

Gov't will honour all its debts, says Bank Negara governor
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Newly-minted Bank Negara governor Muhammad Ibrahim has expressed confidence that the government will clear its debts in relation to 1MDB.

"I'm confident the government will honour all its obligations," Muhammad told reporters on the sidelines of the Global Islamic Finance Forum in Kuala Lumpur today.

Once the 1MDB issue is resolved, he said, market sentiments would improve.

1MDB is facing the possibility of yet another default as the coupon payment for its US\$1.75 billion bond is due tomorrow.

This follows its [failure](#) to pay US\$50.3 million in interest on another bond, also amounting to US\$1.75 billion, last month.

Both bonds are guaranteed by Abu Dhabi-based International Petroleum Investment Company (IPIC), which is engaged in a dispute with 1MDB over billions owed to IPIC.

If 1MDB fails or refuses to pay, it will trigger another round of cross-default on its other debts, including US\$1.83 billion (RM7.4 billion) in Islamic bonds, according to *Channel News Asia*.