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MEDIA RELEASE

SCOTIA DBG INVESTMENTS POSTS COMMENDABLE FIRST QUARTER RESULTS.

FIRST QUARTER 2010 HIGHLIGHTS

- Net income of \$546 million
- Earnings per share of \$1.29
- Return on average equity of 27.66%
- Productivity ratio of 30.08%
- First quarter dividend of 33.0 cents per share

Scotia DBG Investments Limited (SDBG) today reported its unaudited financial results for the three months ended January 31, 2010. Net income for the first quarter amounted to \$546 million, representing a 42% increase over the \$385 million earned in the comparative period last year and a 25% decline in results quarter over quarter.

Earnings per share (EPS) for the period was \$1.29 up 42% when compared to the \$0.91 earned for the same period last year. The company's return on average equity (ROE) also remains strong at 27.66% at the end of the quarter.

In commenting on the results, Anya Schnoor, CEO of SDBG stated "Our first quarter's performance was attributable to a combination of growth in funds under management, well-managed interest margins, and strong expense management. During the quarter the company made the important decision to participate in the Government of Jamaica's Debt Exchange (JDX) Offer. The success of this Offer is critical for Jamaica to position itself for sustainable growth into the future.

As we look ahead it is clear that the JDX will have a negative impact on future net interest income. We will however remain well capitalised and will maintain our key regulatory ratios significantly above the minimums required. Last year we began a process of reviewing all the key operating areas in the company and we will accelerate our plans to make the company more efficient and sales-focused. This process is well underway and we expect over the coming quarters to reap the benefits from the reengineering of our operating structure."

REVENUES

Total revenues comprising of net interest revenue and other income was \$1,132 million for the quarter, an increase of \$352 million over the same period last year and down \$39 million when compared to the last quarter.

Net Interest Income

Net interest income for the quarter amounted to \$995 million, an increase of 60% over the \$623 million reported for the first quarter last year. The results were marginally lower than the \$999.7 million earned for the previous quarter but indicate strong portfolio volume growth and good control over interest margins in a declining interest rate environment.

Other Revenue

Other revenue, which includes fee income and net foreign exchange trading income, was \$142 million for the quarter, down \$16 million or 10% from the \$158 million reported for the same period last year. There continued to be little activity on the bond market resulting from Jamaica's rating downgrade during the quarter and the roll-out of the Government's debt exchange offer.

NON-INTEREST EXPENSES AND PRODUCTIVITY

The company continued to leverage one of its key strengths by focusing on expense control throughout the year. Our productivity ratio (non-interest expense as a percentage of net revenue) - a key measure of cost efficiency - was 30.08% for the quarter, a notable improvement over the 36.21% for the same period last year.

Non-interest expenses amounted to \$340 million for the quarter, an increase of \$58 million or 21% over last year. This was due primarily to increased staff costs as well as a general increase in other operating costs over the period.

BALANCE SHEET

Total assets at the end of the quarter stood at \$72.8 billion an increase of \$5.2 billion or 7.7% over the same period last year. This increase in the asset base is mainly as a result of continued growth in cash resources and investments. This growth was supported by a solid increase of \$4 billion in repurchase agreements liabilities and capital management accounts.

CAPITAL

The strength of our capital base is evident with total shareholders equity standing at \$8.09 billion at the end of the quarter. This represented an increase of \$2.2 billion or 38% over the equity reported as at the end of the comparative period last year and was also up \$402 million or 5% over the previous quarter. Our investment reserve has improved over the last quarter due to continued recovery of bond prices as interest rates continue to fall. At the end of the quarter, our capital adequacy ratio remained strong at 207%, significantly above the 10% statutory requirement.

DIVIDEND

At the Board of Directors meeting on February 19, 2010 the Board approved an interim dividend of 33.0 cents per stock unit, payable on April 8, 2010, to stockholders on record as at March 15, 2010.

COMMITMENT TO THE COMMUNITY

Scotia DBG Investments continues to demonstrate a commitment to Jamaica and the communities in which it operates. During the quarter as part of the wider Wealth Management Division, we hosted the Inaugural Golden Cleats Awards which raised over \$1.5 million for the Jamaica Amateur Athletics Association. The funds raised will be used to purchase much needed training equipment for Jamaican athletes. The Awards dinner was hosted at Jamaica House on January 8, 2010 with over 250 guests in attendance.

