OUR VISION

To be the **leading wealth management provider**, delivering **innovative financial solutions** and **superior customer experience,** by a **highly skilled and dynamic team** while achieving **profitable growth** for all our stakeholders.

OUR STRATEGIC IMPERATIVES

Sales & Service Excellence
Provide excellent client service by refining the client service model, strengthening sales management training & coaching.

Operational Platform
Replace IT platform and improve policies and procedures and leverage core operational platforms where available.

Product
Rationalize existing product offering to the needs of our target client, leveraging existing offerings and eliminating redundancy.

Communication & Marketing
Develop strategies that support a high level of communication between SDBG and wider Scotiabank Group, and support aggressive growth in the local markets.

People
Fill key positions within the company; recruit top talent and develop people & teams by providing robust employee development, reward & recognition and compensation programs .

Statement to Shareholders

The year ended October 31, 2008 was an exceptional year for your company with record profits of $1,239 million, attributable to shareholders, exceeding the $686 million earned in the previous seven month period. Earnings per share improved from $1.83 to $2.93, up 60% over 2007. The Balance Sheet of your company also increased from $56,353 million to $65,997 million, an increase of 17%.

This exceptional performance was achieved in a period of tremendous financial turmoil, both locally and overseas. During 2008 the global financial system experienced a meltdown resulting first from the sub-prime mortgage collapse in the United States and then ultimately spreading across the globe, leading to a virtual freeze in worldwide credit markets. This credit freeze ultimately affected the local financial system leading to instability in the interest rate and foreign exchange markets in the latter half of 2008.

Despite these challenges your company focused on its business strategies and moved to establish its position as the leading wealth management provider in Jamaica. To accomplish this goal we focused on the following key objectives:

- ***The rebranding of DB&G to Scotia DBG Investments Ltd. in April 2008 was a key milestone for your company. This new name signified to all our stakeholders our association with the powerful Scotiabank brand and allowed us to benefit from greater synergies across a renowned international franchise.***

- ***We established 19 additional distribution points across the island in Scotiabank branches allowing us to gain the widest service network available locally.***

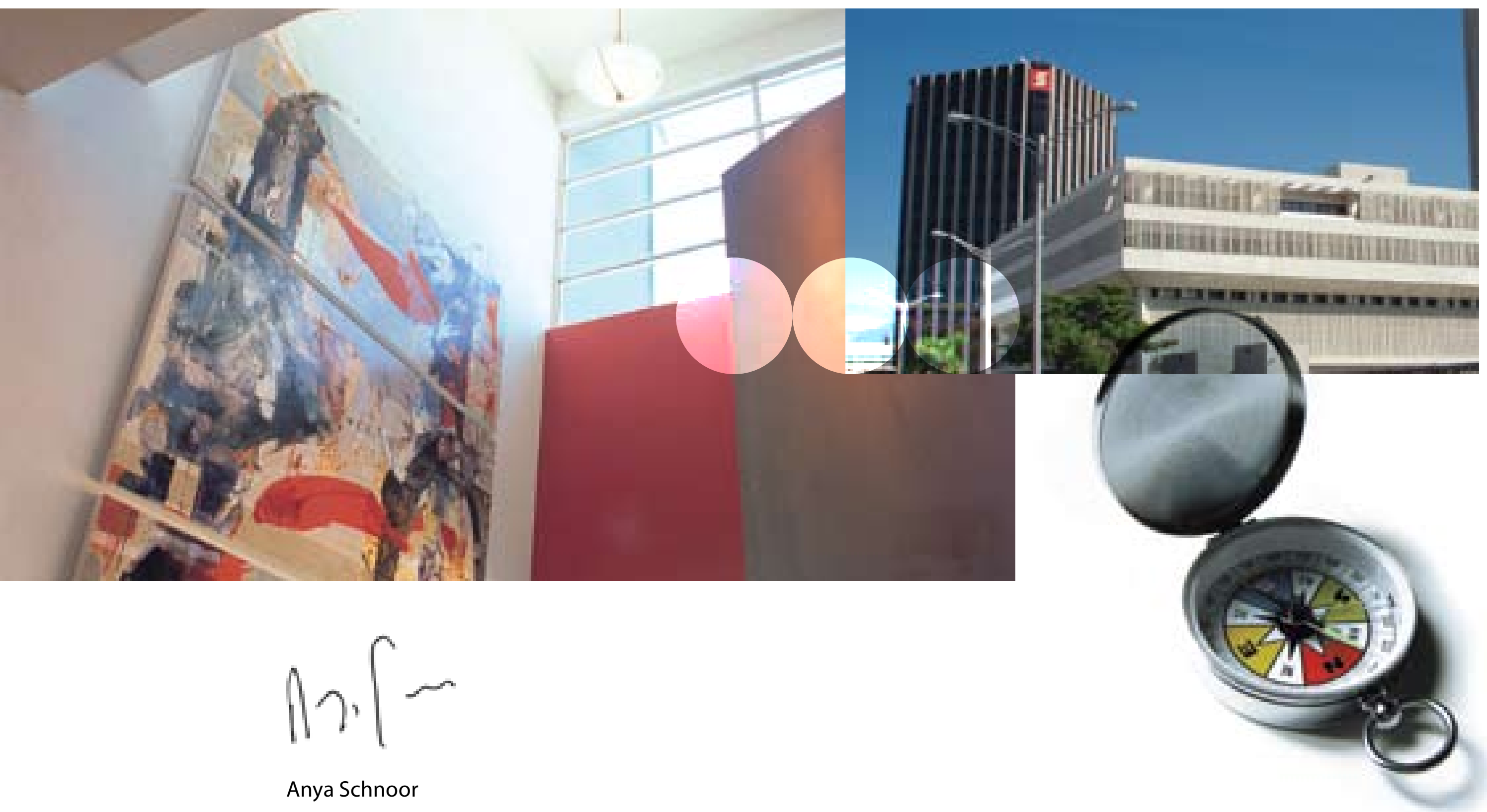
- ***We launched a new and exciting website with innovative features which allow our existing and potential clients to stay informed by blogging with our friendly service agents and getting instant answers to their queries.***

- ***We focused on operational efficiencies and looked for opportunities to consolidate functions and remove unnecessary overheads in order to improve productivity. We are especially proud that our productivity levels have moved from 56.56% at the end of October 2007 to 40.85% at the end of October 2008.***

- ***We focused on leadership training and key talent selection and invested in our people. We awarded over $3.1 million in educational grants during the year allowing our cadre of professionals to pursue their educational goals while deepening our expertise in key strategic areas.***

2009 promises to be a year of new challenges. The effects of the global recession are being felt in all areas of our local economy. Despite the expected challenges it is important that we focus on the core principals of risk management and cost efficiency, while continuing to look for opportunities to grow our business. These are the core strengths that have made the Scotiabank Group 176 years strong and they are the guiding principals we use in your company today.

Finally, I wish to thank our customers, board and shareholders for the tremendous support they have shown over the past year. We will continue to work hard to bring to you the products and services which are relevant to your individual financial needs and look forward to continuing to be ***"Your most trusted financial advisor."***



Anya Schnoor
Chief Executive Officer
SCOTIA DBG INVESTMENTS LIMITED

Board of Directors

Professor Stephen Vasciannie
Chairman of the Board

Professor Vasciannie is the Principal of the Norman Manley Law School and a member of the International Law Commission of the United Nations. Professor Vasciannie was appointed Chairman of Scotia DBG Investments Ltd. Board of Directors on December 14, 2006. He is a member of the Board of Directors for the Bank of Nova Scotia Jamaica Limited and the Scotia Jamaica Life Insurance Company Limited.

Anya Schnoor
CEO, Scotia DBG Investments Limited

Anya Schnoor is the CEO of Scotia DBG Investments and has over 15 years of experience in the areas of investments and banking. She currently serves as the President of the Jamaica Security Dealers Association and sits on the Boards of Scotia DBG Investments Ltd., Scotia DBG Merchant Bank Ltd., Scotia DBG Fund Managers Limited, Asset Management Company Ltd. and the Jamaica Stock Exchange as well as on Scotiabank Jamaica's Asset and Liability Committee (ALCO), and the Finance Committee of Heart Trust NTA.

Barbara Alexander

Miss Barbara Ann Alexander is the Managing Partner in the law firm Myers, Fletcher and Gordon. Miss Alexander's practice areas have been in banking and finance, international and local hotel development, real estate and commercial law. Miss Alexander is a Member of the Board of Directors of the Bank of Nova Scotia Jamaica Limited, Scotia Group Jamaica Limited, Scotia DBG Investments Limited, Scotia Jamaica Building Society and Scotia DBG Fund Managers Ltd. of which she is the Chairperson.

Anthony Chang

Mr. Anthony Chang was appointed to the board of Directors on December 14, 2006. He is also the Chairman of the Board of Directors of SDBG Merchant Bank Limited. He is the Group Managing Director of Lasco Distributors Limited and a member of the Board of Directors of the Bank of Nova Scotia Jamaica Limited and the Scotia Jamaica Life Insurance Company Limited.

William Clarke OJ, CD

Mr. William Clarke was appointed to the Board on December 14, 2006 and was the President and CEO of the Bank of Nova Scotia Jamaica Limited up until October 31, 2008. He is also a member of the Board of Directors of the Scotia Jamaica Building Society, the Jamaica Life Insurance Company Limited, The Scotia Jamaica General Insurance Brokers Limited, Scotia Financial Services Limited and the Scotiabank Jamaica Foundation.

Angela Fowler

Mrs. Angela Fowler was appointed to the Board of Directors on July 25, 2007. She is an Attorney-at-Law practicing in the areas of commercial law, estate and corporate tax planning, pensions and employee benefit schemes. She is currently the Vice President of the Jessie Ripoll Primary School, and is the former member of the University Hospital Board of Management and the Independent Schools' Committee of the Ministry of Education.

Muna Issa

Miss Muna Issa was appointed to the Board of Directors on December 14, 2006. She is the Treasurer of Superclubs and has been a Director of the Bank of Nova Scotia Jamaica Limited since August 26, 1999. Miss Issa is the Chairperson of the Board of Directors of the Scotia Jamaica Life Insurance Company Limited and a member of the Board of Directors of the Scotia Jamaica Building Society Limited and Scotia DBG Fund Managers Limited.

Dr. Anna Law

Dr. Anna Law was appointed to the Board of Directors on July 25, 2007. Dr. Law is also a Director of Scotia Jamaica Building Society Limited, Scotia DBG Merchant Bank and the Managing Director of Align International Limited. She is an Orthodontist by profession.

Phillip Martin

Mr. Martin has been a member of the Board of Directors of the Company since 1992. He is the Managing Director and Chief Executive Officer of Caribbean Fencing Limited and serves on the Board of a number of prominent companies.

Anthony Woodward

Mr. Anthony Woodward was appointed to the Board of Directors on July 25, 2007. He is presently the Senior Vice President – Treasury for the International Banking, Latin America & Caribbean. Prior to his current position in Scotiabank Toronto, he was a consultant in the areas of the Treasury and Investments.

Stacie Ann Wright

Miss Stacie Ann Wright was appointed to the Board on July 25, 2007. She is the Executive Vice President ad Chief Financial Officer of the Bank of Nova Scotia Jamaica Limited. Miss Wright is also a Director of the Scotia Jamaica Life Insurance Company Limited, Scotia Jamaica Building Society, Scotia Jamaica Financial Services Limited and the Scotia Jamaica Foundation.

Corporate Governance

Scotia DBG Investments Limited ("SDBG") is committed to sound corporate governance practices and policies.

To this end, we have well defined Corporate Governance Policies which address the number and selection of Board members, standards of business conduct and ethical behaviour, and Board oversight for management, risk management and liquidity, funding management, and disclosure. This Policy is adhered to by all our Directors to ensure that SDBG is managed in the best interest of all stakeholders.

Board Responsibility

The Board's responsibility is to provide guidance to management and to monitor SDBG's business affairs to ensure that the Corporate Governance Policies are being upheld. The Board therefore has power to review and align SDBG's strategic plans, budgets and financial results and to provide general oversight to management.

Board Composition

The composition of the Board is to ensure independence and that SDBG is managed for the long term benefit of its stakeholders, shareholders, employees and customers. Consequently, as at October 31, 2007, seven (7) of our eleven (11) member Board of Directors are non executive independent Directors. In order to attain a highly diverse Board, SDBG ensures that it identifies and selects Directors from key industries and professions who possess certain key characteristics such as objectivity, professionalism, integrity and leadership in their respective fields. The Board also ensures that its key committees (Audit and Conduct Review Committee and Human Resources Committee) are composed of independent Directors.

Directors and Board Meetings

Regular Board meetings and Board Committee meetings are scheduled on a quarterly basis unless otherwise required. Directors are required to regularly attend and participate in meetings of the Board and its committees, to act honestly and in good faith with a view to the best interests of SDBG and with due diligence and care of a reasonably prudent person. Directors are responsible for reviewing and approving SDBG's strategic direction and to regularly compare the financial performance of key business lines.

The Audit and Conduct Review Committee

The Audit and Conduct Review Committee has oversight responsibility for the financial reporting of SDBG to ensure balance, transparency and integrity of the published financial information and effectiveness of internal financial controls and risk management systems. The Committee is also responsible for reviewing SDBG's business conduct policies. This Committee meets quarterly and consists of five (5) members.

Human Resources Committee

The Human Resources Committee is responsible for making decisions pertaining to salary structure and compensation for key executives of SDBG. It is entrusted with the responsibility of ensuring that the executives are properly compensated for their time and dedication. This Committee meets twice per year and consists of five (5) members.

Annual Board Evaluation

At the end of each financial year, the SDBG Board conducts an annual self-evaluation process which is intended to evaluate the Board's performance during the year. This evaluation covers a wide range of issues and allows individual members of the Board to comment on the operations of Board committees, information provided to the Board and its committees, assessment of Board and chairperson performance, and general assessment of management performance during the year. The results are reviewed in detail and recommendations arising from this review implemented as needed.

