as against HK$ 5.133 12 months before)

The Hongkong version of one of the Bank's current advertisements, emphasizing the importance of speed and reliability in today's world of banking.

The Chairman of the Mass Transit Railway Corporation (MTRC), Norman Thompson, cutting the ribbon at the inauguration of European Asian Bank Telford Gardens Sub-Branch. Telford Gardens is a business-cum-residential complex in Kowloon and is connected by a station to the newly-constructed Mass Transit Railway.

India

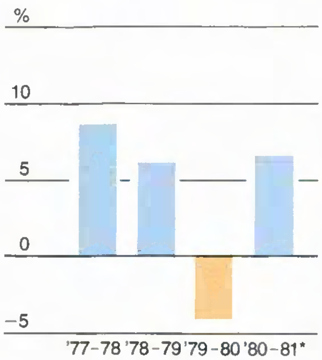
Selected economic indicators

AREA:
3,287,782 sq.km

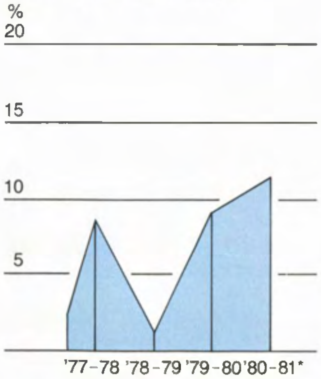
POPULATION:
683.8 million

GDP:
US$ 141.0 billion (1980–81)*

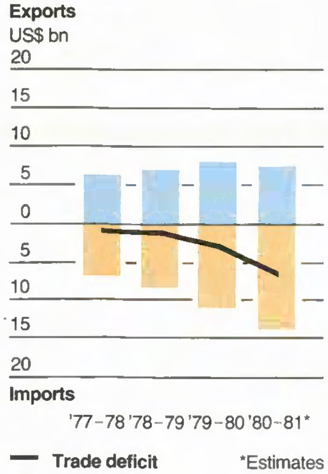
Economic growth (real)



Consumer price inflation



Foreign trade

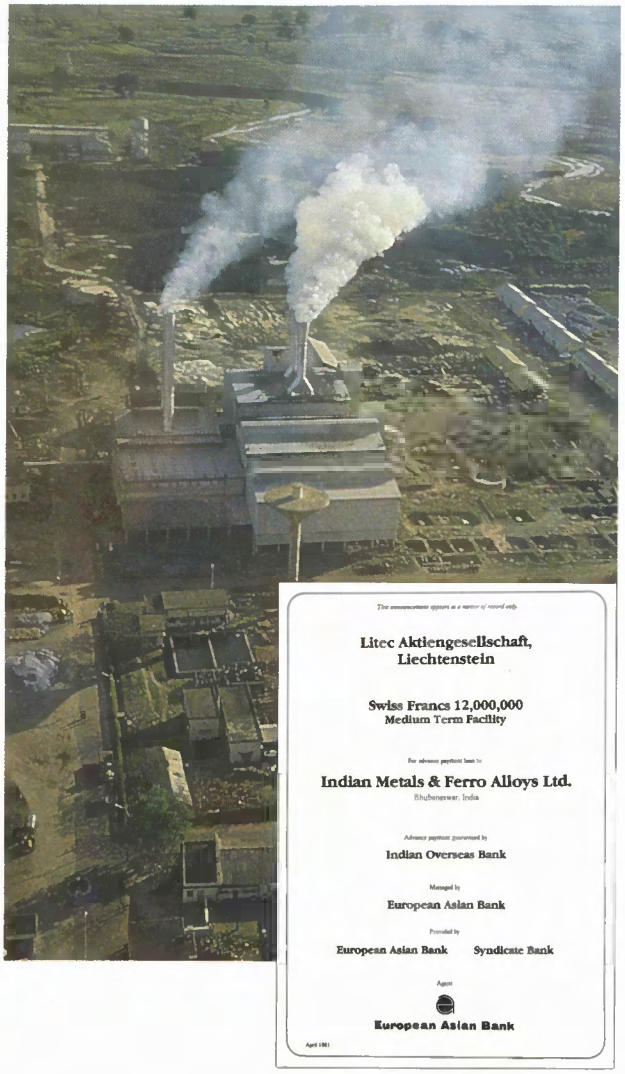


Over 1980 and 1981 the Indian economy was able to recover most of the ground it had lost during 1979, when severe drought and infrastructural deficiencies had affected agricultural and industrial output. Good monsoons and a gradual easing of the infrastructural constraints supported a new *upturn*. In contrast to the decline in real GNP of 4.5% in fiscal 1979–80 (April to March), a 7% growth rate was achieved in 1980–81, with a further 4% rise expected for 1981–82.

Besides the much improved grain harvests, strong impetus for growth was provided by the *industrial sector*, which is likely to register a 10% gain in output for 1981–82. Available data indicate that the recovery on the industrial front has been well spread. Industries with above-average growth rates included steel, aluminium, rolling stock, machine tools, tractors and commercial vehicles.

A remarkable improvement was also achieved in coal production which had been stagnating at around 105 million tons for a considerable period. Latest figures suggest that the 1981–82 target of over 120 million tons is within reach. Amongst the other *key infrastructure sectors* showing a better performance were power and transport. In 1979 the interlinked problems in coal mining, electricity generation and rail traffic had acted as a serious brake on the rest of the economy. A new ordinance was issued, providing the government with the power to ban strikes in a wide range of services and industries defined as "essential".

There were signs that the country's substantial *trade gap* began to narrow again after rapidly widening in the wake of the second oil price shock. According to figures announced for the period April–September 1981, export earnings grew by over 15% in rupee terms while import payments actually declined. The Reserve Bank of India continued to make numerous small adjustments to the *exchange rate* of the rupee against sterling, the intervention currency. This "managed float" allowed the local unit to depreciate against the US dollar by almost 15% in the course of 1981.



Notwithstanding the recent downward trend in the trade deficit, the *balance of payments* remains a dominant problem facing the Indian economy in the medium term. The weakened external payments position was clearly reflected in the development of official foreign exchange reserves. These reserves (excluding gold holdings) dropped by over US$ 1 billion to US$ 5.9 billion in the first half of 1981, however they were still sufficient to cover nearly six months of imports.

The government is seeking to achieve an adjustment in the balance of payments during the 1980s by means of a strategy which is designed to realize the large export potential present in the country's diversified

A pilot's view of the silicon metal plant of Indian Metals & Ferro Alloys Ltd. (IMFAL) situated at Theruvali in the mineral-rich State of Orissa, Eastern India. Inset: The tombstone evidences a floating-rate Euro-Swiss franc loan which our International Finance Group, South Asia, arranged to finance IMFAL's expansion plans.

His Excellency Air Chief Marshal O. P. Mehra, Governor of the State of Maharashtra, cutting the ribbon at the opening ceremony of Bombay Branch to symbolize the entry of the Bank into Indian banking. Holding the tape are (on the left) Hans-Otto Thierbach, Chairman of the Supervisory Board of Eurasbank and J. Nikolaus Korsch, Member of the Board of Managing Directors of Eurasbank.

industrial structure and to exploit the considerable scope for greater self-reliance in energy, particularly *oil*. New oil finds have lifted hopes that by the middle of this decade almost 70% of crude requirements will be met from indigenous production. In the framework of this adjustment programme, efforts are also being made to promote private savings and to encourage private investment. However, all these policies will not come to fruition for some years. A massive line of credit of 5 billion Special Drawing Rights, equivalent to US$ 5.8 billion, was successfully negotiated with the *International Monetary Fund* to tide over the projected medium-term balance of payments difficulties.

The improved overall supply position of the economy and a cautious but flexible credit policy kept inflationary forces in check. There was a marked slackening in the pace of *price increase*. The wholesale price index for all commodities recorded an average rise of 16.6% over the period July 1980–June 1981, as compared with 20.2% in the previous 12-month period.

Rate of exchange on Dec. 31, 1981 . . . .
US$ 1 = Rs. 9.137
(as against Rs. 7.980 12 months before)

Indonesia

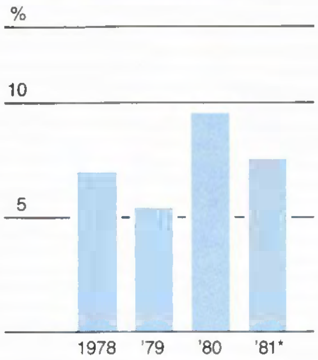
Selected economic indicators

AREA:
1,904,569 sq.km

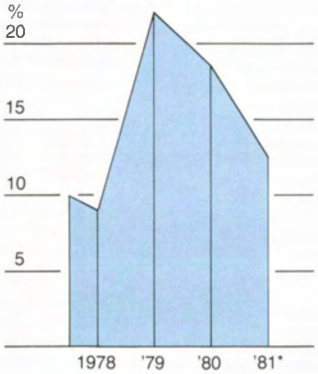
POPULATION:
151.9 million

GDP:
US$ 69.8 billion (1980)

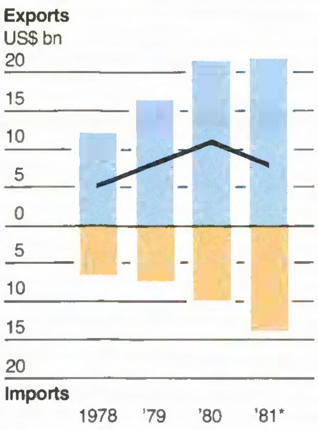
Economic growth (real)



Consumer price inflation



Foreign trade



— **Trade surplus** *Estimates

Despite a marked deterioration in external trading conditions, Indonesia managed to maintain a satisfactory rate of *real growth*, with estimates varying between the 1980 record of 9.6% and the 5.3% of 1979.

Considerable progress was also made in reducing *inflation*. By December 1981 the annual increase in consumer prices, as measured against a 150-commodity basket for 17 cities in Indonesia, had dropped to 7.3%. One key factor behind this favourable development was domestic rice production which increased by about 10% in 1981 following the 13.3% gain in 1980.

Although the record rice harvests of the past two years resulted in a much reduced import volume of this staple food, *total imports* are estimated to have risen by almost 30% in 1981 – reflecting continued strong investment activity in the oil, manufacturing and construction sectors. *Germany* – the largest supplier from Europe – was able to double its sales to the Indonesian market to over US$ 1 billion in 1981.

While US companies continue to play a predominant role in oil exploration and production, Japanese capital accounts for the bulk of non-oil investment. According to the Investment Coordinating Board, new *foreign investment projects* and expansions of existing foreign investment ventures totalling US$ 1.2 billion received the green light during 1981. This figure was some 34% higher than the foreign investment volume approved a year earlier. Japan again topped the list of investors, followed by Hongkong, the Netherlands, India and Korea. Chemical and timber industries attracted almost a half of the new foreign investment. US$ 729.5 million, or 60% of the total, went into projects on the main island of Java.

The sector of the Indonesian economy which showed a low level of activity in 1981 was *export* and production of export commodities, especially agricultural products. Exports other than oil and gas declined 30% from their 1980 value, representing an absolute decrease of approximately US$ 1.8 billion. Timber registered the biggest decline. The sharp fall in timber shipments was caused, however, not only by poor world market demand but also by recent stringent government export restrictions on logs. Considering the current world oil glut, Indonesia's export of crude oil and liquefied natural gas held up relatively well and managed to offset the drop in non-oil export revenue. Nevertheless, the growth curve of total export revenue flattened out to such an extent that the country's *overall balance of payments* shifted into a US$ 397 million deficit for calendar year 1981. This contrasts with the average annual balance of payments surpluses of around US$ 1 billion over the previous five years. But Indonesia's cushion of official foreign exchange reserves and gold holdings is substantial enough to accommodate a temporary export slowdown.

