Results for the first quarter ended 30 September 2025

Earnings Call held on Thursday 20 November 2025

Transcript

CONFERENCE CALL PARTICIPANTS

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Conference call transcript

20 November 2025

RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2025

Operator

Good day, ladies and gentlemen, and welcome to the MCB Group Earnings Call for the first quarter results to 30 September 2025. All participants will be in listen-only mode. Presentation slides are available for download via the Download tab on the webcast link.

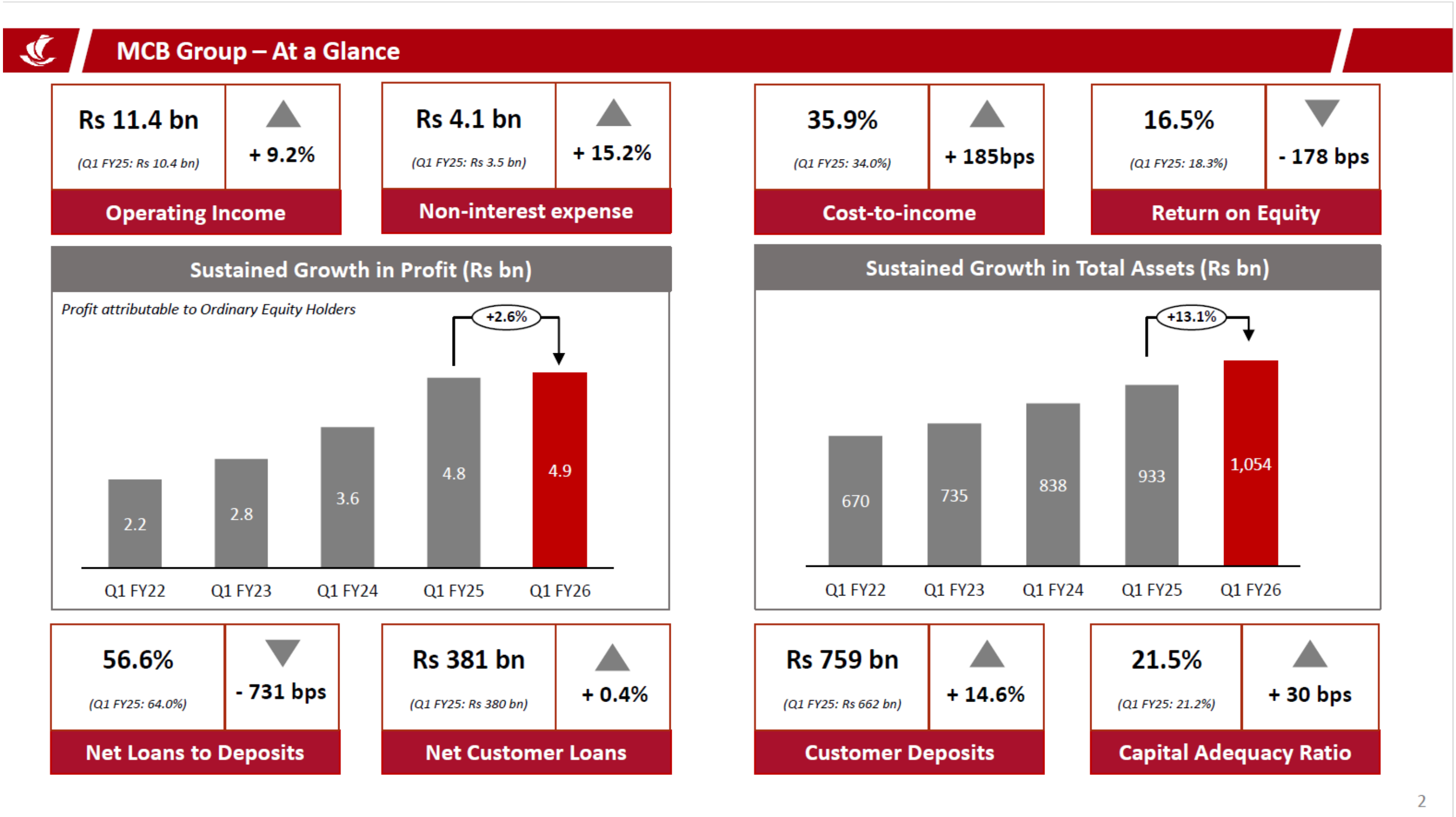
There will be an opportunity to ask questions later during this event. Participants on the webcast who wish to ask a question may do so by clicking the Connect with HD Audio button which appears below the presentation and follow the instructions. Once connected, you may press Join the Question Queue button to register your intent to ask a question. I will now hand over to your host, Jean Michel Ng Tseung, who will introduce the panel members. Please go ahead.

Jean Michel Ng Tseung

Thank you very much, and a very warm welcome to all of you. We are very pleased to welcome you at the MCB Group's Earnings Call for the First Quarter ended September 30, 2025. Around the table, I have Thierry Hebraud, Chief Executive of the MCB Ltd, Dipak Chummun, our Group Chief Finance Officer, and Kersley Gaspard, our Investor Relations Officer.

As you can see, we published our first quarter results last week. We've started the year on a pretty good note. And what I suggest that we do is I will ask Dipak, our Group CFO, to run you through the numbers and the slides, and then we'll take the questions just after that. Dipak, the floor is yours, and then we'll take questions afterwards. Thank you.

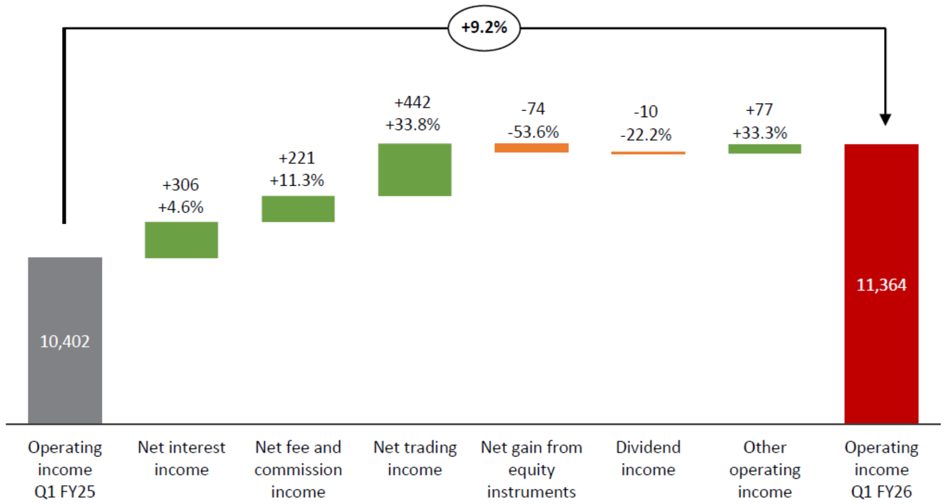
Dipak Chumun



Thank you very much, Jean Michel. I will now take you through some slides, which run through the financials for quarter one of our current financial year 2025-26. We start with a summary slide for quarter one. Our total operating income for this quarter has increased by 9.2% compared to the first quarter of last year. Our non-interest expense, in other words, our operating expenses, have increased by 15.2%. Consequently, our cost-income ratio has increased by 185 basis points to 35.9%.

Return on equity is down slightly to 16.5%. Net loans to deposit is down to 56.6%. Net customer loans year-on-year is up by 0.4%, and I'll go through that a little bit later in the presentation. Customer deposits are up 14.6%, and capital adequacy ratio is comfortably at 21.5%. The two charts in the middle show you our sustained growth in profits and assets over the last five equivalent quarter one periods.

Operating income – Growth achieved in both net interest income and non-interest income



- Increase in net interest income driven by balance sheet expansion despite a fall in net interest margins.
- Rise in net fee and commission income explained by higher loan arrangement fees and increased payment & wealth management activities.
- Growth in net trading income reflecting higher revenues from dealing in foreign exchange & fixed income securities.
- Drop in net gain from equity financial instrument was recorded, with fair value gains on Visa & Mastercard shares now being recognised in other comprehensive income.