Andrea Tinker
Chief Financial Controller

Andrea Tinker has overall responsibility for the design, development and implementation of all the financial aspects of the group. She ensures the integrity of financial reporting through implementation of adequate controls, performance measurement and monitoring. Andrea is a member of the Association of Chartered Certified Accountants with over 20 years in the accounting profession.

Clay Moodie
Assistant Vice President – Treasury

With over 15 years of experience in the financial sector Clay Moodie has direct responsibility for the strategic direction and management of the SDBG Treasury Unit including SDBG Cambio and Asset Trading divisions. He is also the former GM of DBG Unit Trust and was responsible for the successful management of both the fixed income and equity funds. Clay earned a BA in Economics from McMaster University in Canada and currently sits on the Scotia DBG Asset & Liability Committees and the JPS Pension Fund Committee.

Brian Frazer
Assistant Vice President, Pensions & General Manager, Scotia DBG Fund Managers Limited

With close to a decade of experience in the financial services industry, Brian Frazer is responsible for developing the strategic direction and focus for the Pensions and Unit Trusts Divisions. Brian earned his undergraduate degree in Accounting and Economics at The University of the West Indies and has received professional training in accounting, asset/liability and risk management both locally and overseas.

Senior Management Team

Christopher Chin Loy
Assistant Vice President – Stockbrokerage & Structured Products

Chris Chin Loy is responsible for providing effective management of the Brokerage and Structured Products Unit to achieve optimum profitability while managing any associated risks. Chris has over 13 years experience in the financial services industry, and is a member of Scotia DBG's Asset & Liability (ALCO), and Equity Committees. He is a Graduate of The University of Western Ontario, with a Bachelor of Arts degree majoring in Economics and International Finance.

Vanessa Reid-Boothe
Vice President Sales & Service, & General Manager of Asset Management Company Ltd.

Vanessa Reid-Boothe is charged with driving the sales of Scotia DBG and motivating her team to continue to provide exceptional service. Vanessa is also responsible for the ongoing strategic development of the Easy Own brand. She has over eight years banking experience covering foreign exchange and fixed income trading, commercial and corporate credit loan structuring, deal origination and collections. Vanessa holds two First Class Honours degrees: a MSc. in Marketing from the Zicklin School of Business and a BSC in Management Studies form the University of the West Indies.

Johann Heaven

Assistant Vice President – Strategic Planning & Projects

Johann Heaven oversees the development and execution of the group's Strategic Plan and is also responsible for the preparation of analysis on the major markets; local and international economies; and corporate finance transactions. Johann has over 10 years experience in financial services industry and holds the Chartered Financial Analyst (CFA) designation, the Financial Risk Manager (FRM) certification and has a Masters Degree in Finance from the University of London.

Lissant Mitchell

Senior Vice President – Treasury & Capital Markets

Lissant Mitchell has over 15 years experience in the Investment, Treasury and Banking industries. He joined Scotia DBG Investments in October 2007 and is responsible for the Treasury, Trading, Stockbrokerage, and Asset Management operations. Lissant has served as the President of the Primary Dealers Association and currently sits on the Scotiabank & Scotia DBG Asset & Liability Committees as well as the Group's Managed Funds Investment Committee. He is also a director of Scotia DBG Fund Managers Ltd.

Anya Schnoor

Chief Executive Officer

Tanya Ho-Shue

Vice President & General Manager – Scotia DBG Merchant Bank Ltd.

Tanya Ho-Shue leads the development and execution of the Merchant Bank's business plan and oversees the bank's operations to achieve profitability whilst ensuring full compliance. She has over 20 years experience in both commercial and merchant banking and holds an Honours Degree from the University of the West Indies in Economics and Management and an MBA from the University of Manchester.

Suzanna Holness

Vice President - Operations

Suzanna Holness is an experienced professional with over 20 years experience and a successful career in Banking Operations & Business Process Redesign. She is responsible for reengineering the operations of Scotia DBG to enhance service quality, efficiency and productivity. Suzanna holds a BSc degree from the UWI and a MBA from the Nova Southeastern University (NOVA).

Philip Nash

Assistant Vice President – Information Technology

Phillip Nash joined Scotia DBG in October 2005 and is charged with determining and implementing the vision for Scotia DBG's Information Technology strategy by supplying the technology platforms to provide the innovative products and solutions for our customers. He ensures the flow of efficient data delivery through the company's operations from the front to the back office of the business. Philip has close to two decades of experience in Information Technology and Operations Management.

Sales & Service Team

L-R: Sherene Todd – Senior Manager Private Client Unit, Pamela Douglas – AVP Sales Support & Branch Communication, Vernon Wilson – Sales & Service Manager, Racquel Pusey – AVP Customer Experience, Dave Dixon – Branch Manager Ocho Rios, Kariann Hepburn – Branch Manager Mandeville, Annette Philpotts – Branch Manager Kingston, Stanford Hastings – Branch Manager Savanna-la-mar, Kaylene Grant – Branch Manager Montego Bay. (Missing: Jasmine Sappleton – Branch Manager May Pen)

Customer Creed

We commit to you, our most valued customer that we will always:-

Treat you with the greatest consideration, respect and courtesy. We will:

- Acknowledge you – Use eye contact, a warm greeting and a smile
- Assess and anticipate your needs
- Listen attentively to your requests or complaints
- Offer an appropriate service response
- Avoid jargons, technical terms and acronyms
- Ensure that you feel comfortable in our environment
- Thank you for your business

Maintain Confidentiality – We will:

- Never divulge confidential information about you to any unauthorized third party
- Be sensitive to your unique situation by showing understanding and compassion
- Utilize discretion in handling your personal information

Respond punctually – We will:

- Answer the telephone within three rings with a SMILE
- Ensure our voicemail is cleared at least twice per day and messages returned within 2 hours of retrieval
- Acknowledge letters, emails and faxes in writing within 24 hours of receipt
- Ensure that you are acknowledged by an officer within 10 minutes of entering the branch
- Keep appointments at the agreed time
- Provide timely and accurate service to both our internal and external customers

Take Responsibility – We will:

- Identify ourselves, our organization and our department by name
- Show a positive attitude and willingness to help
- Ensure that when you are making telephone enquiries you do not have to interface with more than two persons
- Never pass you waiting without enquiring about your need
- Take responsibility for providing the appropriate solution, escalating only if necessary
- Address enquiries, requests, referrals and problems promptly and efficiently
- Follow through with you to ensure that you are satisfied with the resolution or solution.

Act professionally – We will:

- Adhere to rules and regulations governing the financial industry
- Observe and adhere to Scotiabank's code of conduct, policies and procedures
- Adhere to Scotiabank's dress code
- Demonstrate thorough knowledge of products and service
- Clearly and simply communicate appropriate financial solutions and alternative courses of action
- Always demonstrate sincere interest in you
- Carry ourselves with dignity both on and off the job
- Leave out-of-office messages if we are away from our office for more than 24 hours

Corporate Profile

Scotia DBG Investments Ltd. is a subsidiary of Scotia Group Jamaica Limited (Scotiabank Group) and represents the investment arm of the Group. Scotia DBG currently offers the widest array of investment products and services in Jamaica which includes:

- **Money Market Investment Products**
- **Unit Trust & Mutual Funds**
- **Stockbrokerage & Equity Trading Services**
- **Pension & Asset Management**
- **Cambio Services**
- **Deposits, Loans & Lease Financing***

**These products are offered through Scotia DBG Merchant Bank, a subsidiary of Scotia DBG Investments*

Scotia DBG provides a compelling alternative for individuals and institutions worldwide, by providing them with an elite financial services portal. We pride ourselves on having a personal touch with our clients, while remaining committed to their financial goals and needs, through the provision of customized financial planning and enterprising financial solutions.

At Scotia DBG we are committed to a positive customer experience. With over six branches island wide and Investment Advisors positioned in 19 Scotiabank locations, we offer our clients convenience. A newly renovated website that is updated daily ensures our clients have the necessary information at their fingertips to make informed portfolio decisions.

Scotia DBG is supported by a cadre of talented, experienced and motivated professionals, who deliver the firm's menu of products and services based on comprehensive training. Investment Advisors are accredited both locally and internationally by the Financial Services Commission and the Canadian Securities Institute respectively. The senior management team led by Chief Executive Officer, Anya Schnoor provides strategic direction and ensures that the highest standards of business practice and ethics are maintained. Overall policy and direction is established by an astute and experienced Board of Directors comprised of Stephen Vasciannie (Chairman), Anya Schnoor (CEO), Barbara Alexander, Anthony Chang, Hon. William Clarke (O.J), Angela Fowler, Muna Issa, Dr. Anna Law, Philip Martin, Anthony Woodward and Stacie-Ann Wright.

Scotia DBG provides exclusive asset management and corporate credit services, to individuals and institutional clients. The institution currently has approximately $96.8 billion in assets under management, through an innovative family of financial products and services. The company operates a cambio that has established itself as a leader in the Jamaican foreign exchange market. Scotia DBG is also an authorized primary dealer, through which the Bank of Jamaica (BOJ) conducts its open market trading operations.

Our History

Scotia DBG Investments opened its doors in 1992 as an investment firm under the name Dehring Bunting & Golding Ltd. (DB&G) which was subsequently acquired by Soctia Group Ltd. and renamed to Scotia DBG Invesments. The company has had a major impact on the regional capital market, by promoting investing and saving as a functional device for financing corporate and overall economic growth. The company's capital market assignments have spanned several sectors of the Jamaican economy, and have involved multi-faceted stock and bond issues, privatization and financial advisory services, mergers and acquisitions, as well as syndicated loans.

The company that Scotia DBG Investments is today is due to a combination of growth, mergers and acquisitions. The company originally started as an investment house. In 2001 the agreement to take control of Billy Craig Finance & Merchant Bank Ltd. was finalized. Subsequently Issa Trust and Merchant Bank Ltd. was acquired, along with an authorized dealer license and thus was born Scotia DBG Merchant Bank Ltd. which added insured deposit products offered in both local and FX currencies, foreign exchange loans and lease financing to the suite of products offered by Scotia DBG.

In March 2000, Eagle Unit Trust Management Company was acquired which further broadened the menu of products offered to include two unit trust funds and subsequently representation of the CI Funds and Scotiabank Mutual Funds. Since then the DB&G Money Market Fund (MMF) is the largest money market fund in Jamaica.

As of September 2001, the company acquired a seat on the Jamaica Stock Exchange (JSE) and was permitted to operate as a stockbrokerage. The brokerage service also brought with it a number of firsts to the Jamaican investor. The website gives exclusive access to a range of technical and fundamental information, including detailed company analyses and charts, along with Jamaica's first real-time stock ticker.

The stockbrokerage unit is comprised of professional, experienced and committed staff. Its core function is to provide clients with credible, well-researched advice about the stock market and to execute trades with the utmost integrity and maximum efficiency. Some of the most notable transactions executed include, lead local broker in First Caribbean's acquisition of additional shares in First Caribbean Jamaica – this was the first equity based regional transaction spanning Jamaica, Trinidad, and Barbados, the sale of J$79.5 million shares in Life of Jamaica Limited (LOJ) and the divestment of J$28.5 million Government's shares in Radio Jamaica Limited (RJR).

In October 2006, the consumer finance initiative, – Easy Own – was launched through a subsidiary, Asset Management Company Limited. This service facilitates the ability to purchase furniture and major appliances, from participating vendors throughout Jamaica, on very manageable terms, through a hire purchase agreement.

In December 2007, the company was awarded 2 awards: Runner-up for Best Annual Report and 3rd place for Best Corporate Website. Prior to this in December 2006 it was the recipient of five awards, outperforming all other Jamaican publicly listed companies. These awards included:

- ***Voted the Best Performing Company for the second consecutive year;***
- ***Recipient of the Governor General's Award for Excellence as best overall listed company; and***
- ***Runners up in the areas of Best Practices Annual Report, Best Practices Website (Stockbrokerage) and Best Practices Website (Company).***

In April 2008 the company was officially rebranded Scotia DBG Investments Limited, signifying its association with the Scotiabank Group.

Both Peter Bunting & Mark Golding retire from DB&G and Anya Schnoor takes over as CEO

- July 2007

Peter Bunting & Mark Golding cut their farewell cake at the function held in honour of their contribution to DB&G. Sharing in the moment is Anya Schnoor the incumbent CEO at that time.

Scotiabank acquires Dehring Bunting & Golding Limited

- December 2006

Dehring Bunting & Golding acquires Scotia Investments

- June 2007

Evolution of Scotia DBG

The executive management team was unveiled to clients at the Scotia DBG Launch Party held at the Constant Spring Golf Club on April 18.

Anya Schnoor and William Clarke, former CEO of Scotiabank proudly hold the new name plate which formally lists Scotia DBG Investments Ltd. on the Jamaica Stock Exchange.

Mr William Clarke and guests at the client launch

Public launch of Scotia DBG Investments -

- *Client event*
- *All media campaign*
- *External signage*

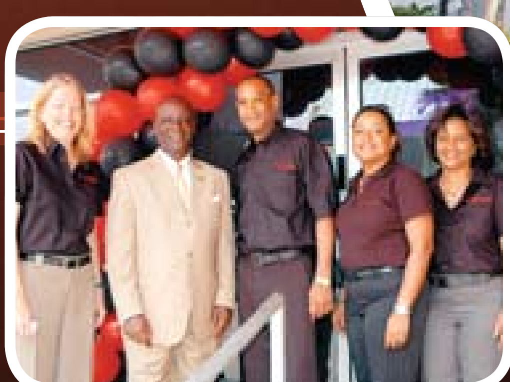
- April 2008

DB&G Ltd. is renamed to Scotia DBG Investments Ltd.

- February 2008

Listed name on the JSE changed from DBG to SDBG - April 2008

Scotia DBG team members gather around to take a group shot at the official unveiling of the new name at the company's Head Office in Kingston on Monday April 21, 2008.



