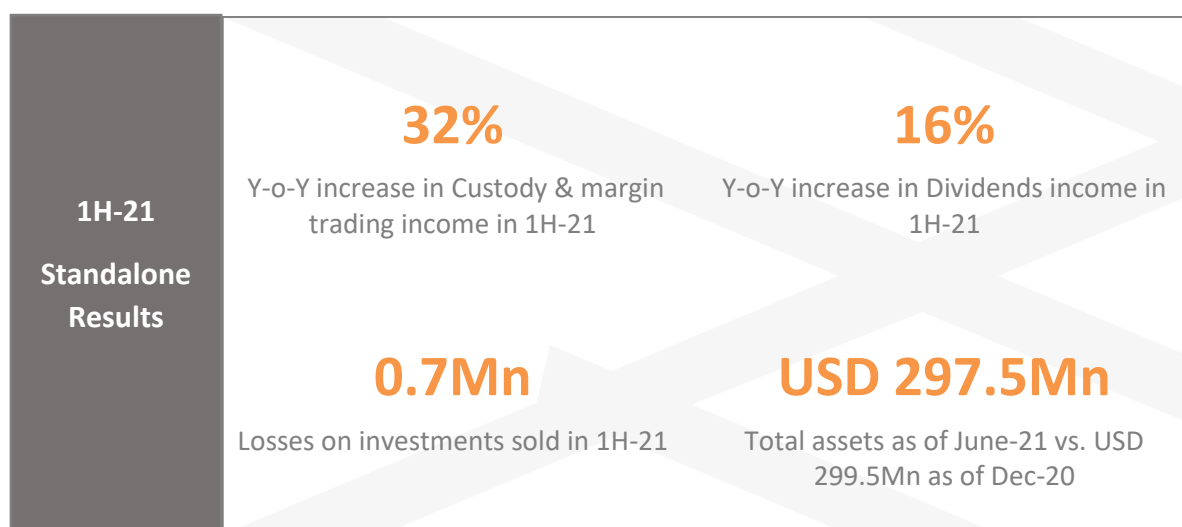
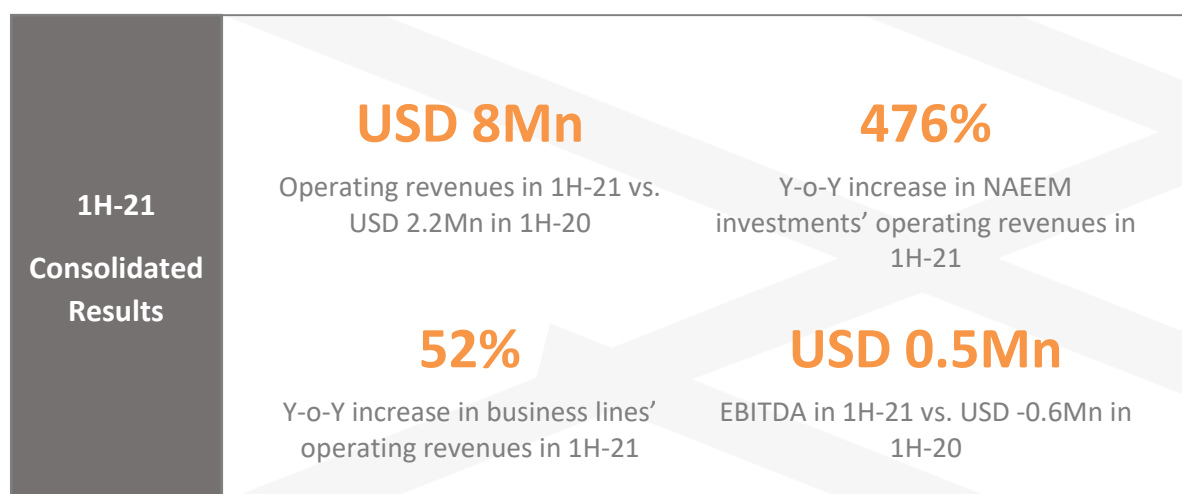


