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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Scotiabank (Belize) Ltd.:

Julian Castillo, FCCA
Giacomo Sanchez, CPA
Claude Burrell, CPA CISA

Report on the Financial Statements

We have audited the accompanying financial statements of Scotiabank (Belize) Ltd., which comprise the balance sheets as at October 31, 2007 and 2006, and the statements of income, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Audit & Risk Advisory
Business Solutions
Outsourcing
Real Estate
Corporate
Paralegal

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Banking and Financial Institutions Act of Belize. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Correspondent Firm to Deloitte Touche Tohmatsu

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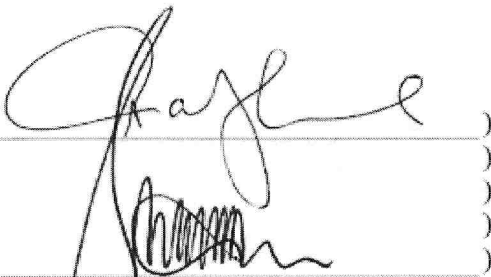
In our opinion, the financial statements present fairly, in all material respects, the financial position of Scotiabank (Belize) Ltd. as of October 31, 2007 and 2006, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and the Banking and Financial Institutions Act of Belize.

Castillo Sanchez & Curran, s.p.
Chartered Accountants
December 30, 2007

SCOTIABANK (BELIZE) LTD.

**BALANCE SHEETS
OCTOBER 31, 2007 AND 2006 (IN THOUSANDS OF BELIZE DOLLARS)**

<u>ASSETS</u>	<u>Notes</u>	<u>2007</u>	<u>2006</u>
ASSETS:			
Cash and cash equivalents	1m,3	\$ 76,913	\$ 80,148
Government of Belize treasury bills	11, 4	24,810	5,952
Loans – net	1e,j 5	355,704	279,726
Property, plant and equipment – Net	1e, 7	9,908	9,216
Interest receivable		2,467	1,951
Accounts receivable and prepayments	6	<u>331</u>	<u>1,085</u>
TOTAL ASSETS		<u>\$470,133</u>	<u>\$378,078</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
LIABILITIES:			
Demand deposits		\$161,744	\$131,622
Interest bearing time deposits	8	217,902	166,738
Interest payable		6,972	4,742
Accounts payable and accruals	9	4,649	3,497
General loan loss reserve	1j,10	3,458	2,717
Due to head office	11	8,832	12,353
Short-term borrowings	12	<u>6,000</u>	<u>12,000</u>
		<u>409,557</u>	<u>333,669</u>
SHAREHOLDERS' EQUITY:			
Share capital	14	12,000	12,000
Statutory reserve fund	16	12,144	8,103
Retained earnings		<u>36,432</u>	<u>24,306</u>
		<u>60,576</u>	<u>44,409</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$470,133</u>	<u>\$378,078</u>


_____) Directors

See notes to financial statements.

SCOTIABANK (BELIZE) LTD.**STATEMENTS OF INCOME****YEARS ENDED OCTOBER 31, 2007 AND 2006 (IN THOUSANDS OF BELIZE DOLLARS)**

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
INTEREST INCOME:			
Loans	1f	<u>\$49,022</u>	<u>\$37,508</u>
Total interest income		<u>49,022</u>	<u>37,508</u>
INTEREST EXPENSE:			
Demand deposits		(3,726)	(3,190)
Time deposits		(16,221)	(13,061)
Borrowed funds		<u>(91)</u>	<u>(149)</u>
Total interest expense	1f	<u>(20,038)</u>	<u>(16,400)</u>
Net interest income		<u>28,984</u>	<u>21,108</u>
INTEREST INCOME ON TREASURY BILLS		<u>792</u>	<u>699</u>
OTHER OPERATING INCOME	1i,18	<u>14,732</u>	<u>12,054</u>
OPERATING INCOME		<u>44,508</u>	<u>33,861</u>
BUSINESS TAX EXPENSE	19	(6,571)	(4,962)
GENERAL AND ADMINISTRATIVE EXPENSES	21	<u>(20,116)</u>	<u>(17,557)</u>
PROFIT BEFORE LOAN LOSS EXPENSE AND STATUTORY RESERVE		<u>17,821</u>	<u>11,342</u>
LOAN LOSS EXPENSE - NET	1e,i, 5,10	<u>(1,654)</u>	<u>(698)</u>
PROFIT BEFORE STATUTORY RESERVE AND AFTER LOAN LOSS EXPENSE		<u>16,167</u>	<u>10,644</u>
STATUTORY RESERVE	16	<u>(4,041)</u>	<u>(2,661)</u>
PROFIT FOR THE PERIOD		<u>\$12,126</u>	<u>\$ 7,983</u>

See notes to financial statements.