



Housing & Development Bank
بنك التعمير والإسكان

Housing & Development Bank

Investor Presentation Standalone Financials

Full Year 2020

February 2021

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Note: Rounding differences and figures may appear through out the presentation.

Content



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- Historical overview
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*A progressing commercial bank with an
attractive real estate flavor; your window on
two sectors*

Historical overview

Our Start

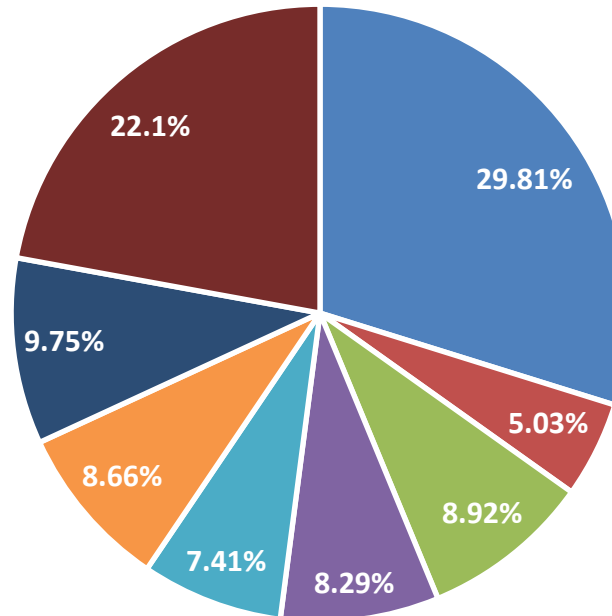
- Egypt's Housing & Development Bank was established 40 years ago; in 1979, as an arm of the Ministry of Housing. At the time of its launch it had a clear mandate to finance moderate housing units for Egyptians, while also bridging the gap between supply and demand in the nation's real estate market.
- By the late 1980s & 1990's HD Bank had already successfully concluded many flagship developments, which brought new housing units to many urban communities and strategic investments in the country's northern coastal resorts.

Ownership Structure



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ShareHolders



■ New Urban Communities Authority (NUCA)

■ Misr Life Insurance Company

■ Housing Projects Fund

■ REMCO Egypt - Abdel Moneim El Rashed

■ Egyptian Endowment Authority

■ Misr Insurance Company

■ Ali Ben Hassan El Dayekh - RELACO

■ Free Float

Ownership Structure



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Full Year 2020		Percent
New Urban Communities Authority (NUCA)		29.81%
Egyptian Endowment Authority		5.03%
Misr Life Insurance Company		8.92%
Misr Insurance Company		8.29%
Housing Projects Fund		7.41%
Ali Ben Hassan El Dayekh - RELACO		8.66%
REMCO Egypt - Abdel Moneim El Rashed		9.75%
Free Float		22.1%
	Total	100.00%

Our Transformation

- In 2003, Egyptian banking law 88 prohibited the existence of specialized banks in Egypt, and HDB was restructured to become a conventional Commercial bank, with a new management appointed. The bank nevertheless still owns several plots of land which will be developed into commercial and residential projects for sale.
- The New Management implemented a five-year plan to turnaround the bank that started in 2003 till 2008 and in 2009 a new 5 year plan was set in place till 2013. However, due to the political & economic situation the implementation time line was extended till 2017. Then a new 5 year plan focused on heavily investing in new IT systems, renovating its branch network and increasing its marketing efforts. HDB currently has a branch network of 92 branches based on Full Year 2019. Plus, a new 5 year Strategic plan from 2018 till 2022 was set in action.

As a result we became:

- A growing commercial bank in the Egyptian market.
- Upgraded the human capital of quality to support the growth of both the banking and real estate businesses and capitalizing on strong ICT Platform.
- New Bank products and Real Estate Projects continue to be the key at increasing our growing client base & performance based on top notch IT.

Our Journey



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1979

Founded in 1979 as a specialized entity for real estate development & provision of housing units to different sectors of the economy

Initial capital of EGP 18mn

Registered on EGX in 1983

1993

Continued growth of real estate investments
1993: raised paid-in capital to EGP 54mn

2000: raised paid-in capital to EGP 122.3mn through existing shareholders

2003

2003: Introduction of new banking law

Bank restructured, increased focus on growth of core banking business
Further expansion in real estate development to be carried out through subsidiaries

2006

In 2006 provided an integrated banking system to cater to the retail sector

Raised: paid-in capital increased to EGP 500mn through existing shareholders

In 2009 investment in Hyde Park Development

2010

Paid-in capital increased to EGP 1.2bn through a private placement and portion through HDB's ESOP

First time non-Egyptians allowed ownership of HDB shares; their ownership reached 20%
Vitalized the corporate identity campaign

2013

Introduction of stage I of the new IT system to streamline performance

Increased street visibility through increased branches, ATMs and POS

Increased real estate activities, investment reached EGP 912 mn

2014

Participation in the CBE Mortgage Finance Initiative for Medium & Low Income Housing

Increased street visibility through increased branches, ATMs and POS

Started the restructuring of Hyde Park Development after using the Equity Associate method

Our Journey



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2015

Participation in the CBE Mortgage Finance Initiative for Medium & Low Income Housing and becoming number 1 market share among peers.

Increased street visibility through increased branches, ATMs and POS

2016

Participation in the CBE SME's lending initiative that lends loans with a subsidized 5% interest rate.

Market Leader in CBE Mortgage Finance Initiative with EGP 2,0 Billion as of Full Year 2016

2017

Participation in the CBE SME's lending initiative that lends loans with a 5% interest that have reached 12% out of the 20% required by 2019.

Allotted another EGP 1 Billion under the CBE Mortgage Finance Initiative reaching a total of EGP 3,6 Billion.

2018

Allotted another EGP 1,3 Billion under the CBE Mortgage Finance Initiative reaching a total of EGP 4,9 Billion to more than 54,309 clients.

2019

Added more than 10 branches compared to full year 2018 .
Allotted another EGP 300 million under the CBE Mortgage Finance Initiative reaching a total of EGP 5,462 Billion to more than 59,818 clients.

2019

Added more than 10 branches compared to full year 2018 .
Allotted another EGP 300 million under the CBE Mortgage Finance Initiative reaching a total of EGP 5,462 Billion to more than 59,818 clients.

Our Journey



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2020



Added more than 10 Branches to reach 97.

Have achieved the 20% SME target required by CBE.

Allotted another EGP 550 million under the CBE Mortgage Finance Initiative reaching a total

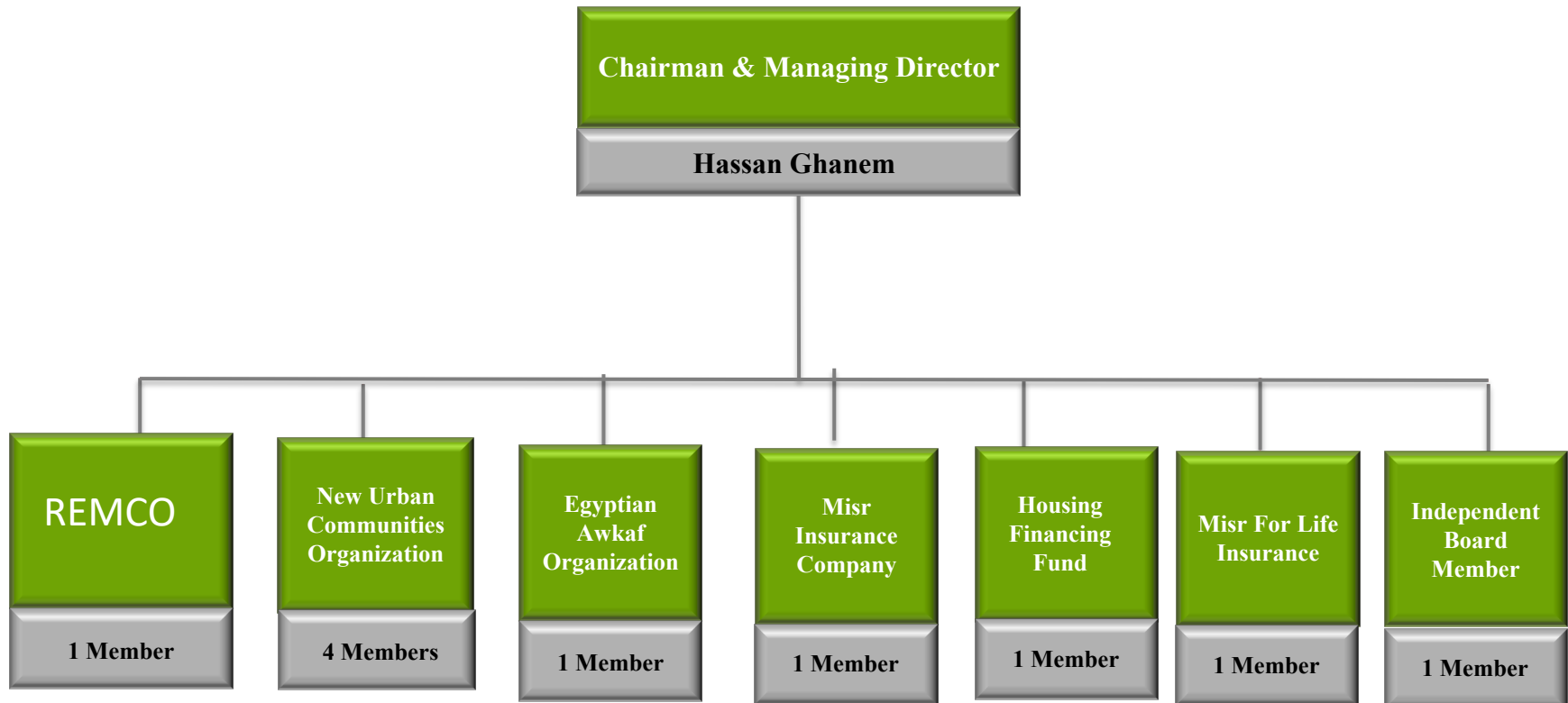
of EGP 6,154,003,774

Billion to more than **65,243** clients.

Board of Directors



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Total Number of 11 Board Members

Corporate Governance



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- Board composition: 2 Executives and 9 Non-Executives
- 9 Board Committees meeting on a regular basis, namely:
 - Audit Committee
 - Risk Committee
 - Remuneration Committee
 - Governance & Nomination Committee
 - Executive & Operational Committee
 - Investment Committee
 - Engineering Committee
 - IT Enhancement Committee
 - CSR & Donations Committee
- Remuneration Committee comprised of the main shareholders and independent Board Members
- Independence of Compliance, Internal Audit and Risk Management functions
- Functioning Committees ensure that HDB Management fully complies with all regulatory requirements as well as internal policies ensuring strict adherence to best practices with respect to our Stake holders like clients, employees and third parties dealings.

What We Aim For

Our Vision

To be within the top 10 ranked commercial banks in Egypt, while maintaining the current high operational efficiency.

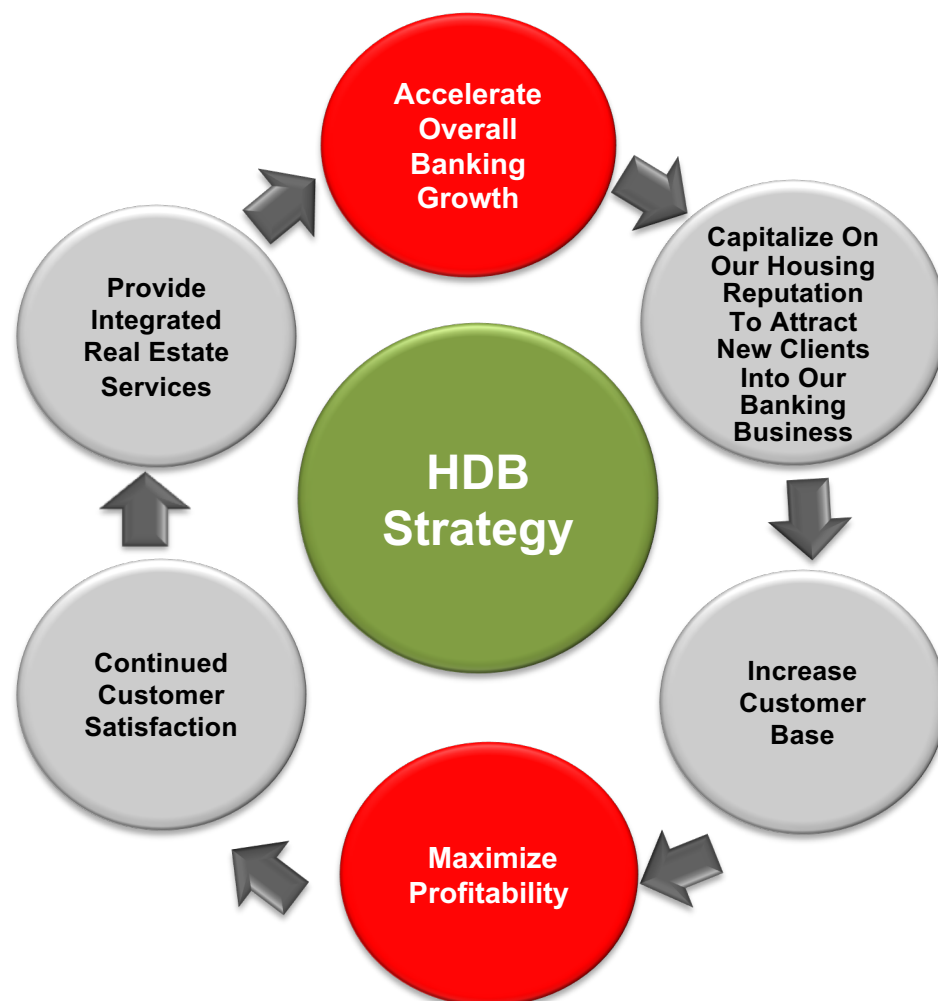
Our Mission

Search for excellence in providing our commercial & real estate products through the continuous upgrade of our human capital and we strive to excel in providing our services to meet our clients and shareholders expectations.

