

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

**Statements of comprehensive income
For the financial year ended 31 December 2018**

		Group		Bank	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest income	4	466,084	448,443	466,043	448,396
Interest expense	5	(249,158)	(232,179)	(249,537)	(232,393)
Net interest income		216,926	216,264	216,506	216,003
Income from Islamic banking business	39	995	921	995	921
Other income	6	10,260	40,020	14,673	39,331
Net income		228,181	257,205	232,174	256,255
Other expenses	7	(18,110)	(57,802)	(18,583)	(56,097)
		210,071	199,403	213,591	200,158
Allowance for impairment losses on loans, advances and financing	8	(101,992)	(22,584)	(101,992)	(22,584)
Operating profit		108,079	176,819	111,599	177,574
Share of results of associate		2,814	11,086	-	-
Profit before tax	9	110,893	187,905	111,599	177,574
Income tax expense	12	(32,073)	(45,805)	(31,690)	(45,052)
Profit net of tax		78,820	142,100	79,909	132,522
Other comprehensive income for the year:					
Items that will not be reclassified to profit or loss					
- Fair value loss on securities at fair value through other comprehensive income		(1,108)	-	(1,108)	-
- Income tax relating to securities at fair value through other comprehensive income		266	-	266	-
- Re-measurement loss on defined benefit plan		(516)	-	(516)	-
		(1,358)	-	(1,358)	-
Items that may be reclassified to profit or loss					
- Fair value gain on securities available-for-sale		-	2,104	-	2,104
- Income tax relating to securities available-for-sale		-	(505)	-	(505)
		-	1,599	-	1,599

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	Note	Group		Bank	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share of other comprehensive income of associate					
Net gain on securities at fair value through other comprehensive income:					
- Gain on fair value changes		233	-	-	-
- Income tax relating to securities at fair value through other comprehensive income		1			
Net loss on securities available-for-sale:					
- Loss on fair value changes		-	(15)	-	-
- Cumulative gain reclassified to profit or loss upon disposal		-	(275)	-	-
- Income tax relating to securities available-for-sale		-	154	-	-
		<u>234</u>	<u>(136)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>(1,124)</u>	<u>1,463</u>	<u>(1,358)</u>	<u>1,599</u>
Total comprehensive income for the year		<u>77,696</u>	<u>143,563</u>	<u>78,551</u>	<u>134,121</u>
Earnings per share attributable to owner of the Bank (sen per share)					
Basic	13	<u>14.02</u>	<u>25.28</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 financial position
As at 31 December 2018**

		Group		Bank	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Cash and short-term funds	14	347,488	272,866	347,316	271,952
Deposits and placements with financial institutions	15	70,997	87,441	69,983	85,687
Securities at fair value through profit or loss	16	39,870	-	39,870	-
Securities held-for-trading	17	-	41,504	-	41,504
Securities at fair value through other comprehensive income	18	6,061	-	6,061	-
Securities available-for-sale	19	-	9,948	-	9,948
Loans, advances and financing	20	5,538,451	5,552,107	5,538,451	5,552,107
Property, plant and equipment	21	3,967	129	3,962	122
Investment properties	22	1,737	1,763	1,737	1,763
Investments in subsidiaries	23	-	-	4,358	4,358
Investment in associate	24	93,209	95,184	38,652	38,652
Deferred tax assets	25	89,819	41,564	89,802	41,564
Other assets	26	597,562	610,459	596,313	606,496
Total assets		6,789,161	6,712,965	6,736,505	6,654,153
Liabilities					
Deposits from customers	27	1,969,241	1,523,408	1,983,593	1,532,942
Borrowings	28	3,618,000	3,932,000	3,618,000	3,932,000
Other liabilities	29	142,012	108,943	140,631	107,079
Deferred tax liabilities	25	1	1	-	-
Employee defined benefit liability	30	7,881	7,791	7,881	7,791
Total liabilities		5,737,135	5,572,143	5,750,105	5,579,812

**Sabah Development Bank Berhad - 34638-W
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**Statements of financial position
As at 31 December 2018**

		Group		Bank	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Equity attributable to owner of the Bank					
Share capital	31	562,000	562,000	562,000	562,000
Other reserves	32	1,790	(149)	1,500	(205)
Retained earnings	33	488,236	578,971	422,900	512,546
Total equity		<u>1,052,026</u>	<u>1,140,822</u>	<u>986,400</u>	<u>1,074,341</u>
Total equity and liabilities		<u>6,789,161</u>	<u>6,712,965</u>	<u>6,736,505</u>	<u>6,654,153</u>
Commitments and contingencies	35	<u>853,492</u>	<u>2,099,837</u>	<u>853,484</u>	<u>2,099,837</u>

The accompanying accounting policies and explanatory notes 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 2018**

Group	Share capital RM'000	Other reserves RM'000	Retained earnings RM'000	Total shareholder's equity RM'000
Opening balance at 1 January 2018				
- as previously stated	562,000	(149)	578,971	1,140,822
- effects of changes in accounting policies	-	3,063	(121,955)	(118,892)
Opening balance at 1 January 2018, restated	562,000	2,914	457,016	1,021,930
Profit net of tax	-	-	78,820	78,820
Other comprehensive income	-	(1,124)	-	(1,124)
Total comprehensive income for the year	-	(1,124)	78,820	77,696
Transactions with owner:				
Dividends	-	-	(47,600)	(47,600)
Closing balance at 31 December 2018	562,000	1,790	488,236	1,052,026
Opening balance at 1 January 2017	562,000	(1,612)	506,871	1,067,259
Profit net of tax	-	-	142,100	142,100
Other comprehensive income	-	1,463	-	1,463
Total comprehensive income for the year	-	1,463	142,100	143,563
Transactions with owner:				
Dividends	-	-	(70,000)	(70,000)
Closing balance at 31 December 2017	562,000	(149)	578,971	1,140,822