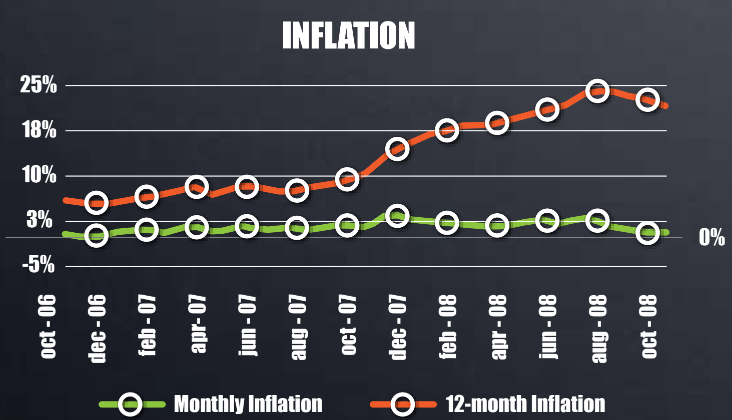
(l-r) Anya Schnoor, Lissant Mitchell, Bridget Lewis - General Manager of Scotia Private Client Group and Suzanna Holness share this commemorative moment with Mayor Desmond McKenzie (second left) at the official opening of the Scotia DBG Investments Head Office.

Jamaican Economic Review

INFLATION

The Jamaican "All Division" Consumer Price Index (CPI) for the month of October 2008 moved upwards from 136.5 to 136.9. This translated in a moderate decline in the monthly inflation rate to 0.3% when compared to 0.6% and 1.2% for the months of September and August respectively. The foremost contributors to the adjustment were the Food & Beverages and the Furnishings & Household Equipment categories.

Calendar year-to-date inflation stood at 17.2% against the preceding 10.4% while point-to-point inflation amounted to 24.0%, more than twofold the inflation rate of 10.6% for the corresponding period last year. Moreover, only 7 months into the fiscal year, fiscal year-to-date inflation closed October at 11.3% representing approximately 67% of the Central Bank's revised maximum target inflation rate of 17% for the FY08/09.



The acceleration in inflation rates was triggered mostly by escalating commodity prices, predominantly oil and food. The previous quarter saw crude oil prices climbing to record highs of US$147/bbl and elevated food prices. In recent months however, oil prices have fallen drastically, to as low as US$50/bbl. The expectation is that the downtrend will continue and oil prices are likely to have a minimal impact on inflation rates at least in the near-term.

FISCAL PERFORMANCE

The Central Government's fiscal performance for the seven month period April – October 2008 resulted in a deficit of $37.5 billion. This deficit was $200 million or a mere 0.5% below the budgeted deficit of $37.7 billion and was mostly attributable to the lower than planned level of Total Expenditure for the period.

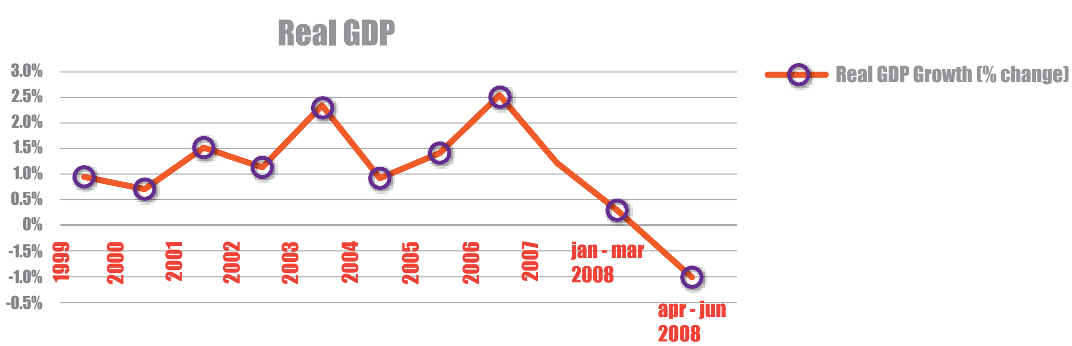
Government spending overall stood at $188.8 billion, $8.19 billion behind target. Expenditure on Recurrent and Capital Programmes came in $7.50 billion lower than projected, a direct consequence of the sluggish pace at which proposed projects were being implemented. In the same way, actual wages and salaries trailed budgeted figures by $1.28 billion. The outperformance was however partially offset by the growth in interest payments, predominantly for external debt. Emanating from the recent increases in market interest rates, interest payments collectively exceeded planned by $576 million.

Revenues and grants for the period totalled $151.3 billion, 95% of the forecasted $159.3 billion. The Non-Tax Revenue category emerged the only segment that surpassed budget, reflecting surplus of $815 million. All other revenue items were under budget inclusive of Tax Revenues. Despite the ongoing Tax Amnesty programme, revenues from taxes came in below programmed by $6.50 billion owing largely to the shortfalls in GCT collections of $3.65 billion and international trade duties of $2.65 billion. In addition, the fall-out in the alumina market resulted in bauxite revenues of $3.22 billion, $1.55 billion below the anticipated $4.77 billion.

GROSS DOMESTIC PRODUCT

Gross Domestic Product for the April to June 2008 quarter contracted 1% relative to a growth of 2% for the analogous period of 2007. The poor performance reflected the downturn in the both the Goods Producing and Service industries for the period.

Growth in the Productive Sector shrunk 3.4% following lower output levels being recorded by all segments. The segment with the largest decline was the Agriculture, Forestry & Fishing, which weakened 10.6% as the sector continues to undergo the adverse effects of the spate of tropical storms and heavy rainfalls that have affected the island over the past year.



Similarly, the Mining & Quarrying and Manufacturing segments experienced downtrends in productivity levels by 1.3% and 1.2% respectively. Furthermore, the softening of investments in hotels, roads, sea and air-lift ports resulted in the Construction & Installation segment recording negative growth of 2.2%; this was quite the opposite of the 2.6% growth the segment reported in the previous quarter of 2008.

The Service sector fell marginally by 0.1% and was influenced in large part by the 3% diminution in the Transport, Storage and Communication segment and, to a lesser extent the reductions in the Electricity & Water (of 1.9%) and Government Services (of 0.9%) segments. All other industry segments recorded moderate growth in particular the Hotels & Restaurant category strengthened 2.4%, driven mainly by the opening of the new hotels and the increase in tourist arrivals.

Jamaican Economic Review continued

EXTERNAL TRADE/ CURRENT ACCOUNT

The current account balance for the period, January to June 2008 worsened to a deficit of US$1,391 million, more than two times the previous US$598 million deficit. Boosts in import expenditure contributed to the insufficiency of the goods account as imported commodity costs improved 34% relative to the 14% rise in exports. Imports grew US$924 million to US$3,661 million due largely to elevated spending on fuel-related imports particularly, mineral fuels which grew by 72% over the period while growth in exports of US$160 million resulted mainly from the 12% increase in earnings from alumina sales.

The deficiency in the current account was further supplemented by the 23% and 13% deteriorations in the service and income accounts respectively, ensuing from amplified transportation costs associated with the larger import costs as well as increased interest payments by the government. However, the 8% growth or increase of US$79.1 million in current transfers driven mainly by the influx of remittances partially offset the shortfalls in the goods, income and service accounts. Notably, gross remittances grew US$105.5 million or 11.4% when compared to the similar period of 2007.

NET OFFICIAL AND PRIVATE INVESTMENT

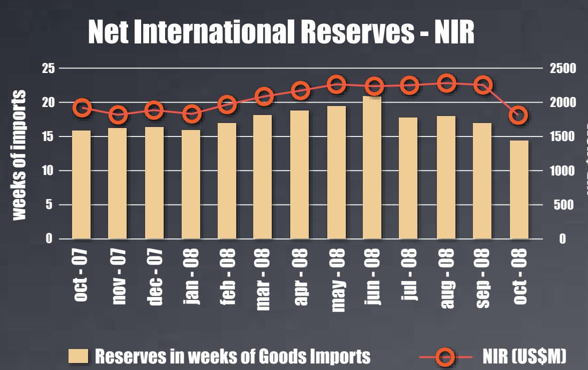
The financial account for the first six months of the calendar year recorded a surplus of US$1,376 million, US$760 million higher than the corresponding period of 2007. Net private investment grew considerable to US$1,600 million relative to net inflows of US$184 million previously, influenced by continued investments in tourism, the upturn in selected export earnings as well as increased remittances. In addition, the financial market benefitted from the impact of private capital inflows from the sale of Lascelles deMercado and Company Limited in the March 2008 quarter.

TOURISM

Surpassing the one-millionth mark earlier in the year tourist arrivals remained relatively flat at 2.04 million for the January to August period of 2008. Accordingly, estimated expenditure turned out unchanged at US$1,340 million. This outturn was as a result of an 8% fall-off in cruise-ship visitor arrivals for the period.

NET INTERNATIONAL RESERVES

Net International Reserves at the BOJ declined 6% to US$1.803 billion in October from US$2.251 billion in September as the Central Bank continues to provide liquidity support to the market aimed at stabilizing the local currency against the US dollar counterpart. Over the past year this persistent intervention has resulted in the volatility and deterioration in NIR holdings.



OUTLOOK

- In the near term, retarded growth in real economic activity is projected due to the recurrent weakness in the productive sector. The rate of economic growth will slow, in light of the moderations in global economic growth ensuing from the financial turmoil occurring across nations. Potential inflows, particularly from foreign direct investment to the Jamaican economy are threatened by tightened liquidity conditions and the considerable lack of access to capital markets.

In addition, growth for the Jamaican economy is highly susceptible to varying weather conditions. The producing sectors, specifically the Agriculture, Forestry & Fishing segment have not fully recovered from the poor weather conditions last year and have recently endured sizable losses from the passing of Tropical Storm Gustav.

Market conditions are however expected to ease over the medium to long term as Central Banks worldwide are employing strategies such as injecting trillions of dollars into their economies aimed at loosening the credit crisis. This is in attempt to alleviate the current strain on financial markets and to regain investors' confidence.

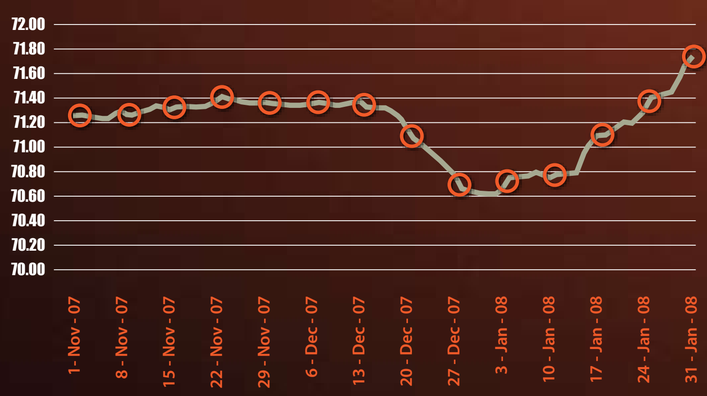
- Demand pressures on the local currency have increased moderately, causing the JA dollar to depreciate against its US dollar counterpart. Accordingly, the frequency of the BOJ's presence in the FX market amplified as the Bank seeks to stabilize the sliding JA dollar. Going forward, it is expected that the BOJ will continue its liquidity support to counter the increased burden on the local currency and uphold stability.
- In October, The BOJ increased interest rates for open market instruments in the range of 65–130bps, with the intention of aligning the applicable rates with those of the T-Bill yields. Coupled with the newly instituted credit facility, the Bank estimates that both should provide stability in the domestic market. There is, however, the possibility that speculation derived from the negative outlook on present and future business conditions will constrain the effects of the monetary policies being implemented by the Central Bank thereby disturbing the path of market interest rates and consequently placing upward pressure on future rates.

Foreign Exchange Market Review

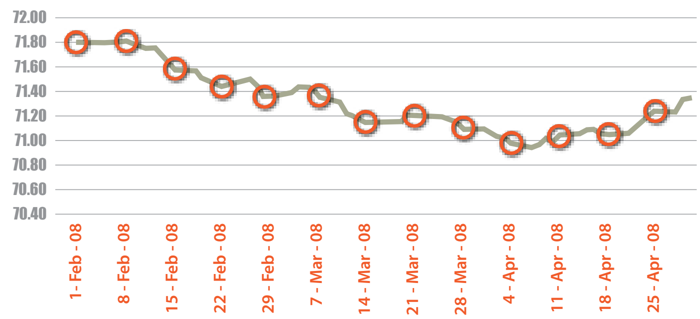
For the period November 2007 to October 2008, the Jamaican Dollar lost $5.03 or 7.07% against its US counterpart, to end the period with a weighted average selling rate of J$76.29/US$1. Net international reserves fell by US$121.94 million over the 12 months, moving from US$1,924.53 million to US$1,802.59 million as at the end of October.

During the first quarter ended January 2008, the local dollar depreciated by 0.69% against the greenback. The dollar started November at a rate of J$71.25/US$1 and traded with only slight fluctuations until November 17th when it began an appreciation trend which saw the dollar hit a quarter low of J$70.62/US$1 on the last trading day of the year. Coming under some pressure in January, the dollar began falling against the US gradually, ending the quarter at J$71.74/US$1.

