



Management Discussion and Analysis
on financial conditions and results of operation
for the six month period of 30-September-2023

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 Interim Condensed financial statements for the periods (1 April 2023 - 30 September 2023) and (1 April 2022 - 30 September 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. This management discussion and analysis is based on the comparison between the six month period (April 2022 to September 2022) and the six month period (April 2023 to 30 September 2023).

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 and listed at YSX on 26 August 2016 with 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

MMK in Millions

Details	For the Period Ended		Increase/(Decrease)	
	30-09-2023 (Six Month) (Review Audited)	30-09-2022 (Six Month) (Review Audited)	Amount	%
Interest Income	24,183.42	22,257.08	1,926.33	9%
Interest Expense	(18,181.14)	(14,679.65)	(3,501.50)	24%
Net Interest Income	6,002.27	7,577.44	(1,575.16)	-21%
Other Operating Income	4,331.86	(1,947.84)	6,279.70	322%
Total Operating Income	10,334.13	5,629.60	4,704.54	84%
Total Operating Expense	(11,009.91)	(8,367.50)	(2,642.41)	32%
Profit before Income Tax	(675.78)	(2,737.91)	2,062.13	75%

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

MMK in Millions

Details	For the Period Ended		Increase/(Decrease)	
	30-09-2023 (Review Audited)	30-09-2022 (Review Audited)	Amount	%
Assets				
Cash in Hand & at Bank	157,718.26	66,188.86	91,529.40	138%
Loans & Advances	425,655.41	248,533.55	177,121.86	71%
Investment	144,458.87	243,998.06	(99,539.19)	-41%
Property & Equipment	17,961.24	16,363.18	1,598.06	10%
Intangible Assets	3,736.33	3,848.65	(112.32)	-3%
Other Assets	48,126.20	25,983.57	22,142.62	85%
Total Assets	797,656.31	604,915.87	192,740.44	32%
Liabilities				
Deposit from Customer	644,511.50	452,303.45	192,208.06	42%
Other Liabilities	53,226.08	24,964.59	28,261.49	113%
Borrowings	28,093.00	59,330.40	(31,237.40)	-53%
Total Liabilities	725,830.58	536,598.44	189,232.14	35%
Equity				
Share Capital	57,124.66	57,124.66	(0.00)	0%
Reserves	14,906.81	14,543.90	362.91	2%
Retained earnings	(205.74)	(3,351.13)	3,145.39	94%
Total Equity	71,825.73	68,317.44	3,508.29	5%
Total Liabilities & Equity	797,656.31	604,915.87	192,740.44	32%

BUSINESS PERFORMANCE AND GROWTH

Continuing its growth momentum additionally contributed by branch expansion, Myanmar Citizens Bank posted significant growth by 71% in Loans & Advance. Also, the Bank had to focus maintaining sufficient liquidity and consolidation of the loan portfolio and other related banking services. We have been facing some challenges as well as increasing expenses, the bank is still making loss but improved compared to previous period. However, loans and deposits figures increased during the review period compared to previous period in line with MCB's strategy to grow business size.

The bank had embarked on a transformation journey to become one of the customers' preferred banks in the country with investment in our people, processes, infrastructure,

systems, risk and compliance. 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 9% and interest expense is increased by 24% in comparison to the previous six months period in last financial year. Net interest income is decreased by 21% with higher interest expenses growth and lower interests income growth. The increase in interest income is mainly due to recovering of non-performing loans and new loans. Interest expenses are higher increased due to sharply increase of cost of funds, increasing of deposit base and higher interest-bearing deposit (Term deposit).

Fees, Commission and Other Income - Other Operating income is increased by 322% in the period of 30th September 2023 compared to the period of 30th September 2022. The increase is due to the revaluation loss for exchange rate changes in previous period and higher fees and commission income than compared previous six months.

Operating Expenses - The operating expense is increased because of general inflation, increase of number of branches, new recruitment and other operating expenses.

Business Size - The size of bank increased by 32% in terms of balance sheet compared with the previous period. Cash in hand & at bank increased by 138%, Loans & advances increased by 71%, treasury investments decreased by 41% and total deposits increased by 42% respectively.

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 mobilize 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 is 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 30th Sept 2023
Reserve Ratio	Minimum 3.5% (MMK) Minimum 5% (FCY)	5.18% (MMK) 12.74% (FCY)
Liquidity Ratio	Above 20%	39.45%
Capital Adequacy- Tier I	Minimum 4%	9.90%
Capital Adequacy- Total	Minimum 8%	11.27%

Future outlook:

Now the business environment is heading towards new normal and public confidence is gradually restored. Higher liquidity and capital buffer of the Bank is gradually utilized in business and also developing people process and system in the Bank. In summary, MCB has high potential to grow business in coming days.