Scotia DBG Investments

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For further information contact:
Anya Schnoor
Chief Executive Officer
Tel: 876-960-6699
Fax: 876-960-6705

MEDIA RELEASE

SCOTIA DBG INVESTMENTS LIMITED REPORTS ANOTHER YEAR OF STRONG PERFORMANCE.

FISCAL 2009 HIGHLIGHTS

- **Net income of $2,129 million**
- **Earnings per share of $5.03**
- **Return on average equity – 31.60%**
- **Productivity ratio of 34.48%**
- **Fourth quarter dividend of 33.0 cents per share**

Scotia DBG Investments Limited (SDBG) today reported positive results for the financial year ended October 31, 2009. Net income for the year amounted to $2,129 million an increase of $890 million over the $1,239 that was reported for the same period last year. Net income for the quarter amounted to $732.5 million up from the $485.5 million earned for the third quarter.

Earnings per share (EPS) for the year was $5.03 compared to $2.93 for last year. The company's return on average equity (ROE) which improved to 30.16% at the end of the financial year, is another indicator of the company's efficiency in generating earnings growth.

"I am extremely pleased with our performance over this dynamic financial year" said Anya Schnoor, CEO of SDBG. "Our success continues to be driven by our excellent team of professionals and the confidence bestowed upon us by our customers as we strive to meet their financial needs. Our performance this year was achieved against the backdrop of an extremely challenging economic environment which saw interest rates rising and significant movement in the foreign exchange rate. We were however able to adjust our strategies and respond to the challenges presented. We focused on enhancing our operational efficiencies, maintaining good cost control and we are especially proud to have been able to expand our product offerings through the launch of our Caribbean Income Fund. As we head into the next financial year indications are that the global economy is beginning to show some signs of recovery. We are firmly positioned for future growth and will work hard to build on the achievements made this year, while we look for opportunities that will arise as the local economy continues to stabilize. "

REVENUES

Total revenue comprising of net interest revenue and other income was $3,944 million for the year, an increase of $1,345 million over the same period last year.

Net Interest Income

Net interest income for the year amounted to $3,359 million, impressively topping last year's results of $1,960 million. Net interest income for the fourth quarter of 2009 amounted to $999.7 million, an increase of 76% over the $568.7 million reported for the fourth quarter last year. The last quarter's results were also 11% greater than the earnings of $901 million for the previous quarter. Results are indicative of good control over interest margins coupled with strong portfolio volume growth.

Other Revenue

Other revenue, which includes fee income and net foreign exchange trading income was $657 million for the year up $15 million or 2% from the $642 million reported for the same period last year. The inactivity on the bond and equity markets experienced throughout most of the year 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 throughout the year. Our productivity ratio (non-interest expense as a percentage of net revenue) - a key measure of cost efficiency - was 34.48% for the year, a notable improvement over the 40.85% for the same period last year.

Non-interest expenses amounted to $1,360 million for the year, an increase of $298 million or 28% over last year. This was due to increased staff costs and advertising associated with our newly launched Caribbean Income Fund. The 2009 results also include an impairment provision of $69 million in respect of amounts due from the Lehman Brothers Group.

BALANCE SHEET

Total assets increased over the year by $8 billion or 12% to $74 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 a solid increase of $6,843 million in repurchase agreements and capital management accounts.

CAPITAL

The strength of our capital base is evident with total shareholders equity standing at $7.68 billion at the end of the year. This represented an increase of $1.9 billion or 33% over the equity reported as at the end of last year. Our investment reserve has improved over last year due to some recovery of bond prices as interest rates continue to fall. Our capital adequacy ratio remains strong at 208% which is significantly above the 10% statutory requirement.

DIVIDEND

At the Board of Directors meeting on November 24, 2009 the Board approved an interim dividend of 33.0 cents per stock unit, payable on January 8, 2010, to stockholders on record as at December 16, 2009.

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 participated in the hosting of the 2nd Annual Trenchtown Reading Centre Spelling Bee which had over 60 students participating. The groundbreaking also took place for the building of the **Reading Pavilion** at the Trenchtown Reading Centre which will be funded jointly between the local and international Wealth Management Divisions.

During this quarter, we also hosted our 2nd Corporate Seminar which focused on implications of the supplementary budget with the key note address being made by the Minister of Finance.

SDBG also positioned itself as the financial fitness coach by sponsoring the Shakti Love Fest which raised over $4.5 million for the Bustamante Children's Hospital. This was a one-day mind body fitness event that saw over 1,500 Jamaicans participating in yoga, spinning or wellness lectures. Instructors and lecturers came from USA, Europe, Australia, and Jamaica. Over 120 Scotiabank volunteers also assisted with the event.

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.