During the quarter, SDBG sponsored the Mandeville Art Fair. The Mandeville Art Fair is a popular and well supported event by art lovers and members of the Mandeville community. We also participated as an associate sponsor of the Wolmers 5K road race event and this included branding of the race route and presentation of the prizes to the winners in the race.

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.

| | | Pariod anded January 31 | Year ended October 31 | Period ended January 31 |
|--------------------------|--|--|---|---|
| Unaudited (\$000's) | | 2018 | 2029 | 2009 |
| ASSETS CASH RESOURCES | | 2.065.61 | 1.548.01 | 1.287.21 |
| INVESTMENTS | | | | |
| | Financial assets at fair value through profit and loss | 46.81 | 105.36 | 98.17 |
| | Securities available-for-sale | 812.5 | 825.71 931.11 | 790.87 |
| PLEDGED ASSETS | | 65.934.35 | 67.189.65 | 60.218.04 |
| | | | | |
| LOANS, AFTER MAR | ING PROVISIONS FOR LOSSES | 9 937 91 | 0 736 M | 1.410.47 |
| LEASES AND HIRE I | PURCHASE CONTRACTS | 406.01 | 444.40 | 41.0 |
| OTHER ASSETS | | | | |
| | Customers' liability under guarantees | 744.34 | 716.25 | 720.40 |
| | Taxation recoverable | 516.BI 118.C | 424.21 | 175.81 |
| | Other assets Property, plant and equipment at cost, less depreciation | 20.811 20.011 | 107.00 | 129.8 |
| | Property, plant and equipment at cost, sets depreciation Intancible assets | 13.8 | 10.46 | 25.2 |
| | Deferred taxation | 42.54 | 101.31 | 155.9 |
| | Graduil | 61.7 | 61.73 | 617 |
| | | 1 505.01 | 1.504.41 | 1.563.75 |
| TOTAL ASSETS | | 72,860,36 | 74,010,71 | 67,610,53 |
| LIABILITIES | | | | |
| DEPOSITS | | | | |
| | Deposits by the public | 2 539 21 | 2.644.02 | 3.927.02 |
| CAPITAL MANAGEN | ENT ACCOUNTS & GOVERNMENT SECURITIES FUND | 95.251.26 | 15.099.02 | 15.713.40 |
| OTHER LIABILITIES | | | | |
| | Promissory notes | | | 65.63 |
| | | | | |
| | Guarantees issued | 744 14 | 716.00 | |
| | Liabilities under repurchase agreements | 744 14 | 45 255 71 | 40.857.8 |
| | Liabilities under repurchase agreements Other liabilities | 744 14 44 108 74 567 16 | 46 056 71 000 01 | 40.867.8 200.5 |
| | Liabilities under repurchase agreements Ofter labilities Taxation payable | 744 % 44 % 8 % 947 M 50 % | 45 355 71 303 31 303 7/ | 45.867.8 955.6 (72.5 |
| | Liabilities under repurchase agreements Ofter liabilities Taxation payable Deferret fuscion | 7.4.4 % 4.4 % 8.6 % 4.6 % 22 | 46 966 71 962 94 962 7/ 22.31 | 40.867.8 990.6 (79.6 21.5 |
| | Liabilities under repurchase agreements Ofter labilities Taxation payable | 744 % 44 % 8 % 947 M 50 % | 45 355 71 303 31 303 7/ | 45 867 87 935 6 (75 6) 21,12 38 0 |
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| STOCKHOLDERS' E | Liabilise under repurchase agreements Oher liabilise Taxatio papalé Detreve fazado Assets held in trust on behall of participants SBITY | 744 54 44 106 247 64 660 54 21 22 27 55 45 500 47 | 45 055 71 000 04 900 77 22,33 45 51 47 780 65 | 40 867 8 930 6 (72 6 21 5 33 0 42 117 1 |
| STOCKHOLDERS' E | Liabilities under reportbase agreements Ober liabilities Taustion payable Defermet laussion Aesete held in tout on behalf of participants | 244 SJ 44 SHR 32 907 SH 560 SH 560 SH 22 27 Sh | 46.056.71 002.01 902.71 22.31 45.51 | 41 417 8 993 6 (72 6 21 1 93 6 42 97 1 1.911.9 |
| STOCKHOLDERS' E | Labilities under neprotases agreenses Odwr labilities Taustion paysile Assest in eiden in tuut on behalf of participants Assest in eiden in tuut on behalf of participants Come capital Some capital Same capital | 1 Au 10 44 100 2 3 87 20 2 2 2 2 3 45 687 4 1.071 5 1.071 5 1.071 5 2 20 25 | 44 040 71 040 04 190 77 22.31 45 51 47 780 61 1.911.91 197.62 | 40 867 8 935 6 935 6 21 5 330 42 977 1 1919 9 93 9 |
| STOCKHOLDERS' E | Labilita under reportans agnuenzent Ohrer labilita Taxafon papala Gelenest taxafon Asamt held in toat on behalf of participants 2001TV Banar captal | 7 44 50 44 100 75 300 74 666 42 7 25 45 500 47 1,211 60 | 40 040 71 040 04 920 77 22 23 45 51 47 780 61 | 40 867 8 935 6 935 6 21 5 330 42 977 1 1919 9 93 9 |
| STOCKHOLDERS' E | Labilitat under much an generates Daufor Inabilitat Bunder profession Annexes helds in nut on behalf of performance Annexes helds in nut on behalf of performance Annexes held Radianal companies Radianal | 7 A4 5 44 50 5 500 4 600 4 2 2 4 4 191 4 191 4 4 8 4 192 4 4 8 102 4 102 4 105 10 100 10 10 10 10 10 10 10 10 10 10 10 10 10 1 | 40 046.71 900 91 900 97 22.33 47 780.61 1.911.94 117.65 477 72 1151.3 | 40 867 8 935 6 (72 5 21 0 38 0 42 117 1 1911 9 93 9 346 5 (6302 |
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| STOCKHOLDERS' E | Labilite under myschem genemete Gefren tablien Defenset Laber Beferste Laber Anne Ander Stern auf der Sterne Gefre Gester Anne auf der Sterne Bester | 1 44 10 44 10 10 602 40 702 703 11 10 11 1 | 40 966 71 900 91 22 33 45 51 47 700 61 1.911.50 477 22 477 22 1151.3 21.90 22.01 | 41 867 8 935 6 (73 6 21 1 33 8 42 47 1 1341 9 345 5 345 5 (6362 21 9 22 8 |
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| STOCKHOLDERS' E | Labilite under myschem genemete Gefren tablien Defenset Laber Beferste Laber Anne Ander Stern auf der Sterne Gefre Gester Anne auf der Sterne Bester | 744 0 300 0 400 0 712 712 712 712 712 712 712 712 712 712 | 40 965 71 900 91 900 75 22 23 47 200.01 47 200.01 1.041.54 117 25 477 22 (151.3 21.94 22.01 (152.5) 22.01 (152.5) | 40 817 8 990 6 (77 6 31 0 31 0 42 117 1 33 0 34 5 34 5 34 5 34 5 21 0 22 0 144 9 22 0 144 9 22 0 144 9 22 0 |
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Director Director