Note : Figures are in Rs million and percentage changes refer to year-on-year changes for each item

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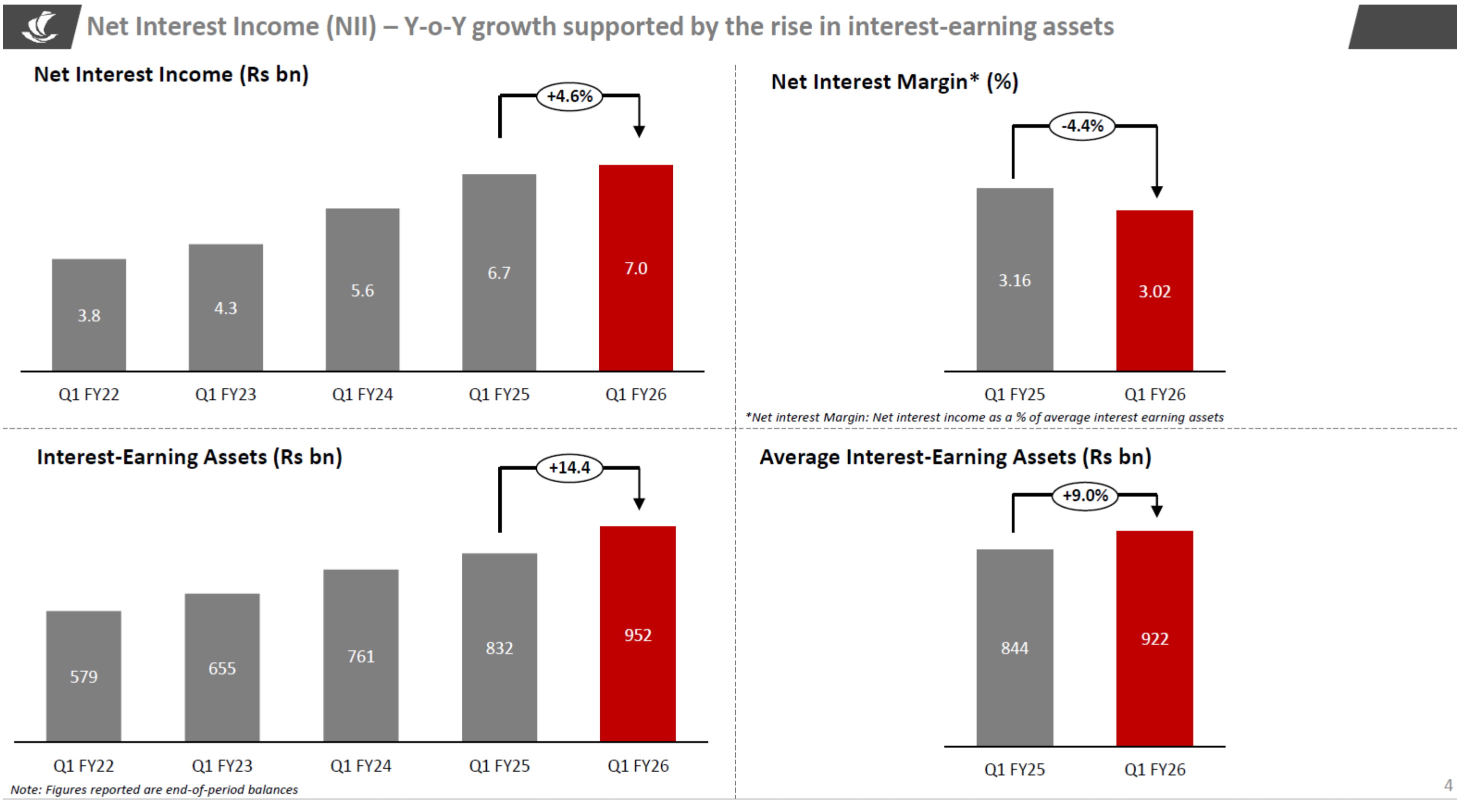
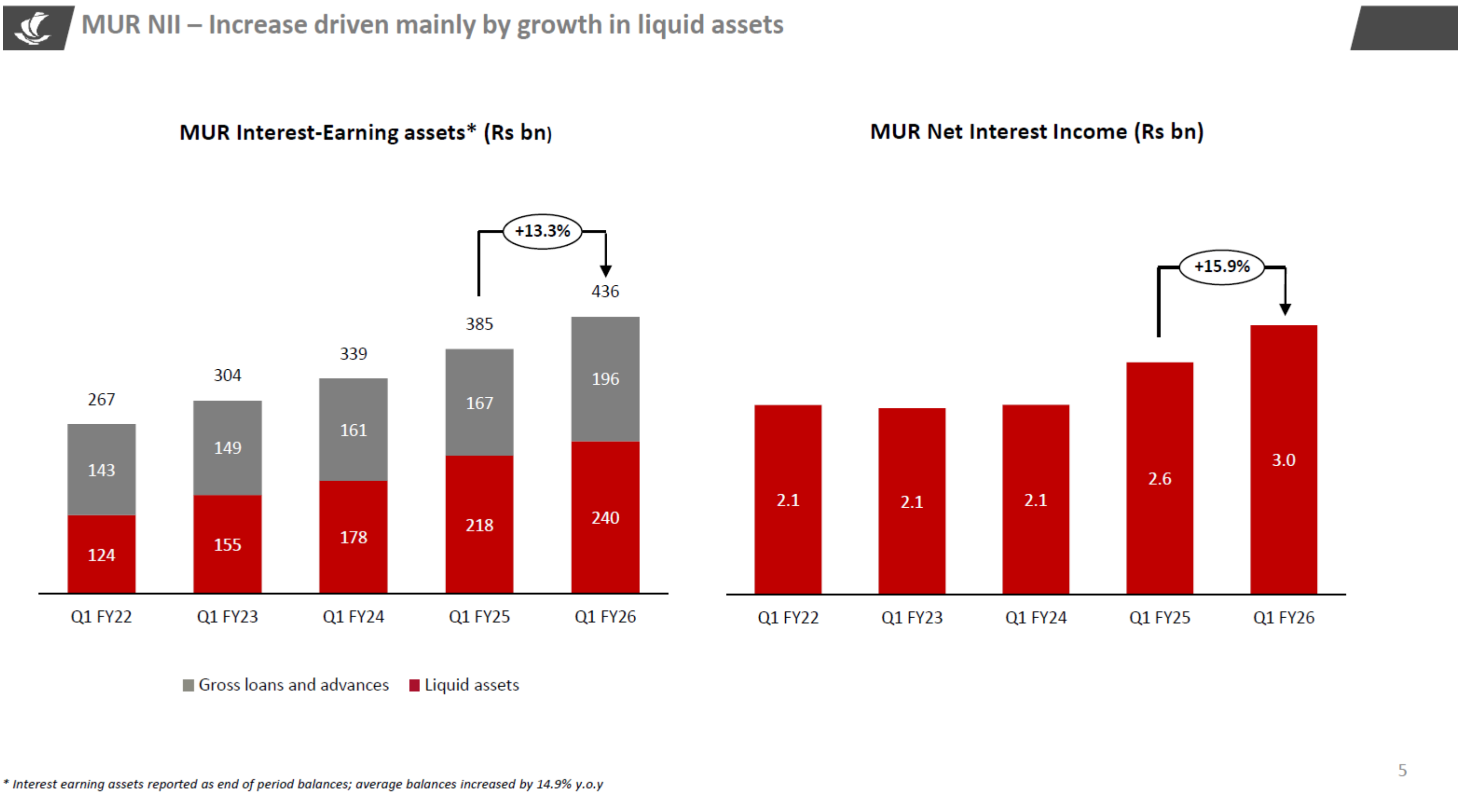
Next slide is about operating income. So we give you a waterfall chart which shows you how the different lines have increased year-on-year. Net interest income has grown by 4.6%. Fee and commission income, up by 11.3%. Trading income, which comprises of both FX sales and FX trading, is up 33.8%. Net gains from equity instruments, down by Rs 74 million. Dividend income is slightly down, by Rs 10 million, and other operating income is up by Rs 77 million, all compounding to a year-on-year increase of 9.2%, which you can see on the slide.



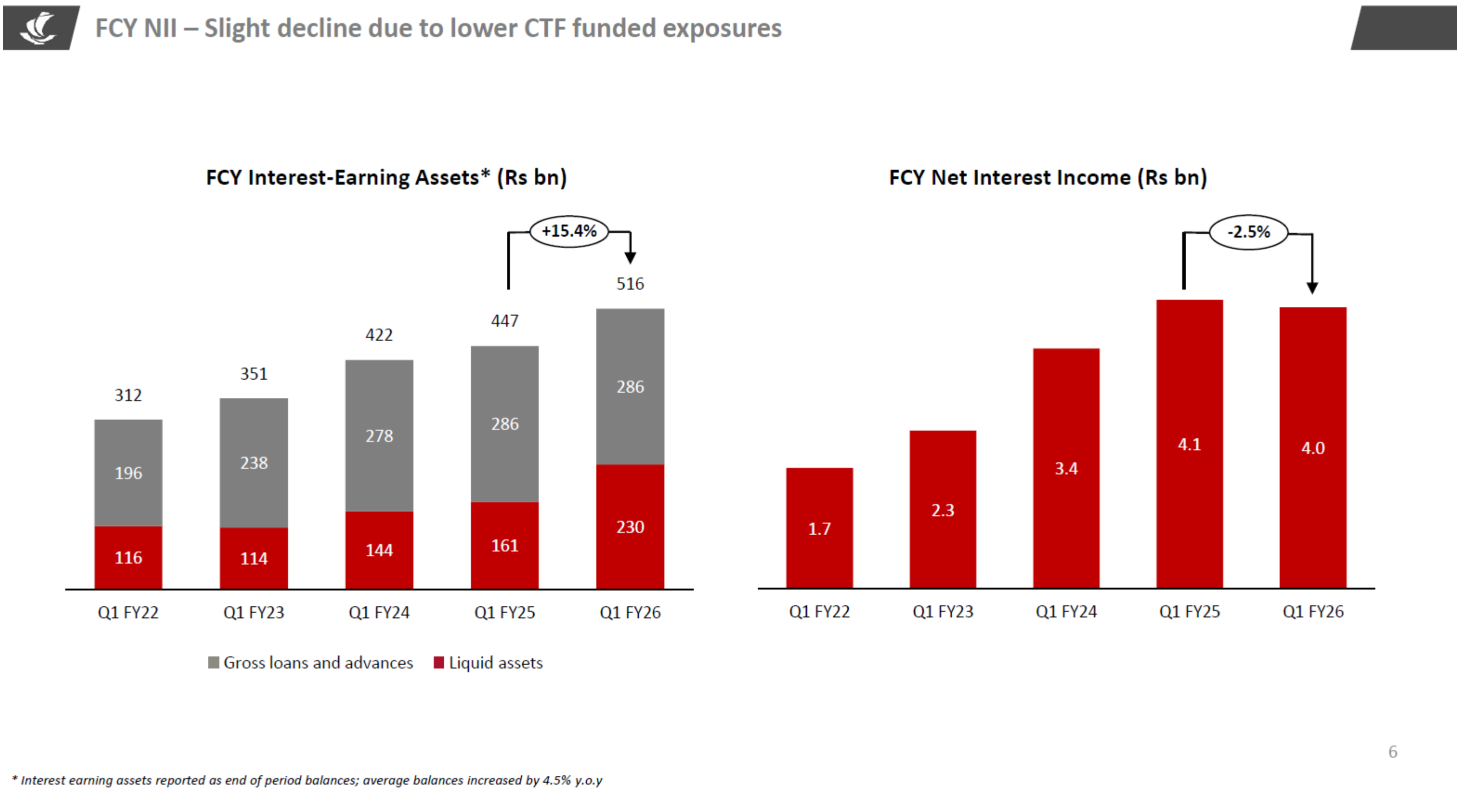
Taking you through net interest income. So the overall increase year-on-year is 4.6%, which has been arrived at by an overall increase in average interest-earning assets, which you can see on the bottom right-hand side of the chart, of 9% year-on-year, but offset by a slight decline of 4.4% in net interest margin. Effectively, it is 3.16% to the 3.02% net. So 9% minus 4.4% gives you the 4.6% increase in net interest income.

