

AL TAYSEER GROUP

Consultancy and Knowledge Management

Islamic Banks as Universal Banks

Islamic Financing and Prohibitions




(3:130) O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful.

Islamic Mode of Financing

Islamic finance are governed by some fundamental principles that are contrary to conventional finance, such as prohibitions against riba (usury/interest), maisir (betting/gambling) and gharar (dubious ambiguity)

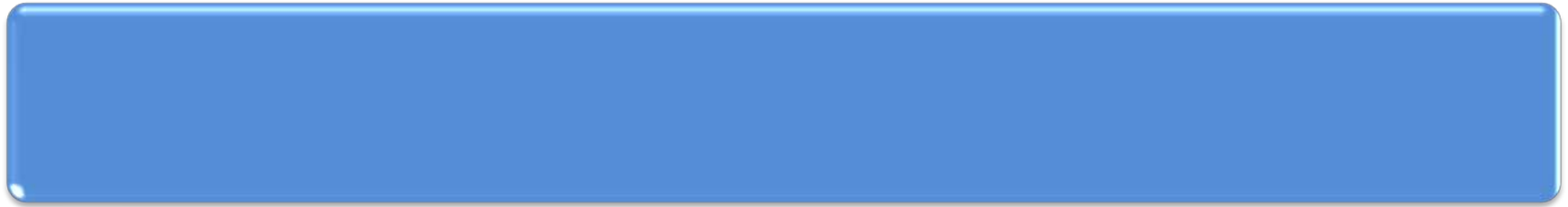


Islamic finance products are consciously designed to remove these elements, while at the same time retaining some components that may make it easy to understand when compared to conventional financial products



Islamic banks focus on generating returns on investments through investment tools that are Shari'ah compliant.

Legality of Trading



Legality of Trading

The Holy Prophet (Pbuh) also gave it much importance by saying: “That one of you takes his rope and then comes with a load of wood upon his back and sells, it is better than to beg of men whether they give or reject him”.



While encouraging truthfulness in trade, he observed that the truthful merchant (will be rewarded by being ranked) on the Day of Resurrection together with the Prophets, the truthful ones, the martyrs and the pious people.

Current State of Islamic Finance

Most critics of modern Islamic finance argue that Islamic finance is nothing but a mirror of conventional finance, often due to the similarities between the two, especially in terms of the economic objectives of their users. In fact, quite strangely, the loudest of such criticisms usually come from amongst Muslims themselves.

Current State of Islamic Finance

It is very important to realize that the Islamic sense of “profitable trade” or *tijarat’un rabihah* is a business that brings blessings to those who conduct it.

Obviously, profits are important as ends, but the means by which those profits are earned are even more important.

Whether it is obvious to us or not, we should understand that it is this ethos which Islamic financial institutions subscribe to and strive to translate into their business model.

Islamic Banks as Universal Banks



Islamic Banks as Universal Banks



Personal Banking

- An institution which accepts deposits, makes business loans, and offers related services
- Commercial banks also allow for a variety of deposit accounts, such as checking, savings, and time deposit.

Corporate Banking

- Corporate Banking is geared towards providing comprehensive and innovative financial solutions multinational and Small & Medium Enterprises (SMEs) representing various sectors of the economy. I.e. Working capital, Project financing, Export/ Import Refinancing, Trade related services.

Merchant Banking

- A bank that deals mostly in (but is not limited to) international finance, long-term loans for companies and underwriting. Merchant banks do not provide regular banking services to the general public.

Investment Banking

- A financial intermediary that performs a variety of services. This includes underwriting, acting as an intermediary between an issuer of securities and the investing public, facilitating mergers and other corporate reorganizations, and also acting as a broker for institutional clients.

Universal Banking

- universal banking, banks are not limited to just loans, checking and savings accounts, and other similar activities, but are allowed to offer investment services as well.



A UNIVERSAL BANK

Kuwait Finance House. (Kuwait)

Kuwait Finance House (Bahrain)

Kuveyt Turk Germany Financial Services Branch (Turkey)

Kuwait Finance House (Jordan)

Kuwait Finance House (Malaysia)

Kuwait Finance House (Australia) Pty. Ltd.