| AMAD OF ADDACE 1001 1001 Maintering Management Market Addace 1001 1000 Market Addace 1000 1000 Market Addace 10000 1000 Market Addace 10000 10000 Market Addace | Int Int Int Int 1000 2000 </th <th></th> <th colspan="5">For the three months ended</th> | | For the three months ended | | | | |
|--|--|---|----------------------------|----------|-----------------|--|--|
| Image in the state is a state is | 100 6 270 b 240 c 100 6 000 b 000 c 100 6 000 c 000 c 100 7 000 c 000 c 40 c 000 c 000 c 100 | Unaudited (\$000%) | January 2010 | | January 2009 | | |
| Instructions Instructions< | | GROSS OPERATING INCOME | 2,650,95 | 2,936,51 | 2,307. | | |
| National Constraints National | 106.5 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.4 106.7 106.7 106.7 106.7 106.7 106.7 106.7 106.7 106.7 106.7 106.7 106.7 106.7 106.7 106.7 106.7 106.7 <td< td=""><td>Interest income</td><td></td><td></td><td></td></td<> | Interest income | | | | | |
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| bit holps developed and the second of the second | 548 795 16 547 443 6 447 443 7 448 49 19 148 49 19 149 49 149 49 | Net interest income after provision for ican icas | 500 E | 958.20 | 621 | | |
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| Integrate Intervention surgerist at the state Image: | | | | | | | |
| Conf bit instance instance integril 10 10 10 Conf bit instance 100, 0000000000000000000000000000000000 | 30 40 50 24 30 30 102.1 102.1 102.1 25.5 50 10 25.5 20.2 30 35.4 30.2 30 35.4 30.2 30 35.4 30.2 30 36.4 30.2 30 36.4 30.2 30 36.4 72.3 34 36.4 72.3 34 36.4 72.3 34 36.4 72.3 34 36.4 72.3 34 36.4 72.3 34 36.4 72.3 34 36.4 72.3 34 36.4 72.3 34 36.4 72.3 34 36.4 72.3 34 37.4 72.4 34 | | 6.73 | | | | |
| State 14 8 Otto Institution Marking 142 101 TOTAL OFFICIANE ADDRE 112 112 OPEN CONSTITUTION RADDRE 213 112 Print Printmann 213 112 Print Printmann 213 112 Print Printmann 213 112 PROF EDDRE MARK 213 112 PROF EDDRE MARKEN 213 112 PROF EDDRE MARKEN 214 112 | 142 | | | | | | |
| Lis Lis <thlis< th=""> <thlis< th=""> <thlis< th=""></thlis<></thlis<></thlis<> | US US US U.D.N U.D.N U.D.N 20.5 406.6 07 20.5 20.5 10.6 3.0 2.7 3.0 3.0 2.7 3.0 3.0 2.7 3.0 3.0 2.7 3.0 3.0 2.7 3.0 3.0 2.7 3.0 3.0 2.7 3.0 3.0 2.7 3.0 3.0 2.7 3.0 3.6 7.7 7.8.2 46.8 7.72.0 3.0 46.8 7.72.0 3.0 2.7 3.0 3.0 | | | | | | |
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| Statistica 21 32 Marcin 22 32 Marcine interference 23 23 Marcine interference 23 23 Marcine interference 24 23 Marcine interference 23 23 Marcine interference 24 24 Marcine interference 24 24 Marcine interference 74.3 14.2 Marcine interference 14.3 74.2 Marcine interference 14.3 74.2 Marcine interference 14.3 74.2 | 2015 0 1012 0 10 2015 0 1012 0 10 2015 2 101 0 101 2015 2 101 | | 44.8 | 202.71 | 153 | | |