Having said this, if you look at the chart on the bottom left-hand side, you will see that our interest-earning assets have grown fairly consistently over the last five-year quarter one results, with the spot this year versus last year increasing by 14.4%.



Let's deep dive a little bit into these numbers. First, I'll take you through the Mauritian rupee figures. You can see a split on the chart on the left-hand side between gross loans and advances and other liquid assets. Both have grown, compounding to a year-on-year increase of 13.3%, which has yielded a net interest income increase of 15.9%.

Sorry, I'll just go back to that slide. One of the things I want to highlight is, one of the reasons why liquid assets in Mauritian rupees increased quite significantly year-on-year is because we do collect quite a bit of incremental deposits in rupees, which we don't deploy as rapidly in the form of loans and advances. So what we do with the excess liquidity is we deploy them towards government securities.



On the foreign currency side, you can see an overall year-on-year increase of 15.4% interest-earning assets, but foreign net interest income declined by 2.5%, reason being, you can see again that we've had a significant increase in liquid assets, which have been deployed into foreign government securities and cash. These normally generate lower net interest margins.

You will notice that our gross loans and advances are flat compared to last year. Of note, this is on a spot basis. If you look at the tiny comment at the bottom of this slide, it actually tells you that the average balances of interest-earning assets have increased by 4.5% year-on-year.

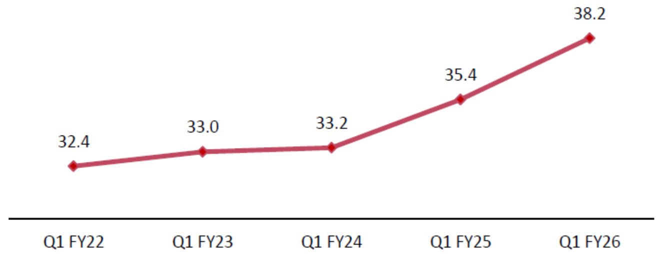
What actually happened, when you look at the spot balances quarter one last year versus this year, is during the course of the last financial year, in particular in quarter three, if you recall for those of you who have been on our previous calls, we had a drop in our Nigerian business in quarter three of the last financial year by USD 500 million, which basically created a new loans and advances baseline from which we are picking up our business again.

Non-interest income – Growth supported by both fees and forex profit

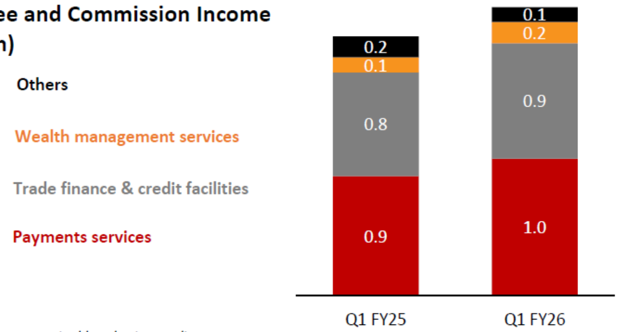
Non-Interest Income (Figures in Rs bn)	Q1 FY 25	Q1 FY26	%Δ Y-o-Y
Net Fee and Commission Income	2.0	2.2	11.3%
Other Income	1.7	2.2	25.2 %
Total Non-Interest Income	**3.7**	**4.3**	**17.8%**

Note: Figures may not add up due to rounding

Non-Interest Income to Operating Income Ratio (%)

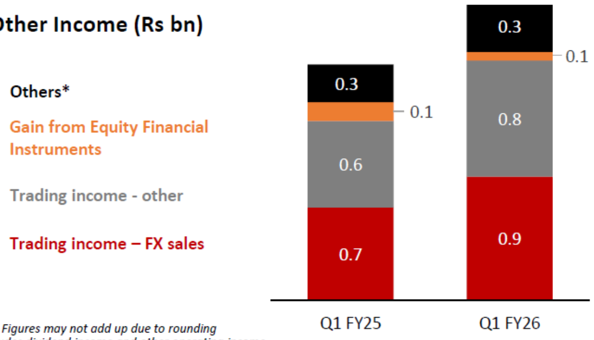


Net fee and Commission Income (Rs bn)



Note: Figures may not add up due to rounding

Other Income (Rs bn)



Note: Figures may not add up due to rounding
** Includes dividend income and other operating income*

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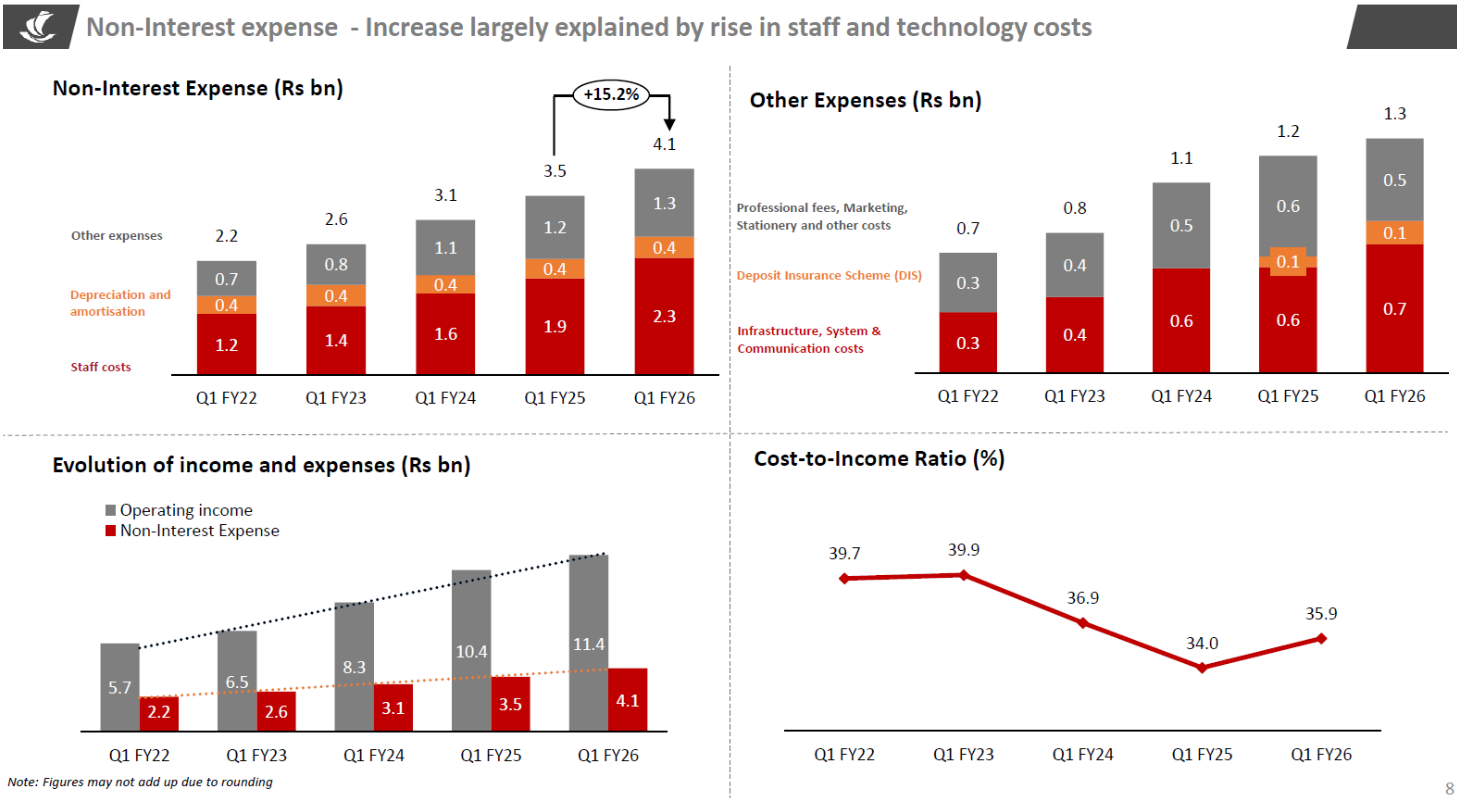
Non-interest income, in other words, fee income and other income as shown in the charts. We've had an increase in net fee and commission income of 11.3% year-on-year and an increase in other income of 25.2%. In our case, the other income comprises of FX sales as well as FX trading, as seen in the slide, bottom right-hand chart. You can see a fairly significant increase in trading income, both proprietary trading, which is under the line of trading income other, as well as FX sales, which is the bit in red on that chart.

