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## **MEDIA RELEASE**

### **SCOTIA DBG INVESTMENTS LIMITED REPORTS SOLID THIRD QUARTER RESULTS**

#### **THIRD QUARTER 2008 HIGHLIGHTS (Year to Date)**

- **Net Income of \$936 million**
- **Earnings per share of \$2.21**
- **Return on Average Equity – 20.70%**
- **Productivity ratio of 39.33%**
- **Third Quarter dividend of 27.5 cents per share**

Scotia DBG Investments Limited (SDBG) today reported its unaudited financial results for the nine months ended July 31, 2008. Net income for the period amounted to \$936 million, double the \$467 million that was reported as at July 31, 2007. The acquisition of Scotia Jamaica Investments Management Limited (SJIM) in July 2007, as well as general growth in our main product lines has contributed to the improved results year over year. This has enabled us to increase our Funds Under Management, which now stands at \$96 billion. Net income for the quarter amounted to \$299 million and was \$33 million below earnings for the second quarter. However, the earnings for the three-month period represented an increase of \$151 million over the \$148 million recorded in the same period last year. EPS for the period was \$2.21 compared to \$1.47 for the nine months ended July 31, 2007.

In commenting on the results CEO of SDBG, Anya Schnoor, stated, "during the quarter, the market continued to experience an increase in interest rates against the backdrop of rising consumer and oil prices. The local bond and equity markets continued to be challenged by the effects of a slowing economy, the United States sub-prime issues and pending recession. Our results for the nine month period to 31 July 2008 therefore reflect a credible performance as we continue our efforts to restructure the company while maintaining a keen focus on interest margins and expense control."

The decision has been taken by our Board to sell our Trinidad operation to Scotiatrust and Merchant Bank Trinidad and Tobago Limited to allow SDBG to focus on its core business in Jamaica. The parties are at present in negotiations for this transaction.

## **REVENUES**

Total revenue comprising of net interest revenue and other income was \$1.9 billion for the nine-month period, an increase of \$777 million or 66% over the comparative period ended July 31, 2007, which included only one month's results for SJIM

### ***Net Interest Income***

Net interest income for the quarter amounted to \$495 million, a 78% increase over the \$278 million reported last year and 8% greater than the earnings of \$459 million for the previous quarter. Net interest income for the nine-month period amounted to \$1.3 billion, impressively topping last year's \$736 million by 89%.

### ***Other Revenue***

Other revenue for the nine-month period rose 32% to \$577 million from the \$439 million reported last year. The overall movement was boosted by an increase of 33% or \$53 million in Fee and Commission income and a 79% increase in gains on securities trading amounting to \$92 million.

## **NON-INTEREST EXPENSES AND PRODUCTIVITY**

The company continues to maintain tight control of expenses and capitalise on the synergies and efficiencies that have accrued from the acquisition of SJIM. With this unwavering focus, our productivity ratio (non-interest expense as a percentage of net revenue) - a key measure of cost efficiency - was 39.33% for the period, a considerable improvement over the 59.20% for the same period last year.

Non-interest expenses amounted to \$771 million for the period, an increase of 10% over the similar period last year. This was due to increased staff costs and advertising with the launch of a major campaign in support of the recent rebranding exercise.

## **BALANCE SHEET**

Total assets increased over the nine-month period by \$7.9 billion or 14% to \$64.2 billion. This increase in the asset base is mainly as a result of continued growth in cash resources, investments and pledged assets. This growth was supported by a solid increase of 11.5% in repurchase agreements and capital management accounts.

## **CAPITAL**

SDBG's capital base continues to grow to support the development plans for the company. Total shareholders equity rose to \$6.2 billion, an increase of \$523 million over the equity reported as at July 31, 2007.

## **DIVIDEND**

At the Board of Directors meeting on August 19, 2008 the Board approved an interim dividend of 27.5 cents per stock unit, payable on October 2, 2008, to stockholders on record as at September 10, 2008.

**NON-FINANCIAL HIGHLIGHTS**

Scotia DBG continued its marketing focus on building awareness around the new brand and positioning it effectively to key target groups. As such, Scotia DBG was the major sponsor of both the Observer Food Awards and a movie premiere held in May.

Smaller community sponsorships were also done to build the brand within each branch community with the more significant being the Little Ochi Food Festival and the St. Ann Chamber of Commerce Awards Banquet.

SDBG echoes the sentiments of the Scotia Group Jamaica family, in thanking all of our stakeholders for their continued support. To our clients, thank you for your loyalty and allowing us to be your most trusted financial advisor. To our shareholders, thank you for the commitment, trust and confidence. To our employees, our continued success is as a result of great execution by our dedicated and skilled team. Your consistent focus on customer satisfaction will ensure that we deliver superior customer service in true Scotia DBG style, and for that we say thank you.