| Balance 215 102 Provide spectras, transfermione 215 4.0 Des granding spectras 312 312 Other granding spectras 312 312 More at Cold Statution 712,4 712,4 Table 312 312 More at Cold Statution 712,4 712,4 Table 312 312 More at Cold Statution 712,4 712,1 Table 312 312 More at Cold Statution 14,8 712,1 Statution of Table Cold Statution 46,4 712,1 Statution of Table Cold Statution 46,4 712,1 | 1000 410 10 10 10 10 10 10 10 10 10 10 10 10 1 | TOTAL OPERATING INCOME | 1.125.70 | 1.170.91 | 779. | | |
| Paper papers, Halp (specific base) 30 4 1 And Papers, Halp (specific base) 30 4 1 Mail 30 4 1 Mail 30 4 1 Mail 30 40 10 Mail 302 40 10 Mail 00.1 10.2 10 Mail 00.1 10 2 Mail 00.1 10 2 Mail 00.1 10 10 Mail 10.1 10 10 Mail 10.1 10 10 Mail 10.1 10 10 | 1000 410 10 10 10 10 10 10 10 10 10 10 10 10 1 | | | | | | |
| Avoidability of transformation 3.9 3.7 Marcel Excellence 3.4 4.8 Marcel Excellence 10.3 10.2 Themin 0.01.3 10.2 Model Facebook 6.6.3 10.2 Model Facebook 6.6.4 10.2 | 35 27 37 47 47 47 47 47 47 47 47 47 47 47 47 47 | | | | | | |
| All 2 72/2 Other specing specing All 2 20/2 Mich of Longe Nr.4 TELE Teles All 2 20/2 Marcel Call Nr.4 TELE Model Call All 2 20/2 Model Call All 2 20/2 Model Call Call All 2 20/2 Model Call Call Call TELE 20/2 Stockey Lange and under State (Mich) 4/2 1/2 | 512 - 152 - 152 152 - 152 - 152 154 - 152 | | | | | | |
| Mar Mar Mar Hord Bardel Luncks 79-8.3 796.8 Tunno 66.7 62.2 Moord France Markets 66.7 62.2 Store France Markets 64.8 726.8 Store Store King Markets 66.9 64.8 Store Store King Markets 66.8 726.7 | 562 562 562 562 562 562 562 562 562 562 | | | | | | |
| NOT BIOSE TAXADA 71.9 71.0 Name 00.12 0.2 0.2 Note of a 114 r 4000 41.0 71.0 71.0 Note of a 114 r 4000 41.0 71.0 71.0 Note of a 114 r 4000 41.0 71.0 71.0 | 781.3 782.0 407 643.7 782.0 10.2 11 643.8 782.6 31 643.8 782.6 31 643.8 782.6 34 782.6 3465 34.6 | Other operating expenses | | | | | |
| Turbulan 48.1 49.2 Ancore for a transmission 48.8 72.8 Ancore for a transmission for a Conservit 46.8 72.8 Stockey care of the Conservit 46.8 72.8 | 645.7 (25.2 (11)) 545.8 722.0 345 545.8 722.0 345 545.8 722.0 345 55.8 1 12 7245 3445 35.8 55.9 | | 343.4 | 300.11 | 292 | | |
| Image: control to the SERGO Image: control to the SERGO <t< td=""><td></td><td>PROFIT BEFORE TAXATION</td><td>714.20</td><td>782.85</td><td>497.</td></t<> | | PROFIT BEFORE TAXATION | 714.20 | 782.85 | 497. | | |
| PROFIT ATLER TAXATION ATTRBUTALLE TO STOOMDUCERS OF THE COMMANY 545 # 722.51 Tempergap artistect with basis (posts) 1 (1 1 | 545.51 732.51 385 11 11 27.545 3545 3645 36.54 | Taxation | (245.7) | (50.25 | (111 | | |
| STOCKHOLDERS OF THE COMPANY 545.51 732.51 Earnings per stock well-Basic (cretts) 11 11 | 12 11 27.60% 39.68% 26.5% | PROFIT FOR THE PERIOD | 545.51 | 732.51 | 205 | | |
| | 27.64% 28.68% 26.5 | | 545.51 | 732.51 | 385 | | |
| | | Earnings per stock unit - Easic (cents) | 1 | 11 | | | |
| | | Return on average equity | 27.66% | 29.68% | 26.5 | | |
| | 2000 2000 20 | | | 13.15% | 36.2 | | |

