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INDEPENDENT AUDITORS' REPORT

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Consultant:
Julian Castillo, CA

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

Report on the Financial Statements

Audit & Risk Advisory
Business Solutions
Outsourcing
Real Estate
Corporate
Paralegal

We have audited the accompanying financial statements of Scotiabank (Belize) Ltd., which comprise the balance sheets as at October 31, 2008 and 2007, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

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.

Independent Auditor's Report

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Scotiabank (Belize) Ltd. as of October 31, 2008 and 2007, 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 & Burrell, LLP

Chartered Accountants

December 12, 2008




SCOTIABANK (BELIZE) LTD.

BALANCE SHEETS

OCTOBER 31, 2008 AND 2007 (IN THOUSANDS OF BELIZE DOLLARS)

<u>ASSETS</u>	<u>Notes</u>	<u>2008</u>	<u>2007</u>
ASSETS:			
Cash and cash equivalents	1m,3	\$104,999	\$ 76,913
Government of Belize treasury bills	1l, 4	44,157	24,810
Other Investments	5	440	-
Loans – net	1e,j 6	442,411	355,704
Property, plant and equipment – Net	1e, 8	10,395	9,908
Interest receivable		3,420	2,467
Accounts receivable and prepayments	7	<u>1,853</u>	<u>331</u>
TOTAL ASSETS		<u>\$607,675</u>	<u>\$470,133</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
LIABILITIES:			
Demand deposits	9	\$185,464	\$161,744
Interest bearing time deposits	9	272,169	217,902
Interest payable		8,791	6,972
Accounts payable and accruals	10	7,521	4,649
General loan loss reserve	1j,11	4,299	3,458
Due to head office	12	32,020	8,832
Short-term borrowings	13	<u>12,000</u>	<u>6,000</u>
		<u>522,264</u>	<u>409,557</u>
SHAREHOLDERS' EQUITY:			
Share capital	15	12,000	12,000
Statutory reserve fund	17	12,152	12,144
Retained earnings		<u>61,259</u>	<u>36,432</u>
		<u>85,411</u>	<u>60,576</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$607,675</u>	<u>\$470,133</u>


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_____)) Directors
_____))
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See notes to financial statements.

SCOTIABANK (BELIZE) LTD.**STATEMENTS OF INCOME
YEARS ENDED OCTOBER 31, 2008 AND 2007 (IN THOUSANDS OF BELIZE DOLLARS)**

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
INTEREST INCOME:			
Loans	li	<u>\$60,954</u>	<u>\$49,022</u>
Total interest income		<u>60,954</u>	<u>49,022</u>
INTEREST EXPENSE:			
Demand deposits		(4,507)	(3,726)
Time deposits		(20,261)	(16,221)
Borrowed funds		<u>(35)</u>	<u>(91)</u>
Total interest expense	li	<u>(24,803)</u>	<u>(20,038)</u>
Net interest income		36,151	28,984
INTEREST INCOME ON TREASURY BILLS		1,035	792
OTHER OPERATING INCOME	1j,19	<u>19,033</u>	<u>14,732</u>
OPERATING INCOME		56,219	44,508
GENERAL AND ADMINISTRATIVE EXPENSES	22	(23,328)	(20,116)
BUSINESS TAX EXPENSE	20	<u>(7,885)</u>	<u>(6,571)</u>
PROFIT BEFORE LOAN LOSS EXPENSE AND STATUTORY RESERVE		25,006	17,821
LOAN LOSS EXPENSE - NET	1g,k,6,11	<u>(171)</u>	<u>(1,654)</u>
PROFIT BEFORE STATUTORY RESERVE AND AFTER LOAN LOSS EXPENSE		24,835	16,167
STATUTORY RESERVE	17	<u>(8)</u>	<u>(4,041)</u>
PROFIT FOR THE PERIOD		<u>\$24,827</u>	<u>\$12,126</u>

See notes to financial statements.