Kuveyt Turk Germany Financial Services. (Germany)

Saudi Kuwait Finance House

Kuwait Finance House



Profile

- Kuwait Finance House (KFH) is a pioneer of the banking phenomenon known as Islamic Finance or Shari'ah compliant banking. From its inception in 1977, KFH has grown into a robust banking and financial institution, as well as a leader in the Islamic financial industry. KFH is now a market leader not only in the Islamic banking industry, but also in the banking sector as a whole, providing a wide range of Shari'ah compliant products and services covering banking, real estate, trade finance, investment portfolios and corporate, commercial and retail financial markets.

Kuwait Finance House

KFH-Kuwait's General Banking



KFH-Kuwait's consumer banking and finance services combine a broad range of innovative products and services

Kuwait Finance House



Accounts and Deposits

- *Current Account*
- *Saving Account*
- *Electron Account*
- *Baitii Account for Minors*



Investment Deposits

- *Al-Khumasiya Investment Deposit*
- *Al-Kawthar Investment Deposit*
- *Continuous Investment Deposit*
- *Thulathiya Investment Deposit*
- *Al-Sedra Investment Deposit*
- *Investment Deposits in foreign currencies*

Kuwait Finance House



Customer Segment

- *Al-Rubban for men*
- *Al-Sundus for ladies*
- *Al-Tamayoz*
- *Baiti for minors*
- *Hesabi for youth*



Other Services

- *Travellers Cheques*
- *Demand Draft*
- *Foreign currencies*
- *Safe Deposit Boxes*
- *Funds Transfers*
- *Credit Cards*
- *Prepaid Cards*
- *Takaful (Islamic Insurance)*

Kuwait Finance House

KFH-Kuwait's Commercial Banking



The Commercial Sector presents many products and financial services that serve our customers directly by providing them with their various needs of goods and services. These goods and services are provided through the Commercial Sector's branches all over Kuwait.

Kuwait Finance House



“KFH” Shuwaikh Showroom

- “KFH” Shuwaikh Car Showroom was the biggest automotive showroom in Kuwait and the Middle-East and the first to showcase a wide variety of new vehicles with diverse makes and models under one roof in over an area of 6000 square meters.



“KFH” Shuwaikh Showroom

- “KFH” new cars sales also covers most renowned authorized automotive dealerships in Kuwait through a network of experienced sales representatives who are qualified enough to provide clients with first-class services and reliable guidance. Besides, "KFH" attempts to tailor special offers in cooperation with leading car dealerships, giving clients the chance to get their dream cars at the best price and the finest financial solutions.

Kuwait Finance House



"KFH" Used Cars showrooms

- *Farwaniya Showroom:*
- *Ahmadi Showroom:*
- *Al Rai Fourth Showroom*
- "KFH" provides their much valued clients with their favored car from a wide collection of vehicles that are carefully chosen either from the cars displayed in "KFH" showrooms, or when getting a quotation from one of the authorized car manufacturer dealers in Kuwait.



Car Leasing

- Leasing with the Promise-to-Own (Financing Leasing):
- Leasing with Maintenance (Operational Leasing):

Kuwait Finance House



Commercial and Industrial Projects and Deals

- This service satisfies firms' needs of financing for all kind of goods according to their commercial activity, from local and international markets. Settlement is conducted by monthly installments or consecutive payments depending on the clients' request.



Commercial and Industrial Projects and Deals

- All kinds of factories.
- Construction materials.
- Heavy equipment.
- Industrial equipment and tools.
- Appliances, apparel and fabric showrooms.
- Equipment and devices for health clubs and institutes.
- Stationary supplies.
- Medical tools and supplies for clinics.

Kuwait Finance House



Maintenance And Spare Parts

- This activity offers maintenance service for vehicles & equipment with easy installments in case of accidents or break down, which may result in expensive repair cost. In addition, Murabaha department satisfies customers' needs to obtain all kinds of spare parts required for reparation.



