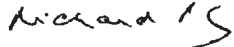


**To Our Shareholders**

The Directors are pleased to announce that the Group realised income after tax of \$119.5 million for the three months ended 31 January 2009, representing a 10% increase over the comparable period in the prior year.

The Group's solid first quarter's performance, achieved in deteriorating market conditions as the contagion of the financial turmoil in developed markets becomes apparent locally, is testament to management's prudent investment and risk management policies. The Directors believe there is a risk that market conditions will deteriorate further during fiscal 2009. The Directors however anticipate that, barring unforeseen developments, the Scotiabank Group should deliver competitive returns to its shareholders in an increasingly difficult environment.

On the basis of performance to date, the Directors have resolved that the Bank pay a first interim dividend of 25 cents per ordinary share (2008 - 23 cents) on 08 April 2009 to shareholders on record as at 10 March 2009.

  
26 February 2009  
R.P. Young - Managing Director

**Consolidated Balance Sheet Highlights** (Stated In \$'000)

	UNAUDITED As at 31 January 2009	UNAUDITED As at 31 January 2008	AUDITED As at 31 October 2008
<b>ASSETS</b>			
Cash on hand and in transit	\$ 80,893	\$ 121,870	\$ 86,888
Due from banks and related companies	591,974	475,068	938,228
Treasury bills	284,011	196,621	279,539
Deposits with Central Bank	2,485,204	1,354,965	1,554,206
Net Loans to customers	10,934,992	9,463,250	10,476,303
Assets purchased under resale agreements	13,288	-	13,876
Investment securities	618,741	458,232	606,421
Investment in associate companies	9,684	7,924	9,684
Property, plant and equipment	216,446	203,159	209,741
Miscellaneous assets	145,345	146,361	151,965
Goodwill	2,974	-	2,496
<b>TOTAL ASSETS</b>	<b>\$ 15,383,552</b>	<b>\$ 12,427,450</b>	<b>\$ 14,329,347</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Deposits	\$ 11,363,287	\$ 8,968,622	\$ 9,671,628
Due to banks and related companies	483,256	1,040,260	1,158,308
Other liabilities	192,778	129,289	164,676
Securities sold under repurchase agreement	81,172	167,643	167,979
Provision for taxation	48,792	45,275	42,420
Policyholders' funds	291,597	212,511	273,329
Debt security in issue	1,000,000	200,000	1,000,000
Deferred tax liability	17,951	21,016	18,519
<b>TOTAL LIABILITIES</b>	<b>13,478,833</b>	<b>10,784,616</b>	<b>12,496,859</b>
<b>SHAREHOLDERS' EQUITY</b>			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	297,563	297,563	297,563
Investment revaluation reserve	(6,690)	4,895	(3,478)
Retained earnings	1,346,283	1,072,813	1,270,840
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,904,719</b>	<b>1,642,834</b>	<b>1,832,488</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 15,383,552</b>	<b>\$ 12,427,450</b>	<b>\$ 14,329,347</b>

**Consolidated Income Statement** (Stated In \$'000)

	UNAUDITED Three months ended 31 January 2009	UNAUDITED Three months ended 31 January 2008	AUDITED Year ended 31 October 2008
<b>NET INTEREST AND OTHER INCOME</b>			
Net Interest Income	\$ 198,564	\$ 173,898	\$ 739,670
Other Income	74,207	62,246	253,217
<b>Net Interest and Other Income</b>	<b>272,771</b>	<b>236,144</b>	<b>992,887</b>
<b>NON-INTEREST EXPENSES</b>			
Salaries and staff benefits	51,677	44,021	186,281
Premises and technology	20,344	19,277	82,771
Communications and marketing	7,854	7,781	35,738
Loan loss expense	10,138	1,685	22,135
Other	29,176	23,868	108,352
<b>Non-Interest Expenses</b>	<b>119,189</b>	<b>96,632</b>	<b>435,277</b>
<b>INCOME BEFORE TAXATION</b>	<b>153,582</b>	<b>139,512</b>	<b>557,610</b>
Provision for taxation	(34,053)	(30,899)	(125,767)
<b>INCOME AFTER TAXATION</b>	<b>\$ 119,529</b>	<b>\$ 108,613</b>	<b>\$ 431,843</b>
Dividends Paid & Proposed for financial year	\$ 44,086	\$ 40,559	\$ 169,290
Dividends per share	25.0c	23.0c	96.0c
Earnings per share	67.8c	61.6c	244.9c
Return on Equity	25.38%	26.90%	25.38%
Return on Total Assets	3.19%	3.60%	3.34%
Market Value	\$ 25.71	\$ 30.00	\$ 31.00

