

**PAN CARIBBEAN FINANCIAL SERVICES LIMITED**

and its subsidiaries

Audited Financial Statements for the year ending December 31, 2002

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**Consolidated Profit and Loss Account**

	<b>12-Months to December 2002 \$' 000</b>	<b>15-Months to December 2001 \$' 000</b>
<b>Revenue</b>		
Interest Income	265,459	366,147
Fees & Other Income	<u>279,168</u>	<u>220,531</u>
Total Revenue	544,627	586,678
<b>Expenses</b>		
Interest	125,498	199,437
Administration	142,786	169,136
Provisions	<u>58,664</u>	<u>100,936</u>
Total Expenses	<u>326,948</u>	<u>469,509</u>
<b>Operating Profit</b>	217,679	117,169
Exceptional Charges	<u>-</u>	<u>(29,762)</u>

<b>Pre-Tax Profit</b>	217,679	87,407
Taxation	<u>(654)</u>	<u>1,027</u>
	217,025	88,434
Minority Interest	<u>-</u>	<u>(886)</u>
<b>Profit Attributable to Shareholders</b>	<u>217,025</u>	<u>87,548</u>
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Average Number of \$1.00 Stock Units Issued ('000)	255,660	227,538
<b>Earnings per Stock Unit</b>	0.85	0.38

### Audited Consolidated Balance Sheet

	<b>December 2002 \$' 000</b>	<b>December 2001 \$' 000</b>
<b>ASSETS</b>		
Cash Resources	109,505	85,689
Investments	1,254,729	1,147,135
Loans and Leases	1,124,910	1,247,698
Other Assets	<u>461,110</u>	<u>401,625</u>
	<u>2,950,254</u>	<u>2,882,147</u>
	=====	=====
<b>LIABILITIES</b>		
Customers' Deposits	340,688	317,338
Due to Financial and other Institutions	1,180,682	1,355,825

Other Liabilities	437,820	395,437
	<u>1,959,190</u>	<u>2,068,600</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital	255,660	255,660
Reserves	339,464	186,397
Retained Earnings	395,940	371,490
	<u>991,064</u>	<u>813,547</u>
	<u>2,950,254</u>	<u>2,882,147</u>
	=====	=====

### Audited Consolidated Statement of Changes in Equity

	<b>12-Months to 31,Dec. 2002</b>	<b>15-Months to 31,Dec. 2001</b>
	37,591	37,226
	\$'000	\$'000
Equity at beginning of the period	813,547	534,551
Net profit for the period	217,025	87,548
Elimination on disposal of subsidiary	-	(37,996)
Reserve on acquisition of subsidiary	-	111,397
Shares issued	-	140,613
Grants received	9,067	3,000
Dividends paid/proposed	<u>(48,575)</u>	<u>(25,566)</u>
Equity at end of the period	<u>991,064</u>	<u>813,547</u>
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### Statement of Consolidated Cash Flows

	12-Months to December 2002 \$' 000	15-Months to December 2001 \$' 000
CASH RESOURCES WERE PROVIDED BY (USED IN):		
<b>Cash flows from Operating Activities</b>		
Net Profit	217,025	87,548
Items not affecting cash resources	<u>57,941</u>	<u>136,288</u>
Cash Flows from Investing Activities	274,966 (59,849)	223,836 (552,067)
Cash Flows from Financing Activities	<u>(191,301)</u>	<u>344,438</u>
Increase in cash resources	23,816	16,207
Cash and cash equivalents at beginning of period	<u>85,689</u>	<u>69,482</u>
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>109,505</u>	<u>85,689</u>
Represented by:		
Cash	98,450	76,158
Cash Reserve at BOJ	<u>11,055</u>	<u>9,531</u>
	<u>109,505</u>	<u>85,689</u>
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In December 2002, the name Trafalgar Development Bank Limited was changed to Pan Caribbean Financial Services Limited ('PCFS').

These accounts reflect the results for the year ended 31 December 2002 and the prior period

of 15 months ended 31 December 2001.

For the year ended 31 December 2002, earnings per share were \$0.85 versus \$0.38 for the prior period. Net Interest Income was essentially flat when considering the differential in months during the period, however Fees and other income posted strong growth of 27% over 2001. Translation gains of \$58.3 million (2001:33.5 million) and higher volumes in Securities activities at the Merchant Bank account for this improvement.

Loss Provisions in 2002 reflect continuing conservatism with respect to Pan Caribbean Financial Services' long-term loans. Much work has gone into rehabilitation/liquidation of these assets. AT December 2002, Loss Provisions covered 61.5% of the non-performing loan portfolio , with most of the assets having some underlying security . Efforts continue to convertn these assets to an earning basis.

Off-Balance Sheet Earning Assets (not reflected in the financial statements) increased by \$2.0 billion to \$11.1 billion at year-end, and is over 90% comprised of GoJ securities or derivatives thereof. At year-end, Shareholders Equity stood at \$991 million. Based on these audited results and subject to approval at the Annual General Meeting, the Directors recommend payment of a final dividend for 2002 at \$0.095 per share.

**Richard O. Byles**  
Chairman

**Donovan H. Perkins**  
President & CEO

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