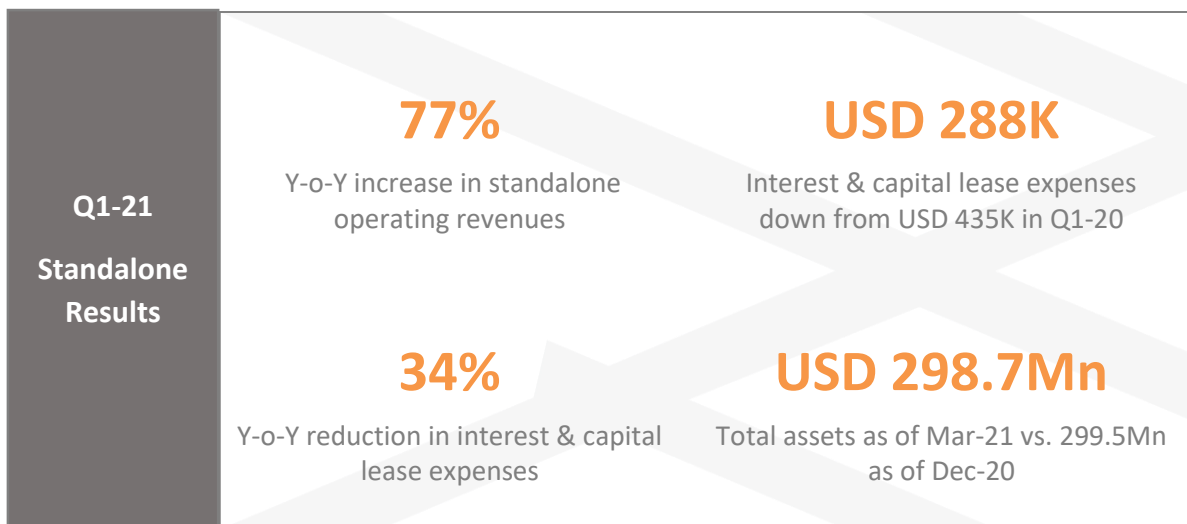
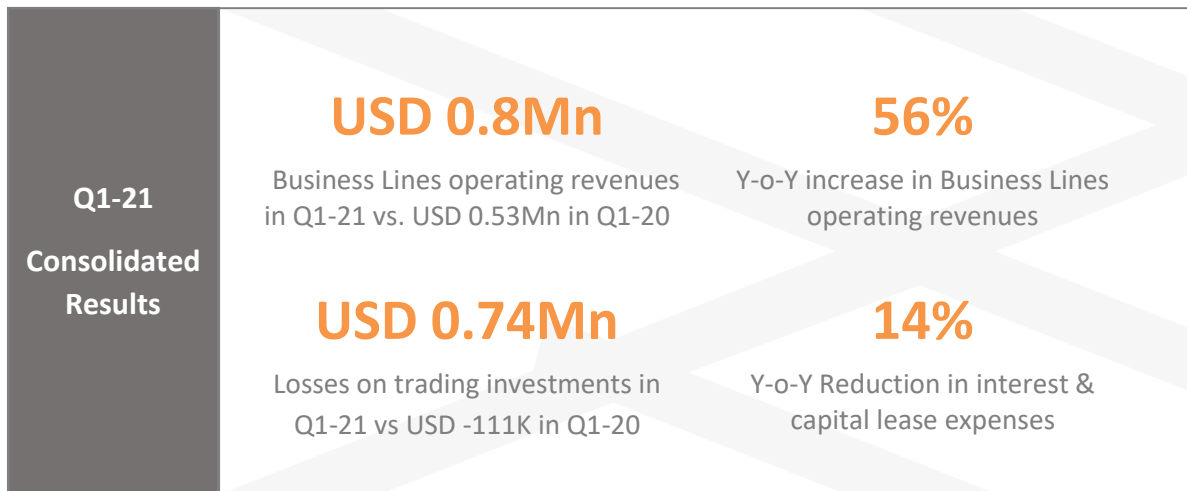


## NAEEM Holding for Investments “NAEEM” reports Q1-21 consolidated and standalone results

Cairo, May 9<sup>th</sup> 2021, NAEEM reported its Q1-21 results with total net consolidated operating revenues of USD 0.74Mn and net loss of USD 1.5Mn.