**Consolidated Statement of Changes In Shareholders' Equity**

FOR THE PERIOD ENDED 31 JANUARY 2009 (Stated In \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
<b>Three months ended 31 January 2009</b>					
<b>Balance as at 31 October 2008</b>	<b>\$ 267,563</b>	<b>297,563</b>	<b>(3,478)</b>	<b>1,270,840</b>	<b>1,832,488</b>
Changes in fair value, net of tax	-	-	(3,212)	-	(3,212)
Net profit for the period	-	-	-	119,529	119,529
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(44,086)	(44,086)
<b>Balance as at 31 January 2009</b>	<b>\$ 267,563</b>	<b>297,563</b>	<b>(6,690)</b>	<b>1,346,283</b>	<b>1,904,719</b>
<b>Three months ended 31 January 2008</b>					
<b>Balance as at 31 October 2007</b>	<b>\$ 267,563</b>	<b>297,563</b>	<b>3,680</b>	<b>1,001,232</b>	<b>1,570,038</b>
Changes in fair value, net of tax	-	-	1,215	-	1,215
Net profit for the period	-	-	-	108,613	108,613
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(37,032)	(37,032)
<b>Balance as at 31 January 2008</b>	<b>\$ 267,563</b>	<b>297,563</b>	<b>4,895</b>	<b>1,072,813</b>	<b>1,642,834</b>
<b>Year Ended 31 October 2008</b>					
<b>Balance as at 31 October 2007</b>	<b>\$ 267,563</b>	<b>297,563</b>	<b>3,680</b>	<b>1,001,232</b>	<b>1,570,038</b>
Gains transferred to net profit, net of tax	-	-	(66)	-	(66)
Changes in fair value, net of tax	-	-	(7,092)	-	(7,092)
Net profit for the period	-	-	-	431,843	431,843
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(162,235)	(162,235)
<b>Balance as at 31 October 2008</b>	<b>\$ 267,563</b>	<b>297,563</b>	<b>(3,478)</b>	<b>1,270,840</b>	<b>1,832,488</b>

**Consolidated Cash Flow** (Stated In \$'000)

	UNAUDITED Three months ended 31 January 2009	UNAUDITED Three months ended 31 January 2008	AUDITED Year ended 31 October 2008
<b>Cash flows (used in) from operating activities</b>			
Net income before taxes	\$ 153,582	\$ 139,512	\$ 557,610
Increase in loans	(458,689)	(638,045)	(1,651,097)
Decrease / (Increase) in assets purchased under resale agreement	588	-	(13,876)
Increase in deposits	1,691,659	622,009	1,235,917
(Decrease) / Increase in securities sold under repurchase agreement	(86,807)	-	89,433
Taxation paid	(28,769)	(22,340)	(120,403)
Other adjustments to reconcile income before taxation to net cash from operating activities	(1,548,609)	185,389	203,743
<b>Net cash (used in) / from operating activities</b>	<b>\$ (277,045)</b>	<b>\$ 286,525</b>	<b>\$ 301,327</b>
<b>Cash flows used in from investing activities</b>			
Increase in investments	\$ (15,012)	\$ (324)	\$ (154,964)
Purchase of property, plant & equipment	(11,156)	(4,535)	(23,160)
Investment in subsidiary	(478)	-	(2,496)
Proceeds from disposal of property, plant & equipment	-	-	1,338
<b>Net cash used in investing activities</b>	<b>\$ (26,646)</b>	<b>\$ (4,859)</b>	<b>\$ (179,282)</b>
<b>Cash flows (used in) from financing activities</b>			
Increase in debt security in issue	\$ -	\$ -	\$ 800,000
Dividends paid	(44,086)	(37,032)	(162,236)
<b>Net cash (used in) from financing activities</b>	<b>\$ (44,086)</b>	<b>\$ (37,032)</b>	<b>\$ 637,764</b>
Increase in cash and cash equivalents	\$ (347,777)	\$ 244,634	\$ 759,809
Cash and cash equivalents, beginning of period	1,304,655	548,925	544,846
<b>Cash and cash equivalents, end of period</b>	<b>\$ 956,878</b>	<b>\$ 793,559</b>	<b>\$ 1,304,655</b>
<b>Cash and cash equivalents</b>			
Cash on hand and intransit	\$ 80,893	\$ 121,870	\$ 86,888
Due from banks and related companies	591,974	475,068	938,228
Treasury bills	284,011	196,621	279,539
<b>Cash and cash equivalents</b>	<b>\$ 956,878</b>	<b>\$ 793,559</b>	<b>\$ 1,304,655</b>

**Significant Accounting Policies**
**Basis of preparation**

These financial statements, in all material aspects, have been prepared in accordance with International Financial Reporting Standards. The accounting policies used in the preparation of the financial statements are the same as were followed in the financial statements as at 31 October 2008.