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INDEPENDENT AUDITORS' REPORT

To the Shareholder
Scotiabank (Turks and Caicos) Ltd.:

Report on the financial statements

We have audited the accompanying financial statements of Scotiabank (Turks and Caicos) Ltd. (the Bank), which comprise the balance sheet at October 31, 2009 and the related statements of operations, shareholder's equity and cash flows for the year 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. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Auditors' responsibility, continued

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Bank at October 31, 2009, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Ltd

Chartered Accountants

Providenciales, Turks and Caicos Islands

January 29, 2010

SCOTIABANK (TURKS AND CAICOS) LTD.

Balance Sheet

At October 31, 2009
with comparative figures at October 31, 2008

		2009	2008
Assets			
Cash and cash equivalents (note 6)	US\$	10,518,533	54,523,277
Short-term investments (note 7)		6,490,786	5,000,118
Other investments (note 8)		481,030	467,955
Loans to customers, net (notes 9 and 10)		377,902,515	325,696,071
Other assets (note 11)		2,347,922	1,613,010
Property and equipment, net (note 12)		4,293,396	2,094,478
	US\$	402,034,182	389,394,909

Liabilities and Shareholder's Equity

Liabilities

Deposits from banks (note 13)	US\$	222,960	809,887
Deposits from customers (note 14)		165,998,731	194,415,072
Loans from related party (note 15)		173,644,107	138,549,924
Other liabilities (note 16)		7,778,967	11,723,244
		347,644,765	345,498,127

Shareholder's equity

Share capital (note 17)		6,130,000	6,130,000
Reserves (note 18)		7,251,956	7,120,359
Retained earnings		41,007,461	30,646,423
		54,389,417	43,896,782
	US\$	402,034,182	389,394,909

See accompanying notes to financial statements.

These financial statements
were approved on behalf of the Board of Directors
on January 29, 2010 by the following:


Garfield Anthony White Director


Douglas Cochrane Director

SCOTIABANK (TURKS AND CAICOS) LTD.

Statement of Operations

Year ended October 31, 2009
with comparative figures for year ended October 31, 2008

		2009	2008
Income			
Net interest income			
Interest income	US\$	24,925,435	24,866,837
Interest expense		(7,123,624)	(7,749,020)
		17,801,811	17,117,817
Other income			
Fee and commission income (note 19)		6,750,305	6,949,171
Investment income/(loss) (note 8)		56,380	(131,737)
Net interest and other income		24,608,496	23,935,251
Expenses			
Salaries and benefits		(5,543,094)	(4,593,365)
Other operating expenses (note 20)		(4,234,978)	(5,361,333)
Property expenses		(2,140,768)	(2,361,145)
Allowances for impairment (note 10)		(986,729)	(1,507,021)
Communication and marketing		(884,404)	(393,496)
Depreciation (note 12)		(457,485)	(433,541)
		(14,247,458)	(14,649,901)
Net profit for year	US\$	10,361,038	9,285,350

See accompanying notes to financial statements.