

PAN CARIBBEAN FINANCIAL SERVICES LIMITED

and its subsidiaries

(formerly Trafalgar Development Bank)

Unaudited Financial Results for the

Three Months ended March 31, 2003

Effective January 1, 2003, Pan Caribbean adopted the new International Accounting Standards (IAS) and our financial statements for the first quarter reflect these accounting policy changes. The financial effects of IAS adoption are reported in our Statement of Changes in Equity and the 2002 financial statements have been restated for comparative purposes.

For the first quarter, Net Income improved 51% over the previous year to \$0.25 per share. Higher interest rates and portfolio growth contributed to improved net interest margins. Fee & Other Income benefited from foreign exchange translation gains as a proportion of the Group's loan and investment portfolios have traditionally been denominated in foreign currencies.

Operating Profit improved despite increased overheads associated with more staff, new premises and installation costs of our new software as we invest and prepare for future growth in a competitive environment. The directors deemed it prudent to significantly increase Credit & Other Provisions against potential problems in light of uncertainties prevailing in current market and economic conditions. Interim dividends of \$0.033 per share for 2003 were declared at the end of the quarter.

Richard O. Syles
Chairman

Donovan H. Perkins
President & CEO

**Unaudited Consolidated
Profit & Loss Account**

	March 2003 \$'000	March* 2002 \$'000
REVENUE		
Interest Income	535,751	433,463
Fee & Other Income	<u>113,305</u>	<u>16,078</u>
TOTAL REVENUES	<u>649,056</u>	<u>449,541</u>
EXPENSE		
Interest	452,323	370,126
Administration Cost	51,928	26,277
Credit & Other Provisions	<u>80,907</u>	<u>9,750</u>
TOTAL EXPENSES	<u>585,158</u>	<u>406,153</u>
OPERATING PROFITS		
Taxation	63,898 (975)	43,388 (1,719)

PROFITS ATTRIBUTABLE TO SHAREHOLDERS	<u>62,923</u>	<u>41,669</u>
EARNINGS PER SHARE		
Earnings per average Stock Unit:		
As previously reported		\$0.17
As restated	\$0.25	\$0.16

Unaudited Summary of Consolidated Balance Sheet

	March 2003 \$'000	December 2002 \$'000
ASSETS		
Cash Resources	292,378	101,090
Investments	12,769,651	11,987,744
Loans & Leases	1,353,233	1,238,993
Other Assets	<u>704,849</u>	<u>937,238</u>
	<u>15,120,111</u>	<u>14,265,065</u>
LIABILITIES		
Customer Deposits	685,920	340,688
Securities Sold Under Agreements to Repurchase	11,579,614	10,814,774
Long Term Loans	1,184,054	1,204,994
Other Liabilities	<u>570,204</u>	<u>705,148</u>
	<u>14,019,792</u>	<u>13,065,604</u>
STOCKHOLDERS' EQUITY		
Share Capital	255,660	255,660

Other Reserves	353,179	339,464
Retained Earnings	<u>457,667</u>	<u>403,181</u>
	1,066,506	998,305
Investment Revaluation Reserve	(67,135)	87,073
General Provisions	<u>100,948</u>	<u>114,083</u>
	1,100,319	1,199,461
TOTAL LIABILITIES & EQUITY	<u>15,120,111</u>	<u>14,265,065</u>
	=====	=====

**Unaudited Consolidated Statement of Changes
in Shareholder's Equity**

	March 2003 \$'000	March* 2002 \$'000
Equity at beginning of the period		
As previously reported	991,064	813,547
IAS Adjustment	<u>208,397</u>	<u>71,212</u>
As restated	1,199,461	884,759
Net profit for the period	62,923	41,669
Unrealised (Loss)/Gain on		
Investments	(154,208)	30,869
General Provisions	(13,135)	-
Grant	13,715	-
Dividend	<u>(8,437)</u>	<u>-</u>
Equity at the end of the period	<u>1,100,319</u>	<u>957,297</u>

Unaudited Consolidated Cash Flows

	March 2003 \$'000	March 2002 \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN) :		
Cash flows from Operating Activities		
Net Profit	62,923	41,669
Items not affecting cash	84,335	7,749
Changes in non-cash working capital components	<u>59,012</u>	<u>(36,832)</u>
	206,270	12,586
Cash flows used in Investing Activities	<u>(1,104,114)</u>	<u>(332,846)</u>
Cash flows from Financing Activities	<u>1,089,132</u>	<u>153,801</u>
Increase (decrease) in cash resources	191,288	(166,459)
Cash and cash equivalents at beginning of period	<u>101,090</u>	<u>177,452</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	292,378 =====	10,993 =====
Represented by:		
Cash	274,616	1,350
Cash Reserve at BOJ	<u>17,762</u>	<u>9,643</u>
	292,378 =====	10,993 =====
