Q1 2010

First Quarter Report to Shareholders

Scotiabank reports strong revenue growth and first quarter earnings of $988 million

First quarter financial measures compared to the same period a year ago:

- Earnings per share (diluted) of $0.91, compared to $0.80
- Net income of $988 million, versus $842 million
- Return on equity of 17.4%, compared to 16.2%
- Productivity ratio of 50.5%, versus 58.7%

Toronto, March 9, 2010 – Scotiabank recorded first quarter net income of $988 million, up $146 million or 17% from the same period last year. Revenues were up a strong 16%, notwithstanding a negative foreign currency impact of $289 million. Diluted earnings per share were $0.91 compared to $0.80 in the same period a year earlier. Return on equity was 17.4% compared to 16.2% last year.

"We are pleased to report our results for the first quarter in an environment of improving economic and market conditions," said President and CEO Rick Waugh. "We are still in the early days of the recovery, and we continue to carefully manage our businesses in order to achieve solid earnings and maintain a strong return on equity.

"Our strategy of diversifying by geography and business line has delivered record revenues. This growth in revenues combined with our core strengths in risk management and expense control has served us well, resulting in strong net income in the first quarter. We have successfully met our retail customers' needs through growth in our retail and small business portfolios in Canada and internationally.

"Canadian Banking performed particularly well, reporting strong revenue growth of 13% and record net income of $560 million, a 28% increase over the same quarter last year. This quarter's results benefited from growth in mortgages, lines of credit and personal deposits, in particular our high interest savings and chequing accounts. The year-over-year increase also came from higher net interest income as margins improved. Wealth management revenues were up 16%, with improved market conditions and strong net sales growth.

"Net income in International Banking was $294 million, down from the peak of $388 million in the same quarter a year ago. Solid revenues and good cost control were more than offset by higher provisions for credit losses, a higher effective tax rate, and the significant negative effect of the stronger Canadian dollar. Excluding the negative impact of foreign currency translation, revenues grew 8%.

"Scotia Capital had a very strong quarter with net income of $381 million and solid contributions from all business units. The quarter's results reflect Global Capital Markets revenues at their second highest level. Global Corporate and Investment Banking benefited from a positive change in the fair value of securities, improved margins and a moderate level of provisions for credit losses. However, this was offset by lower lending volumes and investment banking revenues.

"Provisions for credit losses remain within our expectations for this stage of the credit cycle and there is evidence of stabilization as demonstrated by the decline in provisions from the previous quarter.

"Our productivity ratio of 50.5%, compared to 58.7% in the same period a year ago, demonstrates our continued emphasis on expense control across the Bank.

"Our capital position remains strong by both Canadian and international standards, allowing the Bank to continue to grow our businesses, pursue strategic acquisitions, and deliver shareholder dividends.

"As a well-diversified organization, we continue to focus on sustainable revenue growth, capital management, leadership development, prudent risk management, and expense control. With today's announcement of results for the first three months of fiscal 2010, we are well positioned to meet our stated objectives for the year."

Year-to-date performance versus our 2010 financial and operational objectives was as follows:

Targets

1. Earn a return on equity (ROE)[1] of 16 to 20%. For the three months, Scotiabank earned an ROE of 17.4%.
2. Generate growth in earnings per common share (diluted) of 7 to 12%. Our year-over-year growth in earnings per share was 13.8%.
3. Maintain a productivity ratio[1] of less than 58%. Scotiabank's ratio was 50.5% for the three months.
4. Maintain strong capital ratios. At 11.2%, Scotiabank's Tier 1 capital ratio remains strong by Canadian and international standards.

Live audio Web broadcast of the Bank's analysts' conference call. See page 36 for details.

(1) Refer to page 5 for a discussion of non-GAAP measures.

(Unaudited)	As at and for the three months ended **January 31 2010**	October 31 2009	January 31 2009
Operating results *($ millions)*			
Net interest income	**2,147**	2,099	1,966
Net interest income (TEB[1])	**2,222**	2,172	2,036
Total revenue	**3,906**	3,735	3,351
Total revenue (TEB[1])	**3,981**	3,808	3,421
Provision for credit losses	**371**	420	281
Non-interest expenses	**2,009**	2,064	2,010
Provision for income taxes	**512**	321	190
Provision for income taxes (TEB[1])	**587**	394	260
Net income	**988**	902	842
Net income available to common shareholders	**939**	853	805
Operating performance			
Basic earnings per share *($)*	**0.92**	0.84	0.80
Diluted earnings per share *($)*	**0.91**	0.83	0.80
Diluted cash earnings per share[1] *($)*	**0.93**	0.85	0.82
Return on equity[1][2] *(%)*	**17.4**	16.4	16.2
Productivity ratio *(%)* (TEB[1])	**50.5**	54.2	58.7
Net interest margin on total average assets[2] *(%)* (TEB[1])	**1.76**	1.74	1.52
Balance sheet information *($ millions)*			
Cash resources and securities[2]	**173,472**	160,572	123,687
Loans and acceptances[2]	**275,816**	275,885	313,204
Total assets[2]	**507,626**	496,516	510,646
Deposits	**364,938**	350,419	346,570
Preferred shares	**3,710**	3,710	3,710
Common shareholders' equity[2]	**21,647**	21,062	19,920
Assets under administration	**226,308**	215,097	191,826
Assets under management	**43,626**	41,602	34,264
Capital measures			
Tier 1 capital ratio *(%)*	**11.2**	10.7	9.5
Total capital ratio *(%)*	**13.5**	12.9	11.4
Tangible common equity to risk-weighted assets[1][3] *(%)*	**8.8**	8.2	7.2
Risk-weighted assets *($ millions)*	**215,891**	221,656	239,660
Credit quality			
Net impaired loans[2] *($ millions)*	**2,677**	2,563	1,602
General allowance for credit losses *($ millions)*	**1,450**	1,450	1,323
Sectoral allowance ($ millions)	**43**	44	–
Net impaired loans as a % of loans and acceptances[2][4]	**0.97**	0.93	0.51
Specific provision for credit losses as a % of average loans and acceptances[2] (annualized)	**0.55**	0.63	0.36
Common share information			
Share price *($)*			
High	**49.93**	49.19	40.68
Low	**44.12**	42.95	27.35
Close	**44.83**	45.25	29.67
Shares outstanding *(millions)*			
Average – Basic	**1,025**	1,021	1,001
Average – Diluted	**1,028**	1,024	1,003
End of period	**1,029**	1,025	1,012
Dividends per share *($)*	**0.49**	0.49	0.49
Dividend yield *(%)*	**4.2**	4.3	5.8
Market capitalization *($ millions)*	**46,115**	46,379	30,039
Book value per common share[2] *($)*	**21.04**	20.55	19.67
Market value to book value multiple[2]	**2.1**	2.2	1.5
Price to earnings multiple (trailing 4 quarters)	**13.0**	13.6	9.8
Other information			
Employees	**67,910**	67,802	69,451
Branches and offices	**2,692**	2,686	2,696

(1) Refer to page 5 for a discussion of non-GAAP measures.

(2) Amounts for January 31, 2009, have been restated to reflect the impact of the new accounting policy related to the classification and impairment of financial assets implemented in the fourth quarter of 2009, effective November 1, 2008 (refer to Note 1 of the Consolidated Financial Statements in the 2009 Annual Report for further details).

(3) Amounts for January 31, 2009, have been restated to reflect a new definition of tangible common equity (refer to non-GAAP measures on page 5).

(4) Net impaired loans are impaired loans less the specific allowance for credit losses.

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Forward-looking statements Our public communications often include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include comments with respect to the Bank's objectives, strategies to achieve those objectives, expected financial results (including those in the area of risk management), and the outlook for the Bank's businesses and for the Canadian, United States and global economies. Such statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "should," "would" and "could."

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond our control, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity; significant market volatility and interruptions; the failure of third parties to comply with their obligations to us and our affiliates; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws; the effect of changes to our credit ratings; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions and liquidity regulatory guidance; operational and reputational risks; the risk that the Bank's risk management models may not take into account all relevant factors; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; changes in accounting policies and methods the Bank uses to report its financial condition and the results of its operations, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new technologies in unprecedented ways to defraud the Bank or its customers; consolidation in the Canadian financial services sector; competition, both from new entrants and established competitors; judicial and regulatory proceedings; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments, including terrorist acts and war on terrorism; the effects of disease or illness on local, national or international economies; disruptions to public infrastructure, including transportation, communication, power and water; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. For more information, see the discussion starting on page 62 of the Bank's 2009 Annual Report.

The preceding list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

The "Outlook" sections in this document are based on the Bank's views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing these sections.

Additional information relating to the Bank, including the Bank's Annual Information Form, can be located on the SEDAR website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

Serving our customers

With a focus on improving its Canadian Self Service Banking capabilities, Scotiabank launched Scotia InfoAlerts, a new service that notifies customers via text message or e-mail of activities and balances in their accounts.

ScotiaFunds continues its record of success, ranking number one for the quarter among Canadian banks for total net sales, reflecting the continued confidence that investors and advisors have in our funds and portfolio management team. Scotia Canadian Small Cap Fund, Scotia Resource Fund and Scotia Latin American Fund were all recipients of the 2010 Lipper Fund Awards.

ScotiaMcLeod Wealth Advisors were ranked number one in the industry by Vision Critical on the Financial Advisor Loyalty Index among affluent and high net worth Canadian households.

Scotia Capital worked closely with clients this quarter on a number of significant transactions:

- Acted as Joint Bookrunner on a $2.5 billion treasury offering of common shares by Manulife Financial Corporation, a leading Canadian-based financial services company with operations worldwide.
- Was financial advisor to Carillion Canada in its successful bid for the Centre for Addiction and Mental Health (CAMH) alternate finance procurement (AFP) redevelopment project in Toronto. Scotia Capital also acted as Underwriter on the $86 million, 31.5 year bond issuance and Mandated Lead Arranger, Administrative Agent and Hedge Provider on the $115 million bank loan facility that will be used to finance construction and operation of the project.
- Scotia Waterous is acting as financial advisor to Devon Energy Corporation, on its divestiture of three Lower Tertiary development projects in the Gulf of Mexico to Maersk Oil and other working interest owners, for a combined $1.3 billion. Devon is one of the world's leading independent oil and gas exploration and production companies.

Building our operations around the world

Scotiabank became the first Canadian bank to receive an operating license from the Dubai Financial Services Authority (DFSA) enabling the Bank to operate from the Dubai International Financial Centre (DIFC). The license allows the Bank's ScotiaMocatta division – a global leader in precious metals trading, financing and physical products – to open its own branch in the DIFC.

Scotiabank also increased its stake to 14.8% in Xi'an City Commercial Bank (XACB), a leading city commercial bank in western China. Scotiabank has had a stake in XACB since 2004.

Scotiabank Group recognized for excellence

Marking the progress we have made on our leadership priority, the Global Top Companies for Leaders study, published in *Fortune* magazine, named Scotiabank a "company to watch," the only Canadian company to be recognized.

For the sixth consecutive year, Scotiabank has been named one of Canada's 50 Best Employers based on a national survey conducted by Hewitt Associates and published in *The Globe and Mail*'s *Report on Business Magazine* and in *La Presse*.

Scotia Capital ranked #1 in Canadian Corporate Debt Financing by Bloomberg, for the second year in a row.

Global Finance Magazine has named Scotiabank as Best Trade Finance Bank in Canada for 2010, the third year in a row that the Bank has received this recognition. The selection was based on transaction volume, scope of global coverage, customer service, competitive pricing and innovative technologies. The magazine also considered the ways in which banks stood by their customers during the credit crunch and found innovative ways to lower risk and expedite cash flow from international transactions.

Scotiabank's Customer Service and Support Contact Centre team was awarded Service Quality Measurement Group Inc.'s (SQM's) call centre World Class Call Certification Award for 2009. This award is given for sustained performance in customer satisfaction and recognizes the ongoing quality service provided to our customers.

Supporting the communities where we live and work

When the earthquake struck in Haiti, Scotiabank and Scotiabankers responded quickly to support disaster relief efforts. In addition to a corporate donation of $500,000, Scotiabank opened its branch network to accept public donations to support Canadian Red Cross efforts. The Bank also launched a series of initiatives, including waived wire transfer commissions, to help customers reach out to Haiti.

The Scotiabank team in neighbouring Dominican Republic immediately secured emergency supplies and transported them into Haiti. Scotiabank employees around the world rose to the challenge, organizing internal and external fundraising campaigns and the Toronto Customer Contact Centre opened its phone lines as Scotiabank volunteers took calls for the January 22 fundraising telethon.

Scotiabank announced it has entered into a partnership with CUSO-VSO, a leading non-profit, international development organization that will place Scotiabank volunteers in career-relevant positions in the developing world. With this partnership, Scotiabank joins an elite group of companies specially selected to work with CUSO-VSO and its international development programs.

2010 Objectives

Our Balanced Scorecard

Financial

- Return on equity of 16-20%
- Diluted earnings per share growth of 7-12%
- Long-term shareholder value through increases in dividends and stock price appreciation

People

- High levels of employee satisfaction and engagement
- Diversity of workforce
- Collaboration

Customer

- High levels of customer satisfaction and loyalty
- Deeper relationship with existing customers
- New customer acquisition

Operational

- Productivity ratio of <58%
- Strong practices in corporate governance and compliance processes
- Strong capital ratios
- Corporate social responsibility and strong community involvement

Non-GAAP Measures

The Bank uses a number of financial measures to assess its performance. Some of these measures are not calculated in accordance with Generally Accepted Accounting Principles (GAAP), are not defined by GAAP and do not have standardized meanings that would ensure consistency and comparability between companies using these measures. These non-GAAP measures are used in our Management's Discussion and Analysis on pages 5 through 21. They are defined below:

Taxable equivalent basis

The Bank analyzes net interest income and total revenues on a taxable equivalent basis (TEB). This methodology grosses up tax-exempt income earned on certain securities reported in net interest income to an equivalent before tax basis. A corresponding increase is made to the provision for income taxes; hence, there is no impact on net income. Management believes that this basis for measurement provides a uniform comparability of net interest income arising from both taxable and non-taxable sources, and facilitates a consistent basis of measurement. While other banks also use TEB, their methodology may not be comparable to the Bank's. The TEB gross-up to net interest income and to the provision for income taxes in the current period is $75 million versus $70 million in the same quarter last year and $73 million last quarter.

For purposes of segmented reporting, a segment's net interest income and provision for income taxes are grossed up by the taxable equivalent amount. The elimination of the TEB gross up is recorded in the "Other" segment.

Diluted cash earnings per share

The diluted earnings per share is adjusted to add back the non-cash after-tax amortization of intangible assets to arrive at diluted cash earnings per share.

Productivity ratio (TEB)

Management uses the productivity ratio as a measure of the Bank's efficiency. This ratio represents non-interest expenses as a percentage of total revenue on a taxable equivalent basis.

Net interest margin on total average assets (TEB)

This ratio represents net interest income on a taxable equivalent basis as a percentage of total average assets.

Operating leverage

The Bank defines operating leverage as the rate of growth in total revenue, on a taxable equivalent basis, less the rate of growth in expenses.

Return on equity

Return on equity is a profitability measure that presents the net income available to common shareholders as a percentage of common shareholders' equity. The Bank calculates its return on equity using average common shareholders' equity.