On the fees and commissions, I draw your attention to the chart on the bottom left-hand side. You will see payment services, trade finance fees, wealth management services and others have pretty much all increased year-on-year.

Other thing to note, and I draw your attention to the chart on the top right, is our non-interest income to total operating income percentage has actually risen fairly consistently year-on-year, now sitting at 38.2%. This is an element that we're focusing a lot on, making sure that we cross-sell and generate income on non-balance sheet items as we continue to grow.



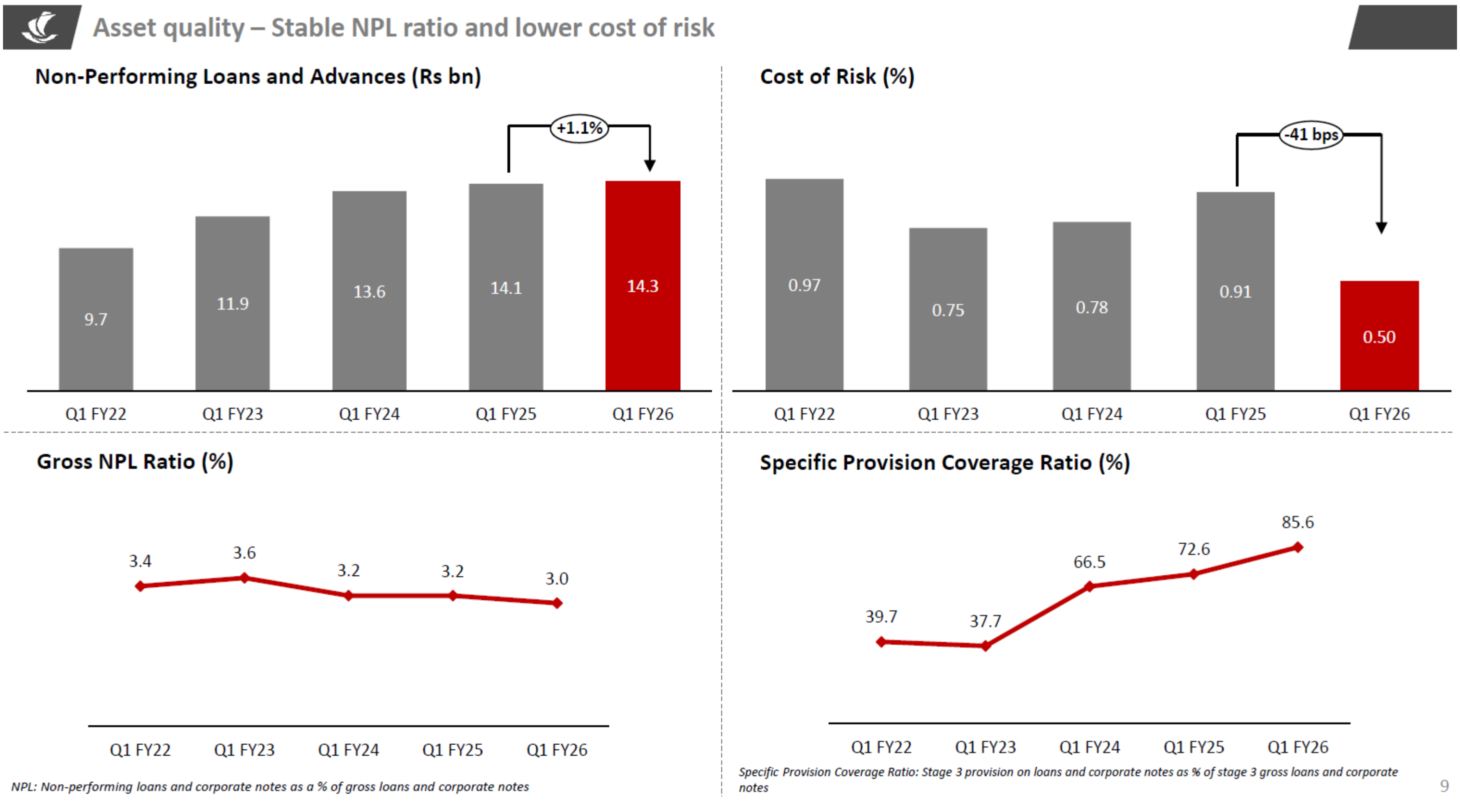
Non-interest expenses, also known as operating expenses, I draw your attention to the chart on the top left-hand side. You will see that year-on-year, our quarter one numbers have increased by 15.2% year-on-year, comprising of staff costs, depreciation and amortisation, which is effectively just a smoothening of our investments and other expenses.

Our staff costs have increased as we've continued to invest in our businesses, both in people, and over the course of the last year, there have also been some, you can call it government-mandated salary increases which have been embedded. So there's a dual impact of staff increases and, let's call it, higher than normal salary increases year-on-year. To be noted, a lot of the staff increases are related to the investments that we are continuously making in the business as we roll out our strategy.

The other expenses comprise primarily, and this is the chart on the top right-hand side, infrastructure, systems and communication costs, deposit insurance costs, which have kicked in in the last two years, and professional fees, marketing, stationery and other expenses, which you can see are reasonably flat.

As you'd expect, as the business is growing, infrastructure, systems and communication costs will also increase over time, but year-on-year, the increase for this year has not been that significant. But this is an area where we expect some increase in years to come as we create capacity for our people to sit at. So we're currently thinking of some investments in our real estate and our office space. And we are also investing in IT systems.

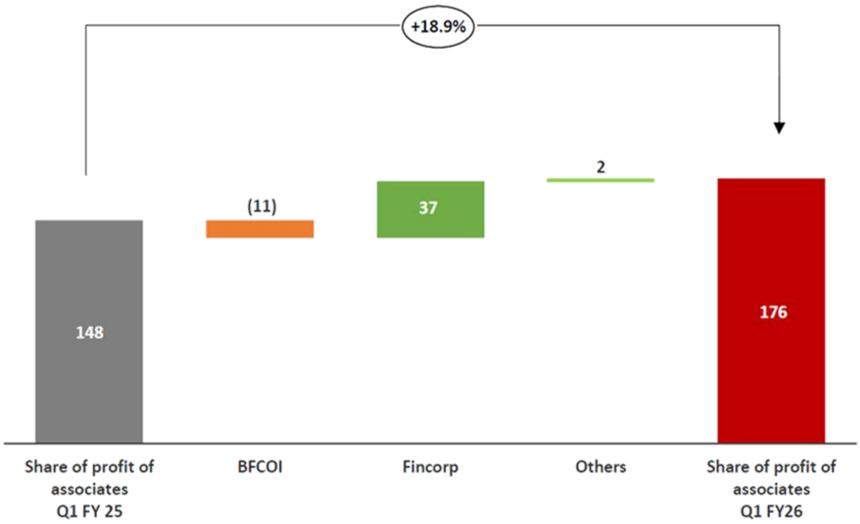
Overall, our cost-income ratio is sitting at 35.9%, slightly below what we target for the full year. I think on previous calls, I've mentioned that we expect at some point that our cost-to-income ratio will start gravitating slightly upwards. And we see that as our direction of travel. But for the first quarter this year, considering that we've generated quite a good increase in revenue, we're sitting at 35.9%.



Asset quality on slide nine. Despite the growth in assets, you'll see that our non-performing loans and advances have grown fairly marginally, so at a lower pace than our balance sheet growth. Our gross NPL ratio is down to 3.0%. And in particular this quarter, our cost of risk has gone down fairly significantly, but that's been helped by some major recoveries during the quarter.

Not expected to recur every quarter to that extent. I think again, on previous calls, I've mentioned that we expect our normalised cost of risk to be somewhere around the 70 to 80 basis points on an ongoing basis. Our specific coverage ratio is up to 85.6%.