Because of the contractive effects of the balance of payments deficit on domestic liquidity, the *rupiah* interbank interest rates fluctuated at a high level of between 16% and 20% p.a. for most of the year. On the foreign exchange market the rupiah continued to be relatively steady against the US dollar in the first 11 months of 1981. In December Bank Indonesia – the central bank – allowed the local currency to drift down from Rp 634.25 to Rp 644.00 for one US$, representing a depreciation of 1.5% in one month.

Rate of exchange on Dec. 31, 1981 ....
US$ 1 = Rp 644.00
(as against Rp 626.75 12 months before)

The food industry forms a substantial part of Indonesia's manufacturing sector. Santono Marsudidjaja, Commissary of P. T. Marsico Biscuit Factory, is here explaining the production process of wafers, one of the most popular biscuits in Indonesia, to Tjark H. Woydt (left), Member of the Board of Managing Directors of Eurasbank, and to Jakarta Branch Manager Klaus Zeidler.

Korea

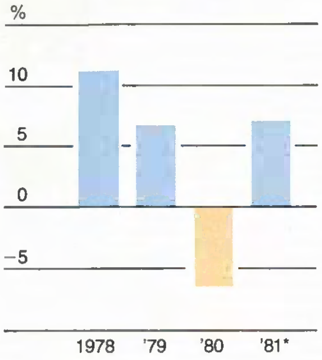
Selected economic indicators

AREA:
98,966 sq.km

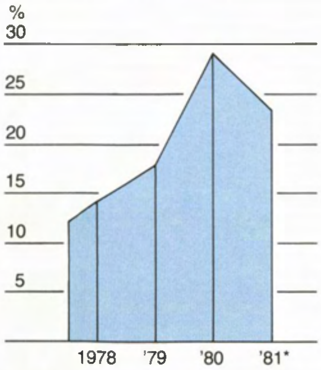
POPULATION:
37.5 million

GDP:
US$ 59.2 billion (1980)

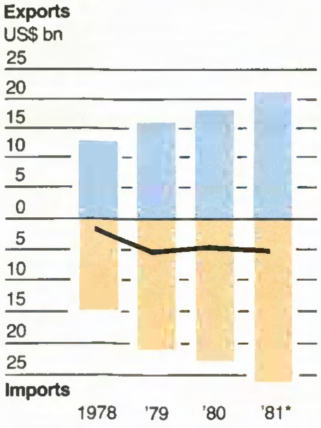
Economic growth (real)



Consumer price inflation



Foreign trade



— Trade deficit *Estimates

After the severe setback suffered in 1980 when real GNP fell by 6.2% and consumer price inflation hit nearly 30%, the year under review brought tangible success in overcoming major economic difficulties. The resumption of economic growth and the drop in inflation in 1981 were fostered by a good harvest and various economic policies. These included a moderate fiscal stimulus, a broad educational campaign to promote wage restraint and continued exchange rate flexibility. According to preliminary statistics for 1981, *economic growth* rebounded to 7%, with manufacturing output increasing by 6.8% after a 1.1% decline in 1980. At the same time *consumer prices* were kept from rising more than 15%, as calculated from December to December.

With the emphasis upon containing "imported" inflation, the government did not allow the won to depreciate significantly: annual devaluation against the US dollar was limited to 6%, compared with 36% in 1980. And in spite of this, Korean *exports* staged an impressive improvement in contrast to general world trends. A rise of 20% brought total exports to over US$ 20 billion in 1981, led in particular by higher shipments of textile goods, transportation equipment and leather products. However, letter of credit arrivals, which reflect future export sales, slowed down in the last few months of the year. In view of import restrictions in the West placed on certain goods from newly industrializing countries, the government has urged its businessmen to diversify their export markets and has itself made vigorous efforts to expand official contacts abroad. Thus the ASEAN countries have now become one of Korea's most important export growth markets. Korean construction companies have also made their first inroads into these burgeoning markets, although the Middle East still accounts for the biggest slice of overseas contracts.

With the notable exception of public construction, *domestic investment activity* remained sluggish in 1981. This was due to a combination of negative factors, such as excess capacity resulting from over-investment in the late 1970s, low profits and weak consumer demand in some sectors. In order to ease the pressure on the financial situation of local companies, the tight monetary policy was further relaxed. Business loan interest rates were lowered in several steps, bringing the *prime lending rate* down by three percentage points to 16.5%. An additional cut to 15.5% was announced in mid-January 1982.

As part of the government's continuing efforts to attract foreign capital to Korea, the list of projects eligible for either full or partial investment was extended in July to cover roughly half of the 855 business lines listed in the nation's standard industrial classification. Of the 427 items where *direct foreign investment* is now allowed, 56 – including the tourist hotel business and the manufacture of automatic data processing equipment – are permitted a 100% non-Korean equity share; 371 items – including the manufacture of medical instruments, motor vehicle parts and accessories, certain sectors of the textile industry and the retail and wholesale businesses – are open for up to 50% foreign ownership. But even under the new guidelines all investment applications still need individual approval.

Because of the slow recovery of private investment and soft world commodity prices, *imports* in 1981 fell short of original forecasts. Korea nonetheless offers a major growth market for foreign manufactured products and raw materials. Under the new five-year plan, the government predicts that total imports will continue to increase at an annual rate of 17.1%, reaching an estimated US$ 59.4 billion by 1986.

Rate of exchange on Dec. 31, 1981 ....
US$ 1 = won 700.50
(as against won 659.90 12 months before)

Old and new – the historic South Gate in the Korean capital and the new building into which Eurasbank Seoul will be moving in mid-1982.

Malaysia

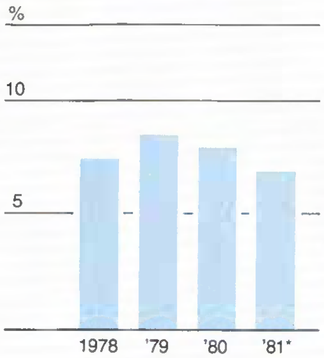
Selected economic indicators

AREA:
330,433 sq.km

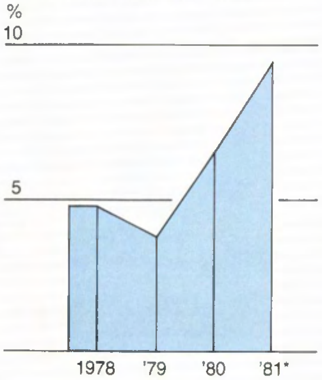
POPULATION:
13.2 million

GDP:
US$ 23.7 billion (1980)

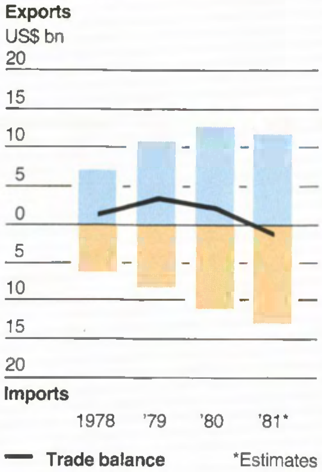
Economic growth (real)



Consumer price inflation



Foreign trade



Malaysia's *export sector* which had served as the main engine of growth during the 1976–80 boom years, suffered a marked downturn in 1981. Despite the diversified mix of natural rubber, tin, palm oil, timber, petroleum and manufactured products, the protracted recession in the industrial countries caused a decline in total export earnings. Fewer housing starts in the United States and Japan, for example, meant less activity for the local timber industry. In the first 10 months of 1981, Peninsular Malaysia registered a trade deficit of M$ 1.99 billion, a sharp reversal from the M$ 1.87 billion surplus in the corresponding period of 1980. Although trade for both Sabah and Sarawak remained in the black, the combined surplus of these two East Malaysian states was not enough to offset the large trade gap of Peninsular Malaysia. Its imports rose by 12% in the 10-month period, while exports were 9% lower compared with a year earlier. The tin sector was the worst performer. Notwithstanding the surprisingly high price level for tin in the second half of the year, the export value of tin fell by no less than 20% over the 10-month period.

Under the impact of the depressed export performance, Malaysia's *current account* is projected to show a deficit of some M$ 5.6 billion for 1981, greatly in excess of the 1980 figure of M$ 542 million. In contrast to this, the capital account of the balance of payments is expected to register a significant improvement over the 1980 figure. The strong inflows of long-term official and private capital during 1981 are likely to yield a surplus of about M$ 6.6 billion in the capital account. The weakening of the external sector of the Malaysian economy was also reflected in a depreciating trend of the *ringgit* against the US dollar throughout the first three quarters of 1981. But the local unit then staged a recovery bringing it back by the close of the year to within 1.2% of its end-1980 level.

Despite the dampening external influences on the level of income and business activity, *overall economic growth* remained relatively strong, supported by a rapid rise in public sector expenditure (up about 19% in real terms). The real GDP growth of an estimated 6.8% in 1981 was still a healthy result following the 8% rate in the previous year. Economic expansion was also sustained by *private investment,* with the oil industry accounting for more than 25% of total private investment during the year. Investment outlays in this industry amounted to M$ 3.2 billion, representing an increase of 51% over 1980 and reflecting heavy investment in production facilities for liquefied natural gas as well as in the oil fields in Sabah, Sarawak and the east coast of Peninsular Malaysia.

Investor confidence in the strong long-term potential of the Malaysian economy was further indicated by the record number of new non-oil industrial projects. According to figures published by the Malaysian Industrial Development Authority (MIDA), 522 projects were granted approval between January and October 1981, equivalent to a 34% increase over the same period of 1980 and almost reaching the figure for the whole of 1974, the best year so far. Foreign equity in these projects amounted to M$ 457 million, up from M$ 209 million in January–October 1980. Leading *foreign investors* were Japan (M$ 62.5 million), Australia (M$ 49.3 million), the United States (M$ 45.8 million), Singapore (M$ 36.0 million), the United Kingdom (M$ 25.8 million), Germany (M$ 23.5 million) and India (M$ 11 million).

Partly as a result of the more expansionary fiscal policy and wage pressures in those industries experiencing labour shortages, the national *consumer price index* recorded an average rise of about 9.5% for 1981, as against the increases of 6.7% in 1980 and 3.6% in 1979. For 1982 the inflation rate is officially forecast to slow only moderately to around 8% or 9%.

The *monetary authorities* continued to keep a tight hand both on money supply growth, which actually declined, and on the cost of credit to priority sectors such as the bumiputra community, small-scale enterprises, agriculture and housing.

Rate of exchange on Dec. 31, 1981 ....
US$ 1 = M$ 2.243
(as against M$ 2.217 12 months before)

Giant dredges extract Malaysia's tin which accounts for about 30% of total world tin output. Malaysia is also the leading natural rubber producing country in the world, with a share of nearly 40%.

Pakistan

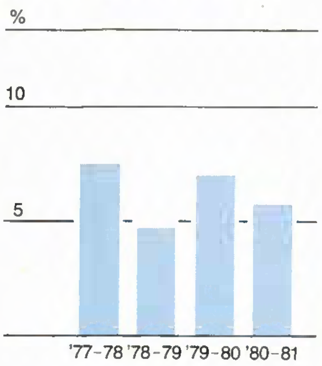
Selected economic indicators

AREA:
803,943 sq.km

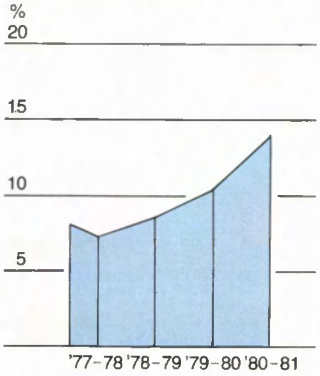
POPULATION:
82.4 million

GDP:
US$ 23.8 billion (1979–80)

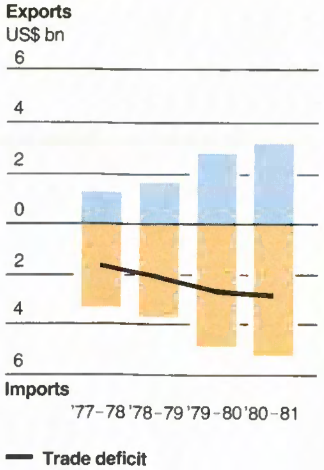
Economic growth (real)



Consumer price inflation



Foreign trade



Pakistan was able to consolidate the economic gains made in the three preceding years. Despite adverse global conditions and the burden imposed by the need to absorb additional Afghan refugees (who now number over 2 million), *economic growth* reached almost 6% during the financial year ending June 1981. This was accompanied by an improvement in the budgetary and balance of payments position. However, inflation-adjusted investment trends continued to give cause for some concern. Although there were signs of revived private sector confidence, central bank estimates revealed that net real fixed investment remained stagnant.

