



**Management Discussion and Analysis**  
**on Financial Conditions and Results of operation**  
**for the period of 30-September-2024**

## MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

This Management's Discussion and Analysis (MD&A) provides an overview of the financial performance and condition of Myanmar Citizens Bank Public Co., Ltd. (MCB Bank) for the six-month period ending September 30, 2024. The information herein should be read in conjunction with the Interim Condensed Financial Statements for FY 2024-25, which include comparative figures from the corresponding period in the prior year. All figures presented in this MD&A are denominated in Myanmar Kyat (MMK). The audited financial statements were prepared in accordance with Myanmar Financial Reporting Standards (MFRS).

## CORPORATE INFORMATION

Myanmar Citizens Bank Public Co., Ltd. (MCB) was incorporated as a public company limited by shares in accordance with Notification No. 21/91 of the Ministry of Commerce (formerly Ministry of Trade), dated September 30, 1991, and under the Special Company Act of 1950. It was duly registered under the Myanmar Companies Act of 1914 on October 30, 1991, with the company registration number 149169466. MCB is a licensed commercial bank and became publicly listed on the Yangon Stock Exchange (YSX) on August 26, 2016. The bank's paid-up capital of 52 billion Kyats. The bank's registered office is located 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)	
	30-09-2024 (Review Audited)	30-09-2023 (Review Audited)	Amount	%
Interest Income	38,559.27	24,183.41	14,375.86	59%
Interest Expense	(27,570.06)	(18,181.14)	(9,388.92)	52%
<b>Net Interest Income</b>	<b>10,989.21</b>	<b>6,002.27</b>	<b>4,986.94</b>	83%
Other Operating Income	4,462.78	4,331.86	130.92	3%
<b>Total Operating Income</b>	<b>15,451.99</b>	<b>10,334.13</b>	<b>5,117.86</b>	50%
<b>Total Operating Expense</b>	<b>(13,489.29)</b>	<b>(11,009.91)</b>	<b>(2,479.38)</b>	23%
<b>Profit before Income Tax</b>	<b>1,962.70</b>	<b>(675.78)</b>	<b>2,638.48</b>	390%
<b>Profit after Income Tax</b>	<b>1,504.28</b>	<b>(681.24)</b>	<b>2,185.52</b>	321%

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

MMK in Millions

Assets	Balance Sheet as at		Increase/(Decrease)	
	30-09-2024 (Review Audited)	30-09-2023 (Review Audited)	Amount	%
Cash in Hand & at Bank	204,455.57	157,718.26	46,737.30	30%
Loans & Advances	641,922.02	425,655.41	216,266.61	51%
Investment	103,580.66	144,458.87	(40,878.21)	-28%
Property & Equipment	19,834.03	17,961.24	1,872.79	10%
Intangible Assets	3,296.22	3,736.33	(440.10)	-12%
Other Assets	54,160.32	48,126.20	6,034.12	13%
<b>Total Assets</b>	<b>1,027,248.82</b>	<b>797,656.31</b>	<b>229,592.51</b>	<b>29%</b>
<b>Liabilities</b>				
Deposit from Customer	852,829.65	644,511.50	208,318.15	32%
Other Liabilities	59,316.48	53,226.08	6,090.40	11%
Borrowings	40,333.86	28,093.00	12,240.86	44%
<b>Total Liabilities</b>	<b>952,479.99</b>	<b>725,830.58</b>	<b>226,649.41</b>	<b>31%</b>
<b>Equity</b>				
Share Capital	57,124.66	57,124.66	-	0%
Reserves	15,472.27	14,906.81	565.46	4%
Retained earnings	2,171.90	(205.74)	2,377.64	1156%
<b>Total Equity</b>	<b>74,768.83</b>	<b>71,825.73</b>	<b>2,943.10</b>	<b>4%</b>
<b>Total Liabilities &amp; Equity</b>	<b>1,027,248.82</b>	<b>797,656.31</b>	<b>229,592.51</b>	<b>29%</b>

## BUSINESS PERFORMANCE AND GROWTH

During the financial year, Myanmar Citizens Bank (MCB) has embarked on a transformation journey aimed at becoming the bank of choice for customers in Myanmar. In line with the strategic plan, five key growth drivers have been identified: People Development, Digital Transformation, Branch Expansion, Product Innovation, and Financial Profitability.

