

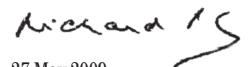
To Our Shareholders

The Directors are pleased to announce that the Scotiabank Group realised income after tax of \$227.1 million for the six months ended 30 April 2009, representing a 7.0% increase over the comparable period in the prior year.

The Group's ability to deliver sustainable results in challenging market conditions is the product of prudent risk policies, an advanced technological platform and the commitment of its employees. These factors have placed the Group on a sound basis to weather the current market turmoil, whilst giving the Group the flexibility to take advantage of opportunities that may present themselves.

Notwithstanding the significant loan growth of 70.0% over the last 3 years, the loan loss expense is within expected thresholds. Adequate infrastructure has been put in place to deal with this area going forward.

On the basis of performance to date, the Directors have resolved that the Bank pay a second interim dividend of 25 cents per ordinary share (2008 - 23 cents) on 06 July 2009 to shareholders on record as at 8 June 2009.


27 May 2009
R.P. Young - Managing Director

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

	UNAUDITED As at 30 April 2009	UNAUDITED As at 30 April 2008	AUDITED As at 31 October 2008
ASSETS			
Cash on hand and in transit	\$ 117,258	\$ 98,601	\$ 86,888
Due from banks and related companies	1,297,537	459,358	938,228
Treasury bills	617,339	270,302	279,539
Deposits with Central Bank	2,566,786	1,569,326	1,554,206
Net Loans to customers	10,633,570	9,892,268	10,476,303
Assets purchased under resale agreements	9,216	-	13,876
Investment securities	673,570	398,919	606,421
Investment in associate companies	9,684	7,924	9,684
Property, plant and equipment	226,689	205,579	209,741
Miscellaneous assets	155,817	158,383	151,965
Goodwill	2,974	-	2,496
TOTAL ASSETS	\$ 16,310,440	\$ 13,060,660	\$ 14,329,347
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	\$ 12,103,096	\$ 9,606,577	\$ 9,671,628
Due to banks and related companies	545,323	833,113	1,158,308
Other liabilities	209,083	144,104	164,676
Securities sold under repurchase agreement	84,188	286,825	167,979
Provision for taxation	29,406	30,422	42,420
Policyholders' funds	310,098	235,385	273,329
Debt security in issue	1,000,000	200,000	1,000,000
Deferred tax liability	24,785	19,621	18,519
TOTAL LIABILITIES	14,305,979	11,356,047	12,496,859
SHAREHOLDERS' EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	337,563	297,563	297,563
Investment revaluation reserve	29,570	3,522	(3,478)
Retained earnings	1,369,765	1,135,965	1,270,840
TOTAL SHAREHOLDERS' EQUITY	2,004,461	1,704,613	1,832,488
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 16,310,440	\$ 13,060,660	\$ 14,329,347

Consolidated Income Statement (Stated In \$'000)

	UNAUDITED Six months ended 30 April 2009	UNAUDITED Six months ended 30 April 2008	AUDITED Year ended 31 October 2008
NET INTEREST AND OTHER INCOME			
Net Interest Income	\$ 396,154	\$ 355,050	\$ 739,670
Other Income	140,953	124,612	253,217
Net Interest and Other Income	537,107	479,662	992,887
NON-INTEREST EXPENSES			
Salaries and staff benefits	101,285	89,459	186,281
Premises and technology	41,513	40,712	82,771
Communications and marketing	12,977	15,046	35,738
Loan loss expense	29,189	10,881	22,135
Other	60,478	52,660	108,352
Non-Interest Expenses	245,442	208,758	435,277
INCOME BEFORE TAXATION	291,665	270,904	557,610
Provision for taxation	(64,568)	(58,580)	(125,767)
INCOME AFTER TAXATION	\$ 227,097	\$ 212,324	\$ 431,843
Dividends Paid & Proposed for financial year	\$ 88,172	\$ 81,118	\$ 169,290
Dividends per share	50.0 c	46.0 c	96.0 c
Earnings per share	128.8 c	120.4 c	244.9 c
Return on Equity	23.87%	26.08%	25.38%
Return on Total Assets	2.99%	3.47%	3.34%
Market Value	\$ 28.00	\$ 35.00	\$ 31.00