First Quarter - FX Movement



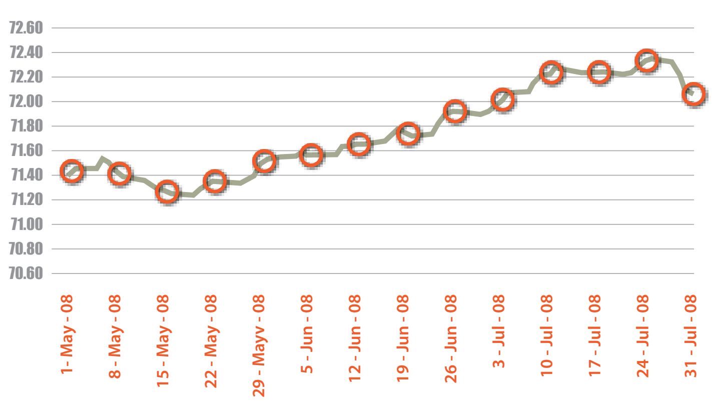
Second Quarter - FX Movement



The quarter ended April 2008 saw the local currency gain some ground on the greenback, clawing back 0.62% of its value. The dollar underwent a steady appreciation throughout the period, reaching a low of $70.96 to US$1.00 in April. This appreciation of the local currency came in part as a result of increased liquidity of US dollars in the market in early February, primarily as a result of the Lascelles, Angostura transaction. The JMD finished the quarter at $71.35 to US$1.00, a 0.62% appreciation. Net international reserves at the end of the period stood at US$2,162.86 million, a US$343.78 million increase over the US$1,819.08 recorded at the beginning of the quarter.

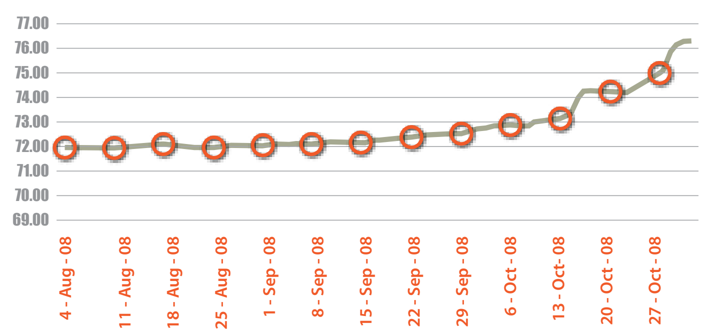
For the period May to July 2008 the Jamaican Dollar (JMD) fell 0.9% against the US dollar, its major trading partner. The Jamaican Dollar began the period selling at an average rate of $71.40/US$1.00. The dollar came under sustained pressure throughout the period as it gradually rose to close at $72.04. The Bank of Jamaica intervened on at least eight occasions to provide US dollar liquidity support to abate the pressure which the Jamaican dollar underwent. The depreciation of the local currency came as a result of increased pressure from both end-user and broker demand, against the backdrop of a few US dollar transactions in the market, namely the Government of Jamaica's 2019 Global Bond issue and a number of US dollar private placement transactions.

Third Quarter - FX Movement



FX Market Review continued

Fourth Quarter - FX Movement



The final quarter of the year proved the most deflating for the Jamaican dollar. For the quarter ended October 31st, the dollar lost a massive 5.95% to the US$. The majority of the decline took place in October, as a result of the major upheaval that took place in international financial markets during the period. This translated to a 4.86% depreciation of the dollar in this month alone. The Bank of Jamaica was very active in the market during the quarter, intervening on no less than sixteen occasions in an attempt to provide liquidity support. The dollar opened in August at $72.00/US$1.00 and ended October at $76.29/US$1.00.

Over the 12 months from November 2007 to October 2008, the Jamaican dollar gained 16.63% against the British Pound Sterling and 16.48% against the Canadian dollar. These movements were indicative of events on the international market, as turmoil and volatility led investor flows out of these currencies and into the relative security of US dollar holdings.

Money Market Review

Percentage Point Change (Nov. 2007 - Oct. 2008)	30-Days	60-Days	90-Days	120-Days	180-Days	365-Days
Previous Rate (Nov. 2007)	11.65%	11.70%	11.80%	11.85%	12.00%	*13.50%
Current Rate (Oct. 2008)	14.65%	14.85%	15.05%	15.15%	15.35%	16.70%
CHANGE (basis points)	**▲300**	**▲315**	**▲325**	**▲330**	**▲335**	**▲320**
**reinstated Feb. 2008*						

Source: Bank of Jamaica

Open Market Operations

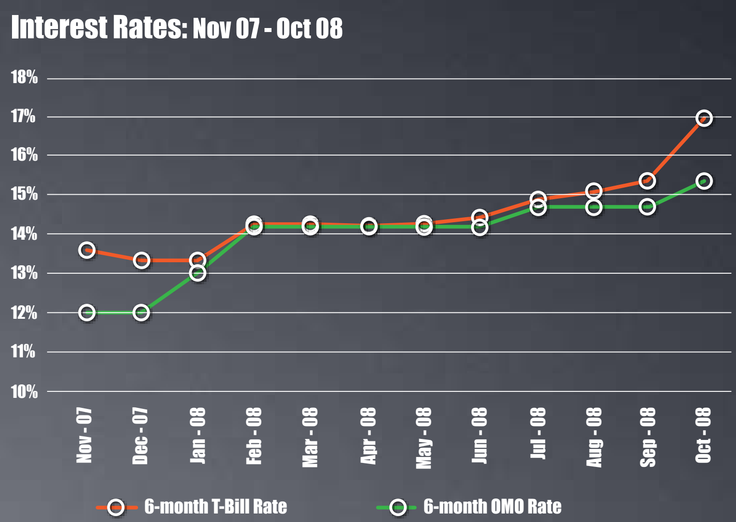
During the period November 2007 – October 2008, the Jamaican Dollar Fixed Income Market experienced sharp increases in interest rates. The Bank of Jamaica (BOJ) adjusted interest rates four times during the period January –October 2008 spurred by a continuous rise in the Treasury bill rates and spiraling inflation. In addition, the BOJ reinstated the 365-day tenor among its Open Market Instruments in February in order to reduce excess liquidity in the system.

The stability in the financial markets was also threatened by numerous external events at the beginning of the year and particularly by the persistent rise in world oil prices, which contributed largely to the increase in the rate of inflation for the calendar year 2008.

The 365-day tenor was reinstated at 13.50% in February and has increased by 320 basis points or 3.20% to 16.70%. The highest increase in interest rates for instruments offered by BOJ was recorded for 180-day tenor which increased by 3.25%. This was followed by the 120-day tenor which rose by 3.30% as depicted in the Table above.

Treasury Bills

Over the past year, there have been increases in the yields of the Treasury bills for both the 180-day and 90-day tenors. During the period the 90-day and 180-day tenors rose by 1.97% and 3.39% to 15.21% and 16.96% respectively as at October 2008. Notably, both Treasury bill yields have surpassed the similar tenors offered by the Bank of Jamaica which stood at 15.05% and 15.35% for 90-days and 180-days respectively.



Money Market Review continued

	Issue Date	Issued Amount (Million)	1-Nov-07		31-Oct-08			
			Price Ask	Yield to Maturity	Price Ask	Yield to Maturity	Price Change	Yield Change
GOJ SOVEREIGN BONDS								
GOJ 10.50% 2009 (EUR)	Feb-04	€200.00	104.500	6.62%	99.000	13.34%	-5.500	6.72%
GOJ 11.00% 2012 (EUR)	Jul-04	€300.00	113.250	7.54%	92.000	13.84%	-21.250	6.30%
GOJ 10.50% 2014 (EUR)	Oct-04	€150.00	114.250	7.77%	78.000	16.57%	-36.250	8.80%
GOJ 11.75% 2011 (USD)	May-01	$400.00	123.000	4.61%	106.000	9.04%	-17.000	4.43%
GOJ 9.00% 2015 (USD)	May-05	$300.00	108.500	7.51%	94.000	10.28%	-14.500	2.77%
GOJ 10.625% 2017 (USD)	Jun-02 & Apr-04	$425.00	120.875	7.53%	95.000	11.55%	-25.875	4.02%
GOJ 8.00% 2019 (USD)	Jun-08	$350.00	96.000	8.61%	90.000	11.19%	-6.000	2.58%
GOJ 11.625% 2022 (USD)	Dec-01	$250.00	148.500	6.38%	120.000	9.00%	-28.500	2.62%
GOJ 9.250% 2025 (USD)	Oct-05	$250.00	113.000	7.88%	88.000	10.81%	-25.000	2.93%
GOJ 8.50% 2036 (USD)	Feb-06	$250.00	105.000	8.05%	79.000	10.92%	-26.000	2.87%
GOJ 8.00% 2039 (USD)	Mar-07 & Oct-07	$500.00	98.750	8.11%	71.000	11.43%	-27.750	3.32%
*6/19/2008								

The Global Bond Market

The GOJ Global Bond Market registered a sharp reduction in prices over the past year due largely to the protracted credit crisis that has gripped the US and Global financial markets. The market has seen a significant reduction in demand for Emerging Market (EM) debt as investors predominantly overseas have been restructuring portfolios in order to gain liquidity as well as optimize the returns on investments. As a result, there has been a major sell-off of EM debt.

During the past year, the bond market has been bearish, and is currently characterized by intense volatility. Towards the close of the year, the prices have plunged amid the deepening credit crisis which began in the US and has subsequently permeated global markets. There were strong price declines for both the short-term and longer-tenured bonds, as depicted in the Table above.

In June 2008, the GOJ was successful in its efforts in obtaining funding of US$350 Million on the international capital markets through a GOJ Bond due 2019 at an interest rate of 8.00%. This funding received will provide critical support in meeting budgetary obligations.

In the coming months, the current instability in the US financial markets will be mirrored in the performance of the bond market. Furthermore, the US economy has slipped into a recession and this will adversely impact global markets in general. In addition, the domestic market continues to grapple with the deterioration in key macroeconomic indicators such as rising inflation, weakening local currency combined with anaemic GDP growth. Therefore, it is highly likely that bond prices will experience volatility at least in the near-term as markets remain fragile.

Stock Market Review

After gaining 1.65% or 1,785.95 points during the first half of the year, the market saw a persistent retreat in equities which eroded all the prior gains and ushered all three JSE Indexes in the negative territory. The JSE Market Index has fallen sharply for the calendar year-to-date by 8.10% or 8,267.97 points to end the month of October at 93,750.90 points. In addition, the ALL JA Composite lost 9,348.58 points or 9.23% to close at 101,287.55 and the JSE Select fell 255.51 points or 9.24% to finish at 2,508.56.

The deterioration in the local indexes has resulted largely against the background of weakening economic indicators amid the difficult operating environment both in the domestic and global markets. The outturn for earnings since the start of the year continues to be generally positive with the exception of a few companies such as Cable & Wireless and Jamaica Producers which recorded net losses.

A few Companies within the financial services industry continue to report strong earnings lead predominantly by the commercial banks. However, other financial institutions have recorded less than stellar net earnings due to substantial write-downs driven largely by the effects of the US sub-prime mortgage crisis.

The performance of the manufacturing sector was mixed - a star performer was Jamaica Broilers Group which recorded strong earnings. The Group has gained tremendous success from the commencement of the ethanol operations. The diversification of its income stream has helped to stymie the adverse effects of wind storms. As a result, Jamaica Broilers recorded minimal losses from the passage of Tropical Storm Gustav. Notably, Jamaica Producers Group already in a recuperating mode due to the carryover effects of hurricanes in past years—was severely impacted by Tropical Storm Gustav and has taken the decision to discontinue the export of bananas due to rising costs associated with natural disasters.

The local equities market continues to experience a downturn in prices due in part to uncertainties facing the domestic economy amid the protracted credit crisis in the global financial markets. However, market participants are remaining cautious and conservative in their approach to equities.

Looking ahead, the market is expected to experience volatility at least in the near-term given the current market conditions. Therefore, it is likely that the JSE Indexes could close the year in the negative territory or at best record moderate gains over 2007.

JSE Market Index
Oct 2007 - 2008

Corporate & Social Responsibility

Scotia DBG has consistently maintained its commitment to enhancing the nation's social welfare and each year allocates a portion of its budget to sponsorships and donations with primary focus on Education and Sports.

Investor Education

Investor Education is an area that Scotia DBG is committed to as we believe it is important for investors to make informed financial decisions so they can effectively grow their wealth in accordance with their goals and risk appetite. As such the Company hosts quarterly Investor Forums across the island and contributes money management articles on a weekly basis to various national newspapers. Scotia DBG also publishes a quarterly Stock Market review through a local magazine and clients receive weekly updates on the Jamaican Economy through its e-newsletters. In addition to these initiatives Scotia DBG analysts, on a quarterly basis develop research documents on various publicly listed companies which are submitted to JSE and available for the public on its website. These documents given their depth and insight have consistently won the Jamaica Stock Exchange's Market Research Competition.

Education Programmes

Scotia DBG has also focused on the importance of education regarding personal development. As such the Company offers on a yearly basis, educational bursaries to our staff to further their education and personal development.

In addition, Scotia DBG in conjunction with the Scotia Wealth Division formed a partnership with the Trenchtown Reading Centre and staged

Anya Schnoor shares a light moment with fellow Scotiabankers from Canada at the Scotia DBG Mutual Fund Seminar held at the Terra Nova Hotel. This seminar was also conducted in Mandeville and Montego Bay as we sought to heighten our clients' knowledge regarding their investments.

"I recognized right after completing my first degree, that the job market and corporate world was extremely competitive. I held the dream of completing an MBA in short order but that dream seemed very distant based on financial constraints. Scotia DBG made that dream a reality, with a grant they provided for higher education. I am now very proud and accomplished having completed my MBA, which has helped me in my ascension up the corporate ladder within the organization."

Karrian Hepburn
Assistant Vice President & Branch Manager, Mandeville

"It was Aristotle who said 'The roots of education are bitter but the fruits are sweet.' Sleepless nights and hard work has translated into a major accomplishment, my MBA. Scotia DBG's significant contribution to my achievement deserves immense acknowledgement and I am exceedingly enthusiastic regarding making an invaluable contribution to the company's longstanding success."

Allison Callum
Investment Representative
BNS Premier Branch

"To accomplish great things, we must not only act, but also dream; not only plan, but also believe." Anatole France

"It began with a dream but it was my then Branch Manager who encouraged me to act and helped me to put a plan in place through a grant offered by the company. However, what stood out most to me is that SDBG believed in me and was willing to help me along my path of self actualization.

