Scotia DBG Investments

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MEDIA RELEASE

SCOTIA DBG INVESTMENTS LIMITED REPORTS A PROFITABLE FIRST QUARTER

FIRST QUARTER 2009 HIGHLIGHTS (Year to Date)

- **Net Income of $385 million**
- **Earnings per share of $0.91**
- **Return on Average Equity – 26.51%**
- **Productivity ratio of 36.21%**
- **First Quarter dividend of 30.0 cents per share**

Scotia DBG Investments Limited (SDBG) today reported its unaudited financial results for the three months ended January 31, 2009. Net income for the period amounted to $385 million, representing a 26% increase over the $305 million earned in the similar period last year and up $82 million over the last quarter ended October 31, 2008.

EPS for the period was $0.91 compared to $0.72 for the three months ended January 31, 2008. The company's annualised return on average equity (ROE) was 26.51%, improving from the 20.05% for the comparative period last year.

In commenting on the results CEO of SDBG, Anya Schnoor, stated, "Scotia DBG continues to deliver sustained earnings despite the challenging economic environment which prevailed over the quarter. We are pleased to have started the new fiscal year with such positive results, and will focus our energies on building on this momentum for the remaining quarters. We are cognizant of the serious challenges which are evident in the local and global economies and will take whatever steps are necessary to ensure the company maintains it's profit growth while managing risk and key operating expenses".

REVENUES

Total revenue comprising of net interest revenue and other income was $779 million for the quarter, an increase of $121 million or 18% over the same period last year.

Net Interest Income

Net interest income for the first quarter of 2009 amounted to $623 million, a 42% increase over the $437 million reported for the first quarter last year, and 9% greater than the earnings of $568 million for the previous quarter ended October 31, 2008. This improvement is the result of good growth in our funds under management as well as increased margins.

Other Revenue

Other revenue for the three-month period rose to $158 million up from the $65 million reported for the previous quarter ended October 31, 2008. The overall movement was boosted primarily by a dividend payment of $20 million from the company's investment in the Jamaica Stock Exchange as well as increased net foreign exchange trading income.

NON-INTEREST EXPENSES AND PRODUCTIVITY

The company continued to leverage one of its key strengths expense control over the quarter. Our productivity ratio (non-interest expense as a percentage of net revenue) - a key measure of cost efficiency - was 36.21% for the period, a notable improvement over the 41.15% for the same period last year.

Non-interest expenses amounted to $282 million for the quarter, an increase of 4% over the same period last year. This was driven by increased staff costs and also the timing of other expenses such as advertising.

BALANCE SHEET

Total assets increased over the three-month period by $1.6 billion or 2% to $67.6 billion. This increase in the asset base is mainly as a result of continued growth in cash resources, and investments. This growth was supported by an increase of $1.2 billion in repurchase agreements and capital management accounts over the three-month period.

CAPITAL

SDBG's capital base at the end of the quarter remains solid with total shareholders equity standing at $5.9 billion. This represented an increase of $81 million over the equity reported as at October 31, 2008 though down $355 million from the $6.2 billion equity reported for the comparative period last year. The fall in Government of Jamaica Global Bond prices over the past year resulted in a deterioration in our investment reserve which moved from a positive $621 million at January 31, 2008 to negative $630 million at January 31, 2009.

DIVIDEND

At the Board of Directors meeting on February 18, 2009 the Board approved an interim dividend of 30.0 cents per stock unit, payable on April 6, 2009, to stockholders on record as at March 16, 2009.