Economic equity and return on economic equity

For internal reporting purposes, the Bank attributes capital to its business segments based on their risk profile and uses a methodology that considers credit, market, operational and other risks inherent in each business segment. The amount of risk capital attributed is commonly referred to as economic equity. Return on economic equity for the business segments is based on the economic equity attributed.

Tangible common equity to risk-weighted assets

Tangible common equity to risk-weighted assets is an important financial measure for rating agencies and the investing community. Tangible common equity is total common shareholders' equity plus non-controlling interest in subsidiaries, less goodwill and unamortized intangible assets. Tangible common equity is presented as a percentage of risk-weighted assets. Regulatory capital ratios, such as Tier 1 and Total Capital ratios, have standardized meanings as defined by the Office of the Superintendent of Financial Institutions Canada (OSFI).

Group Financial Performance and Financial Condition

March 9, 2010

Financial results

Net income

Scotiabank's net income was $988 million in the first quarter, an increase of $146 million or 17% from the same period a year ago. Excluding the negative impact of foreign currency translation of $124 million, net income grew $270 million or 32%. Increased net interest income, strong trading revenues and higher net gains on securities were partly offset by increased provisions for credit losses and the impact of a higher effective tax rate.

Net income increased $86 million or 10% from the fourth quarter, due primarily to growth in net interest income, higher net gains on securities, favourable changes in the fair value of financial instruments used for asset/liability management purposes and lower provisions for credit losses. These items were partly offset by the impact of higher income taxes and lower credit fees.

Impact of foreign currency translation

Changes in the average exchange rates affected net income, as shown in the following table:

	For the three months ended		
Average exchange rate	**January 31 2010**	October 31 2009	January 31 2009
U.S. dollar/Canadian dollar	**0.949**	0.930	0.815
Mexican peso/Canadian dollar	**12.273**	12.298	11.063

The table below reflects the impact of foreign currency translation on the quarter-over-quarter and year-over-year change in key income statement items. The impact of foreign currency translation was more significant when comparing this quarter to the same quarter last year due to the significant strengthening of the Canadian dollar year over year.

($ millions except per share amounts)	For the three months ended	
	January 31, 2010 vs January 31, 2009	January 31, 2010 vs October 31, 2009
Impact on income:		
Net interest income	$ (146)	$ (6)
Other income	(143)	(13)
Non-interest expenses	79	2
Other items (net of tax)	86	6
Net income	(124)	(11)
Earnings per share (diluted)	(0.12)	(0.01)
Impact by business line:		
Canadian Banking	(6)	–
International Banking	(47)	(2)
Scotia Capital	(58)	(7)
Other	(13)	(2)

Total revenue

Total revenue (on a taxable equivalent basis) was $3,981 million this quarter, up $560 million or 16% from the first quarter last year, notwithstanding the negative foreign currency translation impact of $289 million. The increase was attributable to many factors, including increased net interest income, higher net gains on securities, and strong trading results. These items were partly offset by lower securitization and investment banking revenues.

Compared to the fourth quarter, total revenue (on a taxable equivalent basis) increased $173 million or 5%, due mainly to higher net gains on securities, growth in trading revenues, increased net interest income due to asset growth, and the favourable change in fair values of financial instruments used for asset/liability management purposes and non-trading financial instruments. Partly offsetting these items were lower underwriting and credit fees.

Net interest income

This quarter's net interest income (on a taxable equivalent basis) was $2,222 million, an increase of $186 million or 9% over the same period last year, notwithstanding the negative foreign currency translation impact of $146 million. The increase in net interest income was due mainly to growth in retail assets offset by lower volumes of corporate loans, an improved net interest margin and higher loan origination fees. The improved net interest margin was a result of wider spreads on corporate loans, mortgages and personal lines of credit and positive changes in the fair value of financial instruments used for asset/liability management purposes.

Compared to the previous quarter, net interest income (on a taxable equivalent basis) was higher by $50 million. The increase was attributable to growth in retail assets, wider spreads on mortgages and personal lines of credit in Canadian Banking, and a favourable change in the fair value of financial instruments used for asset/liability management purposes. The increase was partly offset by narrower spreads in Mexico and lower corporate loan volumes.

The Bank's net interest margin was 1.76% in the first quarter, compared to 1.52% in the same quarter of last year and 1.74% last quarter. Compared to the prior year, the increase in the margin was due primarily to the favourable change in fair value of financial instruments used for asset/liability management purposes and a lower level of average non-earning assets.

The quarter-over-quarter increase was due partly to wider spreads on mortgages and personal lines of credit in Canadian Banking, favourable changes in the fair value of financial instruments used for asset/liability management purposes and a lower level of average non-earning assets.

Other income

Other income was $1,759 million this quarter, an increase of $374 million or 27% from the first quarter last year, despite the negative impact of foreign currency translation of $143 million. The growth was due primarily to higher net gains on securities, from a combination of gains on the sales of securities and lower writedowns, and strong equity and derivative trading revenues, partly offset by a loss on the Bank's investment in an affiliate in Venezuela, reflecting a significant devaluation in the Venezuelan bolivar. In addition, last year's results included derivative trading losses. The increase in other income was also driven by higher wealth management revenues as a result of growth in assets under administration, a one-time gain on the sale of the pension administration business in Mexico, and a positive change in the fair value of non-trading financial instruments. These items were partly offset by lower securitization and underwriting revenues.

Quarter over quarter, other income was up $123 million or 8%, due primarily to higher net gains on sales of securities, solid precious metals and derivative trading revenues, the one-time gain on the sale of the pension administration business in Mexico, and the positive change in the fair value of the non-trading financial instruments. Partly offsetting these items were lower credit fees and investment banking revenues.

Provision for credit losses

The provision for credit losses was $371 million this quarter, up $90 million from the same period last year, but down $49 million from last quarter. The higher year-over-year provisions were mainly in Canadian and International Banking, with only modestly higher provisions in Scotia Capital.

Non-interest expenses and productivity

Non-interest expenses were $2,009 million this quarter, unchanged from the same quarter last year. Lower business and capital taxes and technology costs and the positive impact of foreign currency translation were offset by higher stock-based compensation, due in part to changes to incentive plans.

Compared to the fourth quarter, non-interest expenses were down $55 million or 3%. This reduction was due primarily to a decrease in advertising and business development and technology expenses, lower legal provisions, and a reduction in loyalty reward point costs. These items were partly offset by an increase in stock-based compensation.

The productivity ratio, a measure of the Bank's efficiency, was 50.5%, compared to 58.7% in the same quarter last year and 54.2% last quarter. The Bank's operating leverage this quarter was 16.4% compared to a year ago, driven by 16% revenue growth, while expenses were unchanged.

Taxes

The effective tax rate for this quarter was 33.6%, up from 17.9% in the first quarter last year, and 25.7% in the fourth quarter. The increase from a year ago and from the previous quarter reflected net writedowns of future tax assets as a result of the Ontario tax rate reductions enacted during the current quarter. In addition, this quarter there was proportionately lower income and higher losses in lower tax rate jurisdictions, a non-deductible foreign currency devaluation loss on the investment in the Venezuelan affiliate, and a correction of a tax expense related to a prior acquisition in International Banking.

Risk management

The Bank's risk management policies and practices are unchanged from those outlined in pages 62 to 76 of the 2009 Annual Report.

Credit risk

The provision for credit losses was $371 million this quarter, compared to $281 million in the same period last year and $420 million in the previous quarter.

The total provision for credit losses was $180 million in Canadian Banking, up from $155 million in the same quarter last year, but down from $190 million in the previous quarter. The year-over-year increase was due mainly to higher retail provisions in the unsecured lending portfolios, and to moderately higher commercial provisions. The decrease from the previous quarter was due mainly to lower retail provisions in the unsecured lending portfolios, partially offset by moderately higher commercial provisions.

International Banking's provision for credit losses was $177 million, compared to $116 million in the same period last year, and $167 million last quarter. The year-over-year increase was due mainly to a provision on a commercial account in the Caribbean, whereas the same quarter last year benefited from reversals in commercial provisions. On a year-over-year basis, retail provisions were unchanged. The increase in provisions from the previous quarter was due mainly to higher retail provisions in Mexico, Chile and the Caribbean, partially offset by lower provisions in Peru.

Scotia Capital's provision for credit losses was $14 million, compared to $10 million in the same period last year and $63 million last quarter. New provisions this quarter were attributable primarily to one account in Canada.

Total net impaired loans, after deducting the allowance for specific credit losses, were $2,677 million as at January 31, 2010, an increase of $114 million from last quarter.

The general allowance for credit losses was $1,450 million as at January 31, 2010, unchanged from last quarter.

The sectoral allowance specific to the automotive industry was $43 million, down $1 million, reflecting a reclassification to specific provisions this quarter.

Automotive industry exposure

The Bank's direct (corporate and commercial) loan exposure to the North American and European automotive industry was $4.1 billion as at January 31, 2010, and was comprised of the following:

	As at	
($ billions)	**January 31 2010**	October 31 2009
Original equipment manufacturers (OEMs)	**$ 0.2**	$ 0.2
Financing and leasing	**0.6**	0.6
Parts manufacturers	**0.5**	0.5
Dealers	**2.8**	2.4
Total	**$ 4.1**	$ 3.7

Approximately 32% of this exposure is rated investment grade, either externally or based on the Bank's internal rating program, in line with the 30% as at October 31, 2009. Loans are typically senior in the capital structure of the borrowers. In the first quarter of 2010, there was a small net provision recovery.

In fiscal 2009, the Bank established a $60 million sectoral allowance against its North American non-retail automotive exposures for incurred losses expected to be identified individually over the coming quarters. Of the $60 million, $16 million of the sectoral allowance was reclassified to the specific provision for credit losses in the prior year. During the first quarter of 2010, $1 million of the sectoral allowance was reclassified to the specific provision for credit losses. Management believes this sectoral allowance is adequate to address potential losses inherent in the exposures to this sector.

Consumer auto-based securities

As at January 31, 2010, the Bank held $6.2 billion (October 31, 2009 – $6.2 billion) of consumer auto-based securities which are classified as loans. These securities are loan-based securities, which arise from retail instalment sales contracts (loans), which were primarily acquired through a US$6 billion revolving facility to purchase U.S. and Canadian consumer auto loans from a North American automotive finance company. This facility has a remaining revolving period of less than one year, and was modified in 2008 to allow the seller to sell Canadian-based loans to the Bank for a limited period, rather than U.S.-based loans. The facility is structured with credit enhancement in the form of overcollateralization provided at the time of the loan purchases, resulting in no further reliance on the seller for credit enhancement. For each subsequent purchase under the revolving credit facility, the credit enhancement is a multiple of the most recent pool loss data for the seller's overall managed portfolio.

The Bank conducts regular stress tests on the loan-based securities. Under different stress scenarios, the loss on this consumer auto loan-backed securities portfolio is within the Bank's risk tolerance level. Approximately 83% of these assets are externally rated AAA and have a weighted average life of approximately two years.

Sovereign risk

As a result of the Bank's broad international operations, the Bank has sovereign credit risk exposure to a number of countries. The Bank actively manages this sovereign risk, including the use of risk limits calibrated to the credit worthiness of the sovereign exposure. The Bank's exposure to certain European countries that have come under recent focus is not significant, with no sovereign risk exposure to Greece. In February 2010, the Bank participated in a Jamaican debt exchange, which is not expected to have a significant impact on earnings.

Other

The Bank provides liquidity facilities to its own sponsored multi-seller conduits and to non-Bank sponsored conduits to support automotive loan and lease assets held by those conduits. For details, see sections on Multi-seller conduits sponsored by the Bank (page 12) and Liquidity facilities provided to non-Bank sponsored conduits (page 13).

Market risk

Value at Risk (VaR) is a key measure of market risk in the Bank's trading activities. In the first quarter, the average one-day VaR was $14.6 million compared to $21.7 million for the same quarter last year. The change was primarily the result of decreased interest rate risk. Compared to the fourth quarter, the average one-day VaR decreased from $15.0 million to $14.6 million due primarily to higher diversification between risk factors, offsetting an increase in equity risk.

	Average for the three months ended		
Risk factor *($ millions)*	**January 31 2010**	October 31 2009	January 31 2009
Interest rate	**$ 14.1**	$ 14.3	$ 19.7
Equities	**7.3**	4.0	5.3
Foreign exchange	**2.6**	2.1	2.3
Commodities	**2.7**	4.1	3.9
Diversification effect	**(12.1)**	(9.5)	(9.5)
All-Bank VaR	**$ 14.6**	$ 15.0	$ 21.7

There were eight trading loss days in the first quarter, compared to six days in the previous quarter. The losses were well within the range predicted by VaR.

Liquidity risk

The Bank maintains large holdings of cash, deposits with banks and securities which may be used to support liquidity management. These assets generally can be realized, sold or pledged to meet the Bank's obligations. As at January 31, 2010, these assets totalled $159 billion or 31% of total assets, compared to $146 billion or 29% of total assets as at October 31, 2009. Securities represented 63% of these assets (October 31, 2009 – 69%).

In the course of the Bank's day-to-day activities, securities and other assets are pledged to secure an obligation, participate in clearing or settlement systems, or operate in a foreign jurisdiction. Securities may also be sold under repurchase agreements. As at January 31, 2010, total assets pledged or sold under repurchase agreements were $86 billion, compared to $84 billion as at October 31, 2009. The quarter-over-quarter increase was due to an increase in assets pledged to secure an obligation and in securities sold under repurchase agreements.

Balance sheet

The Bank's total assets at January 31, 2010, were $508 billion, up $11 billion from October 31, 2009. Excluding the negative impact of foreign currency translation, total assets were up $14 billion, primarily in cash resources due mainly to higher interest bearing deposits with central banks.

Total securities decreased by $1 billion from October 31, 2009, primarily in available-for-sale securities. As at January 31, 2010, the unrealized gain on available-for-sale securities, after the impact of qualifying hedges is taken into account, was $1,028 million, an increase of $200 million from October 31, 2009. The change was due primarily to increases in the values of equity securities, corporate bonds and Canadian government debt, as a result of improvements in capital markets, partially offset by realized gains on foreign government debt securities.

The Bank's loan portfolio increased by $2 billion from October 31, 2009, including a negative impact from foreign currency translation of $1 billion. In retail lending, residential mortgages increased $4 billion, primarily in Canadian Banking. Business and government loans decreased by $2 billion from October 31, 2009, or $1 billion excluding the impact of foreign currency translation, primarily in the U.S. and Europe within Scotia Capital.

Total liabilities were $482 billion as at January 31, 2010, up $10 billion from October 31, 2009. Excluding the negative impact of foreign currency translation, total liabilities rose $13 billion. Growth in deposits and obligations related to securities sold under repurchase agreement was partially offset by decreases in acceptances and other liabilities.

Total deposits increased by $15 billion net of foreign currency translation of $2 billion. Personal deposits rose by $1 billion, due primarily to increases in demand deposits in Canada. Business and government deposits grew by $9 billion and deposits by banks rose by $5 billion.

Acceptances, as well as the corresponding receivables from customers, decreased by $2 billion from October 31, 2009. Other liabilities, primarily cash collateral received from customers, declined by $3 billion.