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**Statements of cash flows
For the financial year ended 31 December 2018**

Bank	Share capital RM'000	Other reserves RM'000	Retained earnings RM'000	Total shareholder's equity RM'000
Opening balance at 1 January 2018				
- as previously stated	562,000	(205)	512,546	1,074,341
- effects of changes in accounting policies	-	3,063	(121,955)	(118,892)
Opening balance at 1 January 2018, restated	562,000	2,858	390,591	955,449
Profit net of tax	-	-	79,909	79,909
Other comprehensive income	-	(1,358)	-	(1,358)
Total comprehensive income for the year	-	(1,358)	79,909	78,551
Transactions with owner:				
Dividends	-	-	(47,600)	(47,600)
Closing balance at 31 December 2018	562,000	1,500	422,900	986,400
Opening balance at 1 January 2017	562,000	(1,804)	450,024	1,010,220
Profit net of tax	-	-	132,522	132,522
Other comprehensive income	-	1,599	-	1,599
Total comprehensive income for the year	-	1,599	132,522	134,121
Transactions with owner:				
Dividends	-	-	(70,000)	(70,000)
Closing balance at 31 December 2017	562,000	(205)	512,546	1,074,341

The accompanying accounting policies and explanatory notes 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 2018**

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before tax	110,893	187,905	111,599	177,574
<u>Adjustments for:</u>				
Allowance for impairment losses on loans, advances and financing	101,992	22,584	101,992	22,584
Depreciation of investment properties	26	26	26	26
Depreciation of property, plant and equipment	250	105	248	103
Defined benefit obligations	870	805	870	805
Gain on disposal of property, plant and equipment	(136)	-	(136)	-
Net gain on disposal of securities at fair value through profit or loss	(33)	-	(33)	-
Net gain on disposal of securities held-for-trading	-	(1,358)	-	(1,358)
Share of results of associates	(2,814)	(11,086)	-	-
Unrealised fair value gain/ (loss) on securities held-for-trading	5,424	(2,432)	5,424	(2,432)
Total adjustments	<u>105,579</u>	<u>8,644</u>	<u>108,391</u>	<u>19,728</u>

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**Statements of cash flows
For the financial year ended 31 December 2018**

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Operating cash flows before changes in working capital	216,472	196,549	219,990	197,302
<u>Changes in working capital</u>				
Change in deposits and placements with financial institutions	(2,009)	(1,581)	(995)	(1,581)
Change in securities at fair value through profit or loss	(978)	-	(978)	-
Change in securities held-for-trading	-	390	-	390
Change in loans, advances and financing	(252,444)	(245,060)	(252,444)	(245,060)
Change in other assets	9,756	(5,901)	7,085	(5,913)
Change in deposits from customers	445,833	375,250	450,651	378,643
Change in other liabilities	43,211	13,252	43,346	13,110
Payment of retirement benefit obligation	(1,296)	(437)	(1,296)	(437)
Total changes in working capital	<u>242,073</u>	<u>135,913</u>	<u>245,369</u>	<u>139,152</u>
Cash flows from operations	458,545	332,462	465,359	336,454
Income taxes paid	(44,988)	(41,075)	(44,240)	(40,838)
Income taxes refunded	3,098	104	3,098	-
Interest received	41	-	-	-
Net cash flow from operating activities	<u>416,696</u>	<u>291,491</u>	<u>424,217</u>	<u>295,616</u>

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**Statements of cash flows
For the financial year ended 31 December 2018**

	Group		Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Dividend received from associate	5,025	4,476	-	-
Proceeds from disposal of property, plant and equipment	137	-	137	-
Purchase of property, plant and equipment	<u>(4,089)</u>	<u>(21)</u>	<u>(4,089)</u>	<u>(17)</u>
Net cash flows from/(used in) investing activities	<u>1,073</u>	<u>4,455</u>	<u>(3,592)</u>	<u>(17)</u>
Financing activities				
Dividends paid on ordinary shares	(47,600)	(70,000)	(47,600)	(70,000)
Proceeds from borrowings	6,936,000	2,207,000	6,936,000	2,207,000
Repayment of borrowings	<u>(7,250,000)</u>	<u>(2,255,000)</u>	<u>(7,250,000)</u>	<u>(2,255,000)</u>
Net cash flows used in financing activities	<u>(361,600)</u>	<u>(118,000)</u>	<u>(361,600)</u>	<u>(118,000)</u>
Net increase/(decrease) in cash and cash equivalents	56,169	177,946	58,665	177,599
Cash and cash equivalents at 1 January	<u>332,997</u>	<u>155,051</u>	<u>330,329</u>	<u>152,730</u>
Cash and cash equivalents at 31 December (Note 14)	<u>389,166</u>	<u>332,997</u>	<u>388,994</u>	<u>330,329</u>

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