**Scotia DBG Investments**
**STATEMENT OF CONSOLIDATED REVENUES AND EXPENSES**

Unaudited (\$000's)	For the three months ended			For the nine months ended	
	July 2008	April 2008	July 2007	July 2008	July 2007
<b>GROSS OPERATING INCOME</b>	<b>1,962,624</b>	<b>1,856,132</b>	<b>1,297,791</b>	<b>5,595,036</b>	<b>3,449,163</b>
Interest income	1,812,117	1,647,190	1,174,845	5,017,697	3,010,503
Interest expense	(1,316,888)	(1,188,373)	(897,179)	(3,626,397)	(2,274,578)
Net Interest Income	495,229	458,817	277,666	1,391,300	735,924
Provision for loan loss	4,548	(16,157)	(2,022)	(8,817)	8,261
Net interest income after provision for loan loss	499,777	442,660	275,644	1,382,483	744,185
Net fee and commission income	69,026	68,546	59,061	212,620	159,363
Gains less losses on securities trading	57,282	67,730	20,713	208,726	116,570
Gains less losses from foreign currencies	21,759	71,985	38,819	149,391	153,999
Other Income	2,440	681	4,353	8,602	8,728
	<b>150,587</b>	<b>208,942</b>	<b>122,946</b>	<b>577,338</b>	<b>438,660</b>
<b>TOTAL OPERATING INCOME</b>	<b>650,284</b>	<b>651,602</b>	<b>398,590</b>	<b>1,959,822</b>	<b>1,182,845</b>
<b>OPERATING EXPENSES</b>					
Salaries, pension contributions and other staff benefits	127,606	121,261	148,731	414,868	411,172
Property expenses, including depreciation and amortisation	59,784	58,372	41,453	160,097	136,224
Other operating expenses	83,047	50,009	46,638	195,832	150,668
	<b>270,437</b>	<b>229,642</b>	<b>236,822</b>	<b>770,797</b>	<b>698,064</b>
<b>PROFIT BEFORE TAXATION</b>	<b>379,847</b>	<b>421,960</b>	<b>161,768</b>	<b>1,189,025</b>	<b>484,781</b>
Taxation	(80,932)	(89,413)	(13,570)	(252,827)	(17,393)
<b>NET PROFIT</b>	<b>298,915</b>	<b>332,547</b>	<b>148,198</b>	<b>936,198</b>	<b>467,388</b>
Earnings per stock unit - Basic (cents)	71	79	48	221	147
Return on average equity	19.01%	22.28%	11.63%	20.70%	13.60%
Productivity ratio	41.59%	35.24%	59.41%	39.33%	59.02%

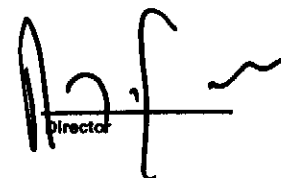

**Scotia DBG Investments**
**CONSOLIDATED BALANCE SHEET**

Unaudited (\$000's)	Nine months ended	Year ended	Nine months ended
	July 31	October 31	July 31
	2008	2007	2007
<b>ASSETS</b>			
<b>CASH RESOURCES</b>	1,801,473	984,091	1,202,055
<b>INVESTMENTS</b>			
Financial assets at fair value through statement of revenue and expenses	308,342	1,045,225	515,972
Securities available-for-sale	1,514,262	2,225,840	1,692,741
	1,822,604	3,271,065	2,208,713
<b>PLEGGED ASSETS</b>	40,321,041	33,560,537	38,160,605
<b>LOANS, AFTER MAKING PROVISIONS FOR LOSSES</b>	3,370,701	3,475,612	3,983,010
<b>LEASES AND HIRE PURCHASE CONTRACTS</b>	100,261	85,282	58,813
<b>CAPITAL MANAGEMENT ACCOUNT &amp; GOVERNMENT SECURITIES FUND</b>	15,667,446	14,059,606	12,736,053
<b>OTHER ASSETS</b>			
Customers' liabilities under guarantees	622,414	474,174	517,960
Tax recoverable	107,634	40,420	9,101
Sundry assets	216,872	148,588	200,263
Property, plant and equipment at cost, less depreciation	127,661	148,606	156,436
Intangible assets at cost, less amortisation	30,600	42,899	42,056
Goodwill	61,723	61,723	61,723
	1,166,904	916,410	987,539
<b>TOTAL ASSETS</b>	<b>64,250,430</b>	<b>56,352,603</b>	<b>59,336,788</b>
<b>LIABILITIES</b>			
<b>DEPOSITS</b>			
Deposits by the public	3,903,663	3,143,227	2,775,275
<b>CAPITAL MANAGEMENT ACCOUNT &amp; GOVERNMENT SECURITIES FUND OBLIGATIONS</b>	15,665,801	14,059,606	12,736,053
<b>OTHER LIABILITIES</b>			
Promissory notes	589,481	607,183	794,938
Guarantees issued	622,414	474,174	517,960
Liabilities under repurchase agreements	36,916,627	31,858,054	36,609,184
Other liabilities	118,502	128,150	119,388
Taxation payable	5,015	22,713	30,248
Deferred taxation	113,764	26,758	5,852
Assets held in trust on behalf of participants	77,371	82,300	32,761
	38,443,174	33,199,332	38,110,331
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	1,911,903	1,911,903	1,911,903
Statutory reserve fund	75,212	75,212	64,561
Retained earnings reserve	240,224	240,224	173,160
Cumulative remeasurement result from available-for-sale financial assets	248,361	577,221	754,049
Loan loss reserve	57,266	57,266	26,068
Capital reserve	22,075	22,075	22,075
Reserve for own shares	(82,870)	(88,746)	(40,352)
Retained profits	3,765,621	3,155,283	2,803,865
	6,237,792	5,950,438	5,715,129
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>64,250,430</b>	<b>56,352,603</b>	<b>59,336,788</b>