Of all sectors, *manufacturing* registered the highest growth rate. Industrial production rose by 9.2% during 1980–81 as against 9.5% in the preceding year. Latest available data indicate increases in the output of all major industries, with the notable exception of cotton cloth. Among the important industrial projects to come into operation during the year was Pakistan's first steel plant, which has broken the country's total dependence on imported steel. Full production level of 1.1 million tons per year is scheduled to be reached by 1986. Steel imports in the last five years averaged 775,000 tons, but this figure did not reflect the real demand because of foreign exchange constraints. Work on Pakistan's first *export processing zone* in the Karachi area made further progress. About 20 bids for participation from foreign businesses have already been approved, and a first group of investors is soon expected to start producing garments, chemicals, electronic goods and ceramics.

As in previous years, the considerable trade gap was partly offset by the ever-increasing volume of remittances from Pakistanis working abroad, which exceeded US$ 2 billion for 1980–81. Combined with continued foreign assistance (including new debt relief) and the substantial support available under an extended arrangement with the International Monetary Fund, it became possible to introduce some initial *import liberalization* and to further replenish *external reserves*. From June 1980 to June 1981 foreign exchange reserves, excluding gold holdings of the State Bank of Pakistan, rose by about US$ 300 million to US$ 1,058 million.

Notwithstanding the substantial appreciation of the US dollar to which the Pakistan rupee was linked until early January 1982, the total value of *exports* increased by about 25% in 1980–81. This encouraging export performance was mainly attributable to record shipments of raw cotton and rice, with the People's Republic of China accounting for some 65% of total raw cotton exports and thus emerging for the first time as the largest importer of Pakistani goods. It was followed by Iran, exports to which also expanded markedly.

The 14% rise in the total value of *imports* largely resulted from higher import prices. Although wheat imports could be drastically reduced thanks to another bumper wheat crop, petroleum and petroleum products continued to figure most prominently in the nation's import bill. As regards supplies from the EEC countries, only the United Kingdom and Germany were able to maintain their market share.

In spite of a slackening rate of monetary expansion, *inflationary pressures* intensified during the year. The 12-month average of the consumer and wholesale price indices registered increases of 13.9% and 13.3% respectively. This was partly a result of the upward revision of administered prices and supply-demand imbalances in the case of some essential items. In view of the worsening domestic price situation, the practice of prescribing ceilings on *commercial bank credit* to private and public sector enterprises was maintained. The maximum rate for commercial loans remained unchanged at 14% per annum.

Parity rate of exchange on Dec. 31, 1981 ....
US$ 1 = Rs. 9.90 (same as 12 months before)

Pakistan has ended a 10-year link of its currency to the US dollar in favour of a managed float as from January 8, 1982.
The new rate was initially fixed at US$ 1 = Rs. 10.10.

The textile industry makes a substantial contribution to Pakistan's merchandise exports. Our Karachi Branch is involved in establishing contacts between local manufacturers and European customers and simultaneously provides export finance. Branch Manager Jost E. C. Hildebrandt (centre) seen being briefed during his visit to a cotton terry-towel factory of the Habib Industry Group.

Philippines

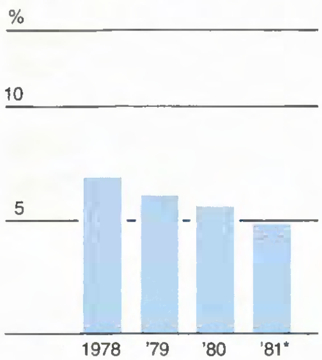
Selected economic indicators

AREA:
300,000 sq.km

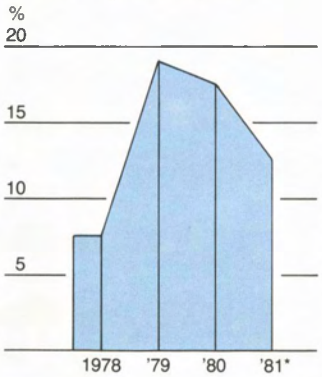
POPULATION:
48.4 million

GDP:
US$ 35.5 billion (1980)

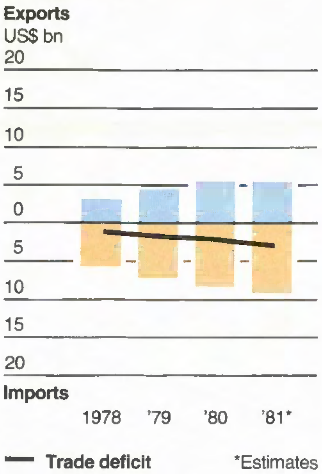
Economic growth (real)



Consumer price inflation



Foreign trade



Among the South-East Asian nations, the repercussions of a sluggish global economy have probably been most heavily felt in the Philippines which is in the middle of a painful period of *structural adjustments* centered on improving its manufacturing and export capability. Nevertheless, it is a measure of the international confidence in this country's economic future, that the Philippines continue to attract international loans at favourable terms and to draw new foreign investment.

According to Board of Investments statistics, a total of ₱ 1.9 billion (US$ 240 million) in *new foreign equity,* excluding reinvested earnings, was approved in 1981, representing a 7% rise above the 1980 figure. The United States remained the leading foreign investor, contributing over a quarter of the total amount. It is remarkable to note that the small Pacific island of Nauru ranked second to this with a US$ 40 million investment in a single project, the construction of a phosphatic fertilizer plant. In third place came the United Kingdom, followed by Dutch and Japanese investors.

Real GNP growth in 1981 dipped to 4.9%, from 5.4% in the previous year. The world recession took its toll of both the agricultural and the industrial sectors of the economy. Beyond this, the early part of the year was also marked by problems in the financial system. Total *export earnings* dropped by 4%, while imports increased by 9% – mainly on account of the rising oil bill which alone represented 39% of total import payments. The stagnation in *non-oil imports* reflected the slower growth of the domestic economy.

The negative trend in exports was typified by the situation of the *coconut industry* which not only constitutes the country's biggest foreign exchange earner but also directly or indirectly provides the livelihood of almost one third of the population. The disappointing export results of this key sector therefore had a significant effect on consumer demand. Although exports of coconut oil showed an increase in volume from 914 thousand tons in 1980 to 1,047 thousand tons in 1981, they declined in value from US$ 565 million to US$ 533 million. The total value of all coconut product exports fell to US$ 769 million in 1981, from US$ 834 million in 1980. In order to reduce the exposure of coconut farmers and processors to violent fluctuations of world market prices, the government has recently given its approval for the first coconut chemical processing complex in the country. A German engineering company is to construct this US$ 125 million plant which will produce fatty acids, fatty alcohol and glycerine.

The 1981 *trade gap* widened to some US$ 2.5 billion. It was partly mitigated by higher remittances from the numerous Filipino workers employed overseas.

Most Asian cities have their public transport problems but Manila has a unique answer: the »jeepney«. These highly decorated converted jeeps operate on set routes like buses. A mechanic puts the finishing touches to a newly converted jeepney.

Altogether, a small surplus was realized in non-merchandise trade notwithstanding the substantial rise in interest payments by 55% to US$ 1.1 billion caused by the uptrend in foreign borrowings and the higher interest rates in world financial markets. Yet a deterioration in the overall balance of payments in 1981 was highlighted by the 18% decline in gross international reserves as well as by the 7.9% depreciation of the peso against the US dollar.

A major positive element in the Philippine economic scene in 1981 was the downtrend in *inflation,* despite important crops being damaged by typhoons. Consumer prices went up on average by 12.5%, the lowest increase since 1978.

Rate of exchange on Dec. 31, 1981 . . . .
US$ 1 = ₱ 8.20
(as against ₱ 7.60 12 months before)

Singapore

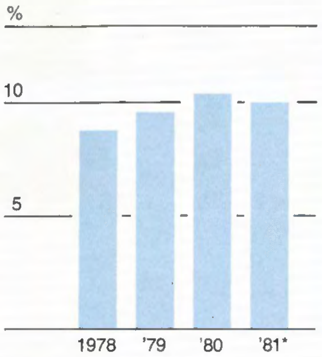
Selected economic indicators

AREA:
618 sq.km

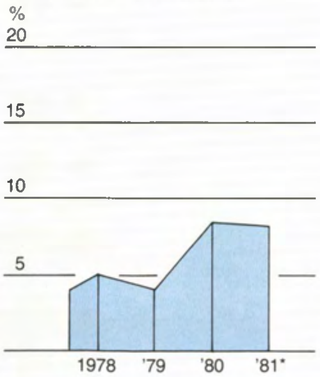
POPULATION:
2.4 million

GDP:
US$ 10.5 billion (1980)

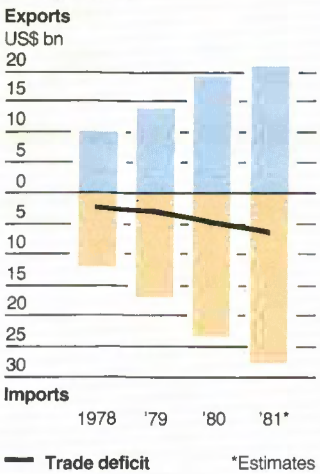
Economic growth (real)



Consumer price inflation



Foreign trade



In view of its high dependence on world trade, Singapore's economic performance in 1981 was impressive. Although timber traders, and electronics, textile and garment manufacturers amongst others were affected by the recession in America and Europe, the estimated rate of *real growth* again came close to 10%. The main growth sectors were financial and business services, construction, transport and communications, and manufacturing. But the most important factor sharpening Singapore's competitive edge has been the further gain in *labour productivity,* with an overall increase of 5.6% in 1981. The highest advance was registered in manufacturing where productivity jumped by over 10% as a result of the government's wage-correction policy and the consequent shift to more capital- and technology-intensive forms of production.

The "Lion City's" outstanding economic and political stability was also reflected in the *exchange rate development.* Against a weighted basket of currencies of its main trading partners, the Singapore dollar appreciated by 8.4% over the year under review. This helped to contain consumer price increases, despite strong domestic demand and continued tightness in the labour market. *Inflation,* though still high by Singapore standards at 8.1%, was slightly lower than the 1980 rate of 8.5%. The strength of the local unit, on the other hand, caused problems to manufacturers exporting to European countries, whose currencies have weakened against the US dollar.

Singapore's *external trade* expanded in 1981 much less rapidly than in the two previous years. Setbacks occured above all in the re-export sector, due to reduced world commodity prices, while exports from domestic industries such as shipbuilding, ship-repairing, oil-rig construction and printing remained dynamic. Total exports were up by only 7% as opposed to the high 35% and 34% increases achieved in 1979 and 1980. Import growth also moderated in 1981, but not to the same extent. It should, however, be recalled that the strong uptrend in the value of total trade in 1979 and 1980 had been partly caused by the cumulative oil price increases – a consequence of Singapore's position as the world's third largest *refining centre* after Houston and Rotterdam. Despite the general decline in oil consumption, local refineries have so far not been plagued by overcapacity. An industrial survey showed that the petroleum refining sector expected even better business for the first half of 1982. This is in contrast to the majority of

manufacturers who predicted a deterioration in their situation in the months ahead.

