

## RAQAMI ISLAMIC DIGITAL BANK LIMITED

### Analyst:

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### RATING DETAILS

| RATINGS CATEGORY      | Latest Rating  |            | Previous Rating   |            |
|-----------------------|----------------|------------|-------------------|------------|
|                       | Long-term      | Short-term | Long-term         | Short-term |
| ENTITY                | AA             | A1         | AA (plim)         | A1         |
| RATING OUTLOOK/ WATCH | Stable         |            | Stable            |            |
| RATING ACTION         | Final          |            | Preliminary       |            |
| RATING DATE           | March 06, 2026 |            | November 12, 2025 |            |

### Shareholding (5% or More)

Pak Kuwait Investment Company (Private) Limited – 71.2%

Enertech Holding Company, KSC – 26.4%

### Other Information

Incorporated in 2023

Scheduled Bank/ Banking Company incorporated as a Public Limited Unlisted Company, holding a Shariah-compliant digital retail bank license

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, sound capitalization, and a robust governance framework underpinning its establishment as Pakistan's first fully Islamic digital retail bank. The ratings draw comfort from the sponsorship of Pakistan Kuwait Investment Company and Enertech Holding Company, both of which possess strong financial strength and institutional credibility. Additional support is evidenced by sponsor undertakings to the State Bank of Pakistan (SBP), including financial guarantees to cover potential capital shortfalls during the initial operating years.

RIDBL has been formally notified as a Scheduled Bank by the SBP and granted approval to commence commercial operations as a fully Shariah-compliant digital retail bank. Accordingly, subsequent to the grant of the Scheduled Bank license, RIDBL formally commenced its commercial operations on 6 February 2025.

RIDBL has established a robust governance framework with balanced representation of sponsor and independent directors to ensure effective oversight and accountability. The Board, supported by an experienced management team, provides strategic direction while maintaining strict regulatory and Shariah compliance. Oversight is further reinforced through specialized management committees overseeing risk, compliance, liquidity, and technology functions. An independent Shariah Board, chaired by Dr. Mufti Muhammad Imran Ashraf Usmani and comprising distinguished scholars, ensures that all products and operations remain fully aligned with Islamic finance principles. RIDBL's services are now available to the general public, offering a comprehensive suite of digital banking solutions, including seamless onboarding, current and savings accounts, Term Deposit Receipts (TDRs), fund transfers, utility bill payments, takaful, mobile top-ups, and other everyday banking services — all delivered through a fully digital platform. In the next phase of its strategic roadmap,

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the Bank will focus on expanding into SME financing, digital supply chain solutions, corporate collections, and payroll management services. Over time, RIDBL aims to broaden its footprint across consumer segments by introducing Shariah-compliant retail, wealth management, and remittance products, while leveraging advanced data analytics and artificial intelligence to deliver personalized, efficient, and customer-centric financial solutions.

The Bank's forward-looking, digital-first business model aims to deliver scalable and efficient Shariah-compliant banking solutions through primarily digital channels, reducing reliance on physical infrastructure and supporting financial inclusion. Its core technology platform, based on a regionally proven digital banking system, offers flexibility, security, and integration with fintech partners, supported by strong cybersecurity and business continuity capabilities.

RIDBL's financial profile is underpinned by strong initial capitalization and committed sponsor support, providing a buffer above regulatory minimum requirements during the initial years of operations, when the Bank is expected to incur losses as it scales its business and customer base.

## Company Profile

RIDBL was incorporated in July 2023 with the objective of establishing a Shariah-compliant digital retail bank in Pakistan. RIDBL was granted a Restricted Pilot License by the State Bank of Pakistan (SBP) on May 13, 2025, under the SBP's multi-stage licensing and regulatory framework for digital banks, subsequent to which the Bank has started its pilot operations. Following the successful completion of its pilot phase, RIDBL engaged EY Ford Rhodes (EY) to undertake an independent validation of its operational readiness. The review was conducted to assess the RIDBL's compliance with the SBP's Licensing Framework of digital bank, focusing on governance, risk management, technology infrastructure, and internal control environments. Following EY's validation and submission of its report, the SBP conducted its inspection in December 2025. Subsequently, on 6 February 2026, SBP granted RIDBL a Shariah-compliant digital retail banking license and formally notified the Bank as a Scheduled Bank, thereby transitioning the institution from pilot operations to full-scale commercial operations.

