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SECURITIES AND EXCHANGE COMMISSION
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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3-4-03

SEC FILE NUMBER
831441

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2002 AND ENDING 12/31/2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Wilmington Brokerage Services Company

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1100 North Market Street, Rodney Square North

Wilmington Delaware 19890
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

R. Michael Fox (302)651-8941
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG

1600 Market Street Philadelphia Pennsylvania 19103-7279
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 14 2003

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THOMSON FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

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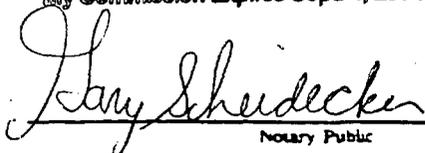
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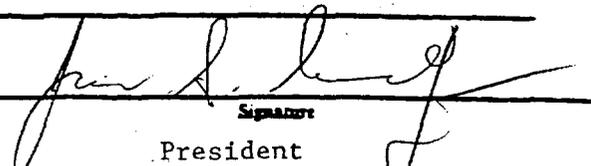
OATH OR AFFIRMATION

I, James S. Gandolfo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Wilmington Brokerage Services Company, as of

December 31, 19 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

GARY SCHEIDECKER
NOTARY PUBLIC-DELAWARE
My Commission Expires Sept. 4, 2004


Notary Public



Signature
President

Title

This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent Auditor's Report on Internal Accounting Controls.
- (p) Reconciliation with Focus Computation of Net Capital.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Financial Statements and
Supplemental Information

Wilmington Brokerage Services Company

*Year ended December 31, 2002
With Report and Supplementary
Report of Independent Auditors*

Wilmington Brokerage Services Company

Financial Statements and
Supplemental Information

Year ended December 31, 2002

Contents

Report of Independent Auditors	1
Financial Statements	
Statement of Financial Condition	2
Statement of Income	3
Statement of Stockholder's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplemental Information	
Computation of Net Capital Under SEC rule 15c3-1	10
Supplementary Report of Independent Auditors	
Supplementary Report of Independent Auditors on Internal Control Required by SEC rule 17a-5	12



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Independent Auditors' Report

Board of Directors
Wilmington Brokerage Services Company:

We have audited the accompanying statement of financial condition of Wilmington Brokerage Services Company ("the Company") as of December 31, 2002, and the related statements of income, stockholder's equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wilmington Brokerage Services Company at December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental schedule of the Computation of Net Capital under Rule 15c3-1 of the Securities Exchange Commission is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit 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.

KPMG LLP

Philadelphia, Pennsylvania
February 26, 2003



Wilmington Brokerage Services Company

Statement of Financial Condition

December 31, 2002

Assets

Cash	\$	2,053,589
Securities owned:		
Marketable, at market value		2,133,357
Commissions receivable		65,649
Furniture, equipment, and improvements, at cost, less accumulated depreciation of \$857,928		138,080
Other assets		68,644
Total assets	\$	<u>4,459,319</u>

Liabilities and Stockholder's Equity

Liabilities:

Payable to Wilmington Trust Company	\$	500,922
Accounts payable		60,705
Income taxes payable to Wilmington Trust Company		1,508,361
Deferred income taxes		7,854
Total liabilities		<u>2,077,842</u>

Stockholder's equity:

Common stock, no par, 100 shares authorized, issued, and outstanding		25,000
Additional paid-in capital		1,440,615
Retained earnings		915,862
Total stockholder's equity		<u>2,381,477</u>
Total liabilities and stockholder's equity	\$	<u>4,459,319</u>

The accompanying notes are an integral part of these financial statements.

Wilmington Brokerage Services Company

Statement of Income

Year ended December 31, 2002

Revenues:	
Brokerage commissions	\$ 7,186,205
Mutual fund commissions	1,832,926
Interest and dividends	234,249
Principal transactions	114,720
Other	648,749
Total revenues	<u>10,016,849</u>
Expenses:	
Employee compensation and benefits	3,925,265
Clearing costs	748,293
Telephone and communication	205,615
Occupancy and other support	497,788
Filing and handling fees	290,762
Other	178,478
Total expenses	<u>5,846,201</u>
Income before income taxes	4,170,648
Provision for income taxes	1,554,691
Net income	<u>\$ 2,615,957</u>

The accompanying notes are an integral part of these financial statements.

Wilmington Brokerage Services Company

Statement of Stockholder's Equity

Year ended December 31, 2002

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Earnings</u>	
			<u>Capital</u>		
Balance, January 1,2002	100	\$ 25,000	\$ 1,440,615	\$ 8,299,905	\$ 9,765,520
Net Income				2,615,957	2,615,957
Dividend paid				(10,000,000)	(10,000,000)
Balance, December 31,2002	100	\$ 25,000	\$ 1,440,615	\$ 915,862	\$ 2,381,477

The accompanying notes are an integral part of these financial statements.

