Scotia DBG Investments

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MEDIA RELEASE

SCOTIA DBG INVESTMENTS LIMITED REPORTS STRONG SECOND QUARTER RESULTS

SECOND QUARTER 2009 HIGHLIGHTS (Year to Date)

- **Net Income of $911 million**
- **Earnings per share of $2.15**
- **Return on Average Equity – 30.44%**
- **Productivity ratio of 33.81%**
- **Second Quarter dividend of 30.0 cents per share**

Scotia DBG Investments Limited (SDBG) today reported its unaudited financial results for the six months ended April 30, 2009. Net income for the second quarter amounted to $526 million, representing a 36% increase over the $385 million earned in the first quarter. For the six month period net income was $911 million, up $273 million over the comparative period last year.

Earnings per share (EPS) for the second quarter was $1.24 compared to $0.91 at the end of the previous quarter. Year-to-date EPS was $2.15 and the company's return on average equity (ROE) was 30.44%, improving from the 26.51% at the end of January 2009.

In commenting on the results CEO of SDBG, Anya Schnoor, stated, "Our continued growth demonstrates the confidence that our customers have in the strength of the Scotia DBG brand during these challenging economic times. Our performance this quarter is due to the effective control of risks and expenses, along with the continued expert management of interest rate spreads. We expect the serious challenges in the local and global economies to continue in the coming months; however with these positive results we are well positioned to achieve our key business objectives for the 2009 financial year. Our focus on operating efficiencies and risk management will be maintained, while we improve customer service delivery in order to achieve further growth."

REVENUES

Total revenue comprising of net interest revenue and other income was $996 million for the quarter, an increase of $217 million or 28% over the first quarter.

Net Interest Income

Net interest income for the second quarter of 2009 amounted to $835 million, a 34% increase over the $623 million reported for the first quarter, and 82% greater than the earnings of $459 million for the comparative period last year. This is as a result of improved interest margins coupled with strong portfolio volume growth.

Other Revenue

Other revenue, which includes fee income and net foreign exchange trading income rose to $161 million for the three month period up marginally by 2% from the $158 million reported for the previous quarter but down $48 million over last year. The inactivity on the bond and equity markets continued throughout the quarter and has had a negative effect on fee income derived from our investment management services.

NON-INTEREST EXPENSES AND PRODUCTIVITY

The company continued to leverage one of its key strengths by focusing on expense control over the quarter. Our productivity ratio (non-interest expense as a percentage of net revenue) - a key measure of cost efficiency - was 33.81% for the period, a notable improvement over the 38.21% for the same period last year.

Non-interest expenses amounted to $318 million for the quarter, an increase of 13% over the previous quarter. This was driven by increased staff costs and also the timing of other operating expenses.

BALANCE SHEET

Total assets increased over the three-month period by $4.5 billion or 6.7% to $72.1 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 $4.7 billion in repurchase agreements over the three-month period.

CAPITAL

SDBG’s capital base at the end of the quarter remains solid with total shareholders equity standing at $6.3 billion. This represented an increase of $472 million or 8% over the equity reported as at January 31, 2009 but down marginally by $17.9 million over the prior period. 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 $538 million at April 30, 2008 to negative $558 million at April 30, 2009.

DIVIDEND

At the Board of Directors meeting on May 20, 2009 the Board approved a second interim dividend of 30.0 cents per stock unit, payable on June 30, 2009, to stockholders on record as at May 28, 2009.

COMMITMENT TO THE COMMUNITY

Scotia DBG Investments continues to demonstrate a commitment to Jamaica and the communities in which it operates. During this quarter, Investment Seminars were held in Kingston, Ocho Rios and Mandeville with the objective of educating our investors regarding the macro and micro environment. These seminars empower our customers to make more educated decisions regarding the growth and protection of their assets.

The Scotia DBG team continues to give back to our communities by volunteering in various areas. The recent Read Across Jamaica Day saw volunteers presenting to teachers and students in over 20 schools on the topic of "The Importance of Financial Planning." Our volunteers also supported the wider Scotiabank Group in the National Blood Drive, and we remain committed to the Trenchtown Reading Centre which focuses on the improvement of the literacy level in this volatile community.