Scotia DBG Investments

STATEMENT OF CONSOLIDATED REVENUES AND EXPENSES

($000's)	For the three months ended October 2009	July 2009	October 2008	For the year ended October 2009	October 2008
GROSS OPERATING INCOME	**2,936,516**	**2,871,460**	**2,029,150**	**10,797,433**	**7,624,186**
Interest income	2,733,743	2,736,046	1,964,272	10,140,328	6,981,969
Interest expense	(1,733,950)	(1,834,761)	(1,395,558)	(6,781,229)	(5,021,955)
Net Interest Income	**999,793**	**901,285**	**568,714**	**3,359,099**	**1,960,014**
Provision for loan loss	(31,585)	(38,476)	6,281	(71,712)	(2,536)
Net interest income afer provision for loan loss	**968,208**	**862,809**	**574,995**	**3,287,387**	**1,957,478**
Net fee and commission income	102,374	64,674	68,500	291,985	281,120
Gains less losses from foreign currencies	37,040	39,570	20,165	196,749	169,556
Gains less losses on securities trading	62,533	31,147	(21,501)	147,001	187,225
Other Income	826	23	(2,286)	21,370	4,316
	202,773	**135,414**	**64,878**	**657,105**	**642,217**
TOTAL OPERATING INCOME	**1,170,981**	**998,223**	**639,873**	**3,944,492**	**2,599,695**
OPERATING EXPENSES					
Salaries, pension contributions and other staff benefits	184,204	182,253	181,519	712,925	596,388
Property expenses, including depreciation and amortisation	47,529	42,453	42,750	168,819	202,846
Impairment loss	0	69,712	-	69,713	-
Other operating expenses	156,419	77,489	66,993	408,779	262,825
	388,152	371,907	291,262	1,360,236	1,062,059
PROFIT BEFORE TAXATION	**782,829**	**626,316**	**348,611**	**2,584,256**	**1,537,636**
Taxation	(50,252)	(140,742)	(45,329)	(455,386)	(298,156)
NET PROFIT	**732,577**	**485,574**	**303,282**	**2,128,870**	**1,239,480**
Earnings per stock unit - Basic (cents)	**173**	**115**	**72**	**503**	**293**
Return on average equity	**39.68%**	**28.97%**	**20.20%**	**31.60%**	**20.19%**
Productivity ratio	**33.15%**	**37.26%**	**45.52%**	**34.48%**	**40.85%**

Scotia DBG Investments

CONSOLIDATED BALANCE SHEET

($000's)	Year ended 31 October 2009	Year ended 31 October 2008
ASSETS		
CASH RESOURCES	1,548,018	1,108,263
INVESTMENTS		
Financial assets at fair value through statement of revenue and expenses	105,369	116,951
Securities available-for-sale	825,782	619,939
	931,151	736,890
PLEDGED ASSETS	67,189,656	59,179,709
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	2,726,008	3,406,966
LEASES AND HIRE PURCHASE CONTRACTS	111,457	137,730
OTHER ASSETS		
Customers' liabilities under guarantees	716,292	691,078
Tax recoverable	424,271	119,266
Sundry assets	107,062	182,176
Property, plant and equipment at cost, less depreciation	77,260	102,934
Intangible assets at cost, less amortisation	16,496	27,992
Deferred tax assets	101,333	241,791
Goodwill	61,723	61,723
	1,504,437	1,426,960
TOTAL ASSETS	**74,010,727**	**65,996,518**
LIABILITIES		
DEPOSITS		
Deposits by the public	2,644,024	3,755,354
CAPITAL MANAGEMENT ACCOUNT & GOVERNMENT SECURITIES FUND OBLIGATIONS	15,899,029	14,991,522
OTHER LIABILITIES		
Promissory notes	54,826	71,146
Guarantees issued	716,292	691,078
Liabilities under repurchase agreements	46,256,737	40,322,044
Other liabilities	292,215	238,257
Taxation payable	392,703	70,005
Deferred taxation	22,375	13,270
Assets held in trust on behalf of participants	45,534	71,938
	47,780,682	**41,477,738**
STOCKHOLDERS' EQUITY		
Share capital	1,911,903	1,911,903
Statutory reserve fund	117,038	93,976
Retained earnings reserve	477,235	346,551
Cumulative remeasurement result from available-for-sale financial assets	(151,311)	(408,666)
Loan loss reserve	21,967	21,967
Capital reserve	22,075	22,075
Reserve for own shares	(52,518)	(78,635)
Retained profits	5,340,603	3,862,733
	7,686,992	**5,771,904**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**74,010,727**	**65,996,518**