Overseas Delivery

- This service is one of the recent services offered by KFH to its clients to satisfy their needs with all kinds of new and used cars as well as furniture. The buying and payment transactions are finalized in Kuwait, while car's or furniture delivery is affected abroad

Kuwait Finance House



Furniture & Home Appliances

- Through this activity we satisfy all customers' needs and finance all kinds of home appliances ,electronic devices and accessories with special offers and lots of benefits .This service covers the following fields:



Furniture & Home Appliances

- Ready & custom made furniture:
- Handmade furniture:
- Ready made Kitchen & accessories:
- Computers:
- Electronic and Electrical Appliances:

Kuwait Finance House



New And Used Boats

- This activity satisfies customers' needs and finances all kinds of fishing and picnic boats, new or used, and either from individuals or companies. Besides, this activity serves all clients' categories, individuals and companies, whether boats are for personal or commercial use. Murabaha department does not exclude specific model since boats are in good condition and can be used.



Machine & Marine Equipment:

- This activity satisfies customers' needs and finances all kinds of machine and marine equipment, new or used, and either from individuals or companies. Besides, this activity serves all clients' categories, individuals and companies, whether machine are for personal or commercial use.

Kuwait Finance House



Sayedati ... Financial Services

- Sayedati ... Financial Services is one of the exclusive services offered by KFH, where dedicated sections are maintained for ladies to conduct their financial transactions easily.
- These sections are equipped with modern equipment and supervised by expert ladies, who are able to assist ladies professionally in performing their transactions in a private and convenient way. This service is available at most of KFH branches in Kuwait.

Kuwait Finance House

KFH-Kuwait's Real Estate Services



KFH offers Real Estate service locally and at various countries. This significant service fulfills customer's aspiration in getting his own property abroad easily and with flexible installments. The Murabaha process is conducted by competent experts in this field.

Kuwait Finance House

Local Real Estate



Private International Real Estate Financing Services



Lease and Own at Ease



Property Evaluation



Settle Your Real Estate Installment in 15 Years



Ekar (or Real Estate) call Service



Kuwait Finance House

Investment Placements.

Kuwait Finance House

Direct Investment

- Direct Investment Department is viewed as the arm of Kuwait Finance House in the field of capital investment.
- Direct Investment Department does not serve KFH customers directly but invests their available funds through total funds portfolio available for KFH.
- Strategic Investments: Mid-term investments: Short term investments:

International Real Estate Department

- International Real Estate Department undertakes the following activities:
 - **Establish and Manage Investment Funds :**
 - **Project Financing :**
 - **Direct Investment :**

Kuwait Finance House

Treasury Department

- Treasury Department provides the bank with direct and highly significant communication channels with local and international finance markets.
- **Corporate Desk**
- **FX Desk**
- **MM Desk**

Asset Management & Follow Up

- The department is entrusted with the management and follow up of assets throughout various operational and functional divisions in the investment sector.

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KFH Investment “Funds”

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Millennium Aircraft Lease Fund

- MALC Fund was founded on 21 June 2002 with the aim to purchase and lease commercial aircrafts, where the Fund started its operations with the purchase of 15 aircrafts of different models and sizes for a total of US\$ 600 million that are fully leased by global aviation corporations.

Prime Industrial

- This Fund aims to provide new Sharia compliant investment opportunities in the US industrial properties sector. These types are characterized by their high returns and high occupancy ratios throughout the long lease contract periods.

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Al Nibras 2

- The project aims to develop the Iskandar City located on the borders of Malaysia and Singapore, on the coastline of Malaysian Johor that faces Singapore and is just 20 minutes away from Singapore.

Medical Centers Care Fund

- The Fund aims to invest directly in under-construction medical buildings adjacent to hospitals in USA.
- The Fund aims to benefit from the changes in the health care sector in the USA and noticeable transformation in the medical care from the inpatient care at hospitals to the outpatient clinics in addition to the developed attention from the organizations to invest in this sector.

Kuwait Finance House

Al Faiz Private Equity Fund

- The Fund aims to invest directly in companies located in South Asia, China and India.

Grand Peninsula Project

- The project aims to invest in the development of one of the main successful complexes to be constructed in the Southern middle area of the intersection between the cities of Dallas and Fort Worth.

Kuwait Finance House

Euro-Asia Holdings Company Ltd.

