



IIRA Reviews Process of ‘Conversion to Islamic’ for Faysal Bank Limited, Pakistan

Manama, December 16, 2022: Islamic International Rating Agency (“IIRA”) has been reviewing the ‘first of its scale’ conversion of Faysal Bank Limited, (FBL) Pakistan, to a full-fledged Islamic Bank, since 2020. In our assessment and compared to other ‘Conversions to Islamic’ globally, FBL, Pakistan is the largest conversion by scale, having commenced in 2016 and as measured by exchange rate adjusted deposit size of USD 6,917.4mn (PKR value as of September 30, 2022 - converted to USD at the 2016 exchange rate of 104.8), number of Islamic branches, and range of banking services offered through a Shari’a compliant mechanism. As such, it is the only conversion process, rated by an independent rating agency, during the course of the conversion process. The heretofore Islamic Banking Division’s Shari’a Compliance and Fiduciary Rating was last affirmed on February 8, 2022, by IIRA at “SCFR (pk) 1” on the national scale, which denotes “No material deviations from national regulatory framework for Shari’ah Compliant Finance” and “SCFR (Global) High” on the global scale, which denotes, “High level of conformance to global standards in terms of fulfilling fiduciary obligations of Shari’ah compliant Finance”.

Faysal Bank Limited (‘FBL’ or ‘the bank’) is a Pakistan based commercial bank offering commercial, retail, and corporate banking services. Islamic banking services have been offered through the Islamic Banking Division, which has grown manifolds over the past six years, with the conversion process due to be completed by end of the current year, to become licensed as a full-fledged Islamic Bank. Islamic Banking in Pakistan is regulated by the State Bank of Pakistan (SBP), through a comprehensive “Shari’ah Governance Framework (SGF)” which applies to all Islamic Banking Institutions (IBIs).

The national scale SCFR rating assigned is based on the extent of conformance of practices of the rated entity or its Islamic Banking Branch/Division with the national regulatory framework of the country of domicile.

For further information on this rating announcement, please contact us via e-mail at iira@iirating.com.