

# Mauritius Housing Company Ltd

## Re: Management Discussion and Analysis – FS 31<sup>st</sup> December 2023

Directors are pleased to submit this discussion paper and the Financial Statements for the 6 months ended 31 December 2023 (as per annexes).

This Financial report has been prepared in accordance with the Bank of Mauritius Guidelines on Public Disclosure of Information, IAS 34 – Interim Financial Reporting and based on the accounting policies as adopted in the Financial Statements for the financial year ended 30 June 2023.

### 1) STATEMENT OF FINANCIAL POSITION

#### 1.1 ASSETS

Total assets decreased by 3.6% from Rs 13.0bn as at June 2023 to Rs12.5bn as at 31<sup>st</sup> December 2023. This decreased is mainly due to payment for HDC deposits reaching maturity period.

The items constituting the Company's assets have evolved as follows:

##### 1.1.1 Liquid Assets

As at 31<sup>st</sup> December 2023, cash available and treasury deposits amounted to Rs 1,570.1m as compared to Rs 2,423.1m as at June 2023. The decrease in cash flow was mainly due increase in loan disbursements, HDC deposits maturity payments and other operational commitments.

##### 1.1.2 Loans to Customers

For the 6 months to 31<sup>st</sup> December 2023, our net increase in our gross loan portfolio was 3.5% that is from Rs 10,476m as at June 2023 to Rs 10,843m. Loans approved the period amounted to Rs 1.0 Bn.

##### 1.1.3 Intangible Assets

Intangible assets decreased by 10.7% from Rs 115.4m as at June 2023 to Rs 103.0m as at 31<sup>st</sup> December 2023, as a result of the amortisation which has been expensed out.

#### 1.2 LIABILITIES

Liabilities decreased by 5.6% from Rs 9,446m in June 2023 to Rs 8,908m in 31<sup>st</sup> December 2023 which is mainly due to decrease in HDC deposits.

##### 1.2.1 Plan Epargne Logement (PEL) and JPS

There has been an increase in PEL and JPS deposits from Rs 1,964m as at June 2023 to Rs 2,042m as at 31<sup>st</sup> December 2023 mainly due to increase in the number of new accounts and contributions.

##### 1.2.2 Housing Deposit Certificate (HDC)

The HDC Portfolio decreased by 10.9% from Rs 6,370.6m as at June 2023 to Rs 5,673.7m as at 31<sup>st</sup> December 2023 following payment effected for deposits reaching maturity.

##### 1.2.3 Borrowings

Long term borrowings increased by 11.4% from Rs 515m as at June 2023 to Rs 574.0m as at 31<sup>st</sup> December 2023 due to new loan contracted for project in progress.

#### **1.2.4 Other Liabilities**

Other Liabilities increased by 22.5% from Rs 96.1m as at June 2023 to Rs 117.8m as at 31<sup>st</sup> December 2023. This represents mainly the accruals on accounts for proposed dividend and other provision made.

### **1.3 EQUITY**

Total equity increased from Rs 3,483.7m as at June 2023 to Rs 3,544.4m as at 31<sup>st</sup> December 2023 due to increase in retained earnings by current profit.

## **2) STATEMENT OF PROFIT & LOSS**

### **2.1 Income**

#### **2.1.1 Interest Income**

Interest income stood at Rs 396.6m as at 31<sup>st</sup> December 2023 compared to Rs 261.0m at December 2022. This represents an increase of 51.9%. The increase in interest Income is explained by the impact of the increase in interest rate, return on investment, increase in loan disbursement.

#### **2.1.2 Other Income**

Other income stood at Rs 59.5m for period ended December 2023 as compared to Rs 54.9m for period ended December 2022. An increase in other income mainly due to increase in fees from loan business and income from our insurance products.

### **2.2 Expenses**

#### **2.2.1 Interest Expenses**

Interest expense stood at Rs 191.4m for period ended December 2023 compared to Rs 107.2m for period ended December 2022. This increase of interest expense is mainly attributed to an increase in repo rate; increase in interest payment for deposits and on the new loan recently contracted.

#### **2.2.2 Non-Interest Expenses**

Non-Interest Expenses increased by 10.9%. Rs 174.8m for period ended December 2023 compared to Rs 157.7m (December 2022). The increase is mainly for provision made regarding increase in personnel expense.

### **2.3 Operating Profit**

Operating profit for the period under review stood at Rs 89.8m compared to Rs 50.9m for the corresponding period representing an increase of 76%. This increase is mainly attributable in increase in Interest Income and fees and loan business.

### **2.4 Net Profit**

Net profit for the period under review after provisioning, and other exceptional items stood at Rs 71.0m compared Rs 34.5m for the corresponding period representing an increase of 105%.

## **3) FINANCIAL INDICATORS**

### **3.1 Cost to Income Ratio**

The cost to income ratio at December 2023 stood at 80.3%



### 3.2 Earnings per share

The earning per share for the quarter stood at Rs 3.55; (December 2022- Rs 1.73)

### 3.3 Gearing Ratio

The Gearing ratio at December 2023 stood at 1.90% against 1.83% as at June 2023

### 3.4 Return on Capital Employed

The Return on Capital Employed at December 2023 stood at 0.86%.

### 3.5 NPA Ratio

The NPA ratio as at December 2023 stood at 13.6%, while it was 14.3% in June 2023.

### 3.6 Capital Adequacy Ratio

The capital adequacy ratio as at December 2023 was comfortably above the regulatory limit and stood at 36.4% as compared 35% as at June 2023.

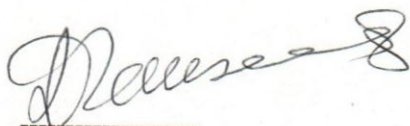
## 4) OUTLOOK

The economy in the second quarter has continued to grow and is showing expansion especially in the tourism and a pick up in the housing sector. Inflation rate at December 2023 stood at 7% and is slowly showing declining signs. The MPC at its last meeting decided to maintain the key rate at 4.5% on the basis that the growth momentum is expected to be underpinned by broad-based expansions across the main economic engines. It is also believed that by maintaining the interest rate at this level this will boost the economy and inflation will further decline.

View the above, we will continue to follow the market evolution and closely follow the economic situation. We are committed to pursue our growth strategies based on our set objectives and work towards consolidating our assets.

Enhancing on our human capabilities, technology environment and continue to tap new market segments will our main strategies to ensure growth. We will continue to follow the market trend and our focus will be our main line of business while enhancing on customers services with a view to boost our sales revenue whilst ensuring effective cost management.

Approved by the Board on 14th February, 2024.



Chairman



Director



Director

14th February, 2024

