

RAQAMI ISLAMIC DIGITAL BANK LIMITED

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Initial Rating	
	Long-term	Short-term
ENTITY	AA (plim)	A1
RATING OUTLOOK/ WATCH	Stable	
RATING ACTION	Preliminary	
RATING DATE	November 12, 2025	

Shareholding (5% or More)

Other Information

Pak Kuwait Investment Company (Private) Limited – 70.13%

Incorporated in 2023

Enertech Holding Company, KSC – 25.97%

Banking Company (Public Limited Unlisted)

Chief Executive Officer: Mr. Umair Aijaz

External Auditor: A.F. Ferguson & Co Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Financial Institutions

<https://docs.vis.com.pk/Methodologies%202024/Financial-Institution-v2.pdf>

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

The assigned ratings of Raqami Islamic Digital Bank Limited ('RIDBL' or 'Raqami' or 'the Bank') reflect strong sponsor support, capitalization, and a sound governance framework underpinning its establishment as Pakistan's first fully Islamic digital bank. The ratings are supported by the sponsorship of Pakistan Kuwait Investment Company (Private) Limited (PKIC) and Enertech Holding Company, KSC (Enertech), both possessing financial strength and institutional credibility. Additional comfort arises from sponsor undertakings to the State Bank of Pakistan (SBP), including financial guarantees to cover any capital shortfall during the initial years.

Raqami has established a robust governance and organizational structure with balanced representation of sponsor and independent directors to ensure effective oversight. The Board, supported by an experienced management team, provides strategic direction and ensures adherence to regulatory standards. The management team comprises professionals with expertise in digital operations, treasury, risk management, compliance, and technology. Governance is further strengthened through specialized management committees responsible for overseeing risk, compliance, liquidity, and technology functions. The Bank's Shariah Board (SB), led by Mufti Muhammad Imran Ashraf Usmani along with other distinguished scholars, brings extensive expertise in Islamic finance to ensure that all operations and product structures fully comply with Shariah principles. The SB's guidance under his leadership reinforces the Bank's mission to deliver authentic and innovative Shariah-compliant digital financial solutions.

RIDBL's business model is built on a forward-looking digital-first approach aimed at delivering scalable, efficient, and accessible banking solutions. The Bank plans to operate primarily through digital channels, reducing dependence on physical infrastructure while expanding financial access to underserved and unbanked segments. Its core technology platform, based on a regionally proven digital banking system, has been developed to provide flexibility, security, and seamless integration with partners and emerging fintech ecosystems. The underlying

architecture is designed with advanced cybersecurity features, and comprehensive business continuity capabilities to ensure resilience and readiness for full-scale commercial operations.

The business strategy prioritizes partnerships to establish a market presence during the early phase, focusing on corporate collections, payroll management, and digital supply chain financing. Over time, the Bank intends to expand into consumer and SME segments, with plans to introduce Shariah-compliant retail and wealth management products supported by data analytics and artificial intelligence. Effective implementation of this strategy will be essential for achieving scale and long-term financial sustainability.

RIDBL's financial profile benefits from strong initial capitalization and committed sponsor funding, providing an adequate buffer above regulatory requirements during the early operating years. The capitalization plan, supported by phased injections, offers resilience against expected initial losses. Profitability is expected to develop gradually as the Bank expands its financing portfolio and deposit base, supported by operational efficiencies and improved margins.

Liquidity management remains a key focus as the Bank transitions from sponsor-funded operations to deposit-based funding. The strategy emphasizes stable, low-cost deposit mobilization through Shariah-compliant savings and investment products, complemented by partnerships with fintech platforms.

Pakistan's digital banking sector presents sizable opportunities due to favorable demographics, regulatory support, and growing digital adoption. However, competition from established mobile wallets, microfinance banks, and conventional banks' digital platforms remains considerable. Going forward, ratings remain underpinned on continued sponsor support and realization of projected plans.

Industry Update

Pakistan's digital banking industry is at a transformative stage, evolving from a branchless payments ecosystem toward fully licensed, digitally native banks. The SBP has created a dedicated regulatory framework for digital banks, offering two distinct license types – Digital Retail Banks (DRBs) and Digital Full Banks (DFBs).