Associates – Increase explained mainly by improved performance of PAD



Note: Figures are in Rs million

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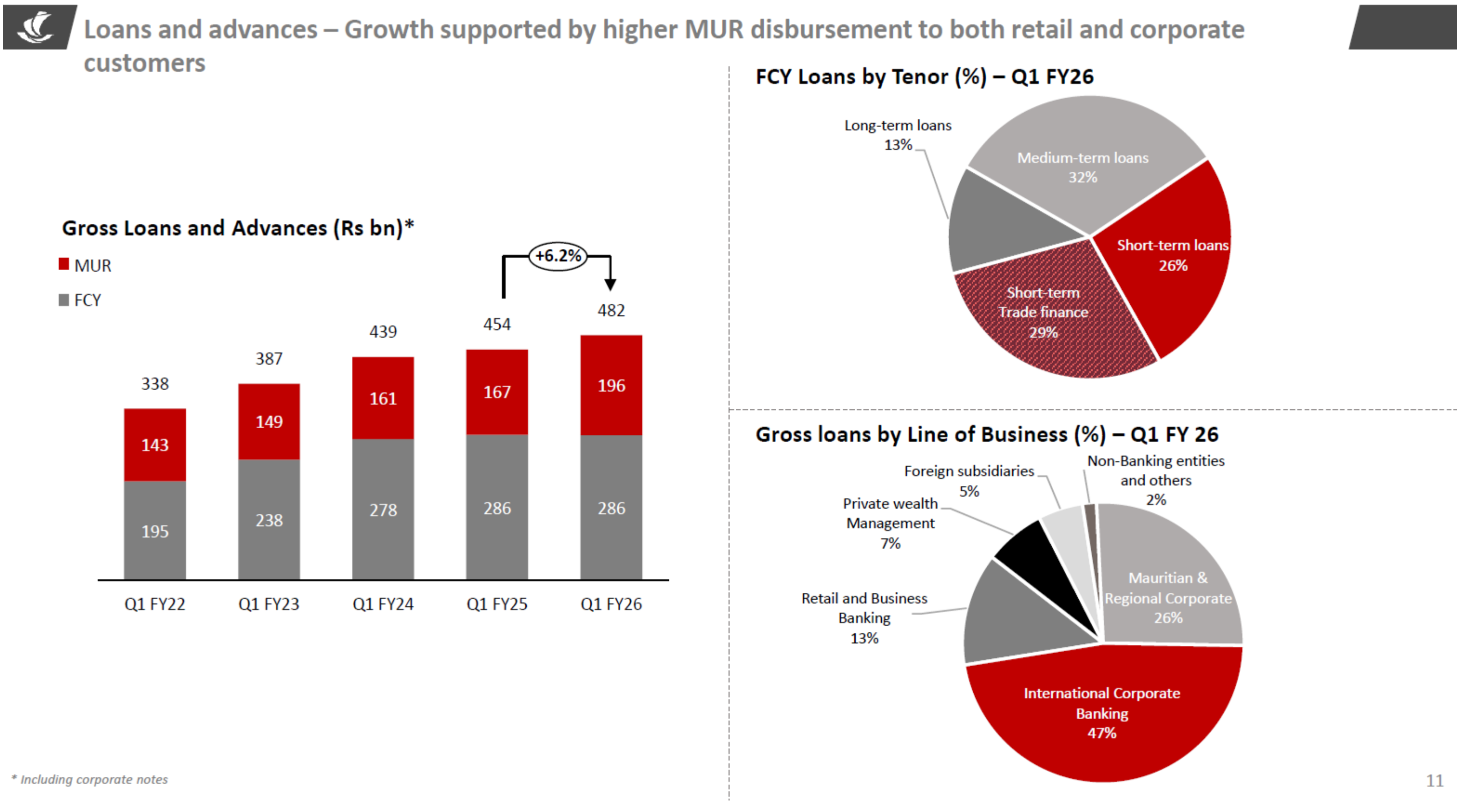
On our associates, some smaller movements. We've had a slight decline in the share of profits that we have earned this quarter from BFCOI, an increase in Fincorp and a very small difference in others. So we're sitting at Rs 176 million of share of associate income this quarter compared to Rs 148 million last year, an increase of 18.9%.

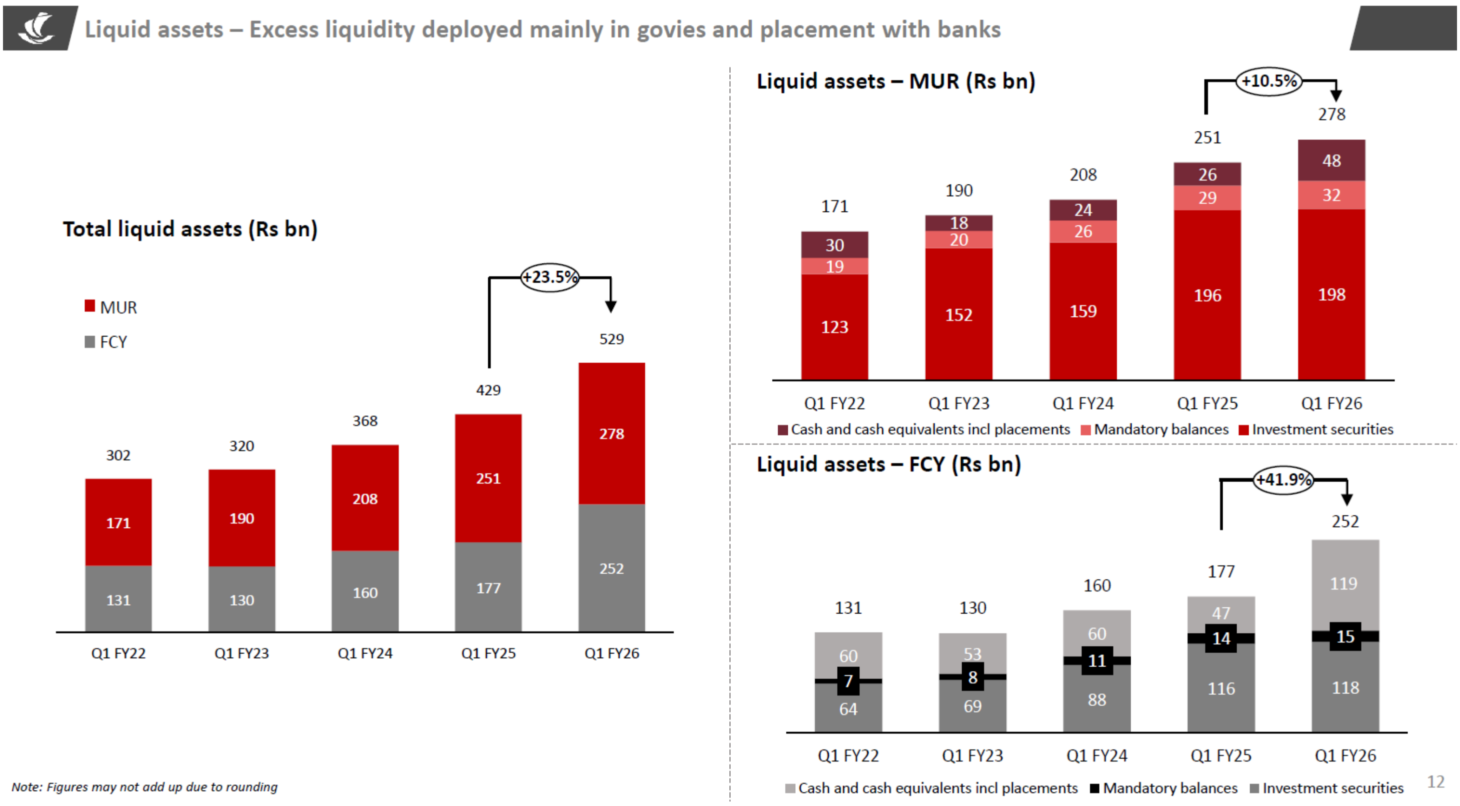


The chart on the left-hand side gives you a mix between local currency and foreign currency. You can see the increase in local currency loans and advances, so that's part of our strategy. We'll continue to grow that at a reasonable pace. I've already explained one of the main reasons why our loans and advances in foreign currency does not show a significant increase year-on-year. That's because of the disruption of our Nigerian commodity trading finance business in quarter three of 2024-25.

The pie charts on the right-hand side, on the top, show you a broad mix of our loans and advances by tenor bucket, so medium-term loans 32%, short-term loans 26%, trade finance 29%, and long-term loans are 13%. The good thing to note there is, short-term trade finance, sitting at 29% of our overall balance sheet, and short-term loans, at 26%, represent fairly short-term risk. And in the case of trade finance, they're generally fairly self-liquidating in the short term, hence our lower risk profile.

