

## **1MDB Acknowledges BNM's Right To Revoke Earlier Permissions**

**Bernama**

**Oct 9, 2015**

KUALA LUMPUR, Oct 9 (Bernama) -- 1Malaysia Development Bhd (1MDB) fully acknowledges and respects Bank Negara Malaysia's (BNM) right to revoke its earlier permissions and issue any direction it deems fit under the Financial Services Act 2013.

This is despite the Attorney-General's Chambers (AGC) confirming that no offence had been committed by 1MDB officials.

"1MDB commits to cooperate and continue engaging with BNM, to address their concerns and seek a viable resolution of this outstanding matter," it said in a statement here today.

According to 1MDB, since commencement of BNM investigations in June 2015, the current management and board had fully cooperated, which resulted in investigation papers being submitted to the AGC.

Apart from submitting written answers and sharing relevant documents, 1MDB board members, current and former staff were interviewed by BNM, with detailed witness statements being recorded.

BNM clarified today that it recommended criminal proceedings to the AGC for reasons of "❖ inaccurate or without complete disclosure of material information ❖".

1MDB said it was not for money laundering or other alleged criminal actions as highlighted by certain media and opposition politicians.

It added, the AGC had however, as the legitimate authority for such matters, decided that there was "no offence committed by 1MDB officials" and directed that "no further action should be taken".

"Notwithstanding this direction by the AGC, BNM has issued a direction for 1MDB to repatriate a sum of US\$1.83 billion.

"This relates to certain historic permissions granted by BNM between 2009 and 2011 for 1MDB to make overseas investments.

"It is pertinent to highlight that those permissions, when granted, had no requirement for funds to be repatriated.

"Further, the use of those funds have been described in detail in the notes to 1MDB's publicly available financial statements dated March 31, 2009 to March 3, 2014," it said.

The state fund highlighted that the overseas investments of US\$1.83 billion relates to historic equity and murabaha loan investments in a joint venture with PetroSaudi in 2009 -

2011, that was eventually converted in September 2012 into fund units valued at US\$2.318 billion.

"As previously explained by 1MDB to BNM, this sum of US\$2.318 billion was redeemed in 2014 and 2015, with proceeds being substantially utilised.

"The remaining US\$940 million of fund units, are guaranteed by Aabar and have been ear-marked for a "debt for asset swap" with its 'AA' rated parent, IPIC, as part of the 1MDB rationalisation plan.

"It is, therefore, clear that the original US\$1.83 billion sum has either been spent or earmarked for debt settlement arrangements, that will result in a substantial reduction of 1MDB's debt, per the rationalisation plan," it said.

1MDB also said it had painstakingly provided multiple detailed written and verbal explanations of these facts to BNM between June and end-September 2015.

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