Total shareholders' equity increased $585 million from October 31, 2009. This resulted primarily from internal capital generation of $437 million and the issuance of $150 million in common shares through the Bank's Dividend Reinvestment and Employee Share Purchase Plan and exercise of options. Accumulated other comprehensive loss increased slightly as higher unrealized foreign exchange losses from the strengthening of the Canadian dollar were mainly offset by an improvement in the unrealized gains on available-for-sale securities.

Capital management

Scotiabank is committed to maintaining a solid capital base to support the risks associated with its diversified businesses. The Bank's capital management framework includes a comprehensive internal capital adequacy assessment process (ICAAP), to ensure that the Bank's capital is more than adequate to meet current and future risks and achieve its strategic objectives. Key components of the Bank's ICAAP include sound corporate governance; establishing risk-based capital targets; managing and monitoring capital, both currently and prospectively; and utilizing appropriate financial metrics which relate risk to capital, including regulatory capital measures. The Bank's capital management practices are unchanged from those outlined on pages 38 to 42 of the 2009 Annual Report.

Capital ratios

The Bank continues to maintain a strong capital position. The Tier 1 and Total capital ratios as at January 31, 2010, were 11.2% and 13.5%, respectively, compared to 10.7% and 12.9% as at October 31, 2009. The increase in the Tier 1 capital ratio this quarter was due to a combination of internally generated capital and a decline in risk-weighted assets across most business lines. The strengthening of the Canadian dollar did not have a significant impact on capital ratios as the reduction to capital from the higher unrealized losses from foreign currency translation was offset by lower risk-weighted assets also due to currency translation. The tangible common equity (TCE) ratio was 8.8% as at January 31, 2010, an increase from 8.2% as at October 31, 2009.

Common dividend

The Board of Directors, at its meeting on March 8, 2010, approved a quarterly dividend of 49 cents per common share. This quarterly dividend applies to shareholders of record as of April 6, 2010. This dividend is payable April 28, 2010.

Financial instruments

Given the nature of the Bank's main business activities, financial instruments make up a substantial portion of the balance sheet and are integral to the Bank's business. There are various measures that reflect the level of risk associated with the Bank's portfolio of financial instruments. Further discussion of some of these risk measures is included in the Risk Management section on page 7. The methods of determining the fair value of financial instruments are detailed on pages 78 to 79 of the 2009 Annual Report. Management's judgment on valuation inputs is necessary when observable market data is not available, and in the selection of valuation models. Uncertainty in these estimates and judgments can affect fair value and financial results recorded. During this quarter, changes in the fair value of financial instruments generally arose from normal economic, industry and market conditions.

Total derivative notional amounts were $1,579 billion as at January 31, 2010, compared to $1,540 billion as at October 31, 2009, with the increase primarily in foreign exchange contracts. The percentage of derivatives held for trading and those held for non-trading or asset liability management was generally unchanged. The credit equivalent amount as at January 31, 2010, after taking master netting arrangements into account, was $18.4 billion, compared to $18.5 billion at year end.

Selected credit instruments

Mortgage-backed securities

Non-trading portfolio

Total mortgage-backed securities held as available-for-sale securities represent approximately 4% of the Bank's total assets as at January 31, 2010, and are shown in the table below.

Exposure to U.S. subprime mortgage risk is nominal.

Trading portfolio

Total mortgage-backed securities held as trading securities represent less than 0.1% of the Bank's total assets as at January 31, 2010, and are shown in the table below.

Mortgage-backed securities

	As at January 31, 2010	
Carrying value *($ millions)*	**Non-trading portfolio**	**Trading portfolio**
Canadian NHA mortgage-backed securities[1]	**$ 20,408**	**$ 387**
Commercial mortgage-backed securities	**4[2]**	**41[3]**
Other residential mortgage-backed securities	**234**	**–**
Total	**$ 20,646**	**$ 428**

	As at October 31, 2009	
Carrying value *($ millions)*	Non-trading portfolio	Trading portfolio
Canadian NHA mortgage-backed securities[1]	$ 21,287	$ 253
Commercial mortgage-backed securities	4[2]	44[3]
Other residential mortgage-backed securities	93	–
Total	$ 21,384	$ 297

(1) Canada Mortgage and Housing Corporation provides a guarantee of timely payment to NHA mortgage-backed security investors.
(2) The assets underlying the commercial mortgage-backed securities in the non-trading portfolio relate to non-Canadian properties.
(3) The assets underlying the commercial mortgage-backed securities in the trading portfolio relate to Canadian properties.

Asset-Backed Commercial Paper (ABCP)

As a result of the ABCP restructuring in the first quarter of 2009, the Bank received longer-dated securities which are classified as available-for-sale. The Bank's carrying value of $144 million represents approximately 62% of par value, unchanged from the prior quarter.

As part of the restructuring, the Bank participated in a margin funding facility, which is recorded as an unfunded loan commitment. The Bank's portion of the facility is $200 million. It is currently undrawn.

Collateralized debt obligations and collateralized loan obligations

Non-trading portfolio

The Bank has collateralized debt obligation (CDO) and collateralized loan obligation (CLO) investments held for non-trading purposes. CDOs/CLOs generally achieve their structured credit exposure either synthetically through the use of credit derivatives (synthetic CDOs/CLOs), or by investing and holding corporate loans or bonds (cash-based CDOs/CLOs).

Effective November 1, 2008, the Bank's cash-based CDOs/CLOs were classified as loans and are carried at amortized cost in the Consolidated Balance Sheet. The Bank's synthetic CDOs/CLOs are carried at fair value on the Bank's Consolidated Balance Sheet as available-for-sale securities. Changes in the fair value of synthetic CDOs/CLOs are reflected in net income.

Substantially all of the referenced assets of the Bank's CDOs/CLOs are corporate exposures, with no U.S. mortgage-backed securities.

As at January 31, 2010, the carrying value of cash-based CDOs/CLOs on the Consolidated Balance Sheet was $1,031 million (October 31, 2009 – $1,059 million). The fair value was $716 million (October 31, 2009 – $688 million). None of these cash-based CDOs/CLOs are classified as impaired loans.

The overall risk profile of cash-based CDOs/CLOs has not changed significantly since October 31, 2009.

The Bank's remaining exposure to synthetic CDOs/CLOs was $339 million as at January 31, 2010 (October 31, 2009 – $323 million). During the quarter, the Bank recorded a pre-tax gain of $45 million in net income for changes in fair value of synthetic CDOs/CLOs (first quarter of 2009 – pretax loss of $27 million). The change in fair value of the synthetic CDOs/CLOs was mainly driven by the tightening of credit spreads.

The overall risk profile of synthetic CDOs/CLOs has not changed significantly since October 31, 2009.

The key drivers of the change in fair value of synthetic CDOs/CLOs are changes in credit spreads and the remaining levels of subordination. Based on positions held at January 31, 2010, a 50 basis point widening of relevant credit spreads would result in a pre-tax decrease in income of approximately $16 million.

Trading portfolio

The Bank also holds synthetic CDOs in its trading portfolio as a result of structuring and managing transactions with clients and other financial institutions. Total CDOs purchased and sold in the trading portfolio were as follows:

	As at January 31, 2010	
Outstanding *($ millions)*	**Notional amount**	**Positive/ (negative) fair value**
CDOs – sold protection	**$ 4,052**	**$ (1,023)**
CDOs – purchased protection	**$ 3,681**	**$ 1,026**

	As at October 31, 2009	
Outstanding *($ millions)*	Notional amount	Positive/ (negative) fair value
CDOs – sold protection	$ 6,000	$ (1,620)
CDOs – purchased protection	$ 5,625	$ 1,657

To hedge its trading exposures, the Bank purchases or sells CDOs to other financial institutions, along with purchasing and/or selling index tranches or single name credit default swaps (CDSs). The main driver of the value of CDOs/CDSs is changes in credit spreads. Based on positions held at January 31, 2010, a 50 basis point widening of relevant credit spreads in this portfolio would result in a pre-tax decrease in income of approximately $7 million.

Approximately 53% of the Bank's credit exposure to CDO swap counterparties is to entities which are externally or internally rated investment grade equivalent. The referenced assets underlying the trading book CDOs are substantially all corporate exposures, with no mortgage-backed securities.

Structured investment vehicles

The carrying value of the Bank's investments in structured investment vehicles (SIVs) was nil as at January 31, 2010, and October 31, 2009. The Bank does not sponsor, manage or provide liquidity support to SIVs.

Exposure to monoline insurers

The Bank has insignificant direct exposure to monoline insurers. The Bank has indirect exposures of $1.2 billion (October 31, 2009 – $1.3 billion) in the form of monoline guarantees, which provide enhancement to public finance and other transactions, where the Bank has provided credit facilities to either the issuers of securities or facilities which hold such securities. The Bank's public finance exposures of $0.3 billion (October 31, 2009 – $0.4 billion) were primarily to U.S. municipalities and states. Approximately 83% of these securities are rated investment grade without the guarantee, and represent risk the Bank would take without the availability of the guarantee.

Other indirect exposures to monoline insurers were $0.9 billion (October 31, 2009 – $0.9 billion). These exposures were primarily composed of $0.7 billion (October 31, 2009 – $0.7 billion) of guarantees by the monolines on diversified asset-backed securities held by the Bank's U.S. multi-seller conduit (as discussed below in the section on Multi-seller conduits sponsored by the Bank). As at January 31, 2010, the two monoline insurers were rated non-investment grade by the external rating agencies.

Other exposures

As at January 31, 2010, the Bank has insignificant or no exposure to the following categories: Alt-A loans and securities; highly leveraged loans awaiting syndication; and auction-rate securities.

Off-balance sheet arrangements

In the normal course of business, the Bank enters into contractual arrangements that are not required to be consolidated in its financial statements, but could have a current or future impact on the Bank's results of operations or financial condition. These arrangements can be classified into the following categories: variable interest entities (VIEs), securitizations, and guarantees and other commitments. No material contractual obligations were entered

into this quarter by the Bank that are not in the ordinary course of business. Processes for review and approval of these contractual arrangements are unchanged from last year.

Multi-seller conduits sponsored by the Bank

The Bank sponsors three multi-seller conduits, two of which are Canadian-based and one in the United States. The Bank earns commercial paper issuance fees, program management fees, liquidity fees and other fees from these multi-seller conduits, which totalled $13 million in the first quarter, compared to $29 million in the same quarter last year.

As further described below, the Bank's exposure to these off-balance sheet conduits primarily consists of liquidity support, program-wide credit enhancement and temporary holdings of commercial paper. The Bank has a process to monitor these exposures and significant events impacting the conduits to ensure there is no change in the primary beneficiary, which could require the Bank to consolidate the assets and liabilities of the conduits at fair value.

Canada

The Bank's primary exposure to the Canadian-based conduits is the liquidity support provided, with total liquidity facilities of $1.5 billion as at January 31, 2010 (October 31, 2009 – $1.8 billion). As at January 31, 2010, total commercial paper outstanding for the Canadian-based conduits administered by the Bank was $1.2 billion (October 31, 2009 – $1.6 billion), and the Bank held less than one per cent of the total commercial paper issued by these conduits. The following table presents a summary of assets purchased and held by the Bank's two Canadian multi-seller conduits as at January 31, 2010, and October 31, 2009, by underlying exposure:

	As at January 31, 2010		
($ millions)	**Funded assets[1]**	**Unfunded commitments**	**Total exposure[2]**
Auto loans/leases	**$ 363**	**$ 190**	**$ 553**
Equipment loans	**570**	**11**	**581**
Trade receivables	**165**	**59**	**224**
Canadian residential mortgages	**61**	**1**	**62**
Retirement savings plan loans	**81**	**2**	**83**
Total[3]	**$ 1,240**	**$ 263**	**$1,503**

	As at October 31, 2009		
($ millions)	Funded assets[1]	Unfunded commitments	Total exposure[2]
Auto loans/leases	$ 505	$ 138	$ 643
Equipment loans	723	43	766
Trade receivables	165	59	224
Canadian residential mortgages	67	1	68
Retirement savings plan loans	92	2	94
Total[3]	$ 1,552	$ 243	$ 1,795

(1) *Funded assets are reflected at original cost, which approximates estimated fair value.*
(2) *Exposure to the Bank is through global-style liquidity facilities and letters of guarantee.*
(3) *These assets are substantially sourced from Canada.*

Substantially all of the conduits' assets have been structured to receive credit enhancements from the sellers, including overcollateralization protection and cash reserve accounts. As at January 31, 2010, the funded assets had an equivalent rating of AA- or higher based on the Bank's internal rating program. While 55% of the total funded assets have final maturities falling within three years, the weighted average repayment period, based on cash flows, approximates one year. There is no exposure to U.S. subprime mortgage risk within these two conduits.

United States

The Bank's primary exposure to the U.S.-based conduit is the liquidity support and program-wide credit enhancement provided, with total liquidity facilities of $7.6 billion as at January 31, 2010 (October 31, 2009 – $7.5 billion). As at January 31, 2010, total commercial paper outstanding for the U.S.-based conduit administered by the Bank was $3.5 billion (October 31, 2009 – $4.2 billion), and the Bank did not hold any commercial paper issued by this conduit.

A significant portion of the conduit's assets have been structured to receive credit enhancement from the sellers, including overcollateralization protection and cash reserve accounts. Each asset purchased by the conduit has a deal-specific liquidity facility provided by the Bank in the form of an asset purchase agreement, which is available to absorb the losses on defaulted assets, if any, in excess of losses absorbed by deal-specific seller credit enhancement, and the subordinated note issued by the conduit. The Bank's liquidity agreements with the conduit generally call for the Bank to fund full par value of all assets, including defaulted assets, if any, of the conduit.

The following table presents a summary of assets purchased and held by the Bank's U.S. multi-seller conduit as at January 31, 2010, and October 31, 2009, by underlying exposure:

	As at January 31, 2010		
($ millions)	**Funded assets[1]**	**Unfunded commitments**	**Total exposure[2]**
Credit card/consumer receivables	**$ 269**	**$ 23**	**$ 292**
Auto loans/leases	**1,559**	**824**	**2,383**
Trade receivables	**744**	**3,191**	**3,935**
Loans to closed-end mutual funds	**–**	**–**	**–**
Diversified asset-backed securities	**712**	**14**	**726**
Corporate loans[3]	**252**	**17**	**269**
Total[4]	**$3,536**	**$ 4,069**	**$7,605**

	As at October 31, 2009		
($ millions)	Funded assets[1]	Unfunded commitments	Total exposure[2]
Credit card/consumer receivables	$ 253	$ 45	$ 298
Auto loans/leases	1,501	620	2,121
Trade receivables	1,049	2,712	3,761
Loans to closed-end mutual funds	115	73	188
Diversified asset-backed securities	741	15	756
Corporate loans[3]	348	46	394
Total[4]	$ 4,007	$ 3,511	$ 7,518

(1) *Funded assets are reflected at original cost. The fair value of these assets as at January 31, 2010 was estimated to be $3.2 billion (October 31, 2009 – $3.6 billion).*

(2) *Exposure to the Bank is through global-style liquidity facilities in the form of asset purchase agreements.*

(3) *These assets represent secured loans that are externally rated investment grade.*

(4) *These assets are sourced from the U.S.*

As at January 31, 2010, approximately 76% of the conduit's funded assets were rated "A" or higher, either externally (45%) or based on the Bank's internal rating program (31%). A high proportion of the assets held in the conduit were rated investment grade as at January 31, 2010. While 62% of the total funded assets have final maturities falling within five years, the weighted average repayment period, based on expected cash flows, approximates 1.6 years.