Our Strategy



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Capitalize On Our Housing Reputation To Attract New Clients Into Our Banking Business

Capitalize on our reputation and experience in providing full range of housing and property development services plus the current banking retail client base to attract new SME's costumers to our banking services.

Increasing Customer Base

Enhance corporate lending, increase SME's financing whether through tailored loans, or shelf products. Improve client access through increased street visibility, introducing a wider variety of short, medium and long term saving schemes

Provide Integrated Real Estate Services

Construction and sale of housing units through affiliated companies

Provide real estate financing

Supervision of implementation of housing projects

Real estate business appraisal

Continued Customer Satisfaction

Introducing new products to capture targeted growth in both banking and real estate business

Our Products Range

SME's Products	Retail Products	Corporate Products	Real Estate Products
Credit facilities	Current accounts	Credit facilities	Real estate financing
Trade finance	Saving products	Trade finance	Real estate investment & development*
Specialized services to SMEs	Loan products	Limited investment banking services	Construction of housing units*
e-payments	Debit/Credit /Prepaid Cards	e-payments	Supervision of implementation of the projects owned by HDB & others * (NUCA)
Financing customs & taxes	Life insurance services	Financing customs & taxes	Business appraisal and feasibility studies**
Treasury & cash management	Safe deposit boxes	Specialized services to SMEs	Real Estate consulting and engineering services**
	Payroll services	Treasury & cash management	
	Vodafone cash		
	Housing installment and e-payments		

Our Way Forward



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Introduction of Internet,
Online and Mobile
banking services to the
bank clients in 2020

Increasing planned
branch network set to
capture a greater
portion of retail
business to reach 100
branches by end of 2020

Increase Loan &
Deposit Books coupled
with the participation in
the CBE SME's &
Mortgage Finance
Initiatives

Hidden equity; around 2
million sqm of
undeveloped land
carried at an average
cost of EGP 750/msq

Trading at Price to Book
of around (P/B 0.9) &
Price to earnings (PE) of
around 3.8 as estimated
for full year 2019

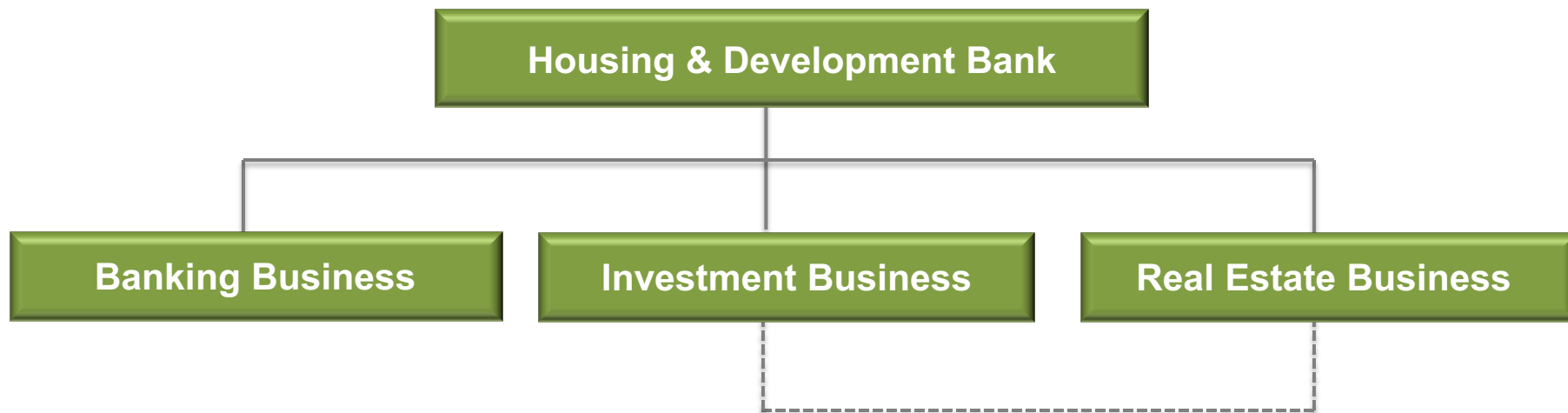
HIGH GROWTH PROSPECTS OVER THE NEXT FIVE YEARS

Business Review

Our Business Model



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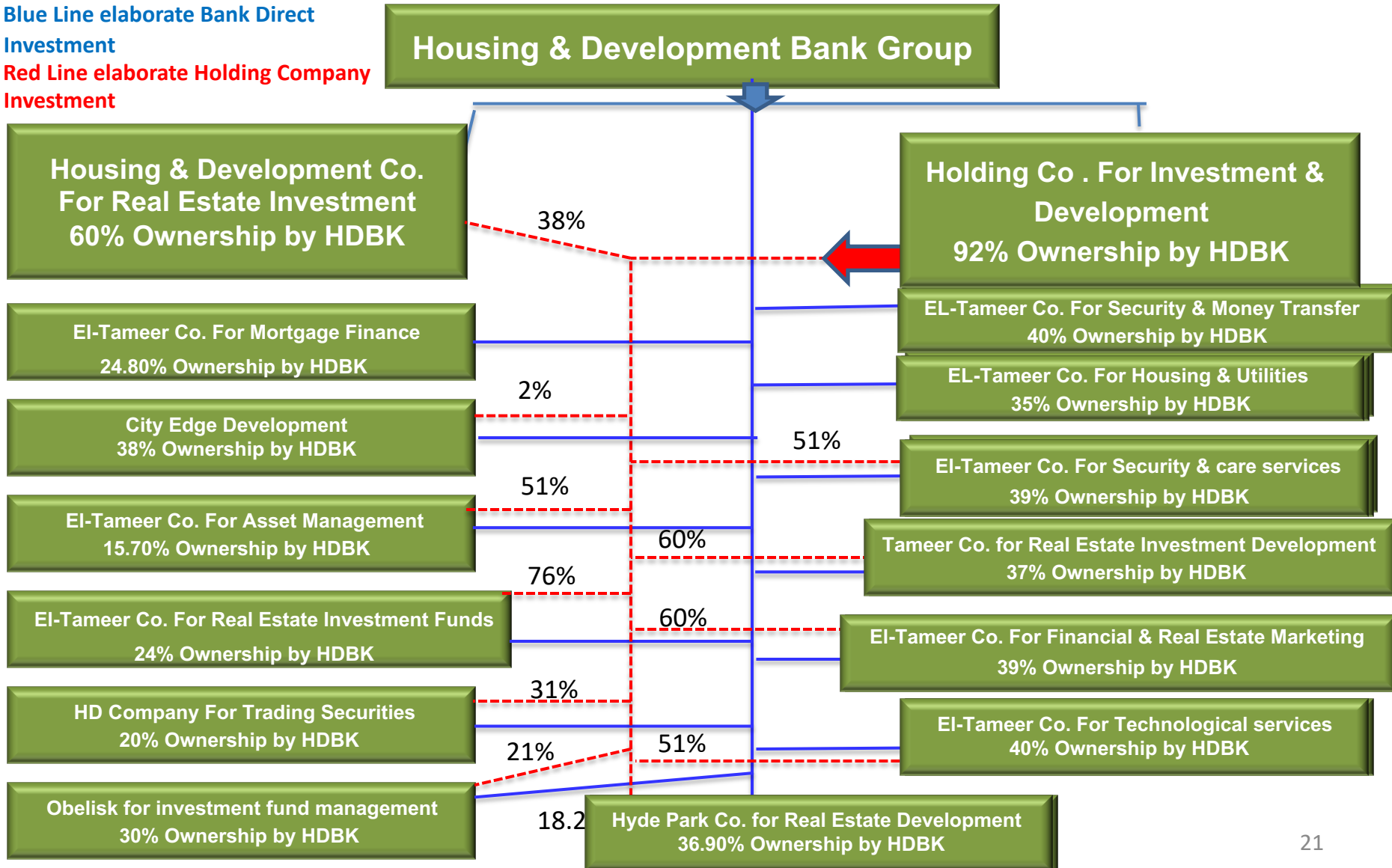
Includes some subsidiaries & sister companies

HDB has direct and indirect ownership positions in 17 subsidiaries and sister companies; total EGP 1,663,314,124 million as of full year 2020 and ownerships range between 16% to 92% with activities including:

- Mortgage finance
- Property development
- Property management services
- Insurance
- Real estate development
- Management of real estate funds
- Leasing Finance

Our HDBK Group Structure

- Blue Line elaborate Bank Direct Investment
- Red Line elaborate Holding Company Investment



Our Equity Investments



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	Serial	Company Name	Participation Direct & Indirect	Value in EGP
Subsidiaries	1	* Holding Co . For Investment & Development	92%	460,000,000
	2	Housing & Development Co. For Real Estate Investment	94.96%	180,000,000
Sister Companies	3	EL-Tameer Co. For Housing & Utilities	35%	5,250,000
	4	El-Tameer Co. For Mortgage Finance	24.83%	175,161,370
	5	El-Tameer Co. For Asset Management	62.62%	942,000
	6	El-Tameer Co. For Security & care services	94.82%	1,521,000
	7	El-Tameer Co. For Real Estate Investment Funds	93.83%	4,800,000
	8	El-Tameer Co. For Financial & Real Estate Marketing	94.20%	2,178,158
	9	El-Tameer Co. For Technological services	86.92%	4,000,000
	10	Tameer Co. for Real Estate investment Development	92.77%	74,000,000
	11	HD Co . For trading securities	48.09%	1
	12	Obelisk for investment fund management	49.32%	1
	13	City Edge Development	39.52%	491,473,000
	14	Misr Sinai Tourism Company	30%	1
	15	El Tameer Company for Security & Money Transfer	94.82%	6,000,000
	16	Gardien Leasing Company	78%	59,366,343
		Company Name	Participation %	Value in EGP
Equity	1	Hyde Park Real Estate Co. For Development	53.66%	198,622,250
		Total		1,663,314,124

HDB Financials Components



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- **Based on the above HDB has 2 kinds of financial:**
 - 1- **Standalone Financials:** which compromises of the bank commercial activity & Real Estate that is 100% owned by bank.
 - 2- **Consolidated Financials:** which compromises of the bank standalone & all investment activity in sister, subsidiaries and equity associates companies.

Real Estate Business Model



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Two Real Estate Models within HDB:

- Model One: Projects directly under HDB 100% ownership being sold only after the total completion of construction and mainly for lands allocated to the bank before the 2003 banking law.
- Model Two: Projects that are owned by subsidiaries that are sold off Plan or during the construction phase.

* All sales will be done at current market prices

In both Models revenue is recognized & recorded upon delivery of units.

Ready to Sell Units across Projects 100% Owned by HDB For Full Year 2020

Full Year 2020					
Project Name	Description	Segment	Total Number of Units	Sold Units	Available Units for Sale
October - El Montazah - Phase 1&2&3	Residential	Middle	900	847	53
New Cairo - Acacia - Phase 1 &2 &3	Residential	Upper Middle	813	586	227
Ganat El Obour	Residential & Commercial	Economic	1620	1619	1
El Arish City	Residential	Economic	184	4	180
Qena Governarate	Residential	Economic	252	248	4
Administrative Building Plot 28	Office	Upper Middle			
New Cairo - Palma	Residential & Commercial	Economic	95	34	61
Administrative Building- SOHAG	Residential & Commercial		51	5	46
Hurghada	Residential		174	3	171
PORTSAID- ELGOWHARA	Residential		294	126	168
HURghada- HOTEL BUILDING	Hotel units		46	-	46
Diffierient Sites	Residential & Commercial		76	30	46
			4505	3,502	1003

Potential Upside of Revenue & Profit



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HDBK Land Bank* as of Full Year 2020		
Item	Cost EGP Million	Land Area square meter
New Cairo - Acacia - Phase 2&3	29,847,940	6,800
Hurgada - Red Sea Land	6,413,588	5,742
El Korum Street Land Number 24 - Office Building	26,617,810	748.85
Helwan Land	125,055,798	105,000
Total	187,935,136	118,291



* All plots will be developed and sold as final product with current market price

Potential Upside of Revenue & Profit



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Work In Progress as of Full Year 2020

Project Name	Type of Units	Number of Units	Value in Million EGP
Hurgada - Industrial Zone	Apartments	140	72,162,454
Montazah Apartment buildings			596,915
Acacia Apartment Buliding			3,884,523
New Capital	Commercial	Building	39,243,410
Acacia - Nursery	Nursery	Building	65,548
Acacia – Commercial Mall	Commercial	Building	70,176,153
Koroum Office Building	Commercial	Building	4,376,614
		Total	190,505,617

