



اتحاد المصارف العربية
Union of Arab Banks

In collaboration
with



الوكالة الإسلامية الدولية للتصنيف
Islamic International Rating Agency



ORGANIZES A SPECIALIZED WORKSHOP ENTITLED :

CREDIT RATING AND ANALYSIS INSTRUMENTS OF ISLAMIC FINANCIAL INSTITUTION

HOSTED BY AL BARAKA TURK
12 - 14 October 2011
ISTANBUL TURKEY



ALBARAKA TÜRK
PARTICIPATION BANK

Background

The financial crisis which began in 2008 saw a significant negative impact on financial institutions all over the world, to the extent that some became history and some were merged by the intervention of regulatory authorities, in order to ensure their survival. We are still not out of the crisis although it may be said that the worst is over.

In this environment, it has become extremely important for all the stakeholders to critically evaluate their counter parties to arrive at an informed decision rather than believing on big names and history.

Union of Arab Banks and Islamic International Rating Agency (IIRA) realizing the need of time, have therefore decided to conduct a three day training workshop intended to deliver comprehensive step-by-step knowledge on the framework of financial institution analysis, including the knowledge of rating agency analytical tools and techniques, in an interactive learning environment.

Objectives

It is expected that the participants would be able to fully understand, appreciate and apply the following concepts in their jobs

- Rating and their importance for capital markets
- Impact of sovereign dynamics on the financial institution
- Impact of the banking industry dynamics on the individual financial institution.
- Evaluation of qualitative framework
- Understanding the quantitative framework through the financial statements
- Application of financial ratios to comprehend the health of financial institution
- Critique of the risk management framework
- Concept of financial institution in Islam
- Understanding of the key differences between a conventional institution and Islamic Financial Institution.

Who Should Attend

- Entry level professionals;
- Research Analysts;
- Relationship Managers;
- Fixed income analysts;
- Investment professionals;
- Credit Analysts;
- Equity Analysts;
- Mergers & acquisitions professionals and mid level career transitions;
- Banking Supervisors;
- Shari'a Compliance Officers and Advisors;
- Accountants and Internal Advisors;
- Other mid level financial professionals looking for career transitions.

Biography of Moderators

• Faheem Ahmed

Mr. Faheem Ahmed is currently the CEO of JCR-VIS Pakistan. He has also held senior positions with local industrial and financial groups. In 1994, he established Vital Information Services (Pvt.) Limited, which is a leading capital market research house. He also has Masters Degrees in Engineering and Business Administration from USA. His research work has been published in various international journals.

• Mr. Nasir Ali Merchant, CFA

Mr. Nasir Ali Merchant joined IIRA as Vice President in the last quarter of 2007 and is currently the Acting CEO. He has experience of more than 12 years, having worked for globally renowned financial institutions like ABN AMRO, Bank of America and HSBC in Karachi and regional financial powerhouse like United Bank Limited and Emirates Bank International in UAE.

Nasir has a distinguished academic career having completed his Chartered Financial Analyst (CFA) in 2001. Before that he has done his MBA Finance from Institute of Business Administration, Karachi, Pakistan. He has completed many levels of his academic career with distinction and honors.

• Sobia Maqbool, CFA – Senior Manager

Sobia Maqbool, CFA is in charge of rating assignments in JCR-VIS Pakistan across a diverse range of sectors, including corporates, public finance and financial institutions, including commercial banks, insurance companies, investment banks, leasing and modaraba companies, microfinance institutions, brokerage houses & mutual funds. In addition to this, she is also involved in research activities, development of methodologies & staff training. As a member of the rating committee, she has also contributed to the refinement of JCR-VIS' proprietary credit rating model.

Ms. Maqbool has spoken at both local and international forums. She is also one of the key facilitator for external skill development programs conducted by JCR-VIS, on the subject of ratings. She has a Master's degree in Business Administration from the Institute of Business Administration, Karachi and is also a CFA charter holder.

THE PROGRAM

Day One: 12 October 2011

08:30 – 09:00	Registration
09:00 – 10:45	Session I
	Introductions <ul style="list-style-type: none">• Introduction to Ratings• Credit Ratings Defined<ul style="list-style-type: none">» Rating Scales and Symbols» Outlook and Rating Watch» Notching• Role of Ratings• Behaviour of Ratings through Economic Cycle The Operating Environment <ul style="list-style-type: none">• Sovereign environment and its impact on ratings• Case study
10:45 – 11:00	Refreshment and Networking Break
11:00 – 12:50	Session II
	The Operating Environment (Continued) <ul style="list-style-type: none">• Regulation, supervision and support• Industry Structure• Case study
12:50 – 14:00	Prayer & Lunch Time Break

14:00 – 16:00	Session III
	<u>Understanding of qualitative framework of Financial Institutions</u> <ul style="list-style-type: none"> • Ownership Structure • Board of Directors Effectiveness • Management Performance • Internal Controls • Transparency and Disclosure • Franchise Value • Case study
16:00	End of Day One

Day Two: 13 October 2011

09:00 – 10:30	Session I
	<u>Review of the Key components of the Financial Statements i.e.</u> <ul style="list-style-type: none"> • Balance Sheet • Income Statement • Statement of Changes in Equity • Cash Flow
10:30 – 10:50	Refreshment and Networking Break
10:50 – 12:50	Session II
	<u>Inter- relationship between a bank's balance sheet and income statement</u> <ul style="list-style-type: none"> • Capital <ul style="list-style-type: none"> » Importance of capital for bank credit risk » New capital adequacy requirements (Basel II and Basel III) » Hybrid securities » Key ratios for analyzing capital adequacy • Asset Quality <ul style="list-style-type: none"> » Nature of assets where FI has invested » Monitoring mechanism » Key ratios for analyzing asset quality • Liquidity <ul style="list-style-type: none"> » How is liquidity defined » Implications of liquidity gaps » Role of ALCO » Key ratios for analyzing liquidity • Earnings Power <ul style="list-style-type: none"> » Quality of earnings: sources and stability » Cost of doing business » Key ratios for analyzing profitability

12:50 – 14:00	Prayer and Lunch Time Break
14:00 – 16:00	Session III
	<u>Risk Profile and Risk Management (Credit, Market, Operational, Liquidity and other risks)</u> <ul style="list-style-type: none"> • An approach to portfolio credit risk management • Measuring Credit Risk by counterparty and product risk • Market risk of the trading book • Measuring market risk: value-at-Risk, back-testing, stress and scenario testing • Asset and Liability management: liquidity and composition of funding • Other risks: Legal, operating and reputational risks • Implications of off-balance sheet items • Key ratios for analyzing risk exposures
16:00	End of Day Two

Day Three: 14 October 2011

09:00 – 10:30	Session I
	<u>Islamic Finance</u> <ul style="list-style-type: none"> • Principles underlying Islamic Finance • The Operating Environment : Challenges and Opportunities • Role of Shari'a Scholars • Major Islamic Banking Products • Differences in Risk between Conventional and Islamic Finance • Shari'a Quality Rating
10:30 – 10:50	Refreshment and Networking Break
10:50 – 12:50	Session II
	<u>A case study on a conventional bank</u>
12:50 – 14:00	Prayer & Lunch Time Break
14:00 – 16:00	Session III
	<u>A case study on an Islamic bank</u>
16:00	End of Day Three



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