

Statements of comprehensive income
For the financial year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income	4	377,412	338,507	448,757	414,786
Interest expense	5	(266,225)	(253,191)	(222,375)	(205,773)
Net interest income		111,187	85,316	226,382	209,013
Income from Islamic banking business	41	1,045	928	1,045	928
Other income	6	804,392	430,361	46,306	38,597
Net income		916,624	516,605	273,733	248,538
Other expenses	7	(313,904)	(239,052)	(26,056)	(26,333)
		602,720	277,553	247,677	222,205
Allowance for impairment losses on loans, advances and financing	8	(73,056)	(72,141)	(70,817)	(74,380)
Allowance for impairment losses on other assets	9	(109,881)	(50,997)	-	-
Operating profit		419,783	154,415	176,860	147,825
Share of results of associates		9,099	6,325	-	-
Profit before tax	10	428,882	160,740	176,860	147,825
Income tax expense	13	(42,122)	(64,557)	(32,420)	(34,518)
Profit net of tax		386,760	96,183	144,440	113,307
Other comprehensive income for the year:					
Items that may be reclassified subsequently to profit or loss					
- Net gain on securities available-for-sale:					
- Gain/(loss) on fair value changes		12,116	(25,384)	(632)	(649)
- Income tax relating to securities available-for-sale		152	145	152	145
		12,268	(25,239)	(480)	(504)

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	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Share of other comprehensive income of associates:					
- Net gain on securities available-for-sale:					
- Gain on fair value changes		296	24	-	-
- Cumulative gain reclassified to profit or loss upon disposal		(98)	(24)	-	-
- Income tax relating to other comprehensive income of associates:					
Securities available-for-sale		(141)	44	-	-
		<u>57</u>	<u>44</u>	<u>-</u>	<u>-</u>
Foreign currency translation:					
- current year		(15,526)	50,176	-	-
- cumulative loss reclassified to profit or loss		-	-	-	-
		<u>(15,526)</u>	<u>50,176</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>(3,201)</u>	<u>24,981</u>	<u>(480)</u>	<u>(504)</u>
Total comprehensive income for the year		<u>383,559</u>	<u>121,164</u>	<u>143,960</u>	<u>112,803</u>
Profit attributable to:					
Owner of the Company		386,760	96,184	144,440	113,307
Non-controlling interests		-	(1)	-	-
		<u>386,760</u>	<u>96,183</u>	<u>144,440</u>	<u>113,307</u>
Total comprehensive income attributable to:					
Owner of the Company		383,559	121,165	143,960	112,803
Non-controlling interests		-	(1)	-	-
		<u>383,559</u>	<u>121,164</u>	<u>143,960</u>	<u>112,803</u>
Earnings per share attributable to owner of the Company (sen per share)					
Basic	14	<u>70.31</u>	<u>17.97</u>		

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

Statements of financial position
As at 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Cash and short-term funds	15	130,965	176,038	130,193	7,266
Deposits and placements with financial institutions	16	49,815	57,463	48,266	40,527
Securities held-for-trading	17	38,104	37,702	38,104	37,699
Securities available-for-sale	18	7,844	49,921	7,844	8,475
Loans, advances and financing	19	5,329,631	3,848,570	5,329,631	5,223,651
Property, plant and equipment	20	213	1,889,056	208	361
Investment properties	21	1,789	22,232	1,789	1,815
Intangible assets	22	-	181,039	-	-
Investments in subsidiaries	23	-	-	4,358	11,512
Investments in associates	24	88,710	82,841	38,652	38,652
Deferred tax assets	25	41,219	-	41,219	34,815
Derivative assets	26	-	-	-	-
Other assets	27	604,643	904,673	600,583	555,882
Total assets		<u>6,292,933</u>	<u>7,249,535</u>	<u>6,240,847</u>	<u>5,960,655</u>
Liabilities					
Deposits from customers	28	1,148,158	857,423	1,154,299	888,120
Borrowings	29	3,980,000	5,234,723	3,980,000	4,055,000
Derivative liabilities	26	-	3,684	-	-
Other liabilities	30	90,093	323,175	88,905	86,404
Deferred tax liabilities	25	-	31,651	-	-
Employee defined benefit liability	31	7,423	6,771	7,423	6,771
Total liabilities		<u>5,225,674</u>	<u>6,457,427</u>	<u>5,230,627</u>	<u>5,036,295</u>

Statements of financial position
As at 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Equity attributable to owner of the Company					
Share capital	32	562,000	550,000	562,000	550,000
Fair value adjustment reserve	33	(1,612)	(75,286)	(1,804)	(1,324)
Foreign currency translation reserve	33	-	66,915	-	-
Retained earnings	34	506,871	250,601	450,024	375,684
		<u>1,067,259</u>	<u>792,230</u>	<u>1,010,220</u>	<u>924,360</u>
Non-controlling interests		-	(122)	-	-
Total equity		<u>1,067,259</u>	<u>792,108</u>	<u>1,010,220</u>	<u>924,360</u>
Total equity and liabilities		<u>6,292,933</u>	<u>7,249,535</u>	<u>6,240,847</u>	<u>5,960,655</u>

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

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

Statements of changes in equity
For the financial year ended 31 December 2016

Group	Attributable to owner of the Company ----->		Non-distributable ----->		Distributable ----->		Total equity RM'000
	Share capital RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total shareholder's equity RM'000	Non-controlling interests RM'000	
Opening balance at 1 January 2016	550,000	(75,286)	66,915	250,601	792,230	(122)	792,108
Total comprehensive income for the year	-	12,325	(15,526)	386,760	383,559	-	383,559
Transactions with owners:							
Disposal of subsidiaries	-	61,349	(51,389)	(60,390)	(50,430)	122	(50,308)
Issuance of shares	12,000	-	-	-	12,000	-	12,000
Dividends	-	-	-	(70,100)	(70,100)	-	(70,100)
	12,000	61,349	(51,389)	(130,490)	(108,530)	122	(108,408)
Closing balance at 31 December 2016	562,000	(1,612)	-	506,871	1,067,259	-	1,067,259