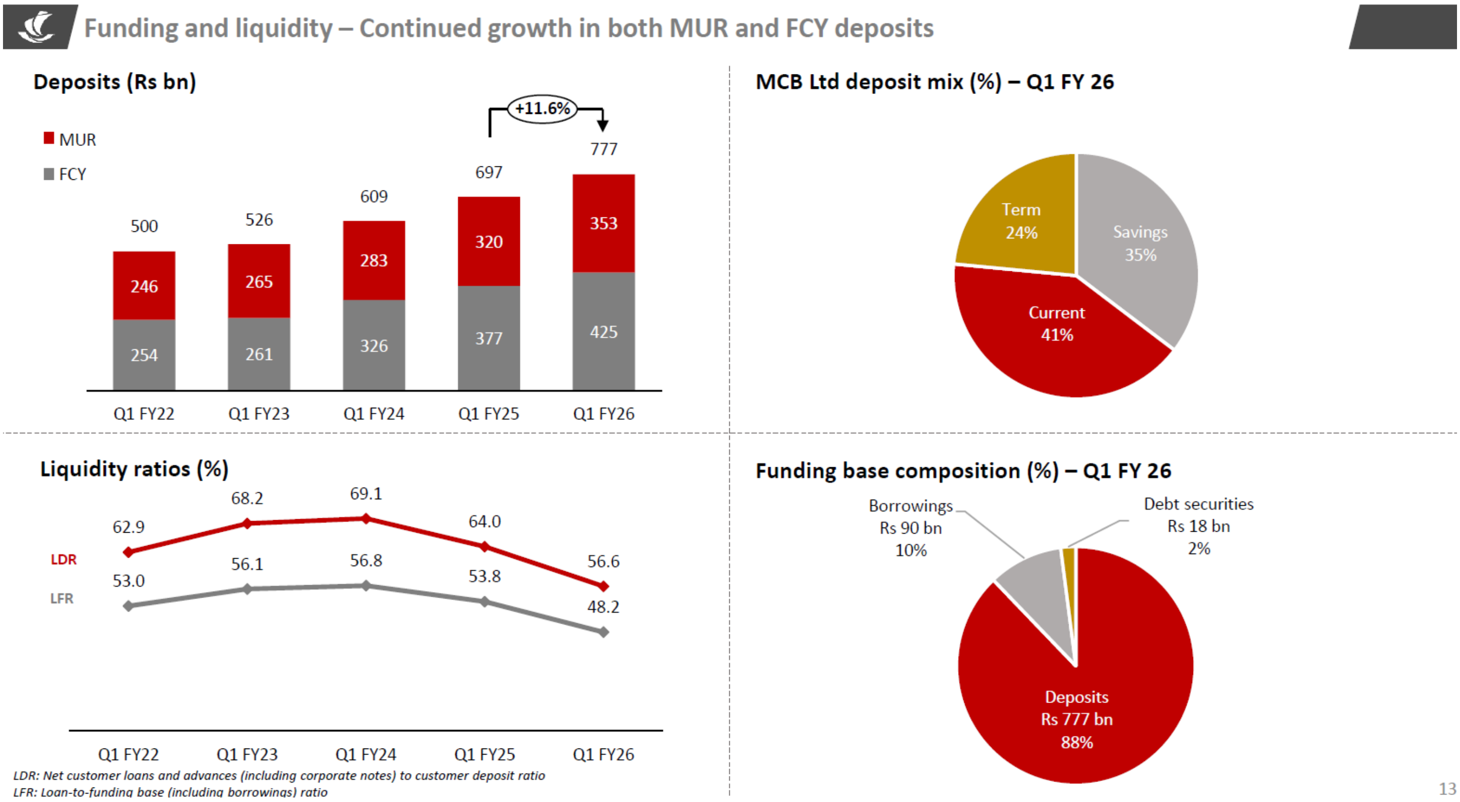
The chart on the bottom right of this page shows you a breakdown between our different business buckets. So today, our Mauritian and regional corporates represent 26% of the portfolio, international corporates 47%, so roughly half, and retail and business banking 13%.

So fair to say, if you want some high-level numbers at the back of your mind, Mauritian and regional corporates represent roughly a quarter, and international businesses represent roughly half of our portfolio of loans and advances.



Some insights into our liquid assets, again broken down by currency. The chart on the left-hand side, you'll see that our total liquid assets have increased by 23.5% year-on-year. You can see increases on both sides, rupee as well as foreign currency.

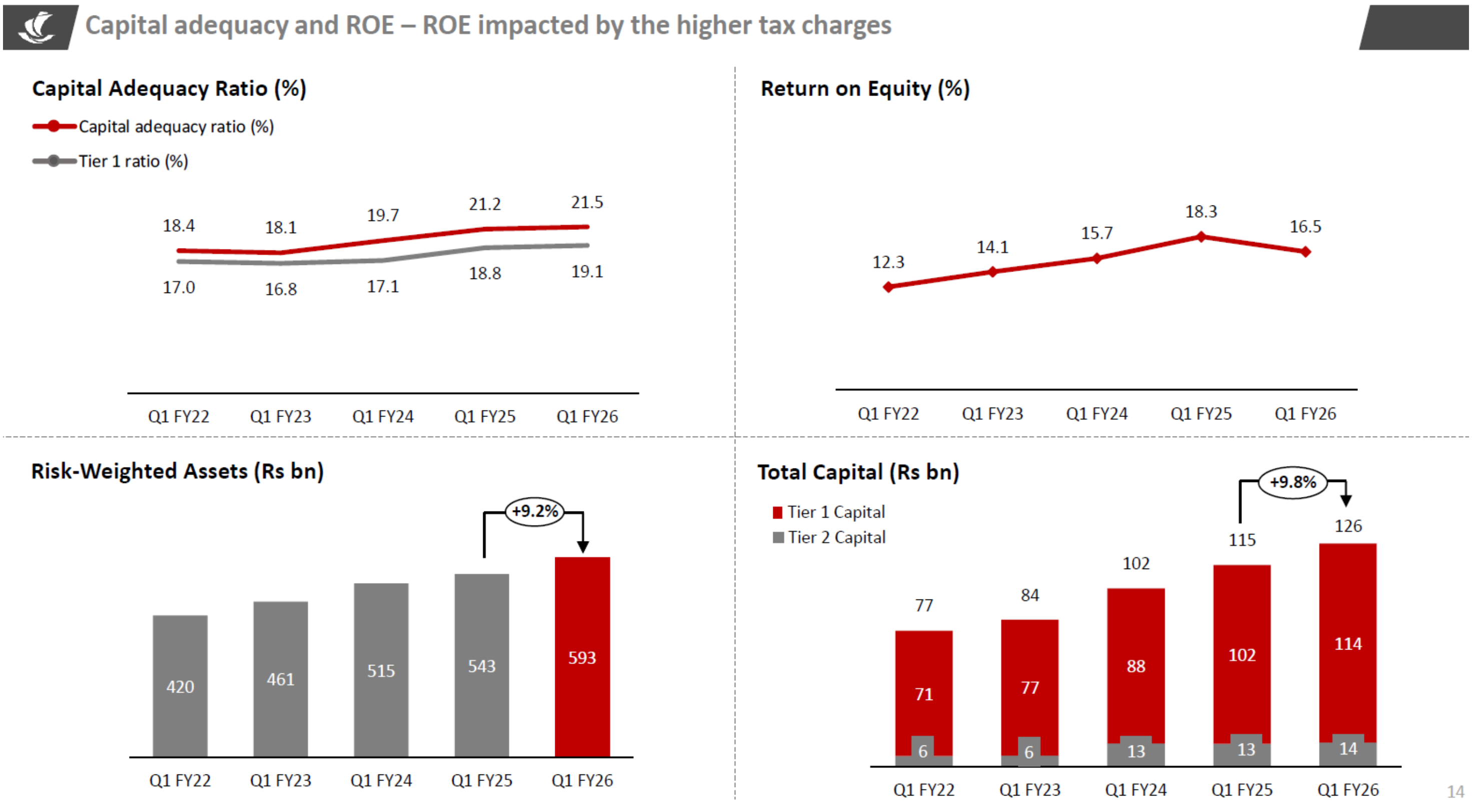
And the charts on the right-hand side of this page give you a breakdown between the types of liquid assets that we hold. In rupee, it is largely in investment securities with the government of Mauritius. Lately, we've held a little bit more in terms of cash and cash equivalents, and obviously we've got a mandatory balance that we've got to keep with the central bank. On the foreign currency side, slightly higher number in cash and cash equivalents with part of our excess liquid deployed in placements with foreign banks.



On the funding and liquidity side, again a breakdown between our major, let's say, call it, currency buckets. So in Mauritian rupee, our deposits have continued to grow, and we've been able to source, year-on-year, additional foreign currency deposits as well, which is quite good, and it's a direction of travel that we want to continue in as we continue to pursue our growth both domestically and abroad.

Our loan-to-deposit ratio is down compared to last year, from 64.0% to 56.6%, for two reasons. One, like I've mentioned, our deposits have continued to grow on both sides, on both currency buckets, but we also were impacted, when we do the year-on-year comparison, with that drop in the Nigerian balances in the second half of last year.