According to preliminary figures, *net manufacturing investment commitments* seem to have reached a new peak in 1981. For the first nine months of the year, total new commitments reached S$ 1,852 million, an increase of 29.4% over the full-year total of S$ 1,432 million for 1980 which in itself was a record year. New investment commitments in January–September 1981 were directed mainly towards specialty chemicals, oil field equipment, precision engineering products, and electrical and electronic industries. After recording a slow start in the first quarter, *foreign investment* picked up strongly in the following three months and this healthy pace was maintained in the third quarter. The bulk of foreign investment continued to come from the United States. Local interests contributed a larger-than-usual share of total investment in the first quarter of 1981, linked essentially to the expansion of local shipyards. Thereafter their commitments slowed down somewhat, although these nonetheless retained a high level.

The direction of *domestic interest rates* in 1981 was dictated largely by external factors. At the end of December, the average minimum lending rate of commercial banks, as compiled by the Monetary Authority of Singapore, stood at 11.83% – the lowest for the year after its peak at 15.13% around mid-October. The local financial market also witnessed the introduction of the first Singapore dollar denominated floating rate *CDs*. The issuers were the Singapore branches of four international banks, including the European Asian Bank.

Rate of exchange on Dec. 31, 1981 ....
US$ 1 = S$ 2.048
(as against S$ 2.100 12 months before)

A model of the new 47-storey office building which will house the new premises of our Singapore Branch when it is completed in mid-1982. The building is located in the historic Raffles Place (named after the founder of Singapore, Sir Stamford Raffles), in the heart of the central business district of Singapore. The Bank will occupy premises on the first three floors of the podium structure.

While Singapore has made great progress in expanding and upgrading its manufacturing and service industries, the trading sector still represents one of the pillars of the economy. The fact that the city state's external trade is more than four times higher than its GNP underlines its important role as a regional trading entrepot. One of the large number of trading customers of our Singapore Branch is Yak Mong & Company. The sole proprietor Ng Tai Soon discusses his warehousing requirements with Juergen Zieler and Hans-Martin Konrad, Joint General Managers, and Teo Hin Guan, Head of the Branch Loans Department.

Sri Lanka

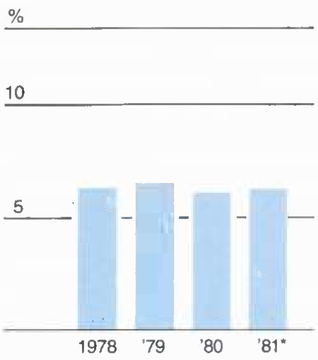
Selected economic indicators

AREA:
65,610 sq.km

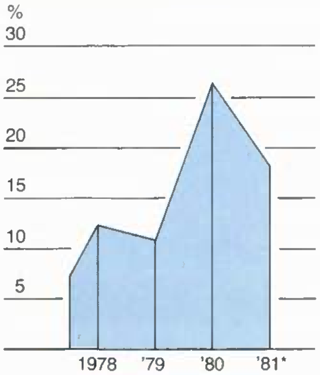
POPULATION:
14.8 million

GDP:
US$ 4.1 billion (1980)

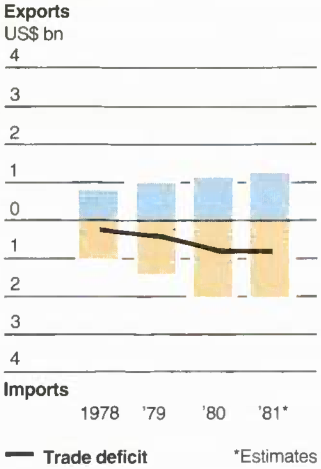
Economic growth (real)



Consumer price inflation



Foreign trade



*Estimates

In the light of the impressive economic revival registered in the two years following the extensive reforms of 1977, this island republic had a somewhat difficult passage through 1980 and 1981. Cost escalations – in the main a result of the steep increases in import prices – and export shortfalls compelled the government to scale down certain projects within its ambitious development plans. In order to bring the budget into reasonable balance, a 25% cut in the *public investment programme* for 1981 had to be imposed in November 1980. These fiscal policies, which were complemented by credit restraints, already appear to have produced some positive results:

– the overall *budget deficit* is estimated to have fallen from 21% of Gross Domestic Product in 1980 to about 15% in 1981;
– *inflation,* as measured by the Colombo Consumers' Price Index, is expected to have slowed down to about 18%, from a peak of nearly 35% in 1980;
– aided by the depreciation of the Sri Lanka rupee, the *trade balance* showed a lower deficit for the first eight months of 1981 than in the corresponding period of the previous year. A significant increase of 50% was recorded in export earnings from textiles and garments;
– most importantly, the economic policy measures taken during the latter half of 1980 and in the first half of 1981 facilitated the resumption of a three-year financing arrangement with the International Monetary Fund. Shortly thereafter the Sri Lanka Aid Group under the sponsorship of the World Bank pledged a record US$ 830 million in *new aid.* The government has been successful in obtaining foreign aid on very favourable terms over the last few years so that in 1980 the *debt service ratio* could be kept at 7.5%. However, in presenting the new budget for 1982 to parliament, the Finance Minister warned that "foreign aid as a source of financing government expenditure is drying up" and announced new taxation measures.

Although construction activity in 1981 slowed somewhat, *overall economic growth* at around 6% was slightly higher than in 1980. This is attributable to the improved performance of the agricultural sector and related processing industries and the continued expansion of service industries. As the Mahaweli project, a huge hydro-power and irrigation complex, will still take some time to complete, further heavy investment was required for the installation of gas turbines as a short-term expedient to compensate for the inadequate supplies of hydro-electric power. Seasonal shortages in the existing reservoirs had led to power cuts during the last two years.

Up to the end of September 1981 a total of over 150 projects had been approved within the *free trade zone* north of Colombo. Some 40 factories were already in operation, providing 18,000 jobs.

Rate of exchange on Dec. 31, 1981 . . . .
US$ 1 = Rs. 20.550
(as against Rs. 18.000 12 months before)

Promotion of the local processing of indigenous raw materials is an important aspect of government economic policy. Inspecting two newly-installed kilns at Haycarb Limited – a totally export-oriented manufacturer of activated carbon from local charcoal – are Haycarb Chairman D. S. Jayasundera and Colombo Branch Manager Bernard Houtekier.

Taiwan

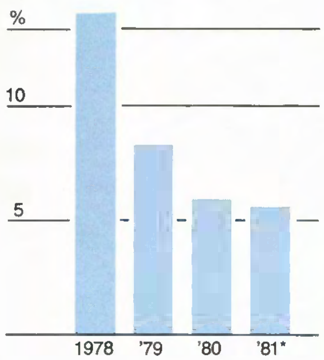
Selected economic indicators

AREA:
35,981 sq.km

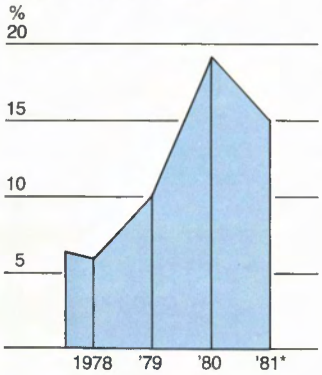
POPULATION:
17.8 million

GDP:
US$ 40.1 billion (1980)

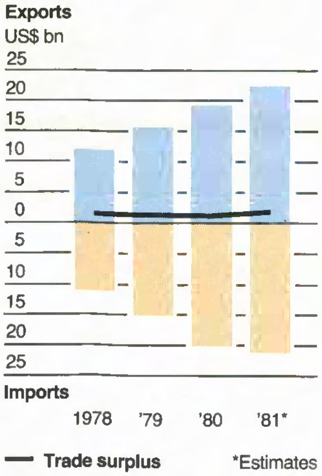
Economic growth (real)



Consumer price inflation



Foreign trade



An English financial magazine recently published its ranking of how 85 non-Comecon economies have performed in real and financial terms during the past eight years since the first oil crisis of 1973. At the top of this list came three of Asia's newly industrializing countries – Taiwan, Singapore and Hongkong.

However, 1981 proved to be slightly less successful, with Taiwan experiencing slower economic growth and less vigorous private investment. This can be largely attributed to adverse economic conditions in the United States and Europe, its two most important export outlets which rank before Japan and Hongkong. According to preliminary indications, *real overall growth* for 1981 was about 5.5% and *manufacturing production* rose only by 3.9%, both significantly lower than the 1978 record rates of 13.9% and 26.2% respectively.

Against this background, the government instituted in late 1981 a series of measures designed to provide a boost to the economy. This package included a *tax credit scheme* to stimulate investment in 17 categories of export-oriented and technology-intensive industries. All productive enterprises now eligible for tax credit may deduct 15% of the amount invested for the purchase of new locally-manufactured machinery and equipment, or 10% of the amount invested for importing new machinery and equipment, from the income tax payable for the year. This investment incentive has been restricted to orders placed between October 19, 1981 and October 18, 1982, so long as deliveries have been completed by October 18, 1983.

The view of Taiwan's economy held by *foreign investors* in 1981 was in marked contrast to the temporarily pessimistic mood of domestic investors. Excluding investments by overseas Chinese, approved new foreign investment applications totalled over US$ 350 million, up some 45% from the previous year's record of US$ 243 million. The services sector, electronics, basic metals and metal manufacturing industries attracted the largest shares.

Exports in 1981 amounted to US$ 22.6 billion and imports to US$ 21.2 billion, giving a sizeable *trade surplus* of some US$ 1.4 billion. This came as something of a surprise since the trade balance for the first half of the year had been in deficit. Yet the improved trade balance during the second half resulted more from the developments in *imports* than from any uptrend in exports. Incoming shipments for the entire year rose only by 7.4%, far below the 33% surge in imports during 1980. This sluggish import growth reflected not only the lower level of economic activity on the island but also the stability of world oil prices.

For most Taiwan *exporters,* 1981 was not a year of particularly brisk business and good profits. Outgoing shipments were up only 14%, compared with 27% in 1979 and 23% in 1980. Besides the general drop in demand because of worldwide recession, this marked deceleration in export growth stems from two other major factors which weakened the position of many locally-made products in world markets: rising local production costs and the steep appre-

Jame Huang, President of United Ceramics Co. Ltd., with Taipei Branch Manager David Black. The company is the leading producer of ceramic tiles in Taiwan.

ciation of the American currency, to which the New Taiwan dollar is closely linked. In an attempt to improve export competitiveness, the government in mid-August devalued the local unit from the previous rate of NT$ 36 to NT$ 38 against one US dollar and broadened the permitted margin of daily exchange rate movements from 2 to 14 cents.

The extent of the exchange rate adjustment was small enough to have only minimal inflationary impact. Although increases in *consumer prices* stayed in the double-digit range, they have been showing a downward trend since April 1981. This allowed the Central Bank to gradually reduce high *interest rates* from the second half of the year onward.