Director

Director

Scotia DBG Investments

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

($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**	**75,213**	**240,223**	**577,221**	**57,266**	**22,075**	**-88,746**	**3,155,283**	**5,950,438**
Unrealised losses on available-for-sale investments									
transferred to statement of revenues and expenses	-	-	-	(948,610)	-	-	-	-	(948,610)
Realised gains on available-for-sale investments									
transferred to statement of revenues and expenses	-	-	-	(37,277)	-	-	-	-	(37,277)
Loan loss reserve transfer	-	-	-	-	(35,299)	-	-	35,299	-
Dividends paid	-	-	-	-	-	-	-	(442,238)	(442,239)
Net profit for the period	-	-	-	-	-	-	-	1,239,480	1,239,480
Own shares sold by ESOP	-	-	-	-	-	-	10,111	-	10,111
Transfer to retained earnings reserve	-	-	107,328	-	-	-	-	(106,327)	-
Transfer to reserve fund	-	18,763	-	-	-	-	-	(18,764)	-
Movement for the year	-	18,763	107,328	(985,887)	-35,299	-	10,111	707,450	-178,534
Balances at October 31, 2008	**1,911,903**	**93,976**	**347,551**	**-408,666**	**21,967**	**22,075**	**-78,635**	**3,862,733**	**5,771,904**
Unrealised gains on available-for-sale investments									
transferred to statement of revenues and expenses	-	-	-	268,327	-	-	-	-	268,327
Realised gains on available-for-sale investments									
transferred to statement of revenues and expenses	-	-	-	(10,972)	-	-	-	-	(10,972)
Divdends paid	-	-	-	-	-	-	-	(497,254)	(497,254)
Net profit for the period	-	-	-	-	-	-	-	2,128,870	2,128,870
Transfer to reserve fund	-	23,062	-	-	-	-	-	(23,062)	-
Transfer to retained earnings reserve	-	-	130,684	-	-	-	-	(130,684)	-
Own shares sold by ESOP	-	-	-	-	-	-	26,117	-	26,117
Movement for the year	-	23,062	130,684	257,355	-	-	26,117	1,477,870	1,915,088
Balances at October 31, 2009	**1,911,903**	**117,038**	**478,235**	**(151,311)**	**21,967**	**22,075**	**(52,518)**	**5,340,603**	**7,686,992**

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

($000's)	Year ended October 31 2009	Year ended October 31 2008
Cash flows used in operating activities		
Net income	2,128,870	1,239,480
Adjustments to net income:		
Depreciation	35,628	49,254
Impairment losses	141,425	2,536
Other, net	(2,890,326)	(1,636,950)
	(584,403)	(345,680)
Changes in operating assets and liabilities		
Pledged assets	(12,244,639)	(5,426,277)
Securities sold under repurchase agreements	5,273,092	8,167,508
Other, net	1,854,686	1,952,544
	(5,701,264)	4,348,095
Cash flows provided by investing activities		
Investment securities	187,419	149,076
Property, plant and equipment	(11,844)	(13,584)
Other, net	26,117	10,111
	201,692	145,604
Cash flows used in financing activities		
Dividends paid	(497,254)	(442,239)
	(497,254)	(442,239)
Effect of exchange rate on cash and cash equivalents	651,870	59,711
Net change in cash and cash equivalents	(5,344,956)	4,111,171
Cash and cash equivalents at beginning of year	8,173,546	4,062,375
Cash and cash equivalents at end of period	**2,828,590**	**8,173,546**
Represented by:		
Cash resources	1,548,018	1,108,263
Less: Statutory reserves at BOJ	(201,016)	(135,516)
Interest bearing deposits with Central Bank greater than ninety days	(243,625)	(40,025)
Accrued interest on cash resources	(14,568)	(2,000)
Government of Jamaica treasury bills and bonds	1,739,781	7,242,824
Cash and cash equivalents at end of period	**2,828,590**	**8,173,546**

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

The financial statements are 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 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.

Comparative Information

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

3. Financial assets

The company and the group classify their 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 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 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 equity, while gains and losses arising from changes in the fair value of trading securities are included in the statement of revenues and expenses in the period in which they arise. Interest calculated using the effective interest 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.

4. 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	47,842,756	37,301,189	43,077,594	35,177,889
Capital management fund and government securities fund	15,090,043	14,992,637	15,899,029	14,991,522
Securities with BOJ and other financial institutions	4,256,857	6,885,883	3,179,143	5,144,155
	67,189,656	59,179,709	62,155,766	55,313,566

5. Impairment loss

Scotia DBG Investments has an outstanding liability to Lehman Brothers (Europe) arising out of a repurchase agreement entered into during the normal course of business, whereby GOJ EURO denominated bonds were pledged as security. It is considered doubtful that the excess of the value of these pledged assets held over the liability will be recovered, in light of the insolvency proceedings that have since been initiated with respect to members of the Lehman Brothers Group. Consequently, a full provision for this excess of $69,712,429 (EUR 561,183) has been made in the financial statements.

6. Loan loss provision

A 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.

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.

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. 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.

11. Share capital

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

12. 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).

13. Managed funds

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

At October 31, 2009, these funds aggregated $7,547,284,000 (October 31, 2008: $5,928,184,000).

The Group also manages pension and trust funds with a total asset value of $43,711,271 as at October 31, 2009.