## I. KEY FINANCIAL HIGHLIGHTS

<b>Operating Revenues Breakdown (000 USD)</b>	<b>Q1-21</b>	<b>Q4-20</b>	<b>Q1-20</b>	<b>Q-o-Q %</b>	<b>Y-o-Y %</b>
Securities Brokerage	763	887	524	-14%	45%
Asset Management	67	9	8	627%	688%
<b>Total Business Line Contribution</b>	<b>829</b>	<b>896</b>	<b>533</b>	<b>-7%</b>	<b>56%</b>

	<b>Q1-21</b>	<b>Q4-20</b>	<b>Q1-20</b>	<b>Q-o-Q %</b>	<b>Y-o-Y %</b>
NAEEM's Operations & Investments	(630)	(361)		N/M	N/M
REACAP Financial Investments	500	1,894	649	-74%	-23%
Other Income (losses)	41	4	(83)	901%	N/M
<b>Total Investments Contribution</b>	<b>(89)</b>	<b>1,538</b>	<b>566</b>	<b>N/M</b>	<b>N/M</b>
<b>Grand Total Operating Revenues</b>	<b>740</b>	<b>2,434</b>	<b>1,099</b>	<b>-70%</b>	<b>-33%</b>

On a consolidated level, during Q1-21, NAEEM reported net operating revenues of USD 0.74Mn, on the back of growth in revenues from business lines (driven by Securities' Brokerage and Asset management, up 45% and 688% Y-o-Y; respectively). Despite the drop witnessed in REACAP Financial Investments' revenues—NAEEM's real estate investment arm – to USD 0.5Mn from USD 1.9Mn, it was still able to offset the loss booked NAEEM's operations and investments.

REACAP reported consolidated results for Q1-21, with total operating revenues amounting to EGP 13.2Mn in Q1-21, down 57% Q-o-Q yet up 16.3% Y-o-Y. The drop in revenues comes mainly on the back of a delay in reporting REACAP's sales which is expected to be recognized upon delivery in H2-21. Revenues from sale of units by REACAP's subsidiary - SVREICO for real-estate investment "SVREICO" and penalties from clients' delayed payments, had the lion's share contributing 74% to operating revenues, followed by rental income accounting for the remaining 26%.

Regarding profitability, during Q1-21, NAEEM Holding consolidated revenues were driven by business lines' commissions and management fees amounting to USD 0.83Mn, up 56% Y-o-Y. NAEEM also witnessed a 14% Y-o-Y drop in interest & leasing expenses to USD 0.44Mn versus USD 0.51Mn in Q1-20 on the back of debt restructuring due to interest rate cuts by the CBE. Nevertheless, the company reported net losses after taxes of USD 1.512Mn versus a loss of USD 1.509 in Q1-20.

On a standalone basis, NAEEM's operating revenues amounted to USD 104K, up 9% & 77% Q-o-Q and Y-o-Y, respectively, on the back of custody and margin revenues. Operating income was negatively affected by losses from investments sold totaling USD 0.73Mn, which translated to a negative EBIT of USD 1.1Mn in Q1-21 versus a loss of USD 0.6Mn in Q1-20. NAEEM standalone reported a net loss USD 1.4Mn in Q1-21 versus a loss of USD 1.1Mn in Q1-20.

On the operational level, revenues from business lines were 92% dominated by Securities' Brokerage revenues while revenues from Asset Management generated the remaining 8%.

On the prop investments level, SVREICO continued to drive REACAP's profitability and boost its assets' base in terms of receivables reflecting buildings and units' sales. REACAP receivables amounted to EGP 290.8Mn as of Mar-21 versus EGP 288Mn in Dec-20 while total assets stood at EGP 1.19Bn, up 1.5% versus EGP 1.18Bn in Dec-20. SVREICO successfully sold 64.5% of project ARC Business Park by the end of Q1-21, the company's second integrated business complex, launched in 1H-18 following project LINX's success.