Rate of exchange on Dec. 31, 1981 . . . .
US$ 1 = NT$ 37.84
(as against NT$ 36.01 12 months before)

Thailand

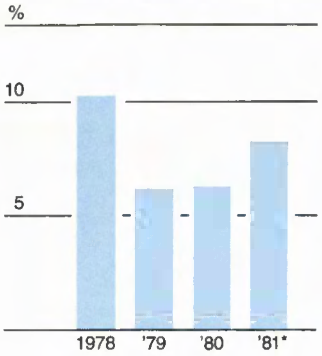
Selected economic indicators

AREA:
514,000 sq.km

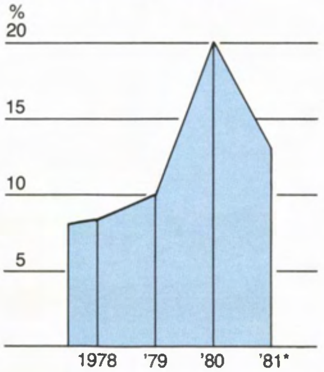
POPULATION:
46.5 million

GDP:
US$ 32.9 billion (1980)

Economic growth (real)



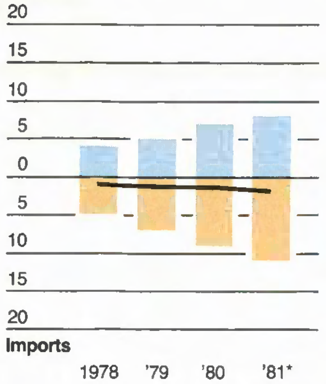
Consumer price inflation



Foreign trade

Exports

US$ bn



Imports

— **Trade deficit** *Estimates

Despite recession abroad and tight liquidity in the first three quarters of the year, the Thai economy continued to expand at a respectable rate. Estimates placed *real economic growth* for 1981 distinctly above the 1980 figure of 6.3%. Most importantly, agriculture performed well, thanks to abundant rainfall. This had a favourable impact on the whole economy, in particular on agro-industries. However, *exporters* had to cope with a sharp drop in world market prices for many of the Kingdom's leading commodities. Rice shipments, the main foreign exchange earner, reached a new record whereas the value and volume of two other major export items, tin and rubber, suffered a decline.

Faced with a trade deficit which had climbed by 60% to about US$ 1.5 billion in the first six months of 1981, the Bank of Thailand twice reduced the value of the currency against the US dollar, in a bid to cut back import demand and increase the export earnings from agricultural and industrial products. In theory the baht has been floating against a basket of currencies since November 1978, but in practice the local unit's fluctuations vis-à-vis the dollar have been very limited. The first relatively small adjustment was made in May and caused the baht to drop by just over one per cent. This move was followed by an 8.7% *devaluation* in July, with the new exchange rate set at B 23 to the dollar as opposed to the previous B 21. This down-grading gave a positive impulse to exports during the rest of the year and also somewhat alleviated the balance of payments problems. Over the past eigth years the deficit in the current account of the Thai balance of payments has risen from less than US$ 100 million to an estimated US$ 2.5 billion.

The devaluation did not have an aggravating effect upon *inflation* since, conversely, the prices of energy and food were dampened largely by the current oil glut in world markets and the good domestic harvest. Although still remaining up in the double-digit range, the rise in consumer prices slackened to roughly 12.5% in 1981 from nearly 20% in 1980.

For a country expending 40% of its export income on imported oil upon which it relies for 75% of its energy needs, the first supplies of the long-awaited *natural gas* from the Gulf of Thailand and the discovery of what appear to be commercially viable domestic reserves of oil represented the most important news of the year. In the initial stage natural gas is expected to reduce the oil bill by 13% a year and to act as a catalyst for the *industrial development* in the Sattahip-Rayong area about 200 kilometres southeast of Bangkok. Among the facilities planned for this area are a gas-separation plant, an ethylene-cracking plant, a fertilizer complex as well as secondary and associated activities. Development of the eastern seabord as an alternative to Bangkok for industry is receiving high priority in the 1982–86 economic plan.

The *liquidity situation* in 1981 was dictated to a considerable extent by overseas interest rates, chiefly in the US markets. As already mentioned, tight money began to ease only in October when several remedial measures were implemented by the authorities, in addition to the across-the-board 1% interest rise in *commercial banks'* deposit and loan rates effective from mid-1981. This also allowed the maximum bank lending charge to be raised from 18% to 19%.

Rate of exchange on Dec. 31, 1981 . . . .
US$ 1 = bath 23.000
(as against baht 20.635 12 months before)

A newly-designed sail for windsurfing boards made by Windglider Thailand Company Ltd. which was set up in 1977 and has since then built up an international reputation as a manufacturer of high-performance light windsurfing boards. Eurasbank Bangkok has been their main banker from the outset.

Australia

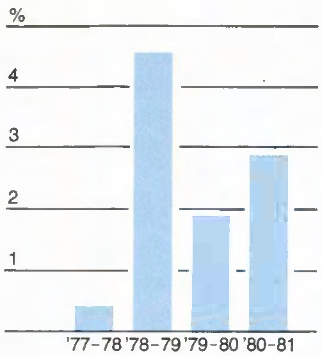
Selected economic indicators

AREA:
7,682,300 sq.km

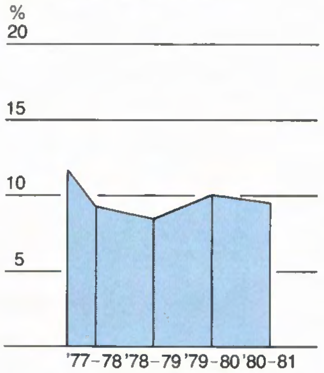
POPULATION:
14.7 million

GDP:
US$ 150.0 billion (1980–81)

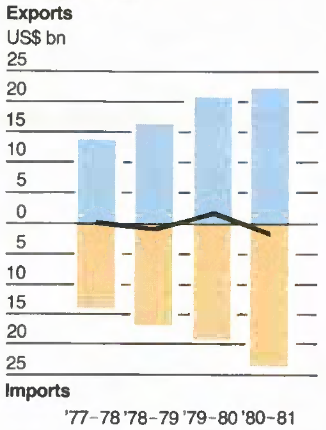
Economic growth (real)



Consumer price inflation



Foreign trade



— **Trade balance**

The most striking development in Australia's foreign trade has been its large and growing involvement with the *Pacific Basin*. Japan has now become by a wide margin the continent's leading customer, and exports to other dynamic Asian markets have been building up at a considerable rate. In 1980–81 sales to ASEAN grew by 13% whilst the country's total exports rose by only 2%. At the same time the recent buoyancy of the Australian economy has attracted increasing interest from Asian traders and investors.

Notwithstanding generally depressed conditions elsewhere in the industrialized world, the fiscal year ending June 1981 saw a strong rise in activity within the Australian economy. A notable development was the shift from the largely export-led upturn in 1979–80 to a more broadly based domestic expansion in 1980–81. *Private business fixed investment* surged by over 20% in real terms – the largest annual advance in 30 years. A firm trend was also maintained in private housing investment, with a real increase of about 11%. While output and incomes of farmers fell substantially because of widespread drought and low commodity prices, real non-farm product grew by 4%. Despite a policy of fiscal and monetary restraint and an appreciating Australian dollar, *inflation* remained relatively high in 1980–81, with the consumer price index showing an increase of 9.5%. A major factor in fuelling inflation has been pressure for higher wages.

The surge in investment has resulted largely from the *accelerated development* of Australia's vast mineral and energy *resources*. The most recent survey (made in June 1981) listed 366 mining and manufacturing projects, totalling some A$ 35.5 billion, which have been committed or are at the stage of final feasibility studies. These are mainly concentrated in three states – Western Australia, Queensland and New South Wales.

Rate of exchange on Dec. 31, 1981 . . . .
A$ 1 = US$ 1.132
(as against US$ 1.181 12 months before)

At the opening of Lloyd's Ships new shipbuilding yard on the Brisbane River in Queensland: (from right to left) D. M. R. Payne, Eurasbank Sydney Senior Representative, Johannes Bjelke-Petersen, Premier of Queensland, Keith Lloyd, Chairman of Lloyd's Ships and Erdmann Vogt, Eurasbank Sydney Representative. In the background is the aluminium framework for a large luxury yacht under construction. Special lines of shipbuilding are one of the many industries financed by our Bank in the Asia-Pacific region.

New Zealand

Since 1974 the country has been faced with three main economic problems: negligible growth, heavy dependence upon imported oil and a chronic current account deficit. These resulted from restricted export possibilities following the United Kingdom's accession to the European Community in 1973, the huge increase in oil prices during the 1970s and from various internal constraints. In order to overcome these problems, the authorities began to implement a *medium-term structural adjustment programme,* which is already showing first positive developments in some areas.

Despite the rather unfavourable state of the world economy, New Zealand has been notably successful in diversifying the geographical and commodity composition of its *exports* (lamb to the Middle East, wool to the U.S.S.R., aluminium to Japan). Aided by a continually falling exchange rate and tax incentives, total export earnings rose by 20% in the year ending June 1981. Links with South-East Asia in particular have been strengthening: the region is a rapidly expanding export market and is also attracting a growing number of New Zealand investors. In Malaysia, for example, New Zealand companies have already set up 12 joint ventures, the bulk of them operating in the manufacturing sector.

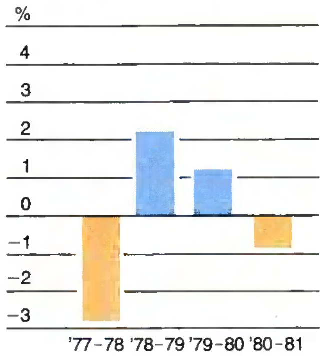
During this decade the government aims greatly to increase energy self-sufficiency and energy-related exports by a series of mainly *foreign-financed projects,* directed at exploiting the country's abundant natural gas, hydro-power and coal resources. The investment in these large-scale projects is tentatively estimated to amount to NZ$ 5 billion at 1980 prices and will include the world's first plant to produce synthetic automobile fuel from natural gas.

Rate of exchange on Dec. 31, 1981 ....
NZ$ 1 = US$ 0.827
(as against US$ 0.962 12 months before)

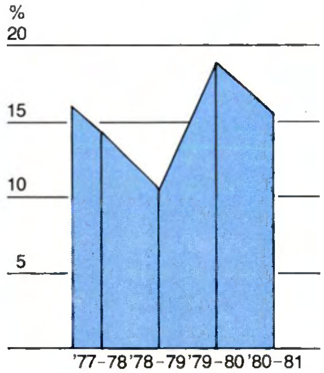
Selected economic indicators

AREA:
269,057 sq.km
POPULATION:
3.1 million
GDP:
US$ 23.1 billion (1980–81)

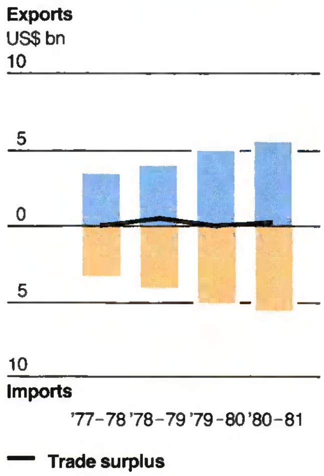
Economic growth (real)



Consumer price inflation



Foreign trade



Review of Business

In 1981 the Bank completed its 10th year of operation. Following its foundation in 1972 by the seven banks of the EBIC Group, European Asian Bank took over and continued on a broader basis the business activities of Deutsch-Asiatische Bank, a bank incorporated in Shanghai in 1889.

1981 was no exception to the pattern of growth established in previous years. In line with the development of most of the Asian economies the expansion was stronger during the first six months of the year. The business volume increased by 27% to DM 6.5 billion, and total assets by 30% to DM 5.3 billion. The expansion was marked by a greater increase than in previous years in customer advances and bills discounted which following an advance of 45% in 1981 now account for about 60% of the total credit volume.

As before, we concentrated on the short-term financing of trade between Europe and Asia as well as between countries within the region, where we expect increasing growth rates in the future. At the same time, we endeavoured to improve and further refine our documentary and non-documentary payment systems and to upgrade our investment advisory services. Because of unsatisfactory margins, we continued to follow a cautious policy towards longer term lending.