SDBG echoes the sentiments of the Scotiabank Group, 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 continue to deliver superior customer service.

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STATEMENT OF CONSOLIDATED REVENUES AND EXPENSES

Unaudited ($000's)	For the three months ended April 2009	For the three months ended January 2009	For the three months ended April 2008	For the six months ended April 2009	For the six months ended April 2008
GROSS OPERATING INCOME	**2,682,028**	**2,307,427**	**1,856,132**	**4,989,455**	**3,632,413**
Interest income	2,521,159	2,149,378	1,647,190	4,670,537	3,205,580
Interest expense	(1,685,791)	(1,526,726)	(1,188,373)	(3,212,517)	(2,309,509)
Net Interest Income	**835,368**	**622,652**	**458,817**	**1,458,020**	**896,071**
Provision for loan loss	(204)	(1,447)	(16,157)	(1,651)	(13,366)
Net interest income afer provision for loan loss	**835,164**	**621,205**	**442,660**	**1,456,369**	**882,705**
Net fee and commission income	73,458	51,480	68,546	124,937	143,594
Gains less losses from foreign currencies	57,827	62,312	71,985	120,139	127,632
Gains less losses on securities trading	29,422	23,898	67,730	53,321	151,445
Other Income	162	20,359	681	20,521	4,162
	160,869	**158,049**	**208,942**	**318,918**	**426,833**
TOTAL OPERATING INCOME	**996,033**	**779,254**	**651,602**	**1,775,287**	**1,309,538**
OPERATING EXPENSES					
Salaries, pension contributions and other staff benefits	175,009	171,459	121,261	346,468	287,262
Property expenses, including depreciation and amortisation	37,139	41,697	58,372	78,836	100,313
Other operating expenses	105,847	69,024	50,008	174,871	112,785
	317,995	282,180	229,641	600,175	500,360
PROFIT BEFORE TAXATION	**678,038**	**497,074**	**421,961**	**1,175,112**	**809,178**
Taxation	(152,535)	(111,858)	(89,413)	(264,393)	(171,895)
NET PROFIT	**525,503**	**385,216**	**332,548**	**910,719**	**637,283**
Earnings per stock unit - Basic (cents)	**124**	**91**	**79**	**215**	**151**
Return on average equity	**34.52%**	**26.51%**	**21.20%**	**30.44%**	**20.67%**
Productivity ratio	**31.93%**	**36.21%**	**35.24%**	**33.81%**	**38.21%**

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CONSOLIDATED BALANCE SHEET

	Six months ended 30 April	Year ended October 31	Six months ended 30 April
Unaudited ($000's)	2009	2008	2008
ASSETS			
CASH RESOURCES	1,791,559	1,108,263	1,222,408
INVESTMENTS			
Financial assets at fair value through statement of revenue and expenses	97,192	116,951	1,054,827
Securities available-for-sale	811,773	619,939	2,942,264
	908,965	736,890	3,997,091
PLEDGED ASSETS	64,700,735	59,179,709	53,935,670
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	3,147,623	3,406,966	3,481,808
LEASES AND HIRE PURCHASE CONTRACTS	128,493	137,730	103,049
OTHER ASSETS			
Customers' liabilities under guarantees	620,959	691,078	604,556
Tax recoverable	226,536	119,266	114,112
Sundry assets	97,768	182,176	159,523
Property, plant and equipment at cost, less depreciation	90,368	102,934	132,554
Intangible assets at cost, less amortisation	16,541	27,992	34,707
Deferred tax assets	323,949	241,791	-
Goodwill	61,723	61,723	61,723
	1,437,844	1,426,960	1,107,175
TOTAL ASSETS	**72,115,219**	**65,996,518**	**63,847,201**
LIABILITIES			
DEPOSITS			
Deposits by the public	3,332,280	3,755,354	3,305,831
CAPITAL MANAGEMENT ACCOUNT & GOVERNMENT SECURITIES FUND OBLIGATIONS	15,625,129	14,991,522	16,695,307
OTHER LIABILITIES			
Promissory notes	428,234	380,312	935,787
Guarantees issued	620,959	691,078	604,556
Liabilities under repurchase agreements	45,265,093	40,012,879	35,070,605
Other liabilities	193,920	238,257	630,744
Taxation payable	272,547	70,004	4,388
Deferred taxation	15,725	13,270	177,973
Assets held in trust on behalf of participants	36,387	71,938	79,173
	46,832,865	**41,477,738**	**37,503,226**
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	(558,380)	(408,666)	537,707
Loan loss reserve	21,967	21,967	57,266
Capital reserve	22,075	22,075	22,075
Reserve for own shares	(43,262)	(78,635)	(84,635)
Retained profits	4,530,115	3,862,733	3,583,085
	6,324,945	**5,771,904**	**6,342,837**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**72,115,219**	**65,996,518**	**63,847,201**

