



Housing & Development Bank  
بنك التعمير والإسكان

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Q3-2023

# INVESTOR RELATIONS PRESENTATION



# AGENDA

**01** Macroeconomic Overview  
& Executive Summary

**02** At a Glance

**03** Strategy

**04** Our Strategic Success by  
the Numbers

**05** Business Model and  
Performance Overview

**06** Financial Performance  
Highlights

**07** Corporate Governance

**08** Responsible Banking

**09** Investment Thesis

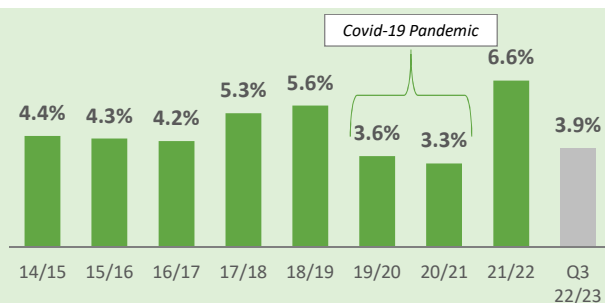
**10** Appendix



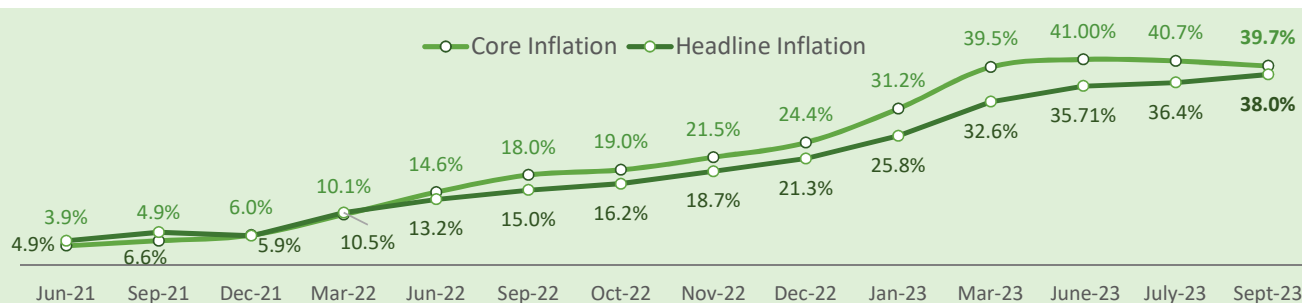
# Egypt's Macroeconomic Environment – An Undervalued Market with Attractive Fundamentals

Despite external market challenges impacting the nation's economy, Egypt presents itself as an undervalued emerging market with attractive fundamentals and a proven track record of implementing ideal fiscal and monetary policies to cushion the impact from external challenges and maintain its strong footing and path for growth

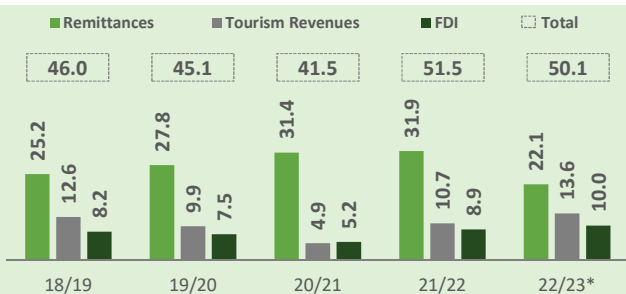
Real GDP Growth (%)



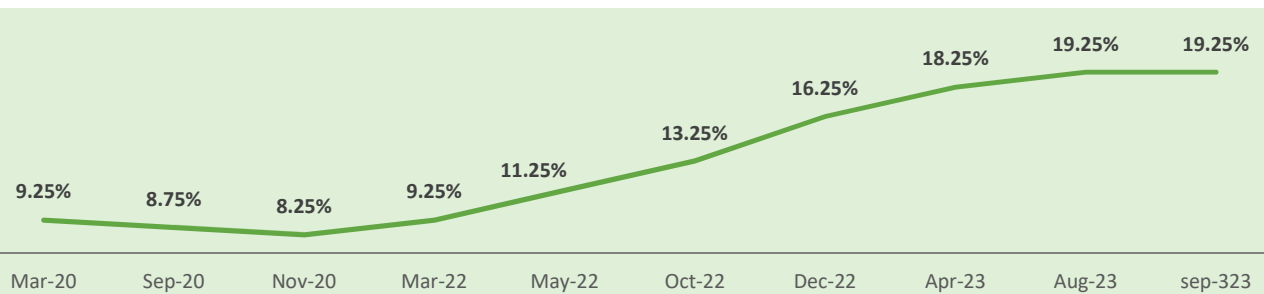
Inflation (%)



Foreign Inflows (USD Bn)



Discount Rate (%)

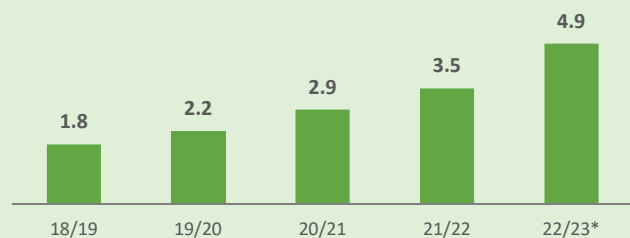




## Egypt's Banking Sector – A Growing Economy and a Largely Underbanked and Unbanked Population Presents Clear Opportunities for Banking Institutions in Egypt

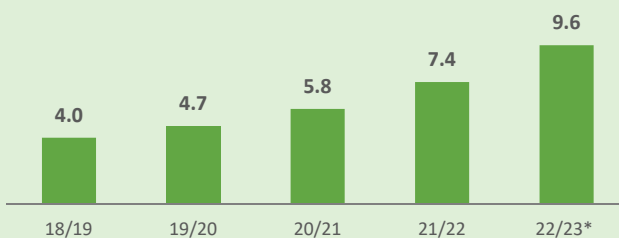
### Increasing Loan Appetite

Loans (EGP Trn)



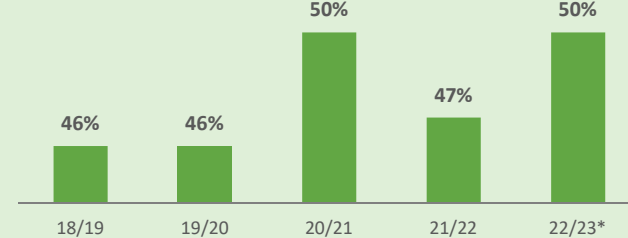
### Steady Deposit Growth

Deposits (EGP Trn)



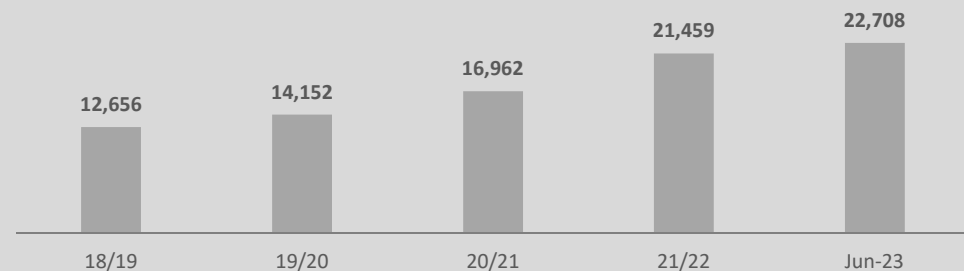
### Healthy LDR

Loan to Deposit Ratio (%)