## **NAEEM Holding for Investments “NAEEM” reports 1H-21 consolidated and standalone results**

*Cairo, August 10<sup>th</sup> 2021, NAEEM reported its 1H-21 results with total net consolidated operating revenues of USD 8Mn and net loss of USD 1.3Mn.*



## I. KEY FINANCIAL HIGHLIGHTS

<b>Operating Revenues Breakdown (000 USD)</b>	<b>Q2-21</b>	<b>Q1-21</b>	<b>Q2-20</b>	<b>Q-o-Q %</b>	<b>Y-o-Y %</b>	<b>1H-21</b>	<b>1H-20</b>	<b>Y-o-Y %</b>
Securities' Brokerage	510	763	499	-33%	2%	1,273	1,024	24%
Asset Management	229	67	8	244%	2882%	296	16	1733%
Investment Banking	18			N/M	N/M	18		N/M
<b>Total Business Line Contribution</b>	<b>758</b>	<b>829</b>	<b>507</b>	<b>-9%</b>	<b>49%</b>	<b>1,587</b>	<b>1,040</b>	<b>53%</b>

	<b>Q2-21</b>	<b>Q1-21</b>	<b>Q2-20</b>	<b>Q-o-Q %</b>	<b>Y-o-Y %</b>	<b>1H-21</b>	<b>1H-20</b>	<b>Y-o-Y %</b>
NAEEM's Operations & Investments	(192)	(630)	230	N/M	N/M	(821)	229	N/M
REACAP Financial Investments	6,451	500	352	1190%	1731%	6,952	1,002	594%
Other Income (losses)	225	41	(37)	453%	N/M	266	(120)	N/M
<b>Total Investments Contribution</b>	<b>6,485</b>	<b>(89)</b>	<b>545</b>	<b>N/M</b>	<b>1090%</b>	<b>6,396</b>	<b>1,111</b>	<b>476%</b>
<b>Grand Total Operating Revenues</b>	<b>7,242</b>	<b>740</b>	<b>1,052</b>	<b>878%</b>	<b>588%</b>	<b>7,983</b>	<b>2,151</b>	<b>271%</b>

On a consolidated level, during 1H-21, NAEEM reported net operating revenues of USD 8Mn, mainly on the back of revenues stemming from NAEEM investments, contributing USD 6.4Mn to total net operating revenues, up 476% Y-o-Y versus USD 2.2Mn in 1H-20. Revenues from business lines (driven by securities' brokerage, asset management and investment banking) also witnessed 53% Y-o-Y growth, generating the remaining USD 1.6Mn.

Concerning Q2-21 consolidated results, REACAP – NAEEM's Real Estate arm - generated approximately 90% of the total net operating revenues on the back of deliveries of units in project LINX, some of which were due to be delivered in the previous quarter. Business lines generated the remaining 10% fueled by Securities' Brokerage and asset management contributing USD 0.5Mn and USD 0.2Mn, respectively.

REACAP reported consolidated results for 1H-21, with total operating revenues growing a whopping 411% Y-o-Y to EGP 94.3Mn in 1H-21, versus EGP 18.4Mn in 1H-20. Revenues from sale of projects by REACAP's subsidiary - SVREICO for real-estate investment "SVREICO" - and penalties stemming from clients' delayed payments, had the lion's share contributing 90% to operating revenues, followed by rental income and coupon revenues accounting for the remaining 7% and 3%; respectively.

Regarding profitability, during 1H-21, NAEEM consolidated results incurred losses on trading investments and losses from investments in subsidiaries amounting to USD 0.7Mn and USD 0.2Mn; respectively. G&A expenses climbed 41% Y-o-Y to USD 3.6Mn which translated to an EBITDA of USD 0.5Mn during the same period. The company was also negatively affected by the expiration of the CBE's initiative which led to a 122% Y-o-Y surge in interest expenses, the latter amounted to USD 0.9Mn versus USD 0.4Mn in 1H-20, whereas leasing expenses also increased 83% Y-o-Y to USD 0.2Mn. NAEEM reported net losses after taxes of USD 1.3Mn versus a loss of USD 1.6Mn in 1H-20.

