Setting the Scene

- Established in 1974
- Mandated sectors
  - Infrastructure
  - Oil and Gas
  - Maritime (Aviation)
  - Technology
- BPMB and Market evolution
  - 1997 Asian Financial Crisis
  - Development of the bond and sukuk market
  - 1999 Public Private Partnership through PFI
- Business model
  - Providing credit
  - Developmental role – nurturing?
  - Is there a contradiction?
Managing Performance Risks vs pure Credit Risk

- 70 - 80% Government transactions
- 70% Project finance – Infrastructure
- 80% Term loans
- Clear Economic Agenda
  - Malaysia development master plan – NEP, 2020, ETP, TN50
  - Economic sector blueprints – eg Aviation masterplan
  - Malaysia Plans – 5 years Plans
  - Parliament approval
- Borrowers – weaker credit risk but strong performance and delivery capability with proven track record
- Structuring the transaction
- Needs of the project rather than wants of the borrower
- Strong monitoring and supervision – proficient technical teams

Don’t be afraid risk
Don’t be afraid to manage risk
Developmental Role and Private Sector Partnership

- Managing risks versus Government Guarantees
  - Performance Risks versus pure Credit Risks
- Crowding in the private sector
  - Carving out the risks
  - Market underwrites the risk versus Government guarantees
Performance Risk

- On Time
- On cost
- On Specification

Benefits to Government and Borrowers
Countering Cyclical

- Financing the needs of the REAL economy rather than the financial economy or the needs of the borrower
- Oil and Gas Industry – Ship Financing
- Financing structure – move away from pure term loan structures
- Off balance sheet – problem of accounting provision
Thoughts for consideration

- Performance Reporting
  - 60% - 70% developmental objective
  - 30% – 40% financial objective
- Regulation and supervision
- Philosophy and identity
- Language – corporate versus developmental