

Sabah Development Bank Berhad - 34638-W
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income	4	338,507	285,914	414,786	340,471
Interest expense	5	(253,191)	(189,640)	(205,773)	(177,811)
Net interest income		85,316	96,274	209,013	162,660
Income from Islamic banking business	41	928	787	928	787
Other income	6	430,361	335,003	38,597	48,346
Net income		516,605	432,064	248,538	211,793
Other expenses	7	(239,052)	(197,366)	(26,333)	(20,374)
		277,553	234,698	222,205	191,419
Allowance for impairment losses on loans, advances and financing	8	(72,141)	(76,374)	(74,380)	(76,374)
Allowance for impairment losses on other assets	9	(50,997)	(1,192)	-	-
Operating profit		154,415	157,132	147,825	115,045
Share of results of associates		6,325	6,656	-	-
Profit before tax	10	160,740	163,788	147,825	115,045
Income tax expense	13	(64,557)	(50,623)	(34,518)	(23,559)
Profit net of tax		96,183	113,165	113,307	91,486
Other comprehensive income for the year:					
Items that may be reclassified subsequently to profit or loss					
- Net gain on securities available-for-sale:					
- (Loss)/gain on fair value changes		(25,384)	(47,928)	(649)	280
- Income tax relating to securities available-for-sale		145	(70)	145	(70)
		(25,239)	(47,998)	(504)	210

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	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Share of other comprehensive income of associates:					
- Net gain on securities available-for-sale:					
- Gain on fair value changes		24	56	-	-
- Cumulative gain reclassified to profit or loss upon disposal		(24)	(53)	-	-
- Income tax relating to other comprehensive income of associates:					
Securities available-for-sale		44	(9)	-	-
		<u>44</u>	<u>(6)</u>	<u>-</u>	<u>-</u>
Foreign currency translation:					
- current year		50,176	9,762	-	-
- cumulative loss reclassified to profit or loss		-	2	-	-
		<u>50,176</u>	<u>9,764</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>24,981</u>	<u>(38,240)</u>	<u>(504)</u>	<u>210</u>
Total comprehensive income for the year		<u>121,164</u>	<u>74,925</u>	<u>112,803</u>	<u>91,696</u>
Profit attributable to:					
Owner of the Company		96,184	113,169	113,307	91,486
Non-controlling interests		(1)	(4)	-	-
		<u>96,183</u>	<u>113,165</u>	<u>113,307</u>	<u>91,486</u>
Total comprehensive income attributable to:					
Owner of the Company		121,165	74,929	112,803	91,696
Non-controlling interests		(1)	(4)	-	-
		<u>121,164</u>	<u>74,925</u>	<u>112,803</u>	<u>91,696</u>
Earnings per share attributable to owner of the Company (sen per share)					
Basic	14	<u>17.97</u>	<u>21.76</u>		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Sabah Development Bank Berhad - 34638-W
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**Statements of financial position
As at 31 December 2015**

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Cash and short-term funds	15	176,038	122,576	7,266	28,685
Deposits and placements with financial institutions	16	57,463	160,987	40,527	45,789
Securities held-for-trading	17	37,702	34,541	37,699	34,537
Securities available-for-sale	18	49,921	55,318	8,475	9,124
Loans, advances and financing	19	3,848,570	3,365,524	5,223,651	4,658,369
Property, plant and equipment	20	1,889,056	1,473,679	361	529
Investment properties	21	22,232	22,479	1,815	1,841
Intangible assets	22	181,039	164,097	-	-
Investments in subsidiaries	23	-	-	11,512	11,512
Investments in associates	24	82,841	79,781	38,652	38,652
Deferred tax assets	25	-	-	34,815	29,060
Derivative assets	26	-	-	-	-
Other assets	27	904,673	836,025	555,882	531,113
Total assets		7,249,535	6,315,007	5,960,655	5,389,211
Liabilities					
Deposits from customers	28	857,423	1,048,748	888,120	1,059,866
Borrowings	29	5,234,723	4,375,121	4,055,000	3,422,000
Derivative liabilities	26	3,684	-	-	-
Other liabilities	30	323,175	171,488	86,404	58,996
Deferred tax liabilities	25	31,651	11,914	-	-
Employee defined benefit liability	31	6,771	6,792	6,771	6,792
Total liabilities		6,457,427	5,614,063	5,036,295	4,547,654

