

Sabah Bank's net loss narrows to RM82mil in 2024, from RM684mil in 2023

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KUALA LUMPUR: Sabah Development Bank Bhd significantly narrowed its net loss to RM82 million for the financial year ended 2024, from RM684 million net loss in FY2023.

The 2023 losses were primarily due to extensive provisions for non-performing loans (NPLs) and diminished asset values accumulated over the past years.

Sabah Bank, in a statement today, said it expects to report a modest profit in FY2025.

"This progress reflects positive momentum in Sabah Bank's ongoing three-year transformation journey, which commenced in the second half of 2023 under a new board and management," it said.

"Following a rigorous restructuring exercise, the bank's total capital ratio had dropped to 7.9 per cent by end 2023. However, as of end-2024, the capital ratio has rebounded to a strong 20.71 per cent, backed by strong support from the Sabah state government," it added.

On June 4, RAM Rating Services Bhd (RAM) affirmed Sabah Bank's debt instrument ratings at AA1/Stable/P1.

The AA1 rating indicates a high safety for payment of financial obligations, while the "Stable" outlook reflects RAM's expectations that the long-term rating will be unchanged over the intermediate term.

The bank's commercial papers were also affirmed at P1, the highest short-term rating assigned by RAM, reflecting high safety for payment of short-term obligations.

In alignment with its mandate from the state government, the bank is now focused on financing development projects in Sabah, predominantly in the infrastructure, power and water sectors.

The state has positioned the bank as the lead lender for local-content in major investment projects, reinforcing its pivotal role in driving Sabah's economic growth.

Between January 2024 to June 2025, Sabah Bank approved RM1.76 billion loan applications within its developmental mandate.

During the same period, the bank turned down RM9.65 billion in loan applications that either fell outside its mandate or did not meet its enhanced credit standards.

The bank said since the setup of an independent professional recovery team in September 2023, notable progress has been made in addressing the NPLs.

The bank's board has approved RM965 million in settlement proposals. This is in addition to RM2 billion in pledged securities currently placed under receivership.