



Are We Prepared for Real Estate Revival?

Real Estate plays a key role in the development and progress of any economy and it is often considered as the leading indicator of the economic health of any country.

The Real Estate sector was, until middle of 2008, witnessing a boom, attracting large investments from Financial Institutions, and individuals, from within the GCC region and from abroad. It was generating employment, contributing to GDP growth, and helping the related trade and service sectors to simultaneous growth. The global financial crisis, which began with the sub-prime mortgage industry in United States, quickly spread to this region also and hit the real estate industry really hard. The financing dried up, investors' interest waned and construction projects were either cancelled or deferred, with obvious loss of thousands of jobs.

Since the region lacks accurate data on consumer demand for real estate, and also its supply, it is, perhaps, not possible to predict accurately the time frame for revival of the Real Estate sector. However, it is generally believed that some revival can be expected in 2010/2011, on the back of improving world economy, higher oil prices, easing of liquidity with financial institutions, latent consumer demand and renewed investors' interest.

The question is, are we prepared for a healthy revival of the sector or will it be a repeat of unbridled euphoria and speculation?

Islamic International Rating Agency (IIRA), committed to providing information on risk, has developed a rating methodology for Real Estate to assess the associated risks. IIRA's real estate rating offers a useful tool to the industry and its use can benefit all industry participants, like real estate developers, Banking and Finance Institutions, Investors and Regulators. The Real Estate rating is derived from comprehensive analysis of the market, and several developer specific and project specific factors. Some of the aspects that the rating looks at are compliance with legal requirements, the scale and size of past projects completed, commitments to safety standards, compliance with agreed specification, market perception and reputation of the developer. IIRA also examines the organizational strength, management quality, MIS, budgets and planning practices. The risk dispersion through geographic diversification is evaluated. Availability of cash resources throughout the process of construction and sale is examined to assess liquidity risk of the developer. His ability to raise funds from alternative sources is assessed.

The rating thus arrived at gives a reliable tool to investors to evaluate the risk and match it with their own investment policy guidelines and risk/ return policies.



Mr. Jamal Zaidi
IIRA's CEO

Islamic International Rating Agency (IIRA) Assigns Shari'a Quality Rating of AA (SQR) to Dawood Islamic Bank Limited (DIBL)

Manama/Pakistan, August 18, 2009

Islamic International Rating Agency (IIRA) is pleased to assign its Shari'ah Quality Rating of AA (SQR) to Dawood Islamic Bank Ltd (DIBL). The rating reflects IIRA's opinion that the DIBL conforms to very high standards of Shari'ah compliance in all aspects of Shari'ah quality analysis.

DIBL commenced operations in April 2007 with the vision to provide Shari'ah compliant financial solutions to all segments of an increasing Shari'ah conscious business and consumer society.

DIBL has a highly efficient and effective Shari'ah Supervisory Structure consisting of a Shari'ah Supervisory Committee (SSC), a Shari'ah Coordinator and Shari'ah Control mechanism. The Head of SSC is Professor Mufti Munib-ur-Rehman who is a well known and highly respected Shari'ah scholar specially in the fields of Tafsir, Hadith, Ifta'a, Usool-e-Hadith, Fiqh, Arabic and other Islamic Jurisprudence and has over 30 years rich experience of teaching Islamic education and issuing Fatawa'as (Shari'ah pronouncements). Other members of SSC and the Shari'ah Coordinator are also knowledgeable, experienced and highly qualified in Islamic Studies, Fiqh, Economics, Islamic Banking and Takaful.

DIBL has implemented approved procedures and a manual for Shari'ah compliance, audit and control. The SSC enjoys close working relationship with the shareholders, Board of Directors and the executives of the bank.

DIBL has also been committed in providing training in Islamic banking to all its employees through intensive internal and external courses to ensure that the employees have fair knowledge of Shari'ah aspects of all the products offered by the bank.

A significant portion of bank's assets consists of Mudarabah, Ijarah and Musharakah based transactions. The bank may adopt a policy for further enhancing the participatory modes of financing.

