

## | Sabah Development Bank's losses drop significantly

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SABAH



— Photo from Sabah Development Bank website

KOTA KINABALU (July 1): Sabah Development Bank Berhad (SDB) on Tuesday announced a significantly reduced pretax loss of RM86 million (net loss of RM82 million) for the financial year ended 2024. This marks a notable improvement from the substantial pretax loss of RM878 million (net loss of RM684 million) recorded in the previous year, primarily due to extensive provisions for Non-Performing Loans (NPLs) and diminished asset values accumulated over the past years.

SDB expects to report a modest profit in FY2025.

This progress reflects positive momentum in SDB's ongoing 3-Year Transformation

Journey, which commenced in the second half of 2023 under a new board and management.

Following a rigorous restructuring exercise, the Bank's total capital ratio had dropped to 7.9% by end 2023.

However, as of end-2024, the capital ratio has rebounded to a strong 20.71%, backed by strong support from the Sabah State Government.

On 4 June 2025, RAM Rating Services Berhad (RAM) affirmed SDB'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, SDB is now focused on financing development projects in Sabah, predominantly in the infrastructure, power and water sectors.

The State has positioned SDB 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, SDB approved RM1.763 billion loan applications within its developmental mandate. During the same period, the Bank turned down RM9.646 billion in loan applications that either fell outside its mandate or did not meet its enhanced credit standards.

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.

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