FIRST NATIONAL BANK MODARABA

(Managed by National Bank Modaraba Management Company Limited)

CORPORATE BRIEFING SESSION

FOR THE YEAR ENDED JUNE 30, 2025

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Profile of First National Bank Modaraba

- First National Bank Modaraba is a multipurpose, perpetual and multi-dimensional Modaraba formed under the Modaraba Companies and Modaraba(Floatation and Control) Ordinance, 1980 and Rules framed there under. The Modaraba is managed by National Bank Modaraba Management Company Limited (a wholly owned subsidiary of the National Bank of Pakistan), incorporated in Pakistan under the repealed Companies Ordinance 1984(now the Companies Act 2017) and registered with the Registrar of Modaraba Companies.
- The Modaraba commenced its operations on December 04, 2003. It is listed on Pakistan Stock Exchange Limited (PSX).
- The Modaraba is engaged in various Islamic modes of financing and operations including ijarah, musharaka and murabaha arrangements

Corporate Profile

Management Company	National Bank Modaraba Management Company Limited
Board of Directors (As on September 30, 2025)	Mr. Muhammad Imran Malik –Chairman Mr. Fouad Farrukh-Non Executive Director (NED) Khawaja Waheed Raza-NED Syed Zubair Ahmed Shah-NED Mr. Hasan Ahmed-NED 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

Financial Performance at a Glance

Rs in Million

	Year Ended June 30,2025	Year Ended June 30,2024	Year Ended June 30,2023	Year Ended June 30,2022	Year Ended June 30, 2021
Balance Sheet Size	425.422	402.506	305.952	265.718	239.158
Total Equity	(25.528)	(20.845)	(55.579)	(58.112)	(62.095)
Total Operating & Other Income	49.139	115.936	64.181	53.454	49.834
Operating & Financial Expenses	50.591	62.823	52.825	39.999	33.827
Modaraba Company's Management Fee	-	4.876	0.560	0.356	0.152
Net profit /(Loss) after tax	(3.960)	34.759	4.101	2.609	1.110
Earning /(Loss) per Certificate (Rs.)	(0.16)	1.39	0.16	0.10	0.04
Return on Assets	(0.96%)	9.81%	1.43%	1.03%	0.46%
Dividend Paid (%)	Nil	Nil	Nil	Nil	Nil
Breakup value per certificate (Rs.)	(1.02)	(0.83)	(2.22)	(2.32)	(2.48)

Economic & Sector Outlook

- During financial year 2025, the economy of the country showed some signs of stabilization and registered moderate recovery reflected by a GDP growth rate which increased to 2.7% from 2.5%.
- The monetary policy rates were also cut to almost half of FY2024, which is now at 11%.
- inflation was brought down to single digit which stands at around 4% by June 2025
- The surge in the stock market index with relatively stable position of country's foreign exchange reserves and rollout of IMF program signaled positive growth for the national economy.
- The Modaraba sector in Pakistan continues to demonstrate promising growth, underpinned by increasing demand for Sharia-compliant financial solutions. However, the industry is poised to face intensified competition in the coming years. By 2028, a significant number of conventional banks are expected to transition towards Islamic financial models. These institutions, equipped with substantial resources and access to low-cost funding, may present considerable challenges to the existing Modaraba landscape

Economic & Sector Outlook

- Despite this evolving competitive environment, the presence of a robust and well-regulated Modaraba framework offers a strategic opportunity. Modarabas are uniquely positioned to expand their outreach to underserved segments, particularly Small and Medium Enterprises (SMEs) and the retail sectors of the economy, through innovative Islamic financing solutions.

Future Outlook

- The Management is actively evaluating strategic options under a comprehensive business revival plan. This includes potential balance sheet restructuring aimed at restoring profitability and ensuring long-term sustainability of operations. After approval of the proposed revival plan by the Competent Authorities and its implementation, it is anticipated that:
  - The winding-up petition against the Modaraba will be withdrawn
  - The Modaraba will become compliant with the Regulators
  - The Modaraba will commence fresh business activities and re-enter the market with renewed focus in permissible Islamic modes of financing (e.g., leasing, musharakah etc).
  - The resumption of trading of certificates in the PSX will be allowed
- Besides business revival, one of the main tasks ahead for the Modaraba is to recover its Non Performing Loans (NPLs). All of the recovery suits filed against defaulter parties have been decreed by the Honorable Banking Courts in favor of the Modaraba and their execution proceedings are underway.

Future Outlook

- Besides litigation, settlements/restructurings on favorable terms are also being negotiated with the defaulter clients. With the patronage of the sponsoring bank NBP and valued input of all members of the Board, the Modaraba is trying to recover substantial portion of its accumulated loss that was mainly incurred due to charge of provisioning on NPLs and accrued finance expense, and hence become compliant with the applicable laws/regulations regarding equity.