

**Zeti: We warned 1MDB of debt dangers as early as 2014**  
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Bank Negara had warned 1MDB that its ballooning debts were posing a risk to the country's financial system as early as 2014, said its governor Zeti Akhtar Aziz.

"Of course this was on our radar screens," Zeti was today reported telling Bloomberg in Washington.

"We were monitoring in terms of the level of their indebtedness, and whether they had any systemic implications on the banking sector."

According to the report, 1MDB debts as of January stood at RM50 billion (US\$12.8 billion).

She said Bank Negara had issued two memorandums to the Finance Ministry flagging the dangers of the fund's mounting debt.

Zeti told the business news agency Bank Negara last month was pursuing "appropriate administrative enforcement action" as 1MDB had not shown proof why it couldn't meet an order to bring US\$1.8 billion in funds related to multiple deals back to Malaysia.

"The administrative action has been submitted to the attorney-general," she said in the interview with Bloomberg conducted last Saturday.

"We are waiting for a decision."

However, Zeti told Bloomberg the central bank even in 2014 felt 1MDB's debts would not have too severely stressed the financial system had the fund gone into default.

She added the country should "move on".

"Right now, I believe that Malaysia needs to be able to move on and put that behind us," she was reported saying.

"[1MDB's debt 'rationalisation' plan] and the intent for it to be eventually scaled back and even possibly unwound would give Malaysia the opportunity to move on," said Zeti.

Bloomberg noted the parliamentary accounts committee in its report released this month identified at least US\$4.2 billion of unauthorised or unverified transactions and recommended former 1MDB chief executive officer Shahrol Halmi and other managers be investigated.