

Mauritius Housing Company Ltd

Re: Management Discussion and Analysis – FS 30 September 2023

Directors are pleased to submit this discussion paper and the Financial Statements for the 9 months ended 30 September 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 increased by 1.2% from Rs 13bn as at June 2023 to Rs 13.2bn as at September 2023. This increase is mainly due to increase in housing deposits and housing loans.

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

1.1.1 Liquid Assets

As at September 2023, cash available and treasury deposits amounted to Rs 2,353.5m as compared to Rs 2,423.1m as at June 2023. This was mainly due to increase in loan disbursement and operational commitments.

1.1.2 Loans to Customers

For the 3 months to 30 September 2023, our net increase in our gross loan portfolio was 1.7% that is from Rs 10,476m as at June 2023 to Rs 10,659m. Loans approved the same period to September 2023 stood at Rs 481.0m.

1.1.3 Intangible Assets

Intangible assets decreased by 5.3% from Rs 115.4m as at June 2023 to Rs 109.2m as at September 2023, as a result of the amortisation which has been expensed out.

1.2 LIABILITIES

Liabilities increased by 1.3% from Rs 9,446m in June 2023 to Rs 9,566m in September 2023 which is mainly due to increase in HDC and borrowings.

1.2.1 Plan Epargne Logement (PEL) and JPS

PEL and JPS increased from Rs 1,964m as at June 2023 to Rs 1,986.3m as at September 2023 mainly due to increase in the number of new accounts.

1.2.2 Housing Deposit Certificate (HDC)

The HDC Portfolio increased by 2% from Rs 6,370.7m as at June 2023 to Rs 6,496.4m as at September 2023. This is explained by the fact that MHC is offering an attractive rate of return for some products.

1.2.3 Borrowings

Long term borrowings decreased by 10.3% from Rs 515m as at June 2023 to Rs 461.8m as at September 2023 due to repayment of capital.

1.2.4 Other Liabilities

Other Liabilities increased by 26.6% from Rs 96.1m as at June 2023 to Rs 121.7m as at September 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 3,518.7m as at September 2023 due to profits realised during the period.

2) STATEMENT OF PROFIT & LOSS

2.1 Income

2.1.1 Interest Income

Interest income stood at Rs 198.3m as compared to Rs 114.9m as at September 2023. This represents an increase of 72.6%. 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 29.7m for period ended September 2023 as compared to Rs 28.1m for period ended September 2022. An increase in other income mainly due to increase in fees from loan business.

2.2 Expenses

2.2.1 Interest Expenses

Interest expense stood at Rs 96m for period ended September 2023 compared to Rs 39.9m for period ended September 2022. This increase of 140% is 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 12.7%. Rs 82.4m for period ended September 2023 compared to Rs 73.1m (September 2022). The increase is mainly a provision made for the expected increase in personnel expense.

2.3 Operating Profit

Operating profit for the period under review stood at Rs 49.4m compared to Rs 30m for the corresponding period representing an increase of 64%. This increase is mainly attributable in increase in Interest Income and fees.

2.4 Net Profit

Net profit for the period under review after provisioning, and other exceptional items stood at Rs 45.3m compared Rs 20.9m for the corresponding period representing an increase of 116.7%.

3) FINANCIAL INDICATORS

3.1 Cost to Income Ratio

The cost to income ratio at September 2023 stood at 78.5%

3.2 Earnings per share

The earning per share for the quarter stood at Rs 2.27

3.3 Gearing Ratio

The Gearing ratio at September 2023 stood at 1.81% against 1.83% as at June 2023

3.4 Return on Capital Employed

The Return on Capital Employed at September 2023 stood at 0.45%.

3.5 NPA Ratio

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

3.6 Capital Adequacy Ratio

The capital adequacy ratio as at September 2023 was comfortably above the regulatory limit and stood at 36.8% as compared 35% as at June 2023.

4) OUTLOOK

The economy has continued to grow and has shown expansion so far in 2023. Inflation rate is declining. There are lesser fluctuations in the interest rates since the last revision in the Key rate and the financial sector remains resilient. The construction environment is also picking up. View the economic situation we are committed to pursue our growth strategies based on our set objectives. We will work towards consolidating our balance sheet. Several projects will be in the pipe line for the period 2023/2024.

We will therefore, pursue our growth strategies by enhancing on our human capabilities, technology environment and continue to tap new market segments. We will also ensure that we are in line with the market by delivering adapted products and services to all segments of the population. Our growth in our main assets will be of priority but we will also ponder on a diversified product plan. Enhancing customers services will also be one of the priorities to boost our sales revenue whilst ensuring effective cost management.

Approved by the Board on^{14th} November, 2023.



Chairman



Director



Director

...^{15th} November, 2023