The conduit has investments in two pools of diversified asset-backed securities. The assets underlying these securities are primarily retail loans, including U.S. home equity, student loans and residential mortgage-backed securities. These pools are guaranteed by monoline insurers both of which were rated non-investment grade by the external rating agencies in 2009.

During the first quarter of 2010, there were no events that required a reassessment of the primary beneficiary of this conduit.

Liquidity facilities provided to non-Bank sponsored conduits

For conduits not administered by the Bank, liquidity facilities totalled $590 million as at January 31, 2010 (October 31, 2009 – $640 million), all of which were for U.S. third-party conduits. The assets of these non-Bank sponsored conduits, which are not administered by the Bank, are almost entirely consumer auto-based securities. Approximately 85% of these assets are externally rated AAA. The majority of the liquidity facilities have an original committed term of 364 days, renewable at the option of the Bank. There is no exposure to U.S. subprime mortgage risk.

Funding vehicles

The Bank uses special purpose entities (SPEs) to facilitate the cost-efficient financing of its operations. The Bank has three such SPEs – Scotiabank Capital Trust, Scotiabank Subordinated Notes Trust and Scotiabank Tier 1 Trust – that are VIEs and are not consolidated on the Bank's balance sheet, as the Bank is not the primary beneficiary. Scotiabank Trust Securities, Scotiabank Trust Subordinated Notes and Scotiabank Tier 1 Securities issued by the trusts are not reported on the Consolidated Balance Sheet, but qualify as regulatory capital. The deposit notes issued by the Bank to Scotiabank Capital Trust, Scotiabank Subordinated Notes Trust and Scotiabank Tier 1 Trust are reported in deposits. Total deposits recorded by the Bank as at January 31, 2010, from these trusts were $4.0 billion (October 31, 2009 – $4.0 billion). The Bank recorded interest expense of $61 million on these deposits for the three months ended January 31, 2010, compared to $50 million for the three months ended January 31, 2009.

Collateralized debt obligation entities

The Bank holds an interest in VIEs structured to match specific investor requirements. Loans or credit derivatives are held by the VIE to create security offerings for investors that match their investment needs and preferences. The Bank's maximum exposure to loss from these VIEs in which the Bank has a significant variable interest was $91 million as at January 31, 2010 (October 31, 2009 – $307 million). The reduction in maximum exposure to loss is due to market events and conditions in the quarter.

Other off-balance sheet arrangements

The Bank may securitize residential mortgages as a means to diversify its funding sources, as this represents a cost effective means to fund the growth in this portfolio. A further $0.6 billion in residential mortgages were securitized this quarter, bringing the balance of outstanding

mortgages securitized to $16.7 billion as at January 31, 2010, compared to $17.5 billion as at October 31, 2009.

Guarantees and other indirect commitments increased 2% from October 31, 2009. Fees from guarantees and loan commitment arrangements recorded in other income were $107 million in the three-month period ended January 31, 2010, compared to $105 million in the previous quarter.

Accounting Policies and Controls

Accounting policies and estimates

The interim consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). See Note 1 to the 2009 annual consolidated financial statements for more information about the significant accounting principles used to prepare the financial statements. The key assumptions and bases for estimates that management has made under GAAP, and their impact on the amounts reported in the interim consolidated financial statements and notes, remain substantially unchanged from those described in our 2009 Annual Report.

Future accounting changes

The following summarizes future accounting policy changes that will be relevant to the Bank's consolidated financial statements.

Transition to International Financial Reporting Standards (IFRS)

Canadian publicly accountable enterprises must transition to IFRS for fiscal years beginning on or after January 1, 2011. For the Bank, IFRS will be effective for interim and annual periods commencing November 1, 2011, and will include the preparation and reporting of one year of comparative figures.

In order to prepare for the transition to IFRS, the Bank has developed an implementation plan which consists of three related phases: (i) planning and governance; (ii) review and detailed assessment; and (iii) design, development and implementation.

Planning and governance

Formal governance and project management practices are considered essential to a successful transition. This phase involved the launch of an enterprise-wide project and the establishment of a formal governance structure comprising senior levels of management from all relevant departments that may be affected by the changeover. The Bank has developed a transition plan and regular reporting on the progress against this plan is provided to senior management and to the Audit and Conduct Review Committee of the Board of Directors.

Review and detailed assessment

The review and detailed assessment phase encompasses identifying the impact of significant accounting differences on business processes, systems, financial statements and internal control over financial reporting. This phase also includes the identification, evaluation and selection of first-time adoption decisions and ongoing accounting policies necessary for the Bank to change over to IFRS.

The Bank has identified certain critical standards that have the potential to significantly affect the financial statements, operations or capital of the Bank. These standards include, but are not limited to, Consolidation, Financial Instruments (including Derecognition and Impairment), Business Combinations and First-time Adoption of IFRS.

The Bank's IFRS teams are progressing as planned in this phase of the overall transition project. Progress has been made in assessing the impact of key first-time adoption and accounting policy choices under IFRS. However, management strategies are evolving, and will change as we continue to review our preliminary assessments of financial, capital and business implications.

A training program has been implemented for key stakeholders. IFRS awareness training to critical business areas and in-depth training sessions to the finance, key support and project teams have been provided and will continue during the remainder of the transition period.

The Bank has also commenced projects for other broader implications of the conversion to IFRS. This includes areas such as investor relations, performance measurement, and risk management.

Design, development and implementation

The third phase of the IFRS conversion project entails the design, development and implementation of change requirements to business and financial reporting processes, systems, internal controls, and accounting policies and practices that support the Bank's reporting of IFRS-compliant financial data for fiscal years 2011, 2012, and thereafter. Documentation and update of key materials, such as accounting policy manuals and internal control documents, will be revised during this phase. This phase will include final communication to impacted staff and stakeholders, including provision of training as required. Appropriate oversight and control will be in place to ensure a smooth implementation and transition to IFRS.

Changing IFRS landscape

As accounting standards and interpretations will continue to change prior to transition, the Bank has and will continue to adjust its implementation plan accordingly. The Bank actively monitors developments in standards as issued by the International Accounting Standards Board (IASB) and the Canadian AcSB, as well as regulatory developments as issued by the Canadian Securities Administrator and OSFI.

The impact of IFRS on the Bank's consolidated financial results at the time of transition and on implementation is not reasonably determinable at this time.

Changes in internal control over financial reporting

There have been no changes in the Bank's internal control over financial reporting during the quarter ended January 31, 2010, that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

Related party transactions

There were no changes to the Bank's procedures and policies for related party transactions from those outlined on pages 82 and 136 of the 2009 Annual Report. All transactions with related parties continued to be at market terms and conditions.

Outlook

The global economy continues to gain traction, fuelled by historically low interest rates, government fiscal stimulus and a revival of consumer spending. While the recovery is being led by China, India and a number of other emerging nations, there are increasing signs of sustainable revival in the U.S., Canada and overseas developed nations. In this environment, interest rates are likely to be moving higher by year end, particularly if inflation begins to drift up.

Fiscal stimulus also will begin to diminish as governments focus on reining in deficits, tempering growth trends into 2011. While domestic economic conditions are much stronger in Canada than in the U.S., exporters will continue to be challenged by a strong Canadian dollar, which is likely to remain near parity with the U.S. currency if commodity markets continue to strengthen.

As markets and the economy continue to recover, and with its strong first quarter results, the Bank is well positioned to meet its stated objectives for the year.

Business Segment Review

Canadian Banking

(Unaudited) ($ millions) (Taxable equivalent basis)[1]	For the three months ended January 31 2010	October 31 2009	January 31 2009
Business segment income			
Net interest income	**$ 1,298**	$ 1,280	$ 1,146
Provision for credit losses	**180**	190	155
Other income	**623**	606	556
Non-interest expenses	**962**	991	934
Provision for income taxes	**218**	202	175
Non-controlling interest in net income of subsidiaries	**1**	–	–
Net income	**$ 560**	$ 503	$ 438
Other measures			
Return on economic equity[1]	**25.4%**	22.1%	25.8%
Average assets *($ billions)*	**$ 199**	$ 196	$ 189

(1) Refer to page 5 for a discussion of non-GAAP measures.

Q1 2010 vs Q1 2009

Canadian Banking reported record net income of $560 million this quarter, an increase of $122 million or 28% from the same quarter last year.

Average assets before securitization rose $10 billion or 5% from the same quarter last year. The increase was due primarily to growth of $7 billion or 6% in residential mortgages and $4 billion or 21% in personal lines of credit. Personal deposits grew $13 billion, an increase of 14%. This includes $10 billion of broker-sourced deposits transferred from Group Treasury this quarter to better align this product offering with the overall Canadian Banking retail product strategy. In addition, growth was recorded in high interest savings and chequing accounts. Non-personal deposits rose $9 billion or 20% from growth in both current accounts and non-personal savings.

Total revenue was up $219 million or 13% from the same period last year, from both higher net interest income and other income.

Net interest income of $1,298 million was up $152 million or 13% from the first quarter of last year, reflecting a 17 basis point improvement in the margin, driven by lower wholesale funding interest rates and strong volume growth in both average assets and deposits. Volume growth in part reflected new and innovative products and services introduced last year, including the Save Now Save Later mortgage and Scotia Power Savings account, as well as our new Scotia Mortgage Authority broker channel. The higher margin also reflected improved spreads on both assets and deposits. Variable and fixed mortgage spreads increased from relatively low levels in 2009 in part due to reduced liquidity costs. There were also improved spreads as a result of re-pricing of lines of credit and deposit accounts.

Other income increased $67 million or 12% from the same quarter last year from growth in wealth management and commercial banking. Wealth management revenues grew mainly due to higher mutual fund fees, and full service brokerage and Private Client Group revenues reflecting strong net sales growth and improved markets, as well as the full quarter impact of the contribution from CI Financial. ScotiaFunds market share continues to increase and was ranked #1 in net sales compared to the other Canadian banks for the quarter. Commercial Banking revenues increased due to lower writedowns on securities and higher credit fees.

The provision for credit losses was $180 million, up from $155 million in the same quarter last year. The increase was mainly due to higher retail provisions in the unsecured lending portfolios, and to moderately higher commercial provisions.

Non-interest expenses continued to be well managed and rose 3% from the first quarter of last year, due to higher volume-related expenses (including broker commissions), stock-based compensation and growth initiatives. Partially offsetting were lower professional costs and underlying staffing.

Q1 2010 vs Q4 2009

Quarter over quarter, net income grew by $57 million or 11%. Return on economic equity was 25.4% versus 22.1% last quarter.

Average assets before securitization rose $3 billion or 2% led by growth in retail mortgages and personal lines of credit. Deposits increased $14 billion or 10%, primarily due to the transfer of broker-sourced deposits noted above. As well, there were larger current account, high interest savings and chequing account balances.

Total revenues rose $35 million or 2% from the last quarter, from both higher net interest income and other income.

Net interest income increased by 1%, from both average asset and deposit growth and improved spreads on mortgages and personal lines of credit. This was partly offset by lower spreads on GICs and the inclusion of the thinner spread broker-sourced deposits.

Other income was up $17 million or 3% from last quarter, mostly in commercial banking due to lower writedowns on securities and higher credit fees and higher mutual fund and Private Client Group revenues in wealth management. These were partially offset by lower transaction-based revenues in online brokerage.

The provision for credit losses of $180 million was down $10 million from the previous quarter. The decrease was due mainly to lower retail provisions in the unsecured lending portfolios, partially offset by moderately higher commercial provisions.

Expenses were 3% below last quarter as a result of lower loyalty reward point costs and performance-based compensation. The decrease was partially offset by higher stock-based compensation.

International Banking

(Unaudited) ($ millions) (Taxable equivalent basis)[1]	For the three months ended **January 31 2010**	October 31 2009	January 31 2009
Business segment income			
Net interest income	**$ 940**	$ 888	$ 947
Provision for credit losses	**177**	167	116
Other income	**434**	364	471
Non-interest expenses	**706**	741	772
Provision for income taxes	**172**	33	114
Non-controlling interest in net income of subsidiaries	**25**	28	28
Net income	**$ 294**	$ 283	$ 388
Other measures			
Return on economic equity[1]	**11.5%**	10.2%	17.2%
Average assets *($ billions)*	**$ 83**	$ 81	$ 95

(1) Refer to page 5 for a discussion of non-GAAP measures.

Q1 2010 vs Q1 2009

International Banking's net income in the first quarter was $294 million, a decrease of $94 million or 24% from last year. Excluding the $47 million negative impact of a stronger Canadian dollar, the year-over-year decrease was $47 million. Return on economic equity was 11.5% versus 17.2% last year.

Average asset volumes were $83 billion this quarter, down $12 billion from the same period last year, due largely to the $10 billion or 10% negative impact of the foreign currency translation. Growth of 3% in average retail loans, predominantly in Mexico, was more than offset by a 6% decline in average commercial loans, reflecting reduced demand for commercial credit across the division. Real growth in low-cost deposits was strong at 12%, mainly in the Caribbean and Mexico.

Total revenues were $1,374 million in the first quarter, a decrease of $44 million or 3% from last year. Excluding foreign currency translation, revenue growth was 8%.

Net interest income was $940 million this quarter, slightly down from the prior year. Results benefited from the positive fair value changes in financial instruments used for asset/liability management purposes, contributions from acquisitions, growth in more profitable segments in the Caribbean and Peru resulting in higher margins, and increased contributions from associated companies. These factors were more than offset by the negative impact of foreign currency translation.

Other income was $434 million, down $37 million or 8% from last year. This resulted from the negative impact of the stronger Canadian dollar, as well as a $32 million loss recorded on the Bank's investment in an affiliate in Venezuela to reflect significant devaluation in the Venezuelan bolivar this quarter. More than offsetting these negative factors were higher net gains on securities, widespread transaction-driven earnings and the impact of the gain on the sale of the pension administration business in Mexico.

The provision for credit losses was $177 million this quarter, compared to $116 million in the same period last year. The increase was due mainly to a provision for one commercial account in the Caribbean, whereas the same quarter last year benefited from reversals in commercial provisions. Retail provision amounts were unchanged.

Non-interest expenses of $706 million were down $66 million from the same period last year. The expense decline included a $62 million favourable impact of foreign currency translation as a result of the strong Canadian dollar, the release of legal provisions no longer required related to the Bank's acquisition in Peru, and lower business tax provisions. Excluding these items, non-interest expenses increased by $27 million or 4%, reflecting normal business operations.

The effective tax rate this quarter was high at 35%, compared to 22% last year. The increase was due to lower income in low tax jurisdictions, primarily in the Caribbean, non-deductibility of the foreign exchange devaluation loss on the investment in the Venezuelan affiliate, and a correction of a tax expense related to a prior acquisition.

Q1 2010 vs Q4 2009

At $294 million, net income increased $11 million over the previous quarter. Return on economic equity improved to 11.5% versus 10.2% last quarter.

Average asset volumes were $83 billion this quarter compared to $81 billion last quarter. The increase of $2 billion was due primarily to the increase in securities purchased under resale agreements in Mexico, and a modest increase in retail loan balances. Growth in low-cost deposits was strong at 3%.