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

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CONSOLIDATED BALANCE SHEET

Unaudited ($000's)	Period ended 31 January 2009	Year ended October 31 2008	Period ended 31 January 2008
ASSETS			
CASH RESOURCES	1,261,033	1,108,263	1,429,990
INVESTMENTS			
Financial assets at fair value through statement of revenue and expenses	98,171	116,951	915,999
Securities available-for-sale	790,876	619,939	1,825,950
	889,047	736,890	2,741,949
PLEDGED ASSETS	60,318,844	59,179,709	50,216,637
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	3,434,813	3,406,966	3,522,419
LEASES AND HIRE PURCHASE CONTRACTS	143,039	137,730	102,960
OTHER ASSETS			
Customers' liabilities under guarantees	720,400	691,078	602,066
Tax recoverable	175,820	119,266	50,360
Sundry assets	129,860	182,176	163,727
Property, plant and equipment at cost, less depreciation	93,654	102,934	140,656
Intangible assets at cost, less amortisation	25,355	27,992	38,650
Deferred tax assets	356,945	241,791	-
Goodwill	61,723	61,723	61,723
	1,563,757	1,426,960	1,057,182
TOTAL ASSETS	**67,610,533**	**65,996,518**	**59,071,137**
LIABILITIES			
DEPOSITS			
Deposits by the public	3,927,023	3,755,354	3,336,287
CAPITAL MANAGEMENT ACCOUNT & GOVERNMENT SECURITIES FUND OBLIGATIONS	15,713,467	14,991,522	16,117,574
OTHER LIABILITIES			
Promissory notes	421,038	380,312	627,152
Guarantees issued	720,400	691,078	602,066
Liabilities under repurchase agreements	40,513,475	40,012,879	31,761,142
Other liabilities	230,512	238,257	190,410
Taxation payable	172,563	70,004	17,481
Deferred taxation	21,126	13,270	130,655
Assets held in trust on behalf of participants	38,080	71,938	80,145
	42,117,194	**41,477,738**	**33,409,051**
STOCKHOLDERS' EQUITY			
Share capital	1,911,903	1,911,903	1,911,903
Statutory reserve fund	93,976	93,976	75,212
Retained earnings reserve	346,551	346,551	240,224
Cumulative remeasurement result from available-for-sale financial assets	(630,217)	(408,666)	621,180
Loan loss reserve	21,967	21,967	57,266
Capital reserve	22,075	22,075	22,075
Reserve for own shares	(44,977)	(78,635)	(86,552)
Retained profits	4,131,571	3,862,733	3,366,917
	5,852,849	**5,771,904**	**6,208,225**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**67,610,533**	**65,996,518**	**59,071,137**

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

Director

Director

Scotia DBG Investments

STATEMENT OF CONSOLIDATED REVENUES AND EXPENSES

Unaudited ($000's)	For the three months ended January 2009	October 2008	January 2008
GROSS OPERATING INCOME	**2,307,427**	**2,029,150**	**1,776,281**
Interest income	2,149,378	1,964,272	1,558,391
Interest expense	(1,526,726)	(1,395,558)	(1,121,137)
Net Interest Income	**622,652**	**568,714**	**437,254**
Provision for loan loss	(1,447)	6,281	2,791
Net interest income afer provision for loan loss	**621,205**	**574,995**	**440,045**
Net fee and commission income	48,096	68,500	75,048
Gains less losses from foreign currencies	62,312	20,165	55,647
Gains less losses on securities trading	27,282	(21,501)	83,715
Other Income	20,359	(2,286)	3,481
	158,049	**64,878**	**217,891**
TOTAL OPERATING INCOME	**779,254**	**639,873**	**657,936**
OPERATING EXPENSES			
Salaries, pension contributions and other staff benefits	171,459	181,519	166,001
Property expenses, including depreciation and amortisation	41,697	42,750	52,896
Other operating expenses	69,024	66,993	51,821
	282,180	291,262	270,718
PROFIT BEFORE TAXATION	**497,074**	**348,611**	**387,218**
Taxation	(111,858)	(45,329)	(82,482)
NET PROFIT	**385,216**	**303,282**	**304,736**
Earnings per stock unit - Basic (cents)	**91**	**72**	**72**
Return on average equity	**26.51%**	**20.20%**	**20.05%**
Productivity ratio	**36.21%**	**45.52%**	**41.15%**

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CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Unaudited ($000's)	Share Capital	Reserve Fund	Retained Earnings Reserve	Cumulative Re-measurement Result from Available-for- sale Financial Assets	Loan Loss Reserve	Capital Reserve	Reserve for own shares	Unappropriated Profits	Total
Balances as at 31 October 2007	**1,911,903**	**75,212**	**240,224**	**577,221**	**57,266**	**22,075**	**(88,746)**	**3,155,283**	**5,950,438**
Unrealised losses on available-for-sale investments									
transferred to statement of revenues and expenses	-	-	-	(948,610)	-	-	-	-	(948,610)
Realised gains on available-for-sale investments									
transferred to statement of revenues and expenses	-	-	-	(37,277)	-	-	-	-	(37,277)
Loan loss reserve transfer	-	-	-	-	(35,299)	-	-	35,299	-
Dividends paid	-	-	-	-	-	-	-	(442,238)	(442,239)
Net profit for the period	-	-	-	-	-	-	-	1,239,480	1,239,480
Own shares acquired by ESOP	-	-	-	-	-	-	10,111	-	10,111
Transfer to retained earnings reserve	-	-	106,327	-	-	-	-	(106,327)	-
Transfer to reserve fund	-	18,764	-	-	-	-	-	(18,764)	-
Movement for the year	-	18,764	106,327	(985,887)	(35,299)	-	10,111	707,450	(178,534)
Balances at October 31, 2008	**1,911,903**	**93,976**	**346,551**	**(408,666)**	**21,967**	**22,075**	**(78,635)**	**3,862,733**	**5,771,904**
Unrealised losses on available-for-sale investments									
transferred to statement of revenues and expenses	-	-	-	(218,485)	-	-	-	-	(218,485)
Realised gains on available-for-sale investments									-
transferred to statement of revenues and expenses	-	-	-	(3,066)	-	-	-	-	(3,066)
Divdends paid	-	-	-	-	-	-	-	(116,378)	(116,378)
Net profit for the period	-	-	-	-	-	-	-	385,216	385,216
Own shares sold by ESOP	-	-	-	-	-	-	33,658	-	33,658
Movement for the year	-	-	-	(221,551)	-	-	33,658	268,838	80,946
Balances at January 31, 2009	**1,911,903**	**93,976**	**346,551**	**(630,217)**	**21,967**	**22,075**	**(44,977)**	**4,131,571**	**5,852,849**

