

Sabah Development Bank aggressively recovering bad loans: Masidi

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KOTA KINABALU: Sabah Development Bank (SDBank) has taken significant measures to deal with bad loans inherited by the state-owned bank, says the State Finance Minister.

Datuk Seri Masidi Manjun said the new SDB board of directors and management assumed their roles in mid-2023, with a dedicated professional team established to focus specifically on the recovery of non-performing loans.

Masidi said the non-performing loans garnered by the bank amounted to RM4.89bil as of September this year.

He told the state assembly that good progress had been made over the issue, with the SDBank's board of directors approving a settlement proposal amounting to RM879mil.

He said that with additional proposals expected to be finalised soon, SDBank is forecasted to achieve a recovery amount of over RM1bil by the end of this year.

"Since September 2023, SDB has taken legal action against 21 non-performing loan borrowers amounting to RM2.56bil," he said.

Masidi said the bank has also appointed receivers and managers (R&M) for six non-performing loan borrowers, amounting to RM601mil, and liquidators for nine non-performing loan borrowers, amounting to RM1.562bil.

"These loans were secured by collateral, and SDBank is confident that the recovery process can be completed within the next three years," he added.

Additionally, he said, the State Government has mandated SDBank to acquire development projects, particularly on water, energy, and infrastructure and would be the primary local lender for Sabah projects.

"From January to October of this year, SDB has approved loan facilities totaling RM1.28bil. In the same period, the bank has rejected loan applications totaling RM7.47bil as they did not meet the criteria or did not meet SDBank's credit evaluation," he said.