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

Director

Director

Scotia DBG Investments

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Unaudited ($000's)	Share Capital	Reserve Fund	Retained Earnings Reserve	Cumulative Re-measurement Result from Available-for-sale Financial Assets	Loan Loss Reserve	Capital Reserve	Reserve for own shares	Unappropriated Profits	Total
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	-	-	-	(145,446)	-	-	-	-	(145,446)
Realised gains on available-for-sale investments									-
transferred to statement of revenues and expenses	-	-	-	(4,268)	-	-	-	-	(4,268)
Divdends paid	-	-	-	-	-	-	-	(243,337)	(243,337)
Net profit for the period	-	-	-	-	-	-	-	910,719	910,719
Own shares sold by ESOP	-	-	-	-	-	-	35,373	-	35,373
Movement for the year	-	-	-	(149,714)	-	-	35,373	667,382	553,041
Balances at April 30, 2009	**1,911,903**	**93,976**	**346,551**	**(558,380)**	**21,967**	**22,075**	**(43,262)**	**4,530,115**	**6,324,945**

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited ($000's)	Six months ended April 30 2009	Six months ended April 30 2008
Cash flows used in operating activities		
Net income	910,719	637,283
Adjustments to net income:		
Depreciation	25,366	34,546
Impairment losses on loans	1,651	13,366
Other, net	(1,193,627)	(724,177)
	(255,891)	(38,982)
Changes in operating assets and liabilities		
Pledged assets	(10,435,904)	(3,518,910)
Securities sold under repurchase agreements	4,976,664	3,148,700
Other, net	1,233,877	873,918
	(4,481,254)	464,726
Cash flows (used in)/ provided by investing activities		
Investment securities	(410,206)	(733,125)
Property, plant and equipment, net	(1,349)	(10,301)
	(411,555)	(743,426)
Cash flows used in financing activities		
Dividends paid	(243,337)	(209,481)
	(243,337)	(209,481)
Effect of exchange rate on cash and cash equivalents	538,494	(4,619)
Net change in cash and cash equivalents	(4,597,652)	(492,800)
Cash and cash equivalents at beginning of year	8,173,546	4,062,375
Cash and cash equivalents at end of period	**3,575,894**	**3,569,575**
Represented by:		
Cash resources	1,791,559	1,222,408
Less: Statutory reserves at BOJ	(240,893)	(150,292)
Interest bearing deposits with Central Bank greater than ninety days	(97,062)	(26,276)
Accrued interest on cash resources	(6,150)	(1,264)
Government of Jamaica treasury bills and bonds	2,128,440	2,524,999
Cash and cash equivalents at end of period	**3,575,894**	**3,569,575**

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 $133,400,000 (October 31, 2008:$ 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	46,094,071	32,336,122	42,673,920	31,305,857
Capital management fund and government securities fund	14,603,266	16,698,564	15,625,129	16,695,307
Securities with BOJ and other financial institutions	4,003,398	4,900,984	2,591,173	3,764,749
	64,700,735	53,935,670	60,890,222	51,765,913

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 April 30, 2009, these funds aggregated $5,473,019,000 (October 31, 2008: $5,928,184,000).

The Group also manages Pension and Trust Funds with a total asset value of $32,947,856,000 as at April 30, 2009.