Consolidated Statement of Changes In Shareholders' Equity

FOR THE PERIOD ENDED 30 APRIL 2009 (Stated In \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
Six months ended 30 April 2009					
Balance as at 31 October 2008	\$ 267,563	297,563	(3,478)	1,270,840	1,832,488
Changes in fair value, net of tax	-	-	33,048	-	33,048
Net profit for the period	-	-	-	227,097	227,097
Transfer to statutory reserve	-	40,000	-	(40,000)	-
Dividends paid	-	-	-	(88,172)	(88,172)
Balance as at 30 April 2009	\$ 267,563	337,563	29,570	1,369,765	2,004,461
Six months ended 30 April 2008					
Balance as at 31 October 2007	\$ 267,563	297,563	3,680	1,001,232	1,570,038
Changes in fair value, net of tax	-	-	(158)	-	(158)
Net profit for the period	-	-	-	212,324	212,324
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(77,591)	(77,591)
Balance as at 30 April 2008	\$ 267,563	297,563	3,522	1,135,965	1,704,613
Year ended 31 October 2008					
Balance as at 31 October 2007	\$ 267,563	297,563	3,680	1,001,232	1,570,038
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)
Balance as at 31 October 2008	\$ 267,563	297,563	(3,478)	1,270,840	1,832,488

Consolidated Cash Flow (Stated In \$'000)

	UNAUDITED Six months ended 30 April 2009	UNAUDITED Six months ended 30 April 2008	AUDITED Year ended 31 October 2008
Cash flows (used in) / from operating activities			
Net income before taxes	\$ 291,665	\$ 270,904	\$ 557,610
Increase in loans	(157,267)	(1,067,062)	(1,651,097)
Decrease / (Increase) in assets purchased under resale agreement	4,660	-	(13,876)
Increase in deposits	2,431,467	1,379,145	1,235,917
(Decrease) / Increase in securities sold under repurchase agreement	(83,791)	-	89,433
Taxation paid	(79,991)	(66,023)	(120,403)
Other adjustments to reconcile income before taxation to net cash from operating activities	(1,540,323)	(207,285)	203,743
Net cash from operating activities	\$ 866,420	\$ 309,679	\$ 301,327
Cash flows (used in) / from investing activities			
(Increase) / Decrease in investments	\$ (25,425)	\$ 57,369	\$ (154,964)
Purchase of property, plant & equipment	(24,870)	(11,078)	(23,160)
Investment in subsidiary	(479)	-	(2,496)
Proceeds from disposal of property, plant & equipment	5	957	1,338
Net cash (used in) / from investing activities	\$ (50,769)	\$ 47,248	\$ (179,282)
Cash flows (used in) / from financing activities			
Increase in debt security in issue	\$ -	\$ -	\$ 800,000
Dividends paid	(88,172)	(77,591)	(162,236)
Net cash (used in) / from financing activities	\$ (88,172)	\$ (77,591)	\$ 637,764
Increase in cash and cash equivalents	\$ 727,479	\$ 279,336	\$ 759,809
Cash and cash equivalents, beginning of period	1,304,655	548,925	544,846
Cash and cash equivalents, end of period	\$ 2,032,134	\$ 828,261	\$ 1,304,655
Cash and cash equivalents			
Cash on hand and intransit	\$ 117,258	\$ 98,601	\$ 86,888
Due from banks and related companies	1,297,537	459,358	938,228
Treasury bills	617,339	270,302	279,539
Cash and cash equivalents	\$ 2,032,134	\$ 828,261	\$ 1,304,655

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.