Scotia DBG Investments

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MEDIA RELEASE

SCOTIA DBG INVESTMENTS LIMITED REPORTS A PROFITABLE YEAR

FISCAL 2008 HIGHLIGHTS

- **Net Profit of $1,239 million**
- **Earnings per share of $2.93**
- **Return on Average Equity – 20.67%**
- **Productivity ratio of 40.85%**
- **Fourth Quarter dividend of 27.5 cents per share**

Scotia DBG Investments Limited (SDBG) today reported annual results for the year ended October 31, 2008. Net income for the period amounted to $1,239 million, an increase of $553 million over the $686 million that was reported for the seven month period ended October 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. Net income for the quarter amounted to $303 million up from the $299 million reported for the third quarter. EPS for year was $2.93 compared to $2.15 for the seven month period last year, while return on average equity remains very solid at 20.67%.

"This reflects a credible performance for Scotia DBG" said Anya Schnoor, CEO of SDBG. "Despite a challenging fiscal year both in Jamaica and the financial markets worldwide, we managed to produce a record year of profitability. The company remained focused on its key strategic objectives and ongoing restructuring exercise. We could not have achieved our success this year without our excellent team of professionals who are the best in the business. We also maintained good control over interest margins and a keen focus on expense management."

The sale of our Trinidad branch operations to Scotiatrust and Merchant Bank Trinidad and Tobago Limited has been concluded.

REVENUES

Total revenue comprising of net interest revenue and other income was $2,600 million for the year, an increase of $1,547 million over the seven month period ended October 31, 2007.

Net Interest Income

Net interest income for the fourth quarter of 2008 amounted to $569 million, a 46% increase over the $390 million reported for the fourth quarter last year, and 15% greater than the earnings of $495 million for the previous quarter. Net interest income for the year amounted to $1.96 billion, impressively t opping last year's seven month's results of $725 million.

Other Revenue

Other revenue for the year ended 31 October 2008 rose 89% to $642 million up from the $340 million reported for the seven month period ended October 31, 2007. The overall movement was boosted by an increase of $121 million in fee and commission income and an increase in gains on securities trading also amounting to $121 million.

NON-INTEREST EXPENSES AND PRODUCTIVITY

With the company maintaining tight control of expenses and capitalising on the synergies and efficiencies accruing from the acquisition of SJIM, our productivity ratio (non-interest expense as a percentage of net revenue) - a key measure of cost efficiency - was 40.85% for the year, a considerable improvement over the 56.56% for 2007.

Non-interest expenses amounted to $1,062 million for the year, an increase of 78% over the seven month period ended October 31, 2007. 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 by $9.6 billion or 17.11% to $66 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 19.8% in repurchase agreements and capital management accounts.

CAPITAL

SDBG's capital base remains solid. Total shareholders equity now stand at $5.77 billion, a decrease of $178 million over the equity reported as at October 31, 2007. The fall in Government of Jamaica Global Bond prices resulted in a deterioration in our investment reserve which moved from a positive $577 million at October 31, 2007 to negative $408 million at October 31, 2008.

DIVIDEND

At the Board of Directors meeting on November 25, 2008 the Board approved an interim dividend of 27.5 cents per stock unit, payable on January 12, 2009, to stockholders on record as at December 17, 2008.

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.