| Scotia DBG Investments | | |
|--|-------------------|-----------------|
| CONSOLIDATED STATEMENT OF COMPREMENSIVE INCOME | | |
| | For the three mon | the ended |
| Unaudited (\$600's) | January 2010 | January 2009 |
| Profit for the period | 545.52 | 385.3 |
| Other comprehensive income | | |
| Unrealized losses on available for sale securities. | 116.71 | (332 |
| Incent Other comprehensive income, net of tax | | 190 |
| Total comprehensive income for the period | 534.38 | 163.) |
| TOTAL COMPREMENSIVE INCOME AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY | 534.31 | 163.) |

| | | | | Cumulative Re- | | | | | |
|---|---------------|--------------|-------------------|---------------------------------------|-------------------|-----------------|---------------------------|---------------------|-------|
| | | | Retained Earnings | measurement Result Available-for-s | | | | | |
| Unaudited (\$000's) | Share Capital | Reserve Fund | Reserve | Financial Ar | Loan Loss Reserve | Capital Reserve | Reserve for own shared/in | ppropriated Profits | Total |
| Balances as at 31 October 2008 | 1.911.90 | 92.971 | 346.51 | (400.64 | 21.96 | 22.0 | (78.4) | 3.862.71 | 5.77 |
| Net profit | | | | | | | | 385.21 | 3 |
| Other comprehensive income | | | | | | | | | |
| Unrealised gains on available-for-sale investments, | | | | | | | | | |
| net of taxes | | | | (221.52 | | | | | (2 |
| Realised gains on available-for-sale investments | | | | | | | | | |
| transferred to statement of comprehensive income | - | | | (224.64 | | | | 385.24 | |
| Total comprehensive income | | | | (221.9) | | | | 385.24 | |
| Divdends gaid | | | | | | | | (116.3 | |
| Own shares sold by ESOP | | | | | | | | 1116.3 | |
| Transfer to retained earnings reserve | - | | | | | | 33.65 | | |
| Transfer to receive fund | | | | | | | 33.65 | | |
| Balances as at 21 January 2009 | 1,911,90 | 93.971 | 145.07 | (630.21 | 21.95 | 22.60 | 144.01 | 4 111 0 | 5.8 |
| and the second second second | | | | 10014 | | | | | |
| Balances as at 11 October 2008 | 1,911,90 | 117.021 | 477.23 | (191.2) | 21.96 | 22.0 | (52.51 | 5,349.60 | 7.6 |
| Net crofit | | | | | | | | 545.52 | |
| Other comprehensive income | | | | | | | | | |
| Unrealised joss on available-for-sale investments. | | | | | | | | | |
| nut of taxas | | | | /11.11 | | | | | |
| Realised gains on available-for-sale investments | | | | | | | | | |
| transferred to statement of comprehensive income | | | | | | | | | |
| Total comprehensive income | 1 911 90 | \$17.031 | 477 21 | (162.4) | 21.55 | 22.6 | 152.51 | 5 885 41 | 4.2 |
| Loan loss reserve transfer | | | | | | | | | |
| Divdends gaid | | | | | | | | (129.6) | (1 |
| Own shares sold by ESOP | | | | | | | 7.66 | | |
| Transfer to retained earnings reserve | | | 21.62 | | | | | (21.6) | |
| Transfer to reserve fund | _ | 3.01 | | | | | | 0.0 | _ |
| Balances as at 31 January 2010 | 1,911,90 | 120.05 | 499.81 | (162.45 | 21.96 | 22.00 | 666.02 | 5.721.01 | 8.00 |

