

Putrajaya guaranteed 1MDB another US\$4.71 billion, says Pua
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Putrajaya has guaranteed another US\$4.71 billion (RM17.7 billion) of 1Malaysia Development Bhd's (1MDB) loans, this time with Abu Dhabi's International Petroleum Investment Company (IPIC), Tony Pua said today.

This brings the total amount of 1MDB's loans Putrajaya has borne to RM36.2 billion, and raising Malaysia's contingent liability of RM157.5 billion by more than 11%, said the DAP lawmaker.

Pua said IPIC had announced the US\$4.71 billion guarantee on the London Stock Exchange on June 10, along with the rest of the terms of its "generous" May 28 agreement with 1MDB.

"Essentially, the announcement states that IPIC will immediately advance US\$1 billion and cover the interest payments for the US\$3.5 billion of bonds over the next year. IPIC will also take over the bonds if by June 30, 2016, 1MDB transfers assets worth all of the above to IPIC.

"Based on the IPIC announcement, we now know why the investment arm of Abu Dhabi was so remarkably 'generous'. It was because 1MDB and, more crucially, MOF (Finance Ministry) 'have agreed to perform the obligations contemplated in the binding term sheet and to indemnify IPIC and Aabar for any non-performance'.

"Effectively, the Malaysian government has provided a US\$4.71 billion (RM17.7 billion) guarantee to IPIC such that in the event 1MDB is unable to fulfil its obligations to transfer assets worth the same value to IPIC by June 30, 2016, the government will indemnify IPIC by assuming the obligations," said Pua in a statement.

The Petaling Jaya Utara MP said this explained why IPIC was willing to provide such a large advance to 1MDB, including assuming "one year or US\$209.65 million of interest payments for the 'transfer of assets' which has yet to be executed, and their value determined".

He said the US\$4.71 billion guarantee was on top of the government's official guarantee of 1MDB's RM5.8 billion loans; its two letters of support to raise loans amounting to US\$3 billion (RM11.25 billion) in May 2013 and US\$150 million (RM540 million) in March 2015; and a direct loan to 1MDB worth RM950 million.

"Together with the latest RM17.7 billion guarantee above, the amount to be borne by the government should 1MDB fail to repay their loans has inflated to a staggering RM36.2 billion. This has outstripped the National Higher Education Fund (PTPTN), which is backed by RM29.2 billion of government guarantee as the single highest recipient.

"The prime minister must immediately explain the shocking development, the

massive guarantee and effectively another attempted multi-billion ringgit bailout of 1MDB," said Pua.

On May 29, Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah said 1MDB had entered into a binding agreement with IPIC and its subsidiary, Aabar Investments (Aabar), where IPIC will make a payment of US\$1 billion, on or before June 4, 2015.

The US\$1 billion payment would be used to repay a US\$975 million (RM3.5 billion) loan, in advance of its due date, to a syndicate of international bank lenders, Husni said.

On June 8, 1MDB said it had repaid the US\$975 million loan to the banks ahead of its September deadline, adding that the repayment proved its commitment to reducing its debt. – June 29, 2015.

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