On a standalone basis, during 1H-21, custody & margin income and dividends income climbed 32% and 16% Y-o-Y; respectively. Nevertheless, NAEEM was negatively affected by losses from investments sold totaling USD 1.2Mn which translated to a negative EBITDA of USD 1.4Mn in 1H-21 versus a negative EBITDA of USD 0.5Mn in 1H-20. On a standalone basis, NAEEM reported a net loss USD 2.5Mn in 1H-21 versus a loss of USD 1.2Mn in 1H-20.

On the operational level, during 1H-21, securities' brokerage revenues contributed 80% to revenues from business lines while revenues from asset management and investment banking generated 20%.



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 267.5Mn as of Q2-21, up 1% Y-o-Y; projects under development climbed 14% Y-o-Y to EGP 349Mn on the back of project ARC as well as SVREICO's latest project "Northside". The latter, which is SVREICO's third business park in Smart Village, was launched in 1H-21 following project LINX and ARC business parks' success. Northside spans across a land area of 1,500 sqm with total BUA of 6,000 sqm, offering office spaces ranging between 58-150 sqm, at an estimated investment cost of EGP 140Mn.

## KEY OPERATIONAL HIGHLIGHTS

### 1. Brokerage

During Q2-21, the Egyptian market index, EGX30, remained flat ending the quarter at 10,568 points as of June 30<sup>th</sup> 2021 as the uncertainties amid the COVID-19 pandemic and its variants, as well as the escalations concerning the renaissance dam have been taking its toll on the market. As for Y-o-Y, the EGX 30 slightly retreated 1.8% in June-21 compared to 10,765 points as of June-20. Total market turnover reached EGP 195.5Bn during Q2-21, down 10% Q-o-Q yet up 42.4% Y-o-Y. On the other hand during 1H-21, market turnover was up a whopping 70.8% to reach EGP 412.4Bn versus EGP 241.5Bn in 1H-20. Company.

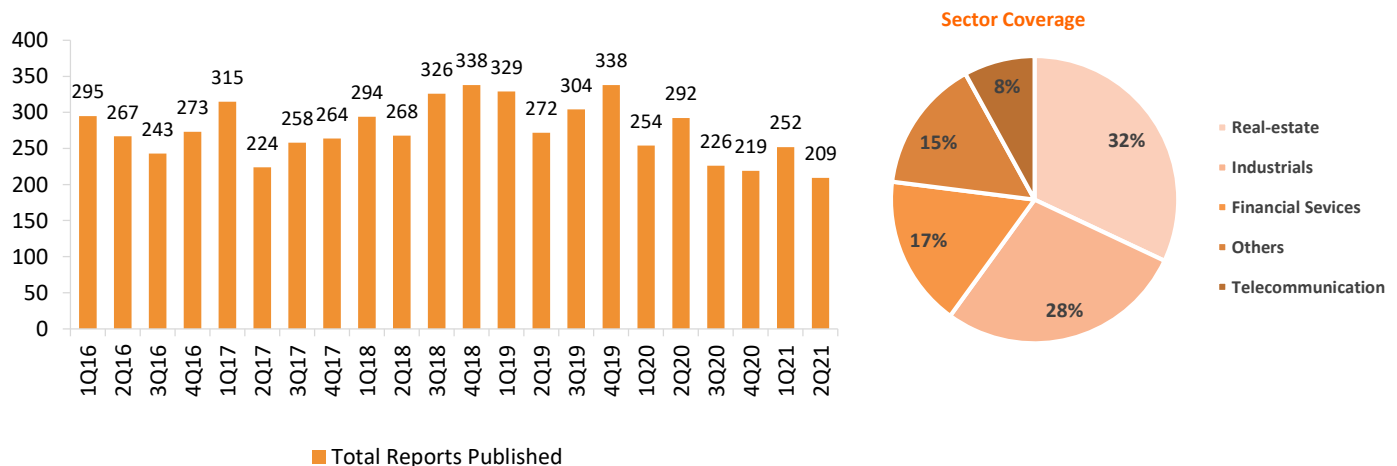
		Q2-21	Q1-21	Q2-20	Q-o-Q	Y-o-Y	1H-21	1H-20	Y-o-Y
<b>Egypt</b>	EGX Turnover (000 EGP)	195,459,266	216,962,357	137,220,867	-10%	42.4%	412,421,623	241,467,957	70.8%
	Company Turnover (000 EGP)	3,025,656	4,822,228	4,062,960	-37%	-26%	7,847,884	7,119,032	10.2%
	Market Share	2%	2%	3%			2%	3%	