Total revenue was up 10% or $122 million this quarter, reaching $1,374 million.

Net interest income of $940 million increased $52 million quarter over quarter. The increase reflected positive fair value changes in financial instruments used for asset/liability management purposes of $22 million, along with strong treasury results and higher contributions from associated companies.

Compared to last quarter, other income increased $70 million to $434 million despite the foreign currency devaluation loss on the investment in the Venezuelan affiliate. The strong results reflected the gain on the sale of the pension administration business in Mexico, as well as higher net gains on securities, foreign exchange revenues and increased credit related fees, primarily in the Caribbean and Pacific.

The provision for credit losses was $177 million up $10 million from last quarter. The increase in provisions from the previous quarter was due mainly to higher retail provisions in Mexico, Chile and the Caribbean, partially offset by lower provisions in Peru.

Non-interest expenses decreased $35 million or 5% from last quarter. Expenses benefited from the release of legal provisions no longer required, and lower business tax provisions. Other operating costs decreased $8 million or 1%, reflecting lower professional expenses and the seasonality of certain expenses.

The effective tax rate of 35% this quarter reflects lower income in low tax jurisdictions, non-deductibility of the foreign currency devaluation loss on the investment in the Venezuelan affiliate, and a correction of a tax expense related to a prior acquisition.

Scotia Capital

(Unaudited) ($ millions) (Taxable equivalent basis)[1]	For the three months ended January 31 2010	October 31 2009	January 31 2009
Business segment income			
Net interest income	**$ 304**	$ 321	$ 338
Provision for credit losses	**14**	63	10
Other income	**596**	589	366
Non-interest expenses	**307**	284	291
Provision for income taxes	**198**	210	103
Net income	**$ 381**	$ 353	$ 300
Other measures			
Return on economic equity[1]	**18.5%**	18.1%	22.4%
Average assets[2] *($ billions)*	**$ 160**	$ 167	$ 195

(1) Refer to page 5 for a discussion of non-GAAP measures.

(2) Amounts for January 31, 2009, have been restated to reflect the impact of the new accounting policy related to the classification and impairment of financial assets implemented in the fourth quarter of 2009, effective November 1, 2008 (refer to Note 1 of the Consolidated Financial Statements in the 2009 Annual Report for further details).

Q1 2010 vs Q1 2009

Net income for the quarter was very strong at $381 million, the second highest quarter on record. This represents an $81 million or 27% increase from last year, driven by solid revenues across all business units. Partly offsetting the increase were higher income taxes and modest growth in non-interest expenses compared to the prior year. Return on economic equity at 18.5% was down from last year due to higher equity attributed to the business.

Average assets decreased $35 billion or 18% from the same period last year. There was a $20 billion or 39% decrease in corporate loans and acceptances across all lending businesses. There was also a $19 billion decrease in average derivative instrument assets, with a corresponding decrease in average derivative instrument liabilities. These decreases were partially offset by a modest increase in trading securities and loans to support both client-driven activities and trading opportunities.

Total revenues at $900 million increased $196 million or 28%, driven by substantial growth in Global Capital Markets which reported its second highest revenues ever. Revenues in Global Corporate and Investment Banking were relatively flat, as lower net interest income from reduced lending volumes was offset by higher other income.

Net interest income decreased $34 million or 10% due primarily to a substantial decrease in corporate loan volumes, which was partly offset by wider corporate lending spreads and higher loan origination fees, as well as higher interest from trading operations.

Scotia Capital's provision for credit losses was $14 million in the first quarter, compared to $10 million in the same period last year. New provisions this quarter were attributable primarily to one account in Canada.

Other income increased $230 million or 63%, reflecting strong trading revenues in Global Capital Markets and the derivative trading losses incurred in the first quarter of last year. All businesses contributed strong results, although revenues from fixed income and foreign exchange did not reach the exceptionally high levels achieved a year ago. Other income also increased in Global Corporate and Investment Banking from positive fair value changes in securities and higher credit fees, partly offset by lower investment banking revenues.

Total non-interest expenses were $307 million in the first quarter, 5% higher than last year. The increase reflected higher performance and stock-based compensation, salaries and benefits and support costs, partly offset by reduced legal provisions.

Higher income taxes reflected a greater proportion of income earned in jurisdictions with a higher tax rate than in the prior year.

Q1 2010 vs Q4 2009

Net income increased $28 million or 8% from last quarter, primarily reflecting lower provisions for credit losses, partly offset by higher expenses.

Total assets decreased $7 billion as corporate loans and acceptances decreased $4 billion across all lending businesses. There was also a $2 billion decrease in average derivative instrument assets, with a corresponding decrease in average derivative instrument liabilities.

Total revenues were slightly lower than last quarter, as higher trading revenues in Global Capital Markets were offset by reduced revenues in Global Corporate and Investment Banking.

Net interest income decreased $17 million, as a decrease in corporate loan volumes was partly offset by higher interest from trading operations.

The provision for credit losses of $14 million was down from $63 million in the previous quarter. New provisions this quarter were attributable primarily to one account in Canada.

Other income was up modestly. Strong growth in Global Capital Markets was driven by increases in derivatives and precious metals, partly offset by lower revenues from the institutional equities business. Other income was lower in Global Corporate and Investment Banking, as a decline in credit fees and investment banking revenues were partly offset by positive fair value changes in securities.

Total non-interest expenses were $307 million, 8% higher than last quarter. The increase reflects higher performance-based and stock-based compensation due to incentive plan changes. Salaries, pension and benefits costs and computer expenses also increased, offset by lower legal provisions.

Other[1]

(Unaudited) ($ millions) (Taxable equivalent basis)[2]	For the three months ended January 31 2010	October 31 2009	January 31 2009
Business segment income			
Net interest income[3]	**$ (395)**	$ (390)	$ (465)
Provision for credit losses	**–**	–	–
Other income	**106**	77	(8)
Non-interest expenses	**34**	48	13
Provision for income taxes[3]	**(76)**	(124)	(202)
Net income (loss)[4]	**$ (247)**	$ (237)	$ (284)
Other measures			
Average assets *($ billions)*	**$ 59**	$ 51	$ 51

(1) Includes all other smaller operating segments and corporate adjustments, such as the elimination of the tax-exempt income gross-up reported in net interest income and provision for income taxes, differences in the actual amount of costs incurred and charged to the operating segments, and the impact of securitizations.

(2) Refer to page 5 for a discussion of non-GAAP measures.

(3) Includes the elimination of the tax-exempt income gross-up reported in net interest income and provision for income taxes for the three months ended January 31, 2010 ($75), October 31, 2009 ($73), and January 31, 2009 ($70), to arrive at the amounts reported in the Consolidated Statement of Income.

(4) Net loss for the three months ended January 31, 2010, decreased by $37 million due to the transfer of $10 billion of broker-sourced deposits to Canadian Banking from Group Treasury.

Q1 2010 vs Q1 2009

The Other segment had a net loss of $247 million in the first quarter, compared to a loss of $284 million last year.

Net interest income and the provision for income taxes include the elimination of tax-exempt income gross-up. This amount is included in the operating segments, which are reported on a taxable equivalent basis. The elimination was $75 million in the first quarter, compared to $70 million in the same period last year.

Total revenue this quarter was negative $289 million, an improvement of $184 million from the prior year.

Net interest income was negative $395 million this quarter as compared to negative $465 million in the same quarter last year. The year-over-year improvement was due mainly to the change in the fair value of financial instruments used for asset/liability management purposes. This was partly offset by the negative impact of term funding costs compared to lower short-term wholesale rates used for transfer pricing with the business segments.

Other income was $106 million in the first quarter, $114 million higher than last year. This increase was mainly attributable to a lower level of writedowns on available-for-sale securities, partly offset by lower securitization revenues.

Non-interest expenses were $34 million this quarter, an increase of $21 million from last year, due primarily to higher legal expenses.

The provision for income taxes was a credit of $76 million this quarter, a decline of $126 million from the prior year. This decline was mainly due to stronger business results, as well as net writedowns of future tax assets as a result of the Ontario tax rate reductions enacted in the current quarter.

Q1 2010 vs Q4 2009

There was a net loss of $247 million in the first quarter as compared to a loss of $237 million in the prior quarter.

The elimination of tax exempt income gross-up was $75 million in the first quarter, compared to $73 million last quarter.

Total revenue this quarter was negative $289 million, an increase of $24 million from last quarter.

Net interest income was negative $395 million in the first quarter, slightly down by $5 million from last quarter, mainly due to the change in the fair value of financial instruments used for asset/liability management purposes. This was partially offset by lower term funding volumes.

Other income was $106 million in the first quarter, $29 million above last quarter. This increase was mainly due to higher net gains on the sales of securities and lower writedowns.

Non-interest expenses were $34 million this quarter, $14 million lower than last quarter. The decline was driven by lower securitization expenses and the timing of property expenses.

The provision for income taxes was a credit of $76 million this quarter, a decline of $48 million from the prior quarter. This decline was mainly due to the net writedowns of future tax assets as a result of the Ontario tax rate reductions enacted in the current quarter.

Total

(Unaudited) ($ millions)	For the three months ended January 31 2010	October 31 2009	January 31 2009
Business segment income			
Net interest income	**$ 2,147**	$ 2,099	$ 1,966
Provision for credit losses	**371**	420	281
Other income	**1,759**	1,636	1,385
Non-interest expenses	**2,009**	2,064	2,010
Provision for income taxes	**512**	321	190
Non-controlling interest in net income of subsidiaries	**26**	28	28
Net income	**$ 988**	$ 902	$ 842
Other measures			
Return on equity[(1)(2)]	**17.4%**	16.4%	16.2%
Average assets[(2)] *($ billions)*	**$ 501**	$ 495	$ 530

(1) Refer to page 5 for a discussion of non-GAAP measures.

(2) Amounts for January 31, 2009, have been restated to reflect the impact of the new accounting policy related to the classification and impairment of financial assets implemented in the fourth quarter of 2009, effective November 1, 2008 (refer to Note 1 of the Consolidated Financial Statements in the 2009 Annual Report for further details).

Geographic Highlights

(Unaudited) ($ millions)	For the three months ended January 31 2010	October 31 2009	January 31 2009
Geographic segment income			
Canada	**$ 676**	$ 571	$ 361
United States	**131**	131	23
Mexico	**69**	48	57
Other international	**308**	305	559
Corporate adjustments	**(196)**	(153)	(158)
Net income	**$ 988**	$ 902	$ 842
Average assets *($ billions)*			
Canada	**$ 332**	$ 336	$ 331
United States	**48**	43	51
Mexico	**18**	16	21
Other international	**97**	95	117
Corporate adjustments	**6**	5	10
	$ 501	$ 495	$ 530

Quarterly Financial Highlights

For the three months ended	Jan. 31 2010	Oct. 31 2009	July 31 2009	April 30 2009	Jan. 31 2009	Oct. 31 2008	July 31 2008	April 30 2008
Total revenue *($ millions)*	**$ 3,906**	$ 3,735	$ 3,775	$ 3,596	$ 3,351	$ 2,491	$ 3,374	$ 3,172
Total revenue (TEB[(1)]) *($ millions)*	**3,981**	3,808	3,843	3,673	3,421	2,586	3,477	3,272
Net income *($ millions)*	**988**	902	931	872	842	315	1,010	980
Basic earnings per share *($)*	**0.92**	0.84	0.87	0.81	0.80	0.28	0.99	0.97
Diluted earnings per share *($)*	**0.91**	0.83	0.87	0.81	0.80	0.28	0.98	0.97

(1) Refer to page 5 for a discussion of non-GAAP measures.

Share Data

(thousands of shares outstanding)	As at **January 31 2010**
Common shares	**1,028,666**(1)
Preferred shares Series 12	**12,000**(2)
Preferred shares Series 13	**12,000**(3)
Preferred shares Series 14	**13,800**(4)
Preferred shares Series 15	**13,800**(5)
Preferred shares Series 16	**13,800**(6)
Preferred shares Series 17	**9,200**(7)
Preferred shares Series 18	**13,800**(8)(9)
Preferred shares Series 20	**14,000**(8)(10)
Preferred shares Series 22	**12,000**(8)(11)
Preferred shares Series 24	**10,000**(8)(12)
Preferred shares Series 26	**13,000**(8)(13)
Preferred shares Series 28	**11,000**(8)(14)
Series 2000-1 trust securities issued by BNS Capital Trust	**500**(15)
Series 2002-1 trust securities issued by Scotiabank Capital Trust	**750**(16)
Series 2003-1 trust securities issued by Scotiabank Capital Trust	**750**(16)
Series 2006-1 trust securities issued by Scotiabank Capital Trust	**750**(16)
Series 2009-1 trust securities issued by Scotiabank Tier 1 Trust	**650**(16)
Scotiabank Trust Subordinated Notes – Series A issued by Scotiabank Subordinated Notes Trust	**1,000**(16)
Outstanding options granted under the Stock Option Plans to purchase common shares	**26,061**(1)(17)

(1) As at February 24, 2010, the number of outstanding common shares and options were 1,028,845 and 25,850, respectively. The number of other securities disclosed in this table were unchanged.
(2) These shares are entitled to non-cumulative preferential cash dividends payable quarterly in an amount of $0.328125 per share.
(3) These shares are entitled to non-cumulative preferential cash dividends payable quarterly in an amount of $0.30 per share.
(4) These shares are entitled to non-cumulative preferential cash dividends payable quarterly in an amount of $0.28125 per share.
(5) These shares are entitled to non-cumulative preferential cash dividends payable quarterly in an amount of $0.28125 per share.
(6) These shares are entitled to non-cumulative preferential cash dividends payable quarterly in an amount of $0.328125 per share.
(7) These shares are entitled to non-cumulative preferential cash dividends payable quarterly in an amount of $0.35 per share.
(8) These preferred shares have conversion features.
(9) These shares are entitled to non-cumulative preferential cash dividends payable quarterly. Dividends, if and when declared, during the initial five-year period ending on April 25, 2013, will be payable in an amount of $0.3125 per share. Subsequent to the initial five-year fixed rate period, and resetting every five years thereafter, the dividends will be determined by the sum of the five-year Government of Canada Yield plus 2.05%, multiplied by $25.00.
(10) These shares are entitled to non-cumulative preferential cash dividends payable quarterly. Dividends, if and when declared, during the initial five-year period ending on October 25, 2013, will be payable in an amount of $0.3125 per share. Subsequent to the initial five-year fixed rate period, and resetting every five years thereafter, the dividends will be determined by the sum of the five-year Government of Canada Yield plus 1.70%, multiplied by $25.00.
(11) These shares are entitled to non-cumulative preferential cash dividends payable quarterly. Dividends, if and when declared, during the initial five-year period ending on January 25, 2014, will be payable in an amount of $0.3125 per share. Subsequent to the initial five-year fixed rate period, and resetting every five years thereafter, the dividends will be determined by the sum of the five-year Government of Canada Yield plus 1.88%, multiplied by $25.00.
(12) These shares are entitled to non-cumulative preferential cash dividends payable quarterly. Dividends, if and when declared, during the initial five-year period ending on January 25, 2014, will be payable in an amount of $0.3906 per share. Subsequent to the initial five-year fixed rate period, and resetting every five years thereafter, the dividends will be determined by the sum of the five-year Government of Canada Yield plus 3.84%, multiplied by $25.00.
(13) These shares are entitled to non-cumulative preferential cash dividends payable quarterly. Dividends, if and when declared, during the initial five-year period ending on April 25, 2014, will be payable in an amount of $0.390625 per share. Subsequent to the initial five-year fixed rate period, and resetting every five years thereafter, the dividends will be determined by the sum of the five-year Government of Canada Yield plus 4.14%, multiplied by $25.00.
(14) These shares are entitled to non-cumulative preferential cash dividends payable quarterly. Dividends, if and when declared, during the initial five-year period ending on April 25, 2014, will be payable in an amount of $0.390625 per share. Subsequent to the initial five-year fixed rate period, and resetting every five years thereafter, the dividends will be determined by the sum of the five-year Government of Canada Yield plus 4.46%, multiplied by $25.00.
(15) Reported in capital instrument liabilities on the Consolidated Balance Sheet.
(16) Reported in deposits on the Consolidated Balance Sheet.
(17) Included are 18,755 stock options with tandem stock appreciation right (SAR) features.

