



FNBM

First National Bank Modaraba
فرست نیشنل بینک مضاربہ

FIRST NATIONAL BANK MODARABA

(Managed by National Bank Modaraba Management Company Ltd)

CORPORATE BRIEFING SESSION

For the Year Ended June 30, 2026

Tuesday, October 27, 2026

Contents

1	Profile	8	Financial Performance: Profit & Loss Account
2	Governance Structure	9	Key Business Risks & Challenges
3	Current Position at Glance	10	Economic & Sector Outlook
4	Products	11	Sectoral Challenges & Future Outlook
5	Major Customers	12	Way Forward-Future Strategy
6	Key Financial Metrics	13	Way Forward-Ongoing Priorities
7	Financial Performance: Balance Sheet	14	Q & A Session

Profile

2003

Operations commenced
December 04, 2003

Rs. 600M

Authorized capital

Rs. 250M

Paid-up capital

30%

Held by the Management
Company

- First National Bank Modaraba (FNB M) is a multipurpose, perpetual and multi-dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. It is listed on the Pakistan Stock Exchange Limited (PSX).
- Managed by National Bank Modaraba Management Company Limited (NBMMCL), a wholly owned subsidiary of the National Bank of Pakistan. NBMMCL holds 30% of the certificate holding of FNB M.
- Engaged in Islamic modes of financing and operations including ijarah, musharakah/diminishing musharakah and murabaha.
- Registered office: Ground Floor, NBP RHQ Building, 26 McLagon Road, Lahore.

Governance Structure

Management Company	National Bank Modaraba Management Company Limited
Board of Directors (September 30, 2026)	Mr. Javaid Bashir Sheikh – Chairman Mr. Fouad Farrukh – Non-Executive Director (NBP Nominee) Mr. Usman Shahid – Non-Executive Director (NBP Nominee) Mr. Hasan Ahmed – Non-Executive Independent Director Mr. Ijaz Bashir Sheikh – Non-Executive Independent Director Ms. Tosheeba Sarwar – Non-Executive Female Director Mr. Shahid Iqbal Choudhri – Chief Executive Officer / Executive Director
Shariah Advisor	Mufti Ehsan Waquar Ahmed
Auditors	Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants
Share Registrar	Hameed Majeed Associates (Pvt.) Limited

Current Position at a Glance

Given the pending winding-up petition, this briefing summarises FNBM's financial performance, current challenges and general way forward.

Regulatory Status

A winding-up petition filed by the Registrar-Modaraba (SECP) in June 2020 remains pending adjudication before the Modaraba Tribunal, Lahore.

Revival Efforts

Management is pursuing a viable and sustainable revival, subject to requisite sponsor, regulatory and other approvals.

Next Hearing

Scheduled for November 25, 2026.

OBJECTIVE Pursue a viable and sustainable way forward while safeguarding certificate holders' interests and meeting applicable regulatory requirements.

Products

Ijarah Finance

Islamic leasing arrangements for Machinery, Vehicles & equipment.

Murabaha

Cost-plus sale contract with original cost and profit margin explicitly disclosed.

Diminishing Musharakah

Partnership-based financing with gradual transfer of ownership.

Other Products

Any other products that may be approved by the Shariah Advisor from time to time

Major Customers

1

Acro Spinning & Weaving Mills Limited

2

Salman Noman Enterprises Limited

3

Acro Textile Mills Limited

4

Haseeb Waqas Sugar Mills Limited

5

Gulshan Spinning Mills Limited

6

Chenab Limited

Key Financial Metrics – Last Four Years

Rs in millions	FY 2026	FY 2025	FY 2024	FY 2023
Total Assets	443.35	425.42	402.51	305.95
Total Liabilities	473.23	450.95	423.35	361.53
Paid-up Capital	250.00	250.00	250.00	250.00
Reserves	45.52	45.52	45.52	45.52
Accumulated Loss	(325.40)	(321.04)	(314.58)	(349.34)
Certificate Holders' Equity	(29.88)	(25.53)	(20.85)	(55.58)
Total Operating & Other Income	38.94	49.14	115.94	64.18
Operating & Financial Expenses	43.27	50.59	62.82	52.83
Net Profit / (Loss) after Tax	(4.35)	(3.96)	34.76	4.10
Earning / (Loss) per Certificate (Rs.)	(0.17)	(0.16)	1.39	0.16
Breakup Value per Certificate (Rs.)	(1.20)	(1.02)	(0.83)	(2.22)