Regarding NAEEM Brokerage Egypt's (NBE) performance, Q2-21 turnover retreated 37% and 26% Q-o-Q & Y-o-Y; respectively. However, during 1H-21, company turnover reached EGP 7.8Bn, up 10.2% Y-o-Y, translating into a market share of 2%. Total revenues from brokerage activities amounted to USD 1.3Mn in 1H-21, up 24% 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 Q2-21, NAEEM Research issued 209 reports in both Arabic and English bringing in the total reports in 1H-21 to 461.



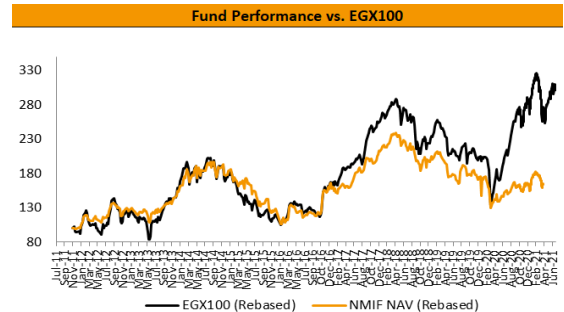
The Research department covers all major sectors in the MENA region including Real estate, Petrochemicals, Oil & Gas, Building materials, Telecommunications, Financial services, and other sectors. The department also offers a wide range of products covering both fundamental as well as technical research.

### 3. Asset Management

NAEEM's total Assets under Management (AUMs) climbed 3% Q-o-Q to USD 360Mn as of June-21. On a dollar basis, NAEEM's listed equities witnessed significant growth, up 7% and 10% Q-o-Q & Y-o-Y; respectively.

#### A. Listed Equities

The Central Bank of Egypt (CBE) left the overnight deposit & lending rates unchanged at 8.25% & 9.25% respectively; during its meeting in June 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 3.8% in June-21, compared to 3.7% & 3.8% in March-21 and Dec-20; respectively. During Q2-21, total AUM's climbed 6.2% and 6.4% Q-o-Q & Y-o-Y; respectively. The number of client portfolios remained flat; however, Q2-21 witnessed portfolios injections on the back of interest in the IPOs during 1H-21. Egypt based AUMs, followed suit, climbing 6.6% and 6.7% Q-o-Q & Y-o-Y; respectively.



During 1H-21, total asset management fees witnessed a 1,733% growth versus 1H-20, on the back of performance fees which constituted 71% of the total asset management fees, while management fees generated the remaining 29%. As of Q2-21, Asset Management clients' base was 86% individuals and 14% institutional clients.

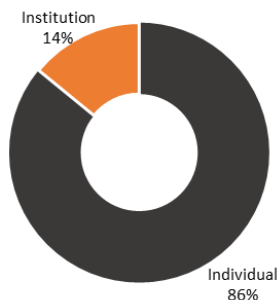
#### Al Baraka Bank Fund

During Q2-21, Al Baraka Fund ranked first among open ended Islamic Balanced funds with NAV of EGP 99.92 as of June 30<sup>th</sup> 2021; climbing 5.6% & 16.5% Q-o-Q and Y-o-Y; respectively.

