



Management Discussion and Analysis
on financial conditions and results of operation
for the six month period ended 31-March-2022

MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

The following Management Discussion and Analysis on the financial conditions and results of operation of Myanmar Citizens Bank Public Co.,Ltd should be read in conjunction with the audited financial statements for FY 2021-2022. Financial statements were prepared in accordance with Myanmar Financial Reporting Standards (MFRS). All the amounts in this MD & A are expressed in Myanmar Kyats.

CORPORATE INFORMATION

Myanmar Citizens Bank Public Co.,Ltd was incorporated as a public company limited by shares, as per notification no. 21/91 of the Ministry of Commerce (Ministry of Trade) dated 30th September 1991 and under the Special Company Act 1950 and registered under the Myanmar Companies Act 1914 on 30 October 1991. With the company registration number 149169466 MCB is a licensed commercial bank. Authorized capital of 75 Billion Kyats and paid-up capital is 52 Billion Kyats and registered office at No.383, Mahar Bandoola Road, Kyauktada Township, Yangon Region, Myanmar.

Myanmar Citizens Bank Public Co.,Ltd Summarized Statement of Profit or Loss

In Millions

Details	For the six month period		Increase/(Decrease)	
	31-03-2022 (Audited)	31-3-2021 (Review Audited)	Amount	%
Interest Income	22,887.85	22,837.53	50.32	0.22%
Interest Expense	(13,079.51)	(17,228.40)	(4,148.89)	-24%
Net Interest Income	9,808.34	5,609.13	4,199.21	75%
Other Operating Income	2,552.25	1,607.38	944.87	59%
Total Operating Income	12,360.59	7,216.50	5,144.09	71%
Total Operating Expense	(6,018.85)	(5,666.04)	352.81	6%
Profit before Income Tax	6,341.74	1,550.46	4,791.28	309%

Myanmar Citizens Bank Public Co.,Ltd
Summarized Statement of Financial Position

In Millions

Assets	Balance Sheet as at		Increase/ (Decrease)	
	31-3-2022 (Audited)	31-3-2021 (Review Audited)	Amount	%
Cash in Hand & at Bank	131,745.36	94,136.23	37,609.13	40%
Loans & Advances	215,373.79	321,541.82	(106,168.03)	-33%
Investment	234,831.13	174,633.58	60,197.55	34%
Property & Equipment	16,716.80	18,022.54	(1,305.74)	-7%
Intangible Assets	3,951.78	3,827.07	124.71	3%
Other Assets	23,032.13	19,323.48	3,708.65	19%
Total Assets	625,650.99	631,484.71	(5,833.72)	-1%
Liabilities				
Deposit from Customer	494,617.78	539,025.91	(44,408.13)	-8%
Other Liabilities	25,662.47	26,480.20	(817.73)	-3%
Borrowings	34,315.40	-	34,315.4	100%
Total Liabilities	554,595.65	565,506.11	(10,910.46)	-2%
Equity				
Share Capital	57,124.66	57,124.66	-	0%
Reserves	14,543.90	13,325.50	1,218.4	9%
Retained earnings	(613.22)	(4,471.56)	3,858.34	86%
Total Equity	71,055.34	65,978.61	5,076.73	8%
Total Liabilities & Equity	625,650.99	631,484.71	(5,833.72)	-1%

BUSINESS PERFORMANCE AND GROWTH

Review period covers the time zone, when public had partially lost their confidence on banking system because there was restriction on cash withdrawals/movements. Also, the Bank had to focus maintaining sufficient liquidity and consolidation of the loan portfolio. On account of difficult business environment, loans and deposits figures decreased during the review period compared to previous period. However, both loans and deposits bounced back towards upward growth on the last months of the review period compared to previous months of the same fiscal year. .

The bank had embarked on a transformation journey to become one of the leading banks in the country with investment in our people, products, processes, infrastructure and systems. This transformation brought in additional investments and expenditure which was unavoidable, but the initial results expected over the coming two years.

Net Interest Margin- Interest income is increased by 0.22% and interest expense is significantly reduced by 24% in comparison to the corresponding period of the last financial year. Net interest income is increased by 75% due to the reduction of interest expenses. Interest income is maintained by investing more in Treasury bonds and bills and recovering of non-performing loans. Interest expense reduced due to the reduction of deposit base and reduction of higher interest bearing deposit (Term deposit). The deposit mix also had an effect on the interest expense since major portion of the deposits were made up of lower interest bearing deposits of Current, Call and savings deposits.

Fees and Commission Income - Other Operating income is increased significantly by 59% in the six month period 2021-2022 FY compared to the previous year. There have been growth of service charges income from credit and other banking services and Treasury Forex trading income.

Operating Expenses - The operating expense is increased marginally by 6% due to hiring of new management and other HR related expenses.

Business Size - The size of bank slightly decreased by 1% in terms of balance sheet compared with the previous period. Cash in hand & at bank increased by 40%, Loans & advances decreased by 33%, treasury investments increased by 34% and total deposits decreased by 8% respectively. Higher profit in FY 2020-2021 and FY 2021-2022 increased reserve and retained earnings 9% and 86%.

Regulatory Compliance

We are fully aware that our responsibility as a bank, entrusted with the fiduciary duty of accepting and deploying public funds in a safe manner. We undertake to leverage such funds in a prudent manner by creating loans and advances which is essential for the development of the country. As a bank we consider earning the trust of our customers a vital component for sustainable business and one key aspect with earning trust is to be a bank which is fully

compliant with regulations and laws of the country. The bank is proud to state that we are in full compliance with the regulations and directives stipulated by Central Bank of Myanmar (CBM).

The bank was able to maintain sufficient buffers over the minimum standards stipulated by CBM, which demonstrates a bank which is profitable, liquid, solvent and sufficiently capitalized and have a leeway to grow in the future.

Statutory Ratio	Required	MCB ratio as at 31st March 2022
Reserve Ratio	Minimum 3% (MMK) Minimum 5% (FCY)	10.43% (MMK) 8.67% (FCY)
Liquidity Ratio	Above 20%	67.58%
Capital Adequacy- Tier I	Minimum 4%	20.65%
Capital Adequacy- Total	Minimum 8%	21.90%

Future outlook:

Now the business environment is heading towards new normal. Public confidence is gradually restored. MCB has higher liquidity and capital buffer and also being stronger with internal strengths such as people process and system. In summary, MCB has high potential to grow business in coming days.