

# Mauritius Housing Company Ltd

## Re: Management Discussion and Analysis – FS 31<sup>st</sup> March 2024

Directors are pleased to submit this discussion paper and the Financial Statements for the 9 months ended 31 March 2024 (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 2.2% from Rs 13bn as at June 2023 to Rs 12.7bn as at 31<sup>st</sup> March 2024. This decrease is mainly due to payment our cash balance following payments 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> March 2024, cash available and treasury deposits amounted to Rs 1,540m 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 9 months to 31<sup>st</sup> March 2024, our gross loan portfolio stood at Rs 11,028m compared to Rs 10,476m as at June 2023; a net increase by Rs 552m. Loans approved the period amounted to Rs 1.56bn. The net amount after impairment stood at Rs10.1bn.

##### 1.1.3 Intangible Assets

Intangible assets decreased by 12.1% from Rs 115.4m as at June 2023 to Rs 101.4m as at 31<sup>st</sup> March 2024, as a result of the amortisation which has been expensed out.

##### 1.1.4 Other Assets

Other assets have increased from Rs 18.2m to Rs 40.3m; a net increase of 121% which comprise of receivables such as sundry debtors, accrued interest. The main receivable is interest on fixed deposit with other institution.

##### 1.1.5 Assets Held for Sale

Asset held for sale mainly consist of foreclosed properties and NHDC apartments reprocessed. There has been a decrease in this asset from Rs 53m to Rs 47.7m mainly due to the sales of some properties.

#### 1.2 LIABILITIES

Total liabilities decreased by 4.2% from Rs 9,446m in June 2023 to Rs 9,042m 31<sup>st</sup> March 2024, which is mainly due to decrease in HDC deposits.

##### 1.2.1 Plan Epargne Logement (PEL) and Other Savings

There has been an increase in PEL and other savings from Rs 1,964m as at June 2023 to Rs 2,110m as at 31<sup>st</sup> March 2024 mainly due to increase in the number of new accounts and contributions.

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

The HDC Portfolio decreased by 9.1% from Rs 6,370.6m as at June 2023 to Rs 5,786m as at 31<sup>st</sup> March 2024 following payment effected for deposits reaching maturity.

### **1.2.3 Borrowings**

Long term borrowings increased by 2.8% from Rs 515m as at June 2023 to Rs 529.6m as at 31<sup>st</sup> March 2024 due to new loan contracted for project in progress.

### **1.2.4 Other Liabilities**

Other Liabilities increased by 19% from Rs 96.1m as at June 2023 to Rs 114.5m as at 31<sup>st</sup> March 2024. 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 3,596.4m as at 31<sup>st</sup> March 2024 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 597.1m as at 31<sup>st</sup> March 2024 compared to Rs 440.8m at March 2023. This represents an increase of 35.4%. The increase in interest Income is explained by the impact of the increase in interest rate, return on placements, increase in loan disbursements.

#### **2.1.2 Other Income**

Other income stood at Rs 87m for period ended March 2024 as compared to Rs 81.3m for period ended March 2023. 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 281.1m for period ended March 2024 compared to Rs 202.4m for period ended March 2023. The increase in 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 11.2%. Rs 262.4m for period ended March 2024 compared to Rs 235.9m (March 2023). The increase is mainly for provision made regarding increase in personnel expense and other admin expenses.

#### **2.2.3 P&L exceptional items**

For the period under review the provision for impairment loss on financial assets amounted to Rs 25.7m and gain on foreclosed properties following sales amounted to Rs 6.9m.

### **2.3 Operating Profit**

Operating profit for the period under review stood at Rs 140.6m compared to Rs 83.7m for the corresponding period representing an increase of 67.9%. 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 123.1m compared Rs 74.9m for the corresponding period representing an increase of 64.3%.

## 3) FINANCIAL INDICATORS

### 3.1 Cost to Income Ratio

The cost to income ratio at March 2024 stood at 79.4%;(June 2023: 85%)

### 3.2 Earnings per Share

The earning per share for the quarter stood at Rs 6.16; (March 2023- Rs 3.75)

### 3.3 Gearing Ratio

The Gearing ratio at March 2024 stood at 1.3% against 1.83% as at June 2023.

### 3.4 Return on Capital Employed

The Return on Capital Employed at March 2024 stood at 1.44%.

### 3.5 NPA Ratio

The NPA ratio as at March 2024 stood at 13.2%, while it was 14.3% in June 2023.

### 3.6 Capital Adequacy Ratio

The capital adequacy ratio as at March 2024 was comfortably above the regulatory limit and stood at 36.1% as compared 35% as at June 2023.

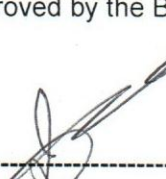
## 4) OUTLOOK

The Monetary Policy Committee at its last meeting of 3<sup>rd</sup> April 2024 decided to keep the Key Rate at 4.5% on the basis that the economy is continuing its growth which are backed by the ongoing growing major infrastructural projects and robust tourist arrivals. As such the GDP is expected to be at 6.5% in 2024 and Inflation is expected to reach 4.9% by December 2024.

The banking sector remains resilient with adequate capital and the money market is also operating well. Based on the current economic situation and assessment the committee is of the view that the policy to maintain the interest level will further promote price stability.

We at our end, we are closely following the economic and the market situation. We are committed to pursue our growth strategies based on our set objectives and work towards consolidating our assets. Our focus for the last quarter will be to ensure growth, develop products adaptable to our customers and continue to work on a new possibility to enhance customer experience. We will equally ensure to work on new technical areas and the applicability of all the new legislations.

Approved by the Board on 14th May, 2024.

  
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Chairman

  
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Director

  
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Director

14th May, 2024