# Mauritius Housing Company Ltd

**Re: Management Discussion and Analysis – FS 31st December 2024**

Directors are pleased to submit this discussion paper and the Financial Statements (FS and MDA papers) for the 6 months ended 31 December 2024, as per annexes attached: -

- Statement of Financial Position - Annex 1
- Capital Adequacy Ratio Return - Annex 2

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 2024.

## 1. STATEMENT OF FINANCIAL POSITION

### 1.1 ASSETS

Total assets increased by 8.3% from Rs 13.13bn as at June 2024 to Rs 14.22bn as at 31 December 2024. This increase is mainly due to increase in deposit and housing loans.

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

#### 1.1.1 Liquid Assets

As at 31 December 2024, cash available and treasury deposits amounted to Rs 2,000.8m as compared to Rs 1,652.7m as at June 2024. This was mainly due to increase in deposits.

#### 1.1.2 Loans to Customers

For the 6 months to 31 December 2024, our loan portfolio experienced a gross increase of 5.9% moving from Rs 11,266.7m as at June 2024 to Rs 11,929.5m. Loans approved the same period to 31 December 2024 stood at Rs1,364.6m. The loan disbursement over the reported period reached the tune of Rs1,379.16m.

#### 1.1.3 Intangible Assets

Intangible assets decreased by 10.3% from Rs 97.0m as at June 2024 to Rs 87.0m as at 31 December 2024, as a result of the normal amortisation process which has been expensed out.

### 1.2 LIABILITIES

Liabilities increased by 10.6% from Rs 9,522.6m in June 2024 to Rs 10,532.6m in December 2024 which is mainly due to increase in HDC and PEL savings.

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

PEL and JPS increased from Rs 2,169.3m as at June 2024 to Rs 2,334.0m as at 31 December 2024 mainly due to increase in the number of new accounts. This represents an increase of 7.6% in the savings portfolio.

#### 1.2.2 Housing Deposit Certificate (HDC)

The HDC Portfolio increased by 14.4% from Rs 6,063.0m as at June 2024 to Rs 6,934.9m as at 31 December 2024. This increase has occurred as a result of our campaign for the Senior Citizens and individuals above 55 years which is yielding an attractive interest rate to depositors in the target market.

### 1.2.3 Borrowings

Long term borrowings decreased by 7.3% from Rs 499.5m as at June 2024 to Rs 463.2m as at 31 December 2024 following capital repayment resulting from payment of the normal instalments on the due dates.

### 1.2.4 Other Liabilities

Other Liabilities increased by 32.6% from Rs148.2m as at June 2024 to Rs196.5m as at December 2024. This item represents mainly provisions made during the preparation of the account, amount payable for subsidiary and amount received for loan repayment but not credit to loan portfolio at the reporting date. The increase in due to accruals for proposed dividend, additional provision under the BoM guideline and increase in the amount unallocated for loan repayments and savings contribution received at year end.

## 1.3 EQUITY

Total equity increased from Rs 3,479.3m as at June 2024 to Rs 3,554.7m as at 31 December 2024 due to profits realised over the last 6 months.

## 1.4 Application of the BOM Guideline on Classification of Provisioning and write off of credit exposures.

The revised guideline on classification provisioning and write-off of credit exposures effective as from 30 September 2024 was applied during the preparation of account for the quarter ended 30 September 2024. An additional provision of Rs71.9m was required and was created following an appropriation of profit as per the principles stated in the guideline.

As 31 December 2024, the prudential provision was re-assessed and compared to the impairment provision as computed under IFRS 9. An additional provision of Rs8.2m was made.

# 2. STATEMENT OF PROFIT & LOSS

## 2.1 Income

### 2.1.1 Interest Income

Interest income stood at Rs 425.0m as at 31 December 2024 as compared to Rs 396.6m as at 31 December 2023. This represents an increase of 7.2%. The increase in interest Income has been sustained despite the reduction in the Key rate. This is due to new loans being disbursed offsetting the fall in interests generated on placements.

### 2.1.2 Other Income

Other income stood at Rs 60.4m for the 6-months ended 31 December 2024 as compared to Rs 59.6m for the same period ended 31 December 2023. The increase in other income is mainly due to increase in fees from loan business which was offset by a reduction in insurance premia received during the 6 months period.

## 2.2 Expenses

### 2.2.1 Interest Expenses

Interest expenses stood at Rs 189.6m for the 6 months ended 31 December 2024 compared to Rs 191.5m for 6-month period ended 31 December 2023. The decrease of 1% is attributed to a decrease in interest payment for deposits following a decrease in the Key Rate.

### 2.2.2 Non-Interest Expenses

Non-Interest Expenses increased by 10.7% to reach Rs 193.6m for period ended 31 December 2024 compared to Rs 174.8m (December 2023). The rise in expenses is mainly due increases in staff cost and increase in consultancy fees.

## 2.3 Operating Profit

Operating profit for the period under review stood at Rs 102.3m compared to Rs 89.9m for the corresponding period of FY 2023/24 representing an increase of 13.8%. This increase is mainly attributable to 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 89.0m compared Rs 71.1m for the corresponding period of FY2023/24 representing an increase of 25.2%.

## 3. FINANCIAL INDICATORS

### 3.1 Cost to Income Ratio

The cost to income ratio at 31 December 2024 stood at 78.93%

### 3.2 Earnings per share

The earning per share for the half year stood at Rs 4.45

### 3.3 Gearing Ratio

The Gearing ratio as at 31 December 2024 stood at 1.86 against 1.62 as at June 2024

### 3.4 Return on Capital Employed

The Return on Capital Employed as at 31 December 2024 stood at 0.87%

### 3.5 NPA Ratio

The NPA ratio as at 31 December 2024 stood at 10.4% against 13.3% as at 30 June 2024.

### 3.6 Capital Adequacy Ratio

The capital adequacy ratio as at 31 December 2024 was comfortably above the regulatory limit and stood at 31.7% as compared 35% as at June 2024.

## 4. OUTLOOK

For the forthcoming six months, we shall gear our actions towards achieving the targets set, with the focus on profitability, loan business and deposit mobilization. Fluctuations in the Key Rate and changes in government policies may have an impact on the targets.

The recent campaign on the term deposits bears testimony that our products are well appreciated by the public. The Company will secure the necessary funds to operate the business through this source of finance. We will thus consolidate our liquidity position.

On the loan side, we will maintain the mix between our secured and unsecured loan in order to achieve an appreciable return. The aim will also be to grow the loan portfolio by acquiring potential loan clients through our marketing campaign.

A close monitoring is being made to ensure that there is further delay in the construction of the Residence Clos Verger project. A target marketing approach is being adopted to sell these apartments.

Our endeavors will also be directed at improving our customer service and meeting all compliance requirements in all aspects of the business. We will review the different steps to streamline the loan sanctioning process in order to remove red tapes as much as possible.

Approved by the Board on ...6th... February 2025.

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| **Chairperson** | **Director** | **Director** |

of the meeting

...6th... February, 2025