## KEY OPERATIONAL HIGHLIGHTS

### 1. Brokerage

During Q1-21, the Egyptian market index, EGX30, inched down 2.6% Q-o-Q to 10,568 points as of March 31<sup>st</sup>, 2021 as the uncertainties concerning the outbreak of the COVID-19 pandemic and renaissance dam have been taking its toll on the market. As for Y-o-Y, the EGX 30 was up 10.2% in Q1-21 compared to 9,594 points as of Mar-20. Total market turnover reached EGP 217Bn during Q1-21, up 8% & 108.1%, Q-o-Q and Y-o-Y; respectively. Company turnover retreated 17.4% Q-o-Q yet climbed 57.8% Y-o-Y.

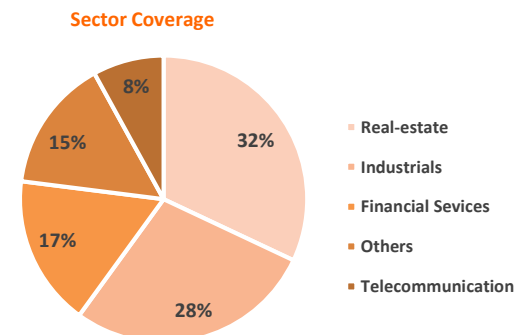
		Q1-21	Q4-20	Q1-20	Q-o-Q	Y-o-Y
<b>Egypt</b>	EGX Turnover (000 EGP)	216,962,357	200,060,446	104,247,089	8%	108.1%
	Company Turnover (000 EGP)	4,822,228	5,837,526	3,056,072	-17%	57.8%
	Market Share	2.2%	3%	2.9%		

During Q1-21, NAEEM Brokerage Egypt's (NBE) turnover reached EGP 4.8Bn, down 17% Q-o-Q yet up 57.8% Y-o-Y, translating into a market share of 2.2%. Total revenues from brokerage activities amounted to USD 0.76Mn in Q1-21, down 14% Q-o-Q yet up 46% Y-o-Y.

### 2. Research

NAEEM Research, which falls under NAEEM Brokerage Egypt, offers tailored research, regular macro-overview reports, in addition to management interaction and on the-ground support for clients.

In Q1-21, NAEEM Research issued 252 reports in both Arabic and English.



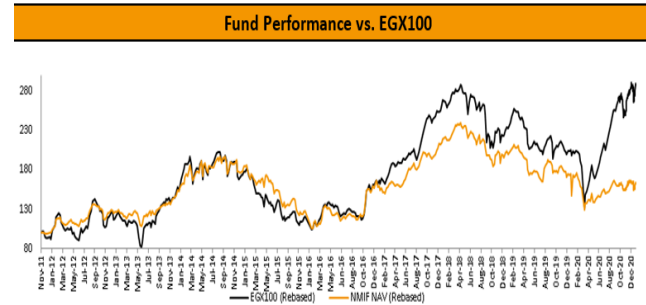
The Research department covers all major sectors in the MENA region including Real estate, Petrochemicals, Oil & Gas, Building materials, Telecommunications, Financial services, and other sectors. The department also offers a wide range of products covering both fundamental as well as technical research.

### 3. Asset Management

NAEEM's total Assets under Management (AUMs) stood at USD 350Mn as of Mar-21. On a dollar basis, NAEEM's listed equities retreated slightly by 0.35% Q-o-Q, yet were up 2.4% Y-o-Y.

#### A. Listed Equities

The Central Bank of Egypt (CBE) left the overnight deposit & lending rates unchanged at 8.25% & 9.25% respectively; during its meetings in February and March of 2021. CBE had cut rates four times during 2020 with the last being in November-20 by 50 basis points. These decisions came in line with the stability in the annual inflation rates; the annual core inflation rate recorded 3.7% in March-21, compared to 3.8% in Dec-20. During Q1-21, total AUM's retreated 0.35% Q-o-Q yet were up 2.4% Y-o-Y. The number of client portfolios climbed 22% Q-o-Q on the back of interest in the IPOs during Q1-21. Egypt based AUMs, fell a marginal 0.4% Q-o-Q, yet were up 2.2% Y-o-Y.