Financial Performance: Balance Sheet

Rs in millions	FY 2026	FY 2025	Variance (%)	Key Variance Drivers
Total Current Assets	403.18	381.05	5.81%	Increase in short-term investments in TDRs
Total Non-Current Assets	40.16	44.37	(9.49%)	
Total Assets	443.34	425.42	4.21%	
Total Equity	(29.88)	(25.53)	(17.04%)	Increase in accumulated losses due to net loss incurred during the year
Total Non-Current Liabilities	0.00	0.00	—	
Total Current Liabilities	473.23	450.95	4.94%	Increase in finance cost on short-term financing
Total Equity & Liabilities	443.34	425.42	4.21%	

Financial Performance: Profit & Loss Account

Rs in millions	FY 2026	FY 2025	Variance	Key Variance Drivers
Profit on bank deposits & short-term investments	32.77	40.85	(19.78%)	Decrease in SBP policy rate
Reversal of provision on doubtful receivables	0.46	1.89	(75.66%)	
Reversal of suspended income	5.71	6.37	(10.36%)	
Other income	0.00	0.03	(100.0%)	
Total Income	38.94	49.14	(20.76%)	
Operating expenses	17.63	16.30	8.16%	Inflationary impact
Finance cost	25.64	34.29	(25.23%)	Decline in markup (non contractual period) accrued on short term financing facility due to reduction in SBP policy rate
Provision charged on doubtful receivables	0.00	0.85	(100.0%)	No additional provision charged during the year upon fresh re- valuation of exclusive tangible securities held against NPLs.
Operating Profit / (Loss)	(4.32)	(2.30)	(87.83%)	
Net Loss	(4.35)	(4.68)	7.05%	Reduction in finance cost accrued during the year

Key Business Risks & Challenges

Credit & Counterparty Risk

Shariah Compliance Risk

Funding & Capital Mobilization Constraints

High Cost of Funds

Political Instability

Internal uncertainty may weigh on business confidence and credit demand

Economic & Sector Outlook

Pakistan's Economy (FY 2025-26)

- Resilience shown despite geopolitical tensions, commodity price volatility and Middle East conflict-driven inflation risks
- Prudent macroeconomic management supported stability
- Ongoing Gulf crisis threatens economic stabilization, the current account balance and foreign exchange reserves
- Government response: targeted subsidies, energy stabilization and active diplomacy
- Role as a regional mediator has elevated Pakistan's international diplomatic profile

Modaraba Sector

- Robust digitalization policies and e-commerce growth
- Stable SBP policy rates
- Growing regulatory focus on Islamic financing
- Regulated outreach to a vast clientele base across the country

Sectoral Challenges & Future Outlook

Challenge

- By 2028, a significant number of conventional banks expected to move to Islamic models. Competition set to intensify in the coming years
- These banks bring substantial resources and low-cost funding

Opportunity

- Modaraba Sector continues to grow on rising demand for Shariah-compliant solutions
- A robust, well-regulated Modaraba framework offers a strategic opportunity
- Expand outreach to underserved segments: SMEs and the retail sector
- Deliver through innovative Islamic financing solutions

To Stay Competitive

- Innovate product offerings
- Enhance customer experience through digital platforms and service excellence
- Form strategic alliances
- Target niche and emerging markets with limited conventional-bank penetration

Way Forward: Future Strategy

- Pursuing a viable and sustainable revival of FNBM, subject to sponsor, regulatory and other approvals
- Revival proposal submitted to National Bank of Pakistan (NBP), the sponsoring bank
- Proposal Includes potential balance sheet restructuring to restore profitability and ensure long-term sustainability

After Approval and Implementation of business revival proposal, it is anticipated that:

1

The winding-up petition against FNBM will be withdrawn

2

FNBM will become compliant with the Regulators

3

FNBM will commence fresh business in permissible Islamic modes of financing (e.g. ijarah, diminishing musharakah)

4

Resumption of trading of certificates on the PSX will be allowed by PSX.

Way Forward: Future Strategy

Recovery of NPLs

- Recovering Non-Performing Loans (NPLs) is a key task ahead
- All recovery suits against defaulters decreed in favor of the Modaraba by the Honorable Banking Courts
- Execution proceedings are underway

Settlements & Compliance

- Besides litigation, settlements/restructurings on favorable terms are being negotiated with defaulter clients
- Aim: recover a substantial portion of accumulated loss, mainly incurred from NPL provisioning and accrued finance expense
- Become compliant with applicable laws/regulations regarding equity

Way Forward: Ongoing Priorities

1	Financial Oversight	Continue monitoring the financial position and material developments.
2	Recovery Efforts	Pursue recoveries from NPLs and maintain appropriate follow-up on receivables and legal matters.
3	Regulatory Compliance	Maintain appropriate engagement with relevant regulatory authorities and comply with applicable regulatory requirements.
4	Revival Assessment	Continue exploring a viable and sustainable way forward, subject to requisite approvals.

Next Tribunal hearing: November 25, 2026



FNB

First National Bank Modaraba

فرست نیشنل بینک مڈارابه

Q & A Session

Thank you