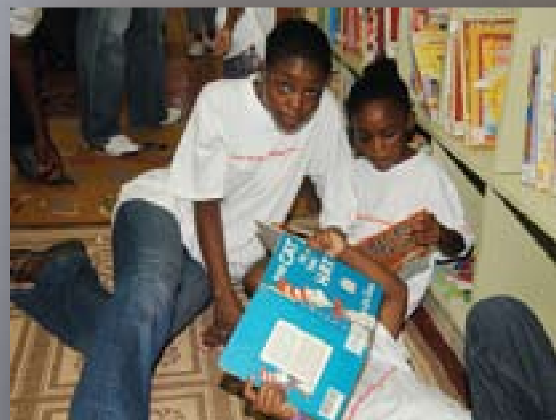
A special "Big up" to my co-workers who offered words of encouragement and support during my MBA journey, it did not go unnoticed and quite often it gave me the extra push that I needed to succeed. Thanks a million!"

Stephanie Harris
Junior Investment Advisor
BNS Hagley Park Branch

Staff Testimonials

Corporate & Social Responsibility continued

Tyrone Brown receives an award for excellence from Karrian Hepburn, Branch Manager of Mandeville at the Governor General's Youth Awards.



Nicola Warren, Money Market Trader at Scotia DBG, steals a moment for the camera as she helps students with their reading at the Trench Town Reading Centre in August.

In addition to our support of the Trench Town Reading Centre, Scotia DBG has also awarded scholarships and educational grants. Here Lissant Mitchell awards Shauna Kay Campbell a scholarship.

The Scotia Wealth Management Division supported the Trench Town Reading Centre through the hosting of the Annual Spelling Bee which is divided into 5 categories and the participants range in age from 4 to 16 years old. Over 20 Scotia DBG volunteers assisted the contestants in their last minute preparations before the competition.

Our Focus on Jamaica's Youth & Education

Vanessa Reid Boothe, VP of Sales and Service and General Manager of Asset Management Company Limited proudly hands over the winning trophy to Moesha Thompson at the Trench Town Spelling Bee Competition.

LEFT: Owen Brown stands by his daughter Deidra Ann Brown as she accepts a cheque from Kaylene Grant-Patterson, Montego Bay Branch Manager, at the Sandals Special Achievers Corp.

RIGHT: Stephanie Shaw, Investment Manager receives her award from Claremont Kerton of the Jamaica Stock Exchange as the JSE Analyst of the Quarter in October 2008.

the first Annual Spelling Bee. Currently the Centre serves over 200 children from the surrounding community through conducting reading and literacy workshops, hosting daily reading sessions and providing a place of solitude in a community that is often plagued with upheaval. Going forward Scotia DBG will host the Spelling Bee and Christmas Treat on a yearly basis while looking at additional areas that will improve the Centre and increase its reach.

Sports

Participation in a sporting activity builds a well-rounded character that emphasizes the importance of discipline, practice and team work. As such, Scotia DBG is committed to supporting such activities on both a community and national level. Some of the sponsorships undertaken this year included the West Indies Cricket Board, a Bikeathon hosted by the Rotary Club of Montego Bay and the Wolmers 5K race. Going forward Scotia DBG has partnered with the Jamaica Amateur Athletic Association (JAAA) in staging an annual fundraising dinner of which all proceeds will be donated to the JAAA to assist in the funding of its various national training programmes.

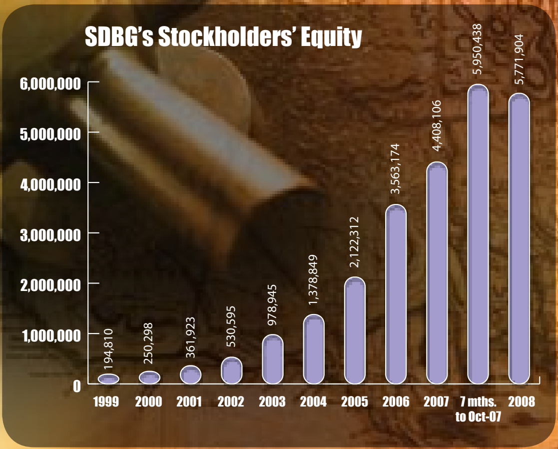
Financial Highlights

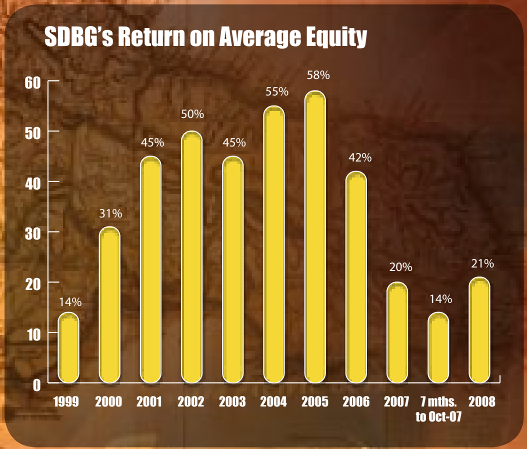
Financial Highlights	March 1999 ('000)	March 2000 ('000)	March 2001 ('000)	March 2002 ('000)
Profit and Loss Account				
Gross Operating Revenue	885,235	1,155,072	1,424,279	2,323,909
Net Interest Revenue	160,630	181,584	218,332	202,911
Other Operating Revenues	3,518	122,619	276,246	406,239
Other Operating Expenses	137,586	233,913	376,299	426,874
Net Profit attributable to members	23,362	59,988	111,625	180,216
Balance Sheet				
Total Assets	4,470,815	8,805,631	9,365,262	13,999,646
Total Liabilities	4,276,005	8,478,327	8,926,126	13,469,051
Total Stockholder's Equity	194,810	250,298	361,923	530,595
Total Funds Under Management	5,145,255	10,459,068	11,797,808	15,947,502
Outstanding Shares*	112,500,000	112,500,000	112,500,000	112,501,040
Key Financial Ratios				
Earnings per share (cents)	0.21	0.53	0.99	1.60
Book Value per share	1.73	2.22	3.22	4.72
Efficiency Ratio	84%	77%	76%	70%
Return on Average Equity	14%	31%	45%	50%
Return on Average Asset	1%	1%	1%	2%
Net Profit Growth (% growth)	4%	157%	86%	61%
Asset Growth (% growth)	39%	97%	6%	49%
Equity Growth (% growth)	14%	28%	45%	47%
Average Equity	**183,129**	**222,554**	**306,111**	**446,259**
Average Assets	**3,838,939**	**6,638,223**	**9,085,447**	**11,682,454**
Net Revenue	**164,148**	**304,203**	**494,578**	**609,150**

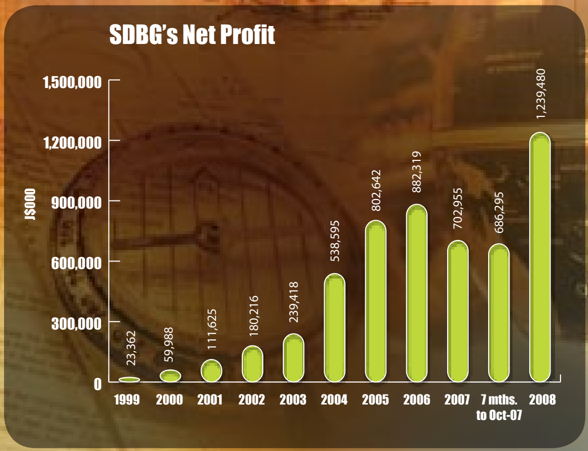
** weighted average number of ordinary stock units*

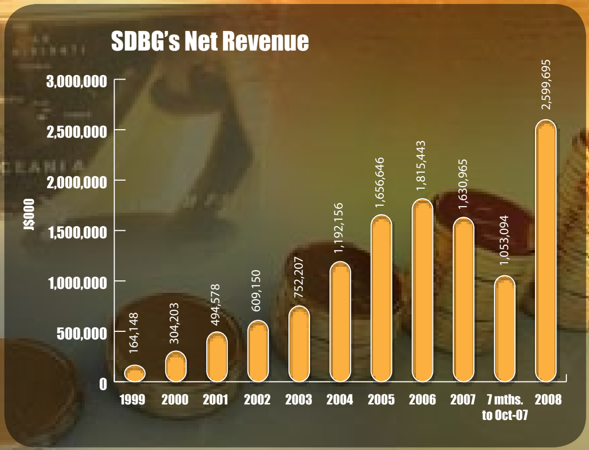
March 2003 ('000)	March 2004 ('000)	March 2005 ('000)	March 2006 ('000)	March 2007 ('000)	7 Mths to October 2007 ('000)	October 2008 ('000)
3,544,374	4,540,765	4,069,059	4,157,027	4,228,630	3,399,152	7,624,186
279,042	320,434	630,313	773,844	854,915	724,633	1,960,014
473,165	871,722	1,026,682	1,041,599	745,971	340,353	642,217
509,850	644,549	846,042	929,014	930,863	595,607	1,062,059
239,418	538,595	802,642	882,319	702,955	686,295	1,239,480
22,106,116	23,652,828	28,422,734	30,572,360	37,749,263	56,352,603	65,996,518
21,127,171	22,273,979	26,300,422	27,009,186	33,341,157	50,402,165	60,224,614
978,945	1,378,849	2,122,312	3,563,174	4,408,106	5,950,438	5,771,904
22,851,218	24,564,132	30,697,330	31,720,431	38,519,109	84,480,969	96,790,241
122,129,514	276,825,714	290,385,731	303,194,744	309,258,639	374,364,997	423,194,765
1.96	1.95	2.76	2.85	2.27	1.83	2.93
8.02	4.98	7.31	11.75	14.25	15.89	13.64
68%	54%	51%	51%	57%	57%	41%
45%	55%	58%	42%	20%	14%	21%
1%	2%	3%	3%	2%	1%	2%
33%	125%	49%	10%	-20%	n/a	n/a
58%	7%	20%	8%	23%	49%	17%
84%	41%	54%	68%	24%	35%	-3%
754,770	**1,178,897**	**1,750,581**	**2,842,743**	**3,985,640**	**5,179,272**	**5,090,005**
18,052,881	**22,879,472**	**26,037,781**	**29,497,547**	**34,160,812**	**47,050,933**	**51,872,891**
752,207	**1,192,156**	**1,656,646**	**1,815,443**	**1,630,965**	**1,053,094**	**2,599,695**

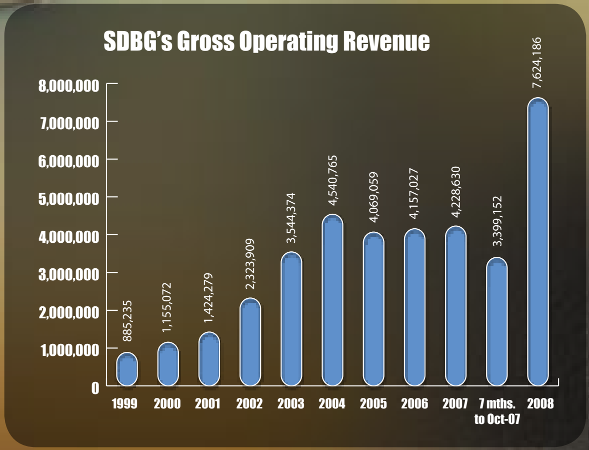
Financial Highlights











Stockholders' Equity

Stockholders' equity represents the equity stake currently held on the books by a firm's ordinary shareholders. It is calculated either as a firm's total assets minus its total liabilities, or as share capital plus retained earnings minus treasury shares.

Return on Average Equity

A measure of a company's profitability that indicates the profit per unit of equity invested in the company. Return on equity is often calculated by dividing net income by average shareholders' equity. Average shareholders' equity is calculated by adding the shareholders' equity at the beginning of a period to the shareholders' equity at period's end and dividing the result by two.

Return on Assets (ROA)

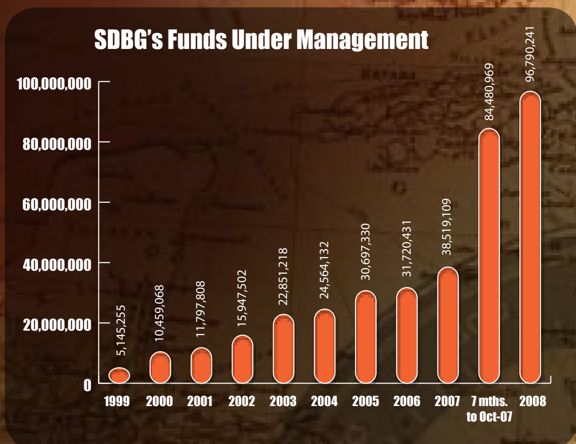
An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. ROA is calculated by dividing a company's annual earnings by its total assets. ROA tells you what earnings were generated from invested capital (assets). The ROA figure gives investors an idea of how effectively the company is converting the money it has to invest into net income.

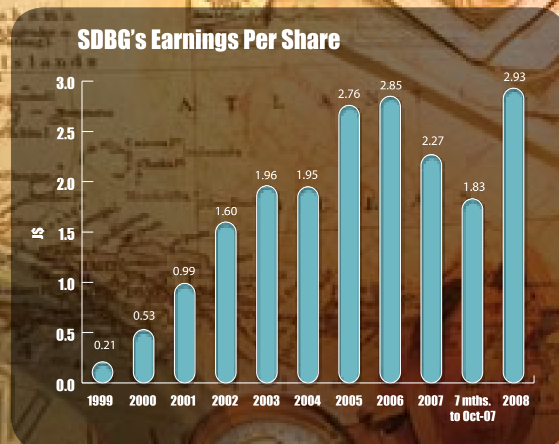
Net Income (NI)

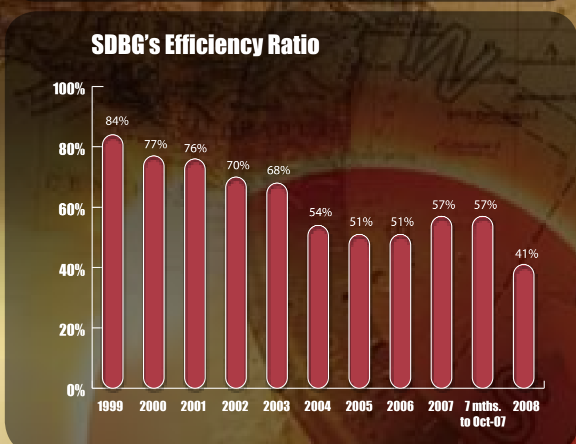
A company's total earnings (or profit) which is calculated by taking revenues and adjusting for operating costs, depreciation, interest, taxes and other expenses. This number is found on a company's income statement and is an important measure of how profitable the company is over a period of time. The measure is also used to calculate earnings per share. Net income is often referred to as "the bottom line" since net income is listed at the bottom of the income statement.

