

BALANCE SHEETS

| As at March 31 | 2010 BZ\$ | 2009 BZ\$ |
|---|--------------------|--------------------|
| Assets | | |
| Cash and due from banks | 115,506,449 | 93,820,770 |
| Interest-bearing deposits | 88,732,059 | 62,349,608 |
| Government of Belize securities | - | 636,621 |
| Liquid Assets | 204,238,508 | 156,806,999 |
| Loans (net of unearned income and allowance) | 656,231,374 | 701,229,764 |
| Premises and equipment | 18,631,261 | 22,673,226 |
| Customers' acceptance liability | 432,954 | 181,310 |
| Other assets | 56,943,710 | 62,028,310 |
| Total Assets | 936,477,807 | 942,919,609 |
| Liabilities and Shareholders' Equity | | |
| Deposits | 742,690,018 | 650,522,809 |
| Acceptances outstanding | 432,954 | 181,310 |
| Other liabilities | 25,006,101 | 21,317,299 |
| Short-term debt | 17,617,522 | 55,558,720 |
| Long-term debt | 1,168,257 | 70,000,000 |
| Total Liabilities | 786,914,852 | 797,580,138 |
| Shareholders' Equity | | |
| Share capital | 4,300,000 | 4,300,000 |
| Statutory reserves | 4,300,000 | 4,300,000 |
| Retained earnings | 140,977,789 | 136,739,471 |
| Accumulated other comprehensive loss | (14,834) | - |
| Total Shareholders' Equity | 149,562,955 | 145,339,471 |
| Total Liabilities and Shareholders' Equity | 936,477,807 | 942,919,609 |

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of The Belize Bank Limited

We have audited the balance sheets of The Belize Bank Limited (the "Bank") (Parent Company only) as of 31 March 2010 and 2009, and the related statements of income, shareholders' equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 22 to the financial statements, the Bank was required to prepare these financial statements in compliance with an accounting directive by the Central Bank of Belize. The accounting directive and the effect thereof on the financial statements differ materially from generally accepted accounting principles.

In our opinion, solely because of the effect of the directive referred to in the preceding paragraph, the accompanying summary balance sheets and annexed summary statements of income and retained earnings do not present fairly, in conformity with generally accepted accounting principles in the United States of America, the financial position of the Belize Bank Limited (Parent Company only) as of 31 March 2010 and 2009, or the results of its operations or its cash flows for the years then ended.

Horwath Belize LLP

Belize City
July 30, 2010

STATEMENTS OF INCOME AND RETAINED EARNINGS

| Year ended March 31 | 2010 BZ\$ | 2009 BZ\$ |
|---|--------------------|--------------------|
| Interest income | 82,711,325 | 78,335,797 |
| Interest expense | (54,952,200) | (51,879,200) |
| Net interest income | 27,759,125 | 26,456,597 |
| Non-interest income | 19,536,136 | 24,512,549 |
| Non-interest expense | (43,056,943) | (32,272,989) |
| Income before extraordinary loss | 4,238,318 | 18,696,157 |
| Extraordinary loss | - | (20,000,000) |
| Net Income | 4,238,318 | (1,303,843) |
| Retained earnings brought forward | 136,739,471 | 138,043,314 |
| Retained earnings, carried forward | 140,977,789 | 136,739,471 |

Note 22 - Extraordinary Loss

The extraordinary loss comprises a prior period adjustment of \$20 million relating to a dispute that has arisen between the Central Bank of Belize ("CBB") and the Bank. The dispute concerns an amount of \$20 million which the Bank believes is a fully recoverable receivable from the Government of Belize ("GOB"). GOB's position is that there is no such obligation of \$20 million to the Bank.

The Bank's claim for the \$20 million receivable relates back to the disbursement of loans to a client of the Bank, Universal Health Service Company Limited ("UHS"), between 2001 and 2004 and a related guarantee given by GOB as support for these loan arrangements. Subsequent agreements put in place between GOB and the Bank for the settlement of the \$20 million have not been honoured. The legal discussions are complex and there are various unresolved court actions taking place in Belize and internationally, the final outcome of which is not yet known.

As a regulatory matter CBB has recently given a directive to the Bank to (i) write off the receivable asset of \$20 million which was previously recorded in the audited financial statements of the Bank for the year ended March 31, 2009 and (ii) to record the write off as a prior period adjustment in the financial statements of the Bank for the period in which the asset was first recognized. The Bank has complied with the requirement in these financial statements for the year ended March 31, 2010 and restated the March 31, 2009 comparative figures accordingly.

Based on its assessment of all available information, Management has concluded that it is probable that the overall outcome of the collective actions being take by the Bank will result in the Bank successfully recovering its rightful asset of \$20 million receivable from GOB. Consequently, Management believes that the \$20 million receivable should be properly recognized as an asset in accordance with US GAAP. As a consequence of compliance with the requirement it is Management's opinion that CBB's required accounting with respect to the receivable is not in accordance with US GAAP and that the Bank's financial statements as at March 31, 2010 are not fairly presented.

The Bank's external auditors (Horwath Belize LLP) have completed their audit of the Bank's financial statements in accordance with US generally accepted auditing standards. Reference should be made to their audit report, in which they state that because of the effect of the CBB directive, the financial statements do not present fairly, in conformity with US GAAP, the financial position of the Bank as of March 31, 2010 and 2009, or the results of its operations or its cash flows for the years then ended.

DIRECTORS

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Michael Coye

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Efrain Martin

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