Wilmington Brokerage Services Company

Statement of Cash Flows

Year Ended December 31, 2002

Cash flows from operating activities	
Net income	\$ 2,615,957
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	160,732
Changes in operating assets and liabilities:	
Decrease in securities owned, net	7,895,064
Decrease in commissions receivable	268,667
Decrease in receivable from Wilmington Trust Company and other assets	84,579
Increase in payable to Wilmington Trust Company	344,143
Decrease in accounts payable and other liabilities	(46,801)
Increase in income taxes payable to Wilmington Trust Company	154,992
Decrease in deferred income taxes	(14,583)
Net cash provided by operating activities	<u>11,462,750</u>
Cash flows from investing activities:	
Purchases of furniture, equipment and improvements	<u>(3,574)</u>
Net cash used in investing activities	(3,574)
Cash flows from financing activities:	
Cash dividends	<u>(10,000,000)</u>
Net cash used in financing activities	(10,000,000)
Net increase in cash	1,459,176
Cash, beginning of year	<u>594,413</u>
Cash, end of year	<u>\$ 2,053,589</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for:	
Income taxes paid to Wilmington Trust Company	<u>\$ 1,414,282</u>

The accompanying notes are an integral part of these financial statements.

WILMINGTON BROKERAGE SERVICES COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

NOTE 1 -- ORGANIZATION

Wilmington Brokerage Services Company (the Company) is a discount broker registered under the Securities Exchange Act of 1934. The Company is a wholly-owned subsidiary of Wilmington Trust Company (WTC). WTC is a wholly-owned subsidiary of Wilmington Trust Corporation (the Corporation). The Company's customer base is geographically diverse; however, the majority are trust or retail customers of WTC who reside in Delaware.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES

Securities Transactions:

Security transactions are cleared through the National Financial Services Corporation (the Clearing Broker). Proprietary securities transactions and related revenues and expenses are recorded on a trade date basis. Commission revenues related to customers' security transactions are recorded on a trade date basis.

Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation. Buildings and improvements are depreciated on a straight-line basis over an estimated useful life of 39 years. Furniture and equipment is depreciated on a straight-line basis over an estimated useful life of 3, 5, or 7 years.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Securities Owned:

At December 31, 2002, the Company owned securities in the Wilmington Municipal Bond Fund, an affiliate of WTC, which is carried at market value with unrealized gains and losses reflected in principal transactions line of the Statement of Income.

WILMINGTON BROKERAGE SERVICES COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

NOTE 3 -- INCOME TAXES

The Company accounts for income taxes using the asset and liability method under which deferred tax assets and liabilities are determined based upon the differences between financial statement carrying amounts and the tax bases of existing assets and liabilities. These temporary differences are measured at prevailing enacted tax rates that will be in effect when the differences are settled or realized. The Company's provision for income taxes is computed as if the Company filed a separate tax return, however, the Company's taxable income is included in the consolidated federal income tax return filed by the Corporation. Income tax expense at December 31, 2002 represents the current and deferred expense of \$1,554,691. The amount payable to WTC at December 31, 2002 was \$1,508,361.

The difference between income tax at the statutory rate of 35% and income tax expense included in the statement of income is due to a difference related to tax exempt interest of \$37,170 and the impact of state taxes (net of the federal benefit) of \$132,066. The Company has a deferred tax liability of \$7,854 at December 31, 2002.

NOTE 4 -- FIXED ASSETS

A summary of fixed assets at December 31, 2002 follows:

Buildings and improvements	\$	218,742
Furniture and equipment		<u>777,266</u>
		<u>996,008</u>
Accumulated depreciation		<u>857,928</u>
Fixed assets, net	\$	<u><u>138,080</u></u>

Depreciation expense was \$160,732 for 2002.

WILMINGTON BROKERAGE SERVICES COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

NOTE 5 -- RELATED PARTY TRANSACTIONS

The Company receives compensation for brokerage activities performed for the Financial Services Department of WTC. In 2002, the Company recorded net brokerage commissions in the amount of \$1,724,310 for these activities. In 2002, the Company paid the Personal Banking Department \$166,782 to support Personal Investment representatives at branch sites.

During 2002, the Company incurred rental expense of \$85,286 under a leasing arrangement with WTC which is included in "Occupancy and other support" in the Statement of Income.