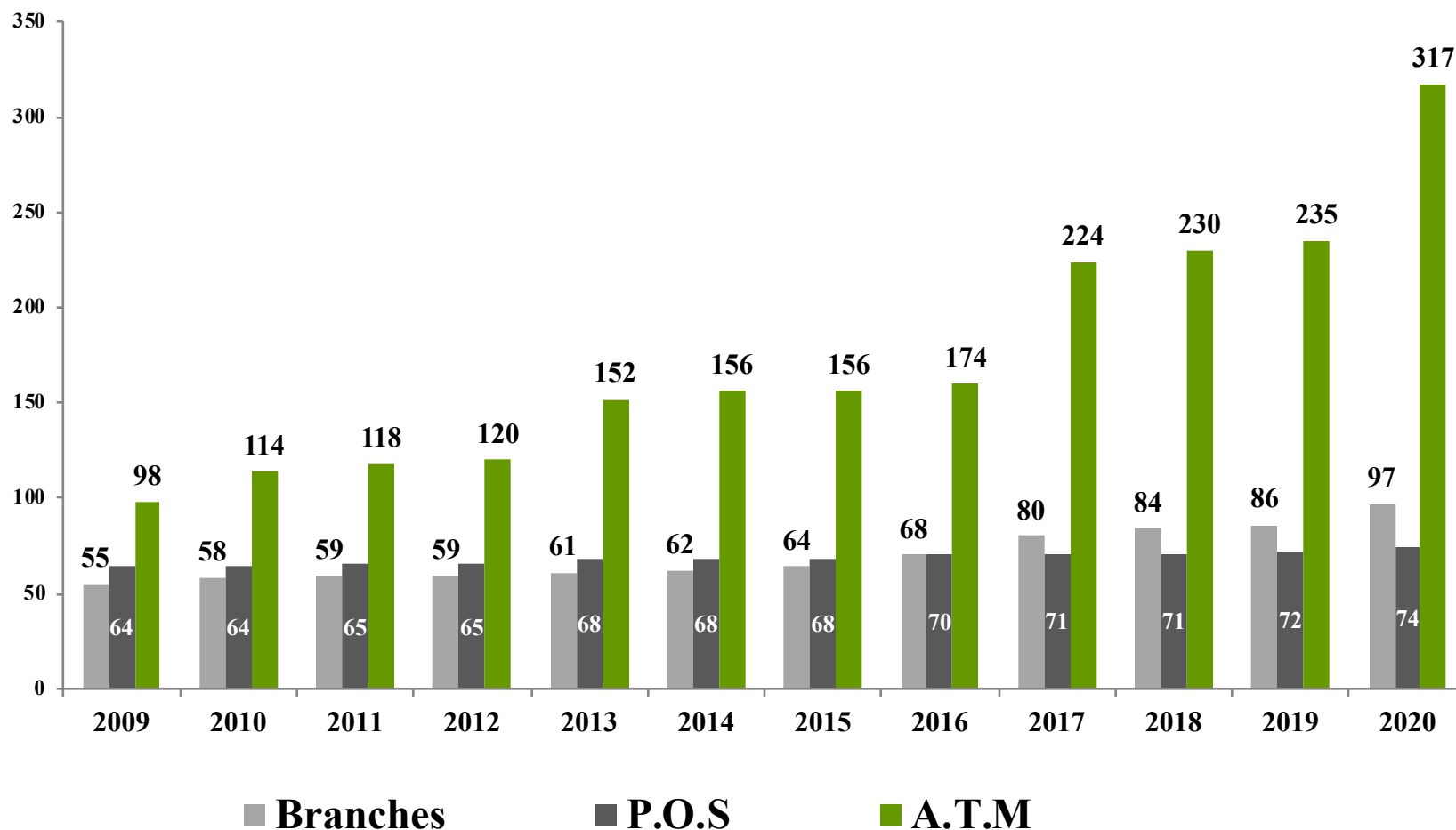


* All plots will be developed and sold as final product with current market price

Our Bank Visibility



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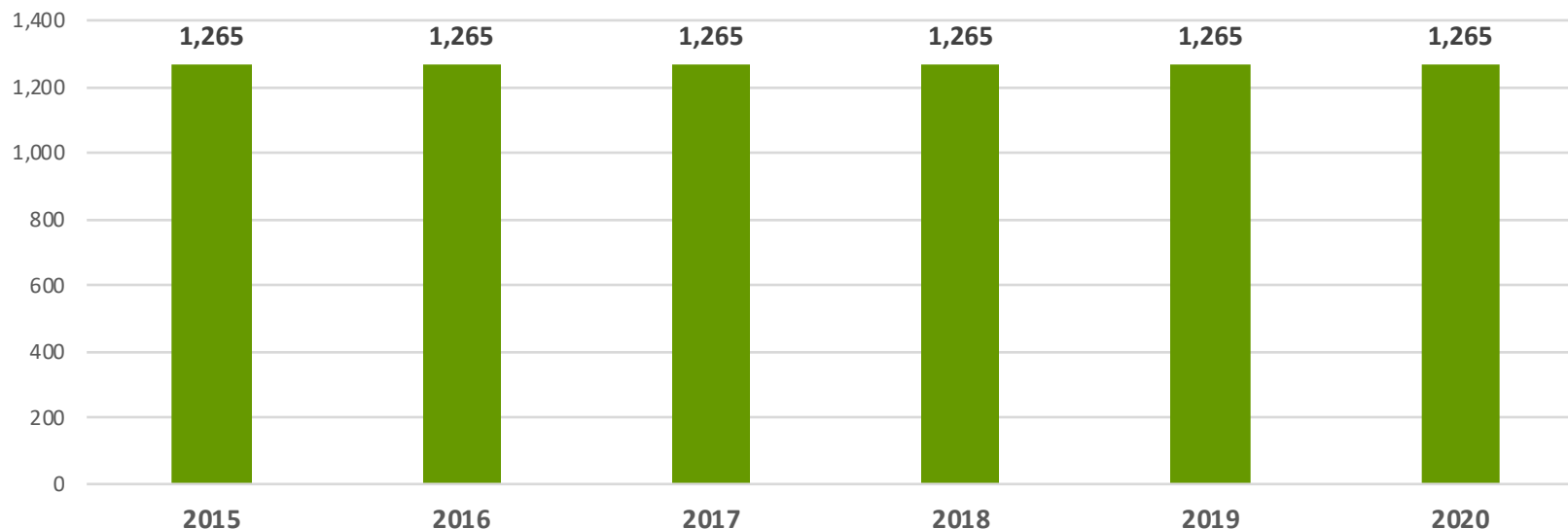
Financial Review Stand Alone

Our Bank Financial Snap Shot



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Paid in Capital



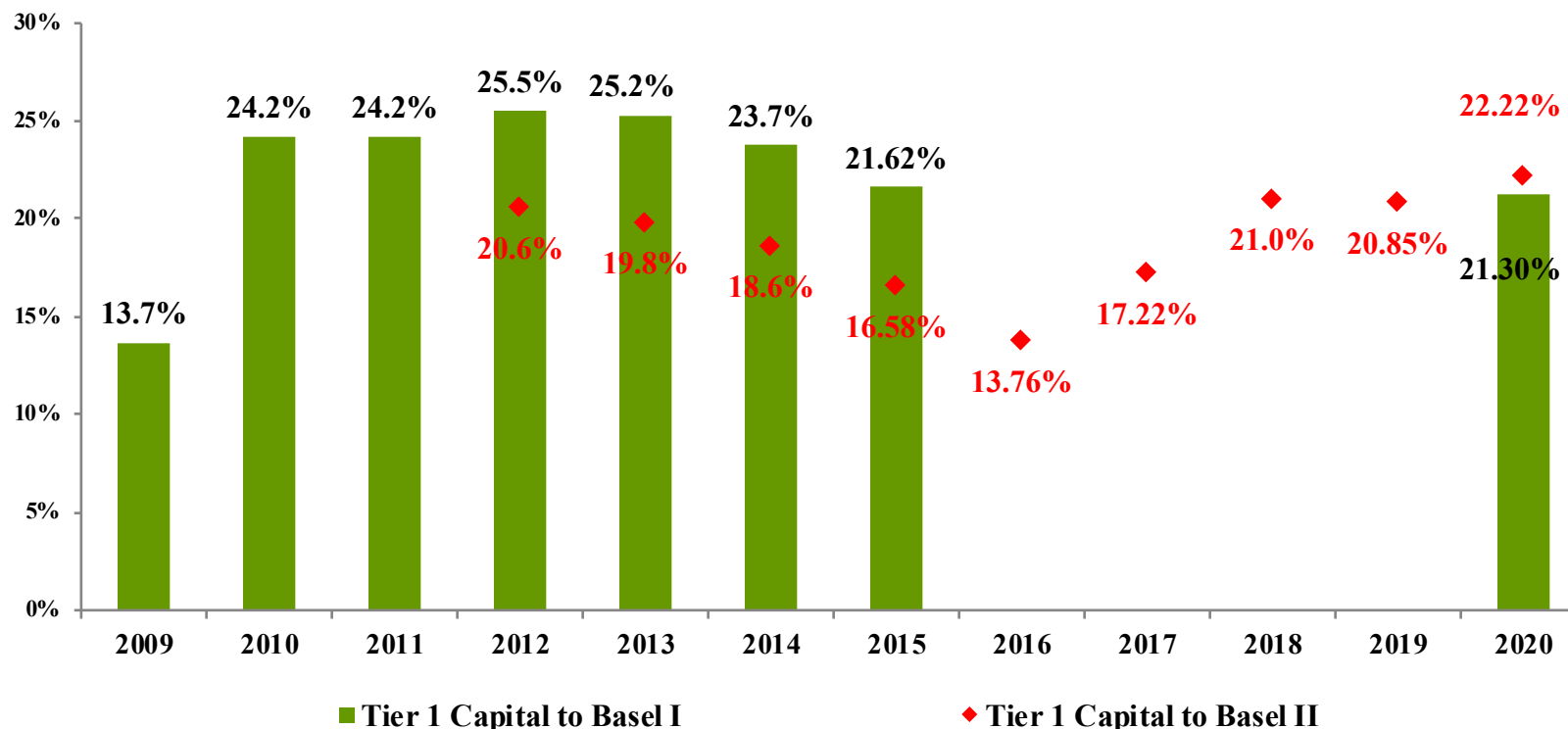
- Total Number of Issued Shares is 126,500,000 million with a book Value of EGP 10
- HDB is listed & traded on the Egyptian Stock Exchange (EGX)
- Next Div. / Ex. Date EGP 2.5 on 15th April for X date 12th April 2020 for full year 2017
- Est. Free Float 39.9%

Our Bank Stand Alone Financial Snap Shot



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Capital Adequacy Ratio (CAR)



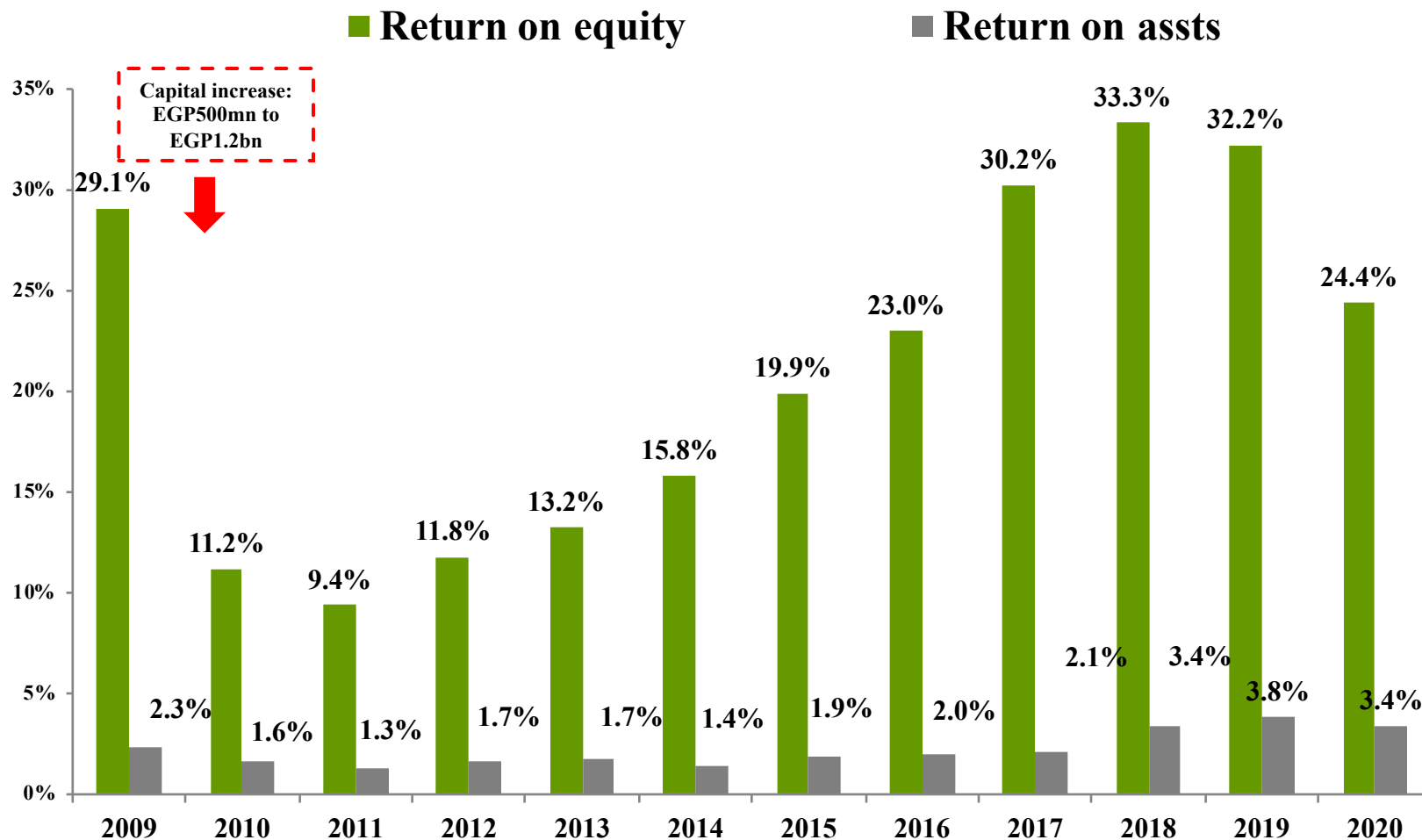
The CBE requires the following:

