

Chairman's Statement



Wee Cho Yaw

Chairman & Chief Executive Officer

The economic rebound that Singapore expected in the second half of 2002 did not materialise. The threat of a war in Iraq and fears of more acts of terrorism by Islamic radical groups dampened the US and world economies. As a consequence, the Singapore economy only grew by 2% last year.

Reflecting the poor business climate, the FEB Group's After-Tax Profit dropped to \$7.6 million, from \$7.9 million in 2001. While total assets grew by 5.4% to \$793 million and total deposits increased by 6.1% to \$639.6 million, net interest income fell by 6.8% to \$14.2 million. The poor business environment caused Non-Performing Loans to increase from \$26.8 million in 2001 to \$29.2 million last year.

The Board proposes to transfer \$6 million to Reserves and to recommend a first and final dividend of 2% less 22% income tax for the financial year ended 31 December 2002. Total dividend paid out would amount to \$1.6 million.

The 2003 business climate is clouded with uncertainties. The war in Iraq and its aftermath will have a significant impact on the world economy. Singapore will thus face another challenging year.

The banking sector will also face greater competition as the Government proceeds with its liberalisation programme. The FEB Group will, therefore, have to work much harder to maintain its niche market of the small and medium-sized enterprises. And it will continue to work closely with the United Overseas Bank Group to ensure that FEB customers enjoy the same level of quality service and products.

In conclusion, I would like to thank Board Directors for their wise counsel during the past year, and management and staff members for their dedication and contributions.

Wee Cho Yaw

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March 2003