

1MDB silent on RM3.6 billion loan, cites 'confidential banking matter'
The Malaysian Insider
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By Eileen Ng

Debt-laden 1Malaysia Development Berhad (1MDB) has refrained from further comment on the status of its US\$975 million (RM3.6 billion) loan from a consortium of six foreign banks, saying it is bound by a "confidential banking matter".

President and group executive director Arul Kanda Kandasamy, in an email reply to The Malaysian Insider's query on the matter, however, assured that more information would be provided when they were able to do so.

"We are aware of recent press reports and statements concerning a loan taken by 1MDB in September 2014. While we would like to respond in detail, this relates to a confidential banking matter, which prevents us from commenting at the present time. However, we intend to update the market as soon as we are in a position to do so," he said.

Singapore's Business Times reported today that the six "jittery lenders" have turned "panicky" because the loan was secured by 1MDB's wholly owned Brazen Sky's US\$1.103 billion, which is currently said to be parked at Swiss-based BSI Bank Singapore.

The business daily, quoting sources, said "securitisation document" for the loan was now deemed "incomplete", as one of the covenants was not fulfilled.

These meant lenders could demand for repayment from the state investment vehicle any time before its due date of end-August.

"What was earlier construed as a tightly collateralised loan is now making the banks nervous, given this controversy," the daily quoted an unnamed source as saying.

Yesterday, PKR lawmaker Pandan MP Rafizi Ramli also revealed he had received information that the troubled state investment vehicle had listed its "questionable" account in BSI Bank Singapore as collateral.

He said if this was true, 1MDB may have to resort to using public funds to meet the September payment deadline, since its account in BSI Bank reportedly had no actual cash.

On April 22, whistleblower site Sarawak Report said 1MDB's account in BSI Bank merely contained "paper assets", the "true value of which cannot be determined".

"A loan as big as this would most definitely have collateral. The information I received is that the collateral for this loan is the funds in the BSI Singapore account, which was reported as being non-existent," said Rafizi.

Criticism has been mounting over the Finance Ministry wholly-owned investment vehicle, established in 2009, which has chalked up debts of up to RM42 billion, backed by Putrajaya.

Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah previously disclosed that Putrajaya had approved an RM950 million standby credit facility for 1MDB, of which RM600 million has been used.

Scrutiny grew more intense following Sarawak Report's exposes, which piled pressure on Prime Minister Datuk Seri Najib Razak and prompted opposition politicians, former Umno leaders and anti-graft bodies to demand a thorough investigation into the fund.
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