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'NO FOUL PLAY'

# DR M: LOSSES CAUSED BY EX-GOVERNOR'S MISCALCULATION

ON BANK NEGARA FOREX LOSSES

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There was no manipulation, says former PM

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**T**UN Dr Mahathir Mohamad has attributed the foreign exchange (forex) losses suffered by Bank Negara Malaysia (BNM) in the 1990s to its former governor, the late Tan Sri Jaffar Hussein.

The former prime minister stated matter-of-factly that he did not intervene in BNM's forex trading because he "believed in the word" of his officers.

He said BNM's forex losses were not due to manipulation of any sort, but a miscalculation on the part of the then governor.

Yesterday, during cross-examination following his testimony to the Royal Commission of Inquiry

(RCI) set up to look into the losses, he said despite certain allegations, Jaffar was a "good and honourable man".

He said this when questioned by conducting officer Datuk Suhaimi Ibrahim about why he did not intervene in BNM's aggressive forex trading position, given that it was extensively covered in the foreign media at the time.

"I do not give credence to the reports of foreign media; I believe the word of my officers. I appointed the best people for the management of the country, and I expected them to be responsible in their duties."

He said he believed Jaffar was an honourable man.

"Reserves might have depleted, but there was no evidence of foul play. It was not manipulation, but was just miscalculation on Jaffar's part."

Dr Mahathir's legal representative, Mohamed Haniff Khatri Abdulla, at times, crossed swords with both RCI chairman Tan Sri Sidek Hassan and Suhaimi over questions for his client.



Former prime minister Tun Dr Mahathir Mohamad arriving for the Royal Commission of Inquiry proceedings in Putrajaya yesterday. PIC BY AIZUDDIN SAAD

He was, in particular, upset when Suhaimi alluded that Dr Mahathir knew of the alleged RM31 billion forex losses in 1993.

"This figure was only known now after the testimony of then assistant governor Datuk Murad Abdul Khalid in 2017. To say that Dr Mahathir would have known it then is unfair given that when he was briefed by (former finance minister) Datuk Seri Anwar Ibrahim, he was only alerted of the 1993 losses amounting to RM5.7 billion," Haniff said.

(Dr Mahathir claimed this in the first half of the proceedings yesterday when reading his statement at the RCI. Cross-examination began after a 75-minute recess for lunch.)

Sidek then asked Dr Mahathir if he believed Anwar lied to the cabinet when he reported the RM5.7 billion losses in April 1993.

"I didn't think that he lied. That

figure was true to him then when he alerted the rest of us."

RCI panellist Tan Sri Saw Choo Boon then asked Dr Mahathir if Anwar had personally explained the different account treatments that were conducted by BNM to hide the losses.

"He only told me of the losses of RM5.7 billion, which is a figure that he had from BNM's audited report that was already approved by the auditor general. I was not notified of the different account treatments."

Dr Mahathir was the third witness of the day and 24th overall in the 10-day inquiry into the billions of ringgit lost by BNM in forex trading.

The RCI is expected to conclude today after the testimony of its final witness, former auditor general Tan Sri Ishak Tadin.

**Additional reporting by Hana Naz Harun**

## Share transfers to bail out BNM done 'discreetly'

**PUTRAJAYA:** The share transfers from Telekom Malaysia Bhd and Tenaga Nasional Bhd (TNB) to Bank Negara Malaysia (BNM) to bail the central bank out of insolvency in 1994 was ordered to be done discreetly.

This directive for discretion was made by then "higher-ups of the Ministry of Finance", former deputy finance secretary at the ministry's finance department. Datuk Othman, 30-00