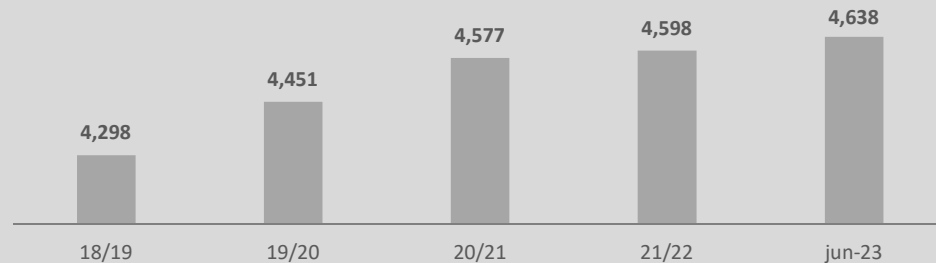


### Growing demand for commercial banking services is evident in constantly expanding networks and points of contact

Total # of ATMs



Total # of Branches





## Executive Summary

### Who We Are

One of Egypt's leading commercial banking institutions and a former leader in the real estate space

Offering a dual business model covering commercial banking and real estate activities

Boasting a nationwide footprint in Egypt

Home to a diverse client base across all customer segments in the market

### Our Transformation from Sectoral to Commercial Bank



Identified an opportunity to penetrate Egypt's growing commercial banking space



Implemented a restructuring supported by a three-pronged strategy to establish the building blocks that would accelerate HDB's growth in the commercial banking space



The Bank reaped the rewards of its successful strategy, and now boasts a strong and growing presence in Egypt's commercial banking sector

Total Assets

**EGP 118 Bn**

▲ 14.2% YTD

Gross Loans

**EGP 42.9 Bn**

▲ 12.3% YTD

Customer Deposits

**EGP 95.5 Bn**

▲ 6.7% YTD

Net Income

**EGP 4.4 Bn**

▲ 152.2% y-o-y

ROAE\*

**49.0%**

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## AT A GLANCE

One of Egypt's Strongest  
Commercial Banking Institutions



# A Long-Standing Name in the Egyptian Banking Space

HDB is a leading commercial bank boasting a +40-year track record

Leveraging its longstanding name in Egypt to accelerate commercial banking growth

The Bank’s performance is also supported by its lucrative legacy real estate investment arm

Providing a comprehensive set of customer-centric commercial banking services



Retail Banking



Corporate Banking



SME Banking

Growth across the bank’s portfolio driven by dual-driven growth in the Bank’s retail and corporate loans

Gross Loans EGP 42.9 Bn		Customer Deposits EGP 95.5 Bn	
▲ 12.3% YTD		▲ 6.7% YTD	
Corporate*	Retail	Corporate	Retail
EGP 18.8 Bn ▲ 10.9 % YTD	EGP 24.0 Bn ▲ 13.4 % YTD	EGP 50.4 Bn ▼ 19.0 % YTD	EGP 45.1 Bn ▲ 65.7 % YTD

Solid performance across the balance sheet due to efficient management of the Bank’s portfolio

49.0%	5.3%	10.5%	10.5%
Return on Average Equity (9M-2023)	Return on Average Assets (9M-2023)	Net Operating Margin (9M-2023)	Net Interest Margin (9M-2023)



## Boasting an Expansive Footprint Across the Nation

HDB's Growing Nationwide Footprint Allows Easy Accessibility to its Banking Network



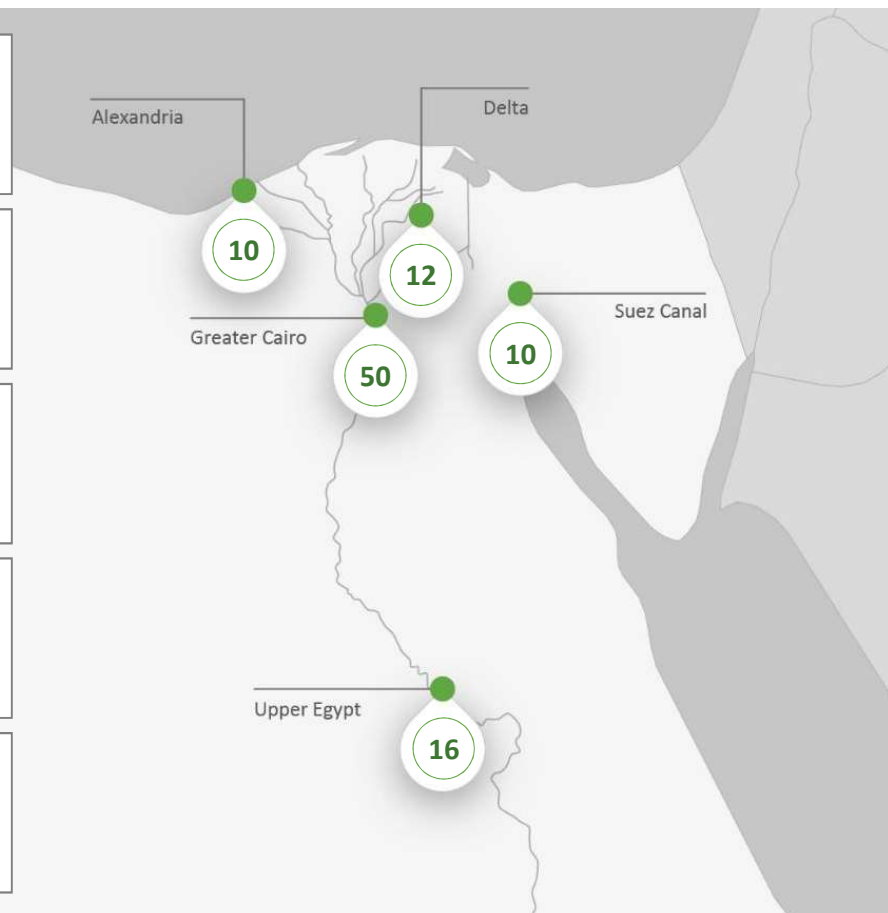
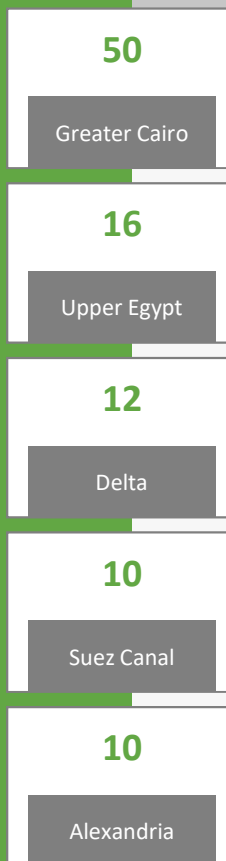
434

# of ATMs



98

# of Branches







# Journey from Sectoral to Strong Commercial Bank

## Legacy Real Estate Bank

1979-2002



**Housing & Development Bank**  
بنك التعمير والإسكان

Housing & Development Bank (HDB) was founded in 1979 as a specialized entity for real estate development and the provisioning of housing units in Egypt

HDB's primary revenue generator was the sale of residential units across its multiple flagship developments in Egypt

## Transformational Restructuring to Full-Fledged Commercial Bank

2003-2021

In 2003, HDB began a full restructuring to focus on the growth of its core commercial banking business due to the introduction of Law No. 88 of the Year 2003 of The Central Bank, which prohibited the existence of specialized banks in Egypt. In 2017, the Bank accelerated its commercial banking expansion strategy by delivering on three key pillars:



**Revamped Business Model**

Focusing on establishing dedicated retail, corporate, and SME banking operations



**Enhanced Visibility**

Growing the Bank's branch and ATM network as well as conducting a facelift of its corporate identity to attract multiple target customer segments



**Digitalized Technology**

Investing in technologies to enhance operational efficiencies and provide digital banking platforms for clients

## A Strategic Success

Present Day

HDB reaped the rewards of its successful transformational strategy, with commercial banking activities now generating the lion's share of the Bank's bottom line with a contribution of 91% in 9M-2023

Legacy real estate operations still support the Bank's overall profitability but at a significantly reduced contribution compared to previous years