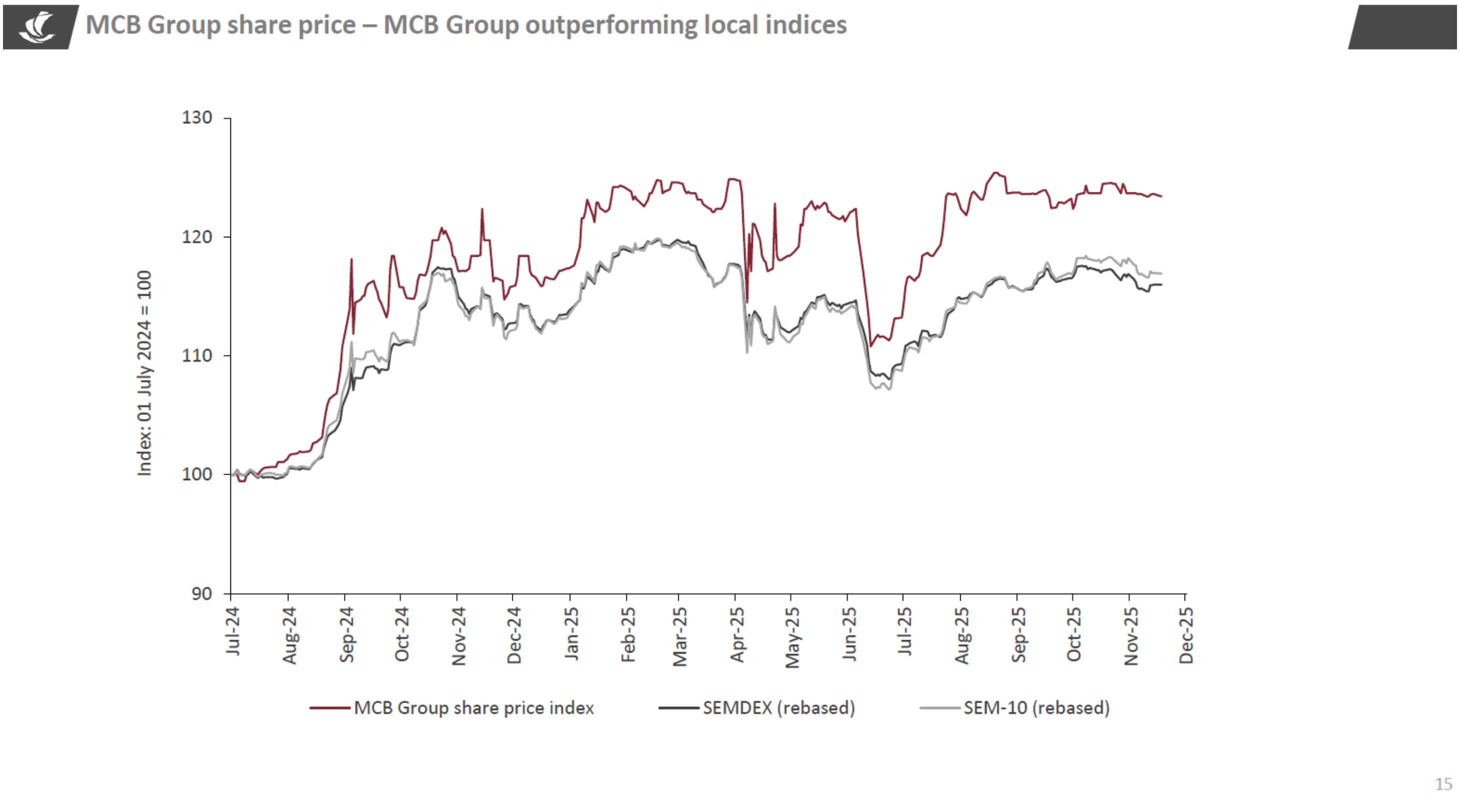
On the right-hand side, the pie charts give you a breakdown, again, by broad tenor buckets, so current account balances at 41%, savings at 35% and fixed deposits at 24%, roughly, a quarter. Bottom right-hand chart gives you a broad breakdown between borrowings, debt securities and deposits. So you can see, largely our funding base is through customer deposits.



Capital adequacy and return on equity chart. So top left-hand side, our capital adequacy ratios are comfortably above the regulatory minimum of 15%. We're sitting at 21.5%, a slight increase compared to last year.

Return on equity, the chart on the top right-hand side of this page, is slightly down, from 18.3% to 16.5%. But that's largely attributable to the increased taxation in the Mauritian jurisdiction. For this year, it's anticipated that our effective tax rate will grow from 21% to 29%. So the increase in tax that we started accruing in the first quarter of this year has brought our return on equity down.

Risk-weighted assets, on the bottom left, you would expect to increase as a result of balance sheet growth. And our capital has obviously increased as a result of retained earnings.



A chart showing you the movement in share price. And that takes me to the end of the presentation. Now I'll open it up to any questions you may have.

Jean Michel Ng Tseung

Thank you, Dipak. We are now very pleased to take any questions that you may have.

Operator

Thank you. Ladies and gentlemen, for the participants on the webcast who wish to ask a question, you may do so by clicking on the Connect with HD Audio button, which appears below the presentation, and follow the instructions. Once connected, you may press the Join the Question Queue button to register your intent to ask a question. You will hear a confirmation tone that you have joined the queue. You may click the Withdraw from Question Queue to remove yourself from the queue.

To the participants on the conference call, you may press star and then one on your telephone keypad. You will hear a confirmation tone that you have joined the queue. You may press star and then two to leave the question queue. Our first question comes from Timothy Wambu of Absa. Please go ahead.

Timothy Wambu

Thank you, and good afternoon, gentlemen. Thank you for the presentation. Just a couple of questions from my end. The first question is, I guess, more clarity on the effective tax rate, which came in as 27%. I know you mentioned that it should be about 29%. Is that still the case, despite it only being 27% in quarter one?

My second question is another clarification. On the results that were shared earlier, there is a Rs 64 million revaluation gain on your equity investment, but on the presentation, you have it as a Rs 74 million loss in the presentation. Maybe just clarify that. And also, if you could, again just on that, is that I believe last year you mentioned that we will not be seeing this reflect on the P&L. It will move to other comprehensive income. So maybe just another clarification on that.

My third question is, after the full year results call, you indicated that you expected loan growth to be 10% this year. Of course, loan growth was flat year-on-year in quarter one. Do you still seek to raise guidance? And just to be very clear, is this net loans or gross loans? I think I can pause there for now. I can come back for more questions. Thank you.

Dipak Chummun

Could you just repeat your second question, please, Timothy?

Timothy Wambu

Yes. The second question is on the revaluations of your equity investments. When I looked at the results that were shared earlier, this is the summary statement of P&L, there is a net gain from equity financial instruments carried at fair value through profit and loss. And it shows a gain of Rs 64 million. However, when I look at the presentation, you have a loss of Rs 74 million. And then maybe last year, you mentioned…

Dipak Chummun

Let me explain that one first, and then we'll go through the other points. That negative Rs 74 billion is actually the delta between last year and this year. And what actually happened, in the first quarter of last year, we had an overall gain of Rs 118 million which related to a fair value revaluation on Master and Visa card.

If you recall, sometime in the middle of last financial year, we transferred those shares from MCB Limited to MCB Group, and we stopped doing a fair value revaluation through the P&L. So it's recorded under other comprehensive income.

Timothy Wambu

All right, yes. I was just…

Jean Michel Ng Tseung

Maybe, yes, when we were referring to that net gain from equity instruments, it's the change year-on-year, isn't it?

Dipak Chummun

Yes.

Jean Michel Ng Tseung

And as Dipak mentioned, in this particular case, we still recorded a gain on fair value on equity instruments because of our

MCB Equity Fund.

Dipak Chummun

Correct, yes.

Jean Michel Ng Tseung

MCB Equity Fund actually clocked a positive fair value gain.

Dipak Chummun

Well, it’s a lower fair value gain compared to last year.

Jean Michel Ng Tseung

Overall, it is a drop because of Mastercard business, yes. On the effective tax rate, as you will remember when we had our last earnings call, we did mention that there has been some changes that were brought by the new Finance Act following the budget speech. And the changes that were made at the corporate level are as follows.

The first one is that there has been a fair share contribution of 5% that's now applicable to all corporates in Mauritius. The corporate tax rates used to be 15%. It's gone up to 20% now. But on top of that, the banking sector has been further taxed by another 2.5%, still under the theme of fair share contribution. And that's applicable to Segment A. So you've got these two changes that have impacted our results for the first quarter.

On top of that, there is also something that they came up with, which is called a VAT reverse charge. And that has also to our tax charge. And the VAT reverse charge relates to the tax charged on our service purchases, not goods, outside of Mauritius and we have to pay a VAT on that, which has contributed further to our taxes.

Timothy Wambu

All right, thank you. That’s clear.

Jean Michel Ng Tseung

And there is another one. Another one which I'm noting here is the removal of the cap on the special levy. Once again, it was a special levy that was introduced many years ago of 5.5% on our Segment A results. There was also a cap on the levy charged, and that cap has now been removed. So there has been an additional Rs 95 million that was incurred on our tax bill. So effectively, that has all contributed to an increase in our effective tax rate year-on-year.

Dipak Chummun

I'll add to what Jean Michel has said. Our tax for this quarter that we've booked is Rs 1.7 billion compared to Rs 1.1 billion for quarter one of last year. Had it been at the equivalent tax regime of last year, our tax bill would have increased by Rs 118 million, based on the incremental profits that we've made this year. But with all the other legislative changes on tax, relating to tax, we've had another Rs 500 million increase.

Jean Michel Ng Tseung

And finally, on the loan growth, it is correct to say that we had budgeted, at our level, double-digit growth in our loans and advances. We haven't seen that in the first quarter yet.

Thierry Hebraud

Well, I can comment on that. Thierry speaking. The first quarter, indeed, we had a stabilisation after the strong decrease of the CTF part of the business. But this business is picking up again, and our budget of an increase by 10% remains valid, particularly that we are expecting a very good momentum in the structured finance activities, a recovery of part of the business in the CTF portfolio, and even the local business, where we are still considering a growth of 7%.

So there is no major questions at this stage on the first quarter performance, which is rather a stabilisation which is linked to the regaining, step-by-step, of the CTF business impacted by the change in the Nigerian oil and gas sector as well as the diversification of this portfolio, and the existing growth in the first quarter of the GIC business and the structured debt business. And this is net loan portfolio, yes.

Timothy Wambu

Yes, thank you. Maybe just a quick clarification. Thank you for the explanation, Thierry. So this is your net loan growth projection. I think that is clear.

Thierry Hebraud

Yes.

Timothy Wambu

Maybe just to take you back to my first question, and yes, I see the error in my calculation. So I guess here the question is, this line item, again, should we expect to see it on the P&L, given that you again do say this in the presentation, that it should be recognised under OCI? So I'm asking, this line moving forward, because my model has it at zero, I'm just wondering, is this something that we should continue to see on that line item?