To encourage innovation while ensuring prudence, SBP has adopted a phased approach, beginning with a restricted Pilot license that requires lower capital thresholds and gradually scaling up to full operations. This policy shift has attracted both local and international sponsors, including telco-fintech incumbents, foreign banks, and joint ventures. As part of the digital bank licensing process, *in-principle* approvals were granted to five institutions, including EasyPaisa Digital Bank Limited, Raqami Islamic Digital Bank, HugoBank, Buraq Bank (formerly KT Bank), and Mashreq Bank Pakistan Limited to establish digital retail banking operations in Pakistan.

Table 1: Digital Banking Licenses

Name	Sponsors
EasyPaisa Digital Bank Limited	Telenor, Alipay
Hugo Bank	Getz Pharma, Muller & Phipps, Singaporean fintech Hugosave
Buraq Bank (formerly KT Bank)	Fatima Fertilizer, City School and Nigerian-origin fintech KudaBank
Mashreq Bank Pakistan Limited	Mashreq Bank PSC
Raqami Islamic Digital Bank Limited	PKIC and Enertech

The opportunities for digital banks are significant. Pakistan has a large unbanked and underserved population, alongside one of the world's largest branchless banking agent networks and over 73.8 million mobile wallets already in use. Despite notable progress in account ownership, millions of adults still lack access to formal financial services, creating space for digital banks to expand inclusion. Rising mobile and smartphone penetration, growing e-commerce activity, and increasing comfort with digital payments further strengthen the demand outlook. Digital banks are expected to build their models around low-cost deposit mobilization, payments' services, merchant acquisition, small-ticket consumer and SME financing, and value-added services such as payroll management, collection, remittance solutions, and supply chain/working capital financing.

Competition, however, will be intense. Established wallets like Easypaisa (now a digital bank) and JazzCash already dominate in payments and enjoy brand recognition, while incumbent banks are digitizing rapidly to defend market share. Trust and adoption remain critical challenges, as many customers still prefer physical branches for larger transactions, in a market where cash is still viewed as preferred medium. Moreover, compliance with SBP's prudential regulations, capital adequacy requirements, and strict AML/CFT standards will require robust governance and significant upfront investment. Raising funding and ensuring adequate liquidity pose additional challenges, as the bank's long-term success will depend on its ability to mobilize low-cost deposits rather than relying heavily on investor capital or wholesale funding sources.

Looking ahead, the journey of digital banks for the next few years will be focused on the commercial launch and initial growth phase. Early licensees will focus on acquiring customers, including converting existing branchless wallet users into savings account customers, launching basic credit products, financing SMEs and forming partnerships with telecoms, fintechs, and merchant networks to expand reach. Those able to build customer trust through transparent pricing, secure platforms, and responsive service will gain a first mover advantage. Overall, the digital banking sector in Pakistan offers high growth potential, supported by a favorable regulatory framework, demographic tailwinds, rapidly



Credit Rating Company Limited

RATING REPORT

increasing mobile penetration and untapped demand for formal financial services, though its success will ultimately hinge on excellence in execution, compliance, and customer confidence through a premier customer experience.

Financial Summary		Appendix I
Balance Sheet (PKR Millions)	1HCY25A	9MCY25A
Total Investments	444.68	444.68
Net Advances	20.06	19.97
Total Assets	2,072.82	2,276.75
Funding	-	-
Deposits & other accounts	-	24.70
Total Liabilities	305.12	297.64
Paid Up Capital	4,187.50	4,812.50
Total Equity - Net	1,767.70	1,979.11
Income Statement (PKR Millions)	1HCY25A	9MCY25A
Net Spread Earned	63.45	88.42
Net Provisioning/(Reversal)	0.02	(0.01)
Non-Markup Income	1.10	1.14
Operating Expenses	875.48	1,313.75
Profit/(Loss) Before Tax	(810.95)	(1,225.18)
Profit/(Loss) After Tax	(811.88)	(1,225.47)
Ratio Analysis	1HCY25A	9MCY25A
Capital Adequacy Ratio (%)	N/A	85.10%
Net Profit Margin (%)	-	-
Efficiency	N/A	N/A

A – Actual Accounts

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	Raqami Islamic Digital Bank Limited				
Sector	Digital Banks				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	12-Nov-25	AA (plim)	A1	Stable	Preliminary
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meeting Conducted	N/A				