

# Consolidated Balance Sheets

AS AT DECEMBER 31 (in thousands of dollars)

2003

2002

## Assets

Cash and cash equivalents	\$ 969,315	\$ 771,522
Securities (Note 2)	106,232	156,186
Loans (Note 3)	528,012	548,969
Investment in affiliate (Note 5)	460,655	320,988
Deferred selling commissions	763,874	726,718
Other assets (Note 6)	333,825	336,956
Goodwill and intangible assets (Note 7)	3,129,783	3,125,613
	<b>\$ 6,291,696</b>	<b>\$ 5,986,952</b>

## Liabilities

Deposits and certificates (Note 8)	\$ 729,456	\$ 709,012
Other liabilities (Note 9)	562,820	639,876
Future income taxes (Note 11)	375,072	301,744
Long-term debt (Note 12)	1,403,580	1,386,365
	<b>3,070,928</b>	<b>3,036,997</b>

## Shareholders' Equity

Share capital (Note 13)		
Preferred	360,000	360,000
Common	1,446,063	1,441,063
Retained earnings	1,414,705	1,148,892
	<b>3,220,768</b>	<b>2,949,955</b>
	<b>\$ 6,291,696</b>	<b>\$ 5,986,952</b>

(See accompanying notes to consolidated financial statements.)

On behalf of the Board



Director



Director

## Consolidated Statements of Income

FOR THE YEARS ENDED DECEMBER 31 (in thousands of dollars, except shares and per share amounts)	2003	2002
<b>Fee and net investment income</b>		
Management	\$ 1,296,114	\$ 1,379,923
Administration	286,777	295,321
Distribution	131,482	137,961
Net investment income and other	159,808	126,510
<b>Total fee and net investment income</b>	<b>1,874,181</b>	<b>1,939,715</b>
<b>Operating expenses</b>		
Commission expense	475,335	497,480
Non-commission expense	494,142	535,372
Interest expense	85,377	79,514
Restructuring (reversal) costs (Note 21)	(24,832)	–
<b>Total operating expenses</b>	<b>1,030,022</b>	<b>1,112,366</b>
	844,159	827,349
Dilution gain (Note 5)	14,820	–
Income before income taxes and discontinued operations	858,979	827,349
Income taxes (Note 11)	299,198	317,401
<b>Income before discontinued operations</b>	<b>559,781</b>	<b>509,948</b>
Discontinued operations (Note 22)	–	1,811
<b>Net income</b>	<b>559,781</b>	<b>511,759</b>
Preferred dividends	20,700	20,700
<b>Net income available to common shareholders</b>	<b>\$ 539,081</b>	<b>\$ 491,059</b>
Average number of common shares (in thousands) (Note 17) – Basic	263,915	263,487
– Diluted	265,174	264,873
Earnings per share (in dollars) (Note 17)		
Excluding discontinued operations – Basic	\$ 2.043	\$ 1.857
– Diluted	\$ 2.033	\$ 1.847
Including discontinued operations – Basic	\$ 2.043	\$ 1.864
– Diluted	\$ 2.033	\$ 1.854

## Consolidated Statements of Retained Earnings

FOR THE YEARS ENDED DECEMBER 31 (in thousands of dollars)	2003	2002
<b>Balance, beginning of year</b>	<b>\$ 1,148,892</b>	<b>\$ 884,531</b>
Net income	559,781	511,759
Dividends		
Preferred	(20,700)	(20,700)
Common	(261,301)	(226,698)
Premium paid on common shares purchased for cancellation (Note 13)	(2,127)	–
Other (Note 5)	(9,840)	–
<b>Balance, end of year</b>	<b>\$ 1,414,705</b>	<b>\$ 1,148,892</b>

(See accompanying notes to consolidated financial statements.)

# Consolidated Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31 (in thousands of dollars)

2003

2002

## Operating activities

Net income	\$ 559,781	\$ 511,759
Adjustments to determine net cash from operating activities		
Future income taxes	73,328	54,147
Commission amortization	193,873	203,708
Amortization	27,416	27,148
Discontinued operations	-	(1,811)
Changes in operating assets and liabilities and other	(181,224)	(155,948)
	673,174	639,003
Commissions paid	(231,029)	(282,512)
	442,145	356,491

## Financing activities

Increase in deposits and certificates	20,444	37,764
Repayment of bankers' acceptances	-	(497,000)
Issue of debentures	300,000	175,000
Repayment of long-term debt	(279,285)	(150,903)
Issue of common shares	5,614	9,900
Preferred dividends paid	(20,700)	(20,700)
Common dividends paid	(253,323)	(217,313)
Common shares purchased for cancellation	(2,741)	-
	(229,991)	(663,252)

## Investing activities

Proceeds from sale of discontinued operations less cash and cash equivalents disposed of	-	20,253
Investment in affiliate (Note 5)	(100,000)	-
Acquisition of non-controlling interest (Note 7)	(4,733)	-
Purchase of securities	(9,001)	(16,666)
Proceeds from the sale of securities	91,658	126,388
Increase in loans	(105,848)	(111,043)
Proceeds from securitizations (Note 4)	126,747	217,443
Net proceeds from the sale of real estate	21	997
Additions to office premises	(13,205)	(13,364)
	(14,361)	224,008

Increase (decrease) in cash and cash equivalents	197,793	(82,753)
Cash and cash equivalents, beginning of year	771,522	854,275
<b>Cash and cash equivalents, end of year</b>	<b>\$ 969,315</b>	<b>\$ 771,522</b>
Cash	\$ 148,131	\$ 148,226
Cash equivalents	821,184	623,296
	\$ 969,315	\$ 771,522

(See accompanying notes to consolidated financial statements.)