Despite restrictions on non-bank deposits in some branch countries, the funding structure was further improved. Deposits from customers increased by DM 704 million or 54%, thus representing 42% of our funds from outside sources. For the first time, the Bank entered the capital market. For the refinancing of our US dollar roll-over term exposure our Netherlands subsidiary successfully placed in June 1981 US$ 50 million in Floating Rate Notes, now officially quoted on the London Stock Exchange. Furthermore, we were one of the first banks in Singapore to issue Singapore dollar denominated Floating Rate Certificates of Deposit – our issue amounting to some S$ 25 million.

In line with the continued growth of the Bank, the share capital was increased in July 1981 by DM 42 million, issued at a price of 225%, thus increasing the Bank's published capital and reserves to DM 299.6 million. The new capital is entitled to dividends with effect from July 1, 1981.

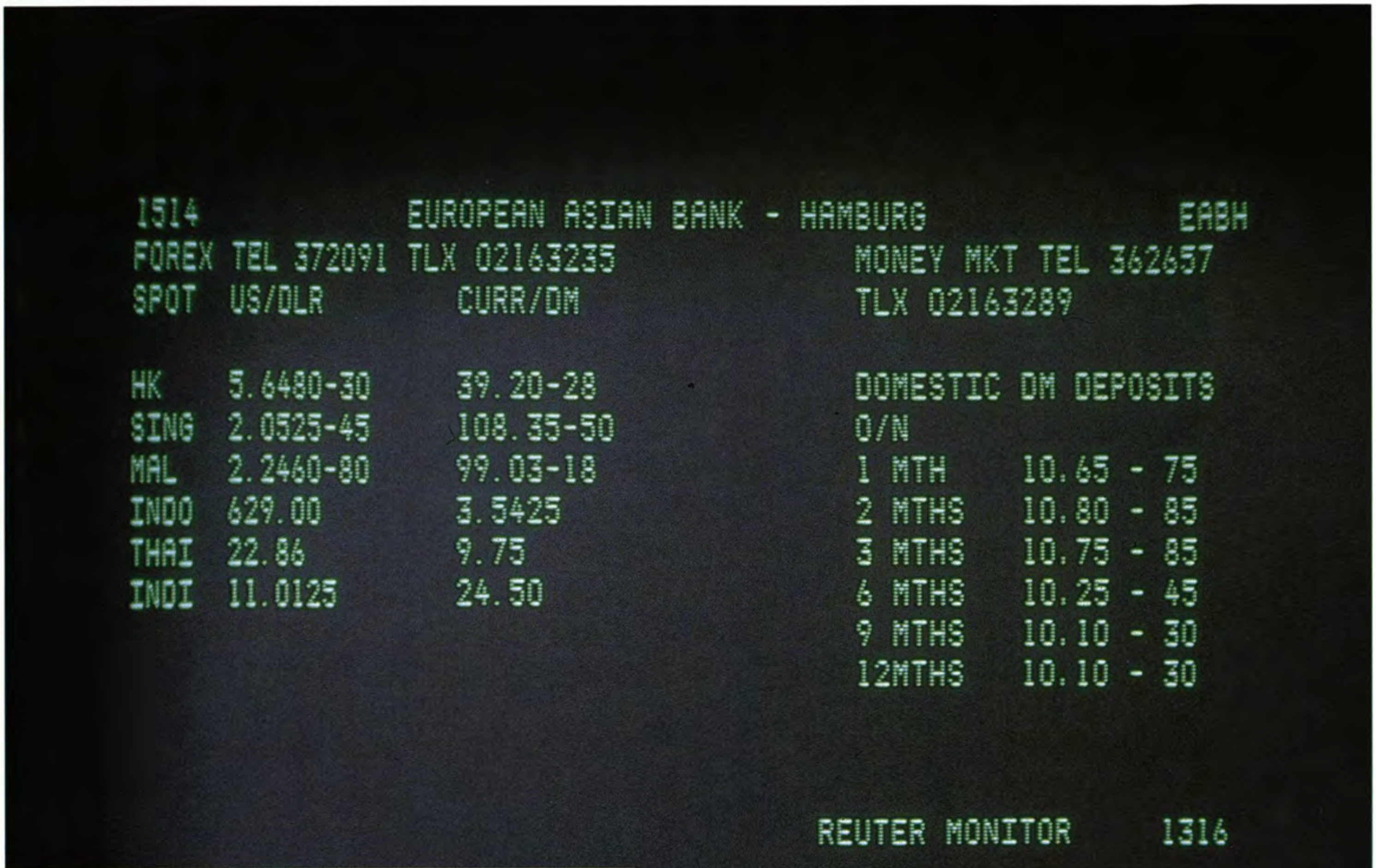
The operating result was further improved despite the continually increasing pressure of competition in a difficult business environment. All our offices contributed to this success. After allocations to provisions reflecting the deteriorating economic scenario in the world, we are thus able to propose to our shareholders an unchanged nominal dividend of 10%. Together with the tax credit payable to shareholders under German Corporate Tax Law this means an effective distribution to shareholders of 14.1%.

The branch network was further extended in 1981, although at a somewhat slower pace than before. Our Hongkong Branch opened two additional sub-branches, one in Telford Gardens in Kowloon and the other in Aberdeen on Hongkong Island. During January 1982, the eighth sub-branch was opened in the industrial area of Kwun Tong. The Bank now has 20 offices overseas in 12 countries.

During the year under review the number of staff increased by 224 to 1,182 persons. The constant training of our employees by means of internal and external courses, exchanges between the branches, and by assignment to Head Office and partner banks is assuming further importance. As in the past, the highly motivated and loyal staff contributed significantly to the success of the Bank, and it is to the staff that we owe our special thanks. Co-operation with the staff representative bodies continued to be informative and constructive.

As the Bank will be operating in an ever more complex and challenging environment in the future, it continues to place heavy emphasis on individual skills and the training of personnel. This includes training periods in overseas branches. The picture shows an officer of Singapore Branch explaining the functions of the Bills Department to a colleague from Taipei Branch.

The Bank's Hamburg Branch is a contributor to the Reuter Monitor Service, providing its latest US$ and DM quotations for selected Asian currencies as well as its domestic DM deposit rates on the "European Asian Bank – Hamburg" page. Inset: The Hamburg dealing room, where the Bank's currency men have Asia's main foreign exchange markets at their fingertips.



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 122.2 million to DM 129.0 million. Balances with the Deutsche Bundesbank and foreign central banks rose to DM 123.2 million.

The sum of liabilities to credit institutions and other creditors, including own acceptances in circulation and sundry liabilities, amounted to DM 4,872.2 million (DM 3,793.6 million last year). The relation of the cash reserve to this figure *(cash liquidity ratio)* was 2.7% (3.2% 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 522.9 million to DM 607.2 million. The proportion of liabilities covered by liquid funds *(total liquidity)* was 12.5% (13.8% last year).

Securities

Treasury bills and non-interest-bearing Treasury bonds and debt instruments increased in total by DM 103.8 million. They served mainly to meet capital and liquidity regulations applicable to the Bank in Germany and in its various branch countries.

Securities with a face value of DM 78.4 million (DM 59.2 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 1,217.6 million (41.8%). The increase in claims on customers was DM 679.7 million (47.1%) and in discounts DM 82.2 million (32.9%).

The breakdown of the volume of credit as at the end of 1981 and 1980 is given on page 33.

Of bills in hand, DM 45.5 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 1,139.6 million to our customers (DM 999.4 million last year).

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

Trade investments

This item increased to DM 6.4 million, mainly as a result of our investment in European Asian Capital B.V., Amsterdam. The trade investments involve obligations to pay up a maximum of DM 3.5 million and a contingent liability for the obligations of other partners in the Liquiditäts-Konsortialbank GmbH, Frankfurt.

The liabilities for calls on shares, arising from trade investments, amounted to DM 297 thousand.

Volume of credit

	DM millions End of 1981		End of 1980	
Claims on customers				
short and medium term	DM 1,740.4	= 42.1%	DM 1,216.9	= 41.7%
long-term	DM 382.1	= 9.3%	DM 225.9	= 7.8%
	DM 2,122.5	= 51.4%	DM 1,442.8	= 49.5%
Discounts	DM 331.8	= 8.0%	DM 249.6	= 8.6%
Lending to credit institutions	DM 1,678.5	= 40.6%	DM 1,222.8	= 41.9%
Total volume of credit	DM 4,132.8	= 100.0%	DM 2,915.2	= 100.0%

Funds from outside sources

	DM millions End of 1981		End of 1980	
Liabilities to credit institutions				
demand deposits	DM 418.6	= 8.7%	DM 500.9	= 13.3%
term deposits	DM 2,370.7	= 49.5%	DM 1,963.4	= 52.1%
customers' drawings on credits opened at other institutions	DM 1.6	= 0.0%	DM 3.9	= 0.1%
	DM 2,790.9	= 58.2%	DM 2,468.2	= 65.5%
Liabilities to non-bank customers				
demand deposits	DM 354.1	= 7.4%	DM 263.9	= 7.0%
term deposits	DM 1,639.0	= 34.2%	DM 1,025.2	= 27.2%
savings deposits	DM 10.0	= 0.2%	DM 9.7	= 0.3%
	DM 2,003.1	= 41.8%	DM 1,298.8	= 34.5%
Total funds from outside sources	DM 4,794.0	= 100.0%	DM 3,767.0	= 100.0%

Trade investments

with book values exceeding DM 0.1 million

European Asian Finance (HK) Ltd. (EAF), Hongkong

European Asian Capital B.V., Amsterdam

Export Credit Insurance Corporation of Singapore Ltd., Singapore

Liquiditäts-Konsortialbank GmbH, Frankfurt/Main

Others

AKA Ausfuhrkreditgesellschaft mbH, Frankfurt/Main

Credit Guarantee Corp. Malaysia Berhad, Kuala Lumpur

Deutsch-Indonesische Tabak-Handels-GmbH, Bremen

Deutsch-Indonesische Tabak-Handels-GmbH & Co. KG, Bremen

Society for Worldwide Interbank Financial Telecommunications S.C. (SWIFT), Brussels

European Asian Bank (Hongkong) Nominees Ltd., Hongkong

European Asian Bank (Singapore) Nominees Priv. Ltd., Singapore

European Asian Nominees (Malaysia) Sdn. Bhd., Kuala Lumpur

Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt/Main

Malaysia Export Credit Insurance Berhad, Kuala Lumpur

Privatdiskont AG, Frankfurt/Main

Fixed assets

The item *land and buildings* increased to DM 4.0 million after additions of DM 0.9 million and ordinary depreciation of DM 0.1 million.

Office furniture and equipment rose to DM 9.9 million, after additions of DM 8.0 million, disposals of DM 0.3 million, ordinary depreciation of DM 3.0 million and special depreciation of DM 0.3 million.

Other asset items

The items *sundry assets* amounting to DM 4.5 million and *transitory items* of DM 3.9 million essentially consist of rental and other security deposits, advance rent payments as well as refundable taxes.

Funds from outside sources

Total funds from outside sources rose by DM 1,027.0 million (27.3%) to DM 4,794.0 million during the year under review. The further improvement in the overall deposit structure is evidenced by the markedly higher proportion of deposits from non-bank customers.

An analysis of developments in funds from outside sources during 1981 is given on page 33.

Provision for special purposes

Provisions for pensions were increased by DM 0.9 million in accordance with the actuarial computation.

Other provisions shown at DM 55.1 million (DM 34.9 million last year) include, besides provisions for tax and other liabilities of uncertain magnitude, that part of the statutory general provision for credit losses which cannot be offset against asset items.

Other liability items

Sundry liabilities amounting to DM 2.5 million and *transitory items* totalling DM 2.1 million cover liabilities outside the banking business such as sundry accounts payable and rent, commission and interest payments received in advance.

The special items including reserves were written back in accordance with the Developing Countries Tax Law by DM 0.6 million to DM 9.2 million.

Contingent liabilities

Endorsement liabilities on rediscounted bills rose by DM 26.4 million to DM 107.8 million.