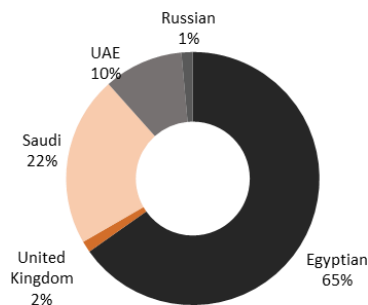
#### NAEEM Misr Islamic Fund (NMIF)

NAEEM Misr Islamic Fund ranked first among open ended Islamic funds during Q2-21 with a NAV equivalent to EGP 173.17 as of June 30<sup>th</sup> 2021; up 6% & 14.5%, Q-o-Q and Y-o-Y; respectively.

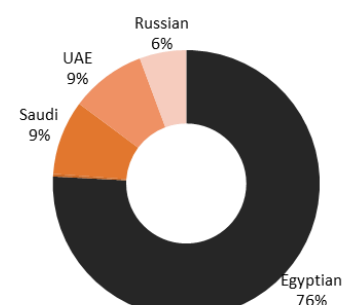
**Q2-21 Portfolio Allocation by Client Type**



**Q2-21 Portfolio & Funds Number Breakdown by Nationality**



**Q2-21 AUM Value Breakdown by Nationality**



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

<b>Income Statement (000 EGP)</b>	<b>Q2-21</b>	<b>Q1-21</b>	<b>Q2-20</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>	<b>1H-21</b>	<b>1H-20</b>	<b>Y-o-Y%</b>
Net interest income	666,891	662,260	726,087	0.7%	-8.2%	1,329,151	1,336,854	-0.6%
Fees and commissions income	81,576	109,718	73,439	-25.6%	11.3%	191,294	173,468	10.3%
Other income	22,626	38,173	31,151	-40.7%	-27.4%	60,799	83,352	-27.1%
Provisions	(22,915)	(259,546)	(144,431)	-91.2%	-84.1%	(282,460)	(298,447)	-5.4%
<b>Net operating income</b>	<b>378,984</b>	<b>324,668</b>	<b>259,705</b>	<b>16.7%</b>	<b>45.9%</b>	<b>703,652</b>	<b>511,017</b>	<b>37.7%</b>
<b>Net profit after taxes</b>	<b>174,377</b>	<b>159,576</b>	<b>160,470</b>	<b>9.3%</b>	<b>8.7%</b>	<b>333,953</b>	<b>317,032</b>	<b>5.3%</b>

<b>Balance Sheet (000 EGP)</b>	<b>Q2-21</b>	<b>Q1-21</b>	<b>Q2-20</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>	<b>6M-21</b>	<b>6M-20</b>	<b>Y-o-Y%</b>
Cash and marketable securities	3,947,218	5,928,981	3,282,987	-33.4%	20.2%	3,947,218	3,282,987	20.2%
Total loans	23,038,390	23,497,340	21,142,370	-2.0%	9.0%	23,038,390	21,142,370	9.0%
<b>Total Assets</b>	<b>79,675,351</b>	<b>72,563,063</b>	<b>71,117,341</b>	<b>9.8%</b>	<b>12.0%</b>	<b>79,675,351</b>	<b>71,117,341</b>	<b>12.0%</b>
Total deposits	68,650,903	67,181,485	58,149,278	2.2%	18.1%	68,650,903	58,149,278	18.1%
<b>Shareholders' Equity</b>	<b>5,527,675</b>	<b>5,211,140</b>	<b>4,909,808</b>	<b>6.1%</b>	<b>12.6%</b>	<b>5,527,675</b>	<b>4,909,808</b>	<b>12.6%</b>