Mr. Zuberi Qualifies CFA Program

The Islamic International Rating Agency (IIRA) announced on August 19th, 2009 that Mr. Umer Zuberi IIRA's Assistant Vice President and Senior Analyst, has qualified Chartered Financial Analyst (CFA) program which will enable him to obtain the CFA charter from CFA institute. The CFA Charter is recognized across the globe among the investment professionals. Mr. Umer Zuberi joined IIRA in November 2006 and he completed his MBA with majors in finance from Institute of Business Administration, Karachi in 2003.



Mr. Umer Zuberi
Asst. Vice President

Islamic International Rating Agency (IIRA) Assigns Shari'a Quality Rating of AA (SQR) to Jordan Islamic Bank (JIB)

Manama/Jordan, September 6, 2009

Islamic International Rating Agency (IIRA) has assigned its Shari'a Quality Rating of AA (SQR) to Jordan Islamic Bank (JIB). This rating reflects IIRA's opinion that JIB conforms to very high standards of Shari'a compliance in all aspects of Shari'a quality analysis.

Jordan Islamic Bank (JIB) for Finance and Investment was established in 1978, as a public shareholding limited company to carry out banking, financing and investment business operations in compliance with the Shari'a.

IIRA rating is supported by the fact that JIB's Shari'a Supervisory Board (SSB) consists of four highly qualified and experienced Shari'a scholars who meet regularly. The SSB works under the structured Institutional Governance Guide. The SSB considers wide-ranging issues relating to bank's operations, reviews operational and Shari'a audit reports and gives its Fatwas which are made available to the bank's staff.

The bank has vibrant Internal Shari'a Audit department headed by a person having high qualifications in Islamic Banking, Audit and Advisory. The department is governed by written work procedures, a governance guide, Shari'a audit and review procedures, and detailed job description. The department audits each branch at least twice a year. The reports of its findings are submitted to the general manager, and the audit committee.

IIRA believes that the management and staff possess a good level of Shari'a knowledge and experience. JIB management preserves its Islamic identity by having procedures for choosing employees who are aware of Shari'a and by requiring ladies to abide by the Islamic dress code.

JIB has established its own training institute to provide training to its employees. This is a very welcome establishment and signals the bank's awareness of training needs.

JIB relies on Murabaha as the major source of customer financing, amounting to 39% of total assets. However, under the Islamic economic and financial system, risk sharing and profit sharing, Mudaraba and Musharaka modes are preferred. Therefore, it is desirable to increase these categories and to find ways to mitigate the risk involved. This would further show the bank's commitments to the economic aims of Shari'a.



3-Day Training Workshop on Corporate Credit Analysis (CCA)

The Islamic International Rating Agency (IIRA) is organizing a 3-day training workshop on Corporate Credit Analysis (CCA). This three-day workshop is intended to deliver comprehensive step-by-step knowledge on the framework of corporate credit analysis in an interactive learning environment. The workshop materials and its delivery are designed to meet the needs of front, middle and back end professionals of the financial institutions as well as the corporate world. The material would also cover the needs of both conventional and Islamic industry.

The workshop will be conducted by IIRA's experienced and professional team members who have many years of experience in analysis and ratings. IIRA's workshops and training seminars are an effective way to increase the level of knowledge and to keep abreast of recent advances in the market. They can also be customized to an organization's needs and offered in-house. IIRA's workshops and training seminars are an effective way to sharpen participant's analytical skills with the objective of identifying, analyzing and managing risks.

During the course, the participants would be trained to put together a comprehensive loan proposal for a credit decision as well as to prepare bankable proposals. The participants would be ready to put a credit proposal and / or make decisions on proposed credit facilities in their work environment by using the knowledge gained in the workshop. The participants will receive a certificate of attendance upon completion of the workshop.

For getting the complete program brochure and for further inquiries please call Mr. Hussain Yusuf at: + 973 17 211 606 or by email at: Hussain.yusuf@iirating.com

REGISTER NOW

**19-21
October 2009**

Fees: BD 600

*50% discount for students
and teachers*

We have a strictly limited number of places, so avoid being disappointed and get in touch with us now. Registration is based on "First Come First Served"

Join IIRA Training Workshops to enhance the level of your analytical expertise and benefit from our unique networking opportunities!

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