

Were non-existent funds used to get RM3.6 billion loan for 1MDB, asks Rafizi
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By Anisah Shukry

With four months to go for 1Malaysia Development Berhad (1MDB) to service its RM3.6 billion loan to six international banks, PKR's Rafizi Ramli said he had received information that the troubled state investment fund listed its "questionable" account in BSI Bank Singapore as collateral.

Rafizi said that 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 Sarawak Report claimed that 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," Rafizi told a press conference at the party's headquarters today.

"If this collateral does not exist, there is a huge likelihood that 1MDB will need to raise funds from other sources to replace that collateral."

He said Najib must explain how 1MDB intended to service its RM3.6 billion loan by September, given that the state investment firm was already in debt.

Rafizi said 1MDB had borrowed the RM3.6 billion from a consortium of six international banks led by Deutsche Bank in October last year, and that sources told him the interest rate was at 11% – which meant 1MDB had to pay around RM4 billion in debt to the banks within four months.

"11% interest is an overdraft rate. If it's true, then it means 1MDB is so desperate that it is resorting to taking overdrafts. That's how bad it is. After this, it'll probably make loans using credit cards," said the PKR secretary-general.

Rafizi said he had been told that the government had issued a letter of support to allow 1MDB's loan to be approved, and urged Najib to confirm if this was true.

"Seeing as this debt must be paid by September 2015 and the amount is big, this loan is another bailout that Malaysians have to pay for.

"Before this, every time 1MDB had to repay its debts, the government was forced to inject money into 1MDB, or enter into a business transaction with it," said Rafizi, citing the RM950 million of standby credit Putrajaya provided to 1MDB in March, as

well as Lembaga Tabung Haji's land deal with 1MDB last month.

Criticism has been mounting over the wholly-owned Finance Ministry investment vehicle, established in 2009, which had chalked up debts of up to RM42 billion. – May 12, 2015.

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