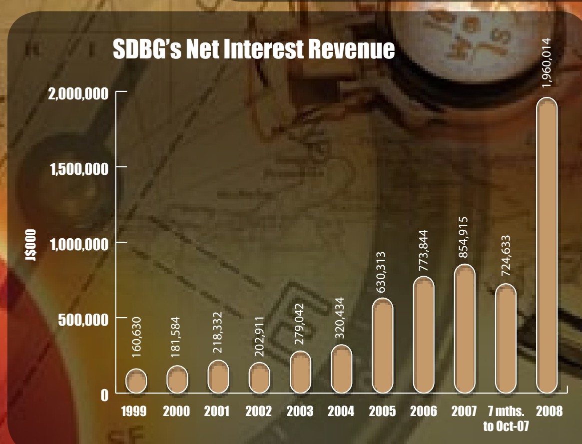
Net Revenue

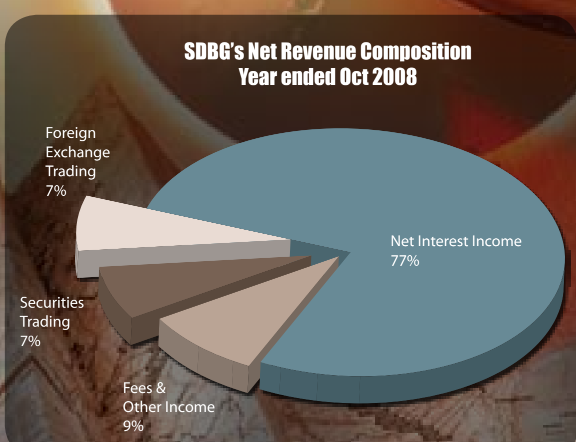
The amount of money that a company actually receives during a specific period, excluding discounts and deductions for returned merchandise.











Gross Operating Revenue

The amount of profit realized from a business' own operations, but excluding operating expenses (such as cost of goods sold) and depreciation from gross income. This does not include items such as investments in other firms, taxes or interest expenses. In addition, nonrecurring items such as cash paid for a lawsuit settlement are often not included.

Earnings Per Share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Earnings per share are generally considered to be the single most important variable in determining a share's price. EPS is also a major component of the price-to-earnings valuation ratio.

Efficiency Ratio

A ratio used to evaluate the overhead structure of a financial institution. The efficiency ratio gives us a measure of how effectively a bank is operating. Efficiency is usually an acceptable measure of profitability as the more efficient banks are those that are able to generate increased profits while containing increases in operating costs. The efficiency ratio may be calculated in a number of ways, but the most common is non-interest expense divided by total revenue less interest expense (net revenue). An increasing efficiency ratio means the company is losing a larger percentage of its income to expenses. If the ratio is getting lower, it is good for the bank and its shareholders.

Net Interest Income

Net interest income (NII) is the difference between the interest income to the bank on loans and the interest payments made by the bank to the customers on the deposits.

NII = {Interest payments on assets} - {Interest payments on liabilities}

Depending on the bank's specific portfolio of assets and liabilities (fixed or floating rate) the banks NII can be more or less sensitive to changes in interest rates.

Management Discussion & Analysis - Oct 2008

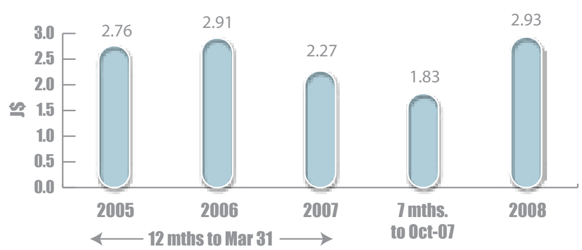
Financial Results

Scotia DBG achieved outstanding financial results for 2008. Net income for the year amounted to $1,239 million, an increase of $553 million or 81% when compared to the seven month reporting period last year. The company has enjoyed growth in its main product lines throughout the year, and the acquisition of SJIM in July 2007 has also contributed to the positive results.

Earnings per share for the year was $2.93, compared to $1.83 reported for the seven month period last year, while return on average equity continues to boast strong numbers at 20.19%.

The company remained focused on its key strategic objectives despite a challenging fiscal year in both the local and international markets. We embarked on a major rebranding initiative and continued our restructuring exercise to position ourselves as a key player in the wealth management industry.

Earnings Per Share (EPS)



Total Revenue

Total revenue was $2,600 million in 2008, an increase of $1,547 million over the seven-month period ended October 31, 2007. This increase was due primarily to growth in net interest revenue.

Net Interest Income

Net interest income was $1,960 million in 2008 up $1,235 million over last year. This is comprised mainly of income from fixed income securities, loans and deposits with banks less funding costs from liabilities. The positive movement was due to better than expected interest margins as a result of increases in market interest rates throughout the year coupled with tight control over funding costs.

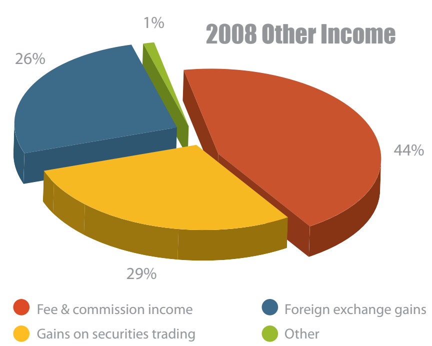
The company's net interest margin on its J$ portfolio was 2.57% at the end of 2008, an increase of 72 basis points from the previous year-end. Net interest margins on US$ assets increased by 94 basis points to 2.65% at October 31, 2008.

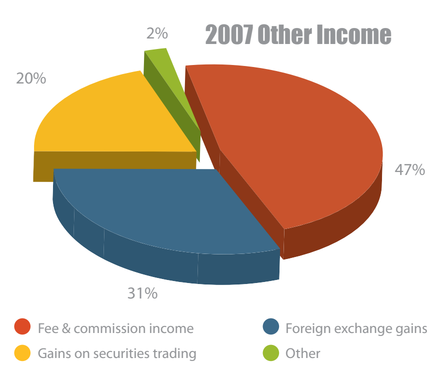
	Twelve months ended October 2008	Seven months ended October 2007
	$'000	**$'000**
Interest Income	6,981,969	3,058,799
Interest expense	(5,021,955)	(2,334,166)
Net Interest Income	**1,960,014**	**724,633**

Other Income

Other income increased by $302 million over the seven month period last year. This represented an increase in revenues from securities trading as well as foreign exchange trading.

The overall increase in other revenues was also boosted by fee and commission income which was $121 million or 76% higher than the seven month reporting period ending 31 October 2007. This increase was attributable to fees from mutual funds which became a revenue stream after acquiring SJIM as well as additional earnings from pension, trust and agency management fees.

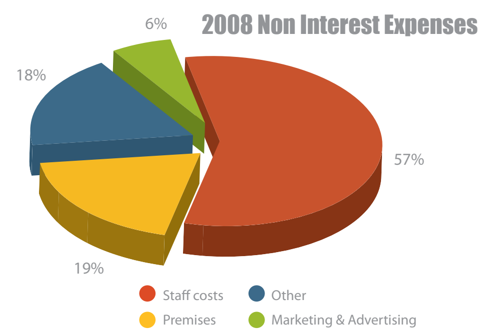


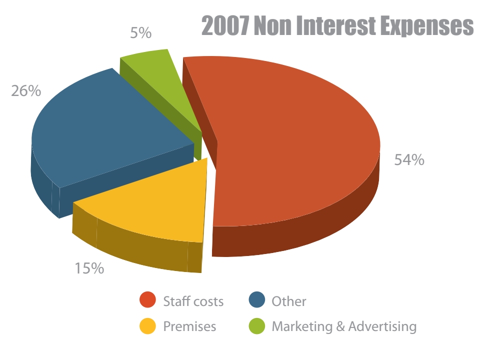


Non-Interest Expenses

Non-interest expenses amounted to $1,062 million in 2008, an increase of $466 million or 78% from the seven month period in 2007. Included in these expenses were salaries and employee benefits which increased to $596 million up by $274 million or 85% over prior year. This was due primarily to salary increases in November 2007.

Marketing costs increased by $41 million or 151% with the launch of a major campaign in support of our rebranding exercise.

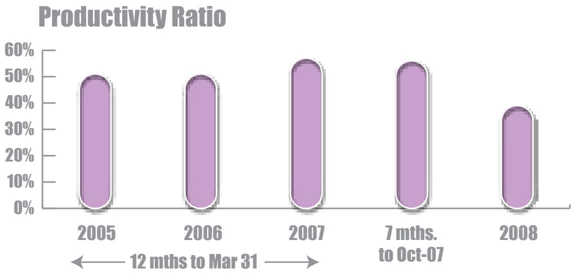




Productivity

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 the seven month period to October 2007. By building on the foundation laid with the acquisition of SJIM last year, we continued to focus keenly on expense management and the ongoing identification of cost efficiencies. We will continue to capitalise on synergies from the acquisition and maintain our efforts at cost containment and improving operational efficiencies across the Group.

Management Discussion & Analysis continued



Taxes

In 2008, the provision for income and deferred taxes was $298 million. For the seven month period last year, the Group benefitted from the utilization of previously unrecognised deferred taxes totalling $255 million on tax losses being carried forward.

Assets

Total assets increased year over year by $9.6 billion or 17% to $65.9 billion as at October 31, 2008. This increase in the asset base was spread across growth in most asset categories.

Cash Resources

Cash resources stood at $1.1 billion as at October 31, 2008 compared to $984 million as at the previous year-end. These balances are maintained at levels which allow us to honour cash outflow obligations and respond effectively to unexpected circumstances.

Securities

Total investment securities increased from $50.9 billion to $59.9 billion. This represented both natural growth as well an increase in sales volumes in our repurchase agreements (Repo) and capital management account (CMA) products.

Assets pledged as collateral under repurchase agreements with counterparties are government securities. These assets represented $44 billion or 74% of total investment securities as at October 31, 2008 compared to $33 billion or 66% as at the previous year-end.

	Twelve months ended October 2008		Seven months ended October 2007	
Category	**$'000**	**%**	**$'000**	**%**
Financial assets at fair value through statement of profit & loss	116,951	0.2	1,045,225	2.05
Pledged Assets	44,187,071	73.75	33,560,537	65.95
Investment securities:- Available-for-sale	619,939	1.03	2,225,840	4.37
Capital management & government securities fund	14,992,638	25.02	14,059,606	27.63
Total securities	**59,916,599**	**100.00**	**50,891,208**	**100.00**

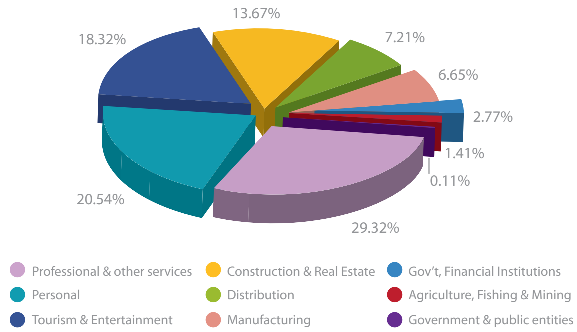
The trading portfolio decreased by $928 million to $116.9 million as at October 31, 2008. This is indicative of the volatility in the local bond market throughout 2008 which resulted in less trading activities relative to the previous year.

Following the melt down in the financial sector worldwide and the demise of certain broker dealers who were significantly involved in the marketing of Global Bonds issued by The Government of Jamaica (GOJ), the company adopted the Amendment to IAS 39 and IFRS 7. As a result of this adoption, certain investments that are included in pledged and capital management & government securities assets have been reclassified 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 the company has the intention and ability to hold these assets for the foreseeable future or until maturity.

Loans

Loans after allowances for impairment losses stood at $3.4 billion at the end of this year down marginally by $60 million from the $3.46 billion at the end of 2007. The reduction was impacted primarily by lower than expected new demand and term loan bookings from our Merchant Bank operations. The quality of the loans booked continue to be high however, as evidenced by the steady non-performing loan portfolio. As at October 31, 2008 our non-performing loans were $763 million compared to

Credit Exposure
Loans, Leases & Acceptances

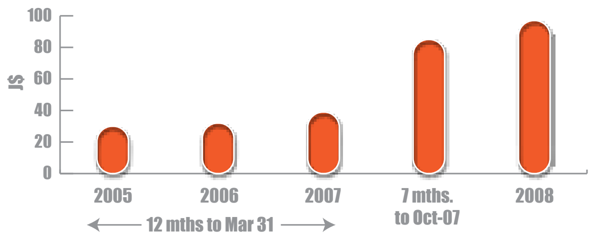


the $792 million being carried at the end of last year.
Our IFRS allowance for impairment losses decreased to $268 million and is being maintained at a level sufficient to protect the Group in the event of further economic turmoil.

Funds under Management

Total funds under management as at October 31, 2008 stood at $96.8 billion, up $12.3 billion over October 2007 and include managed funds of $37.6 billion. The increase is mainly the result of growth in our repurchase agreements and capital management fund of $7.4 billion and in our off balance sheet pension and trust assets of $ 2.7 billion.

