



First National Bank Modaraba

(An Islamic Financial Institution)

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

Hafiz Maqsood Munshi
Manager
Companies & Securities Compliance - RAD
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

FNBM/LHR/ 178
August 09, 2019

Subject: Non-compliances of PSX Regulations

Dear Sir,

Please refer to your letter No.Gen-3409 dated August 01, 2019 on the captioned subject.

In this respect we submit as follows:

- 1) Progress made for rectification of default of clause 5.11.1(I) of PSX Regulations (i.e. Show Cause Notice issued by SECP for initiating winding-up proceedings against the Modaraba)

The matter regarding show cause notice from SECP was put up to the Board of Directors of NBP, the parent bank. The NBP's Board in its meeting of June 22, 2018 reversed its previous decision of April 21, 2017 and resolved that First National Bank Modaraba ('FNBM') should be recapitalized subject to approval of its Regulators (i.e. SECP & PSX) with Rs.300 million at Rs.10 per certificate to enhance its paid up capital. The decision was announced by NBP at PSX on July 13, 2018.

In pursuance thereof SECP, vide its letter dated July 19, 2018, advised to increase the paid up capital otherwise than right issue. Accordingly an application was filed with Registrar Modaraba SECP on Oct 02, 2018 seeking its approval for issuance of 30 million Modaraba certificates to NBP otherwise than right issue against investment of Rs.300 million. SECP however further advised vide email dated Oct 15, 2018 to hold an Extra Ordinary General Meeting (EOGM) of Certificate holders soliciting their approval on the proposed issue otherwise than right. The EOGM was properly held on Nov 30, 2018 where a special resolution was unanimously passed granting the requisite approval. SECP's approval letter dated Dec 03, 2018 was later received which in fact settles the show cause issues (Copy attached at Annex). The decision was announced at PSX on Dec 04, 2018.

SECP however has not yet issued a formal withdrawal letter for the Show Cause notice as NBP, being a Bank, thought it fit to seek their regulator's (SBP) comfort before the actual disbursement of funds. In this respect NBP on Jan 23, 2019



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wrote a letter to SBP seeking its approval for making equity investment of Rs.300 Million in FNBM. The matter is actively under consideration in NBP as per advice of SBP so as to ensure compliance with SBP's requirements relating to the investment.

2) Disclosure of interest by a director, CEO, Substantial Shareholder or Executives

The information relating to Directors, CEO, substantial certificate holders and key management executives was duly provided on PUCARS portal by Oct 31, 2018, including the available information about their minor children/spouses. Since then the PUCARS portal is regularly being updated with new and relevant information as soon as it becomes available.

Yours Sincerely,

Farah Aslam
CFO/Company Secretary

Encl: as above

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Securities and Exchange Commission of Pakistan
Specialized Companies Division
Policy, Regulation and Development Department
(Modaraba Wing)

No. SC/M/PRDD/NBP/2018- 346

December 3, 2018

The Chief Executive,
National Bank Modaraba Management Company Limited,
Manager of First National Bank Modaraba,
5th Floor, NBP RHQ Building,
26-McLegon Road,
Lahore.

Subject: Application for approval to issue other than Right Modaraba Certificate by First National Bank Modaraba

Dear Sir,

I am directed to refer to your letter dated December 3, 2018 regarding the subject noted above.

2. The competent authority has approved issuance of 30,000,000 (other than) Right modaraba certificates by First National Bank Modaraba to National Bank of Pakistan, amounting to Rs300,000,000/- at par value of Rs10/- per modaraba certificate, subject to the following conditions:

- (i) The further issue of 30,000,000 other than Right modaraba certificates shall rank *pari passu* with the existing modaraba certificates of First National Bank Modaraba in all the matters including bonus, right and cash dividend as may be declared by the Modaraba subsequent to the date of issue of other than Right modaraba certificates.
- (ii) The Modaraba Company shall file return of allotment of the issue of other than Right Modaraba Certificates within one month from the date of allotment as prescribed under rule 26 of the Modaraba Rules, 1981.

Yours truly,

(Atif Ejaz Ahmed)
Deputy Director