

KWAP: SRC making regular interest payments on RM4 billion loan

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KWAP CEO Wan Kamaruzaman Wan Ahmad says he is not worried over principal repayment as it has government guarantee.

KUALA LUMPUR: Former 1MDB subsidiary SRC International Sdn Bhd has been making regular interest payments on its RM4.386 billion loan from Retirement Fund Inc (KWAP).

KWAP chief executive officer Wan Kamaruzaman Wan Ahmad said KWAP is not worried as the loan is under government guarantee.

“We (KWAP) are not worried about the loan. They (SRC) are still paying for the interest every six months.”

He said this after Prime Minister Najib Razak officiated KWAP’s new Kuala Lumpur headquarters and the fund’s 10th anniversary at Integra Tower, The Intermark, here today.

SRC is scheduled to start paying back its principal at the next loan interval.

“The loan maturity is in September, if I’m not mistaken.”

SRC International owes the KWAP RM4.385 billion at an interest rate of between 4.3% and 5.1% per annum.

The loan was split into two tranches – one given in 2011 and the other in 2012 – each valued at RM2 billion, with a repayment period of 10 years.

The first five years of the loan would see the servicing of the interest, while the remaining five years would see the interest and principal paid up.

SRC International was set up back in 2011 to explore international strategic investments in the energy sector.

It was a subsidiary of state-owned 1MDB until it was placed under the purview of the finance ministry, headed by Prime Minister Najib Razak.

Last November, Second Finance Minister Johari Abdul Ghani admitted that SRC International was in financial difficulty due to problems it faced in recovering money it had deposited in BSI Bank’s branch in Singapore.

This came after Singapore authorities shut down the bank's operations for breaching money laundering regulations in a development allegedly linked to 1MDB.

Earlier, KWAP also launched MyPesara, a mobile application to cater for pensioners.

Kamaruzaman said the application will make it easier for pensioners to review their personal data, pension status and monthly pension payments status.

"We have collaborated with JPA (Public Service Department) and NBOS (National Blue Ocean Strategy Unit) to build this mobile application," he said.

The application can be downloaded both on Android and iPhone stores.

Kamaruzaman said KWAP is also in the process of preparing itself for an investment in a local retirement home project.

The project is targeted to have its initial kick-off sometime end of this year.

The project is part of KWAP's diversification of its investment in private equity.

As at end of 2016, there were close to 650,000 government pensioners in Malaysia and the number is expected to reach 750,000 in 2020.

On the same note, KWAP is confident of reaching RM500 billion in fund size by 2050, driven by its steady 8-10% annual growth.

Since its incorporation back in 2007, the KWAP fund has seen commendable growth to RM125 billion as at December last year compared with RM42 billion back in 2007.

From that RM125 billion in fund size, RM53.6 billion was generated from its return on investments that will be used to fund pension liabilities for pensioners.

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