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Standard Chartered Saadiq facility for TH

➤ Bank provides £65m financing to Lembaga Tabung Haji for refurbishment of UK offices, launches Umrah Campaign 2019 with fund's unit

KUALA LUMPUR: Standard Chartered Saadiq has entered into a multifaceted long-term collaboration with Lembaga Tabung Haji (TH) involving the latter's overseas properties as well as travel business.

Standard Chartered Saadiq has extended a two-year syariah-compliant financing facility totalling £65 million (RM353 million) to two wholly owned subsidiaries of TH for the refurbishment and refinancing of office properties in the UK.

Part of the funds has been disbursed to LTH Property Holdings Ltd to partially fund the renovation of its office property in London, while the remaining is used to refinance the term financing of a second office property owned by LTH Property Holdings 2 Ltd in Surrey.

Under the terms of the financing, TH has the flexibility to convert its financing collateral from cash to sukuk,

allowing it to fully optimise its existing sukuk investment, while Standard Chartered Saadiq is given the option to extend the facility for another year.

This is the first Islamic structured funding deal for Standard Chartered Saadiq in South East Asia. The deals were booked at Standard Chartered Bank Offshore Labuan, making the deal the first financial market transaction for the offshore entity.

The bank has also initiated the Umrah Campaign 2019 with Tabung Haji Travel & Services Sdn Bhd, a wholly owned subsidiary of TH that provides complete travel and tours services for Muslims.

The campaign, currently running until Feb 28, 2020, aims to encourage the bank's customers to save by rewarding them with travel vouchers or travel packages to visit the holy cities of Mecca and Madinah.

TH group managing director and

CEO Nik Mohd Hasyudeen Yusoff said it leverages on foreign banking partners to minimise its non-ringgit financing cost in order to optimise returns.

"TH is also exploring to hedge our currency exposure particularly as part of our risk management in foreign investment and hajj operations," Nik Mohd said in a statement.

TH will pursue further collaborations with Standard Chartered Saadiq to enhance its cross border currency risk management framework. It will also be looking at expanding environmental, social and governance investment opportunities initiatives through the bank.

Standard Chartered Saadiq Malaysia CEO Mohd Suhaimi Abdul Hamid said Standard Chartered Saadiq is the only international Islamic bank which has physical presence in multiple markets, namely Malaysia, UAE, Bahrain, Pakistan, Bangladesh and Kenya.

"We have also received banking licence in Saudi Arabia in early 2019. We believe this will open up avenues for further collaborations on financial services for TH depositors and corporate requirements."