Liabilities arising from guarantees given, bills of exchange, cheques guaranteed and warranty contracts increased by DM 140.2 million to DM 1,139.6 million.

PROFIT AND LOSS ACCOUNT

Earnings from the volume of business

Interest revenue from lending and money market transactions and current revenue from securities increased from DM 416.9 million to DM 692.3 million. Against this revenue was *interest and similar expense* of DM 574.7 million (DM 339.2 million last year). The net interest income, which increased to DM 117.6 million, was – on translation into DM – positively affected by the strengthening of major operating currencies of the foreign branches.

Earnings from services

Net commissions and other revenue from service transactions rose by DM 9.7 million to DM 32.4 million.

Other revenue

Other revenue, shown at DM 1.7 million, *including that from the writing back of provisions for possible loan losses,* is compensated in accordance with the relevant regulations by the depreciation and adjustments on claims and securities and allocations to provisions for possible loan losses. This also includes revenue from rentals and taxes repaid in respect of previous years.

Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses

Due to the substantial growth in lendings, the amounts set aside for the statutory general provision for possible loan losses were considerably higher than the corresponding figures for the previous year. Additionally, measures were taken to strengthen the Bank's overall reserve position.

Staff and other administrative expense

Staff expense rose by DM 11.4 million to DM 37.3 million (44.0%) due to additional staff 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 224 to 1,182 in 1981.

Expenditure on material for the banking business increased from DM 13.9 million to DM 19.6 million (41.0%).

Taxes

Taxes on income, earnings and property increased by DM 9.9 million to DM 33.4 million.

Other taxes amounting to DM 2.1 million included DM 0.9 million of capital investment tax payable on the capital increase implemented in 1981 and DM 1.0 million turnover tax on interest levied in foreign countries.

Remaining expense

Total remuneration of the Board of Managing Directors amounted to DM 911,690.53.

Payments to former members of the Board of Managing Directors or their surviving dependants aggregated DM 208,987.08.

Emoluments of the Supervisory Board – including fixed payments and those subject to the annual dividend paid – totalled DM 133,900.

Proposed appropriation of profits

The profit and loss account for the Bank shows:

Revenue	DM 728.2 million
Expense	DM 715.6 million
Year's net earnings	DM 12.6 million
Disposable profit	DM 12.6 million

It will be proposed to the shareholders that the disposable profit of DM 12.6 million be used to pay a dividend of 10% on the share capital of DM 147.0 million, of which DM 42.0 million is eligible for dividend as from 1. 7. 1981. In view of the tax credit resulting from the German Corporate Tax Law, this represents an increase to 14.1% in the total yield for shareholders.

Hamburg, February 1982

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, 1981, 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 1982 THE SUPERVISORY BOARD

Chairman

Balance Sheet
as at December 31, 1981

Profit and Loss Account
for the period from January 1 to December 31, 1981

European Asian Bank AKTIENGESELLSCHAFT

ASSETS

		DM	DM	31. 12. 1980 in DM 1,000
Cash in hand			5,669,307.39	3,773
Balances with the Deutsche Bundesbank			65,052,274.13	59,106
Balances with foreign Central Banks			58,120,031.54	59,016
Balances on postal cheque accounts			158,518.64	269
Cheques on other banks, matured bonds, interest and dividend coupons, and items received for collection			1,032,520.88	6,805
Bills discounted			223,977,009.38	167,334
including: a) rediscountable at the Deutsche Bundesbank	DM 45,544,909.58			
b) own drawings	DM 5,496,501.60			
Claims on credit institutions				
a) payable on demand		204,394,648.19		241,408
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months		602,860,377.27		680,174
bb) at least three months, but less than four years		1,622,938,221.79		1,190,727
bc) four years or longer		55,537,101.15		32,099
			2,485,730,348.40	2,144,408
Treasury bills and non-interest-bearing Treasury bonds				
a) of the Federal Republic and the Laender		—.—		—
b) others		45,732,075.55	45,732,075.55	38,831
Bonds and debt instruments				
a) with a life of up to four years				
aa) of the Federal Republic and the Laender	DM —.—			—
ab) of credit institutions	DM 35,812,148.33			10,899
ac) others	DM 23,452,667.81	59,264,816.14		20,003
including: eligible as collateral for Bundesbank advances DM 12,358,933.33; foreign Central Bank advances DM 23,452,667.81				
b) with a life of more than four years				
ba) of the Federal Republic and the Laender	DM 27,601,916.67			8,761
bb) of credit institutions	DM 102,405,335.15			59,127
bc) others	DM 27,796,420.24	157,803,672.06		21,389
			217,068,488.20	120,179
including: eligible as collateral for Bundesbank advances DM 85,168,024.99; foreign Central Bank advances DM 60,553,704.99				
Securities, so far as they have not to be included in other items				
a) shares marketable on a stock exchange and investment fund certificates		3,053,225.43		10
b) other securities		—.—		61
			3,053,225.43	71
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		1,740,375,619.57		1,216,881
b) four years or longer		382,093,406.88		225,907
			2,122,469,026.45	1,442,788
including:				
ba) secured by mortgages on real estate	DM 1,850,063.81			
bb) communal loans	DM 2,139,536.—			
Equalisation and Covering Claims on Federal and Laender authorities under the Currency Reform Laws of 1948			190,779.32	207
Trade investments			6,361,893.—	2,065
including: in credit institutions	DM 6,049,840.95			
Land and buildings			3,975,467.38	3,186
Office furniture and equipment			9,917,356.81	5,458
Sundry assets			4,526,461.35	2,588
Transitory items			3,913,414.30	3,241
TOTAL ASSETS			5,256,948,198.15	4,059,325
The assets and the rights of recourse in respect of the liabilities shown below the liabilities side include				
a) claims on associated companies			81,671,906.15	22,200
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)			14,138,852.01	6,711

BALANCE SHEET as at December 31, 1981

LIABILITIES

	DM	DM	DM	31. 12. 1980 in DM 1,000
Liabilities to credit institutions				
a) payable on demand		418,565,644.64		500,918
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	622,497,040.30			707,202
bb) at least three months, but less than four years	1,520,005,843.14			1,184,804
bc) four years or longer	228,226,888.62	2,370,729,772.06		71,380
including: due in less than four years .... DM 1,252,774.60				
c) customers' drawings on credits opened at other institutions		1,639,281.38		3,919
			2,790,934,698.08	2,468,223
Banking liabilities to other creditors				
a) payable on demand		354,101,104.24		263,891
b) with agreed life, or subject to agreed period of notice, of				
ba) less than three months	597,809,889.94			477,434
bb) at least three months, but less than four years	840,463,898.41			405,296
bc) four years or longer	200,727,873.44	1,639,001,661.79		142,478
including: due in less than four years DM 69,885,210.64				
c) savings deposits				
ca) subject to legal period of notice	3,222,856.04			3,230
cb) others	6,751,717.73	9,974,573.77		6,507
			2,003,077,339.80	1,298,836
Own acceptances and promissory notes in circulation			75,646,661.89	24,421
Provisions for special purposes				
a) for pensions		6,240,881.—		5,386
b) others		55,093,349.64		34,883
			61,334,230.64	40,269
Sundry liabilities			2,528,252.41	2,101
Transitory items			2,056,446.33	938
Special items including reserves in accordance with the Developing Countries Tax Law			9,169,769.—	9,811
Capital			147,000,000.—	105,000
Published reserves				
a) statutory reserve fund (including premium of DM 52,500,000.— from capital increase 1981)		148,500,800.—		96,001
b) other reserves		4,100,000.—		4,100
			152,600,800.—	100,101
Disposable profit			12,600,000.—	9,625
TOTAL LIABILITIES			5,256,948,198.15	4,059,325

Own drawings in circulation	106,929,382.87	77,073
including those discounted for borrowers' account .... DM —.—		
Endorsement liabilities on rediscounted bills of exchange	107,807,011.78	81,440
Liabilities arising from guarantees of various kinds and warranty contracts	1,139,606,284.18	999,405
Savings premiums under the Savings Premium Law	2,221.60	2
Comprised among the liabilities are those (including those shown below the balance sheet) to associated companies	143,757,975.72	22,027

EXPENSE

	DM	DM	1980 in DM 1,000
Interest and similar expense		574,665,813.89	339,207
Commissions and similar expense in respect of service transactions		896,629.48	845
Depreciation and adjustments on claims and securities, and allocations to provisions for possible loan losses		42,958,578.17	22,891
Salaries and wages		30,225,082.—	20,866
Social security contributions		2,041,969.15	1,523
Expenditure on retirement pensions and other benefits		4,993,306.48	3,505
Expenditure on material for the banking business		19,637,334.35	13,935
Depreciation and adjustments on land and buildings, and on office furniture and equipment		3,356,966.91	2,385
Write-downs of trade investments		—.—	45
Taxes			
a) on income, earnings and property	33,384,861.01		23,480
b) others	2,079,057.35		1,121
		35,463,918.36	24,601
Allocations to special items including reserves		—.—	2,779
Other expense		1,396,414.20	328
Year's net earnings		12,600,000.—	9,625
TOTAL EXPENSE		728,236,012.99	442,535

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 650,937.47 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 109%, 114%, 123%, 132% and 137% of that amount.

Hamburg, February 22, 1982

EUROPEAN ASIAN BANK AG
Board of Managing Directors

Boehm *Korsch* *Woydt*

for the period from January 1 to December 31, 1981

REVENUE

	DM	DM	1980 in DM 1,000
Interest and similar revenue from lending and money market transactions		677,157,716.32	408,118
Current revenue from			
a) fixed-interest securities and debt register claims	15,008,599.03		8,850
b) other securities	91,630.35		1
c) trade investments	15,281.25		8
		15,115,510.63	8,859
Commissions and other revenue from service transactions		33,271,937.88	23,512
Other revenue, including that from the writing back of provisions for possible loan losses		1,701,045.38	1,390
Revenue from the writing back of provisions for special purposes, so far as it has not to be shown under "other revenue"		348,536.78	15
Revenue from the writing back of special items including reserves		641,266.—	641
TOTAL REVENUE		728,236,012.99	442,535

DM	1980 in DM 1,000
12,600,000.—	9,625
—.—	—
—.—	—
12,600,000.—	9,625

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 27, 1982

TREUVERKEHR AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Nebendorf
Wirtschaftsprüfer
(Chartered Accountant)

Brackert
Wirtschaftsprüfer
(Chartered Accountant)

European Asian Bank in Brief

Background

The Hamburg-based European Asian Bank stands in a continuous and independent tradition of banking in Asia which stretches back for nearly a century. In 1972 the Bank was re-established in its present form under the joint ownership of seven of the largest international banks in Europe.

Amsterdam-Rotterdam Bank	Netherlands
Banca Commerciale Italiana	Italy
Creditanstalt-Bankverein	Austria
Deutsche Bank AG	Federal Republic of Germany
Midland Bank Limited	Britain
Société Générale de Banque Generale Bankmaatschappij	Belgium
Société Générale	France

Members of ebic, European Banks International

Affiliates

Banque Européenne de Crédit (BEC)	Brussels
European Banking Company (EBC)	London
European American Bancorp (EAB)	New York – Chicago – Los Angeles – San Francisco – Miami – Bermuda – Cayman Islands – Nassau (Bahamas) – Panama
European Arab Bank	Brussels – Cairo – Frankfurt – London – Manama
Euro-Pacific Finance Corporation	Brisbane – Melbourne – Sydney

Services

European Asian Bank is a specialist bank for business in the Asia-Pacific region, operating a branch network which now spans 11 countries from Pakistan to Korea, plus a representative office in Sydney. The Bank provides a wide range of local and international banking services, including:

- local currency financing in

  baht (Thailand)
  Hongkong dollar
  Indian rupee
  Pakistan rupee
  ringgit (Malaysia)
  rupiah (Indonesia)
  Singapore dollar
  Sri Lanka rupee
  New Taiwan dollar
  won (Korea);

- all types of documentary transactions;
- international trade finance;
- money transfers;
- foreign exchange facilities;
- local and foreign currency bonds and guarantees;
- onshore and offshore financing in Asia- and Eurocurrencies;
- medium- and long-term financing for projects in South-East Asia, also linked with European and US export finance;
- tailor-made financial schemes adapted to local conditions;
- deposit accounts in local and foreign currencies;
- certificates of deposit (CDs) in local and foreign currencies;
- securities transactions and portfolio management;
- contact and advisory services: international trade contacts, foreign direct investment advice.

