

Mauritius Housing Company Ltd

Re: Management Discussion and Analysis – FS 31 December 2022

Directors are pleased to submit this discussion paper and the Financial Statements for the 6 months ended 31 December 2022 (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 2022.

1 STATEMENT OF FINANCIAL POSITION

1.1 ASSETS

Total assets increased by 5.1% from Rs11.8 bn as at June 2022 to Rs12.4Bn as at December 2022. 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 December 2022, cash available and treasury deposits amounted to Rs2054.0 M as compared to Rs1748.3m as at June 2022. This was mainly due to increase in HDC deposits and repayment of loans

1.1.2 Loans to customers

For the 6 months to 31 December 2022, our gross loan portfolio increased by 3.41% from Rs 9,895.5m as at June 2022 to Rs 10,233m as at 31 December 2022. Loans approved for the six months to December 2022 stood at Rs 908M.

1.1.3 Intangible assets

Intangible assets decreased by 5.1 % from Rs 132.3m as at June 2022 to Rs125.4m as at December 2022 as a result of the amortisation which has been expensed out.

1.2 LIABILITIES

Liabilities increased by 6.95% from Rs 8,275.3m in June 2022 to Rs 8,850.7M in December 2022 which is mainly due to increase in HDC and borrowings.

1.2.1 Plan Epargne Logement (PEL) and JPS

PEL and JPS decreased slightly from Rs 1,944.2m as at June 2022 to Rs 1,935.2m as at December 2022 mainly due to increase in withdrawals and closures.

1.2.2 Housing Deposit Certificate (HDC)

The HDC Portfolio increased by 5.6% from Rs 5505.9M as at June 2022 to Rs 5813.9M as at December 2022 due to reasons explained at 1.1.1 above. This is explained by the fact that MHC is offering an attractive rate of return.

1.2.3 Borrowings

Long term borrowings increased by 78.24% from Rs 324.7M as at June 2022 to Rs 578.73 M as at December 2022 as part of the normal course of business.

1.2.4 Other Liabilities

Other Liabilities increased by 6.4% from Rs 81.2m as at June 2022 to Rs 103.6m as at December 2022.

1.3 EQUITY

Total equity increased from Rs 3,471M as at June 2022 to Rs 3496.5m as at December 2022 due to profits realised during the period.

2 STATEMENT OF PROFIT & LOSS

2.1 Income

2.1.1 Interest Income

Interest income stood at Rs261.0M as compared to Rs 189.13M as at December 2021. This represents an increase of 38%. The increase in interest Income can be explained by the impact of the increase in the repo rate and return on investment.

2.1.2 Other Income

Other income stood at Rs54.9M for period ended December 2022 as compared to Rs 56.7M for period ended December 2021. Due to a slight decrease in other operating income.

2.2 Expenses

2.2.1 Interest Expenses

Interest expense stood at Rs107.3M for period ended December 2022 compared to Rs 71.0M for period ended December 2021. This increase of 51.1% is attributed to an increase in repo rate and increase in HDC deposits.

2.2.2 non-Interest expenses

Non-Interest Expenses increased by 3.61% from Rs 157.8m for period ended December 2022 compared to Rs 152.3M (December 202) due to a slight increase in recurring expenses.

2.3 Operating profit

Operating profit for the period under review stood at Rs 50.9M compared to Rs 22.5m for the corresponding period representing an increase of 126.2%. This increase is mainly attributable in increase in Interest Income

2.4 Net Profit

Net profit for the period under review stood at Rs 34.6M compared Rs 16.3M for the corresponding period representing an increase of 112.2%.

3 FINANCIAL INDICATORS

3.1 Cost to income ratio

The cost to income ratio at December 2022 was 84% against 88% as at December 2021. Note that for June 2022, this ratio stood at 88.9%.

3.2 Current Ratio

The current ratio at December 2022 stood at 1.36% against 1.4% as at June 2022

3.3 Gearing Ratio

The Gearing ratio at December 2022 stood at 1.83% against 1.65% as at June 2022

3.4 Return on Capital Employed

The Return on Capital Employed at December 2022 stood at 1.18%.

3.5 NPA Ratio

The NPA ratio as at December 2022 stood at 14.5%, while it was 13.6% in June 2022.

3.6 Capital Adequacy Ratio

The capital adequacy ratio as at December 2022 was comfortably above the regulatory limit and stood at 36.1% as compared 37% as at June 2022.

4 OUTLOOK

The challenge for our company is to remain at the forefront of the housing sector while being profitable with the increase in Repo rate to 4.5% in December 2022


We will also adopt a cautious approach and to strive to pursue our objectives to boost revenue, generate sufficient funds to carry operations, whilst ensuring effective management of cost and also to ensure assets quality.

We will continue with our marketing campaign for loans, savings and deposit products with the objective to meet the target set for the financial year 2022/2023.

Approved by the Board on 10th February 2023.



Chairman



Director



Director

10th February, 2023