

| SDBank takes significant steps to address bad debt – Masidi

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SABAH

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KOTA KINABALU (Nov 20): The State Government is fully supportive of SDBank to assure financial institutions that all loan repayment obligations will be fully complied with, said State Finance Minister Datuk Masidi Manjun.

“In line with the State Government’s determination to address legacy issues and rehabilitate the bank, the new SDBank Board of Directors and management have assumed their role by mid-2023 and a dedicated professional team has also been established to focus specifically on bad debt recovery,” he said when winding up the debate for the 2025 Sabah Budget at the State Assembly sitting today.

He added that the team has taken significant steps to address legacy bad debt.

“Legal action has been initiated against borrowers and guarantors involved in these bad debts. This action includes appointing Receivers & Managers (R&M) if necessary,” he said.

“As of the end of September 2024, SDB’s total bad debt amounts to RM4.89 billion. Most importantly, this debt is secured by collateral, and SDB is confident that the recovery process can be completed within the next three years,” he added.

He also said that he was delighted to report that good progress has been achieved in which the Board of Directors has already approved a proposed settlement amounting to RM879 million.

With several further proposals expected to be finalised in the near future, SDBank is predicted to reach a total recovery of over RM1 billion by the end of this year, he said.

“In addition, since September 2023, SDBank has taken legal action against 21 bad debt borrowers amounting to RM2.56 billion, appointed R&M against six bad debt borrowers amounting to RM601 million and appointed “liquidators” to nine bad debt borrowers amounting to RM1.562 billion. These numbers show how decisive and aggressive SDBank is in dealing with bad debts,” he added.

Masidi shared that the State Government has mandated SDBank to acquire development projects especially in the fields of water, energy and infrastructure.

“These projects must be economically and socially beneficial and environmentally responsible, located in Sabah, and Sabah only.”

He added that State Government has publicly informed investors that SDBank will be the main local lender for Sabah projects, and SDBank has aggressively cleared its accounts with good loans.

“For the period from January to October this year, SDBank has approved loan facilities amounting to RM1.28 billion. In the same period, SDBank rejected loan applications amounting to RM7.47 billion, because they were not included in the conditions or did not meet SDBank’s credit rating.”

He also clarified that SDBank’s loan record is not as described, and amounted to RM100 billion.

“The figure is incorrect and inconsistent with SDBank’s financial data,” he said.

“Let me assure this honourable House that SDBank, with the full support of the State Government, will continue its efforts to recover all outstanding bad debts without fear or favour. This reflects the unwavering commitment of the State Government and SDBank to safeguard the financial health of the institution and ensure accountability from all borrowers,” he said.

On the topic of SMJE, he said that its main focus is to support the Oil and Gas Services and Equipment (OGSE) industry which aims to empower and increase revenue sharing opportunities for local Sabah companies and foreign companies.

“Since the establishment of SMJE, the involvement of local companies in the oil and gas industry has increased significantly, employment opportunities have increased, and higher revenues have been generated,” he said.

Among the initiatives that have been implemented are: by introducing “Local Tender Threshold” which encourages cooperation between local stakeholders and experts in related fields.

“This has resulted in a remarkable 143% increase in OGSE sector revenue between 2021 and 2023. By 2025, this effort is expected to create approximately 1,000 new job opportunities,” he said.

He added that SMJE’s performance has been proven to be in line with the values applied such as professionalism, good governance and fiscal discipline. This has clearly benefited the state of Sabah and its people.

“Regarding the unification of oil and gas entities, such as SIP, Sabah Gas and SOGIP, I would like to reiterate that the government’s decision to keep them all as separate entities is aimed at avoiding inheriting management inefficiency. By creating a new entity (SMJE) that is run 100% by professionals, it can operate free of any past burdens.

“In conclusion, the measures taken by the government regarding SIP and SMJE show success. In addition to obtaining higher revenues, greater influence and more active participation in oil and gas operations in Sabah, this government has transformed the entity burdened with debt to a debt-free entity that contributes significant cash flow to the state, ensuring a sustainable future for Sabah’s resources. People deserve facts, not politically motivated interference. This government remains committed to managing Sabah’s resources with the professionalism, integrity and transparency that the people expect and deserve,” he said.