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STATEMENT OF CONSOLIDATED REVENUES AND EXPENSES

	For the three months ended			For the year ended	For the seven months ended
Audited ($000's)	October 2008	July 2008	October 2007	October 2008	October 2007
GROSS OPERATING INCOME	**2,029,150**	**1,962,625**	**1,971,827**	**7,624,186**	**3,399,152**
Interest income	1,964,272	1,812,117	1,742,394	6,981,969	3,058,799
Interest expense	(1,395,558)	(1,316,888)	(1,352,261)	(5,021,955)	(2,334,166)
Net Interest Income	**568,714**	**495,229**	**390,133**	**1,960,014**	**724,633**
Provision for loan loss	6,281	4,548	(9,772)	(2,536)	(11,892)
Net interest income afer provision for loan loss	**574,995**	**499,777**	**380,361**	**1,957,478**	**712,741**
Net fee and commission income	68,500	69,026	132,884	281,120	160,108
Gains less losses on securities trading	(21,501)	57,282	46,489	187,225	66,413
Gains less losses from foreign currencies	20,165	21,759	48,244	169,556	105,377
Other Income	(2,286)	2,440	1,816	4,316	8,455
	64,878	**150,507**	**229,433**	**642,217**	**340,353**
TOTAL OPERATING INCOME	**639,873**	**650,284**	**609,794**	**2,599,695**	**1,053,094**
OPERATING EXPENSES					
Salaries, pension contributions and other staff benefits	181,519	127,606	148,455	596,388	322,069
Property expenses, including depreciation and amortisation	42,750	59,784	64,522	202,846	89,048
Other operating expenses	66,993	83,047	74,734	262,825	184,489
	291,262	270,437	287,711	1,062,059	595,606
PROFIT BEFORE TAXATION	**348,611**	**379,847**	**322,083**	**1,537,636**	**457,488**
Taxation	(45,329)	(80,932)	235,885	(298,156)	228,808
NET PROFIT	**303,282**	**298,915**	**557,968**	**1,239,480**	**686,295**
Earnings per stock unit - Basic (cents)	**72**	**71**	**149**	**293**	**215**
Return on average equity	**20.20%**	**19.01%**	**38.26%**	**20.67%**	**13.73%**
Productivity ratio	**45.52%**	**41.59%**	**47.18%**	**40.85%**	**56.56%**

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CONSOLIDATED BALANCE SHEET

Audited ($000's)	Year ended October 31 2008	Seven months ended October 31 2007
ASSETS		
CASH RESOURCES	1,108,263	984,091
INVESTMENTS		
Financial assets at fair value through profit or loss	116,951	1,045,225
Securities available-for-sale	619,939	2,225,840
	736,890	3,271,065
PLEDGED ASSETS	44,187,071	33,560,537
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	3,406,966	3,475,612
LEASES AND HIRE PURCHASE CONTRACTS	137,730	85,282
CAPITAL MANAGEMENT ACCOUNT & GOVERNMENT SECURITIES FUND	14,992,638	14,059,606
OTHER ASSETS		
Customers' liabilities under guarantees	691,078	474,174
Tax recoverable	119,266	40,420
Sundry assets	182,176	148,588
Property, plant and equipment at cost, less depreciation	102,934	148,606
Intangible assets at cost, less amortisation	27,992	42,899
Deferred tax assets	241,791	-
Goodwill	61,723	61,723
	1,426,960	916,410
TOTAL ASSETS	**65,996,518**	**56,352,603**
LIABILITIES		
DEPOSITS		
Deposits by the public	3,755,354	3,143,227
CAPITAL MANAGEMENT ACCOUNT & GOVERNMENT SECURITIES FUND OBLIGATIONS	14,991,522	14,059,606
OTHER LIABILITIES		
Promissory notes	380,312	607,183
Guarantees issued	691,078	474,174
Liabilities under repurchase agreements	40,012,879	31,858,054
Other liabilities	238,257	128,150
Taxation payable	70,004	22,713
Deferred taxation	13,270	26,758
Assets held in trust on behalf of participants	71,938	82,300
	41,477,738	**33,199,332**
STOCKHOLDERS' EQUITY		
Share capital	1,911,903	1,911,903
Statutory reserve fund	93,976	75,213
Retained earnings reserve	346,551	240,223
Cumulative remeasurement result from available-for-sale financial assets	(408,666)	577,221
Loan loss reserve	21,967	57,266
Capital reserve	22,075	22,075
Reserve for own shares	(78,635)	(88,746)
Retained profits	3,862,733	3,155,283
	5,771,904	**5,950,438**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**65,996,518**	**56,352,603**

