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POPULAR INC
Form 11-K
June 30, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

or

TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-13818

EQUITY ONE, INC. SAVINGS & RETIREMENT PLAN

(Full title of the Plan and address of the Plan, if
different from that of the issuer named below)

POPULAR, INC.

209 MUNOZ RIVERA AVENUE
HATO REY, PUERTO RICO 00918

(Name of issuer of the securities held pursuant to the
plan and the address of principal executive office)

EQUITY ONE, INC.
SAVINGS AND
RETIREMENT PLAN
FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE
DECEMBER 31, 2002 AND 2001

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Supplemental Schedule:*

Exhibit I - Schedule of Assets Held for Investment Purposes

* Other supplementary schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

REPORT OF INDEPENDENT AUDITORS

To the Participants and Administrator of
Equity One, Inc. Savings and Retirement Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, information regarding the net assets available for benefits of Equity One, Inc. Savings and Retirement Plan (the "Plan") at December 31, 2002 and 2001 and the changes in net assets available for benefits for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers, LLP

PricewaterhouseCoopers, LLP
New York, New York

June 30, 2003

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EQUITY ONE, INC. SAVINGS AND RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

| | 2002 |
|---|------------|
| | ----- |
| Investments, at fair value (see Note 4) | \$ 14,212, |
| Receivables: | |
| Employer's contribution | 1,526, |
| Participants' contributions | 316, |
| | ----- |
| TOTAL RECEIVABLES | 1,842, |
| | ----- |
| TOTAL ASSETS | 16,055, |
| | ----- |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 16,055, |
| | ----- |

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EQUITY ONE, INC. SAVINGS AND RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | DECEMBER 2002 |
|---|------------------|
| | ----- |
| Additions to net assets attributed to: | |
| Investment income: | |
| Net depreciation in fair value of investments | \$ (2,951, |
| Interest and Dividend income, investments | 162, |
| Interest income, participants' loans | 28, |
| Other Income | 2, |
| | ----- |
| | (2,757, |
| | ----- |
| Contributions: | |

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| | |
|---|------------|
| Employer | 3,336, |
| Participants | 3,045, |
| | ----- |
| | 6,381, |
| | ----- |
| TOTAL ADDITIONS | 3,624, |
| | ----- |
| Deductions from net assets attributed to: | |
| Benefits paid to participants | 2,388, |
| Refunded contributions | 22, |
| Administrative expenses | 2, |
| | ----- |
| TOTAL DEDUCTIONS | 2,414, |
| | ----- |
| NET INCREASE | 1,210, |
| Net assets available for benefits: | |
| Beginning of year | 14,845, |
| | ----- |
| End of year | \$ 16,055, |
| | ----- |

See accompanying notes to the financial statements.

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EQUITY ONE, INC. SAVINGS AND RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Equity One, Inc. (the "Company") Savings and Retirement Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution plan covering substantially all full-time employees of the Company who are of age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

VESTING

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching and other

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discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100 percent vested after five years of credited service.

CONTRIBUTIONS

Each year participants may contribute a percentage of their annual wages excluding fringe benefits in accordance with maximums established by the Internal Revenue Service. The Company matches a discretionary percentage of participant contributions. In addition, the Company makes a discretionary contribution which is allocated to participants actively employed on the last day of the Plan year based on their pro rata share of total compensation (excluding fringe benefits). Contributions are subject to certain limitations.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

PARTICIPANT LOANS

Participants may borrow from their fund accounts a minimum of \$1,000 and up to a maximum equal to the lesser of \$50,000 or 50 percent of their vested account balance. Loan transactions are treated as a transfer to (from) the investment fund from (to) the participant loans. Loan terms range from one to five years or longer if used to acquire a principal residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan administrator. Interest rates range from 4.25 percent to 9.50 percent. Principal and interest are paid ratably through monthly payroll deductions.

DISTRIBUTIONS

On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a ten-year period. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

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PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

TRUSTEE

Effective September 1, 2002, Principal Financial replaced Putman as the Trustee for the Plan.

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2. SUMMARY OF ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. A description of the more significant accounting policies follows.

VALUATION OF INVESTMENTS

The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year end. Participant loans are valued at cost, which approximates fair value. Popular Inc. Common Stock is valued at its quoted market price.

INVESTMENT INCOME

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

ADMINISTRATIVE EXPENSES

The Company provides for the Plan's administrative expenses.

PAYMENT OF BENEFITS

Benefits are recorded when paid.

FORFEITED ACCOUNTS

At December 31, 2002 and 2001, forfeited non-vested accounts totaled \$398,500 and \$109,454, respectively, and are included in the Plan's net assets. These accounts will be used to reduce future employer contributions. During 2002 and 2001, forfeitures applied to reduce employer contributions totaled \$0 and \$179,192, respectively, and are shown net of employer contributions in the Statement of Changes in Net Assets Available for Benefits.

RISKS AND UNCERTAINTIES

The Plan provides for various investment options in any combination of stocks, fixed income securities, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participant account balances and the amounts reported in the statement of net assets available for benefits.