Over the past six months, significant progress has been made in these areas. The Learning and Development (L&D) department has conducted both internal and external training sessions to enhance employee skills. Additionally, new branches have been opened, and the launch of the Visa Credit Card represents a significant product innovation.

In FY24–25, MCB is focused on investing in human capital, infrastructure, and process workflows, all while ensuring compliance with regulatory requirements and conducting proper risk assessments. The bank continues to foster a performance-driven culture, guided by the motto of “Service Excellence.” MCB is committed to strengthening its branding and diversifying its revenue streams, which are crucial for achieving business targets and realizing its strategic goals.

Building on strong momentum, Myanmar Citizens Bank (MCB) achieved a 51% growth in Loans & Advances and a 32% increase in Deposits. The bank also focused on maintaining asset quality, improving the Non-Performing Loan (NPL) ratio, and expanding its alliance with business partners, offering other related banking services such as bancassurance.

Through effective management and monitoring of assets and liabilities, MCB ensured an adequate return, while optimizing idle funds to improve the earning asset ratio. Additionally, controlling the cost-to-income ratio contributed to a profit after tax of 1,504 million Kyats during the six-month review period.

**Net Interest Margin:** Interest income increased by 59%, driven by the growth in the loan portfolio and the recovery of non-performing loans. Interest expense rose by 52%, primarily due to the higher volume of deposits, an increase in high interest-bearing deposits (such as Term Deposits), and the offering of competitive interest rates. Despite the increase in interest expense, the growth in interest income outpaced the rise in expenses, resulting in a significant 83% increase in net interest income compared to the previous year.

**Fees and Commission and Other Income:** Other Operating income is slightly increased by 3% in comparison to the last financial year due to increase in foreign currency transaction gain.

**Operating Expenses:** Operating expenses increased by 23%, primarily due to the impact of inflation on the bank’s day-to-day operations. This includes rising costs for utilities, rental expenses, travel, and higher wages.

**Business Size** - The overall size of the bank's balance sheet increased by 29% compared to the previous period. Notable changes include a 30% increase in cash in hand and at the bank, a 51% rise in loans and advances, and a 28% decrease in treasury investments. Other assets grew by 13%, while total deposits saw a 32% increase.

### Regulatory Compliance

As a bank entrusted with the fiduciary duty of accepting and managing public funds, we fully recognize our responsibility to ensure these funds are deployed safely and prudently. We are committed to using these resources wisely by extending loans and advances that are crucial for the country's development.

Building and maintaining the trust of our customers is essential for our long-term sustainability. A key element of earning this trust is our commitment to being fully compliant with the regulations and laws of Myanmar. We are proud to confirm that we adhere to all regulations and directives set forth by the 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.

<b>Statutory Ratio</b>	<b>Required</b>	<b>MCB ratio as at 30<sup>th</sup> September 2024</b>
Reserve Ratio	Minimum 3% (MMK) Minimum 5% (FCY)	3.23% (MMK) 5 % (FCY)
Liquidity Ratio	Above 20%	30.26%
Capital Adequacy- Tier I	Minimum 4%	8.15%
Capital Adequacy- Total	Minimum 8%	9.72%

## Future Outlook

The banking sector in Myanmar faces several key challenges, including rising inflation, the devaluation of the domestic currency, and the classification of the country as high risk by the Financial Action Task Force (FATF). Due to the increasing inflation rate, credit demand has risen while deposits have become scarcer, further widening the gap between the supply and demand for credit and deposits.

To address this gap, the Central Bank of Myanmar (CBM) has issued additional directives concerning interest rates on loan and deposits. We believe that the government and the CBM are making concerted efforts to mitigate these challenges through policy adjustments and directives to overcome the current situation. Currently, Myanmar's banking sector adheres to MFRS, and any future upgrades to the IFRS adoption in FY 2027–2028.

The high inflation rate has led to an increase in overhead cost and a scarcity of deposits within the banking system that effect offering high interest rate This situation is expected to persist in the short term but is anticipated to improve in the mid-term.

Despite these challenges, MCB is well-positioned to overcome the obstacles and achieve superior performance. We remain focused on growing our business, delivering high-quality services, and offering innovative financial products to help our customers navigate the current environment. In summary, MCB sees significant opportunities and strong potential for growth in the future.