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

Audited ($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
Balances as at 31 March 2007	**224,457**	**64,561**	**173,160**	**1,051,318**	**26,079**	**22,075**	**(43,948)**	**2,890,404**	**4,408,106**
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	-	-	67,063	-	-	-	-	(67,063)	-
Transfer to reserve fund	-	10,652	-	-	-	-	-	(10,652)	-
Movement for the year	1,687,446	10,652	67,063	(474,097)	31,187	0	(44,799)	264,879	1,542,332
Balances at October 31, 2007	**1,911,903**	**75,213**	**240,223**	**577,221**	**57,266**	**22,075**	**(88,746)**	**3,155,283**	**5,950,438**
Unrealised losses on available-for-sale investments									
transferred to statement of revenues and expenses	-	-	-	(948,610)	-	-	-	-	(948,610)
Realised gains on available-for-sale investments									-
transferred to statement of revenues and expenses	-	-	-	(37,277)	-	-	-	-	(37,277)
Loan loss reserve transfer	-	-	-	-	(35,299)	-	-	35,299	-
Divdends paid	-	-	-	-	-	-	-	(442,238)	(442,238)
Net profit for the period	-	-	-	-	-	-	-	1,239,480	1,239,480
Own shares sold by ESOP	-	-	-	-	-	-	10,111	-	10,111
Transfer to retained earnings reserve	-	-	106,328	-	-	-	-	(106,328)	-
Transfer to reserve fund	-	18,763	-	-	-	-	-	(18,763)	-
Movement for the year	-	18,763	106,328	(985,887)	(35,299)	-	10,111	707,450	(178,534)
Balances at October 31, 2008	**1,911,903**	**93,976**	**346,551**	**(408,666)**	**21,967**	**22,075**	**(78,635)**	**3,862,733**	**5,771,904**

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Audited ($000's)	Year ended October 31 2008	Seven months ended October 31 2007
Cash flows from operating activities		
Net income	1,239,480	686,295
Adjustments to net income:		
Depreciation	65,342	68,052
Impairment losses on loans	2,536	11,892
Other, net	(1,653,037)	(953,440)
	(345,679)	(187,201)
Changes in operating assets and liabilities		
Pledged assets	(5,426,277)	(12,778,970)
Securities sold under repurchase agreements	7,863,314	13,491,085
Other, net	2,266,848	1,846,991
	4,358,206	2,371,905
Cash flows provided by/(used in) investing activities		
Investment securities	149,076	(1,182,107)
Property, plant and equipment, net	(13,584)	(54,504)
	135,492	(1,236,611)
Cash flows (used in)/ provided by financing activities		
Shares issued	-	1,687,446
Dividends paid	(442,238)	(312,514)
	(442,238)	1,374,932
Effect of exchange rate on cash and cash equivalents	59,711	30,257
Net change in cash and cash equivalents	4,111,171	2,540,483
Cash and cash equivalents at beginning of year	4,062,375	1,521,892
Cash and cash equivalents at end of year/period	**8,173,546**	**4,062,375**
Represented by:		
Cash resources	1,108,263	984,091
Less: Statutory reserves at BOJ	(135,516)	(115,685)
Interest bearing deposits with Central Bank greater than ninety days	(40,025)	(60,028)
Accrued interest on cash resources	(2,000)	(1,391)
Government of Jamaica treasury bills and bonds	7,242,824	3,255,388
Cash and cash equivalents at end of year/period	**8,173,546**	**4,062,375**

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.

Consequent on the adoption of the Amendment to IAS 39 and IFRS 7, the company and the group have reclassified certain investments from available-for-sale to loans and receivables. Management has determined that the criteria for reclassification has been met; in particular, these investments meet the definition of loans and receivables as they are not quoted in an active market and it has the intention and ability to hold these assets for the foreseeable future or until maturity.

These reclassified investments are measured at amortised cost, determined as being the fair value at the date of the reclassification. The cumulative gains or losses, previously recognised in equity, are recognised in profit or loss over the remaining life of the instruments using the effective interest rate method.

(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.

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 423,194,765 (October 31, 2007: 423,194,765).

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 October 31, 2008, these funds aggregated $5,928,184,000 (October 31, 2007: $5,836,064,000).

The Group also manages Pension and Trust Funds with a total asset value of $31,721,990,000 as at October 31, 2008.