During Q1-21, total asset management fees witnessed a jump of 627% and 688% Q-o-Q & Y-o-Y, respectively; on the back of performance fees where the latter constituted 53% of the total asset management fees, while management fees generated the remaining 47%. As of Q1-21, Asset Management clients' base was 87% individuals and 13% institutional clients.

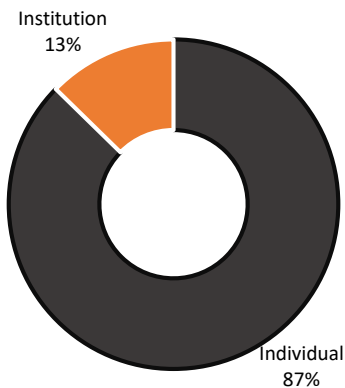
#### Al Baraka Bank Fund

During Q1-21, Al Baraka Fund ranked first among open ended Islamic Balanced funds with NAV of EGP 94.64 as of March 31<sup>st</sup> 2021; up 2.1% & 20% Q-o-Q and Y-o-Y; respectively.

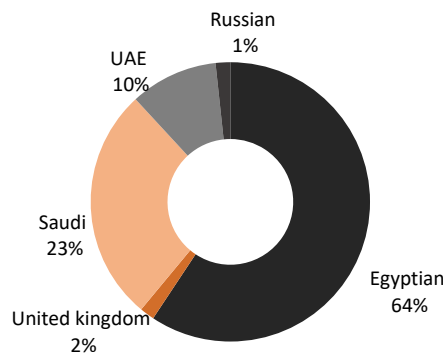
#### NAEEM Misr Islamic Fund (NMIF)

NAEEM Misr Islamic Fund ranked sixth among open ended Islamic funds during the same period with NAV equivalent to EGP 163.43 as of March 31<sup>st</sup> 2021; up 2.1% & 17%, Q-o-Q and Y-o-Y; respectively.

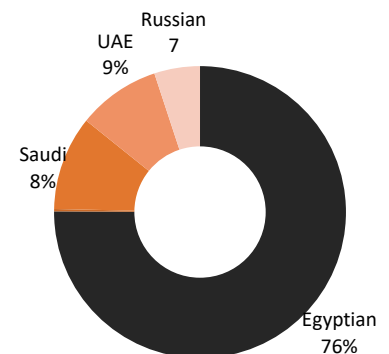
Q1-21 Portfolio Allocation by Client Type



Q1-21 Portfolio & Funds Number Breakdown by Nationality



Q1-21 AUM Value Breakdown by Nationality



**B. Egyptian Gulf Bank (EGBank)**

<b>Income Statement (000 EGP)</b>	<b>Q1-21</b>	<b>Q4-20</b>	<b>Q1-20</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>
Net interest income	662,260	645,774	610,767	2.6%	8.4%
Fees and commissions	109,718	100,879	100,180	8.8%	9.5%
Other income	38,173	56,722	52,201	-32.7%	-26.9%
Provisions	(259,546)	(13,040)	(154,016)	<b>1890%</b>	<b>68.5%</b>
<b>Net operating income</b>	<b>324,668</b>	<b>276,152</b>	<b>251,312</b>	<b>17.6%</b>	<b>29.2%</b>
<b>Net profit after tax</b>	<b>159,576</b>	<b>159,058</b>	<b>156,562</b>	<b>0.3%</b>	<b>1.9%</b>

<b>Balance Sheet (000 EGP)</b>	<b>Q1-21</b>	<b>Q4-20</b>	<b>Q1-20</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>
Cash and marketable securities	5,928,981	5,607,455	2,670,636	5.7%	122%
Total loans	23,497,340	22,676,873	21,783,306	3.6%	7.9%
<b>Total Assets</b>	<b>77,774,203</b>	<b>72,027,492</b>	<b>70,173,052</b>	<b>8%</b>	<b>10.8%</b>
Total deposits	67,181,485	60,270,073	61,363,715	11.5%	9.5%
<b>Shareholders' Equity</b>	<b>5,211,140</b>	<b>5,462,479</b>	<b>4,593,198</b>	<b>-4.6%</b>	<b>13.5%</b>