- Invest the full company capital in Turk Capital Company that will be investing in Turkey and Euro-Asia. Accordingly, targeted sectors and projects in Turkey have been set to include railway, real estate, car industry, cement, health sector and infrastructure.

Pacific Heights Development Fund

- The Fund aims to invest in a company that will purchase a property in San Francisco City in California, pending resale after obtaining necessary licenses to increase construction area.

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Liberty Aviation Portfolio

- The Fund aims to invest in the production and development of aircrafts pending sale thereof worldwide.

Durrat Marina Fund

- The investment objective of Durrat Marina is to invest in world class residential, leisure and retail developments covering an area of 600,000 sq.m enjoying sea and golf course views. The development will feature the largest marina in Kingdom of Bahrain accommodating approximately 400 boats ranging in size from speed boats to mega yachts.

بيت التمويل الكويتي

Kuwait Finance House

البحرين ش.م.ب (م) (c) Bahrain B.S.C.



A UNIVERSAL BANK

Kuwait Finance House



Profile

- Kuwait Finance House-Bahrain is a leading provider of Islamic commercial and investment banking services. KFH specializes in conceptualizing the development and introduction of innovative, Shari'ah compliant banking and investment products. KFH-Bahrain pioneers the introduction of compelling financial solutions in a fast-growing, high-demand Islamic banking industry. Their mission is to take Islamic banking and finance to new heights through an unwavering focus on innovation and the desire to deliver excellence in everything They do including the development and offer of a broad and integrated range of products and services that are in perfect harmony with Shari'ah principles.

Kuwait Finance House

KFH's consumer banking



KFH-Bahrain's consumer banking and finance services combine a broad range of innovative products and services

Kuwait Finance House



Real Estate Financing

Utilizing the concept of Ijarah “Lease to own” KFH-Bahrain has introduced a 25-year home financing scheme, 13 years longer than the existing home financing scheme available through Murabaha.

KFH-Bahrain offers customers the convenience and flexibility of paying for their houses or lands through easy installments over an agreed upon time frame that can be extended for a maximum period of up to twenty years.

Kuwait Finance House



Baytik Ijarah card.

KFH has taken the Ijarah financing vehicle to the next level, introducing a “New Era in Card Finance” through the development of the Baytik Ijarah card. With the introduction of this Shari'ah compliant product, Baytik Ijarah represents a new concept in Islamic Banking and Financing..

Baytik Ijarah card was designed to enable customers to own goods and commodities that they may otherwise not be in a position to access on a cash – and – carry basis.

Kuwait Finance House



Personal Finance

KFH-Bahrain offers customers a convenient financing alternative through the instrument of Murabaha. Customers can benefit from an extensive choice of Murabaha financing for a wide range of goods and commodities.

The following goods and commodities can be purchased through Murabaha financing:

- Building materials and services
- Boats, engines and other marine related equipment.
- Furniture and household appliances.

Kuwait Finance House



Islamic Credit Cards

KFH-Bahrain's Islamic credit card works similar to conventional credit cards; however, it is Shari'ah compliant (no interest, no hidden cost).

The card is based on Ujrah or service charge, which is an annual fee that is payable on a monthly basis.

Kuwait Finance House

Investment Placements



KFH-Bahrain believes that at the heart of Islamic banking and finance is shared investment, shared risk and shared reward, and we ensure that this is the case on an ongoing basis in each of the investments we undertake for the benefit of all our stakeholders.



KFH-Bahrain, employs a global investment strategy which continues to take the Bank and the Islamic banking industry in new and exciting directions.



KFH-Bahrain, is highly committed to investing in growth and projects of economic and social consequence..

Kuwait Finance House

Motherwell Bridge

- KFH-Bahrain acquired an 85 percent stake in Motherwell Bridge, a specialist oil and gas sub-contractor based in Scotland, UK. Founded over 100 years ago, the company has a long association with the Middle East, having worked on many major oil, gas and petrochemical projects in the region.

Mena Telecom

- Mena Telecom is a 100% subsidiary of KFH-Bahrain. During the past year the company transformed itself from being just a reseller to a telecom operator. The company opened to the public its first retail outlet in Bahrain to enable easy access to its product lines which include international calling cards, fixed line for international calls (CPS), fixed line for domestic calls and two-way satellite service.