Further details, including convertibility features, are available in Notes 13, 14 and 17 of the October 31, 2009, consolidated financial statements presented in the 2009 Annual Report.

Consolidated Statement of Income

	For the three months ended		
(Unaudited) ($ millions)	**January 31 2010**	October 31 2009	January 31 2009
Interest income			
Loans[1]	**$ 2,975**	$ 2,961	$ 4,261
Securities[1]	**1,024**	1,029	744
Securities purchased under resale agreements	**36**	38	156
Deposits with banks	**75**	65	209
	4,110	4,093	5,370
Interest expenses			
Deposits	**1,599**	1,671	2,752
Subordinated debentures	**71**	75	63
Capital instrument liabilities	**9**	9	9
Other	**284**	239	580
	1,963	1,994	3,404
Net interest income	**2,147**	2,099	1,966
Provision for credit losses (Note 4)	**371**	420	281
Net interest income after provision for credit losses	**1,776**	1,679	1,685
Other income			
Card revenues	**110**	102	113
Deposit and payment services	**220**	220	231
Mutual funds	**125**	124	80
Investment management, brokerage and trust services	**192**	193	178
Credit fees	**205**	260	185
Trading revenues	**285**	255	180
Underwriting fees and other commissions	**143**	184	165
Foreign exchange other than trading	**81**	68	122
Net gain (loss) on securities, other than trading	**91**	20	(144)
Securitization revenues	**18**	21	98
Other	**289**	189	177
	1,759	1,636	1,385
Net interest and other income	**3,535**	3,315	3,070
Non-interest expenses			
Salaries and employee benefits	**1,187**	1,097	1,130
Premises and technology	**371**	394	388
Communications	**86**	81	90
Advertising and business development	**78**	95	78
Professional	**50**	62	54
Business and capital taxes	**37**	41	50
Other	**200**	294	220
	2,009	2,064	2,010
Income before the undernoted	**1,526**	1,251	1,060
Provision for income taxes	**512**	321	190
Non-controlling interest in net income of subsidiaries	**26**	28	28
Net income	**$ 988**	$ 902	$ 842
Preferred dividends paid	**49**	49	37
Net income available to common shareholders	**$ 939**	$ 853	$ 805
Average number of common shares outstanding *(millions)*:			
Basic	**1,025**	1,021	1,001
Diluted	**1,028**	1,024	1,003
Earnings per common share *(in dollars)*[2]:			
Basic	**$ 0.92**	$ 0.84	$ 0.80
Diluted	**$ 0.91**	$ 0.83	$ 0.80
Dividends per common share *(in dollars)*	**$ 0.49**	$ 0.49	$ 0.49

Certain comparative amounts have been reclassified to conform to current period presentation.

(1) Amounts for January 31, 2009, have been restated to reflect the impact of the new accounting policy related to the classification and impairment of financial assets implemented in the fourth quarter of 2009, effective November 1, 2008 (refer to Note 1 of the Consolidated Financial Statements in the 2009 Annual Report for further details).

(2) The calculation of earnings per share is based on full dollar and share amounts.

The accompanying notes are an integral part of these interim consolidated financial statements.

Consolidated Balance Sheet

	As at	
(Unaudited) ($ millions)	**January 31 2010**	October 31 2009
Assets		
Cash resources		
Cash and non-interest-bearing deposits with banks	**$ 3,384**	$ 3,355
Interest-bearing deposits with banks	**48,867**	34,343
Precious metals	**5,085**	5,580
	57,336	43,278
Securities		
Trading	**58,061**	58,067
Available-for-sale (Note 2)	**54,378**	55,699
Equity accounted investments	**3,697**	3,528
	116,136	117,294
Securities purchased under resale agreements	**16,970**	17,773
Loans		
Residential mortgages	**105,412**	101,604
Personal and credit cards	**61,500**	61,048
Business and government	**104,200**	106,520
	271,112	269,172
Allowance for credit losses (Note 4)	**2,948**	2,870
	268,164	266,302
Other		
Customers' liability under acceptances	**7,652**	9,583
Derivative instruments	**25,373**	25,992
Land, buildings and equipment	**2,322**	2,372
Goodwill	**2,765**	2,908
Other intangible assets	**560**	561
Other assets	**10,348**	10,453
	49,020	51,869
	$ 507,626	$ 496,516
Liabilities and shareholders' equity		
Deposits		
Personal	**$ 124,920**	$ 123,762
Business and government	**212,169**	203,594
Banks	**27,849**	23,063
	364,938	350,419
Other		
Acceptances	**7,652**	9,583
Obligations related to securities sold under repurchase agreements	**39,471**	36,568
Obligations related to securities sold short	**13,339**	14,688
Derivative instruments	**27,699**	28,806
Other liabilities	**22,164**	24,682
Non-controlling interest in subsidiaries	**561**	554
	110,886	114,881
Subordinated debentures (Note 5)	**5,945**	5,944
Capital instrument liabilities	**500**	500
Shareholders' equity		
Capital stock		
Preferred shares	**3,710**	3,710
Common shares and contributed surplus	**5,113**	4,946
Retained earnings	**20,353**	19,916
Accumulated other comprehensive income (loss) (Note 7)	**(3,819)**	(3,800)
	25,357	24,772
	$ 507,626	$ 496,516

The accompanying notes are an integral part of these interim consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

	For the three months ended	
(Unaudited) ($ millions)	**January 31 2010**	January 31 2009
Preferred shares		
Balance at beginning of period	**$ 3,710**	$ 2,860
Issued	**–**	850
Balance at end of period	**3,710**	3,710
Common shares and contributed surplus		
Common shares:		
Balance at beginning of period	**4,946**	3,829
Issued	**150**	667
Balance at end of period	**5,096**	4,496
Contributed surplus:		
Balance at beginning of period	**–**	–
Stock option expense (Note 8)	**17**	–
Balance at end of period	**17**	–
Total	**5,113**	4,496
Retained earnings		
Balance at beginning of period	**19,916**	18,549
Net income	**988**	842
Dividends: Preferred	**(49)**	(37)
Common	**(502)**	(493)
Other	**–**	(8)
Balance at end of period	**20,353**	18,853
Accumulated other comprehensive income (loss)[1]		
Balance at beginning of period as previously reported	**(3,800)**	(3,596)
Cumulative effect of adopting new accounting policies	**–**	595
Balance at beginning of period as restated	**(3,800)**	(3,001)
Other comprehensive income (loss)	**(19)**	(428)
Balance at end of period	**(3,819)**	(3,429)
Total shareholders' equity at end of period	**$ 25,357**	$ 23,630

Consolidated Statement of Comprehensive Income

	For the three months ended	
(Unaudited) ($ millions)	**January 31 2010**	January 31 2009
Net income	**$ 988**	$ 842
Other comprehensive income (loss), net of income taxes (Note 7):		
Net change in unrealized foreign currency translation losses	**(201)**	(126)
Net change in unrealized gains (losses) on available-for-sale securities[1]	**156**	(164)
Net change in losses on derivative instruments designated as cash flow hedges	**26**	(138)
Other comprehensive income (loss)[1]	**(19)**	(428)
Comprehensive income[1]	**$ 969**	$ 414

(1) Comparative amounts have been restated to reflect the impact of the new accounting policy related to the classification and impairment of financial assets implemented in the fourth quarter of 2009, effective November 1, 2008 (refer to Note 1 of the Consolidated Financial Statements in the 2009 Annual Report for further details).

The accompanying notes are an integral part of these interim consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

Sources (uses) of cash flows *(Unaudited) ($ millions)*	For the three months ended **January 31 2010**	 January 31 2009
Cash flows from operating activities		
Net income	**$ 988**	$ 842
Adjustments to determine net cash flows from (used in) operating activities[1]	**582**	102
Changes in operating assets and liabilities:		
Net accrued interest receivable and payable	**117**	80
Trading securities	**(146)**	(2,351)
Derivative assets	**(294)**	2,012
Derivative liabilities	**(631)**	337
Other, net[1]	**(2,206)**	(2,333)
	(1,590)	(1,311)
Cash flows from financing activities		
Deposits	**16,707**	(1,425)
Obligations related to securities sold under repurchase agreements	**3,080**	(437)
Obligations related to securities sold short	**(1,300)**	247
Subordinated debentures issued	**–**	1,000
Subordinated debentures redemptions/repayments	**(11)**	–
Preferred shares issued	**–**	600
Common shares issued	**147**	167
Cash dividends paid	**(551)**	(530)
Other, net	**(45)**	352
	18,027	(26)
Cash flows from investing activities		
Interest-bearing deposits with banks	**(14,826)**	2,951
Securities purchased under resale agreements	**780**	4,872
Loans, excluding securitizations[1]	**(3,885)**	(6,337)
Loan securitizations	**582**	4,763
Non-trading securities[1]	**1,050**	(2,866)
Land, buildings and equipment, net of disposals	**(5)**	(51)
Other, net[2]	**(64)**	(1,563)
	(16,368)	1,769
Effect of exchange rate changes on cash and cash equivalents	**(40)**	1
Net change in cash and cash equivalents	**29**	433
Cash and cash equivalents at beginning of period	**3,355**	2,574
Cash and cash equivalents at end of period[3]	**$ 3,384**	$ 3,007
Cash disbursements made for:		
Interest	**$ 2,187**	$ 3,614
Income taxes	**$ 778**	$ 253

(1) Comparative amounts have been restated to reflect the impact of the new accounting policy related to the classification and impairment of financial assets implemented in the fourth quarter of 2009, effective November 1, 2008 (refer to Note 1 of the Consolidated Financial Statements in the 2009 Annual Report for further details).

(2) For the three months ended January 31, 2010, comprises investments in subsidiaries and associated corporations, net of cash and cash equivalents at the date of acquisition of nil (January 31, 2009 – nil), net of non-cash consideration of common shares issued from treasury of nil (January 31, 2009 – $500), and non-cumulative preferred shares of nil (January 31, 2009 – $250).

(3) Represents cash and non-interest-bearing deposits with banks.

The accompanying notes are an integral part of these interim consolidated financial statements.

Notes to the Interim Consolidated Financial Statements (Unaudited)

These interim consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). They should be read in conjunction with the consolidated financial statements for the year ended October 31, 2009. The significant accounting policies used in the preparation of these interim consolidated financial statements are consistent with those used in the Bank's year-end audited consolidated financial statements.

1. Changes in accounting policies

There were no new accounting policies adopted in the current fiscal year. Note 1 to the Bank's 2009 annual audited consolidated financial statements describes accounting policy changes.

2. Available-for-sale securities

An analysis of unrealized gains and losses on available-for-sale securities is as follows:

	As at							
	January 31, 2010				October 31, 2009			
($ millions)	**Cost[1]**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**	Cost[1]	Gross unrealized gains	Gross unrealized losses	Fair value
Canadian federal government debt	**$ 12,911**	**$ 209**	**$ 41**	**$13,079**	$ 11,507	$ 163	$ 68	$ 11,602
Mortgage-backed securities[2]	**20,216**	**487**	**57**	**20,646**	20,972	488	76	21,384
Canadian provincial and municipal debt	**937**	**19**	**–**	**956**	1,164	20	–	1,184
U.S. treasury and other U.S. agencies' debt	**306**	**–**	**10**	**296**	706	9	14	701
Other foreign governments' debt	**6,872**	**265**	**37**	**7,100**	7,703	321	35	7,989
Bonds of designated emerging markets	**240**	**155**	**–**	**395**	270	175	–	445
Other debt	**8,851**	**245**	**180**	**8,916**	9,609	224	234	9,599
Preferred shares	**509**	**19**	**96**	**432**	544	17	140	421
Common shares	**2,291**	**299**	**32**	**2,558**	2,211	224	61	2,374
Total available-for-sale securities	**$ 53,133**	**$ 1,698**	**$ 453**	**$54,378**	$ 54,686	$ 1,641	$ 628	$ 55,699

(1) Cost for debt securities is amortized cost.

(2) Includes securities retained by the Bank in connection with its mortgage securitizations. The outstanding balance of these mortgage-backed securities is $19,891 (October 31, 2009 – $20,864). Canada Mortgage and Housing Corporation provides a guarantee of timely payment to NHA mortgage-backed security investors.

The net unrealized gain on available-for-sale securities of $1,245 million (October 31, 2009 – gain of $1,013 million) decreases to a net unrealized gain of $1,028 million (October 31, 2009 – gain of $828 million) after the impact of qualifying hedges is taken into account. The net unrealized gain on available-for-sale securities is recorded in accumulated other comprehensive income.

3. Sales of loans through securitizations

The Bank securitizes residential mortgages through the creation of mortgage-backed securities. No credit losses are expected, as the mortgages are insured. For the quarter ended January 31, 2010, the key weighted-average assumptions used to measure the fair value at the dates of securitization were a prepayment rate of 21.3%, an excess spread of 1.2% and a discount rate of 1.5%. The following table summarizes the Bank's sales.

	For the three months ended		
($ millions)	**January 31 2010**	October 31 2009	January 31 2009
Net cash proceeds[1]	**$ 582**	$ 690	$ 4,763
Retained interest	**19**	23	170
Retained servicing liability	**(4)**	(3)	(29)
	597	710	4,904
Residential mortgages securitized[2]	**590**	700	4,827
Net gain (loss) on sale[3]	**$ 7**	$ 10	$ 77

(1) Excludes insured mortgages which were securitized and retained by the Bank of $390 for the three months ended January 31, 2010 (October 31, 2009 – $2,850; January 31, 2009 – $847). These assets are classified as available-for-sale securities and have an outstanding balance of $19,891 (refer to Note 2).
(2) Includes sales of mortgage-backed securities in the current period that related to residential mortgages securitized by the Bank in prior periods but retained by the Bank at that time. For the three months ended January 31, 2010, these were nil (October 31, 2009 – nil; January 31, 2009 – $218).
(3) Net of issuance costs.

4. Impaired loans and allowance for credit losses

(a) Impaired loans

	As at			
	January 31, 2010			October 31 2009
($ millions)	**Gross**	**Specific allowance[1]**	**Net**	Net
By loan type:				
Residential mortgages	**$ 1,305**	**$ (212)**	**$ 1,093**	$ 878
Personal and credit cards	**848**	**(657)**	**191**	193
Business and government	**1,979**	**(586)**	**1,393**	1,492
Total	**$ 4,132**	**$(1,455)**	**$ 2,677**	$ 2,563
By geography:				
Canada			**$ 777**	$ 719
United States			**229**	354
Other International			**1,671**	1,490
Total			**$ 2,677**	$ 2,563

(1) The specific allowance for impaired loans evaluated on an individual basis totalled $582 (October 31, 2009 – $446).