🝯 Scotia DBG Investments

| | | Three months ended January 31 | Three months ende- January 31 |
|---|--|----------------------------------|----------------------------------|
| Insudited (\$000'x) | | 2010 | 2009 |
| Cash flows provided by operating activit | ies. | | |
| Vet income | | K4K 62 | 385.0 |
| djustments to net income: | | | |
| Depreciation | | 7.71 | 0.0 |
| Amortisation of intangible assets | | 2.62 | 14 |
| Impairment losses | | 5.57 | 1.4 |
| Other, net | | (749.7) | (543.2 |
| Changes in operating assets and liabilities | | (188.3) | (110.) |
| unanges in operating assets and satisfies | Pledoed assets | 2 754 46 | (412.1 |
| | Securities sold under repurchase agreements | (1.678.6) | 420.6 |
| | Ensergial assets at fair value through cents and loss | 58.57 | 10.7 |
| | Other rel | 967.4 | 403.0 |
| | | 1.910.45 | 227.3 |
| Each flows used in investing activities | | | |
| investment a | ecuties | (18.7) | (5.12.0 |
| Prosety da | nt and equipment, net | | (1.1 |
| contract participants | | (18.2) | (\$12.4 |
| Each flows used in financing activities | | | |
| Dividends pa | id . | (129.62 | (116.2 |
| | | (129.62 | (116.2 |
| Effect of exchange rate on cash and cash e | n design for | 44.7 | 283.7 |
| Vet change in cash and cash equivalents | | 1.797.21 | (18.6 |
| Cash and cash equivalents at beginning of ; | 6x | 2.828.55 | 8.173.5 |
| Cash and cash equivalents at end of peri | od | 4.625.00 | 0.154.9 |
| Represented by: | | | |
| Cash | NEGUICEE | 2.065.62 | 1.287.2 |
| | bry reserves at BOJ | (221.7) | (218.7 |
| | Interest bearing deposits with Central Bank greater than ninety days | (272.3) | (40.0 |
| | Accrued interest on cash resources | (22.0) | (5.5 |
| Gove | mment of Jamaica treasury bills and bonds less than ninety days | 3.075.31 | 7.132.3 |
| | | | |