- 12.5% for CAR Tier 2
- 8.5% for CAR Tier 1

Our Bank Stand Alone Financial Snap Shot



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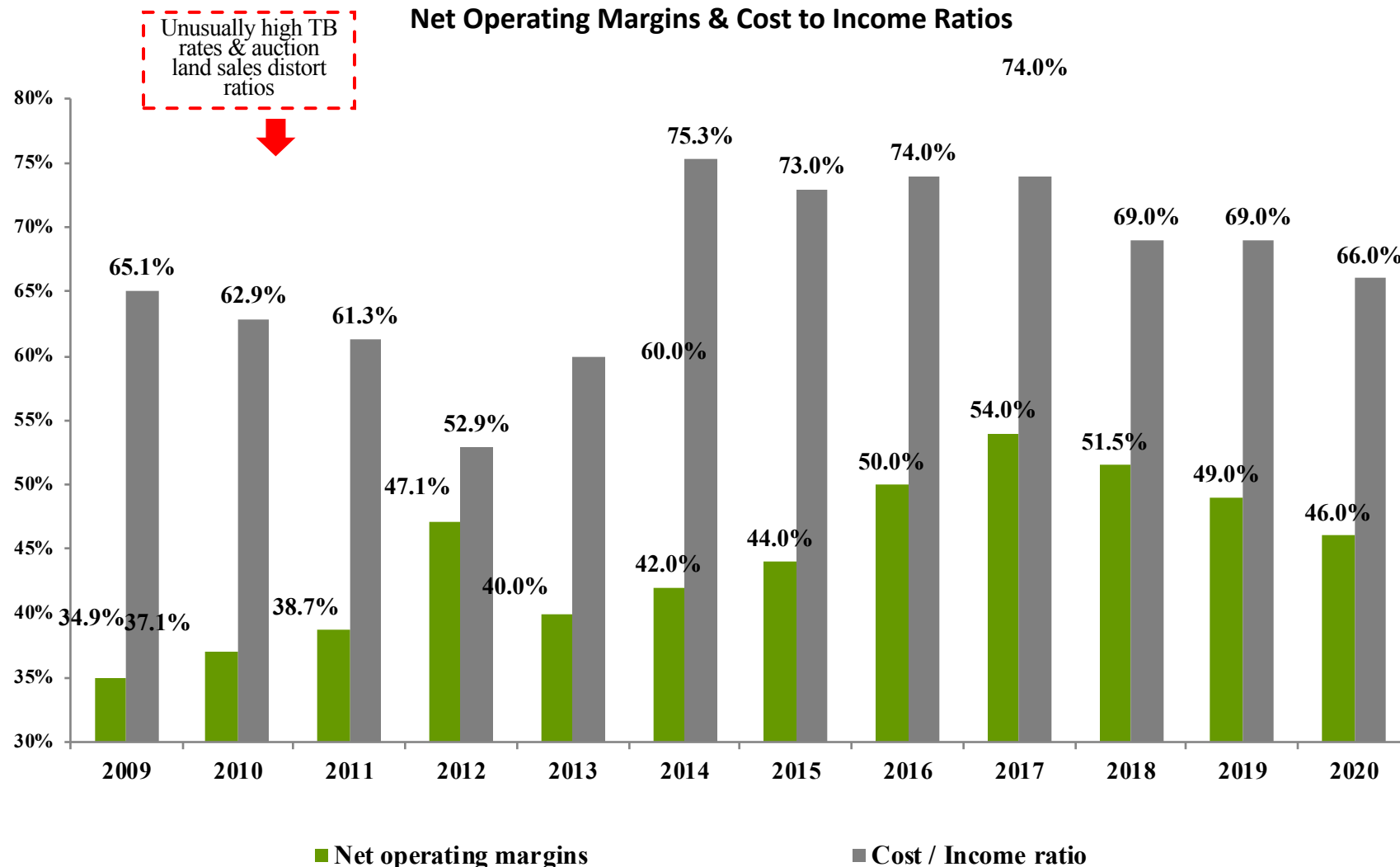


Our Bank Stand Alone Financial Snap Shot



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Net Operating Margins & Cost to Income Ratios



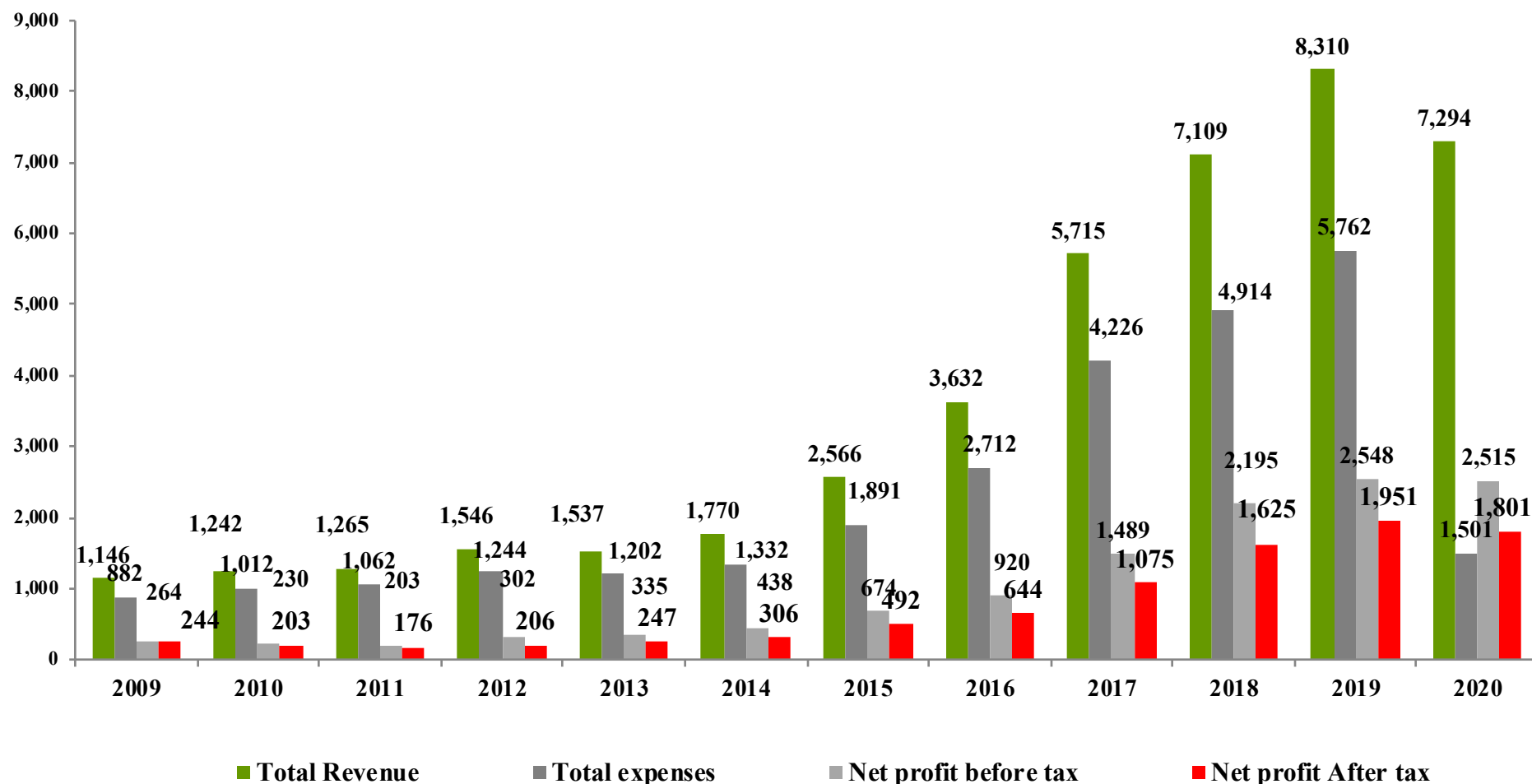
Our Bank Stand Alone Financial Snap Shot



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Net Profit Consistent Annual Net Profit Growth