## Sponsor Profile

Raqami is backed by prominent institutional sponsors, including Pakistan Kuwait Investment Company (PKIC) (7.12%) and Enertech Holding Company (26.4%), a subsidiary of the Kuwait Investment Authority (KIA), along with minority shareholding held by Planet N (Private) Limited and Mr. Syed Nadeem Hussain. This strong sovereign and institutional linkage provide strategic capital support and enhances credibility in executing its digital banking model.

## Management and Governance

RIDBL has instituted a comprehensive governance framework anchored by an eleven-member Board comprising four nominees of Pakistan Kuwait Investment Company, two representatives of Enertech Holding Company, and four independent directors (with the fourth director pending SBP FPT clearance), including one female, providing an appropriate balance between sponsor representation and independent oversight in line with regulatory governance standards. Collectively, the Board brings diversified expertise across banking, Islamic finance, fintech, risk management, compliance, technology and digital innovation. The Board has four committees to ensure rigorous oversight: (i) Board Information Technology Committee, (ii) Board Audit Committee, (iii) Board Human Resource Remuneration Committee, and (iv) Board Risk Committee.

Shariah governance is embedded through an independent Shariah Board chaired by Dr. Mufti Muhammad Imran Ashraf Usmani, providing oversight on Shariah compliance, product structuring, audits, and training.

The senior management team, led by CEO Umair Aijaz, is now fully in place. Comprising seasoned professionals, the team brings extensive experience across digital banking, treasury, risk management, compliance, operations, and technology drawn from leading financial institutions. Management oversight is exercised through five (05) committees, including the Asset and Liability Committee (ALCO), Management Committee (ManCom), Enterprise Risk Management Committee (ERMC), Compliance Committee of Management (CCM), and IT Steering Committee (ITSC), which meet regularly to oversee risk, liquidity, compliance, and technology functions.

## Business Risk

### INDUSTRY

Pakistan's digital banking industry is at an inflection point, transitioning from a branchless payments-led ecosystem to fully licensed, digitally native banks under a dedicated regulatory framework introduced by the State Bank of Pakistan. The framework provides two license

categories—Digital Retail Banks (DRBs) and Digital Full Banks (DFBs)—and adopts a phased approach beginning with restricted pilot operations and scaling to full commercial licenses, balancing innovation with regulatory prudence. Initial in-principle approvals have been granted to a select group of institutions backed by telecom operators, financial sponsors, and international fintech partners, signaling strong investor interest in the segment.

The sector offers substantial growth potential driven by a large unbanked population, widespread mobile wallet usage, and rising smartphone and e-commerce penetration. Digital banks are expected to focus on low-cost deposit mobilization, payments, merchant acquisition, and small-ticket consumer and SME financing, alongside value-added services such as payroll management, collections, remittances, and supply chain financing.

However, competition remains intense from established mobile wallets and incumbent banks rapidly enhancing their digital capabilities. Key challenges include building customer trust in a cash-dominant economy, meeting stringent prudential and AML/CFT requirements, and achieving sustainable funding through stable deposit mobilization rather than reliance on sponsor capital. Overall, while the regulatory support and favorable demographics underpin strong long-term prospects, success will depend on effective execution, robust governance, and the ability to deliver secure and reliable digital banking experiences.

## OPERATIONS

RIDBL's business and operational strategy is anchored in a digital-first, Shariah-compliant banking model designed to deliver scalable, cost-efficient, and accessible financial services primarily through digital channels, thereby minimizing reliance on physical infrastructure and supporting financial inclusion. The Bank leverages a cloud-enabled, API-driven core platform deployed in partnership with Codebase Technologies, enabling modular product development, seamless integration with fintech partners, and rapid scalability. Its technology ecosystem is further strengthened through integrations with payment, verification, and switching partners, alongside robust cybersecurity, disaster recovery, and business continuity arrangements to ensure operational resilience.

In the initial phase, the Bank's go-to-market strategy focuses on ecosystem partnerships to build scale and low-cost deposits, particularly through corporate collections, payroll management, and digital supply chain financing solutions. Over time, RIDBL plans to expand organically into consumer and SME segments, introducing Shariah-compliant retail finance, cards, wealth management, remittance and AI-driven personalized offerings. The financing strategy envisages a balanced portfolio mix between SME and consumer segments, beginning with supply chain-linked SME financing and gradually scaling retail products such as micro financing and credit cards. Overall, the strategy emphasizes partnership-led growth in the early years, followed by diversified, technology-driven expansion to achieve profitability and long-term operational sustainability.

