

Statements of comprehensive income
For the financial year ended 31 December 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income	4	448,443	377,412	448,396	448,757
Interest expense	5	(232,179)	(266,225)	(232,393)	(222,375)
Net interest income		216,264	111,187	216,003	226,382
Income from Islamic banking business	38	921	1,045	921	1,045
Other income	6	40,020	804,392	39,331	46,306
Net income		257,205	916,624	256,255	273,733
Other expenses	7	(57,802)	(313,904)	(56,097)	(26,056)
		199,403	602,720	200,158	247,677
Allowance for impairment losses on loans, advances and financing	8	(22,584)	(73,056)	(22,584)	(70,817)
Allowance for impairment losses on other assets	9	-	(109,881)	-	-
Operating profit		176,819	419,783	177,574	176,860
Share of results of associates		11,086	9,099	-	-
Profit before tax	10	187,905	428,882	177,574	176,860
Income tax expense	13	(45,805)	(42,122)	(45,052)	(32,420)
Profit net of tax		142,100	386,760	132,522	144,440
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		2,104	12,116	2,104	(632)
- Income tax relating to securities available-for-sale		(505)	152	(505)	152
		1,599	12,268	1,599	(480)

Statements of comprehensive income
For the financial year ended 31 December 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Share of other comprehensive income of associate:					
- Net gain on securities available-for-sale:					
- (Loss)/gain on fair value changes		(15)	296	-	-
- Cumulative gain reclassified to profit or loss upon disposal		(275)	(98)	-	-
- Income tax relating to other comprehensive income of associate:					
Securities available-for-sale		154	(141)	-	-
		<u>(136)</u>	<u>57</u>	<u>-</u>	<u>-</u>
Foreign currency translation:					
- current year		-	(15,526)	-	-
		<u>-</u>	<u>(15,526)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>1,463</u>	<u>(3,201)</u>	<u>1,599</u>	<u>(480)</u>
Total comprehensive income for the year		<u>143,563</u>	<u>383,559</u>	<u>134,121</u>	<u>143,960</u>
Earnings per share attributable to owner of the Company (sen per share)					
Basic	14	<u>25.28</u>	<u>70.31</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 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Assets					
Cash and short-term funds	15	272,866	130,965	271,952	130,193
Deposits and placements with financial institutions	16	87,441	49,815	85,687	48,266
Securities held-for-trading	17	41,504	38,104	41,504	38,104
Securities available-for-sale	18	9,948	7,844	9,948	7,844
Loans, advances and financing	19	5,552,107	5,329,631	5,552,107	5,329,631
Property, plant and equipment	20	129	213	122	208
Investment properties	21	1,763	1,789	1,763	1,789
Investment in subsidiaries	22	-	-	4,358	4,358
Investment in associate	23	95,184	88,710	38,652	38,652
Deferred tax assets	24	41,564	41,219	41,564	41,219
Other assets	25	610,459	604,643	606,496	600,583
Total assets		6,712,965	6,292,933	6,654,153	6,240,847
Liabilities					
Deposits from customers	26	1,523,408	1,148,158	1,532,942	1,154,299
Borrowings	27	3,932,000	3,980,000	3,932,000	3,980,000
Other liabilities	28	108,943	90,093	107,079	88,905
Deferred tax liabilities	24	1	-	-	-
Employee defined benefit liability	29	7,791	7,423	7,791	7,423
Total liabilities		5,572,143	5,225,674	5,579,812	5,230,627

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

**Statements of financial position
As at 31 December 2017**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Equity attributable to owner of the Company					
Share capital	30	562,000	562,000	562,000	562,000
Fair value adjustment reserve	31	(149)	(1,612)	(205)	(1,804)
Retained earnings	32	578,971	506,871	512,546	450,024
Total equity		<u>1,140,822</u>	<u>1,067,259</u>	<u>1,074,341</u>	<u>1,010,220</u>
Total equity and liabilities		<u>6,712,965</u>	<u>6,292,933</u>	<u>6,654,153</u>	<u>6,240,847</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 2017

Group	Share capital RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total shareholder's equity RM'000	Non- controlling interests RM'000	Total equity RM'000
Opening balance at 1 January 2017	562,000	(1,612)	506,871	1,067,259	-	1,067,259
Profit net of tax	-	-	142,100	142,100	-	142,100
Other comprehensive income	-	1,463	-	1,463	-	1,463
Total comprehensive income	-	1,463	142,100	143,563	-	143,563
Transactions with owner: Dividends	-	-	(70,000)	(70,000)	-	(70,000)
Closing balance at 31 December 2017	562,000	(149)	578,971	1,140,822	-	1,140,822