EGP million

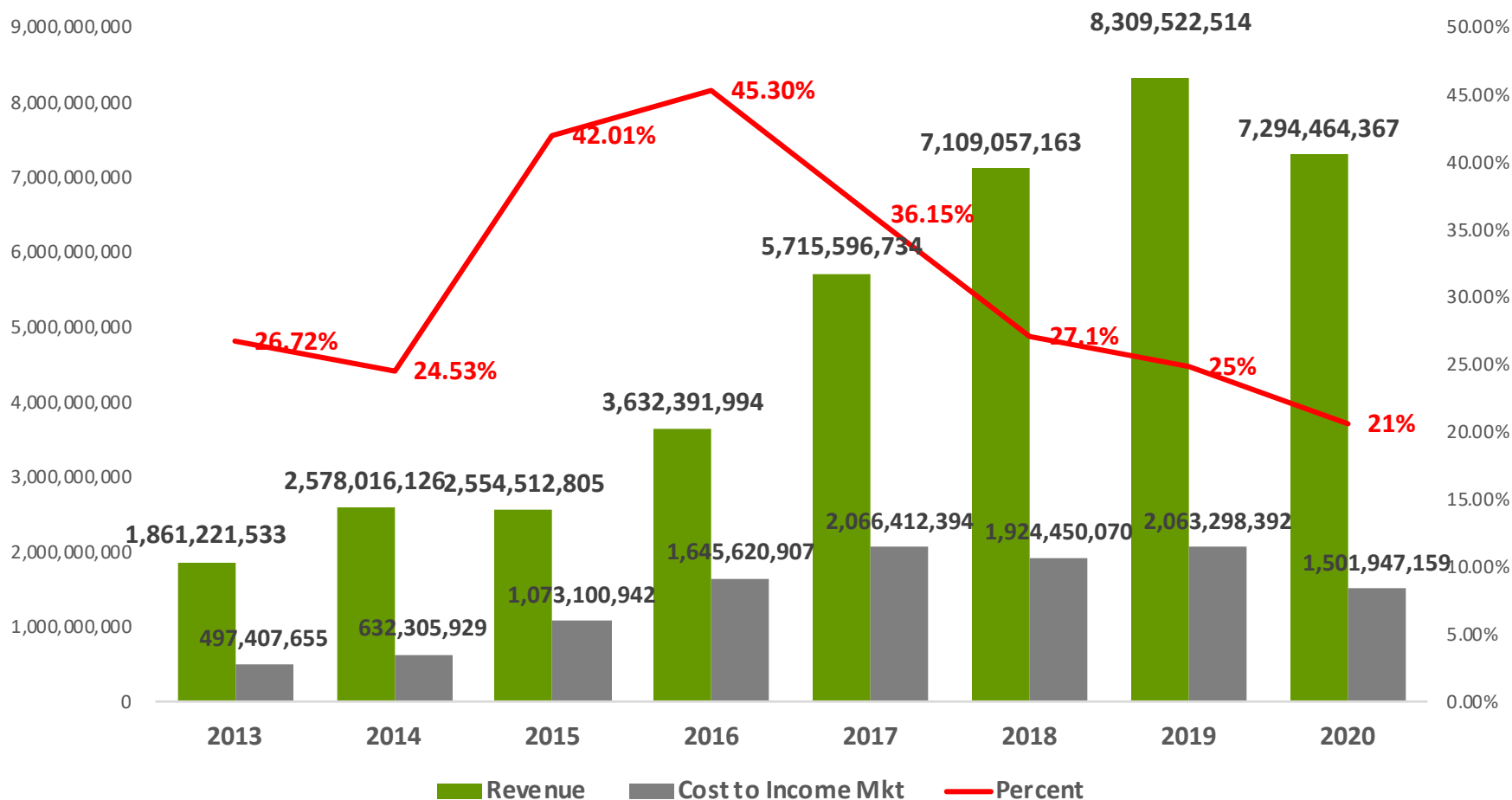


Our Bank Stand Alone Financial Snap Shot



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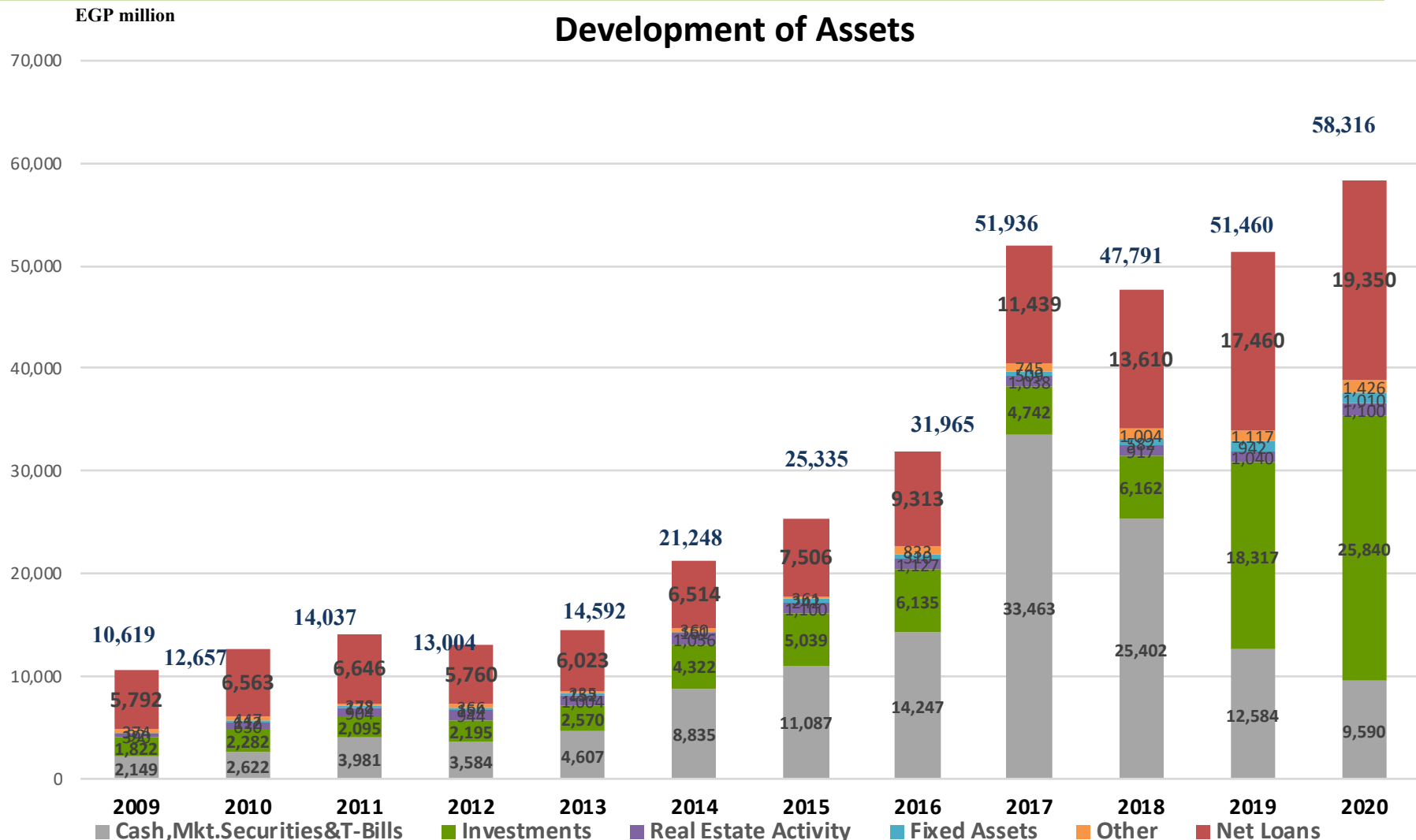
Cost to Income Ratio Calculated like Market



Our Bank Stand Alone Financial Snap Shot



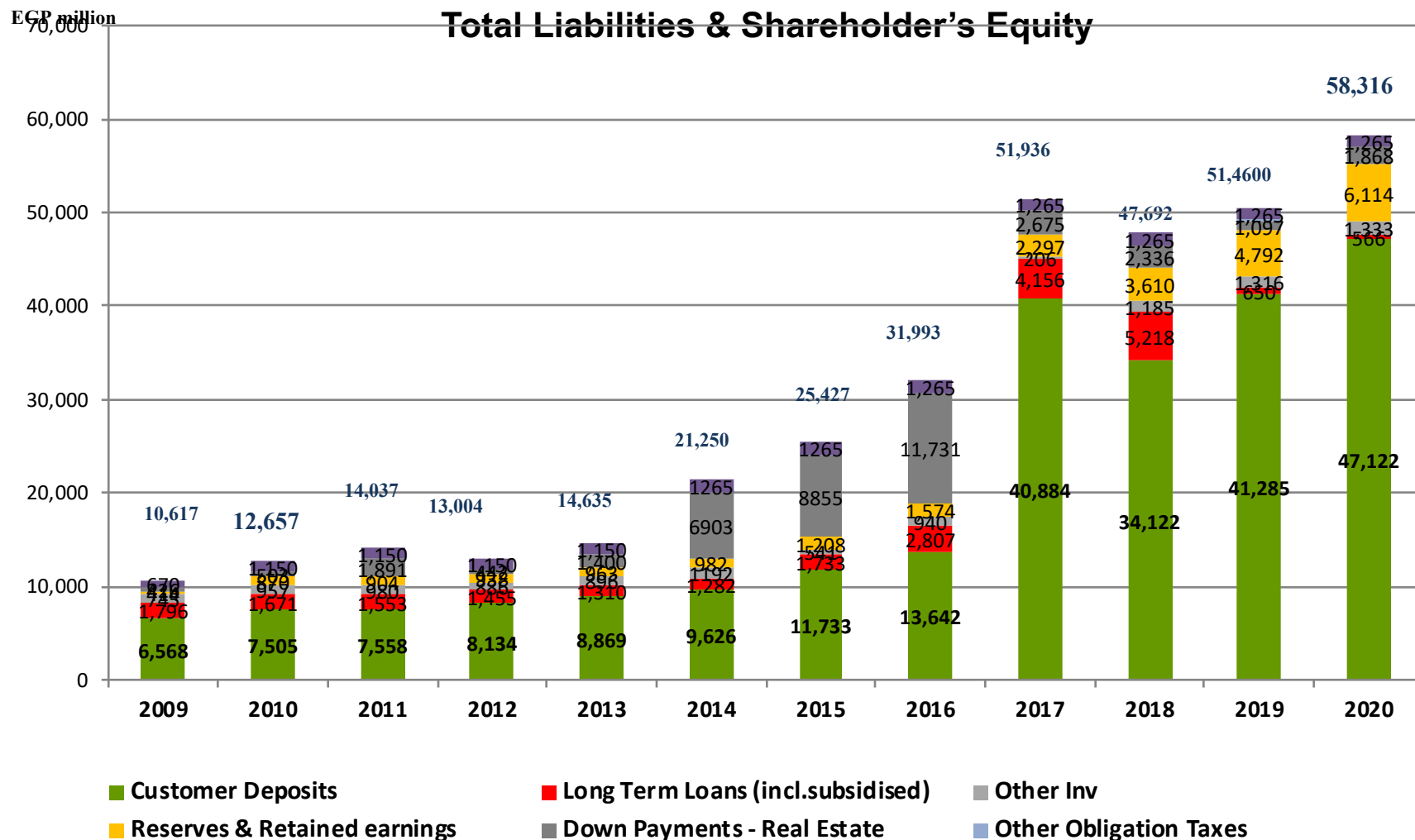
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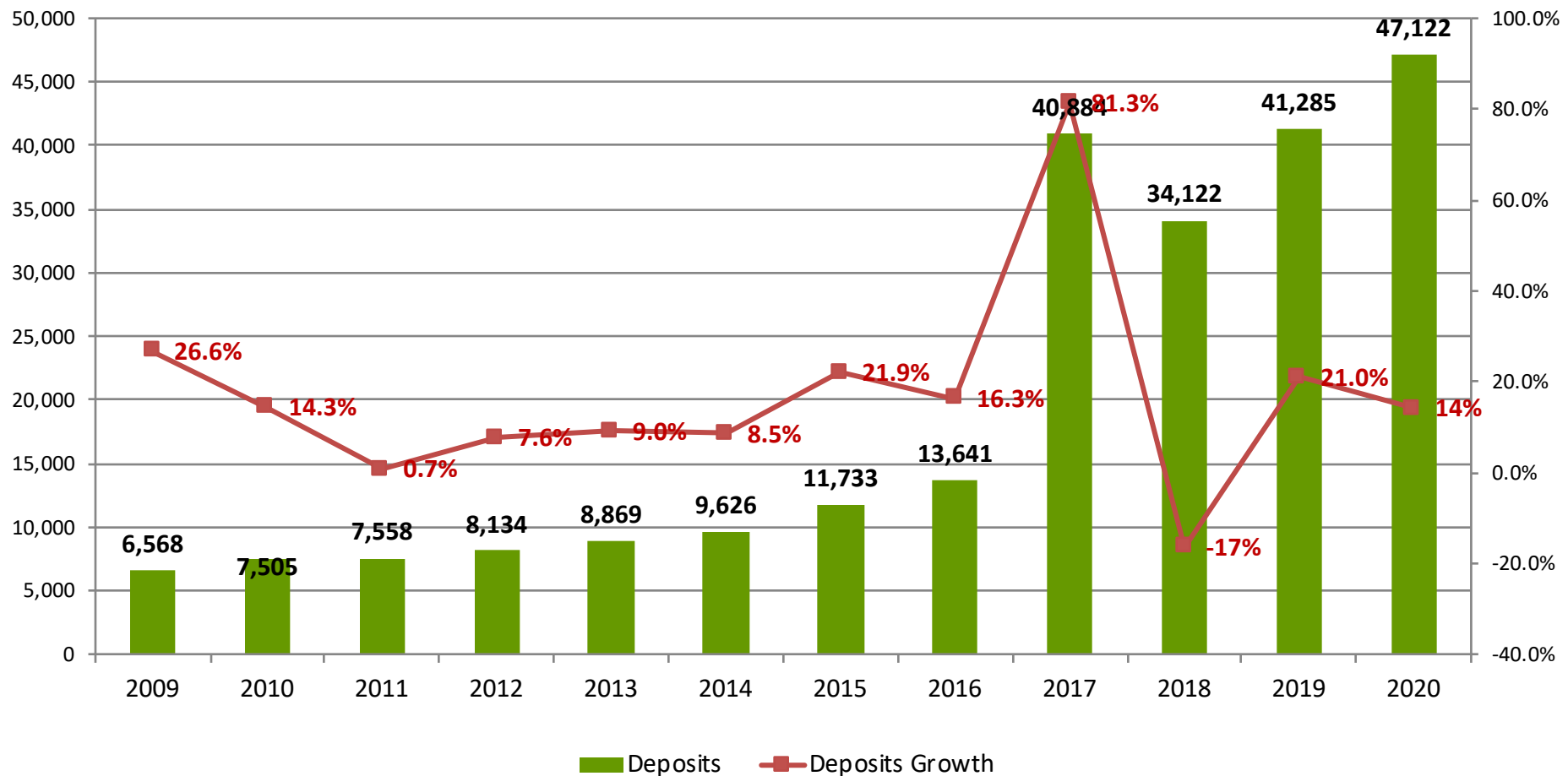
Our Bank Stand Alone Financial Snap Shot



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EGP million

Deposit Development



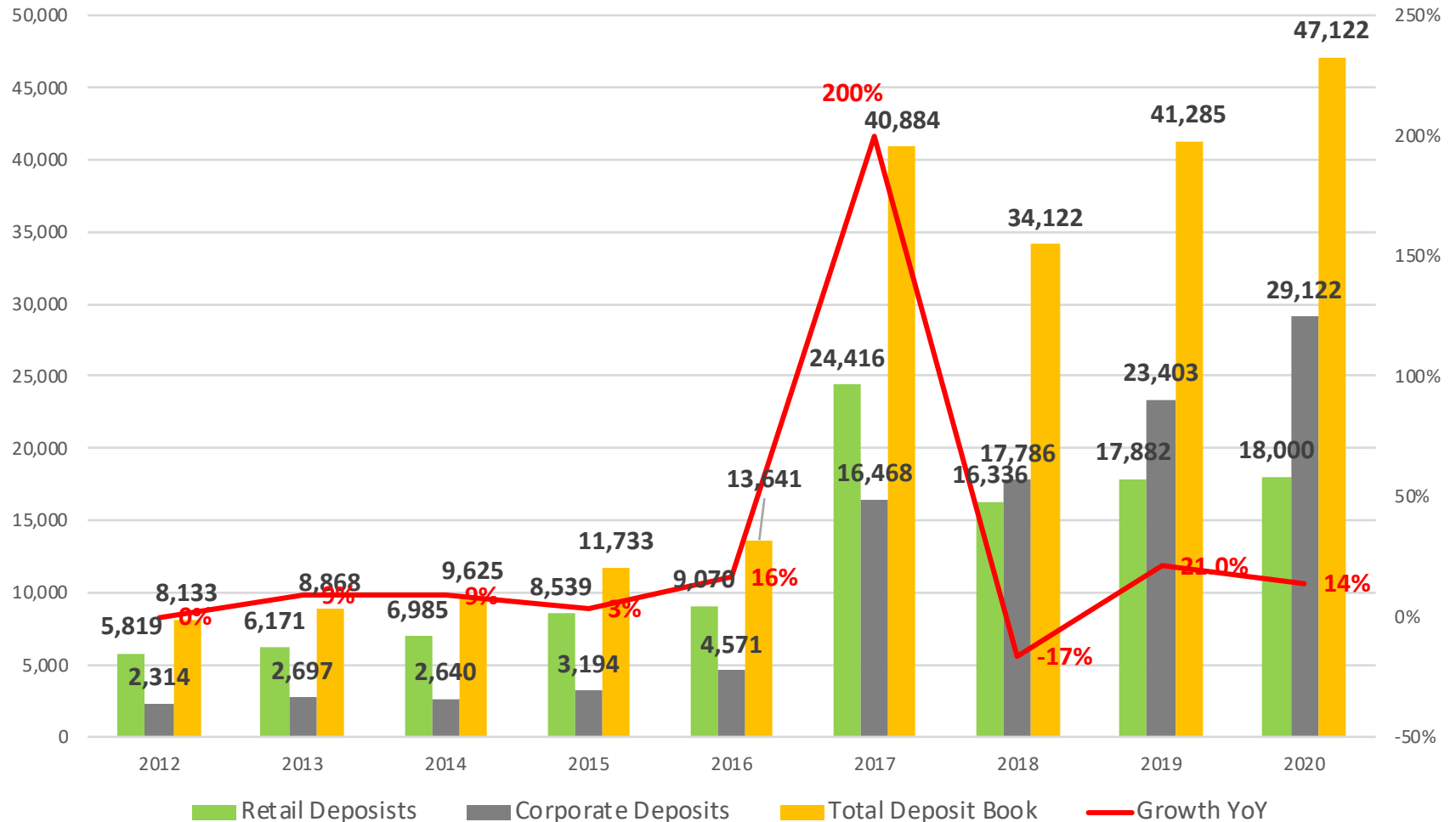
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EGP million