Funds Under Management ($billions)



Liabilities

Total liabilities were $60 billion as at October 31, 2008, an increase of $9.8 billion or 19% from last year.

Deposits

The deposit base grew to $3.7 billion up $612 million from the previous year. Term deposits increased by $501 million over prior year reflecting solid growth in an increasingly competitive environment. Savings accounts, another of our core deposit products also showed steady growth year over year.

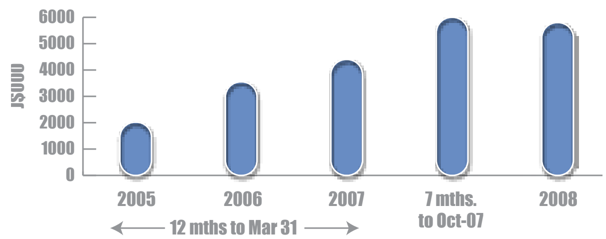
Obligations*

The year-over-year increase was $9 billion or 20%. Securities sold under repurchase agreements now stand at $40 billion and represent growth of $8 billion or 26%. This was due to volume growth as the company enjoyed strong customer confidence and support of the Scotia DBG brand.

Stockholder's Equity

The Group's capital base remains strong and was $5.77 billion as at October 31, 2008 compared to $5.95 billion as at October 31, 2007. The decrease of $173 million was due to the fall in Government of Jamaica Global Bond prices which resulted in a reduction in our investment reserve.

Stockholder' Equity



Capital Management

Scotia DBG's risk based capital adequacy, a ratio between our capital base and the aggregate of our risk weighted assets (balance sheet items, off-balance sheet items and foreign exchange exposure) was 164% at October 31, 2008. This stands greatly above the regulatory requirement of 10%.

Dividend

Our strong financial performance resulted in increased dividends during 2008. Shareholders received dividends of $1.10 per share an increase of $0.77 per share over the seven month period ended October 31, 2007. Gross dividends for 2008 were $442 million up $130 million over the seven-month reporting period last year.

**Related to repurchase agreements, capital management and government securities funds*

Subsidiary and Divisional Reports

Asset Management Company Ltd.

The 2008 financial year for Asset Management Company Limited (AMCL) saw the company deepening its relationships with vendor partners through on-going process improvement and training. The team worked to bring all vendors on-line through the installation of a sales and customer relationship management system at our second largest partner. Our vendors continued to work with us to bring this unique service to our customers, promoting the service in their own advertising and promotions.

Many customers traveled with us along the road to success and gave us repeat business under their Easy Own credit limits. Some capitalized on our "Nothing Down" promotion during the summer while over 2300 customers applied to AMCL for credit limits, resulting in over 1200 new loans. The AMCL team was therefore able to steer the company to improved performance with Gross Operating Revenue of $42M and Net Profit after tax of $6.7M, a 61% increase over the prior year.

Scotia DBG Merchant Bank Ltd.

During the period Scotia DBG Merchant Bank went through a series of changes following the merger and integration with Scotiabank, one of them being the renaming of the Bank. This move has served to re-position the Bank and has yielded positive results in spite of the challenges in the economic climate.

The twelve month period November 2007 to October 2008 was successful for Scotia DBG Merchant Bank. Profit before tax in October 2008 was $143M compared with $75M for the prior period ended October 2007 .The steady growth is attributable to the continued growth in net interest income.

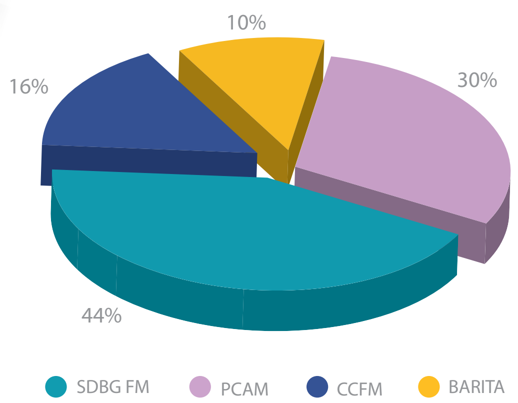
Scotia DBG MB offers deposits and loans in both Jamaican and Foreign currencies and the Bank's clientele consists primarily of commercial entities. SDBG MB also offers access to loans made available through the Development Bank of Jamaica (DBJ) and the National Export-Import Bank of Jamaica (EXIM Bank) to businesses in Jamaica within the productive sectors of the economy. During the year the bank launched its new lease financing product as well as the re-branding of its cash secured loan facility – Ready Cash.

Going forward SDBG MB will continue to remain committed to service excellence and look at new initiatives to ensure that every client receives exceptional service at every point of contact.

Scotia DBG Fund Managers Ltd.

During the review period, as part of the rebranding exercise of the Group, the name of the company was changed from DB&G Unit Trust Managers Limited to Scotia DBG Fund Managers Limited. This was done to highlight our association with Scotiabank Group and to facilitate congruency with the company's strategic focus towards pooled funds while expanding our presence in the unit trust market. We continue to be a dominant force in this market despite a challenging year for the Jamaican economy and the financial sector. As at October 31, 2008, our market share of the $13.61 Billion unit trust market was 44%. During the financial year (November 2007 to October 2008), the company contributed $102 million to the revenues of Scotia DBG Investments Limited.

Unit Trust Market Share (Total)



During this year PanCaribbeanBank Limited resigned as Trustee to meet regulatory requirements for its new commercial banking license. As a result effective September 8, 2008, JCSD Trustee Services Limited, a subsidiary of the Jamaica Stock Exchange, became our new Trustee. We welcome JCSD Trustee Services on board and would like to take this opportunity to thank PanCaribbean Bank Limited for their services over the years and wish them continued success.

DB&G Unit Trust Money Market Fund (MMF)

The DB&G MMF remains Jamaica's largest fixed income unit trust with net asset value of $4.7 Billion as at the end of the period. The fund has been consistent in meeting its objective of providing conservative investors with capital preservation and a competitive return. We remain committed to the active management of the fund by exploiting the opportunities in the market while ensuring the required liquidity mandated of such a fund.

During the period the Trustee approved changes to the fund's investment policy which gave the fund managers more flexibility in managing the fund in the current money market.

	Cumulative Return	Compounded Annual Return
1 Year Growth Rate	12.08%	12.08%
2 Year Growth Rate	23.98%	11.35%
3 Year Growth Rate	39.76%	11.80%
5 Year Growth Rate	89.78%	13.67%
10 Year Growth Rate	369.87%	16.73%

DB&G Premium Growth Fund (PGF)

With total net asset value of $1.1 Billion as at October 31st 2008, the DB&G PGF is the second largest unit trust in the island. Despite operating in a difficult environment where the local stock market decreased by 5.85% for the 12 months to October 2008 the fund returned a 12-month growth rate of 9.63% (tax-free) to its investors making it one of the leading equity unit trust funds as at October 31, 2008. The PGF benefited from the sale of its holding in Lascelles to Angustura at a significant capital gain as well as from its investment in stocks on the regional (Trinidad and Barbados) stock markets.

	Cumulative Return	Compounded Annual Return
1 Year Growth Rate	9.63%	9.63%
2 Year Growth Rate	24.37%	11.52%
3 Year Growth Rate	21.53%	6.72%
5 Year Growth Rate	142.40%	19.37%
10 Year Growth Rate	540.38%	20.40%

Centralized Support Unit

The Centralized Support Unit (CSU) was established in September 2007 with the integration of Scotia Jamaica Investment Management Limited into the then Dehring, Bunting & Golding Limited. Our unit provides back office support for Treasury, Brokerage and Pension & Unit Trust as well as the six SDBG branches island wide. In 2008 we focused on improved efficiencies through the centralization of functions such as facilities management, compliance monitoring, purchasing, securities allocation, settlements, document management and client reporting.

Unit Reports continued

In keeping with our commitment to support our internal and external customers, we introduced two major initiatives. Firstly, we introduced Business Internet Banking which provided additional benefits to our clients and allowed them to transfer funds from their SDBG account to their BNSJ account. Secondly, we centralized the processing of certain branch transactions which created operational efficiencies and enhanced customer service delivery.

Compliance

During this year we established a senior-level management position and team dedicated to the task of overseeing the company's policies, practices and procedures with regard to anti-money laundering and anti-terrorist financing. In addition, the development of AML programs within the various business units is evidence of the commitment of senior management to the implementation of appropriate controls and compliance procedures.

Throughout the financial year, the Compliance Unit conducted training initiatives to improve awareness of anti-money laundering risks and to ensure that employees have the requisite skills and are fully aware of their obligations. This initiative will be continued in the coming year.

Trust & Fund Operations

Over the past year, there was a rationalization of the operation functions of Scotia DBG Fund Managers and the Pensions Unit, which were merged with Corporate Trust Services. This was a strategic move geared towards achieving greater synergies.

Following on the reengineering of the company's trust services, with a focus on corporate accounts, four major new accounts were established. This demonstrates the strength of our brand, as the business line has continued to grow through a period of reorganization. For the coming year we will increase awareness of our corporate trust service with a view to driving the business line, and contribute to the overall success of the company.

In 2009, the strategic focus of the unit will be to continue to improve efficiencies through the review of key business processes.

Finance

The Finance Unit of Scotia DBG has long considered itself the "Guardians" of the company's assets. In its role as guardians, the primary responsibility of the Unit is ensuring the integrity of financial reporting through implementation of adequate controls and monitoring. The Unit also contributes to the strategic development of the Group and has primary responsibility for building the financial infrastructure to support stated business objectives.

In the financial year, the Unit successfully completed its restructuring exercise and is now better able to focus on accomplishing its mandate of providing quality service both to internal and external clients while ensuring that the SDBG group of companies comply with all financial, management and regulatory reporting requirements.

Our hardworking management team of qualified professionals with solid experience in the accounting and auditing field is committed to providing timely and accurate information to enhance the company's decision making process. The Finance Unit will continue to identify opportunities to increase both cost and operational efficiencies in the execution of reporting responsibilities.

Human Resources

At Scotia DBG, the HR Department ensures that effective methods of goal setting, communication and empowerment through responsibility, are combined to build employee ownership of the organization.

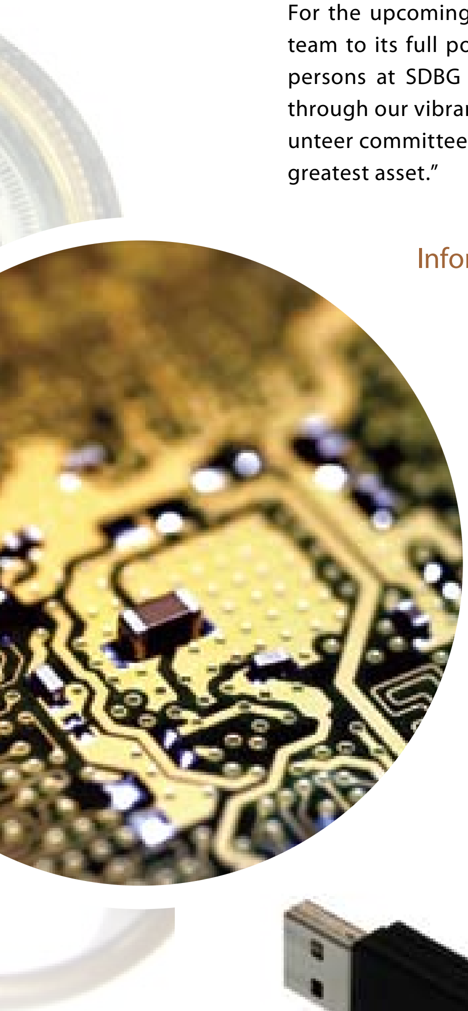
Scotia DBG's organizational culture and climate provide an enabling environment which ensures that our team members have the cultural and technical competencies, as well as commitment to serve our internal and external customers well.

The Human Resource function manages a range of HR activities including the design of jobs, recruitment, payroll planning, reward, recognition; performance management, career and succession planning and employee development. During this year, we focused extensively on employee engagement and motivation, as key post integration imperatives.

Various team building activities were coordinated for each unit and the HR Department along with SDBG volunteers were instrumental in building synergies and cohesion within employee relationships. Employee development plans were implemented to support talent management and SDBG Unit Heads leveraged these plans during routine coaching sessions. HR also focused on communication by adding new forums for team members to communicate directly with our CEO. In addition, HR led our main community outreach programme with the Trench Town Reading Centre where the focus is on building literacy levels of the youth in Trench Town.

For the upcoming year, we will continue to develop our team to its full potential and create opportunities for all persons at SDBG while building further our team spirit through our vibrant Scotia DBG Vibes and Scotia DBG Volunteer committees. At Scotia DBG "our employees are our greatest asset."

Information Technology



In 2008, the Information Technology unit focused on implementing several strategic projects in preparation for some exciting initiatives to be executed over the next financial year.

Two of these strategic projects involved a new Citrix farm which was successfully deployed in July 08. This new farm allows us to provide Web and Desktop applications securely with the highest performance and at the greatest cost efficiency. With this new Citrix Infrastructure, we are now able to deliver business-critical applications to any user or office location anywhere in the BNSJ or Scotia DBG Business Offices. This relates to significant savings while achieving new levels of business agility and improved employee productivity; confident our data is being delivered to these locations securely. We also implemented a Scotia DBG and BNS domain relationship to improve our delivery channels and benefit from the administrative synergies between both Information Technology Teams.

It will not be business as usual throughout the company as we roll out new tools to enhance the sales process, make operational processes more efficient and improve our delivery channels. The IT department is key to the company moving forward and becoming "your most trusted financial advisor." The wheels of change are in motion as we continuously look for synergies with our Scotiabank Group partners and work collaboratively with our internal clients to enhance the customer experience at Scotia DBG Investments Ltd.

Marketing

With the integration of Scotia DBG in to Scotiabank Group marketing focused on communicating this new alliance with our customers, ensuring our sales team had the necessary marketing tools to support their role, rebranding the company and communicating the new brand and core values effectively.