<b>Key ratios</b>	<b>Q1-21</b>	<b>Q4-20</b>	<b>Q1-20</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>
NIM (%)	0.9%	0.9%	0.9%	0.0	(0.0)
Loan to deposits (%)	35.0%	37.6%	35.5%	(2.6)	(0.5)
Growth in deposits	11.5%	-1.7%	9.5%	13.1	2.0
Growth in loans	3.6%	2.5%	-6.6%	1.1	10.2
NPL / gross loans	5.2%	4.8%	4.1%	0.4	1.1

During Q1-21, EGBank reported net interest income of EGP 662.3Mn, up 2.6% and 8.4% Q-o-Q & Y-o-Y respectively. Fees and commissions income<sup>1</sup> followed suit, increasing by 8.8% and 9.5% Q-o-Q & Y-o-Y respectively. Despite the leap in provisions, which amounted to EGP 259.5Mn in Q1-21 versus EGP 13Mn and EGP 154Mn in Q4-20 and Q1-20, respectively net operating income climbed 17.6% and 29.2%, Q-o-Q & Y-o-Y respectively; to EGP 324.7Mn. Higher effective tax rates took its toll on net profit as profits inched up 0.3% & 1.9% Q-o-Q and Y-o-Y, respectively, to EGP 159.6Mn versus EGP 159.1Mn & EGP 156.6Mn in Q4-20 and Q1-20 respectively.

Customer deposits amounted to EGP 67.2Bn in Q1-21, up 11.5% & 9.5% Q-o-Q and Y-o-Y respectively; the loans portfolio also increased 3.6% & 7.9% during the same period to EGP 23.5Bn; translating into a loan to deposits ratio of 35% as of Mar-21 versus 37.6% and 35.5% in Q4-20 and Q1-20, respectively. The bank continued to witness deterioration in its assets quality as indicated by the jump in NPL, with the NPL to Gross Loans ratio climbing to 5.2% in Q1-21 versus 4.8% and 4.1% in Q4-20 and Q1-20, respectively.

<sup>1</sup> Generated from credit commissions and fees as well as other banking operations fees

### C. REACAP Financial Investments (REACAP)

REACAP reported consolidated results for Q1-21, with total operating revenues amounting to EGP 13.2Mn in Q1-21, down 57% Q-o-Q yet up 16.3% Y-o-Y. The drop in revenues comes mainly on the back of a delay in reporting REACAP's sales which is expected to be recognized upon delivery in H2-21. Revenues from sale of units by REACAP's subsidiary - SVREICO for real-estate investment "SVREICO" and penalties from clients' delayed payments, had the lion's share contributing 74% to operating revenues, followed by rental income accounting for the remaining 26%. As for non-operational revenues, the EGP appreciation had a negative impact on REACAP's results with FX losses amounting to EGP 29K in Q1-21 versus FX gains of EGP 593K in Q1-20. REACAP also incurred financial lease expenses of EGP 0.98Mn; as a result, net losses after taxes amounted to EGP 303K versus a net profit EGP 4.2Mn in Q1-20.

SVREICO continued to drive REACAP's profitability and boost its assets' base in terms of receivables reflecting buildings and units' sales. REACAP receivables amounted to EGP 290.8Mn as of Mar-21 versus EGP 288Mn in Dec-20 while total assets stood at EGP 1.19Bn, up 1.5% versus EGP 1.18Bn in Dec-20.

#### **Operational Highlights:**

SVREICO successfully sold 64.5% of project ARC Business Park by the end of Q1-21, the company's second integrated business complex, launched in 1H-18 following project LINX's success.

As for projects development, REACAP completed 100% of Project LINX and 40% of Project ARC Business Park, the latter offers office space with a total BUA of 12,000 sqm at an estimated investment cost of EGP 260Mn.

