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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

We have audited the accompanying financial statements of Scotiabank (Belize) Ltd., which comprise the statements of financial position as at October 31, 2009 and 2008, the statements of income, statements of other comprehensive 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.

Auditors' 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 Correspondent Firm to Deloitte Touche Tohmatsu

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Paralegal

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, 2009 and 2008, 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.



Chartered Accountants

December 4, 2009

SCOTIABANK (BELIZE) LTD.**STATEMENTS OF INCOME****YEARS ENDED OCTOBER 31, 2009 AND 2008 (IN THOUSANDS OF BELIZE DOLLARS)**

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
INTEREST INCOME:			
Loans	1f	<u>\$67,611</u>	<u>\$60,954</u>
Total interest income		<u>67,611</u>	<u>60,954</u>
INTEREST EXPENSE:			
Demand deposits		(5,227)	(4,507)
Time deposits		(22,405)	(20,261)
Borrowed funds		<u>(157)</u>	<u>(35)</u>
Total interest expense	1f	<u>(27,789)</u>	<u>(24,803)</u>
Net interest income		39,822	36,151
INTEREST INCOME ON TREASURY BILLS		1,800	1,035
OTHER OPERATING INCOME	1g, 20	<u>18,675</u>	<u>19,057</u>
OPERATING INCOME		60,297	56,243
GENERAL AND ADMINISTRATIVE EXPENSES	23	(26,069)	(23,328)
BUSINESS TAX EXPENSE	21	<u>(8,417)</u>	<u>(7,885)</u>
PROFIT BEFORE LOAN LOSS INCOME (EXPENSE) AND STATUTORY RESERVE		25,811	25,030
LOAN LOSS INCOME (EXPENSE) - NET	1m, 1n, 4, 13	<u>1,277</u>	<u>(171)</u>
PROFIT BEFORE STATUTORY RESERVE AND AFTER LOAN LOSS INCOME (EXPENSE)		27,088	24,859
STATUTORY RESERVE	18	<u>-</u>	<u>(8)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>\$27,088</u>	<u>\$24,851</u>
EARNINGS PER SHARE			
From continued operations			
Basic (\$ per share)		<u>\$2.26</u>	<u>\$2.07</u>
Diluted (\$ per share)		<u>\$2.26</u>	<u>\$2.07</u>

SCOTIABANK (BELIZE) LTD.

STATEMENTS OF OTHER COMPREHENSIVE INCOME
YEARS ENDED OCTOBER 31, 2009 AND 2008 (IN THOUSANDS OF BELIZE DOLLARS)

	<u>2009</u>	<u>2008</u>
PROFIT FOR THE PERIOD	<u>\$27,088</u>	<u>\$24,851</u>
OTHER COMPREHENSIVE LOSS		
Net loss arising on revaluation of short term borrowings during the period	(12)	(24)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$27,076</u>	<u>\$24,827</u>
Total comprehensive income attributable to:		
Owners of the Company	<u>\$27,076</u>	<u>\$24,827</u>