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Statements of financial position
As at 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity attributable to owner of the Company					
Share capital	32	550,000	535,000	550,000	535,000
Fair value adjustment reserve	33	(75,286)	(50,091)	(1,324)	(820)
Foreign currency translation reserve	33	66,915	16,739	-	-
Retained earnings	34	250,601	199,417	375,684	307,377
		<u>792,230</u>	<u>701,065</u>	<u>924,360</u>	<u>841,557</u>
Non-controlling interests		<u>(122)</u>	<u>(121)</u>	<u>-</u>	<u>-</u>
Total equity		<u>792,108</u>	<u>700,944</u>	<u>924,360</u>	<u>841,557</u>
Total equity and liabilities		<u>7,249,535</u>	<u>6,315,007</u>	<u>5,960,655</u>	<u>5,389,211</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of changes in equity
For the financial year ended 31 December 2015

Group	Attributable to owner of the Company ----->		Non-distributable ----->		Distributable ----->		Total shareholders' equity RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Shareholders' equity RM'000	Total equity RM'000			
Opening balance at 1 January 2015	535,000	(50,091)	16,739	199,417	701,065	(121)	700,944		
Total comprehensive income for the year	-	(25,195)	50,176	96,184	121,165	(1)	121,164		
Transactions with owners:									
Issuance of shares	15,000	-	-	-	15,000	-	15,000		
Dividend	-	-	-	(45,000)	(45,000)	-	(45,000)		
	15,000	-	-	(45,000)	(30,000)	-	(30,000)		
Closing balance at 31 December 2015	550,000	(75,286)	66,915	250,601	792,230	(122)	792,108		

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Statements of changes in equity
For the financial year ended 31 December 2015

Group	Attributable to owner of the Company ----->					Total equity RM'000
	Share capital RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000	
Opening balance at 1 January 2014	520,000	(2,087)	6,975	131,248	(117)	656,019
Total comprehensive income for the year	-	(48,004)	9,764	113,169	(4)	74,925
Transactions with owners:						
Issuance of shares	15,000	-	-	-	-	15,000
Dividend	-	-	-	(45,000)	-	(45,000)
	15,000	-	-	(45,000)	-	(30,000)
Closing balance at 31 December 2014	535,000	(50,091)	16,739	199,417	(121)	700,944

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Sabah Development Bank Berhad - 34638-W
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Statements of changes in equity
For the financial year ended 31 December 2015

Company	<----- Attributable to owner of the Company ----->			Total shareholder's equity RM'000
	Share capital RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	
Opening balance at 1 January 2015	535,000	(820)	307,377	841,557
Total comprehensive income for the year	-	(504)	113,307	112,803
Transactions with owners:				
Issuance of shares	15,000	-	-	15,000
Dividend	-	-	(45,000)	(45,000)
	15,000	-	(45,000)	(30,000)
Closing balance at 31 December 2015	550,000	(1,324)	375,684	924,360
Opening balance at 1 January 2014	520,000	(1,030)	260,891	779,861
Total comprehensive income for the year	-	210	91,486	91,696
Transactions with owners:				
Issuance of shares	15,000	-	-	15,000
Dividend	-	-	(45,000)	(45,000)
	15,000	-	(45,000)	(30,000)
Closing balance at 31 December 2014	535,000	(820)	307,377	841,557