And on the effective tax rate, yes, I understand the explanation and the changes. I was just wondering why… You seem to be very clear that your effective tax rate should be 29.5%. I'm just wondering if the 27% that I'm looking at in quarter one…

Dipak Chummun

I said approximately 29%, yes.

Timothy Wambu

Yes. So I’m just wondering, is that just for quarter one, but do you really expect it to be 29% full year 2026? Thank you.

Dipak Chummun

It’s difficult to tell exactly how much the tax rate will be because this includes overseas banking units and so on into group results. So we've estimated then when we did our budgeting exercise at the time that it will be around 29%. It could be slightly lower than that, but we'll have to see. Maybe quarter two would be a better time to evaluate, and then the mix between Segment A and Segment B and so on.

Having said that, it's fair to say, like I've already indicated, the tax charge for the bank for this quarter has increased by Rs 600 million approximately. Roughly, Rs 100 million is attributable to our business growth, and the rest is attributable to the tax regime changes.

Just to come back to that line item that you were suggesting, the fair value gains on equity instruments relating to MCB Equity Fund will remain in the P&L, but we don't expect the fluctuations to be massive.

With regards to our treatment of Visa and Mastercard, the comparison year-on-year will disappear from next year onwards. Because obviously this year, we are comparing against the results year-to-date as disclosed in the previous year accounts, and therefore the comparative will still include the numbers as we were recognising fair value gains on these shares in the P&L last year.

Timothy Wambu

Thank you. So it's safe to say that from…

Dipak Chummun

Did you get that?

Timothy Wambu

Yes. So to be very clear, from 2027, that line item should be nil. I just want to be very sure if that's what you are saying.

Dipak Chummun

No, it will not be 100% nil because we still have MCB Equity Fund, which will treat fair values in the P&L.

Timothy Wambu

Okay, thank you.

Jean Michel Ng Tseung

Previously, there were two line items which impacted our fair value gain or losses. We had, first of all, Mastercard and Visa. On that front, it won't have any further impact on fair value gains or losses recognised in the P&L because of the change in the way we treat Mastercard and Visa. And the second line item is our Equity Fund, which we also consider in the income statement. All changes in fair values are in the income statement, and that one will continue to impact the fair value gains and losses of the group.

But the fair value gain on the MCB Equity Fund will be far less volatile than the Mastercard and Visa. You will recall that year-on-year, we had quite some volatility on the Mastercard and Visa shares year-on-year, which we will not be having anymore now.

Timothy Wambu

Great. Thank you very much for that clarification. All right, thank you. So some additional questions from my end. Is there any reason why the growth in your investment securities is anaemic, is weak, while your growth in cash and cash equivalents is robust? It's very clear that you're holding a lot of your liquidity in cash. Is there any particular reason? Is it yielding any decent returns? Just to understand the thought process there.

Another question that I have is on the growth in your foreign currency liquid assets, quite robust at 43%. What is the thinking behind that? Is that you're hoping to book some gains? I don't know, is that the thinking? What is the tenure on the securities there? And maybe just lastly on what's the current feel on the ground with regards to Mauritius retaining the investment grade rating? Thank you.

Dipak Chummun

Just to answer the question on the mix of investment liquid assets in foreign currency, yes, we have seen an increase in cash and cash equivalents, simply due to somewhat of a lack of supply of government securities compared to last year. Having said that, as we build our loans and advances book, we should see, if you like, a switch between liquid assets and loans and advances over the quarters to come.

Jean Michel Ng Tseung

Maybe can I add something else to what you're saying, Dipak, concerning our foreign currency liquidity, knowing that we're comparing against quarter one of financial year 2025. Dipak mentioned earlier on that because of the change in the model of the import and export of oil products in Nigeria because of the Dangote refinery, we had seen in the course of the year a drop in our loans and advances to that particular business, and which was not fully reflected in quarter one of financial year 2025.

In quarter one of financial year 2026, this is fully reflected, and therefore the funds used to grant loans to that segment of the business in Nigeria last year was therefore not deployed this year, and therefore was converted into cash and cash equivalents. It became a liquid asset because the loans had been replaced, had been repaid, and we had therefore the cash either sitting with the banks in terms of bank placements or invested in investment securities.

But once again, it’s a question of, how would I say, this is a picture at a given point in time. This can actually move from day to day, depending on the maturity of the investment securities. So this is just a picture at a point in time, showing the split between cash and cash equivalent and investment in securities. I don't know if that answered your question, Timothy.

Timothy Wambu

Yes, it does. Now, with regards to, is it…? So obviously, it sounds as if there's an opportunity cost, right? The returns you can get on cash vis-à-vis government securities now, are you able to get some good yields on the cash, cash placements?

Jean Michel Ng Tseung

Kersley?

Kersley Gaspard

Yes. Actually, the placements that we have with the Bank of Mauritius, we get remunerated at 3% on the rupee side.

Jean Michel Ng Tseung

On the rupee side, yes, on the rupee side.

Kersley Gaspard

Yes. And maybe just to add also a clarification in terms of the growth that we are seeing in investment securities on the rupee side. There has been lower issuance of treasury bills recently. I would say in the last quarter, there has been lower issuance from the Bank of Mauritius. That's why you have seen a lower increase in investment securities. The remainder of our excess rupee liquidity is placed at the overnight deposit facility with the Bank of Mauritius, which is remunerated at 3%.

Jean Michel Ng Tseung

Yes, in Mauritius, the only place where you can invest the excess liquidity is in investment securities. And there's so much that the Bank of Mauritius has been issuing. So that's why we see a lot of excess liquidity being placed at the Bank of Mauritius, being remunerated at 3%, as Kersley just mentioned.

Timothy Wambu

Is there any reason why this is not invested in high yielding markets on the continent? When I think of the yields on offer in Nigeria and Egypt, for instance, is that something that can be considered?

Jean Michel Ng Tseung

No, when it comes to our excess rupee liquidity, as we mentioned previously, we have two balance sheets. We have a rupee balance sheet and we have a foreign currency balance sheet. So we will not use our rupee liquidity, convert it into another currency to invest in another security, because it will create, in fact, an open position which is going to be very significant.

We are regulated by the Bank of Mauritius where the net open position is actually controlled. If we were to convert a significant chunk of this excess of rupee liquidity into a foreign currency asset, it would actually create a very significant net open position and we need to abide by the Bank of Mauritius regulatory requirements on open positions.

Dipak Chummun

And I'd probably extend the same answer for the foreign currency excess liquidity. One of the things I want to highlight is that despite the fact that we lost a part of our balance sheet due to the shift in the Nigerian business last year, we've continued to grow our deposit size.

We've continued to attract foreign currency deposits into MCB because we believe in our growth story, and it's something which as part of our 2030 strategy is a high priority. So we're not shunning away the partners and our clients who want to accompany us on that journey.

Timothy Wambu

Great. I think that is very useful. Thank you for that clarification. Maybe just on the tenure that you're investing in, in your foreign currency liquid assets, are these primarily US treasuries?

Dipak Chummun

Yes, we've got a good mix, all the way from maturing in FY26 all the way to FY36.

Thierry Hebraud

US treasuries.

Dipak Chummun

Yes, US treasuries.

Timothy Wambu

All right, noted. Have you lengthened the average tenure, you think, or…?

Jean Michel Ng Tseung

A little bit. Yes, we have lengthened a little bit, yes.

Timothy Wambu

What is your average tenure, if you don't mind sharing?

Dipak Chummun

We don’t have an average tenure. If I were to do the math, fairly high level, I'd say the average tenure would be roughly about, yes…

Kersley Gaspard

It’s about two to three years.

Dipak Chummun

Between two to three years.

Kersley Gaspard

So the bulk of it is within the two-year period.

Dipak Chummun

Well, half of it is within the first two years, and half of it is beyond that. So it's probably fair to say that the average tenure would be, I’d say, about probably closer to three.

Timothy Wambu

Okay. Thank you for that. The last question was on the latest with regards to the feel on the ground with regards to the progress that's been made from the fiscal consolidation, and whether Mauritius can still retain its investment-grade rating. Thank you.

Jean Michel Ng Tseung

Okay. Yes, the government has indeed taken certain measures, which have not been very popular, concerning pension. The government announced in the budget measures that it will increase the pension entitlements gradually over the next five years. So this hasn't been a very popular measure. There's been a lot of negative comments from the public. But the government is staying on course to implement this measure, amongst others.

So, we believe that government is very conscious about the current level of debt, and they have in their last budget speech mentioned that over the next three years, the debt levels would be going down from somewhere around 89.3% to closer to 80%. They are indeed taking measures to reduce the level of indebtedness for the country. And Moody's mentioned that the measures taken by the government were credit-positive measures.

Timothy Wambu

Okay, thank you very much for that.

Operator

Ladies and Gentlemen, with no further questions in the question queue, I will hand over for closing remarks.

Jean Michel Ng Tseung

Thank you very much again for your presence, and we look forward to see you, to meet you, in February. And we are going to be in Cape Town beginning of December. And until we meet you in February, we wish you a very Merry Christmas and Happy New Year. Thank you very much.

Operator

Thank you, Sir. Ladies and Gentlemen, that concludes today's event. Thank you for joining us, and you may now disconnect your lines.