The Bank is maintaining its focus on growing and further enhancing its commercial banking operations with a goal of becoming one of the top ten commercial banks in Egypt

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# STRATEGY

Transformation from Sectoral to  
Full-Fledged Commercial Bank





## HDB has Focused on Three Key Pillars to Accomplish its Transformation into a Full-Fledged Commercial Bank



1

### Revamped Business Model

Shifting focus from legacy real estate operations to provide a competitive commercial banking offering



2

### Enhanced Visibility

Optimizing the geographic footprint of the Bank's branch network and uplifting HDB's corporate identity



3

### Digitalized Technology

Heavy investment in tech to enhance commercial banking activities, unlock efficiencies, and grow digital banking services



## Revamped Business Model – Focusing on Expanding Commercial Banking Operations

### Shifting from legacy real estate operations to grow commercial banking activities

Over the years, the Bank has successfully lessened the contributions from its legacy real estate activities and was able to build a successful commercial banking platform that now contributes the majority of its top- and bottom-line

The Bank's modernized business model focused on continuously growing and generating revenue from core commercial banking activities across the retail, corporate, and SME fronts



#### Retail Banking

Retail banking services flourished as the Bank leveraged its well-established and trusted name in the market coupled with its accelerated bank network expansion to enhance and grow its retail offering



#### Corporate Banking

The Bank offers high-quality customer-centric corporate banking services to a variety of high-profile corporate clients




#### SME Banking

The Bank has successfully aligned with the CBE's requirement of allocating 25% of its loan book to provide financing facilities to Egypt's thriving SMEs sector

## Doubling-down on bank network expansion and customer centricity strategy

Enhanced visibility is driven by the Bank's extensive efforts to grow its branch and ATM network across the nation as well as improve the overall customer experience across the services it offers. A larger and revamped bank network leaves HDB well-positioned to expand its customer base as well as grow its balance sheet



### Optimizing and Revamping Branch Network

Efforts include increasing the number of branches by c. 25% since 2017 as well as relocating multiple branches across more high-traffic areas across Egypt and providing them with facelifts to better align with the needs of the Bank's target segments and attract increased customer traffic



### Expanding ATM Network

To ensure increased coverage and access to services, the Bank has significantly grown its ATM network across the nation and has nearly doubled its number of ATMs since 2017 to reach 434 ATMs as of 30 September 2023



# **Digitalized Technology** – Bolstering Operational Efficiencies and Growing Digital Offering



## Investment in Technology is Driven by a Two-Pronged Strategy

Boost efficiencies across the board and enhance operational capacities

**Front-Office**

**Back-Office**

**Central Operations**

Investments in IT and a new core banking system have successfully automated a variety of business processes, boosted transparency, modernized the loan disbursement process, and streamlined the Bank's workstreams

Enhance digital banking capabilities to align with the shift in customer trends towards mobile and internet banking

In its efforts to enhance customer experience, the Bank focused on improving its internet and mobile banking platforms to allow for a more user-friendly experience when it comes to everyday banking

## Tech Investments Drove the Bank's Broader Transformation

HDB's new tech investments supported management in identifying paths to optimizing the allocation of the Bank's human resources in a manner that substantially improves the customer experience at HDB's branches and other customer channels

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# OUR STRATEGIC SUCCESS BY THE NUMBERS

Delivering On Our Three-Pillar  
Transformation Strategy





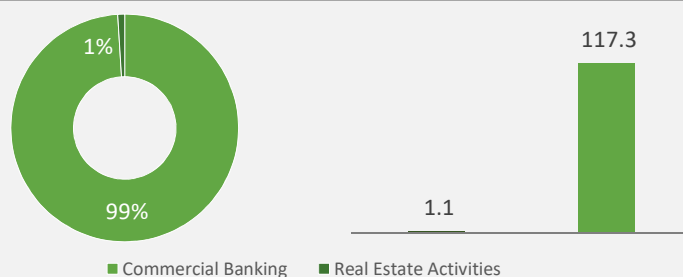
## Commercial Banking is Now The Core of HDB's Operations Thanks to a Successful Revamped Business Model and Enhanced Visibility Strategy



Commercial banking activities have become the cornerstone of our success

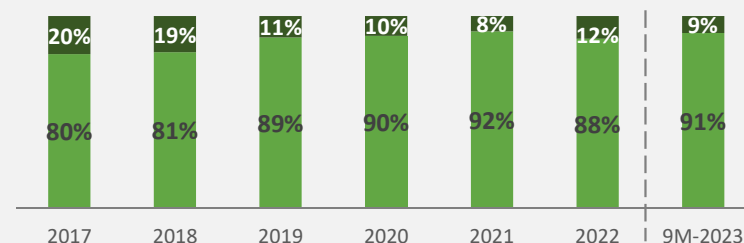
### Top line expansion driven by accelerated growth in commercial banking contribution over the years

Commercial Banking vs Real Estate Business Volumes (9M-2023 | %, EGP Bn)



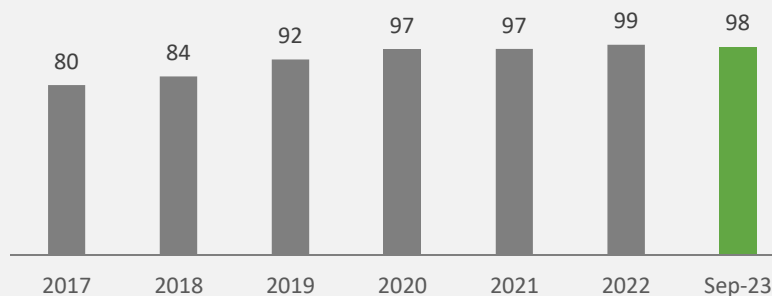
### Commercial banking activities now contribute the majority of HDB's bottom-line

Commercial Banking Contribution (%) Real Estate Contribution (%)

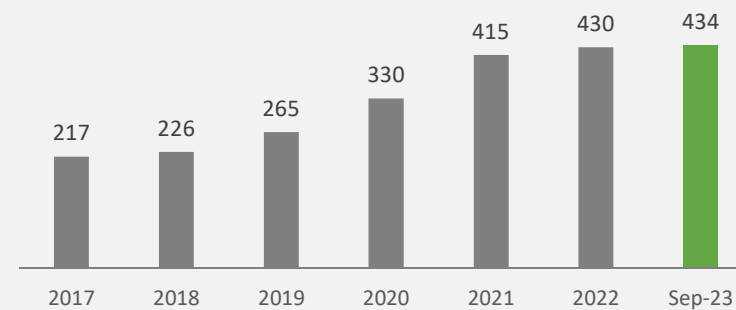


Significant growth in the Bank's network is in line with its visibility strategy

### # of Branches



### # of ATMs







## HDB Reaped the Rewards of its Tech Investments and Successfully Grew its Digital Banking Capabilities Across its Operations

HDB's two-pronged tech investment strategy has yielded strong results and has seen its digital customer base witness robust growth over the years



Number of Digital Services on HDB's Platforms

2015

15

2017

+20

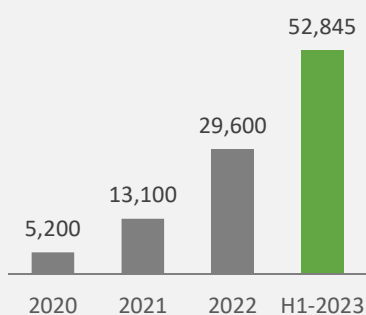
2023

+50

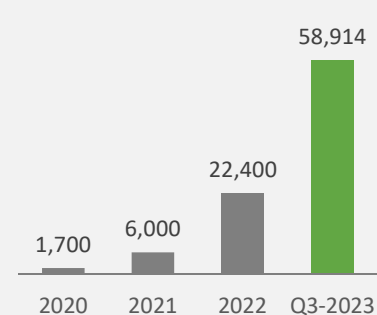


Online Banking

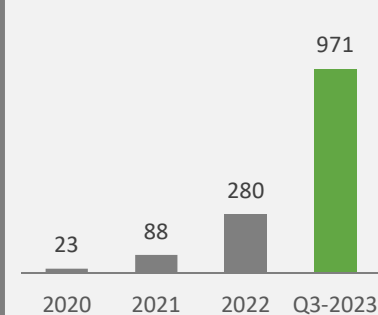
# of Active Users



# of Transactions



Value of Transactions (EGP Mn)