Note:

Where necessary, certain comparative amounts have been restated to conform to current year's presentation.

  
Director

  
Director


**Scotia DBG Investments**
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

Unaudited (\$000's)	Share Capital	Reserve Fund	Retained Earnings Reserve	Cumulative Re-measurement Result from Available-for-sale Financial Assets	Loan Loss Reserve	Capital Reserve	Reserve for own shares	Unappropriated Profits	Total
<b>Balances as at 31 March 2007</b>	<b>224,457</b>	<b>64,561</b>	<b>173,160</b>	<b>1,051,318</b>	<b>26,079</b>	<b>22,075</b>	<b>(43,948)</b>	<b>2,890,404</b>	<b>4,408,106</b>
Shares issued	1,687,446	-	-	-	-	-	-	-	1,687,446
Unrealised losses on available-for-sale investments transferred to statement of revenues and expenses	-	-	-	(469,045)	-	-	-	-	(469,044)
Realised gains on available-for-sale investments transferred to statement of revenues and expenses	-	-	-	(5,052)	-	-	-	-	(5,052)
Loan loss reserve transfer	-	-	-	-	31,187	-	-	(31,187)	-
Dividends paid	-	-	-	-	-	-	-	(312,514)	(312,514)
Net profit for the period	-	-	-	-	-	-	-	686,295	686,295
Own shares acquired by ESOP	-	-	-	-	-	-	(44,799)	-	(44,799)
Transfer to retained earnings reserve	-	-	67,064	-	-	-	-	(67,064)	-
Transfer to reserve fund	-	10,651	-	-	-	-	-	(10,651)	-
<b>Movement for the year</b>	<b>1,687,446</b>	<b>10,651</b>	<b>67,064</b>	<b>(474,097)</b>	<b>31,187</b>	<b>0</b>	<b>(44,799)</b>	<b>264,876</b>	<b>1,542,332</b>
<b>Balances at October 31, 2007</b>	<b>1,911,903</b>	<b>75,212</b>	<b>240,224</b>	<b>577,221</b>	<b>57,266</b>	<b>22,075</b>	<b>(88,746)</b>	<b>3,155,283</b>	<b>5,950,438</b>
Unrealised losses on available-for-sale investments transferred to statement of revenues and expenses	-	-	-	(296,050)	-	-	-	-	(296,050)
Realised gains on available-for-sale investments transferred to statement of revenues and expenses	-	-	-	(32,810)	-	-	-	-	(32,810)
Dividends paid	-	-	-	-	-	-	-	(325,860)	(325,860)
Net profit for the period	-	-	-	-	-	-	-	936,198	936,198
Own shares sold by ESOP	-	-	-	-	-	-	5,876	-	5,876
<b>Movement for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(328,860)</b>	<b>-</b>	<b>-</b>	<b>5,876</b>	<b>610,338</b>	<b>287,354</b>
<b>Balances at July 31, 2008</b>	<b>1,911,903</b>	<b>75,212</b>	<b>240,224</b>	<b>248,361</b>	<b>57,266</b>	<b>22,075</b>	<b>(82,870)</b>	<b>3,765,621</b>	<b>6,237,792</b>