Kuwait Finance House

Durrat Al Bahrain

- The Durrat Al Bahrain project, a world-class residential, leisure, commercial and tourist destination. Durrat Al Bahrain is owned by the Durrat Khaleej Al Bahrain Company, in which the Government of the Kingdom of Bahrain and Kuwait Finance House - Bahrain (together with its investors) each hold a 50 % stake.

Diyar Al Muharraq Company

- KFH acquired a 50% equity stake in Diyar Al Muharraq Company, a company incorporated to undertake the development of Diyar Project. Diyar Al Muharraq will consist of a mix of residential, commercial and retail components for the medium to high net worth market.

Kuwait Finance House

Al-Kindi Parma:

- KFH-Bahrain owns a 55% share in Al-Kindi Pharmaceutical, a specialized Pharmaceutical company which serves as the nucleus for biotechnology development in Jordan and in the region. Al-Kindi is a specialized manufacturer and distributor of human-based Insulin, a range of intravenous solutions and Haemodialysis Solutions under license from major international pharmaceutical companies.

Radius Health Group

- Radius Health Group is a diversified health sector investment company of which KFH-Bahrain and its associate New Zealand Private Equity Fund (NZAPEF), together own 6 % equity holding. These include residential care centers, medical centers and pharmacies, plus various life style and community care products and services.

Kuwait Finance House

Liberty Aerospace.

- Liberty Aerospace, Inc. is a significant acquisition by KFH-Bahrain, whereby the bank and its investors collectively hold an indirect ownership interest of 75% in Liberty. Liberty is a company specialized in the design, production, marketing and support of the first new two-seater single-engine, piston powered aircraft to receive US FAA Part 2 Type Certification in over 30 years.

Miracle Graphics.

- KFH-Bahrain holds 70% of Miracle Graphics; has seen stable growth in its revenues and operating performance. Miracle Graphics encompasses four primary divisions within the visual communications sector, namely, Design, Publishing, Prints and Digital. In Bahrain, it has pioneered in reprographic and pre-press production services.

ALAFCO-Aviation Lease and Finance Company



ALAFCO is an emergent provider of innovative Sharia-based commercial aircraft leasing products, which means that all our financings are Islamic, involve ethical investing and are equity related, that is, solely using the genuine asset or the cash-flow it generates.

- ALAFCO's competencies meet the requirements of carefully chosen competitive grounds and should those requirements fall beyond our boundary of possibility we are quite content to join forces with the finest in the trade to offer our customers the best of all worlds. The three principle activities of our company are:
 - Operating Lease
 - Sale and Leaseback
 - Aircraft and Aircraft Lease Management.

ALAFCO-Aviation Lease and Finance Company



Since its formation in 1992 and lift up in 2000, ALAFCO has combined the expertise of its practiced team and the means of its resourceful products to build a rising portfolio of Islamic aircraft leases.

- ALAFCO offers a variety of consultative services in relation to Aircraft Acquisition and Disposal, Lease Management and Technical Monitoring.
- Recently Kuwait's ALAFCO expands order for 50 Airbus A320neo planes .