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# BUSINESS MODEL AND PERFORMANCE OVERVIEW

Impressive Operational  
Performance Driven by Robust  
Expansion in Commercial  
Banking Activities



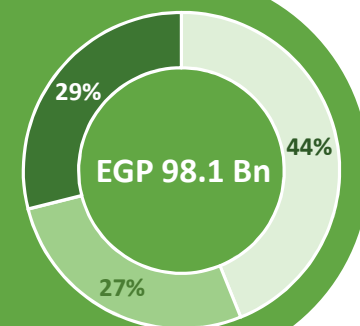


## Business Model – A Well-Structured Balance Sheet Has Driven the Solid Performance of the Bank's KPIs and Maintained the Sustainability of its Growth

### Earning Assets Structure (Sept-2023 | %)

The Bank's earning assets structure is comprised of a diversified and healthy portfolio that yields attractive returns due to an ideal interest type mix at various maturities

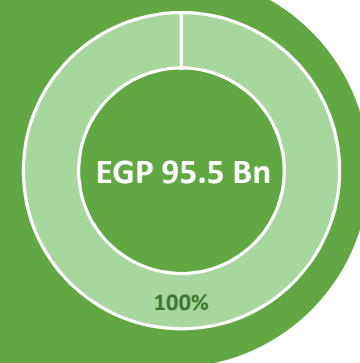
- Customer Loans
- Banks
- Investments



### Interest Bearing Liabilities Structure (Sept-2023 | %)

The Bank has a consistent and stable flow of customer deposits that are comprised of a healthy mix of interest and non-interest-bearing funds

- Customer Deposits





## Robust Loan and Deposit Growth – HDB's Successful Strategy Has Generated Growth Across the Board on The Back of Strong Expansion in Commercial Banking Activities

A three-pronged transformation strategy, which focused on the Bank's revamped business model, enhanced visibility, and digitalized technology, has generated stellar growth and driven its strong results in recent years

**23%**

5-Year CAGR  
(2017-2022)

Gross Total Loans | EGP Mn



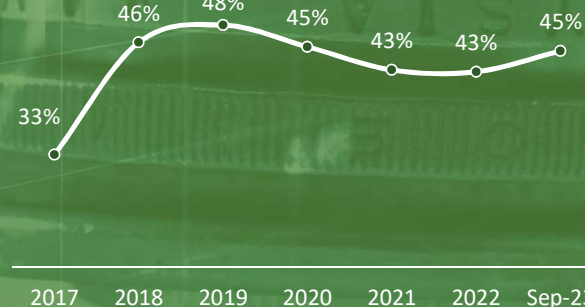
**17%**

5-Year CAGR  
(2017-2022)

Total Deposits | EGP Mn



Loan-to-Deposit Ratio (LDR | %)



Steady loans and deposits growth has supported the Bank's profitability and strong liquid base



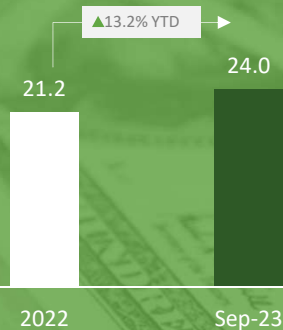
## Retail Banking – Providing a Comprehensive Approach to Retail Banking that Caters to the Needs of Our Wide Customer Base

### Full-fledged retail service offering

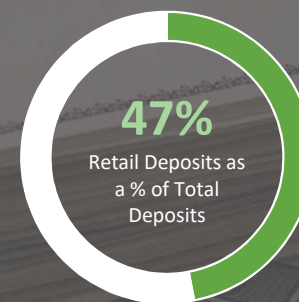
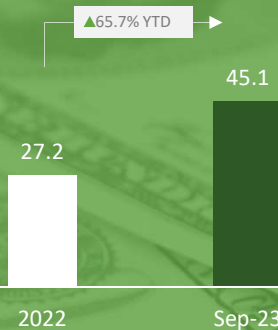


### Growing retail loans and deposits reflect HDB's expanding presence & enhanced visibility

#### Gross Retail Loans (EGP bn)



#### Retail Deposits (EGP bn)







## Corporate Banking – HDB Leverages Its Deep Lending Capacities to Serve Some of Egypt's Leading Businesses and Drive the Growth of its Corporate Banking Offering

Serving Egypt's leading businesses through HDB's one-stop-shop



Credit  
Facilities



Trade  
Finance



Financing  
Customs &  
Taxes



Specialized  
Services to  
SMEs



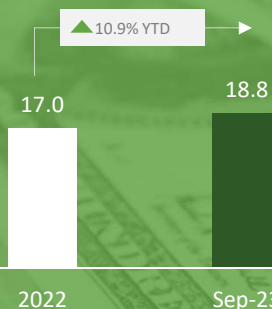
Treasury and  
Cash  
Management



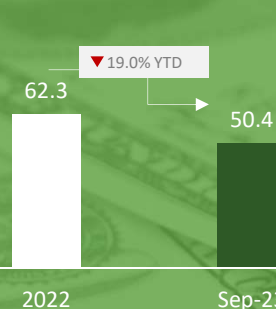
Select  
Investment  
Banking  
Services

Capitalizing on its trusted name in the Egyptian banking space to grow its corporate banking portfolio

### Gross Corporate Loans (EGP bn)



### Corporate Deposits (EGP bn)



44%

Gross Corporate  
Loans as a % of Total  
Gross Loans

53%

Corporate  
Deposits as a % of  
Total Deposits

# **Real Estate Operations** – Generating Lucrative Returns Supporting the Bank’s Profitability

## Lucrative legacy real estate portfolio

Boasting a portfolio of flagship developments in Egypt

HDB’s real estate portfolio provides a healthy cushion for the Bank’s profitability

Offers potential forward-looking strategic sale opportunities

**EGP 1.11 Bn**

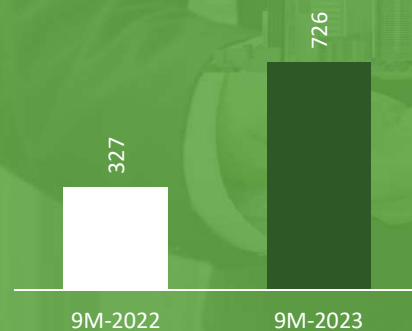
Real Estate Business  
(Sep 2023)

**9%**

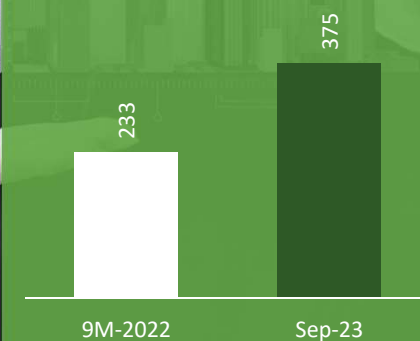
Contribution to Net Income  
(9M-2023)

## Revenues from legacy real estate operations declined in line with HDB’s strategic focus on commercial banking activities

### Gross Contracted Sales (EGP mn)



### Units Sold (#)



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# FINANCIAL PERFORMANCE HIGHLIGHTS

The Bank has Maintained its Strong  
Growth Trajectory and Delivered  
Solid Results