(b) Allowance for credit losses

	As at and for the three months ended						
	January 31, 2010						October 31 2009
($ millions)	**Balance at beginning of period**	**Write-offs**	**Recoveries**	**Provision for credit losses**	**Other, including foreign currency adjustment[1]**	**Balance at end of period**	Balance at end of period
Specific	**$ 1,381**	**$ (373)**	**$ 62**	**$ 372**	**$ 19**	**$ 1,461[2]**	$ 1,381
Sectoral[3]	**44**	**–**	**–**	**(1)**	**–**	**43**	44
General	**1,450**	**–**	**–**	**–**	**–**	**1,450**	1,450
	$ 2,875	**$ (373)**	**$ 62**	**$ 371**	**$ 19**	**$ 2,954**	$ 2,875

(1) As at January 31, 2010, includes $14 in specific allowances and nil of general allowances related to acquisitions (October 31, 2009 – $9 and nil).
(2) As at January 31, 2010, $6 has been recorded in other liabilities (October 31, 2009 – $5).
(3) The sectoral allowance is established to reflect the deterioration in the automotive industry sector.

5. Subordinated debentures

On December 15, 2009, the Bank repurchased US$10.1 million of Floating Rate Subordinated Debentures due August 2085.

6. Capital management

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. The objectives and practices of the Bank's capital management process are consistent with those in place as at October 31, 2009.

Regulatory capital ratios

Regulatory capital ratios are determined in accordance with the revised capital framework based on the International convergence of capital measurement and capital standards: A revised framework, commonly known as Basel II.

The Bank uses the Advanced Internal Ratings Based Approach (AIRB) to compute credit risk for material Canadian, U.S. and European portfolios. The Bank is targeting the remaining material credit portfolios for application of AIRB approach between fiscal years 2011 and 2013, and currently uses the standardized approach for these portfolios. The Bank uses both internal models and standardized approaches to calculate market risk capital, and the standardized approach to calculate the operational risk capital requirements.

The two primary regulatory capital ratios used to assess capital adequacy are Tier 1 and Total capital ratios, which are determined by dividing those capital components by risk-weighted assets. Risk-weighted assets represent the Bank's exposures to credit, market and operational risk and are computed by applying a combination of the Bank's internal credit risk parameters and the OSFI prescribed risk weights to on- and off-balance sheet exposures.

The regulatory minimum ratios prescribed by OSFI are 7% for Tier 1 capital and 10% for Total capital. The Bank substantially exceeded these minimum ratio thresholds as at January 31, 2010. OSFI has also prescribed an asset-to-capital leverage multiple; the Bank was in compliance with this threshold as at January 31, 2010.

Bank regulatory capital consists of two components – Tier 1 capital, which is more permanent, and Tier 2 capital as follows:

	As at	
($ millions)	**January 31 2010**	October 31 2009
Shareholders' equity per consolidated balance sheet	**$ 25,357**	$ 24,772
Components of accumulated other comprehensive income excluded from Tier 1	**(299)**	(117)
Capital instrument liabilities – trust securities	**3,400**	3,400
Non-controlling interest in subsidiaries	**561**	554
Goodwill deduction	**(2,765)**	(2,908)
Other capital deductions[1]	**(2,119)**	(2,051)
Tier 1 capital	**24,135**	23,650
Qualifying subordinated debentures, net of amortization	**5,845**	5,833
Trust subordinated notes	**1,000**	1,000
Other net capital items[2]	**(1,930)**	(1,895)
Tier 2 capital	**4,915**	4,938
Total regulatory capital	**29,050**	28,588
Total risk weighted assets	**$ 215,891**	$ 221,656
Capital ratios		
Tier 1 capital ratio	**11.2%**	10.7%
Total capital ratio	**13.5%**	12.9%
Assets-to-capital multiple	**16.8x**	16.6x

(1) *Comprised of 50% of all investments in certain specified corporations and other items.*
(2) *Comprised of 50% of all investments in certain specified corporations and other items, 100% of investments in insurance entities, offset by eligible allowance for credit losses and net after-tax unrealized gain on available-for-sale equity securities.*

7. Accumulated other comprehensive income (loss)

The components of accumulated other comprehensive income (loss) as at January 31, 2010, and other comprehensive income (loss) for the three months then ended were as follows:

Accumulated other comprehensive income (loss)

	As at and for the three months ended						
	January 31, 2010			January 31, 2009			
($ millions)	**Opening balance**	**Net change**	**Ending balance**	Opening balance	Transition amount	Net change	Ending balance
Unrealized foreign currency translation losses, net of hedging activities	**$ (3,917)**	**$ (201)**	**$ (4,118)[(1)]**	$ (2,181)	$ –	$ (126)	$ (2,307)[(1)]
Unrealized gains (losses) on available-for-sale securities, net of hedging activities	**540**	**156**	**696[(2)]**	(949)	595[(3)]	(164)[(3)]	(518)[(2)]
Gains (losses) on derivative instruments designated as cash flow hedges	**(423)**	**26**	**(397)[(4)]**	(466)	–	(138)	(604)[(4)]
Accumulated other comprehensive income (loss)	**$ (3,800)**	**$ (19)**	**$ (3,819)**	$ (3,596)	$ 595	$ (428)	$ (3,429)

(1) Net of cumulative income tax expense of $681 (January 31, 2009 – expense of $345).
(2) Net of cumulative income tax expense of $332 (January 31, 2009 – benefit of $79).
(3) Refer to the new accounting policy related to the classification and impairment of financial assets implemented in the fourth quarter of 2009, effective November 1, 2008 in Note 1 of the Consolidated Financial Statements in the 2009 Annual Report for further details.
(4) Net of cumulative income tax benefit of $152 (January 31, 2009 – benefit of $273).

Other comprehensive income (loss)

The following table summarizes the changes in the components of other comprehensive income (loss).

	For the three months ended	
($ millions)	**January 31 2010**	January 31 2009
Net change in unrealized foreign currency translation losses		
Net unrealized foreign currency translation losses[(1)]	**$ (296)**	$ (44)
Net gains (losses) on hedges of net investments in self-sustaining foreign operations[(2)]	**95**	(82)
	(201)	(126)
Net change in unrealized gains (losses) on available-for-sale securities		
Net unrealized gains (losses) on available-for-sale securities[(3)]	**235**	(51)[(4)]
Reclassification of net gains to net income[(5)]	**(79)**	(113)
	156	(164)
Net change in losses on derivative instruments designated as cash flow hedges		
Net losses on derivative instruments designated as cash flow hedges[(6)]	**(132)**	(323)
Reclassification of net losses to net income[(7)]	**158**	185
	26	(138)
Other comprehensive income (loss)	**$ (19)**	$ (428)

(1) Net of income tax expense of nil.
(2) Net of income tax expense of $35 (January 31, 2009 – expense of $27).
(3) Net of income tax expense of $80 (January 31, 2009 – benefit of $29).
(4) Refer to the new accounting policy related to the classification and impairment of financial assets implemented in the fourth quarter of 2009, effective November 1, 2008 in Note 1 of the Consolidated Financial Statements in the 2009 Annual Report for further details.
(5) Net of income tax expense of $36 (January 31, 2009 – expense of $2).
(6) Net of income tax benefit of $48 (January 31, 2009 – benefit of $138).
(7) Net of income tax benefit of $70 (January 31, 2009 – benefit of $83).

8. Stock based compensation

Equity Classified Stock Option Plan

Stock options issued after November 1, 2009, require settlement in shares only and do not contain the tandem share appreciation features, which provide the choice for settlement in cash or shares. On December 11, 2009, the Bank granted 3,953,456 options with an exercise price of $47.75 per option and at a weighted average fair value of $8.47 to selected employees, under the terms of the amended Employee Stock Option Plan. The Black Scholes option pricing model was used to determine the grant date fair value after incorporating appropriate assumptions as they relate to volatility, expected term, discount rate and dividend yield. These stock options vest evenly over a four-year period and are exercisable no later than 10 years after the date of grant. The fair value on the date of grant is expensed over the vesting period. Where the employee is eligible to retire prior to the vesting date, the fair value is expensed over the period between the grant date and the date of retirement eligibility. An amount of $17 million was recorded for the three months ended January 31, 2010, in Other non-interest expenses in the Consolidated Statement of Income with a corresponding credit to Contributed surplus within Shareholders' equity in the Consolidated Balance Sheet.

9. Employee future benefits

Employee future benefits include pensions and other post-retirement benefits, post-employment benefits and compensated absences. The following table summarizes the expenses for the Bank's principal plans[1].

	For the three months ended		
($ millions)	**January 31 2010**	October 31 2009	January 31 2009
Benefit expenses			
Pension plans	**$ 4**	$ 2	$ (2)
Other benefit plans	**29**	28	29
	$ 33	$ 30	$ 27

(1) Other plans operated by certain subsidiaries of the Bank are not considered material and are not included in this note.

10. Segmented results of operations

Scotiabank is a diversified financial services institution that provides a wide range of financial products and services to retail, commercial and corporate customers around the world. The Bank is organized into three main operating segments: Canadian Banking, International Banking and Scotia Capital.

The results of these business segments are based upon the internal financial reporting systems of the Bank. The accounting policies used in these segments are generally consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1 of the 2009 Consolidated Financial Statements. The only notable accounting measurement difference is the grossing up of tax-exempt net interest income to an equivalent before-tax basis for those affected segments. This change in measurement enables comparison of net interest income arising from taxable and tax-exempt sources.

Scotiabank's results, and average assets, allocated by these operating segments, are as follows:

For the three months ended January 31, 2010

Taxable equivalent basis[1] *($ millions)*	**Canadian Banking**	**International Banking**	**Scotia Capital**	**Other[3]**	**Total**
Net interest income	**$ 1,298**	**$ 940**	**$ 304**	**$ (395)**	**$ 2,147**
Provision for credit losses	**180**	**177**	**14**	**–**	**371**
Other income	**623**	**434**	**596**	**106**	**1,759**
Non-interest expenses	**962**	**706**	**307**	**34**	**2,009**
Provision for income taxes	**218**	**172**	**198**	**(76)**	**512**
Non-controlling interest in net income of subsidiaries	**1**	**25**	**–**	**–**	**26**
Net income[4]	**$ 560**	**$ 294**	**$ 381**	**$ (247)**	**$ 988**
Average assets *($ billions)*	**$ 199**	**$ 83**	**$ 160**	**$ 59**	**$ 501**

For the three months ended October 31, 2009

Taxable equivalent basis[1] *($ millions)*	Canadian Banking	International Banking	Scotia Capital	Other[3]	Total
Net interest income	$ 1,280	$ 888	$ 321	$ (390)	$ 2,099
Provision for credit losses	190	167	63	–	420
Other income	606	364	589	77	1,636
Non-interest expenses	991	741	284	48	2,064
Provision for income taxes	202	33	210	(124)	321
Non-controlling interest in net income of subsidiaries	–	28	–	–	28
Net income	$ 503	$ 283	$ 353	$ (237)	$ 902
Average assets *($ billions)*	$ 196	$ 81	$ 167	$ 51	$ 495

For the three months ended January 31, 2009

Taxable equivalent basis[1] *($ millions)*	Canadian Banking	International Banking	Scotia Capital	Other[3]	Total
Net interest income	$ 1,146	$ 947	$ 338	$ (465)	$ 1,966
Provision for credit losses	155	116	10	–	281
Other income	556	471	366	(8)	1,385
Non-interest expenses	934	772	291	13	2,010
Provision for income taxes	175	114	103	(202)	190
Non-controlling interest in net income of subsidiaries	–	28	–	–	28
Net income	$ 438	$ 388	$ 300	$ (284)	$ 842
Average assets *($ billions)*	$ 189	$ 95	$ 195[2]	$ 51	$ 530[2]

(1) Refer to page 5 for a discussion of non-GAAP measures.
(2) Amounts have been restated to reflect the impact of the new accounting policy related to the classification and impairment of financial assets implemented in the fourth quarter of 2009, effective November 1, 2008 (refer to Note 1 of the Consolidated Financial Statements in the 2009 Annual Report for further details).
(3) Includes all other smaller operating segments and corporate adjustments, such as the elimination of the tax-exempt income gross-up reported in net interest income and provision for income taxes for the three months ended January 31, 2010 ($75), October 31, 2009 ($73), and January 31, 2009 ($70), to arrive at the amounts reported in the Consolidated Statement of Income, differences in the actual amount of costs incurred and charged to the operating segments, and the impact of securitizations.
(4) Net loss for Other decreased by $37 million due to the transfer of $10 billion of broker-sourced deposits to Canadian Banking from Group Treasury.

11. Financial Instruments

Risk management

The Bank's principal business activities result in a balance sheet that consists primarily of financial instruments. In addition, the Bank uses derivative financial instruments for both trading and asset/liability management purposes. The principal financial risks that arise from transacting financial instruments include credit risk, liquidity risk and market risk. The Bank's framework to monitor, evaluate and manage these risks is consistent with that in place as at October 31, 2009.

(a) Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Bank.

Credit risk exposures disclosed below are presented based on Basel II approaches utilized by the Bank. All material portfolios in Canada, U.S. and Europe are treated under the advanced internal ratings based approach (AIRB), and the remaining portfolios including other international portfolios are treated under the standardized approach. Under the AIRB approach, the Bank uses internal risk parameter estimates, based on historical experience.

Under the standardized approach, credit risk is estimated using the risk weights as prescribed by the Basel II framework, either based on credit assessments by external rating agencies or based on the counterparty type for non-retail exposures and product type for retail exposures.

Credit risk exposures

Exposure at default[(1)] As at

	January 31, 2010			October 31, 2009
($ millions)	**AIRB[(2)]**	**Standardized**	**Total**	Total
By exposure sub-type				
Non-retail[(2)]				
Drawn[(3)]	**$ 152,384**	**$ 65,662**	**$ 218,046**	$ 209,324
Undrawn commitments	**55,600**	**3,294**	**58,894**	57,887
Other exposures[(4)]	**58,654**	**2,988**	**61,642**	62,351
Total non-retail	**$ 266,638**	**$ 71,944**	**$ 338,582**	$ 329,562
Retail				
Drawn[(5)]	**$ 115,974**	**$ 25,010**	**$ 140,984**	$ 138,874
Undrawn commitments	**6,110**	**–**	**6,110**	6,664
Total retail	**$ 122,084**	**$ 25,010**	**$ 147,094**	$ 145,538
Total	**$ 388,722**	**$ 96,954**	**$ 485,676**	$ 475,100

(1) *After credit risk mitigation, excludes available-for-sale equity securities and other assets.*
(2) *Non-retail AIRB drawn and undrawn exposures include government guaranteed mortgages.*
(3) *Non-retail drawn includes loans, bankers' acceptances, deposits with banks and available-for-sale debt securities.*
(4) *Includes off-balance sheet lending instruments such as letters of credit, letters of guarantee, securitization, derivatives and repo-style transactions net of related collateral.*
(5) *Retail drawn includes residential mortgages, credit cards, lines of credit and other personal loans.*

Credit quality of non-retail exposures

The Bank's non-retail portfolio is well diversified by industry. As at January 31, 2010, 82% (October 31, 2009 – 80%) of the AIRB portfolio was internally assessed at a grade that would generally equate to an investment grade rating by external rating agencies. Exposures in the standardized portfolio, mainly in the Caribbean and Latin American region, are primarily to non-investment grade counterparties, based on the Bank's internal grade systems. There has not been a significant change in concentrations of credit risk since October 31, 2009.

