

SDB reduces annual loss to RM86mil, targets profit in FY2025

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KOTA KINABALU: Sabah Development Bank Berhad (SDB) has significantly reduced its annual pretax loss to RM86mil, down from RM878mil the previous year.

In a statement on Tuesday (July 1), the bank reported a net loss for the financial year ending 2024 of RM82mil, marking a substantial improvement from RM684mil previously.

This recovery is attributed to earlier provisions for non-performing loans (NPLs) and impaired assets.

SDB announced that it is now on track to post a modest profit for the financial year 2025.

This turnaround is part of a three-year transformation plan initiated in the second half of 2023 under a new board and management.

The bank's total capital ratio, which had dropped to 7.9% by the end of 2023, has since rebounded to 20.71% as of the end of 2024 with support from the Sabah state government.

On June 4, RAM Rating Services Berhad reaffirmed SDB's debt instrument ratings at AA1/Stable/P1. According to the statement, the ratings indicate a high level of safety for financial obligations and strong short-term payment capacity.

SDB also highlighted a shift in lending focus towards Sabah-based development projects, particularly in infrastructure, water, and power.

From January 2024 to June 2025, the bank approved RM1.763bil in financing under this mandate, while rejecting RM9.646bil worth of applications that did not meet its tightened credit standards.

To address legacy debts, the bank established an independent recovery team in September 2023. As of June this year, the board has approved RM965mil in settlement proposals, with another RM2bil in pledged securities placed under receivership.

The statement comes as SDB continues to rebuild investor confidence following disclosures last year about its financial position.

In July 2024, the new board lodged a report with the Malaysian Anti-Corruption Commission (MACC) after discovering that nearly RM5bil — around 75% of its RM6.6bil loan portfolio — were non-performing.

The bank also replaced its external auditor in September 2024, appointing Forvis Mazars PLT to succeed Ernst & Young after reporting an RM878mil pretax loss in FY2023.

Since then, SDB has launched legal recovery proceedings and placed several delinquent borrowers under receivership.