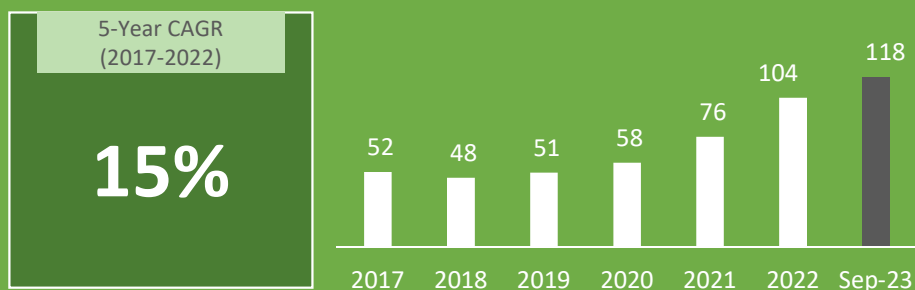




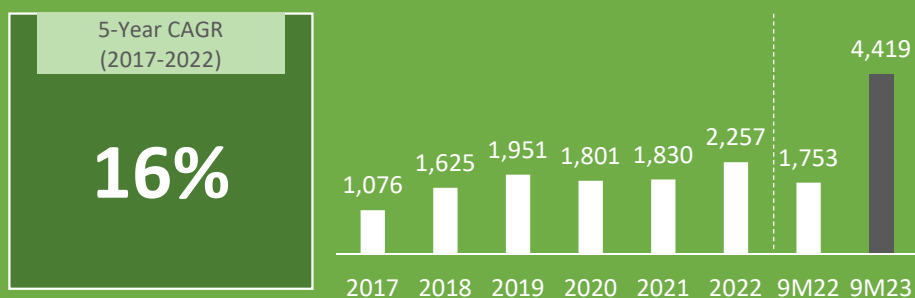
## Enhanced Profitability – HDB has Yielded Strong Returns on The Back of Excellent Balance Sheet Management

The Bank's growing asset base coupled with optimized balanced sheet management has supported HDB's profitability over the years

Total Assets | EGP Mn

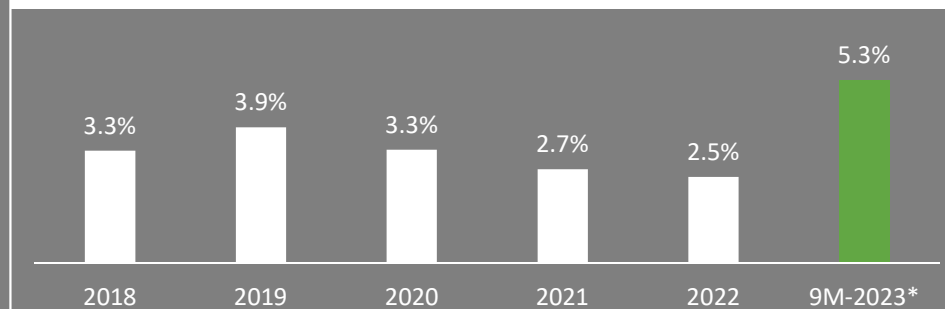


Net Income | EGP Mn

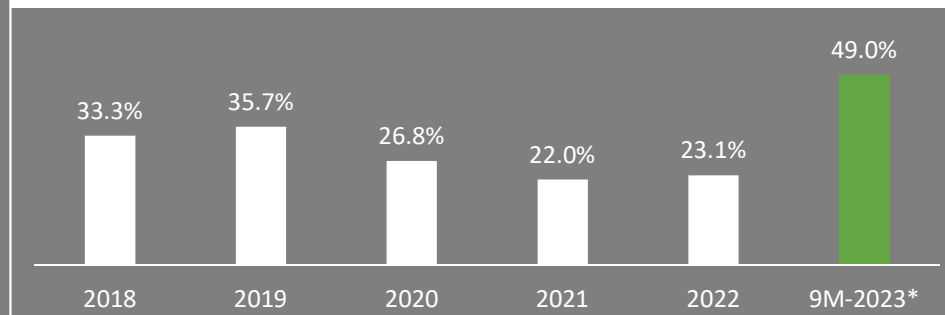


HDB has successfully delivered one of the highest ROAA and ROAE ratios amongst its peers in the banking space

Return on Average Assets (ROAA) | %



Return on Average Equity (ROAE) | %

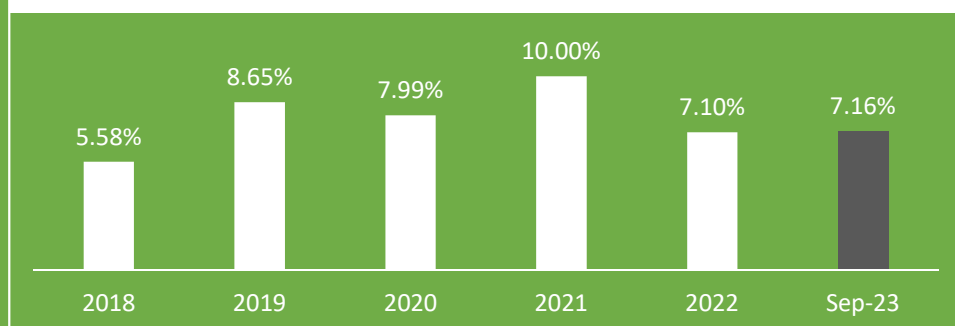




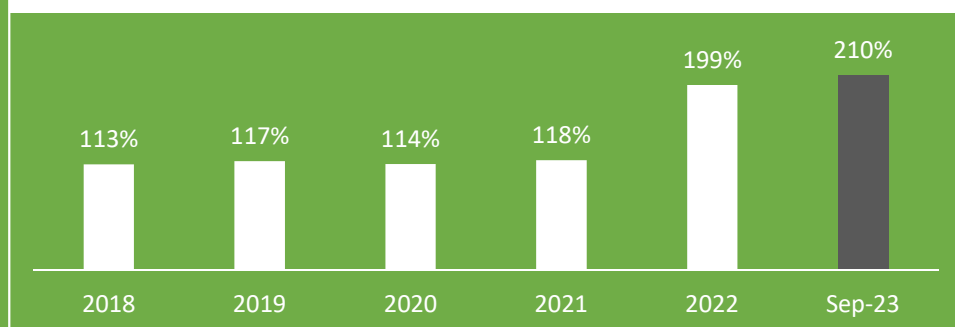
## Improved Asset Quality – Steady Decline in NPLs Reflects the Bank's Commitment to Increasingly Enhance the Health of its Loan Book

Declining trend in NPLs are a direct result of management's efforts to enhance the quality of the loan portfolio & align with the Egyptian market average

Non-Performing Loans to Gross Loan Ratio | %

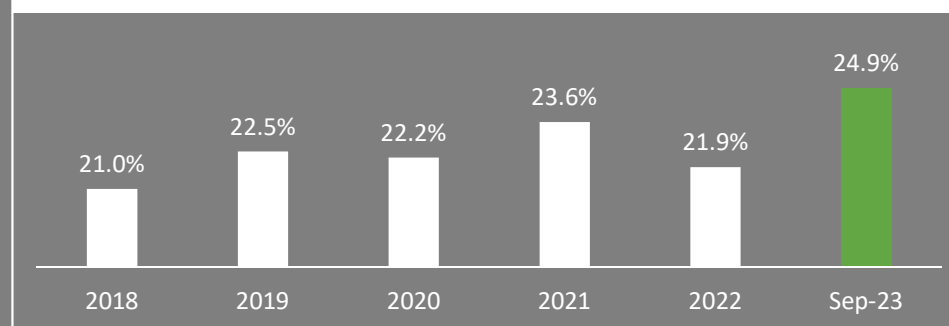


NSFR Ratio | %

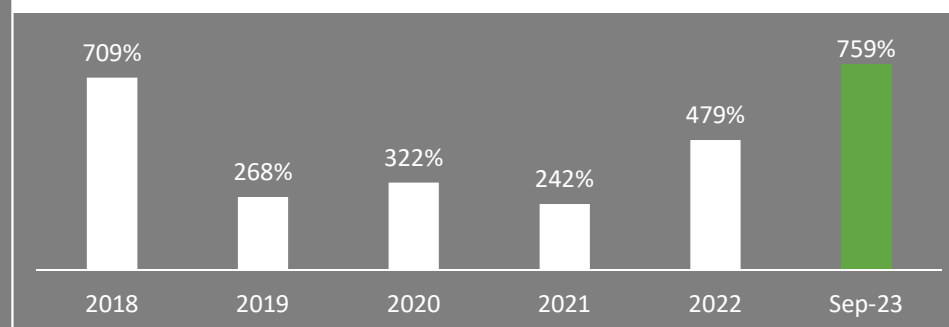


HDB's Capital Adequacy Ratio has historically remained far above both local and international minimum requirements (CBE and BASEL)