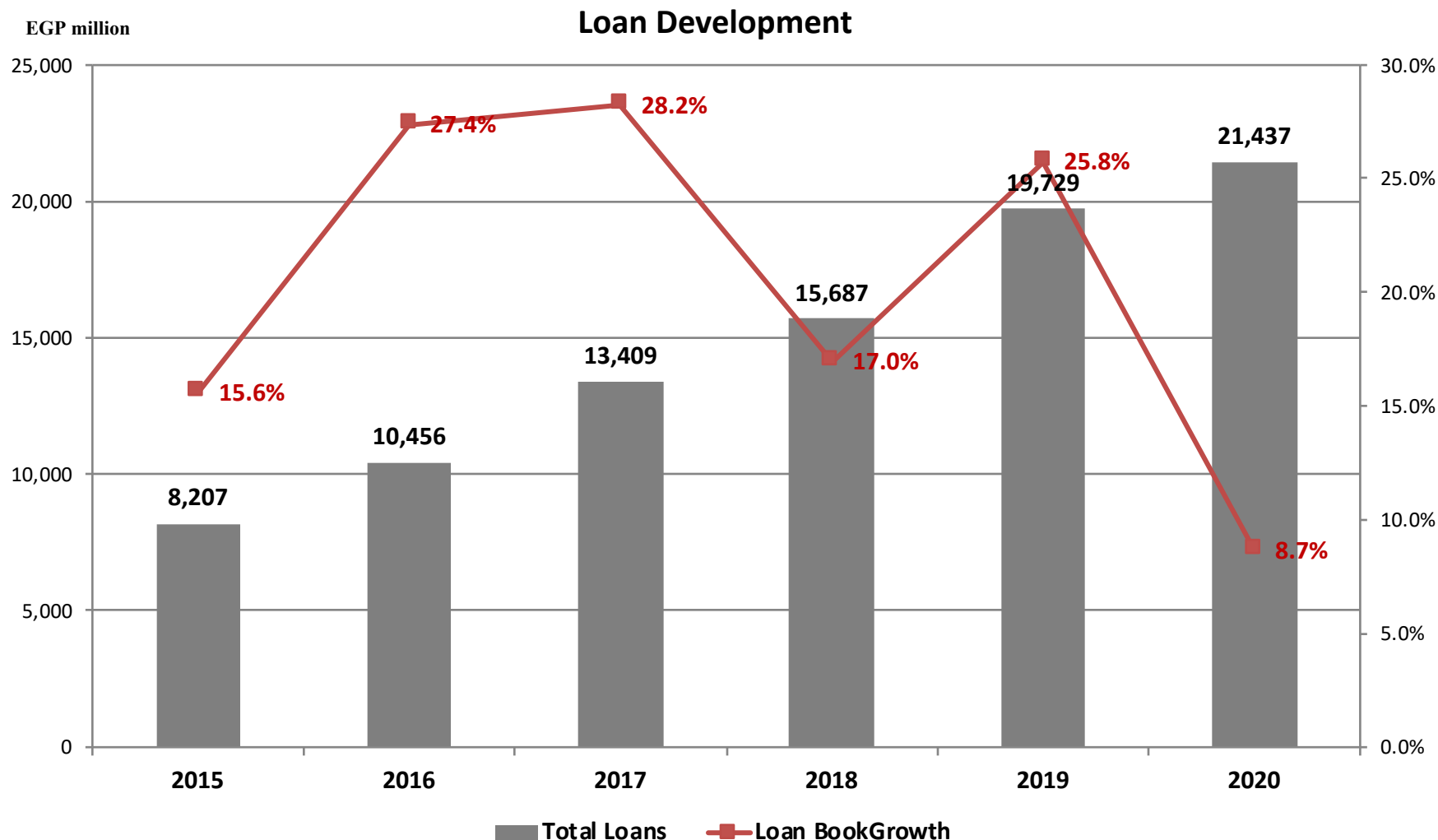
Deposit Composition & Growth YoY



Our Bank Stand Alone Financial Snap Shot



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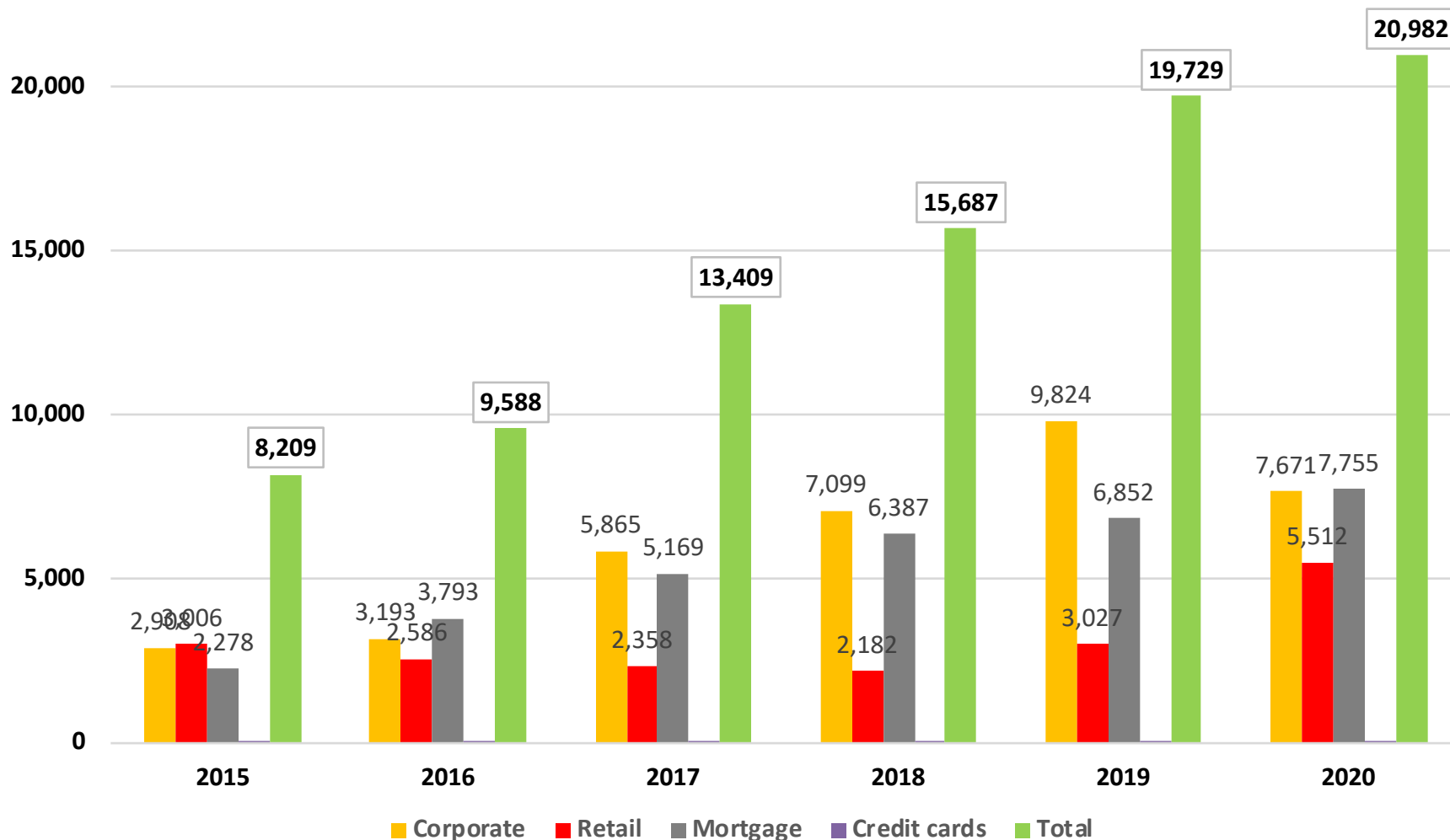
Our Bank Stand Alone Financial Snap Shot