Scotia DBG Investments

Notes to the Consolidated Financial Statements January 31, 2010

1. Identification

Scotia DBG Investments Limited is a 77.01% subsidiary of Scotia Group Jamaica Limited, which is incorporated and domiciled in Jamaica. The Bank of Nova Scotia, which is incorporated and domiciled in Canada, is the ultimate parent.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, and they also comply with the provisions of the Companies Act. These financial statements are presented in Jamaican dollars, which is the Group's functional currency.

Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operation of the Company and its subsidiaries, and the Employee Share Ownership Plan (ESOP) which is classified as a special purpose entity. The results of the ESOP are not material to the Group. Intra-group transactions, balances and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

Comparative Information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

3. Significant new standards and amendments to published standards that became effective during the period:

IAS 1 (Revised) Presentation of Financial Statements

This standard became effective for annual periods beginning on or after January 1, 2009. It requires the presentation of all non-owner changes in equity in one or two statements: either in a single statement of comprehensive income or in a statement of income and a statement of comprehensive income. The Group has adopted the two statements presentation.

IFRS 8 – Operating Segments

This standard became effective for annual periods beginning on or after January 1, 2009. It replaces IAS 14 and sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates and its major customers. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. This standard did not have any material impact on the disclosures in these consolidated financial statements. At this time there are no material segments into which the Group's business may be broken down.

4. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss; loans and receivables; and available-for-sale. Management determines the classification of its investments at initial recognition.

Financial Assets at Fair Value through Profit and Loss This category includes financial assets acquired principally for the purpose of selling in the short term or if so designated 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. **Scotia DBG Investments**

Notes to the Consolidated Financial Statements January 31, 2010

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 available-for-sale instruments and financial assets at fair value through profit and loss 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 the fair value of available-for-sale instruments are recognized directly in statement of comprehensive income, while gains and losses arising from changes in the fair value of trading securities are included in the statement of income in the period in which they arise. Interest calculated using the effective interest method is recognized in the statement of income.

5. 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 nonrecourse 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 (2009:\$ 310,670,553) held by the Bank of Jamaica as security for the Group against possible shortfalls in the operating account.

| | Asset | | Related Liability | | |
|--|----------------------|----------------------|----------------------|----------------------|--|
| | <u>2010</u> 000's | <u>2009</u> 000's | <u>2010</u> 000's | <u>2009</u> 000's | |
| Securities sold under repurchase agreements | 45,601,339 | 39,757,573 | 41,496,552 | 37,734,245 | |
| Capital management fund and government securities fund | 16,727,392 | 15,876,002 | 16,251,266 | 15,713,467 | |
| Securities with BOJ and other financial | | | | | |
| institutions | 3,605,590 | 4,685,269 | 2,812,195 | 3,133,590 | |
| | <u>65,934,321</u> | <u>60,318,844</u> | <u>60,560,013</u> | <u>56,581,302</u> | |

6. Loan loss provision

IFRS loan loss provision is established on the difference between the carrying amount and the recoverable amount of loans. The recoverable amount being the present value of expected future cash flows, discounted based on the interest rate at inception or the last reprice date of the loan. Regulatory loan loss provisioning requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the balance sheet.

7. Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

8. Property, plant and equipment

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

Scotia DBG Investments

Notes to the Consolidated Financial Statements January 31, 2010

January 31, 2010

9. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bank of Jamaica, amounts due from other banks, and highly liquid financial assets with original maturities of less than three months, which are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in their fair value.

10. 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, 2010, these funds aggregated \$9,136,159,000 (October 31, 2009: \$7,547,284,000).

The Group also manages pension and trust funds with a total asset value of \$38,216,873,000 as at January 31, 2010.