## PROFITABILITY

RIDBL's profitability profile is expected to evolve gradually, with breakeven projected around CY29. During the initial four years, negative ROA and ROE are anticipated due to significant upfront investments in technology infrastructure, talent acquisition, customer onboarding, regulatory compliance, and brand development, reflecting a typical gestation phase observed in digital banks globally. The projected turnaround is underpinned by strong growth in earning assets, gradual improvement in financing margins, and operating leverage as transaction and operating costs decline relative to revenue with scale. As the Bank's deposit base expands and its financing portfolio matures, these efficiencies are expected to drive a shift to positive earnings by CY29.

## Financial Risk

### LIQUIDITY

RIDBL is focused on building stable retail relationships by positioning itself as a fully Shariah-compliant digital bank capable of serving as customers' primary banking platform. Its core offerings include current and savings accounts, TDRs, bill payments, fund transfers, mobile top-ups, takaful, and remittance services. In parallel, the Bank aims to support SMEs and corporates through its digital portal by offering collection solutions and payroll services, enabling seamless transaction management within a Shariah-compliant framework. Successful execution will depend on maintaining low customer acquisition costs, ensuring robust and reliable technology infrastructure, and building customer trust in an increasingly competitive digital landscape. Overall, the strategy is forward-looking, engagement-driven, and designed to establish a strong, diversified, and resilient deposit base.

## CAPITALIZATION

The Bank's capitalization reflects a prudent, sponsor-backed approach, with a strong initial equity base and committed phased capital support to sustain operations through the early loss-making period (Till date PKR 7.9b has been injected by the sponsors as per plan, against a PKR 20B commitment over the next 5 years). This provides a buffer above minimum regulatory requirements and supports balance sheet growth during the initial years of franchise building. As the financing portfolio expands, risk-weighted assets are expected to increase, leading to a gradual moderation in capital adequacy buffers, though remaining compliant with regulatory thresholds. Over the medium term, internal capital generation through improved profitability is expected to support growth, reducing reliance on fresh equity injections while maintaining a sound capital structure aligned with the Bank's expansion plans.

| Financial Summary                 |           | Appendix I |  |
|-----------------------------------|-----------|------------|--|
| Balance Sheet (PKR Millions)      | CY24(A)   | CY25(A)    |  |
| Total Investments                 | 1.0       | 718.0      |  |
| Net Advances                      | 20.2      | 19.9       |  |
| Due from Financial Institution    | 250.0     | 2,748.6    |  |
| Property and Equipment            | 190.0     | 258.8      |  |
| Intangible Asset                  | 388.0     | 665.5      |  |
| Other Asset                       | 295.6     | 500.2      |  |
| Total Assets                      | 1,144.8   | 4,911.0    |  |
| Borrowing                         | 0.0       | 0.0        |  |
| Deposits & other accounts         | 0.0       | 47.5       |  |
| Total Liabilities                 | 252       | 594        |  |
| Paid Up Capital                   | 2,500     | 7,900      |  |
| Total Equity                      | 892       | 4,317      |  |
|                                   |           |            |  |
| Income Statement (PKR Millions)   | CY24(A)   | CY25(A)    |  |
| Net Spread Earned                 | 155.7     | 159.2      |  |
| Net Provisioning/(Reversal)       | 0.0       | 0.3        |  |
| Non-Markup Income                 | 0.1       | 1.2        |  |
| Operating Expenses                | 1,221.9   | 2,134.4    |  |
| Profit/(Loss) Before Tax          | (1,066.0) | (1,974.2)  |  |
| Profit/(Loss) After Tax           | (1,068.0) | (1,975.8)  |  |
|                                   |           |            |  |
| Ratio Analysis                    | CY24(A)   | CY25(A)    |  |
| Tier 1 Capital Adequacy Ratio (%) | N/A       | 168.28%    |  |
| Capital Adequacy Ratio (%)        | N/A       | 168.28%    |  |
| LCR                               | N/A       | 484.61%    |  |
| NSFR                              | N/A       | 212.64%    |  |
| Leverage Ratio                    | N/A       | 76.36%     |  |

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                                                                                                                                                                                                                                                                                                                                                                                                         |                                          |            |                   |               |             |
|                                 | 06-Mar-26                                                                                                                                                                                                                                                                                                                                                                                                                   | AA                                       | A1         | Stable            | Final         |             |
|                                 | 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 | Name                                                                                                                                                                                                                                                                                                                                                                                                                        | Designation                              |            | Date              |               |             |
|                                 | Ms. Rukhsana Narejo, CFA                                                                                                                                                                                                                                                                                                                                                                                                    | Chief Treasury and Alternate Investments |            | February 19, 2026 |               |             |
| Mr. Javaid Sher Ali             | Chief Technology Officer                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |            |                   |               |             |