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Sabah Development Bank Berhad - 34638-W
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Statements of cash flows
For the financial year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating activities				
Profit before tax	160,740	163,788	147,825	115,045
<u>Adjustments for:</u>				
Allowance for impairment losses on loans, advances and financing	72,141	76,374	74,380	76,374
Allowance for impairment loss on other assets	50,997	1,192	-	-
Reversal of allowance for impairment losses on trade receivables				
- trade receivables	(11,000)	(63,752)	-	-
- other receivables	-	(6,034)	-	-
- redeemable convertible secured loan stocks and redeemable secured loan stocks	-	(8,618)	-	(8,618)
Amortisation of intangible assets	6,439	6,158	-	-
Depreciation of investment properties	247	248	26	26
Depreciation of property, plant and equipment	79,650	25,999	325	289
Defined benefit obligations	1,488	619	1,488	619
Gain on disposal of property held-for-sale	-	(4,002)	-	(4,002)
Gain on disposal of property, plant and equipment	(53)	(25)	-	-
Net fair value loss on derivatives	3,362	-	-	-
Net gain on disposal of securities held-for-trading	(1,253)	(1,273)	(1,253)	(1,273)
Property, plant and equipment written off	-	-	-	-
Share of results of associates	(6,325)	(6,656)	-	-
Unrealised fair value gain on securities held-for-trading	68	3,517	68	3,517
Total adjustments	<u>195,761</u>	<u>23,747</u>	<u>75,034</u>	<u>66,932</u>

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Statements of cash flows
For the financial year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating cash flows before changes in working capital	356,501	187,535	222,859	181,977
Changes in working capital				
Change in cash at bank-designated accounts	(3,402)	(13,601)	-	-
Change in deposits and placements with financial institutions	(1,761)	35,983	(1,297)	(459)
Change in securities held-for-trading	(1,976)	1,058	(1,977)	1,058
Change in securities available-for-sale	(21,467)	-	-	-
Change in securities held-to-maturity	-	64,500	-	64,500
Change in loans, advances and financing	(555,187)	(544,959)	(639,663)	(556,595)
Change in other assets	(39,117)	14,759	(24,769)	17,856
Change in deposits from customers	(191,325)	244,015	(171,746)	244,929
Increase in other liabilities	(56,383)	(118,024)	18,656	(41,479)
Payment of retirement benefit obligation	(1,509)	(75)	(1,509)	(75)
Total changes in working capital	(872,127)	(316,344)	(822,305)	(270,265)
Cash flows used in operations	(515,626)	(128,809)	(599,446)	(88,288)
Income taxes paid	(44,621)	(41,164)	(39,008)	(31,560)
Income taxes refunded	6,932	8,247	7,633	8,245
Net cash flow used in operating activities	(553,315)	(161,726)	(630,821)	(111,603)

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For the financial year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Investing activities				
Addition of intangible assets	(19,286)	(13,362)	-	-
Dividend received from associate	3,309	2,982	-	-
Exploration and evaluation expenditure	(13,726)	-	-	-
Proceeds from disposal of property, plant and equipment	54	50	-	-
Proceeds from disposal of property held-for-sale	-	55,000	-	55,000
Purchase of property, plant and equipment	(109,055)	(488,366)	(157)	(160)
Net cash flows used in Investing activities	(138,704)	(443,696)	(157)	54,840
Financing activities				
Issuance of ordinary shares	15,000	15,000	15,000	15,000
Dividends paid on ordinary shares	(45,000)	(45,000)	(45,000)	(45,000)
Proceeds from borrowings	1,873,970	1,610,101	1,830,000	904,000
Repayment of borrowings	(1,231,568)	(923,721)	(1,197,000)	(798,000)
Net cash flows from financing activities	612,402	656,380	603,000	76,000
Net (decrease)/ increase in cash and cash equivalents	(79,617)	50,958	(27,978)	19,237
Effects of foreign exchange rate changes	24,473	5,553	-	-
Cash and cash equivalents at 1 January	207,261	150,750	50,444	31,207
Cash and cash equivalents at 31 December (Note 15)	152,117	207,261	22,466	50,444

The accompanying accounting policies and explanatory information form an integral part of the financial statements