NOTE 6 -- EMPLOYEE BENEFITS AND OTHER POSTRETIREMENT BENEFITS

Employees of the Company are included in the noncontributory defined benefit pension plan of WTC, and are provided certain other postretirement health and life insurance benefits. Costs for these plans are borne fully by WTC. The defined benefit pension plan covers substantially all employees of the Company after certain age and service requirements are attained.

Employees of the Company are also eligible to participate in the Corporation's Employee Stock Purchase Plan and WTC's Thrift Savings Plan after meeting certain age and service requirements. In 2002 the Company's contributions amounted to \$56,110.

NOTE 7 -- NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital (Rule 15c 3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2002, the Company had "net capital" of \$1,482,630, which was \$1,232,630 in excess of its required minimum net capital of \$250,000 for regulatory purposes. The company maintains a minimum net capital of \$250,000 for purposes of rule 15c3-1, in part, as a result of its Clearing Agreement. The Company's ratio of aggregate indebtedness to net capital was 1.40 to 1. The rule also provides that equity capital may not be withdrawn or cash dividends paid if certain minimum net capital requirements are not met.

WILMINGTON BROKERAGE SERVICES COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

NOTE 8 -- CLEARING AGREEMENT

All customer securities transactions are introduced and cleared on a fully-disclosed basis through the clearing broker that is a member of the New York Stock Exchange, Inc. (the "NYSE") pursuant to a clearing agreement (the "Agreement"). Accordingly, open customer transactions are not reflected in the accompanying statement of financial condition and the Company operates under the exemptive provisions of Securities and Exchange Commission Rule 15c3-3(k)(2)(ii). Commissions receivable on the Statement of Financial Condition are amounts due from this Clearing Broker.

The Agreement states the Company will assume customer obligations should a customer of the Company default. As of December 31, 2002, accounts owed to the clearing broker by these customers were adequately collateralized by securities owned by the customers.

Supplementary Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934

Schedule I

Wilmington Brokerage Services Company

Computation of Net Capital Under SEC Rule 15c3-1

December 31, 2002

Net Capital

Total stockholder's equity from Statement of Financial Condition	\$ 2,381,477
Deduct, stockholder's equity not allowable for net capital	-
Total stockholder's equity qualified for net capital	<u>2,381,477</u>
Additions	-
Total capital and allowable subordinated liabilities	<u>2,381,477</u>

Total non-allowable assets

1. Excess cash	483,118	
2. Commissions receivable	1,593	
3. Other assets	68,644	
4. Fixed assets, net	<u>138,080</u>	<u>(691,435)</u>

Net capital before haircuts on securities positions	1,690,042
Haircuts on securities	<u>(207,412)</u>
Net capital	<u><u>\$ 1,482,630</u></u>

Aggregate Indebtedness

Included in Statement of Financial Condition	
Payable to Wilmington Trust Company	\$ 500,922
Accounts payable and other liabilities	60,705
Income taxes payable to Wilmington Trust Company	<u>1,516,215</u>
Total aggregate indebtedness	<u><u>2,077,842</u></u>

Percentage of aggregate indebtedness to net capital 140%

Computation of basic net capital requirement

Minimum net capital required (6-2/3% of aggregate indebtedness)	<u>138,523</u>
Minimum dollar net capital requirement	<u>250,000</u>
Net capital requirement (greater of 6-2/3% of aggregate indebtedness of \$2,077,842 or \$250,000)	<u>250,000</u>
Excess net capital	<u><u>\$ 1,232,630</u></u>
Excess net capital at 1000%	<u><u>\$ 1,274,846</u></u>

Supplementary Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934

Schedule I

Wilmington Brokerage Services Company

Computation of Net Capital Under SEC Rule 15c3-1 (continued)

December 31, 2002

Reconciliation of Company's Computation of Net Capital with FOCUS Report

Net Capital as reported in Wilmington Brokerage Services Company's Part IIA (Unaudited) FOCUS report	\$ 1,740,502
Other Items:	
Unrecorded accounts payable to Wilmington Trust Corporation	(425,848)
Unrecorded accounts payable and other liabilities	(44,392)
Adjustment to income taxes payable to Wilmington Trust Corporation	211,935
Adjustment to the unsettled securities in error accounts	<u>433</u>
Net Capital as shown on page	<u><u>\$ 1,482,630</u></u>



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Supplementary Report of Independent Auditors on Internal Control Required by SEC Rule 17a-5

Board of Directors
Wilmington Brokerage Services Company:

In planning and performing our audit of the financial statements and supplemental information of Wilmington Brokerage Services Company (the Company), for the year ended December 31, 2002, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them





to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Philadelphia, Pennsylvania
February 26, 2003