We started the year with the Scotia Wealth Sales Forum that aimed to motivate the sales team and clearly outline the objectives and targets for 2007/08. To further support the sales team in their efforts a sales kit and sales presentation were formalized and implemented. In consultation with the unit heads new advertisements were implemented and marketing material including print and radio ads, fliers and promotional items were revamped for Easy Own.

In April 2008 we rebranded DB&G to Scotia DBG Investments and focused on building the awareness around the new brand and positioning it effectively. This affected both internal and external signage, advertising and marketing material. To position the brand effectively we sponsored various events including the Observer Food Awards, Sex in the City Movie Premiere, JSE Investment Forum and various other

Unit Reports continued

community sponsorships such as the Little Ochi Food Festival and the St. Ann Chamber of Commerce Awards banquet.

It was also important to build the profile of the management team during this time and as such various media opportunities were coordinated that focused on the senior managers at Scotia DBG. We also launched lease financing that is offered through the Merchant Bank and celebrated the #1 performance of our Premium Growth Fund.

We continued to remain close to our clients and provide them with the necessary information to make informed financial decisions through the hosting of various investment forums, our CEO's Clubs and our quarterly Scotia Roundtables that are held island wide.

Pensions and Investment Management

The Pensions Unit provides investment management services for pension funds, foundations, endowment funds and high net worth individuals. Funds under management grew by 10% to $27 Billion at year end, despite a less than robust stock market performance and rising interest rates which had a negative impact on the market values of existing fixed rate securities. Our aggressive efforts to dispose of longer term fixed rate instruments and acquire more variable rate instruments helped to reduce the adverse effects of climbing interest rates.

For the coming year the Division will focus on broadening its fee base revenue by aggressively marketing our portfolio management services to the affluent, launching at least one new mutual fund or unit trust, as well as expanding our performance reporting standards to show risk-adjusted returns.

Fee revenues as at October 31, 2008 increased by over 34% compared to the previous year end which allowed SDBG to continue its strategy of diversifying its revenue source.

Sales and Service

With the new affiliation with the Scotiabank Group, the Sales and Service team focused on deepening our relationship within the Group through increased synergies with the Scotiabank team and customers. As such, an increased number of SDBG sales representatives were placed in Scotiabank branches islandwide. Along this line, two pilot programs were launched to assess the best business model for offering wealth management services to our valued clients. The success of these pilots will be measured in the upcoming financial year.

The journey to financial wealth for our customers was strengthened by the sales team's increased emphasis on diversifying our clients' portfolios, using the suite of Scotia DBG products. This was further deepened by our ability to refer business to our sister companies within Scotiabank Group and the increased accreditation of our team members from the Canadian Securities Institute for mutual funds.

The sales and service team also benefited from compliance training as we worked with the operations and compliance teams to achieve heightened compliance in order to protect our customers' interests and indeed all stakeholders in Scotia DBG.

Stockbrokerage & Structured Products

For the year ended October 31, 2008, the Unit saw a few major changes, transforming from strictly a stockbrokerage division to also supporting the Sales and Service Team with our suite of Mutual Fund recommendations and training. Additionally, the restructured unit is now responsible for the developing and marketing of various sophisticated, structured financial products.

Throughout the year, new customer initiatives were considered with the intention of bringing greater value and service to our clients. Among these was a plan to introduce an international trading platform to give clients access to international equity markets. This strategy will be implemented within fiscal 2009, as global markets recover from their current malaise. Some of the initiatives conducted during the year included our "Trading from the Branch", where we exposed our clients within the branches to the JSE Trading Platform, as well as hosted a number of Investor Forums, to educate and encourage clients to address their investments in a diversified manner through Mutual Funds and Equities.

Going forward into 2009, the Unit has stellar goals and plans to attain greater profits from trading and commission revenue. This will be achieved through further building out of the brokerage unit, and widening the value added services to individuals and institutions alike. By expanding our Mutual Funds offerings, we will offer investors more diverse options through access to varying industries, markets, commodities and regions. Our Structured Products line will provide appropriate investors with the requisite risk appetite and Net Worth, sophisticated investment products that they can leverage to suit their financial needs.

Treasury

Undoubtedly 2008 will be remembered as a watershed period highlighted by global market volatility as almost all asset classes from bonds to commodities to stocks experienced a heightened degree of speculation and distress. The wealth of experience of the Scotia DBG Treasury team has allowed us to navigate these troubled waters through a prudent approach to liquidity and investments, stringent risk management procedures, and competitive asset pricing for our clients. Although we enter a new global economic paradigm with respect to leverage, debt and asset valuations, the team continues to be mindful of our clients' appreciation for safety and prudence. Consequently, Scotia DBG is a net lender to the local system with regards to both JMD and USD Reverse Repurchase Agreements. In the face of volatility, and a challenging market we are pleased to confirm that SDBG is still ranked as the #1 Primary Dealer Unit by the BOJ.

As the world enters a new paradigm with respect to enhanced regulatory oversight, tighter investment policies and accounting procedures, the SDBG Treasury Unit will continue to focus on our strengths in asset trading inclusive of Emerging Market/US Corporate Debt as well as locally issued bonds in both currencies. Additionally the trading synergies afforded with our parent company, Scotiabank Group, will enable the SDBG Treasury Unit to provide new financial products and market research available to most first world markets.

Scotia DBG's Cambio Services are regarded as one of Jamaica's leading options in our local foreign exchange market supported by our six branches island wide. The Unit has consistently been ranked in the Top 5 based on profitability amongst authorized dealers (including commercial banks). Scotia DBG is an active trader in third currencies including Euros, Sterling and Canadian Dollars and our extensive island-wide branch network provides the distribution strength that allows us to offer highly competitive pricing on USD and other major currencies. In 2008 Scotia DBG continued to be a major force in our peer group as well as the overall market, accounting for 9% of the Cambio market and 3% market share of all authorized dealers.

As we continue our journey together through these volatile global markets our commitment to providing, prudential advice, competitive pricing and a high level of service remains as strong as ever to all SDBG clients.

Risk Management

The risk management process of Scotia DBG Investments Limited is managed through a framework of risk principles, organizational structures and risk measurement and monitoring processes that are closely aligned with the activities of our business units. The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems.

As a member of the Scotiabank Group, certain key risk management functions have been centralized and are monitored under the broader Group's umbrella. These include the credit risk management and market and operational risk management departments that execute the risk management functions, under the guidance of policies approved by the Board of Directors.

Scotiabank's Global Risk Management (GRM) department provides technical advice and expertise on the development and establishment of the systems and procedures used to measure, manage and monitor risk, and to implement accurate policies and practices.

The Asset and Liability Committee (ALCO) has the responsibility of ensuring that risks are managed within the limits established by the Board of Directors. The Committee meets at least once monthly to review risks, evaluate performance and provide strategic direction. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and operational risk.

Credit Risk

Credit risk is the risk that a counterparty will cause a financial loss by being unable to pay amounts in full when due. Credit exposures arise principally in lending activities that lead to loans (including guarantees and other credit commitments) and investment activities that bring debt securities into the Group's asset portfolio.

Our credit policy has clearly established guidelines for the assessment, authorization and review of all credit facilities. Limits and cross-departmental authorizations are utilized to ensure that sales, operations and risk approvals are obtained before settlement.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The market risks arising from trading and non-trading activities are concentrated in the Treasury and Asset trading department and are independently monitored by the middle and back office support roles. ALCO provides senior management oversight of the company's market risk exposure, within the policy and limit framework established by the Board. ALCO carries out extensive research and monitors the price movement of securities on the local and international markets.

The group manages market risk through risk limits approved by the Board of Directors. Risk limits are determined for each portfolio, and are set by product and risk type, with market liquidity being a principal factor in determining the level of limits set. Limits are set using a combination of risk measurement techniques, including position limits and stress testing to identify the potential net interest income and market value effects of the positions in different scenarios. The results of the stress tests are reviewed by senior management and by the Board of Directors.

Interest Rate Risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specific period. The firm's lending, funding and investment activities give rise to interest rate risk. For these activities, the impact of changes in interest rates is reflected in both equity and net interest income.

Scotia DBG Investment Limited Asset Liability Management (ALM) programme focuses on measuring, managing and controlling the risk's arising in the Firm's lending, funding and investing activities. Our ALM process is designed to maintain a balance between enhancing interest revenue and maintaining strong liquidity within the framework of sound and prudent practices.

The ALCO evaluates interest rate risk exposure from the Firm's funding and investment activities at least monthly. This supervisory role is supported by risk management processes, which include gap and sensitivity analysis. Under gap analysis, interest rate sensitive assets and liabilities are assigned to predefined time periods on the basis of expected re-pricing dates. A liability gap occurs when more liabilities than assets are subject to interest rate changes during a given time period. Conversely, an asset-sensitive position arises when more assets than liabilities are subject to rate changes.

Interest rate exposures in individual currencies are controlled by gap limits. Sensitivity analysis assesses the effect of changes in interest rates on current earnings and on the economic value of assets and liabilities.

Liquidity Risk

Liquidity risk is the risk that the company will be unable to meet its funding requirements as they become due. The Board of Directors approves the Group's liquidity and funding management policies and establishes limits to control the risk. The Group assesses the adequacy of its' liquidity position by analyzing its' current liquidity position, present and anticipated funding requirements, and alternative sources of funds.

This is achieved through daily cash flow reporting as well as weekly gapping and maturity profile analysis. The Treasury unit oversees this process and reports to the Asset Liability Committee which informs the strategic planning process for maintaining an optimal portfolio profile.

Prudent risk management has also dictated that a contingency plan be put in place for any unexpected outflows. Short-term financing facilities with a major commercial bank have been put in place to deal with unexpected liquidity requirements.

Operational Risk

Operational Risk can best be defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This catch-all category of risks is understood to include,

- ***employee errors,***
- ***systems failures,***
- ***fire, floods or other losses to physical assets,***
- ***fraud or other criminal activity***

The fallible nature of humans lend itself to errors and potential losses due to fraud, however a rigorous check and balance approach is adopted at all levels of transaction processing. This has proven to be effective in the timely identification of discrepancies and accountability is demanded from all team members.

(Top Right) Scotia DBG was a major sponsor at the Observer Food Awards. Guests and clients were treated to exquisite champagne cocktails served by the waiters above at the Scotia DBG lounge area.

(Above) Lissant Mitchell gives the award for Best Hotel Restaurant to a representative from the Ritz Carlton Hotel at the 2008 Observer Food Awards.

(Centre Right) Brian Frazer, AVP of Pensions & Unit Trust and Kevin Hemans take time out from their feasts to pose for the cameras at the September Scotia DBG Staff Lyme.

(Right) Lissant Mitchel, shares a light moment with Senior Investment Advisors Jodi Mair and Wendy Birthwright at the Scotia DBG Lyme.

Scotia DBG Moments

10 Largest Shareholders

Scotia Group Jamaica Limited	325,891,065	77.01%
LOJ PIF Equity Fund	12,737,412	3.01%
Trading A/C - National Insurance Fund	7,021,597	1.66%
MF&G Trust & Finance Limited A/C 528	6,973,050	1.65%
Mayberry West Indies Limited	4,231,355	1.00%
Bridgeton Management Services	3,250,261	0.77%
Trustees DBG Employee Share Ownership Plan	3,006,471	0.71%
NCB Capital Markets Limited A/C 2231	1,996,556	0.47%
Guardian Life Limited	1,592,166	0.38%
Pan Caribbean Merchant Bank A/C J1996	1,439,006	0.34%
Total	**368,138,939**	**86.99%**

Senior Management & Connected Parties' Holdings

Senior Management List	Senior Management Holdings	Connected Parties	Connected Holdings
Anya Schnoor	Nil		
Andrea Tinker	Nil	Andrea Tinker & Shakerea Lawla	Nil
Suzanna Holness	Nil		
Brian Frazer	Nil		
Nadine Hines	Nil		
Johann Heaven	Nil		
Jasmine Sappleton	1,000		
Stanford Hastings	Nil		
Racquel Pusey	Nil		
Kaylene Grant	Nil		
Tanya Hoshue	Nil		
L Clay Moodie	Nil		
Phillip Nash	Nil		
Karrian Hepburn	Nil		
Lissant Mitchell	Nil		
Vanessa Reid-Boothe	Nil		
Annette Philllpots	Nil		
Christopher Chin-Loy	Nil		
Dave Dixon	Nil		
Pamela Douglas	Nil		
Monique Anthony	Nil		

Directors' & Connected Parties' Holdings

Directors	Directors' Holdings	Connected Parties	Connected Holdings
Barbara Alexander	Nil	Before and After Limited Terrann Limited	Nil
Muna Issa	Nil	SuperClubs International (and its Subsidiaries) Village Resorts Limited (and its Subsidiaries) Petra Limited Cocoplum Developments Limited International Lifestyles (Europe) Ltd. A-Z Travel Inc.	Nil
William Clarke	Nil	International Centre for environmental and Nuclear Sciences J.E.T.S. Limited	Nil
Anthony Chang	Nil	Jamaica Macaroni Factory Ltd. Consolidated Bakeries (Ja) Ltd. Mossel Jamaica Ltd. t/a Digicel T. Geddes Grant Limited General Accident Insurance Co. Ja. Ltd.	Nil
Phillip Martin	Nil	Sandra Martin Wendy Martin Anna Kaye Martin Kathryn Greaux Marco Miret Sports Max Armour Metal Fencing Ltd Keish Limited in USA Foreign Options Ltd Southern Tools Limited Caribbean Fencing Limited	Nil
John Anthony Woodward	Nil		
Angela Fowler	Nil		
Anna Law	Nil		
Stephen Vasciannie	37,983		
Anya Schnoor	Nil		
Stacie-Ann Wright	10,000		
Keri-Gaye Brown (Company Secretary)	Nil		
Trustees DBG Employee Share Ownership Plan	3,006,471		