Capital Adequacy Ratio | %

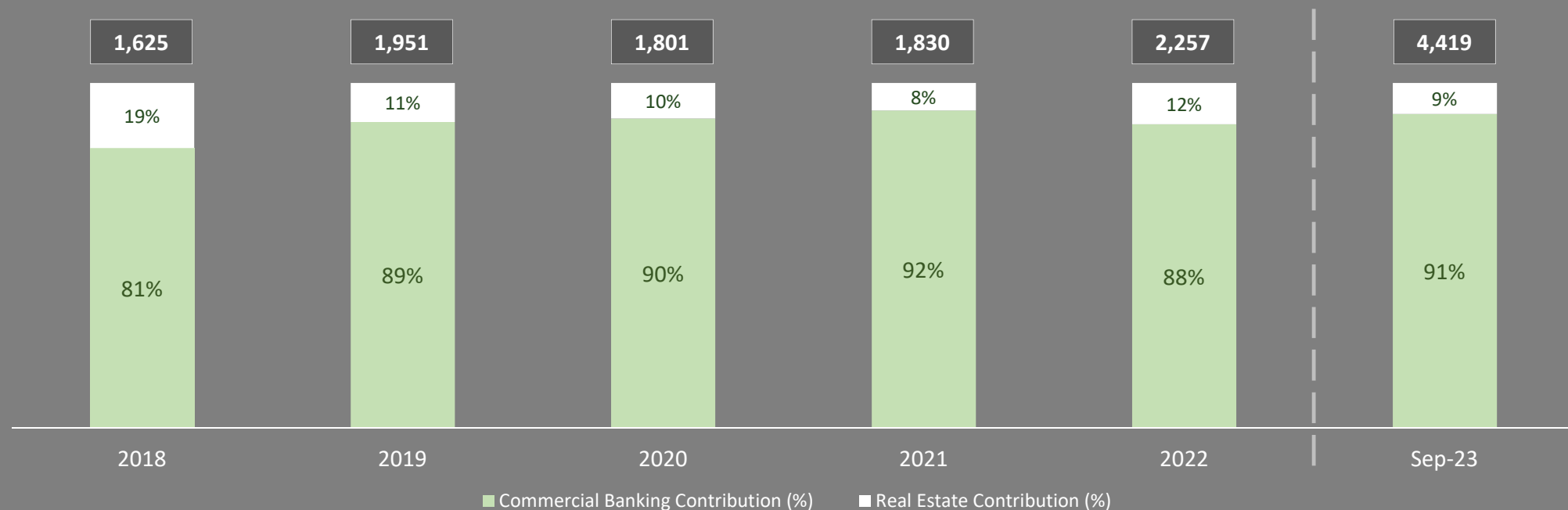


LCR Ratio | %



## **Net Income Breakdown** – Commercial Banking Activities Contribute the Lion's Share of HDB's Bottom-Line

Net Profit, % Contribution | EGP Mn, %



The Bank's strategy has seen it significantly grow its commercial banking operations contribution to HDB's bottom-line in recent years as it continues to focus on cementing and expanding its presence in Egypt's commercial banking space

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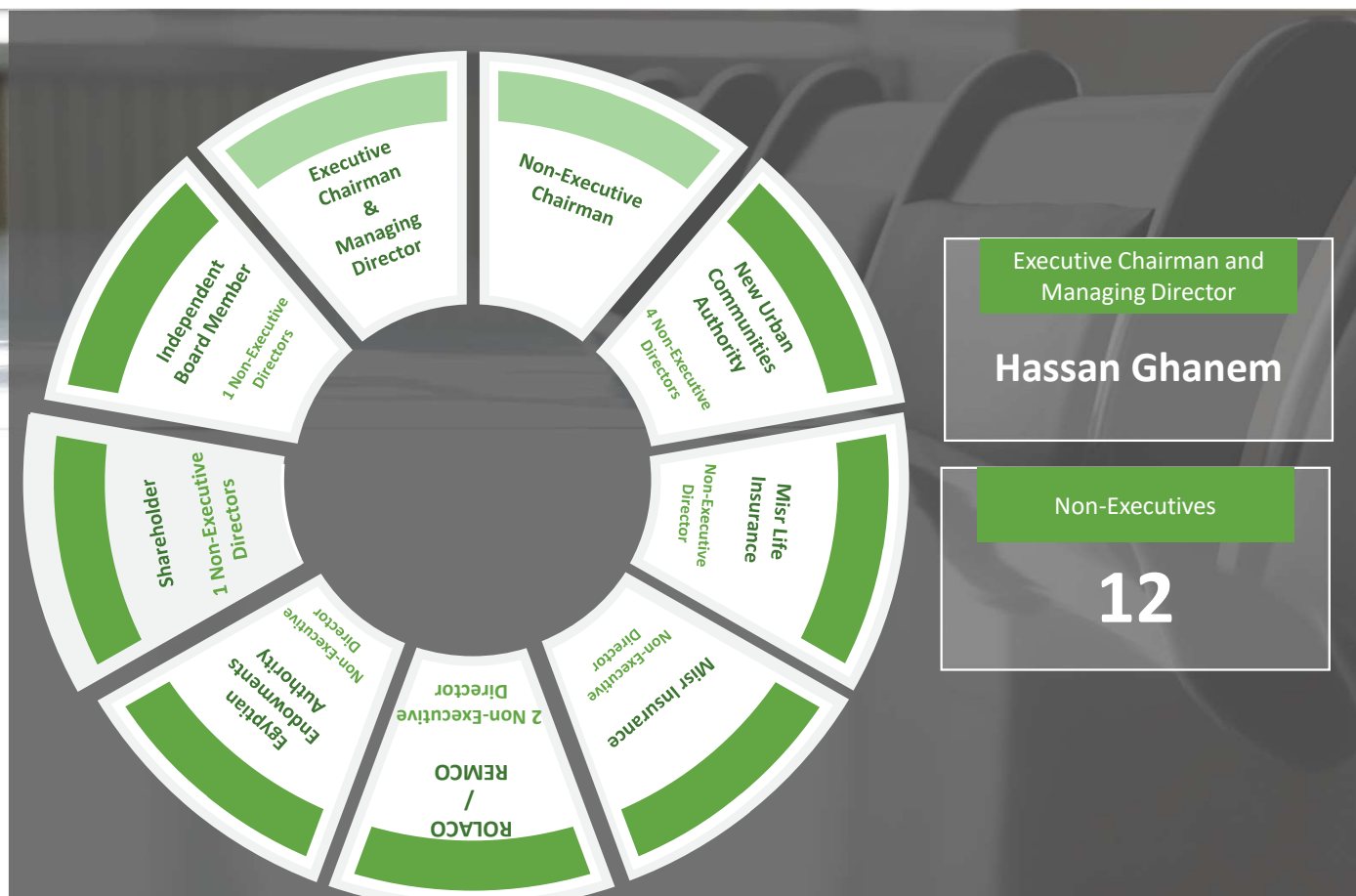
# CORPORATE GOVERNANCE