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25,000 million

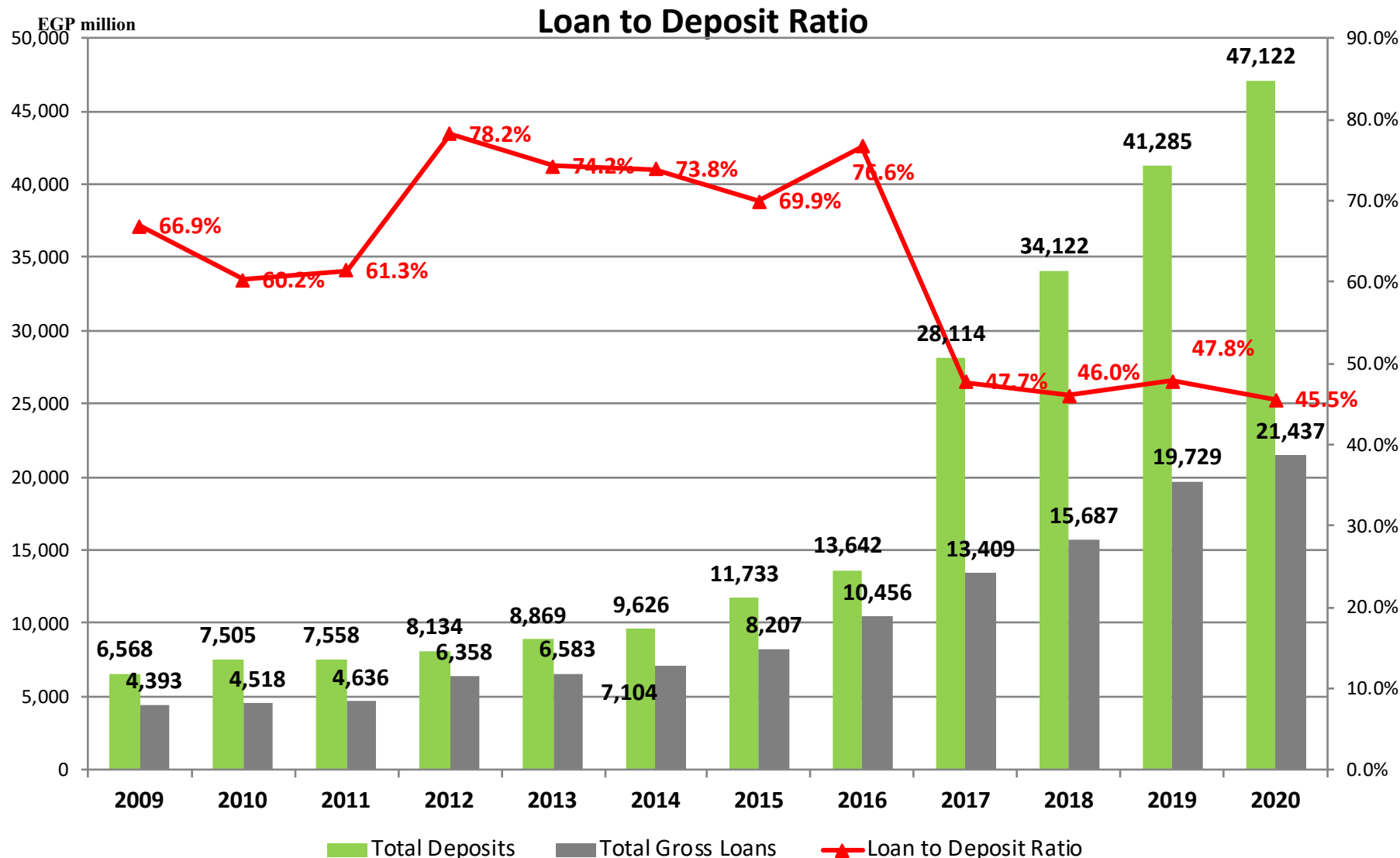
Development of Loan Book by Type



Our Bank Stand Alone Financial Snap Shot



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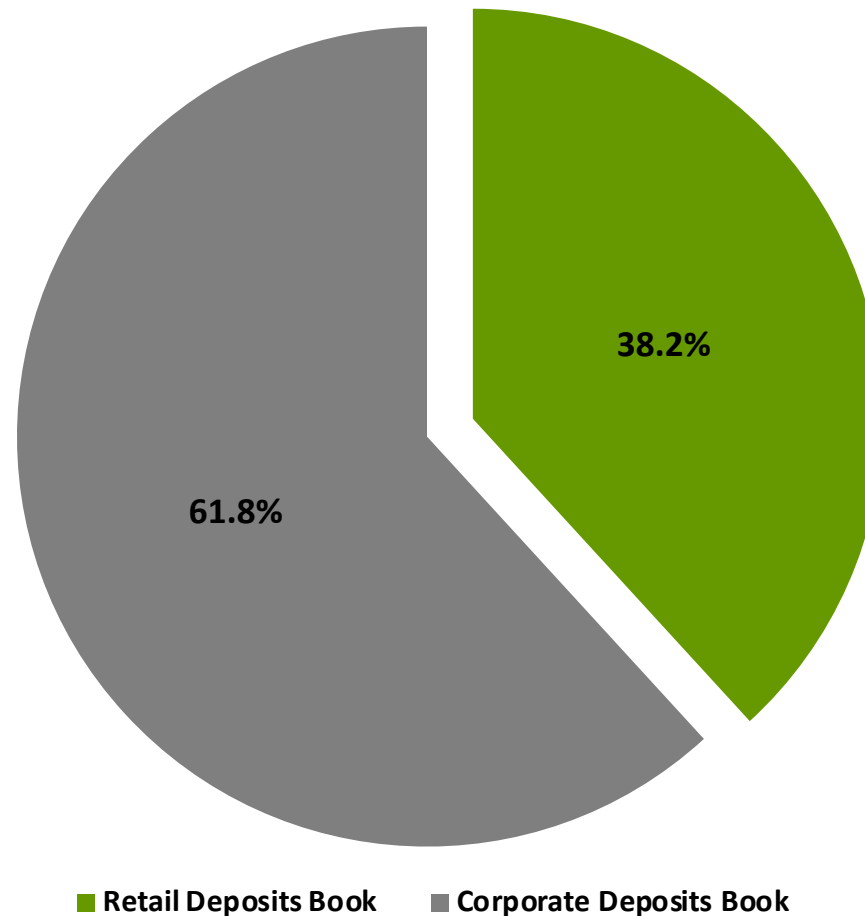


Our Bank Stand Alone Financial Snap Shot



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Deposit Book Breakdown Full Year 2020

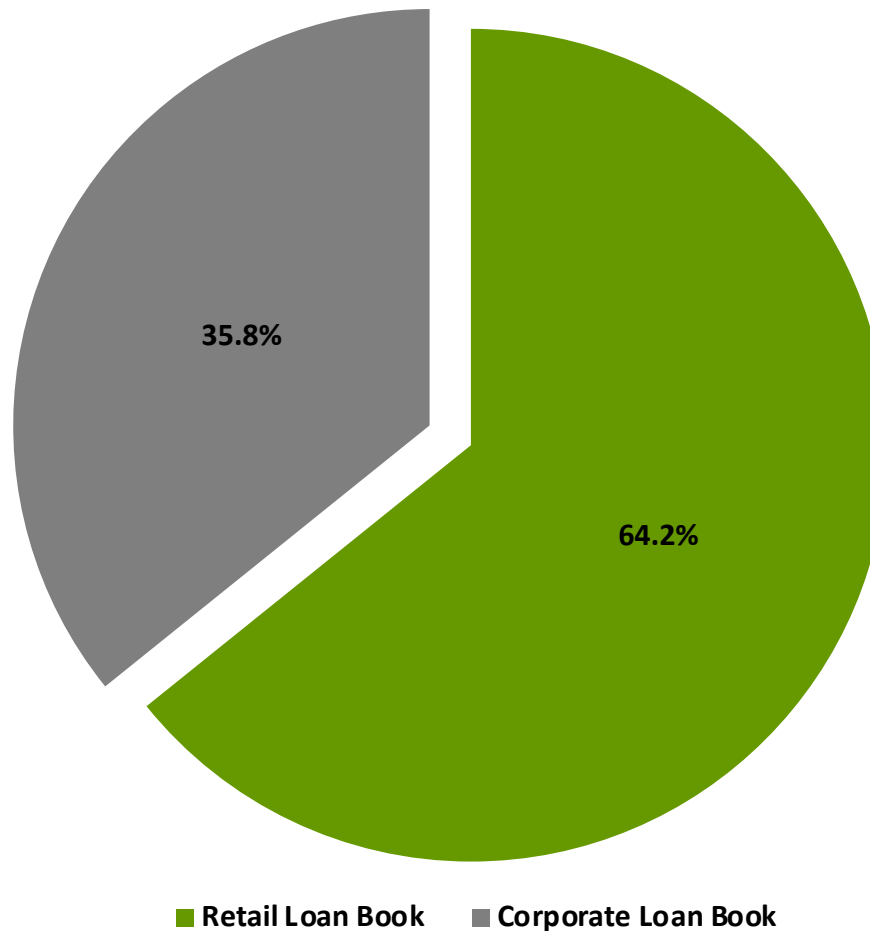


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Loan Book Break Down Full Year 2020

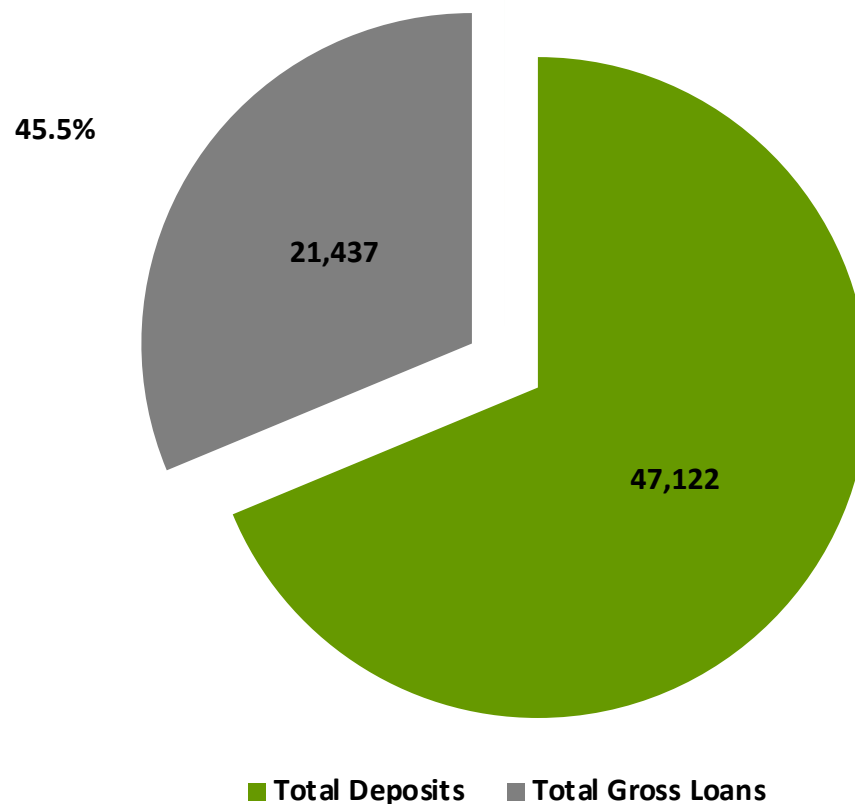


Our Bank Standalone Financials



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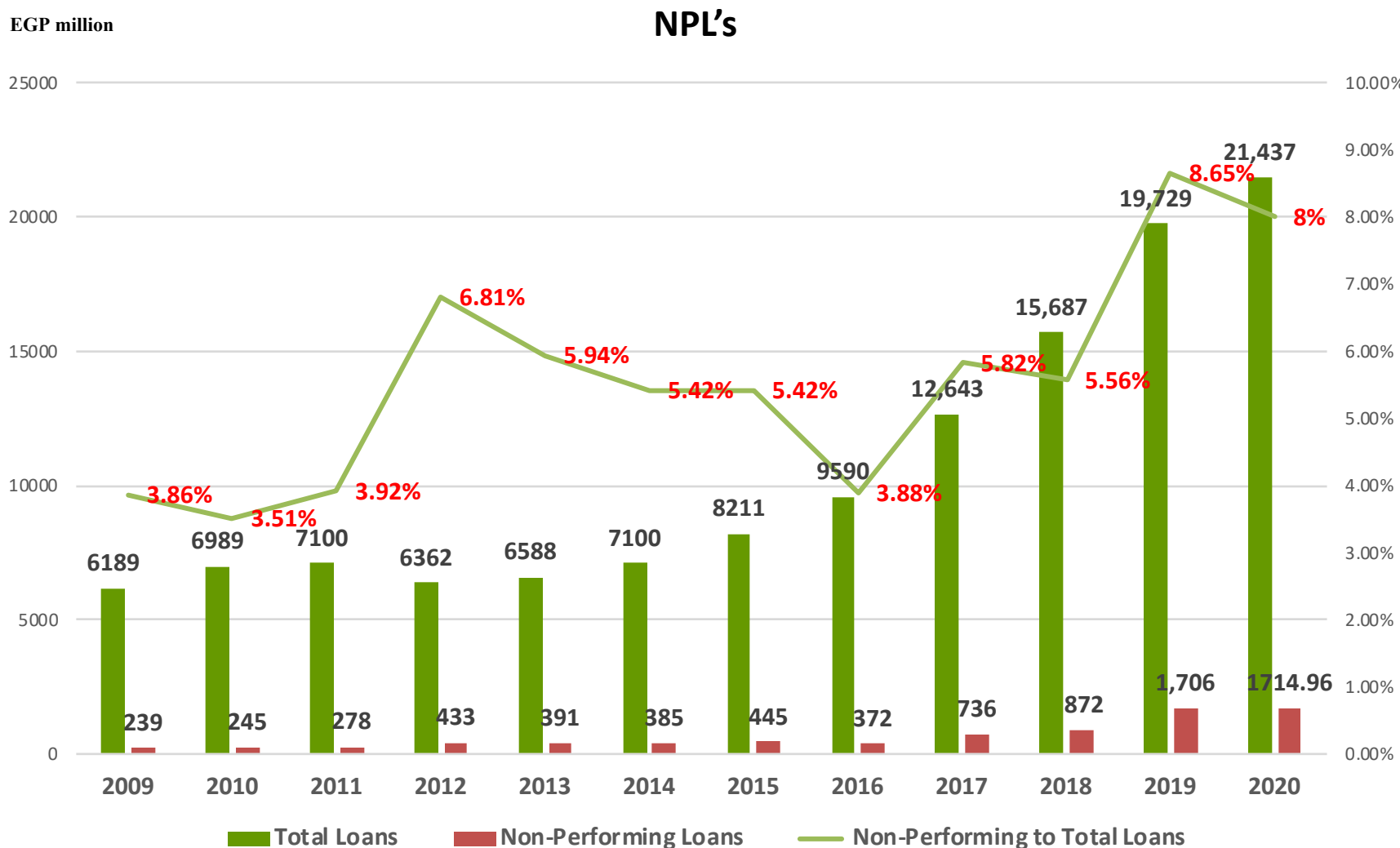
Loan to Deposit Ratio Full Year 2020



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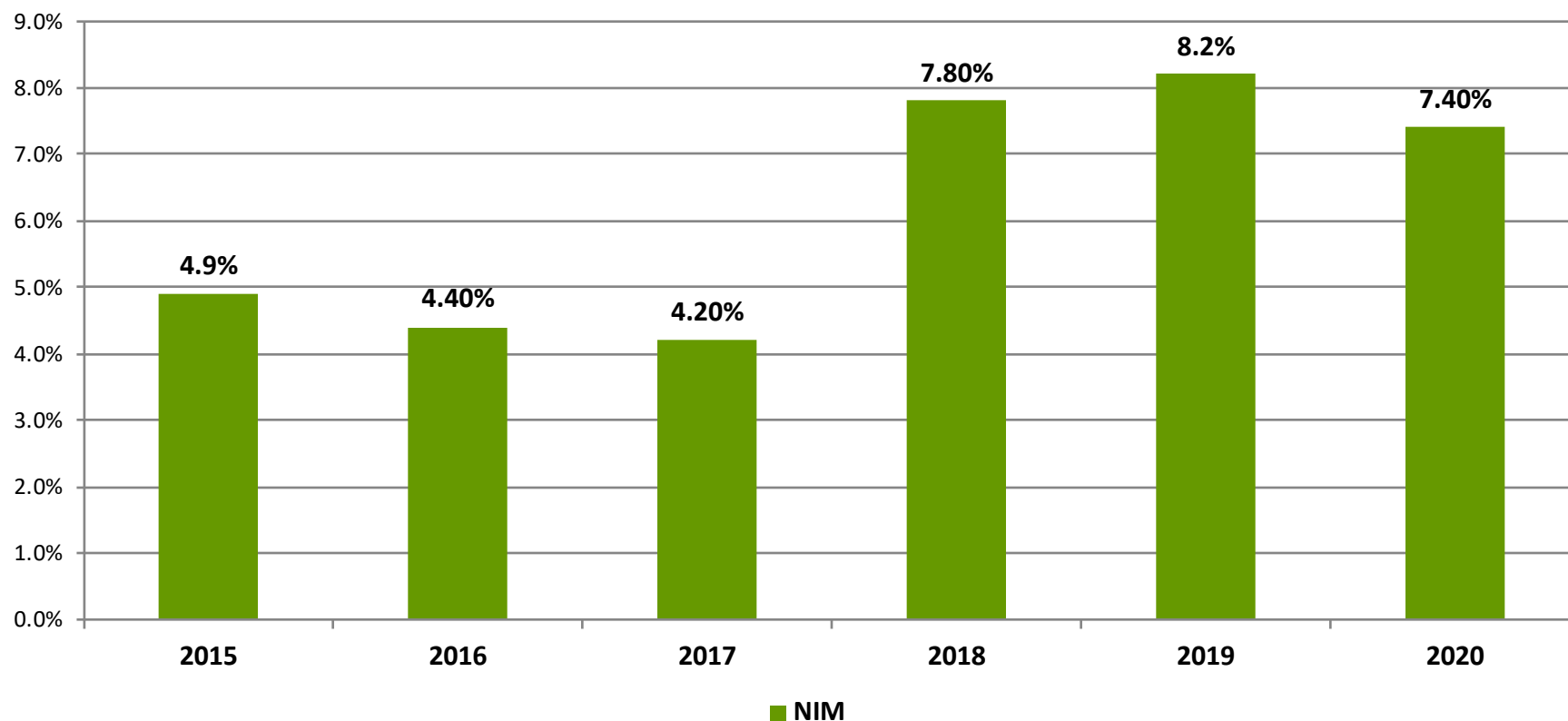
Our Bank Stand Alone Financial Snap Shot



