



First National Bank Modaraba

(An Islamic Financial Institution)

Managed By: National Bank Modaraba Management Company Limited
(A subsidiary of National Bank of Pakistan)

Mr. Tahseen Raza,
Assistant Manager,
Companies Compliance Department-RAD,
Pakistan Stock Exchange Limited,
Stock Exchange Building, Stock Exchange Road,
Karachi-74000

FNBM/12-24/ 226
December 06, 2024

Dear Sir: Re: Suspension of Trading in Shares of the Company

Please refer to your letter No. Gen-1602 dated November 11, 2024 (received at our office on December 03, 2024). Progress being made by First National Bank Modaraba (FNBM) for rectification of causes of suspension in trading of its certificates due to non-compliance of clause 5.11.1(a) and 5.11.2(b) of PSX Regulations is as under:

- FNBM incurred losses due to provisioning charged on its Non-Performing Loans (NPLs) in compliance with SECPs Modaraba Regulations. Gradually, its accumulated losses exceeded 50% of its paid up capital. To recover defaulted amounts from its customers, FNBM has proactively filed recovery suits against all its NPLs in the relevant Courts which have been decreed in favour of FNBM while execution proceedings of decree are underway in the Court. FNBM has made considerable cash recoveries from few NPLs through court as well as through out of court settlement/restructuring arrangements and provision has been reversed accordingly. Consequently, FNBM is posting profit since last four consecutive years from FY 2021 and its accumulated losses are being reduced steadily. These financial statements were timely transmitted to PSX.
- FNBM is managed by a wholly owned subsidiary of National Bank of Pakistan (NBP). We expect more cash recoveries from NPLs in the coming years which will help in further reversal of provisioning. If the current trend/pace of recoveries from NPLs continues and with support of National Bank of Pakistan (NBP), it is expected that FNBM might be able to comply with the 50% threshold of section 23(I)(ii)(b) within around next two to three years.
- FNBM has also prayed before Honorable Modaraba Tribunal, Lahore to set aside and remand the application back to SECP in order to give FNBM an opportunity to work out an amicable arrangement with the SECP in better interest of stakeholders, particularly the Modaraba Certificate Holders. The matter is pending adjudication.

In case you require further information in this regard then you may please contact us.

Best Regards,

Nadia Jalil
Company Secretary (Acting)