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MEDIA RELEASE

16 JULY 2024

RAM Rating Services Berhad (RAM) has on 16 July 2024 reaffirmed AA1/Stable/P1 ratings of Sabah Development Bank Berhad (SDB)'s debt instruments. RAM is the leading and largest credit rating agency in Southeast Asia. The agency publishes credit ratings to give an independent, forward-looking opinion about an issuer's ability to repay its financial obligations.

The AA1 rating indicates that SDB has a strong capability to meet its financial obligations, and is resilient against adverse changes in circumstances, economic conditions and/or operating environments. The "Stable" outlook reflects RAM's expectation that the long-term rating will be unchanged over the immediate term. SDB's Commercial Papers are also affirmed at P1, which is the highest short-term rating assigned by RAM, indicating a strong capability to meet short-term financial obligations.

In RAM's announcement, it stated: "The ratings continue to be anchored by Sabah state's very strong likelihood of support for the Bank and its debt borrowings – a commitment firmly articulated to RAM and SDB's investors. The State's financial capacity is underpinned by its robust fiscal position and cash reserves."

Sabah Finance Minister Datuk Seri Masidi Manjun, in a statement on 12 July 2024 said that "I wish to reaffirm the State support to the Bank in times of need, particularly on our commitment to ensure that the bond obligations and repayment are kept whole. The Bank reflects the State's financial standing and has an important role in the development of the State".

"Since taking office, the new management team has summarily strengthened the Bank's governance and credit underwriting, while also intensifying recovery efforts for distressed assets," RAM added.

SDB is confident that with the State's strong support and a disciplined new leadership team, it will be turned around to become a Development Bank that the State and the people can be proud of.

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