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Net Interest Margin

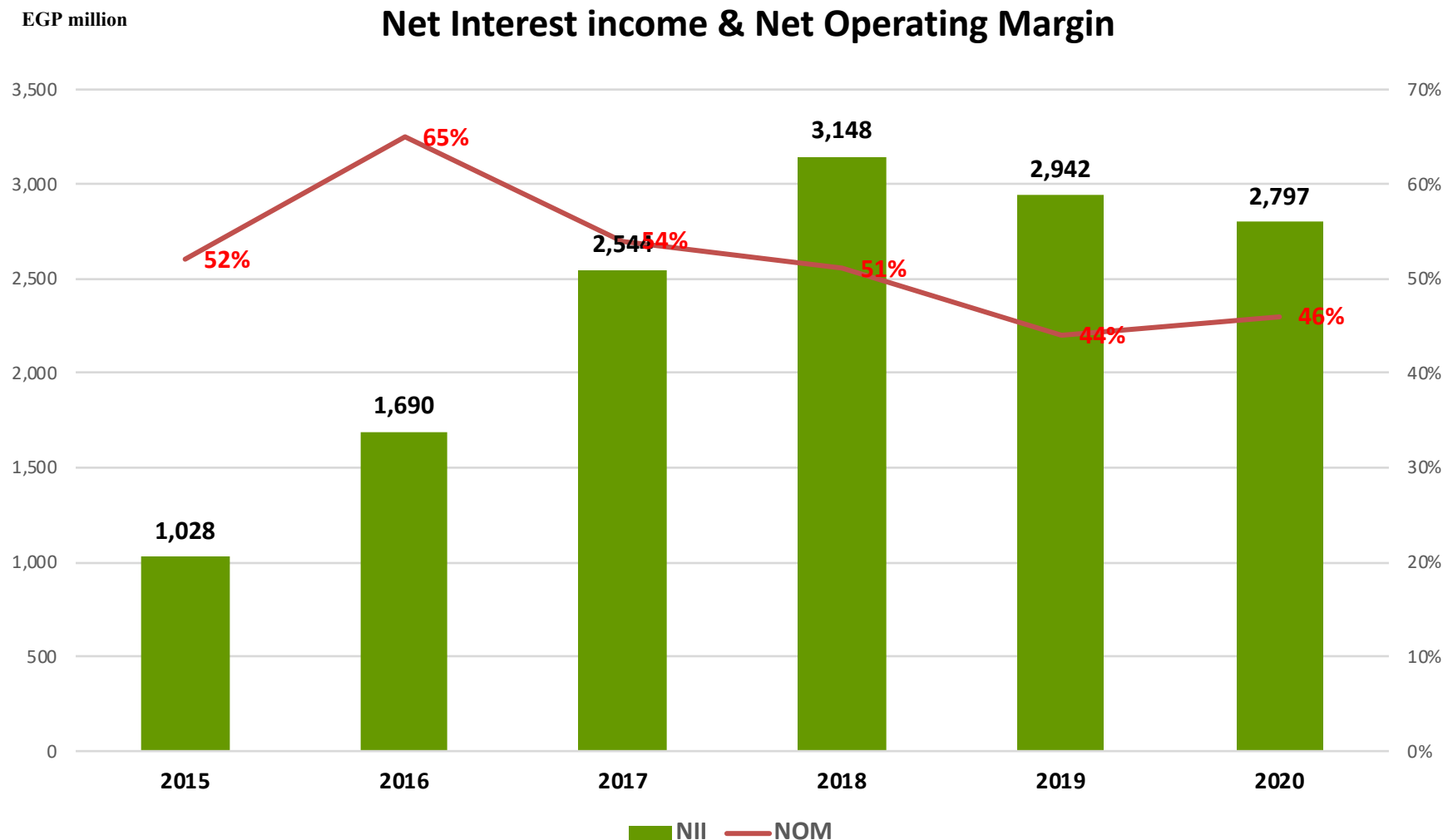
NIM



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Our Bank Net Profit Breakdown



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Full Year 2020			
Item	Commercial Banking Activity	Real Estate Activity	Total
Total Revenue	6,781,836	512,629	7,294,465
Total Expenses	-4,506,157	-272,400	-4,778,557
Net Profit Before Taxes	2,275,679	240,229	2,515,908
Taxes	-661,126	-54,051	-715,177
Net Profit After Taxes	1,614,553	186,178	1,800,731
Contribution %	89.66%	10.34%	100%
Amounts in EGP Million	Total Net Profit	1,800,731	

Our Bank Participation in the CBE Mortgage Finance Initiative



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- The Central Bank of Egypt (CBE) Launched this initiative in May 2014
- The Total initiative amounts to EGP 20 Billion
- This initiative started by that Mortgage Finance is given to low income clients and Medium income clients
- A new amendment took place mid 2016 including below low income clients and above middle income clients
- Our Bank requested to participate in this initiative with EGP 2 Billion
- Actual dispensed amounts till **end of 2020 are EGP 6,154,003,774 Million to 65,243 thousands clients by our bank**
- The spread that our bank receives is from **3.5% to 4.5%** on actual amounts dispensed

•The below low income clients ceiling is EGP 150 Thousands for a unit with 5% interest

•The low income clients ceiling is EGP 350 Thousands for a unit with 7% interest

•The Medium income clients ceiling is EGP 500 Thousands for a unit with 8% interest

•The above middle income clients ceiling is EGP 950 Thousands for a unit with 10.5% interest

CBE Mortgage Finance Initiative



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Number of Units in Thousands

Low Income New 5%	Low Income 7%	Middle Income 8%	Above Middle Income 10.5%	Total
Units	Units	Units	Units	Units
13,014	50,640	1,367	222	65,243

Value EGP Million

Low Income New 5%	Low Income 7%	Middle Income 8%	Above Middle Income 10.5%	Total
Value	Value	Value	Value	Value
1,048,871,283	4,556,595,313	443,194,018	105,343,160	6,154,003,774



Our Stock

Our Bank Fact Sheet



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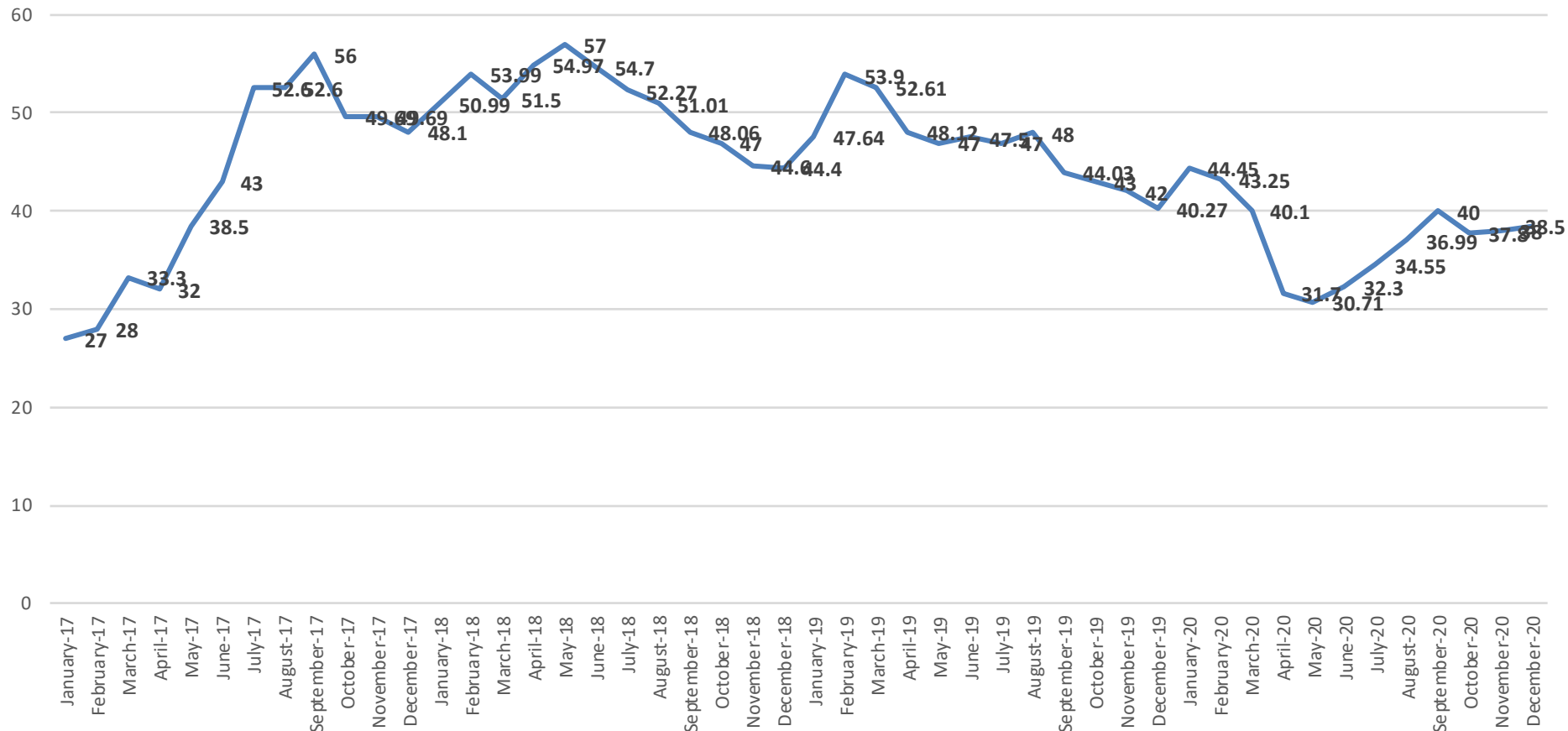
- Total Number of Issued Shares is 126,500,000 million with a book Value of EGP 10

<u>Incorporation:</u>	Egypt
<u>Sector:</u>	Banking & Financial Services
<u>Full Listing:</u>	The Egyptian Exchange (EGX)
<u>Issued Shares:</u>	126,500,000
<u>Free Float:</u>	40.50%
<u>Listing Date:</u>	13th September 1983
<u>Market Cap:</u>	Almost EGP 6.9 Billion
<u>52 Week High:</u>	45
<u>52 Week Low:</u>	28.21

Our Stock Activity



Housing & Development Bank
بنك التعمير والإسكان



Stock Data:

Bloomberg / Reuters: HDBK EY / HDBK.CA

Dividend / Share

- HDB has been distributing cash dividend on annual bases.
- HDB Full Year 2019 suggested by Board & approved by GA a cash dividend of EGP 2.5 to generate a Yield of 6%
- HDB Pay Out Ratio for 2019 is 16%

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	29	30	31	32	33	34	35	36	37	38	39
Dividend / Share	1.25	1	1.25	1.5	1	1.5	1.5	2	1.5	5	2.5

Payout Ratio	
Dividend / Share	5
Total Shares	126,500,000
Shareholders Dividend	316,250,000
Dividend Yield	6%
Net Profit	1,951,089,343
Pay Out Ratio	16%
Distribution Date	Wednesday 15 th April 2020
With Holding Date	Sunday 12 th April 2020

Why HDB Stock?

- HDB performance shows that there is a room for loan growth especially for corporates and under the CBE initiatives.
 - HDB continued efficiency efforts bringing down cost to income ratios to that of the peer group.
 - HDB has the highest ROE and ROA amongst peers of similar size.
 - HDB has the highest cash dividend on the Egyptian market with a high upside based on peer valuations.
 - HDB combination of real estate projects & commercial banking activities has proven a solid element.
 - HDB investments in subsidiaries & sister companies that complement the business model.
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Analyst Coverage

- HDBK is covered by the following coverage houses:

Entity	Contact Person	E-mail
EFG Hermes	Elena Sanchez	esanchez@efg-hermes.com
EFG Hermes	Ahmed El Shazly	aelshazly@EFG-HERMES.com
CI Capital	Monsef Morsy	Monsef.Morsy@cicapital.com.eg
CI Capital	Omar El-Menawy	omar.elmenawy@cicapital.com
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Prime	Shihab Mohammed	SMohammed@egy.primegroup.org
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Contact Us



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