Strong Board of Directors and  
Comprehensive Governance  
Frameworks Have Guided the Bank  
Throughout its Transformation





**Board Composition** – HDB is Led By A Strong Board That Has Maintained The Bank's Stability and Kept it Aligned With Egypt's Overarching Growth Strategies for the Sector





## Corporate Governance – HDB Employs Comprehensive Governance Frameworks that Ensure the Bank Operates in a Sustainable and Ethical Manner

HDB is a firm believer that operating in a reliable, transparent, and ethical manner is key to maintaining the long-term sustainability of the business and to unlock and create value for shareholders

The Bank's nine committees ensure that HDB's comprehensive corporate governance frameworks are implemented and consistently abided by to ensure full accountability and transparency across the organization's operations

### Committees

1

Audit

2

Risk

3

Remuneration

4

Governance and  
Nomination

5

Executive and  
Operational

6

Investment

7

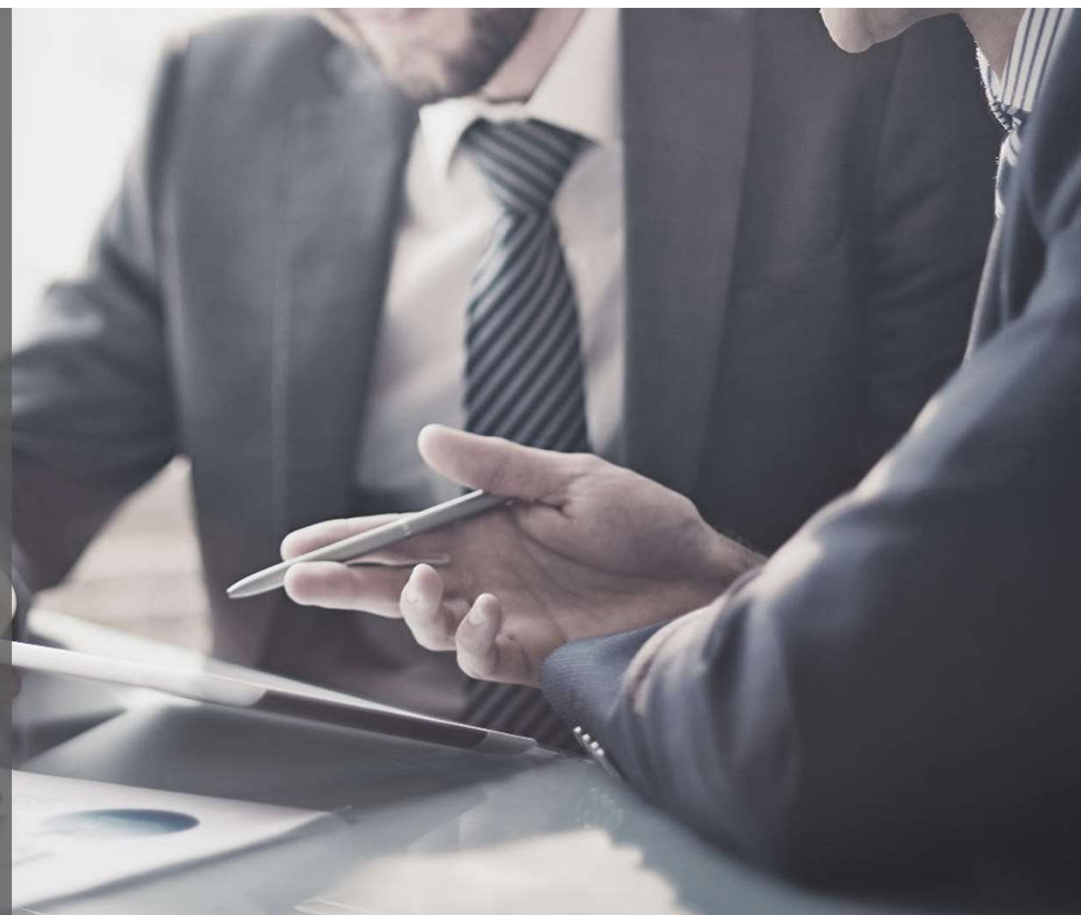
Engineering

8

IT Enhancement

9

CSR and Donations



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# RESPONSIBLE BANKING

Supporting the Sustainability  
and Development of the  
Community at Large





## Corporate Social Responsibility – Creating Meaningful and Sustainable Impact Towards Egypt's Economy

### Playing Our Part in Creating Positive Impact to Ensure the Sustainability and Development of Our Communities



#### Education

Financing the construction of **El Sewedy Academy** in the Sadat Industrial Area, which focuses on technical and vocational training for students

Supporting **Nile University** in equipping their industrial engineering department

Elevating the infrastructures of **20 schools** in the Marsa Matrouh governorate in cooperation with the **Misr El Kheir Foundation** and the **Ministry of Education and Technical Education**

Coordinating with the **Ministry of Education** to develop resource rooms in **30 public schools** across 7 governorates to serve special needs students



#### Healthcare

Supporting the establishment of the **Magdy Yacoub Foundation** in 6th of October City

Financing the comprehensive renovation and development of two departments at the **Qasr Al-Aini OBGYN Hospital**, which ranks second globally in terms of number of patients served annually at around **105,000 patients**

Supporting the establishment of the **Ahl Masr Hospital**, which is anticipated to be the first and largest specialized hospital in the Middle East and North Africa (MENA) to treat burns at no cost to the patient

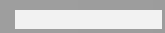


#### Inclusion

HDB partnered with the **Mazala Foundation** to train women on niche artistic skills as well as support them in showcasing their final products across various prestigious exhibitions

HDB partnered with **Al Masry Alaseel** to train women on sewing, carpet weaving, as well as reading and writing in an effort to support job creation





# INVESTMENT THESIS





## Solid Investment Thesis Driven By Promising Outlook As The Bank Continues To Leverage Strong Brand Equity And Growing Commercial Banking Presence

One of Egypt's fastest growing commercial banking institutions

Providing an exceptional customer centric service offering

Strong liquid base provides for potentially aggressive lending capabilities to fuel growth

Nationwide footprint provides easy access to grow desired customer segments

The Bank's ROAE and ROAA are some of the highest when compared against the market average

Growing profitability margins are reflective of HDB's well managed operations



Together, these factors leave HDB well positioned to continue reaping the rewards of its strategy, build on its historical success, and achieve its goal of becoming one of Egypt's top ten banking institutions

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# **CORPORATE & SHAREHOLDER INFORMATION**





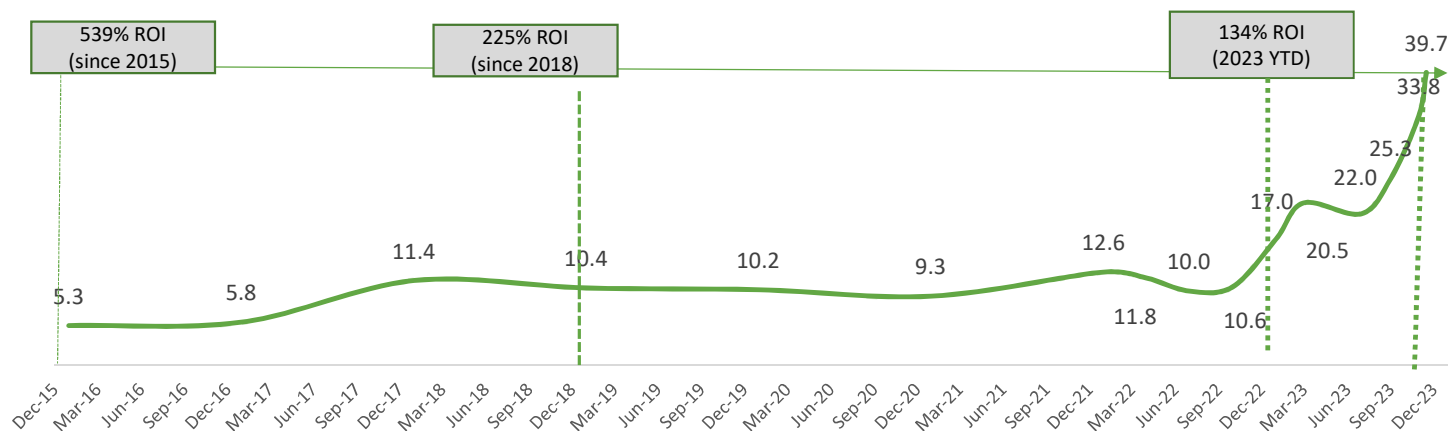
# Corporate Structure and Share Performance