<b>Key ratios</b>	<b>Q2-21</b>	<b>Q1-21</b>	<b>Q2-20</b>	<b>Q-o-Q%</b>	<b>Y-o-Y%</b>	<b>6M-21</b>	<b>6M-20</b>	<b>Y-o-Y%</b>
NIM (%)	0.9%	0.9%	1.1%	(0.0)	(0.2)	1.4%	2.0%	(0.2)
Loan to deposits (%)	33.6%	35.0%	36.4%	(1.4)	(2.8)	33.6%	36.4%	(2.8)
Growth in deposits	2.2%	11.5%	-5.2%	(9.3)	7.4	18.1%	5.1%	7.4
Growth in loans	-2.0%	3.6%	-2.9%	(5.6)	1.0	9.0%	-13.3%	1.0
NPL / gross loans	5.8%	5.2%	4.5%	0.6	1.4	5.8%	4.5%	1.4

During Q2-21, EGBank reported net interest income of EGP 666.9Mn, slightly up 0.7% Q-o-Q yet down 8.2% over the year. Fees and commissions income<sup>1</sup> witnessed a slower quarter as it was down 25.6% Q-o-Q however were up 11.1% Y-o-Y. Other income retreated 40.7% and 27.4% Q-o-Q & Y-o-Y; respectively, mostly on lower trading income & lower financial investments gains. Net operating income climbed 16.7% and 45.9%, Q-o-Q & Y-o-Y, respectively; to EGP 379Mn on the back of lower provisioning costs, in which the latter retreated to EGP22.9Mn, down 91.2% and 84.1% Q-o-Q & Y-o-Y; respectively. Overall, EGBank reported healthier after tax net profits despite a higher effective tax rate as profits stood at EGP 174.4Mn, up 9.3% & 8.7% Q-o-Q and Y-o-Y, respectively.

As for 1H-21, the bank reported net interest income of EGP 1.33Bn, slightly down 0.6% Y-o-Y versus EGP 1.34Bn in 1H-20. Fees and commissions income climbed 10% Y-o-Y to EGP 191.3Mn while other income retreated 27% Y-o-Y to EGP 60.8Mn. The decrease in provisions, mainly in Q2-21, translated into net operating income EGP 703.7Mn, up 37.7% Y-o-Y, net profit after taxes recorded EGP 334Mn, up 5.3% Y-o-Y versus EGP 317Mn in 1H-20.

Customer deposits amounted to EGP 68.7Bn in Q2-21, up 2.2% & 18.1% Q-o-Q and Y-o-Y respectively; while total loans retreated 2% Q-o-Q yet increased 9% Y-o-Y during the same period to EGP 23Bn. This translated into a loan to deposits ratio of 33.6% as of June-21 versus 35% in March-21 and 36.4% in June-20. The bank continued to witness deterioration in its assets quality as indicated by the jump in NPLs, with the NPL to Gross Loans ratio climbing to 5.9% in Q2-21 versus 5.2% and 4.5% in Q1-21 and Q2-20, 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 1H-21, total operating revenues witnessed whopping growth of 411% Y-o-Y to EGP 94.3Mn in 1H-21, versus EGP 18.4Mn in 1H-20. Revenues from sale of projects by REACAP's subsidiary - SVREICO for real-estate investment "SVREICO" and penalties over clients' delayed payments, had the lion's share contributing 90% to operating revenues, followed by rental income and coupon revenues accounting for the remaining 7% and 3%; respectively. As for non-operational revenues, REACAP reported EGP 15Mn capital gains on the back of a sale of office space in Smart Village. REACAP also incurred financial lease expenses of EGP 1.9Mn. Net profit after taxes stood at EGP 22.8Mn, up 377% Y-o-Y from EGP 4.8Mn in 1H-20.

As for Q2-21 consolidated results, the quarter witnessed deliveries in project LINX units, some of which were scheduled to be delivered in the previous quarter. Q2-21 consolidated operating revenues amounted to EGP 81.1Mn, up 616% and 1,039% Q-o-Q and Y-o-Y, respectively; versus EGP 13.2Mn and EGP 7.1Mn in Q1-21 & Q2-20, respectively. SVREICO projects' delivery contributed 92% to the operating revenues while rental income and coupon revenues generated 4% equally of the remaining consolidated operating revenues.