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

Statements of changes in equity
For the financial year ended 31 December 2016

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

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

Statements of changes in equity
For the financial year ended 31 December 2016

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 2016	550,000	(1,324)	375,684	924,360
Total comprehensive income for the year	-	(480)	144,440	143,960
Transactions with owners:				
Issuance of shares	12,000	-	-	12,000
Dividends	-	-	(70,100)	(70,100)
	<u>12,000</u>	<u>-</u>	<u>(70,100)</u>	<u>(58,100)</u>
Closing balance at 31 December 2016	<u>562,000</u>	<u>(1,804)</u>	<u>450,024</u>	<u>1,010,220</u>
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)
	<u>15,000</u>	<u>-</u>	<u>(45,000)</u>	<u>(30,000)</u>
Closing balance at 31 December 2015	<u>550,000</u>	<u>(1,324)</u>	<u>375,684</u>	<u>924,360</u>

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

Statements of cash flows
For the financial year ended 31 December 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating activities				
Profit before tax	428,882	160,740	176,860	147,825
<u>Adjustments for:</u>				
Allowance for impairment losses on loans, advances and financing	73,056	72,141	70,817	74,380
Allowance for impairment loss on other assets	109,881	50,997	-	-
Reversal of allowance for impairment losses on trade receivables				
- trade receivables	-	(11,000)	-	-
Amortisation of intangible assets	5,147	6,439	-	-
Depreciation of investment properties	192	247	26	26
Depreciation of property, plant and equipment	88,725	79,650	192	325
Defined benefit obligations	780	1,488	780	1,488
Gain on disposal of investments in subsidiaries	(418,360)	-	(8,777)	-
Gain on disposal of investment in associate	-	-	(303)	-
Gain on disposal of property, plant and equipment	(3)	(53)	(1)	-
Net fair value loss on derivatives	-	3,362	-	-
Net gain on disposal of securities held-for-trading	(1,082)	(1,253)	(1,082)	(1,253)
Share of results of associates	(9,099)	(6,325)	-	-
Unrealised fair value gain on securities held-for-trading	329	68	329	68
Total adjustments	<u>(150,434)</u>	<u>195,761</u>	<u>61,981</u>	<u>75,034</u>

Statements of cash flows
For the financial year ended 31 December 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating cash flows before changes in working capital	278,448	356,501	238,841	222,859
Changes in working capital				
Change in cash at bank-designated accounts	23,090	(3,402)	-	-
Change in deposits and placements with financial institutions	8,619	(1,761)	(402)	(1,297)
Change in securities held-for-trading	348	(1,976)	348	(1,977)
Change in securities available-for-sale	887	(21,467)	(1)	-
Change in loans, advances and financing	(1,554,117)	(555,187)	(176,797)	(639,663)
Change in other assets	679,549	(39,117)	(44,701)	(24,769)
Change in deposits from customers	290,735	(191,325)	266,179	(171,746)
Change in other liabilities	582,617	(56,383)	7,359	18,656
Payment of retirement benefit obligation	(128)	(1,509)	(128)	(1,509)
Total changes in working capital	31,600	(872,127)	51,857	(822,305)
Cash flows from/(used in) operations	310,048	(515,626)	290,698	(599,446)
Income taxes paid	(49,200)	(44,621)	(44,183)	(39,008)
Income taxes refunded	735	6,932	653	7,633
Net cash flow from/(used in) operating activities	261,583	(553,315)	247,168	(630,821)

Statements of cash flows
For the financial year ended 31 December 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Investing activities				
Addition of intangible assets	(8,349)	(19,286)	-	-
Dividend received from associate	2,984	3,309	-	-
Exploration and evaluation expenditure	64,247	(13,726)	-	-
Net cash outflows on disposal of subsidiaries	(149,662)	-	-	-
Proceeds from disposal of property, plant and equipment	3	54	1	-
Proceeds from disposal of investments in subsidiaries	-	-	15,931	-
Proceeds from disposal of investment in associate	303	-	303	-
Purchase of property, plant and equipment	(2,150)	(109,055)	(39)	(157)
Net cash flows from/(used in) investing activities	<u>(92,624)</u>	<u>(138,704)</u>	<u>16,196</u>	<u>(157)</u>
Financing activities				
Issuance of ordinary shares	12,000	15,000	12,000	15,000
Dividends paid on ordinary shares	(70,100)	(45,000)	(70,100)	(45,000)
Proceeds from borrowings	1,177,576	1,873,970	1,110,000	1,830,000
Repayment of borrowings	(1,336,279)	(1,231,568)	(1,185,000)	(1,197,000)
Net cash flows (used in)/from financing activities	<u>(216,803)</u>	<u>612,402</u>	<u>(133,100)</u>	<u>603,000</u>
Net (decrease)/ increase in cash and cash equivalents	(47,844)	(79,617)	130,264	(27,978)
Effects of foreign exchange rate changes	50,778	24,473	-	-
Cash and cash equivalents at 1 January	<u>152,117</u>	<u>207,261</u>	<u>22,466</u>	<u>50,444</u>
Cash and cash equivalents at 31 December (Note 15)	<u>155,051</u>	<u>152,117</u>	<u>152,730</u>	<u>22,466</u>

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