Credit quality of retail exposures

The Bank's retail portfolios consist of a number of relatively small loans to a large number of borrowers. The portfolios are distributed across Canada and a wide range of countries. As such, the portfolios inherently have a high degree of diversification.

Retail standardized portfolio

The retail standardized portfolio of $25 billion as at January 31, 2010 (October 31, 2009 – $25 billion), was comprised of residential mortgages, personal loans, credit cards and lines of credit to individuals, mainly in the Caribbean and Latin American region. Of the total standardized retail exposures, $14 billion (October 31, 2009 – $13 billion) was represented by mortgages and loans secured by residential real estate, mostly with a loan-to-value ratio of below 80%.

Loans past due but not impaired[1]

A loan is considered past due when a counterparty has not made a payment by the contractual due date. The following table presents the carrying value of loans that are past due but not classified as impaired because they are either less than 90 days past due, or fully secured and collection efforts are reasonably expected to result in repayment, or restoring it to a current status in accordance with the Bank's policy.

	As at							
	January 31, 2010				October 31, 2009			
($ millions)	**31-60 days**	**61-90 days**	**91 days and greater**	**Total**	31-60 days	61-90 days	91 days and greater	Total
Residential mortgages	**$ 1,353**	**$ 530**	**$ 284**	**$ 2,167**	$ 1,173	$ 463	$ 302	$ 1,938
Personal and credit cards	**468**	**231**	**67**	**766**	429	220	61	710
Business and government	**331**	**95**	**135**	**561**	342	201	168	711
Total	**$ 2,152**	**$ 856**	**$ 486**	**$ 3,494**	$ 1,944	$ 884	$ 531	$ 3,359

(1) Loans past due 30 days or less are not presented in this analysis as they are not administratively considered past due.

(b) Market risk

Market risk arises from changes in market prices and rates (including interest rates, credit spreads, equity prices, foreign exchange rates and commodity prices), the correlations among them, and their levels of volatility.

Interest rate risk

Interest rate risk, inclusive of credit spread risk, is the risk of loss due to the following: changes in the level, slope and curvature of the yield curve; the volatility of interest rates; mortgage prepayment rates; changes in the market price of credit; and the creditworthiness of a particular issuer.

Interest rate sensitivity

Based on the Bank's interest rate positions, the following table shows the pro-forma after-tax impact on the Bank's net income over the next twelve months and economic value of shareholders' equity of an immediate and sustained 100 and 200 basis point (bp) increase and decrease in interest rates across major currencies as defined by the Bank.

	As at									
	January 31, 2010						October 31, 2009		January 31, 2009	
	Net income			**Economic value of equity**						
($ millions)	**Canadian dollar**	**Other currencies**	**Total**	**Canadian dollar**	**Other currencies**	**Total**	Net income	Economic value of equity	Net income	Economic value of equity
100 bp increase	**$ 110**	**$ 70**	**$ 180**	**$ (9)**	**$ (230)**	**$ (239)**	$ 150	$ (188)	$ 145	$ (109)
100 bp decrease	**(92)**	**(73)**	**(165)**	**(16)**	**284**	**268**	(178)	172	(113)	107
200 bp increase	**$ 202**	**$ 137**	**$ 339**	**$ (85)**	**$ (446)**	**$ (531)**	$ 306	$ (349)	$ 289	$ (203)
200 bp decrease	**(193)**	**(182)**	**(375)**	**(10)**	**587**	**577**	(400)	555	(250)	289

Non-trading foreign currency risk

Foreign currency risk is the risk of loss due to changes in spot and forward rates, and the volatility of currency exchange rates.

As at January 31, 2010, a one per cent increase (decrease) in the Canadian dollar against all currencies in which the Bank operates decreases (increases) the Bank's before-tax annual earnings by approximately $36 million (October 31, 2009 – $32 million; January 31, 2009 – $37 million) in the absence of hedging activity, primarily from exposure to U.S. dollars. A similar change in the Canadian dollar as at January 31, 2010, would increase (decrease) the unrealized foreign currency translation losses in the accumulated other comprehensive income section of shareholders' equity by approximately $186 million (October 31, 2009 – $187 million; January 31, 2009 – $187 million), net of hedging.

Equity risk

Equity risk is the risk of loss due to adverse movements in equity prices. The Bank is exposed to equity risk through its available-for-sale equity portfolios. The fair value of available-for-sale equity securities is shown in Note 2.

Trading portfolio risk management

Market risk arising from the Bank's trading activities can be aggregated using VaR and stress testing measures. The table below shows the Bank's VaR by risk factor:

One-day VaR by risk factor

($ millions)	As at January 31 2010	For the three months ended January 31, 2010 Average	High	Low	As at October 31 2009	As at January 31 2009
Interest rate	**$ 11.9**	**$ 14.1**	**$ 18.4**	**$ 10.6**	$ 15.6	$ 14.9
Equities	**6.4**	**7.3**	**14.1**	**3.4**	3.0	5.4
Foreign exchange	**2.1**	**2.6**	**4.6**	**1.1**	3.4	2.8
Commodities	**1.8**	**2.7**	**5.6**	**1.5**	3.7	3.6
Diversification	**(8.1)**	**(12.1)**	**N/A**	**N/A**	(10.5)	(11.9)
All-Bank VaR	**$ 14.1**	**$ 14.6**	**$ 19.5**	**$ 10.8**	$ 15.2	$ 14.8

Hedges

There are three main types of hedges for accounting purposes: (i) fair value hedges, (ii) cash flow hedges and (iii) net investment hedges.

In a fair value hedge, the change in fair value of the hedging derivative is offset in the Consolidated Statement of Income by the change in fair value of the hedged item relating to the hedged risk. The Bank uses fair value hedges primarily to convert fixed rate financial assets and liabilities to floating rate. The main financial instruments designated in fair value hedging relationships include bond assets, loans, deposit liabilities and subordinated debentures.

In a cash flow hedge, the change in fair value of the hedging derivative is recorded in other comprehensive income until the hedged item affects the Consolidated Statement of Income. The Bank uses cash flow hedges primarily to convert floating rate deposit liabilities to fixed rate. The reclassification from accumulated other comprehensive income to earnings over the next 12 months as a result of outstanding cash flow hedges is expected to be a net after-tax loss of approximately $197 million (October 31, 2009 – loss of $211 million; January 31, 2009 – loss of $276 million). The maximum length of cash flow hedges outstanding was less than 10 years for all periods presented.

Any hedge ineffectiveness is measured and recorded in current period income in the Consolidated Statement of Income. The Bank recorded a gain of $27 million during the three months ended January 31, 2010 (October 31, 2009 – gain of $39 million; January 31, 2009 – gain of $27 million), of which a gain of $1 million (October 31, 2009 – gain of $16 million; January 31, 2009 – gain of $3 million) related to cash flow hedges, due to the ineffective portion of designated hedges. When either a fair value or cash flow hedge is discontinued, any cumulative adjustment to either the hedged item or other comprehensive income is recognized in income over the remaining term of the original hedge, or when the hedged item is derecognized.

In a net investment hedge, the change in fair value of the hedging instrument is recorded directly in other comprehensive income. These amounts are recognized in income when the corresponding cumulative translation adjustments from the self-sustaining foreign operation are recognized in income. No ineffectiveness was recognized on net investment hedges.

Items designated as trading

The Bank has elected to designate certain portfolios of assets and liabilities as trading, which are carried at fair value with changes in fair values recorded in income.

The Bank's trading operations transact credit derivatives for customers. The Bank may purchase the underlying loan(s) from another counterparty to economically hedge the derivative exposure. As a result, the Bank significantly reduces or eliminates an accounting mismatch between the two instruments. The fair value of these loans was $3.2 billion as at January 31, 2010 (October 31, 2009 – $3.5 billion). The change in fair value that was recorded through trading income for the three months ended January 31, 2010, was a gain of $99 million (October 31, 2009 – gain of $56 million; January 31, 2009 – loss of $310 million). These changes in fair value were substantially offset by the changes in the fair value of the related credit derivatives.

The Bank's trading operations purchase loan assets in specifically authorized portfolios for which performance is evaluated on a fair value basis. The fair value of these loans was $18 million as at January 31, 2010 (October 31, 2009 – $47 million). The change in fair value that was recorded through trading income for the three months ended January 31, 2010, was a loss of $1 million (October 31, 2009 – loss of $1 million; January 31, 2009 – gain of $5 million).

The Bank has designated certain debt and equity investments as trading securities to reduce an accounting mismatch between these assets and fair value changes in related derivatives. The fair value of these trading securities was $3,897 million as at January 31, 2010 (October 31, 2009 – $4,283 million). The change in fair value that was recorded through trading and net interest income for the three months ended January 31, 2010, was a gain of $59 million (October 31, 2009 – gain of $55 million; January 31, 2009 – gain of $22 million).

The Bank has classified certain deposit note liabilities containing extension features as trading, in order to significantly reduce an accounting mismatch between these liabilities and fair value changes in related derivatives. The fair value of these liabilities was $59 million as at January 31, 2010 (October 31, 2009 – $22 million). The change in fair value that was recorded through net interest income for the three months ended January 31, 2010, was a loss of $1 million (October 31, 2009 – loss of less than $1 million; January 31, 2009 – loss of $2 million). The change in fair value, which is mainly attributable to changes in interest rates, was substantially offset by the changes in fair value of the related derivatives. As at January 31, 2010, the Bank is contractually obligated to pay $58 million to the holders of the notes at maturity (October 31, 2009 – $22 million).

Reclassification of financial assets

The Bank reclassified certain non-derivative financial assets out of trading securities to available-for-sale securities effective August 1, 2008. These assets were comprised of $303 million of bond assets and $91 million of preferred shares that were no longer traded in an active market and which management intends to hold for the foreseeable future. As at January 31, 2010, the fair values of the bond assets and preferred shares were $243 million (October 31, 2009 – $257 million) and $68 million (October 31, 2009 – $67 million), respectively.

Due to the reclassification of bond assets, for the three months ended January 31, 2010, the Bank recorded pre-tax other comprehensive income gains of $9 million (January 31, 2009 – losses of $15 million) relating to fair value movements. Due to the reclassification of preferred shares, for the three months ended January 31, 2010, the Bank recorded pre-tax other comprehensive income gains of $4 million (January 31, 2009 – losses of $4 million) relating to fair value movements. If these reclassifications had not been made, these gains and losses would have been recorded in the Consolidated Statement of Income.

Fair value hierarchy

The Bank values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Bank maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The following table outlines the fair value hierarchy of instruments carried at fair value.

	As at							
	January 31, 2010[1]				October 31, 2009[1]			
($ millions)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Assets:								
Trading securities[2]	**$ 41,774**	**$ 14,696**	**$ 1,591**	**$ 58,061**	$ 40,408	$ 15,683	$ 1,976	$ 58,067
Available-for-sale securities[3]	**17,018**	**35,023**	**1,367**	**53,408**	16,485	36,861	1,395	54,741
Derivative instruments	**83**	**24,390**	**900**	**25,373**	81	24,683	1,228	25,992
Liabilities:								
Obligations related to securities sold short	**$ 10,492**	**$ 2,847**	**$ –**	**$ 13,339**	$ 11,707	$ 2,981	$ –	$ 14,688
Derivative instruments	**90**	**25,405**	**2,204**	**27,699**	105	26,188	2,513	28,806

(1) Loans and deposit notes designated as trading are classified as Level 2.

(2) Includes securities designated as trading. Level 2 trading securities are comprised of $5,243 (October 31, 2009 – $4,861) of bonds mainly issued by foreign governments and $9,453 (October 31, 2009 – $10,822) of corporate bonds and other debt and equity instruments which generally trade in public markets.

(3) Excludes available-for-sale equity securities that are not quoted in an active market of $970 (October 31, 2009 – $958). Level 2 available-for-sale securities include $6,709 (October 31, 2009 – $7,204) of bonds mainly issued by foreign governments and $7,549 (October 31, 2009 – $8,204) of corporate bonds and other debt instruments which generally trade in public markets. The remaining Level 2 available-for-sale securities are primarily comprised of mortgage-backed securities guaranteed by Canada Mortgage and Housing Corporation.

Direct deposit service

Shareholders may have dividends deposited directly into accounts held at financial institutions which are members of the Canadian Payments Association. To arrange direct deposit service, please write to the transfer agent.

Dividend and Share Purchase Plan

Scotiabank's dividend reinvestment and share purchase plan allows common and preferred shareholders to purchase additional common shares by reinvesting their cash dividend without incurring brokerage or administrative fees.

As well, eligible shareholders may invest up to $20,000 each fiscal year to purchase additional common shares of the Bank. Debenture holders may apply interest on fully registered Bank subordinated debentures to purchase additional common shares. All administrative costs of the plan are paid by the Bank.

For more information on participation in the plan, please contact the transfer agent.

Dividend dates for 2010

Record and payment dates for common and preferred shares, subject to approval by the Board of Directors.

Record Date	Payment Date
January 5	January 27
April 6	April 28
July 6	July 28
October 5	October 27

Annual Meeting date for fiscal 2010

The Annual Meeting of Shareholders of the Bank for the fiscal year ending October 31, 2010, will be held in Halifax, Nova Scotia, on Tuesday, April 5, 2011.

Duplicated communication

If your shareholdings are registered under more than one name or address, multiple mailings will result. To eliminate this duplication, please write to the transfer agent to combine the accounts.

Website

For information relating to Scotiabank and its services, visit us at our website: www.scotiabank.com.

Conference call and Web broadcast

The quarterly results conference call will take place on March 9, 2010, at 2:00 pm EST and is expected to last approximately one hour. Interested parties are invited to access the call live, in listen-only mode, by telephone, toll-free, at 1-800-814-4860 (please call five to 15 minutes in advance). In addition, an audio webcast, with accompanying slide presentation, may be accessed via the Investor Relations page of www.scotiabank.com. Following discussion of the results by Scotiabank executives, there will be a question and answer session. Listeners are invited to submit questions by e-mail to investor.relations@scotiabank.com.

A telephone replay of the conference call will be available from March 9, 2010, to March 23, 2010, by calling (416) 640-1917 and entering the identification code 4226860#. The archived audio webcast will be available on the Bank's website for three months.

Contact information

Investors:

Financial analysts, portfolio managers and other investors requiring financial information, please contact Investor Relations, Finance Department:

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Media:

For other information and for media enquiries, please contact the Public, Corporate and Government Affairs Department at the above address.

Telephone: (416) 866-3925
Fax: (416) 866-4988
E-mail: corpaff@scotiabank.com

Shareholders:

For enquiries related to changes in share registration or address, dividend information, lost share certificates, estate transfers, or to advise of duplicate mailings, please contact the Bank's transfer agent:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario, Canada M5J 2Y1
Telephone: 1-877-982-8767
Fax: 1-888-453-0330
E-mail: service@computershare.com

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