

Najib's signature put RM13bil debt on government, says witness

By **NURBAITI HAMDAN**
nurbaiti@thestar.com.my

KUALA LUMPUR: The government has to bear the repayment of a US\$3bil (RM13bil at current rates) loan undertaken by 1Malaysia Development Bhd (1MDB), the High Court has heard.

Prosecution witness Datuk Siti Zauyah Md Desa, a former deputy secretary-general at the Finance Ministry, testified that 1MDB had failed to repay its debt according to agreed terms, causing the government having to foot the repayment as the letter of support (LOS) to the

loan was signed by Datuk Seri Najib Razak, who was the finance minister at that time in 2013.

"I confirm that the status of the US\$3bil loan referred to in my witness statement, that 1MDB as the borrower of the US\$3bil, had failed to repay the loan in accordance with the terms," she said at the RM2.28bil 1MDB trial involving Najib here yesterday.

The LOS signed by Najib was for the joint venture (JV) between 1MDB and Aabar Investments PJS, said to be a subsidiary of International Petroleum Investment Company (IPIC).

The court had earlier heard that 1MDB entered into the JV with Aabar Investment PJS in 2012 to develop the Tun Razak Exchange (TRX) project.

After the issuance of the LOS to 1MDB in 2013, Siti Zauyah said the Finance Ministry did not issue any other guarantees to the company.

The witness was also referred to another letter of approval and support for 1MDB for a term loan facility with Deutsche Bank dated Aug 29, 2014.

"I have never seen this document and it has never been referred to

the Finance Ministry.

"The preparation for this document, in my knowledge, has never been discussed by 1MDB with the Finance Ministry and to me, it was not a standard guarantee draft that would be issued by the ministry to any companies it gives its guarantee to.

"For the guarantee to be issued by the ministry, the draft or the guarantee must be approved by the Cabinet," she added.

Based on the document, Siti Zauyah said although it was not referred to the ministry, it was stated that if 1MDB failed to adhere to

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the terms or make repayments to the bank, the bank could claim repayments from the government as the document was signed and approved by the prime minister and the finance minister (Najib) on behalf of Malaysia.

Najib is on trial for 25 charges in total – four for abuse of power that allegedly brought him financial benefit to the tune of RM2.28bil; and 21 for money laundering involving the same amount of money.

The hearing continues before Justice Collin Lawrence Sequerah today.