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3. TAX STATUS

The Plan is an adoption of a non-standardized prototype plan of Principal Life Insurance Company. The most recent opinion letter stating that the form of the prototype plan meets the requirements for

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tax qualification under section 401(a) of the Internal Revenue Code of 1986, as amended, was issued by the Internal Revenue Service on August 7, 2001. The Company received an individual determination letter, dated August 23, 1995, from the IRS stating that the Plan meets the requirements for tax qualification, and it expects to timely apply for an updated determination letter. The Company represents that the Plan has been operated in accordance with its terms, subject to inadvertent errors that occurred during 2002 and prior years whereby benefit distributions made to certain terminated participants were not in accordance with the vesting percentages. The Company and its legal counsel have determined that this operational error can be corrected under Revenue Procedure 2003-44 of the IRS, and that the tax qualification of the Plan will not be affected. The Company has represented that it will make the corrections. Accordingly, no provision for income taxes is made in the accompanying financial statements.

4. INVESTMENTS

Those investments that represent 5 percent or more of the Plan's net assets at the end of the year are noted below.

| | December 31, 2002 | |
|---|-------------------|--------------|
| | Shares/Units | Value |
| | ----- | ----- |
| Principal Stable Value Fund | 159,147 | \$ 2,194,475 |
| Principal Government Securities Separate Account | 53,938 | 929,391 |
| Principal Bond & Mortgage Separate Account | 1,527 | 863,369 |
| Principal Partners Mid-Cap Growth Separate Account | 284,648 | 1,886,384 |
| Principal Partners Large-Cap Growth I Separate Account | 555,017 | 3,388,717 |
| Principal LifeTime 2030 Separate Account | 199,626 | 1,840,602 |
| Popular Inc. Common Stock | 24,811 | 838,606 |
| George Putnam Fund of Boston | -- | -- |
| Putnam Vista Fund | -- | -- |
| Putnam Voyager Fund | -- | -- |
| Putnam New Opportunities Fund | -- | -- |
| Putnam Money Market Fund | -- | -- |

During 2002 and 2001, the Plan's investments (including gains and losses on investments bought and sold, as well as, held during the year) depreciated in value by (\$2,951,416) and (\$3,076,128), respectively.

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EXHIBIT I

EQUITY ONE, INC.
SAVINGS AND RETIREMENT PLAN
SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
DECEMBER 31, 2002

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| (a) | (B) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY | (C) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE |
|-----|---|--|
| * | Principal Stable Value Fund | 159147 shares |
| * | Principal Government Securities Separate Account | 53938 shares |
| * | Principal Real Estate Separate Account | 66 shares |
| * | Principal Bond & Mortgage Separate Account | 1527 shares |
| * | Principal Large-Cap Stock Index Separate Account | 2065 shares |
| * | Principal Small-Cap Stock Index Separate Account | 1739 shares |
| * | Principal Partners Mid-Cap Growth Separate Account | 284648 shares |
| * | Principal Partners Large-Cap Growth I Separate Account | 555017 shares |
| * | Principal Partners Small-Cap Value Separate Account | 3392 shares |
| * | Principal LifeTime 2010 Separate Account | 929 shares |
| * | Principal LifeTime 2020 Separate Account | 4029 shares |
| * | Principal LifeTime 2030 Separate Account | 199626 shares |
| * | Principal LifeTime 2040 Separate Account | 1118 shares |
| * | Principal LifeTime 2050 Separate Account | 1803 shares |
| * | Principal LifeTime Strategic Income Separate Account | 740 shares |
| | American Century Value Adv Fund | 7127 shares |
| | Fidelity Advisor Mid Cap T Fund | 5479 shares |
| | Fidelity Advisor Equity Growth T Fund | 4342 shares |
| | Putnam International Equity A Fund | 21671 shares |
| | Frank Russell LifePoints Moderate Strategy E Fund | 5745 shares |
| | Frank Russell LifePoints Balanced Strategy E Fund | 10210 shares |
| | Frank Russell LifePoints Aggressive Strategy E Fund | 9267 shares |
| | Frank Russell LifePoints Conservative Strategy E Fund | 5599 shares |
| | Frank Russell LifePoints Equity Aggressive Strategy E Fund | 3087 shares |
| | Frank Russell Special Growth E Fund | 68 shares |
| | AJM Basic Value A Fund | 33277 shares |
| | INVESCO Small Company Growth K Fund | 2136 shares |
| * | Popular, Inc. | 24811 shares |
| * | Participant Loans Interest rates range between 4.25% and 9.50% | |

* Party in interest to the Plan

SIGNATURE

Pursuant to the requirement of the Securities Exchange Act of 1934, the persons who administer the employee benefit plan have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

EQUITY ONE, INC. RETIREMENT & SAVINGS PLAN
(Name of Plan)

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By: Cameron Williams

Cameron Williams
Authorized Representative
in the United States

Dated: June 30, 2003

EXHIBIT INDEX

Exhibit

Exhibit 23 Consent of Independent Auditors

Exhibit 99 Section 906 Certification