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited ($000's)	Three months ended January 31 2009	Three months ended January 31 2008
Cash flows used in operating activities		
Net income	385,216	304,736
Adjustments to net income:		
Depreciation	13,267	18,133
Impairment losses on loans	1,447	(2,791)
Other, net	(510,795)	(354,772)
	(110,865)	(34,694)
Changes in operating assets and liabilities		
Pledged assets	(412,166)	2,127,807
Securities sold under repurchase agreements	389,155	(87,872)
Other, net	436,184	(357,436)
	302,308	1,647,805
Cash flows (used in)/ provided by investing activities		
Investment securities	(512,063)	727,864
Property, plant and equipment, net	(1,349)	(5,934)
	(513,412)	721,930
Cash flows used in financing activities		
Dividends paid	(116,378)	(93,103)
	(116,378)	(93,103)
Effect of exchange rate on cash and cash equivalents	283,747	(2,469)
Net change in cash and cash equivalents	(43,735)	2,274,163
Cash and cash equivalents at beginning of year	8,173,546	4,062,375
Cash and cash equivalents at end of period	**8,129,811**	**6,336,538**
Represented by:		
Cash resources	1,261,033	1,429,990
Less: Statutory reserves at BOJ	(218,705)	(133,893)
Interest bearing deposits with Central Bank greater than ninety days	(40,022)	-
Accrued interest on cash resources	(4,878)	(1,237)
Government of Jamaica treasury bills and bonds	7,132,383	5,041,678
Cash and cash equivalents at end of period	**8,129,811**	**6,336,538**

1. Basis of preparation

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

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

(a) Property, plant and equipment

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

(b) Financial Assets

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

- *Financial Assets at Fair Value through Statement of Revenue and Expenses*
  This category includes financial assets acquired primarily for the purpose of short term trading or as otherwise determined by management.

- *Loans and Receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

- *Available-for-Sale*
  Available for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or equity prices.

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

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

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

(c) Taxation

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

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

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

2. Pledged Assets

Assets are pledged as collateral under repurchase agreements; capital management fund and government securities fund obligations; as well as mandatory reserve deposits held with The Bank of Jamaica.

i. All repurchase agreements mature within twelve (12) months and are conducted under terms that are usual and customary to standard securities borrowing and repurchase agreements.
ii. The capital management fund and the government securities fund are managed on a non-recourse basis, on behalf of investors.
iii. Included in other balances are Government of Jamaica Local Registered Stocks and Investment Bonds valued at $310,671,000 (October 31, 2008:$ 310,671,000) held by the Bank of Jamaica as security for the Group against possible shortfalls in the operating account.

	Asset		Related Liability	
	2009 000's	2008 000's	2009 000's	2008 000's
Securities sold under repurchase agreements	39,757,573	30,731,573	37,734,245	28,432,112
Capital management fund and government securities fund	15,876,002	16,118,711	15,713,467	16,117,573
Securities with BOJ and other financial institutions	4,685,269	3,366,353	2,779,230	3,329,030
	60,318,844	50,216,637	56,226,942	31,761,142

3. Share Capital

The authorised share capital of the company is 1,200,000,000 (October 31, 2008: 1,200,000,000) ordinary shares.

4. Earnings Per Share

Basic earnings per stock unit is calculated on the group net profit after taxation for the period divided by the number of stock units in issue of 423,194,765 (October 31, 2008: 423,194,765).

5. Managed Funds

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

At January 31, 2009, these funds aggregated $5,602,407,000 (October 31, 2008: $5,928,184,000).

The Group also manages Pension and Trust Funds with a total asset value of $31,982,508,000 as at January 31, 2009.