**Scotia DBG Investments**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

Unaudited (\$000's)	Nine months ended July 31	Nine months ended July 31
	2008	2007
<b>Cash flows used in operating activities</b>		
Net income	936,198	467,388
Adjustments to net income:		
Depreciation	50,241	48,176
Impairment losses on loans	8,818	(8,261)
Other, net	(1,138,473)	(718,531)
	(143,216)	(211,228)
Changes in operating assets and liabilities		
Pledged assets	(9,017,038)	(22,969,039)
Securities sold under repurchase agreements	4,937,470	20,836,516
Other, net	1,940,874	(1,727,418)
	(2,281,910)	(4,071,169)
<b>Cash flows provided by investing activities</b>		
Investment securities	253,899	1,810,381
Property, plant and equipment, net	(16,998)	(27,069)
	236,901	1,783,312
<b>Cash flows (used in)/ provided by financing activities</b>		
Shares issued	-	1,687,446
Dividends paid	(325,860)	(265,962)
	(325,860)	1,421,484
Effect of exchange rate on cash and cash equivalents	10,170	23,959
Net change in cash and cash equivalents	(2,360,699)	(842,414)
Cash and cash equivalents at beginning of year	4,060,984	1,963,104
<b>Cash and cash equivalents at end of period</b>	<b>1,700,285</b>	<b>1,120,690</b>
<b>Represented by:</b>		
Cash resources	1,801,473	1,202,055
Less: Statutory reserves at BOJ	(146,799)	(102,665)
Interest bearing deposits with Central Bank greater than ninety days	(25,685)	(77,043)
Accrued interest on cash resources	(854)	(1,657)
Government of Jamaica treasury bills and bonds	72,150	100,000
<b>Cash and cash equivalents at end of period</b>	<b>1,700,285</b>	<b>1,120,690</b>

 **Scotia DBG Investments**  
Notes to the Consolidated Financial Statements  
July 31, 2008

**1. Basis of preparation**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, adopted by the International Accounting Standards Board (IASB), and comply with the provisions of the Companies Act.

The consolidated financial statements include the financial statements of all subsidiaries, including the Employee Share Ownership Plan (ESOP) classified as a special purpose entity. The results of the ESOP are not material to the Group.

**(a) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment loss.

**(b) Financial Assets**

The company and the group classify their financial assets in the following categories: financial assets held for trading; loans and receivables; and available-for-sale.

- *Financial Assets at Fair Value through Statement of Revenue and Expenses*  
This category includes financial assets acquired primarily for the purpose of short term trading or as otherwise determined by management.
- *Loans and Receivables*  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.
- *Available-for-Sale*  
Available for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or equity prices.

Financial instruments are measured initially at cost, including transaction costs. Subsequent to initial recognition, all trading and available-for-sale assets are measured at fair value, except that any available-for-sale instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured, is stated at cost, including transactions costs, less impairment losses. Gains and losses arising from changes in fair value of available-for-sale instruments are included in the investment revaluation reserve, while those arising from changes in the fair value of held for trading instruments are included in the income statement in the period in which they arise. Interest calculated using the effective method is recognized in the statement of revenue and expenses.

**(c) Taxation**

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

**(d) Loan loss provision**

A provision is recognized when the group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**(e) Segment Reporting**

Segment information is presented in respect of the Group's business segments. The primary business segments are based on the company's management and internal reporting structure. The Group operated in three principal geographical areas, Jamaica, Trinidad and the Cayman Islands. However, the vast majority of the Group's total revenues arise in Jamaica, based on the geographical location of its clients. The vast majority of the Group's assets are also located in Jamaica. At this time there are no material segments into which the Group's business may be broken down.



 **Scotia DBG Investments**  
**Notes to the Consolidated Financial Statements**  
**July 31, 2008**

**2. Share Capital**

The authorised share capital of the company is 1,200,000,000 (October 31, 2007: 1,200,000,000) ordinary shares.

**3. Earnings Per Share**

Basic earnings per stock unit is calculated on the group net profit after taxation for the period divided by the number of stock units in issue of 423,195,765 (July 31, 2007: 318,715,337).

**4. Managed Funds**

Scotia DBG Fund Managers Limited, a wholly owned subsidiary, manages funds, on a non-recourse basis, on behalf of investors. The Group has no legal or equitable right or interest in these funds and, accordingly, they have been excluded from the financial statements.

At July 31, 2008, these funds aggregated \$6,069,157,000 (October 31, 2007: \$5,836,064,000).

The Group also manages Pension and Trust Funds with a total asset value of \$31,917,255,000 as at July 31, 2008.