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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, 2008 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.



Auditors' responsibility, continued

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.

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, 2008, 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

March 31, 2009

SCOTIABANK (TURKS AND CAICOS) LTD.

Balance Sheet

At October 31, 2008

with comparative figures at October 31, 2007

| | | 2008 | 2007 |
|--|------|-------------|-------------|
| Assets | | | |
| Cash and cash equivalents (note 6) | US\$ | 54,523,277 | 13,236,207 |
| Short-term investments (note 7) | | 5,000,118 | 3,369,555 |
| Other investments (note 8) | | 467,955 | 1,108,071 |
| Loans to customers, net (notes 9 and 10) | | 325,696,071 | 255,395,386 |
| Other assets (note 11) | | 1,613,010 | 926,066 |
| Property and equipment, net (note 12) | | 2,094,478 | 1,156,677 |
| | US\$ | 389,394,909 | 275,191,962 |

Liabilities and Shareholder's Equity

Liabilities

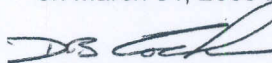
| | | | |
|------------------------------------|------|-------------|-------------|
| Deposits from banks (note 13) | US\$ | 809,887 | 14,402,364 |
| Deposits from customers (note 14) | | 194,415,072 | 165,188,495 |
| Loans from related party (note 15) | | 138,549,924 | 52,316,873 |
| Other liabilities (note 16) | | 11,723,244 | 8,672,798 |
| | | 345,498,127 | 240,580,530 |

Shareholder's equity

| | | | |
|---------------------------|------|-------------|-------------|
| Share capital (note 17) | | 6,130,000 | 6,130,000 |
| Capital reserve (note 18) | | 7,120,359 | 7,120,359 |
| Retained earnings | | 30,646,423 | 21,361,073 |
| | | 43,896,782 | 34,611,432 |
| | US\$ | 389,394,909 | 275,191,962 |

See accompanying notes to financial statements.

These financial statements
were approved on behalf of the Board of Directors
on March 31, 2009 by the following:


Douglas Cochrane Director


Ariel Misicki Director

SCOTIABANK (TURKS AND CAICOS) LTD.

Statement of Operations

Year ended October 31, 2008

with comparative figures for year ended October 31, 2007

| | | 2008 | 2007 |
|-------------------------------------|------|--------------|--------------|
| Income | | | |
| Interest income | US\$ | 24,866,837 | 19,521,631 |
| Interest expense | | (7,749,020) | (4,833,933) |
| Net interest income | | 17,117,817 | 14,687,698 |
| Allowances for impairment (note 10) | | (1,507,021) | (978,825) |
| Net operating income | | 15,610,796 | 13,708,873 |
| Fee and commission income (note 19) | | 6,949,171 | 4,353,224 |
| Investment (loss)/income (note 8) | | (131,737) | 1,108,071 |
| Operating income | | 22,428,230 | 19,170,168 |
| Operating expenses | | | |
| Other operating expenses (note 20) | | (5,361,333) | (5,192,841) |
| Salaries and benefits | | (4,593,365) | (3,604,424) |
| Repairs and maintenance | | (2,361,145) | (1,505,590) |
| Depreciation (note 12) | | (433,541) | (237,277) |
| Communication and marketing | | (393,496) | (498,701) |
| Total operating expenses | | (13,142,880) | (11,038,833) |
| Net profit for year | US\$ | 9,285,350 | 8,131,335 |

See accompanying notes to financial statements.