

# NEWS RELEASE

26 January 2017

## LEMBAGA TABUNG HAJI FINANCES CONTINUE TO BE STRONG – DEPOSITORS' FUND REMAIN SAFE AND GUARANTEED BY GOVERNMENT UNDER ISLAMIC SAVINGS CONCEPT, 'AL WADIAH YAD DHAMANAH'

The Management of Lembaga Tabung Haji ("**TH**") is concerned about the continued attacks on the organisation, which tend to highlight only the negative aspects of **TH**. We believe these attacks are politically motivated, and regardless of the inaccuracies, may have far-reaching implications. **TH's** focus has always been to achieve the best in Hajj management, business and investments in accordance with Islamic principles, in the best interest of our depositors.

We do not and will not allow the organisation to be "pushed" into a position to consistently defend ourselves from unwarranted attacks based on inaccurate desktop and superficial analysis, as we have a bigger responsibility to our depositors – to ensure the fundamental role of managing hajj operations and pilgrims' funds would be carried out effectively, through good corporate governance and best business practices, giving priority to integrity, transparency and accountability.

**TH** invests in accordance with the prescribed Strategic Asset Allocation, namely: Equity, Fixed income, Real Property and money market/cash. As a fund with a long term investment horizon, **TH** aims for investment opportunities that can generate sustainable and recurring income with acceptable and appropriate risk tolerance and appetite, via our diversified investment portfolios.

The proceeds of our diversified investments in various sectors have enabled us to cover the increasing costs of Hajj operations as well as continue to subsidise the cost of Hajj for Malaysian pilgrims every year, which is expected to increase to approximately RM200 million this year (2017). **TH** has subsidised pilgrimage cost since the year 2000 and we are confident that our resilience and strong financial standing will enable us to continue to carry the trust placed upon us to fulfil the objectives of our establishment for the benefit of the Malaysian Hajj pilgrims.

Nevertheless, in any investment portfolio, there would be a small number of investments that may not perform well at one point or another as they are subjected to volatility of the market whilst the majority of investment are yielding good returns. It is therefore erroneous to judge the success of an investment company without looking at the overall picture of both profitable and non-profitable investments. Every investment has some amount of risks which no one can eliminate completely. Our investment approach is based on "foresight perspective" instead of having the benefit of hindsight like some critics. This investment approach enables us to recognise possible estimated errors and consequently modify decisions for the future. Through experience, exercise of prudence and compliance with various safeguard measures, we are able to manage the risk levels and mitigate any actualisation of risk events.

Unfortunately public perception has been swayed by certain quarters which are hindsight-biased, bent on highlighting only on our non-performing investments, ignoring the many successful ones. Every year since its inception **TH** has recorded profitable financial performance in spite of some losses in specific counters. For those few losses we have made provisions and impairments as prudentially required under the relevant financial and accounting standards. Despite that, we are still profitable and able to give returns to our depositors. In this respect we have done the same for some of our investments in the oil and gas sector where needed, as the industry has been facing one of the most unprecedented turmoil globally since 2015.

**TH** is a long term investor in the oil and gas industry. **TH** first made investment in this sector in 2001 and has recorded a respectable cumulative RM1.06 billion income from all our investments therein. Many of our investment has been made in strong and performing local Bumiputera owned companies that provides critical services to our national petroleum companies, which help reduces our country's reliant on foreign oil and gas companies. We see the sector as an industry of national strategic importance. A short or medium term marked-to-market unrealised losses does not and will not change our appetite and our commitment in the said sector.

More importantly, it is always pertinent to understand **TH's** "savings contract" is based on the Islamic concept of '**Al Wadiah Yad Dhamanah**' where the savings are guaranteed by the Government, at the same time backed by our balance portfolio of assets.

In this context, any allegation that **depositors risk losing their savings** is false and malicious. This irresponsible act which is guised as "concern for depositors" is nothing more than a political gimmick with no clear understanding of the concept of savings with **TH**.

We again wish to assure our depositors that **TH's** financial standing remains strong and their savings with us are safe. Our Islamic savings concept ('*Al Wadiah Yad Dhamanah*') guarantees these savings, as enacted in the Tabung Haji Act. Ultimately, savings in **TH** is not merely about getting returns but is primarily about the desire to fulfil the 5th pillar of Islam, obtaining "barakah" in this world and hereafter.

"Lastly, over and above barakah, there are many other benefits of savings with **TH**, such as peace of mind that their affairs are fully syariah compliant and from halal sources, zakat are paid for, access to a wide network of about 8000 customer touchpoints across the country, ability to do unlimited number of transactions and many more. We welcome and encourage all Muslims to open their account with **TH** and register for Hajj."

**Group Public Affairs & Corporate Communications**  
**Lembaga Tabung Haji**

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## Lembaga Tabung Haji

Lembaga Tabung Haji (**TH**) is a statutory body incorporated under the Lembaga Tabung Haji Act, 1995 (Act 535). The principal activity of **TH** is in Hajj management operations, savings and investment. Among its core investment sectors are plantation, property, construction, banking, information technology, oil & gas, tourism, services and halal food. **TH** has 122 branches nationwide and a branch in Jeddah, Saudi Arabia. For more information about the Tabung Haji services, please visit our website [www.tabunghaji.gov.my](http://www.tabunghaji.gov.my) or call Tabung Haji Contact Centre at 03-6207 1919.

If you have any queries please call:

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