## 4. Investment Banking

Leveraging on NAEEM Group's MENA presence, the Investment Banking division has generated a diversified pipeline for FY21. NAEEM IB continued to pitch new clients across several sectors including:

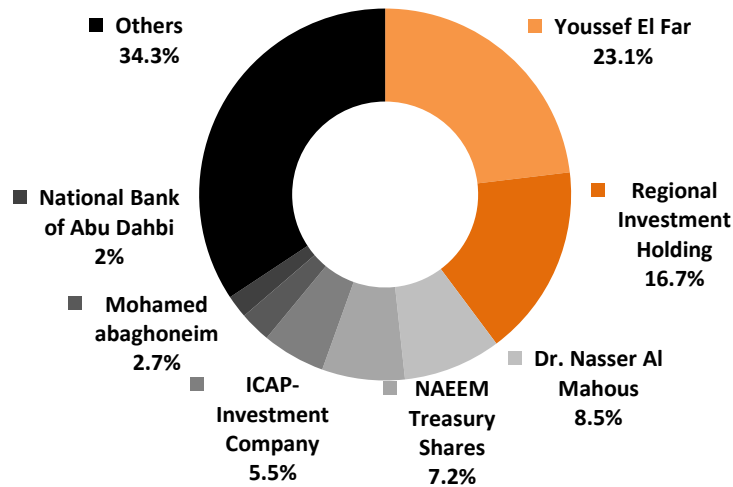
1. Education
2. Healthcare
3. Industrial
4. Real Estate

Pipeline transactions are separated into External Clients Advisory Services and NAEEM Group Proprietary investments advisory.



II. NAEEM HOLDING STANDALONE

Shareholding Structure as of Mar-21



Note: NAHO free float shares amount to 52.58%

On a standalone basis, NAEEM’s operating revenues amounted to USD 104K, up 9% & 96% Q-o-Q and Y-o-Y, respectively, on the back of custody and margin revenues. Operating income was negatively affected by losses from investments sold totaling USD 0.73Mn, which translated to a negative EBIT of USD 1.1Mn in Q1-21 versus a loss of USD 0.6Mn in Q1-20. NAEEM standalone reported a net loss USD 1.4Mn in Q1-21 versus a loss of USD 1.1Mn in Q1-20.

NAEEM in Figures

77%

Y-o-Y increase in standalone operating revenues

4,000

Number of Institutional & Retail Shareholders as of Mar-21

USD 294.7Mn

Total Assets as of Mar-21

Company Snapshot

Ticker:

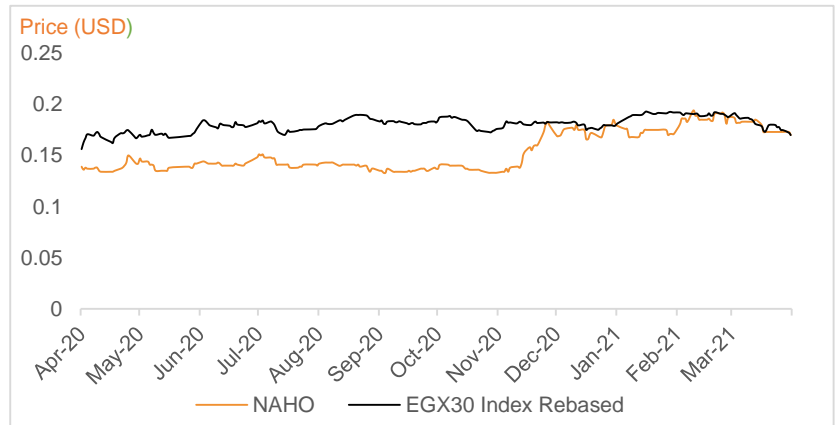
NAHO EY
NAHO - DU
64
377.857
0.17

Mkt Cap (USD Mn)\*:

Shares Outstanding (Mn)\*

Share Price (USD)\*:

\*As of March 29<sup>th</sup> 2021





This earning release may contain certain forward looking statements including investment banking pipeline, market shares, investments' exists, future banking performance, economic and financial conditions including in particular the likelihood of a project's success or a business acquisition/expansion. All prospective investors must make their own investigation and evaluation of the investment opportunities stated in this document. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "intends", "anticipates", "should" or comparable terminology. Such statements are subject to uncertainties and should not be taken as representations. NAEEM will not be held accountable to the outcome of any forward looking statement.

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NAEEM HOLDING  
FOR INVESTMENT

Asset Management | Investment Banking  
Brokerage | Investments

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**Listing Symbols- The Egyptian Exchange (EGX)**

Reuters Code: NAHO.CA

Bloomberg Code: NAHO EY

**Listing Symbol- Dubai Financial Market (DFM)**

NAHO-DU