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 267.5Mn as of Q2-21, up 1% Y-o-Y; projects under development climbed 14% Y-o-Y to EGP 349Mn on the back of project ARC as well as SVREICO's latest project "Northside". Total assets recorded EGP 1.14Bn, slightly down 4% Y-o-Y on the back of an asset sale resulting in the aforementioned capital gains.

**Operational Highlights:**

Following project LINX's and ARC business parks success, SVREICO launched its third business park in smart village "Northside", the project spans across a land area of 1,500 sqm and BUA of 6,000 sqm, the project offers office spaces ranging between 58-150 sqm, with an estimated investment cost of EGP 140Mn.

**4. Investment Banking**

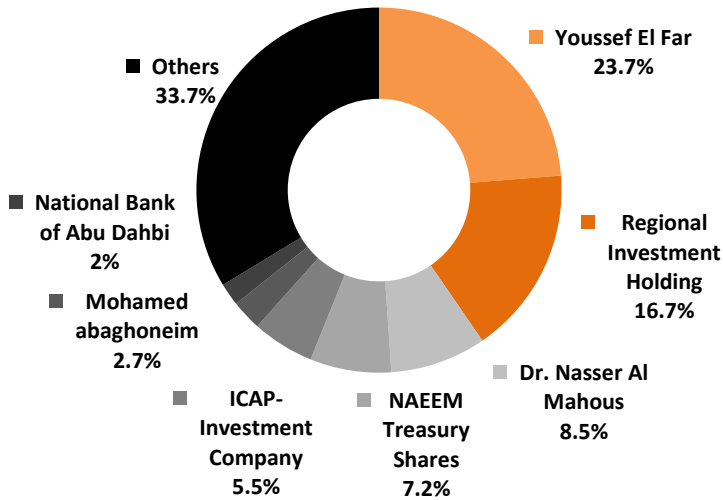
Leveraging on NAEEM Group's MENA presence, the Investment Banking division has generated a diversified pipeline for FY21. NAEEM IB continued to pitch new clients across several sectors including:

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 30<sup>th</sup> June 2021



Note: NAHO free float shares amount to 51.55%

On a standalone basis, during 1H-21, custody & margin income and dividends income climbed 32% and 16% Y-o-Y; respectively. Nevertheless, NAEEM was negatively affected by losses from investments sold totaling USD 1.2Mn which translated to a negative EBITDA of USD 1.4Mn in 1H-21 versus a negative EBITDA of USD 0.5Mn in 1H-20. On a standalone basis, NAEEM reported a net loss USD 2.5Mn in 1H-21 versus a loss of USD 1.2Mn in 1H-20.

### Company Snapshot

Ticker:

Mkt Cap (USD Mn)\*:

Shares Outstanding (Mn)\*

Share Price (USD)\*:

\*As of June 30<sup>th</sup> 2021

NAHO EY  
NAHO - DU

63

350.414

0.18

Price (USD)

0.25

0.2

0.15

0.1

0.05

0

Jul-20

Aug-20

Sep-20

Oct-20

Nov-20

Dec-20

Jan-21

Feb-21

Mar-21

Apr-21

May-21

Jun-21

Jul-21

— NAHO

— EGX30 Rebased

### NAEEM in Figures

**32%**

Y-o-Y increase in Custody and  
Margin Income

**4,000**

Number of Institutional & Retail  
Shareholders as of June-21

**USD 297.5Mn**

Total Assets as of June-21





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

**Investor Relations Contact**

**Iman A. Sadek, MA, MBA**

*Head of Investor Relations*

Smart Village – Building B16- Phase 1, Km 28 Cairo

Alexandria Desert Road 6th of October City – Giza

(P.O. 12577, Egypt) Box:61

Tel: +2 0235316100 Ext: 6113

Direct: +2 0235316113

Fax: +2 0235316101

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

Reuters Code: NAHO.CA

Bloomberg Code: NAHO EY

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

NAHO-DU