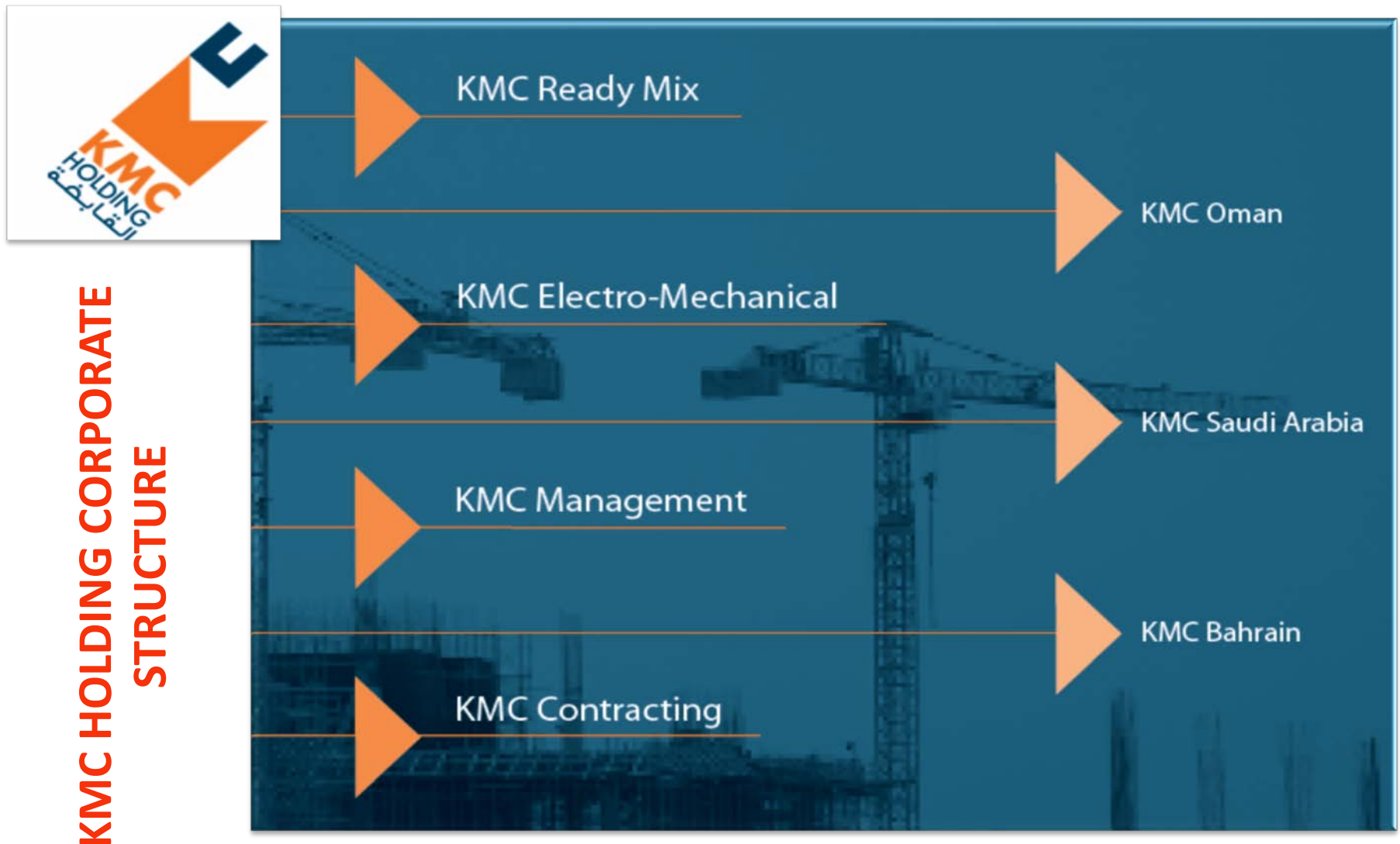
KMC - Kuwaiti Manager Company



KMC HOLDING SERVICES

- KMC is fully owned by KFH through Muthanna Investment Company K.S.C.C. and Nakheel United Real Estate Co., both of which are wholly owned subsidiaries of KFH.
- KFH-KMC has historically brought to customers a full range of project management, commercial contracting, consulting services, capital structuring and real estate investment management that best services clients who invest in real estate projects.
- KMC vision to develop a strong regional and international presence and leadership in the construction industry by providing an exceptional customer experience.

KMC - Kuwaiti Manager Company



KMC - Kuwaiti Manager Company



KMC SERVICES

- Invest in opportunities using direct investment and private placement, if it creates opportunities for its subsidiaries.
- Acquire new businesses that are complimentary to KMC business activities
- Undertake feasibility studies into new business opportunities
- Develop strategic joint ventures with international companies or their subsidiaries

Efficient Risk Management

Fiduciary Risk

Harmonization of Shari'ah Rules

Due diligence

Different Regulatory environment

Taxation

Factors affecting Growth of Islamic Finance

Political Will

Role of Central Banks

Standardization of Best Practices

Human resource development

Economic Stability

Thank you

AL TAYSEER GROUP

Consultancy and Knowledge Management

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