



**Management Discussion and Analysis
on financial conditions and results of operation
for the year ended 31-March-2024**

MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

This Management's Discussion and Analysis (MD&A) is presented to enable readers to assess changes in the financial condition and operating results of MCB bank ("Myanmar Citizens Bank Public Co., Ltd) for the year ended March 31st, 2024, compared with the corresponding period in the prior year. This MD&A should be read in conjunction with the audited Financial Statements for FY23-24. All the numbers are expressed in MMK (Myanmar Kyat) and the audited Financial Statements were prepared in accordance with Myanmar Financial Reporting Standard (MFRS).

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 with YSX (Yangon Stock Exchange) on 26 August 2016. Our Authorized capital is 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 Comprehensive Income

MMK In Millions

Details	For the period ended		Increase/(Decrease)	
	31-03-2024 (Audited)	31-3-2023 (Audited)	Amount	%
Interest Income	59,508.12	43,630.49	15,877.63	36%
Interest Expense	(43,353.26)	(29,099.35)	(14,253.91)	49%
Net Interest Income	16,154.86	14,531.14	1,623.72	11%
Other Operating Income	10,798.19	1,494.63	9,303.56	622%
Total Operating Income	26,953.05	16,025.77	10,927.28	68%
Total Operating Expense	(26,045.35)	(15,301.58)	(10,743.77)	70%
Profit before Income Tax	907.70	724.19	183.51	25%
Profit after Income Tax	757.58	1,451.63	(694.05)	-48%

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

MMK In Millions

Assets	Balance Sheet as at		Increase/ (Decrease)	
	31-03-2024 (Audited)	31-3-2023 (Audited)	Amount	%
Cash in Hand & at Bank	174,700.42	112,129.92	62,570.50	56%
Loans & Advances	620,836.96	363,958.94	256,878.02	71%
Investment	113,479.27	133,998.84	(20,519.57)	-15%
Property & Equipment	18,636.54	17,455.89	1,180.65	7%
Intangible Assets	3,526.92	4,003.98	(477.06)	-12%
Other Assets	50,332.25	20,306.80	30,025.45	148%
	981,512.36	651,854.37	329,657.99	51%
Liabilities				
Deposit from Customer	772,250.03	524,804.24	247,445.79	47%
Other Liabilities	70,612.41	24,768.31	45,844.10	185%
Borrowings	65,385.36	29,774.85	35,610.51	120%
Total Liabilities	908,247.80	579,347.40	328,900.40	57%
Equity				
Share Capital	57,124.66	57,124.66	0	0%
Reserves	15,096.21	14,906.81	189.40	1%
Retained earnings	1,043.69	475.50	568.19	119%
Total Equity	73,264.56	72,506.97	757.59	1%
Total Liabilities & Equity	981,512.36	651,854.37	329657.99	51%

BUSINESS PERFORMANCE AND GROWTH

During this financial year, bank has embarked a transformation journey to enhance and achieve one of the “**Customers’ Preferred Bank**” in the country. Taking the strategy plan into consideration, **People Development, Digital Transformation, Branch Expansion, Innovation of New Products** and **Financial Profitability** are defined as five major growth drivers. Accordingly, FY 2023-24 is the investment in human capital & Infrastructure, process workflows which are compliance with regulatory requirement and proper risk assessment. MCB has embedded in performance culture, guided by the motto of “Service Excellency”, endeavor to recognize in Branding and diversification of revenue stream that are the strengthening of growth drivers for enabling the achievement of business targets and strategic goals.

Continuing in progress with momentum, Myanmar Citizens Bank achieved growth by 71% in Loans & Advances and 47% increment in Deposit. Also, the Bank had to focus maintaining asset quality, improving of Non-performing loan (NPL) ratio, alliance business partner by introducing of life insurance and providing the other related banking services. By managing and monitoring of Assets and Liabilities to earn adequate return, effective utilization of idle fund to improve in earning asset ratio, controlling over cost to income ratio that resulted making profit after tax was 757 million in this FY23-24. Due to having challenges and facing difficulties as well as inflation that was impacted in profitability of the bank has reduced compared to previous year.

Net Interest Margin: Interest income is increased by 36%, caused by increased volume in loan portfolio and recovering of non-performing loans. Interest expense is higher by 49% as result of increment of Deposit volume, high interest-bearing deposit (Term Deposit) and offering of competitive interest rate. Despite higher growth % in interest expense compared to interest income; net interest income is reached to 11% higher than last year.

Fees and Commission and Other Income: Other Operating income is increased by 622% in comparison to the last financial year. The reason for the increment is mainly contributed by signing bonus and commission income in bancassurance businesses, life and non-life and favorable revaluation gain which was “Revaluation loss” in previous year.

Operating Expenses: The operating expense is increased due to inflation impacts in day-to-day operation of bank by rising of utilities, rental cost, travel expenses and escalating of wages rate and additional hiring of Head count and expansion of new branches.

Business Size - The overall size of bank increased by 51% in terms of balance sheet compared with the previous period. Cash in hand & at bank increased by 56%, Loans & advances increased by 71%, treasury investments decreased by 15%, other assets increased by 148% and total deposits increased by 47% 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 leverage such funds in a prudent manner by extending loans and advances which is essential for the development of the country. As a bank we consider building the trust of our customers which is 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 2024
Reserve Ratio	Minimum 3% (MMK) Minimum 5% (FCY)	13.41% (MMK) 5.31% (FCY)
Liquidity Ratio	Above 20%	25.23%
Capital Adequacy- Tier I	Minimum 4%	7.04%
Capital Adequacy- Total	Minimum 8%	8.29%

Future Outlook

Increasing inflation, devaluation of domestic currency and classifying country as high risk by Financial Action Task Force (FATF) are the key challenges observed in Myanmar banking. On account of increasing inflation rate, credit demand becomes higher and deposit becomes scarce, thus gap of demand and supply of credit and deposit is likely to be further widened. We believe, the government and Central Bank has been endeavoring to minimize those impacts through policies and directives and overcome the challenging situation.

Myanmar Banking is currently following BASEL-I accord and further upgradation of BASEL accord may require additional capital in banking. However, change in BASEL accord may not happen in short term. Higher inflation rate has resulted increased in cost of funds and scarce of deposits in banking system. The current situation may be continued in short term and expect to improve in mid-term.

Migration of work force from one job market to another market is global phenomenon. Impact of migration of young work force in Myanmar is deeper and has resulted short supply of human resources in the Banking.

Notwithstanding these headwinds, MCB is well-positioned to overcome the challenges and deliver superior performance. Our businesses will continue to grow, deliver high-quality service and innovative financial products to our customers to help navigate the challenging environment. Hence, in summary MCB has an opportunity and high potential to grow in the upcoming future.