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

Statements of changes in equity
For the financial year ended 31 December 2017

Group	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	Total equity RM'000
Opening balance at 1 January 2016	550,000	(75,286)	66,915	250,601	792,230	(122)	792,108
Profit net of tax	-	-	-	386,760	386,760	-	386,760
Other comprehensive income	-	12,325	(15,526)	-	(3,201)	-	(3,201)
Total comprehensive income for the year	-	12,325	(15,526)	386,760	383,559	-	383,559
Transactions with owner:							
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

Statements of changes in equity
For the financial year ended 31 December 2017

Company	Share capital RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total shareholder's equity RM'000
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
Opening balance at 1 January 2016	550,000	(1,324)	375,684	924,360
Profit net of tax	-	-	144,440	144,440
Other comprehensive income	-	(480)	-	(480)
Total comprehensive income for the year	-	(480)	144,440	143,960
Transactions with owner:				
Issuance of shares	12,000	-	-	12,000
Dividends	-	-	(70,100)	(70,100)
	12,000	-	(70,100)	(58,100)
Closing balance at 31 December 2016	562,000	(1,804)	450,024	1,010,220

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 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Operating activities				
Profit before tax	187,905	428,882	177,574	176,860
<u>Adjustments for:</u>				
Allowance for impairment losses on loans, advances and financing	22,584	73,056	22,584	70,817
Allowance for impairment loss on other assets	-	109,881	-	-
Amortisation of intangible assets	-	5,147	-	-
Depreciation of investment properties	26	192	26	26
Depreciation of property, plant and equipment	105	88,725	103	192
Defined benefit obligations	805	780	805	780
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)	-	(1)
Net gain on disposal of securities held-for-trading	(1,358)	(1,082)	(1,358)	(1,082)
Share of results of associates	(11,086)	(9,099)	-	-
Unrealised fair value (loss)/gain on securities held-for-trading	(2,432)	329	(2,432)	329
Total adjustments	<u>8,644</u>	<u>(150,434)</u>	<u>19,728</u>	<u>61,981</u>

Statements of cash flows
For the financial year ended 31 December 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Operating cash flows before changes in working capital	196,549	278,448	197,302	238,841
Changes in working capital				
Change in cash at bank-designated accounts	-	23,090	-	-
Change in deposits and placements with financial institutions	(1,581)	8,619	(1,581)	(402)
Change in securities held-for-trading	390	348	390	348
Change in securities available-for-sale	-	887	-	(1)
Change in loans, advances and financing	(245,060)	(1,554,117)	(245,060)	(176,797)
Change in other assets	(5,901)	679,549	(5,913)	(44,701)
Change in deposits from customers	375,250	290,735	378,643	266,179
Change in other liabilities	13,252	582,617	13,110	7,359
Payment of retirement benefit obligation	(437)	(128)	(437)	(128)
Total changes in working capital	135,913	31,600	139,152	51,857
Cash flows from operations	332,462	310,048	336,454	290,698
Income taxes paid	(41,075)	(49,200)	(40,838)	(44,183)
Income taxes refunded	104	735	-	653
Net cash flow from operating activities	291,491	261,583	295,616	247,168

Statements of cash flows
For the financial year ended 31 December 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Investing activities				
Addition of intangible assets	-	(8,349)	-	-
Dividend received from associate	4,476	2,984	-	-
Exploration and evaluation expenditure	-	64,247	-	-
Net cash outflows on disposal of subsidiaries	-	(149,662)	-	-
Proceeds from disposal of property, plant and equipment	-	3	-	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	(21)	(2,150)	(17)	(39)
Net cash flows from/(used in) investing activities	<u>4,455</u>	<u>(92,624)</u>	<u>(17)</u>	<u>16,196</u>
Financing activities				
Issuance of ordinary shares	-	12,000	-	12,000
Dividends paid on ordinary shares	(70,000)	(70,100)	(70,000)	(70,100)
Proceeds from borrowings	2,207,000	1,177,576	2,207,000	1,110,000
Repayment of borrowings	(2,255,000)	(1,336,279)	(2,255,000)	(1,185,000)
Net cash flows used in financing activities	<u>(118,000)</u>	<u>(216,803)</u>	<u>(118,000)</u>	<u>(133,100)</u>
Net increase/(decrease) in cash and cash equivalents	177,946	(47,844)	177,599	130,264
Effects of foreign exchange rate changes	-	50,778	-	-
Cash and cash equivalents at 1 January	<u>155,051</u>	<u>152,117</u>	<u>152,730</u>	<u>22,466</u>
Cash and cash equivalents at 31 December (Note 15)	<u>332,997</u>	<u>155,051</u>	<u>330,329</u>	<u>152,730</u>

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