## Share Information & Performance (30<sup>th</sup> March 2023)

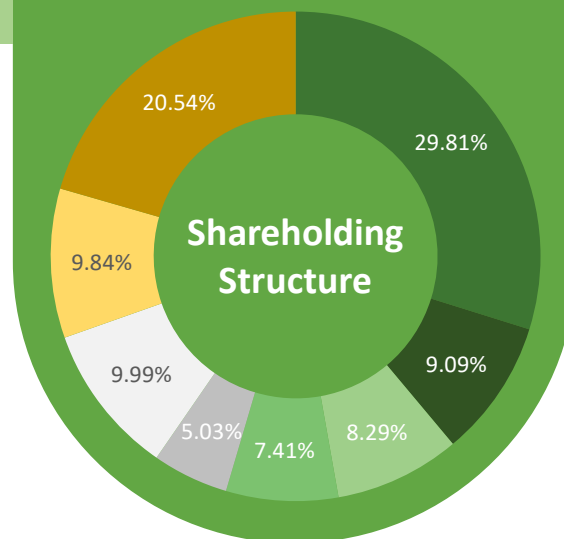
Market	Stock Ticker	Date of Listing	Total Issued Shares
<b>EGX</b>	<b>HDBK.CA</b>	<b>September 1983</b>	<b>531,300,000</b>
Authorized and Issued Capital	Paid-up Capital	Market Cap	Par Value/Share
<b>EGP 10.0 BN</b>	<b>EGP 5.3 BN</b>	<b>EGP 18.0 BN</b>	<b>EGP 10</b>

## Stock Performance (EGP)

Housing and Development Bank has consistently delivered strong ROI



New Urban Communities Authority (NUCA)	29.81%
Misr Life Insurance	9.09%
Misr Insurance	8.29%
Social Housing and Mortgage Finance Fund	7.41%
Egyptian Endowment Authority	5.03%
Ali Ben Hassan El Dayekh – RELACO	9.99%
REMCO Egypt - Abdel Moneim El Rashed	9.84%
Free Float	20.54%



# Contact Information

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Housing & Development Bank  
بنك التعمير والإسكان

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# APPENDIX





## Standalone Income Statement and Net Income Breakdown

Standalone Income Statement	Q3-2023	Q2-2023	Q-o-Q Change	Q3-2022	Y-o-Y Change	9M-2023	9M-2022	Y-o-Y Change
	EGP Mn	EGP Mn		EGP Mn		EGP Mn	EGP Mn	
Net Interest Income	2,769	2,493	11%	1,311	111%	7,299	3,408	114%
Net Non-Interest Income	435	475	-9%	314	38%	1,454	895	63%
Core Banking Income	3,204	2,968	8%	1,625	97%	8,753	4,302	103%
Other Operating Income	11	10	9%	20	-44%	17	76	-77%
Net Operating Income	3,215	2,978	8%	1,645	95%	8,771	4,379	100%
Operating Expense	(227)	(13)	1587%	83	-373%	(234)	54	-536%
Administrative Expense	(649)	(617)	5%	(588)	10%	(1,827)	(1,551)	18%
Credit Loss Impairment	(432)	(126)	244%	(296)	46%	(773)	(361)	114%
Net Profit Before Tax	1,907	2,222	-14%	844	126%	5,937	2,520	136%
Income Tax	(502)	(532)	-6%	(296)	70%	(1,518)	(768)	98%
Net Profit	1,404	1,690	-17%	549	156%	4,419	1,753	152%
Earnings Per Share (EGP)	2.5	3.0		1.0		7.7	2.9	



## Standalone Balance Sheet

Balance Sheet	Standalone				
	30-Sep-23	30-Sep-22	31-Dec-22	Y-o-Y Change	YTD Change
Cash & Due from Central Bank	16,226	10,768	12,722	50.7%	27.5%
Due from Banks	26,504	18,018	19,024	47.1%	39.3%
Financial Investments	28,783	34,994	29,645	-17.7%	-2.9%
Investments in Subsidiaries	2,196	2,138	2,199	2.7%	-0.2%
Loans and Advances to Customers (Net)	39,209	31,655	35,215	23.9%	11.3%
Gross Loans:	42,858	34,282	38,163	25.0%	12.3%
Corporate Loans	18,815	14,331	16,969	31.3%	10.9%
Retail Loans	24,043	19,951	21,194	20.5%	13.4%
Real Estate	1,111	1,152	1,106	-3.5%	0.4%
Other Assets	3,296	2,568	2,655	28.4%	24.2%
Fixed Assets	1,048	1,042	1,066	0.6%	-1.7%
Total Assets	118,374	102,335	103,632	15.7%	14.2%
Customer Deposits:	95,509	87,245	89,485	9.5%	6.7%
Corporate Deposits	50,406	59,641	62,261	-15.5%	-19.0%
Retail Deposits	45,104	27,604	27,225	63.4%	65.7%
Other Liabilities	9,178	5,320	3,805	72.5%	141.2%
Total Liabilities	104,688	92,565	93,290	13.1%	12.2%
Shareholders' Equity	13,686	9,770	10,342	40.1%	32.3%
Total Liabilities & Shareholders' Equity	118,374	102,335	103,632	15.7%	14.2%





## Financial Ratios and Indicators

Financial Indicators	Q3-2023	Q2-2023	Q-o-Q Change	Q3-2022	Y-o-Y Change	9M-2023	9M-2022	Y-o-Y Change
<b>Profitability</b>								
ROAE	<b>43.4%</b>	59.2%	-15.8 pp	22.8%	+20.6 pp	<b>49.0%</b>	24.6%	+24.4 pp
ROAA	<b>4.9%</b>	6.0%	-1.1 pp	2.3%	+2.6 pp	<b>5.3%</b>	2.6%	+2.7 pp
<b>Margins</b>								
Net Operating Margin (NOM)	<b>11.2%</b>	10.5%	+0.7 pp	6.8%	+4.4 pp	<b>10.5%</b>	6.5%	+4 pp
Net Interest Margin (NIM)	<b>11.6%</b>	10.6%	+1 pp	6.3%	+5.3 pp	<b>10.5%</b>	6.0%	+4.6 pp
<b>Efficiency</b>								
Cost-to-Income	<b>20.2%</b>	20.7%	-0.5 pp	35.8%	-15.6 pp	<b>20.8%</b>	35.4%	-14.6 pp
<b>Liquidity</b>								
Gross Loans to Deposits	<b>44.9%</b>	44.6%	+0.2 pp	39.3%	+5.6 pp	<b>44.9%</b>	39.3%	+5.6 pp
Net Loans to Deposits	<b>41.1%</b>	41.0%	+0.1 pp	36.3%	+4.8 pp	<b>41.1%</b>	36.3%	+4.8 pp
<b>Asset Quality</b>								
NPLs-to-Gross Loans	<b>7.2%</b>	8.0%	-0.8 pp	8.5%	-1.3 pp	<b>7.2%</b>	8.5%	-1.3 pp
Capital Adequacy Ratio	<b>24.9%</b>	21.2%	3.7%	22.4%	2.5%	<b>24.9%</b>	22.4%	2.5%