Management and Senior Officers – Head Office and Branches

Head Office
European Asian Bank AG
Business address:
Neuer Wall 50
D-2000 Hamburg 36
Postal address:
P.O. Box 10 19 20
D-2000 Hamburg 1
Fed. Rep. of Germany
Tel.: (0 40) 36 14 6-0
Telex: 2 162 228 eur d

Board of Managing Directors
Michael Boehm
J. Nikolaus Korsch
Tjark H. Woydt

The Bank's new headquarters in the City of Hamburg.

Corporate Banking
Jan Imbeck
General Manager
Lutz-Henning Pabst
Senior Manager
Erika Bellstedt
Manager
Robert Gauthié
Manager
Bernd Ulrich Timm
Manager
Rolf Doerges
Senior Asst. Manager
Hans-Peter Hecker
Senior Asst. Manager

International Finance Dept.
John A. Miles
Director
Georges Legros
Asst. Director
Rogers D. LeBaron
Manager

Correspondent Banking
Jan Imbeck
General Manager

Treasury
Marcus C. Davison
Treasurer
Manfred Schauer
Asst. Treasurer

Investment Advice/ Portfolio Management
Dieter Haarmann
Manager

Legal Affairs
Dr. Guenther Sattelhak
Counsel
Gunnar Kaul
Asst. Counsel

Economic Research Public Relations
Michael Niss
Manager

Administration
Hermann Schellbach
General Manager
Klaus Hentschel
Senior Asst. Manager
Christa Roehl
Senior Asst. Manager

Personnel
Uwe Rummert
Manager

Accounting and Control
Gunnar Kruse
Chief Accountant and Controller
Heinrich Wende
Senior Asst. Manager

Internal Audit
Edmund G. Saunders
Inspector
Erich Steen
Senior Asst. Manager

Hamburg Branch
European Asian Bank AG
Hamburg Branch
Business address:
Neuer Wall 50
D-2000 Hamburg 36
Postal address:
P.O. Box 10 19 20
D-2000 Hamburg 1
Fed. Rep. of Germany
Tel.: (0 40) 36 14 6-0
(0 40) 37 20 91 (forex)
Telex: 2 162 228 eur d
2 163 235 eur d (forex)
Manager:
Reinhold Hippel
Manager – Internal:
Heinz-Georg Moschkau
Dep. Manager:
Peter Lang
Senior Asst. Manager:
Peter Ruge
Senior Asst. Manager:
Helmut Fleischer

Foreign Exchange/ Money Market Operations
Detlef Keitsch
Manager

Asian Branches

Bangkok

European Asian Bank
Bangkok Branch
28/1 Surasak Road
G.P.O. Box 1237
Bangkok, Thailand
Tel.: 233-86 60-67
233-86 68 (forex)
Telex: 87 949 euras th
87 950 euras th
Manager: Rainer Mueller
Senior Asst. Manager – Loans:
Patrick D. O'Brien
Asst. Manager – Internal: Fried Schroeder

Bombay

European Asian Bank
Bombay Branch
Tulsiani Chambers
Post Bag 9995
Nariman Point
Bombay 400 021, India
Tel.: 22 32 62
Telex: 11 4042 eura in
Manager: Douglas T. Neilson
Manager – Operations & Marketing:
Harkirat Singh

International Finance Group
for South Asia
Regional Director: Udayan Bose
Project Manager: Vijay V. Meghani

Colombo

European Asian Bank
Colombo Branch
90 Union Place
P.O. Box 314
Colombo 2, Sri Lanka
Tel.: 54 70 62-67
Telex: 21 506 euras ce
21 589 euras ce
Manager: Bernard Houtekier
Senior Asst. Manager – Internal: Viggo Ruf
Asst. Manager – Internal: C. R. S. Perera

Hongkong

European Asian Bank
Hongkong Branch
– Main Office –
New World Tower
16–18 Queen's Road C.
G.P.O. Box 3193
Hongkong
Tel.: 5-26 31 51, 5-24 93 55
5-26 30 60 (forex)
Telex: 73 498 euras hx
65 355 euras hx (forex)
Joint Chief Managers:
Horst Kaiser
Juergen-Lewin von Schlabrendorff
Manager: Frederick Leung Un
Manager – EDP: Alfred Bachofer
Manager – Loans: Michael Jones
Manager – Internal:
Andrew Kwong Hon Kwan
Manager – Securities: Nicholas Pertwee
Manager – Foreign Exchange:
Jochem W. Rollar
Senior Asst. Manager – Customer Services:
Martin J. Sperring
Senior Asst. Manager – Bills:
Ko Hung Wong
Senior Asst. Manager – Loans:
Ali Ting Fun Kam

Aberdeen Sub-Branch
48–50 Aberdeen Main Road
Aberdeen, Hongkong
Tel.: 5-54 64 27
Manager: Mike Kai Ning Leung

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

Kwai Chung Sub-Branch
222B Wo Yi Hop Road
Kwai Chung, New Territories, Hongkong
Tel.: 0-28 34 11
Manager: Kok Ki Mui

Kwun Tong Sub-Branch
56 Hong Ning Road
Kowloon, Hongkong
Tel.: 3-41 13 84
Manager: Patrick Yiu Hung Wong

Mongkok Sub-Branch
Wu Sang House
655 Nathan Road
Kowloon, Hongkong
Tel.: 3-94 02 23
Manager: Barry Shing Nin Chan

San Po Kong Sub-Branch
24 Tai Yau Street
Kowloon, Hongkong
Tel.: 3-27 81 91
Manager: Stephen Chak Wai Lam

Telford Gardens Sub-Branch
Unit P. 19 Telford Gardens
Kowloon Bay
Kowloon, Hongkong
Tel.: 3-757 16 11
Manager: William Lai-Ki Lam

Tsimshatsui Sub-Branch
7 Cameron Road
Kowloon, Hongkong
Tel.: 3-66 43 57
Manager: Franklin Chi-Ming Lee

Jakarta

European Asian Bank
Jakarta Branch
Eurasbank Building
80 Jl. Imam Bonjol
P.O. Box 135
Jakarta, Indonesia
Tel.: 35 82 92, 34 20 45-46, 35 64 09
34 15 37/34 30 81 (forex)
Telex: 44 114 euras ia
45 841 euras ia (forex)
46 513 euras ia (forex)
Manager: Klaus Zeidler
Dep. Manager: Heinz Poehlsen
Manager – Loans:
Budhy G. W. Budhyarto
Manager – Internal:
Archibald B. Davidson
Dep. Manager – Forex/Loans:
Daniel Mollé
Asst. Managers – Loans:
Muhammad D. Achberia
Gunawan Hutauruk
Asst. Manager – Accounting:
Rasidjah Djunaedi

Karachi

European Asian Bank
Karachi Branch
Unitowers
I. I. Chundrigar Road
P.O. Box 4925
Karachi, Pakistan
Tel.: 22 86 11-13
22 14 03, 22 14 13
Telex: 2862 eur pk
Manager: Jost E. C. Hildebrandt
Manager – Loans: Amin-ur-Rehman Khan
Manager – Foreign Dept.:
Irudiyanadan N. Francis
Manager – Customer Services:
Dhunji P. Randeria
Asst. Manager – Internal: Abdus Sattar
Asst. Manager – Foreign Dept.: Syed S. Ali

Kuala Lumpur
European Asian Bank
Kuala Lumpur Branch
Yee Seng Building
15 Jalan Raja Chulan
P.O. Box 2211
Kuala Lumpur, Malaysia
Tel.: 29 94 53, 20 68 11
20 16 81 (forex)
Telex: euras ma 30 464
euras ma 31 071 (forex)
Manager: Holger F. des Coudres
Senior Asst. Manager – Internal:
Cheah Yoke Loong
Senior Asst. Manager – Loans:
Wong Ah Meng

Manila
European Asian Bank
Manila Offshore Branch
17th Floor, Filinvest Financial Center
8753 Paseo de Roxas
MCC P.O. Box 2286
Makati, Metro Manila, Philippines
Tel.: 817 29 61
817 28 61 (forex)
Telex: 63 625 euras pn
45 872 euras pm
63 931 euras pn (forex)
49 517 euras pm (forex)
22 601 euras ph (forex)
Manager: Eric D. C. Thomson
Dep. Manager: Johnny S. Lim
Asst. Manager – Internal: Dirk Schroeder

Seoul
European Asian Bank
Seoul Branch
Daewoo Center
541 Namdaemunro 5-Ka
Chung-Ku
C.P.O. Box 8904
Seoul 100, Korea
Tel.: 778-33 91-95
Telex: 26 353 euras k
Manager: Kevin H. Cain
Dep. Manager: Edgar Heider
Senior Asst. Manager – Loans:
Kun Il, Chung
Asst. Manager – Foreign Exchange:
Chin Dong, Chung
Asst. Manager – Operations: John D. Luque

New business address from mid-1982:
51-1 Namchang-Dong
Chung-Ku
Seoul 100

Singapore
European Asian Bank
Singapore Branch
Business address:
Overseas Union House
50 Collyer Quay
Singapore 0104
Postal address:
Maxwell Road P.O. Box 3941
Singapore 9059
Tel.: 224 46 77
224 41 44 (forex)
Telex: rs 21 189 euras
rs 21 190 euras (forex)
Joint General Managers:
Hans-Martin Konrad
Juergen R. Zieler
Dep. Manager: James Ong Phee Hoon
Manager – Foreign Exchange:
Steven Tan Leng Kok
Senior Asst. Managers – Loans:
Heinz Schadach
Bobby Teo Hin Guan
Andreas Veith
Senior Asst. Manager – EDP:
Eric Ng Teck Leng
Asst. Manager – Accounting: Lucy Chia
Asst. Manager – Internal:
Nicolaas S. A. Luijten
Asst. Manager – Personnel & General Affairs: Patrick Seet Boon Pheng

Taipei
European Asian Bank
Taipei Branch
180 Chung Hsiao East Road
Sec. 4
P.O. Box 87-340
Taipei, Taiwan
Tel.: 772-25 80-89
Telex: 23 748 eurastpi
23 974 eurastpi
Manager: David Black
Dep. Manager: Santiago S. Cua, Jr.
Senior Asst. Manager – Operations:
Bernd Sperber
Asst. Manager – Loans: Weih Heng Chang
Asst. Manager – Foreign Dept.:
Huan-Chang Chen

Sydney
European Asian Bank
Representative Office for
Australia and New Zealand
Business address:
12th Floor, 20 Martin Place
Sydney, New South Wales 2000
Postal address:
Box 3364 G.P.O.
Sydney, New South Wales 2001
Australia
Tel.: 241 38 67
Telex: eur aa 71 199
Senior Representative: D. M. R. (Ray) Payne
Representative: E. (Erdmann) R. G. Vogt

Affiliate
European Asian Finance (HK) Ltd.
New World Tower
16–18 Queen's Road C.
Hongkong
Tel.: 5-25 91 02
Telex: 63 841 eafhk hx
73 498 euras hx
Managing Director:
Michael Hanson-Lawson
Manager: Christopher Howe

Cables for all* offices:
EURASBANK
* for Bombay: bankeuras

European Asian Bank