

Corporate Governance Report

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Company Name : Myanmar Citizens Bank

Company Representative: Daw Cho Cho Aye (Deputy Chief Executive Officer & Company Secretary)

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URL : www.mcb.com.mm

Code : 00003

I . Fundamental Views on Corporate Governance and Other Key Information

1. Corporate Attributes

| | |
|--|---|
| Fiscal Year-End | 31-March-2024 |
| Sector Classification | Financial Institution/ Banking |
| Number of Employees (consolidated) as of the End of the Previous Fiscal Year | 1110 |
| Revenue, Profit after Tax, Total Assets and Net Assets (consolidated) for the Previous Fiscal Year | Revenue: 26.95 billion MMK Net Profit: 757.58 million MMK Total Assets: 981.51 billion MMK Net Assets: 73.26 billion MMK |
| Number of Consolidated Subsidiaries and Associated Companies as of the End of the Previous Fiscal Year | None |

2. Fundamental Views on Corporate Governance



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Myanmar Citizens Bank is committed to a "Zero Tolerance Policy" regarding Compliance and Governance matters in all business and operational activities. The bank's policies, organizational structure, and processes are meticulously designed to uphold the highest standards of corporate governance, ensuring full adherence to ethical business practices, integrity, and sound banking principles at all times. The Board of Directors bears the responsibility to enforce strict corporate governance, contributing to the continuous enhancement of governance practices across the bank. To support this framework, various committees have been established under the Board of Directors, each with well-defined Terms of Reference (TOR). These TORs outline the specific rights and responsibilities of each committee, ensuring the effective implementation of governance standards throughout the bank.

3. Status of Major Shareholders (as of the End of FY 2023-2024)

| | Name | Attributes (director, employee, institutional investor, etc.) | Nationality | Number of shares held | Shareholding ratio (%) |
|---|--|---|-------------|-----------------------|------------------------|
| 1 | CAPITAL FINANCIAL HOLDING LTD | Institutional investor | MYANMAR | 2,323,603 | 22.3% |
| 2 | CAPITAL DIAMOND STAR GROUP LTD | Institutional investor | MYANMAR | 1,567,469 | 15.1% |
| 3 | DIAMOND STAR CO., LTD | Institutional investor | MYANMAR | 927,263 | 8.9% |
| 4 | SHWE ME CO., LTD | Institutional investor | MYANMAR | 836,248 | 8.0% |
| 5 | GOOD BROTHERS CO., LTD | Institutional investor | MYANMAR | 587,733 | 5.7% |
| 6 | MINISTRY OF COMMERCE (MINISTER'S OFFICE) | Government | MYANMAR | 498,214 | 4.8% |
| 7 | GOOD BROTHER MACHINERIES CO., LTD | Institutional investor | MYANMAR | 422,200 | 4.1% |
| 8 | JDS CO., LTD | Institutional investor | MYANMAR | 401,392 | 3.9% |
| 9 | PAC LINK TRADING LTD | Institutional investor | MYANMAR | 383,393 | 3.7% |

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|----|---|------------------------|---------|---------|------|
| 10 | STAR UNION INVESTMENT LTD | Institutional investor | MYANMAR | 368,068 | 3.5% |
| 11 | DEPARTMENT OF CONSUMER AFFAIRS (MOC) | Government | MYANMAR | 309,922 | 3.0% |
| 12 | DEPARTMENT OF TRADE (MOC) | Government | MYANMAR | 273,890 | 2.6% |
| 13 | FARMER PHOYARZAR CO., LTD | Institutional investor | MYANMAR | 266,767 | 2.6% |
| 14 | YOUNG INVESTMENT GROUP CO., LTD | Institutional investor | MYANMAR | 218,000 | 2.1% |
| 15 | VSK INTERNATIONAL CO., LTD | Institutional investor | MYANMAR | 206,546 | 2.0% |
| 16 | AHTAR OO CO., LTD. | Institutional investor | MYANMAR | 61,460 | 0.6% |
| 17 | PRO 1 (MYANMAR) CO., LTD. | Institutional investor | MYANMAR | 60,000 | 0.6% |
| 18 | TUN THAW TAR TRADING CO., LTD. | Institutional investor | MYANMAR | 57,150 | 0.5% |
| 19 | FARMER PHOYARZAR GEMS CO., LTD. | Institutional investor | MYANMAR | 40,000 | 0.4% |
| 20 | FARMER PHOYARZAR MINING CO., LTD. | Institutional investor | MYANMAR | 40,000 | 0.4% |
| 21 | FARMER PHOYARZAR CONSTRUCTION COMPANY LIMITED | Institutional investor | MYANMAR | 40,000 | 0.4% |

(Note) Total issued shares: 10,400,986 shares

4. Policy on Foreigner Ownership

| | |
|---|------|
| Foreign Shareholding Ratio (As of the End of the Previous Fiscal Year) | None |
| Foreign Shareholding Limit Determined by the Company | None |
| Reasons for setting the above Foreign Shareholding Limit and a future policy on foreigner ownership | None |

5. Policy on Dividends

The Bank may declare dividends in the Annual General Meeting but no dividend shall exceed the amount recommended by the Board nor be paid to any person other than the registered holder of shares.

The Board may from time to time pay to the members such interim dividends as in their judgement the position of the Bank justifies by the profits of the Bank.

No dividend shall be payable otherwise than out of the profits of the year or any other undistributed profits.

The Board may, before recommending any dividend, set aside out of the profits of the Bank such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies or for equalizing dividends, or for any other purpose to which the profits of the Bank may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Bank or be invested, in such investments (other than shares of the Bank) as the Directors may from time to time think fit. The Directors may recommend, and the annual general meeting may approve the issue pari passu of “bonus” shares out of such reserve to the members on the register at the date of the meeting.

Any one of several persons who are registered as the joint holders of any shares may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of registered shares in manner hereinafter provided.

Subject to sections 107 and 109 of the Myanmar Companies Law, the Board may determine that a dividend (including an interim dividend) is payable and may fix the amount, timing and method of payment of the dividend.

The Bank shall comply with the existing Laws, Rules, Regulations, Notifications, Orders, Directives and procedures with the permission of the Central Bank of Myanmar regarding the distribution of dividends on shares to members of the Bank.

The determination of a dividend does not cause the Bank to incur a debt and the determination may be revoked at any time before payment. A debt only arises when the time fixed for payments arrives.

The Bank may not pay a dividend unless:

1. the Bank will, immediately after the payment of the dividend, satisfy the solvency test;
2. the making of the dividend is fair and reasonable to the Bank’s members as a whole; and
3. the payment of the dividend does not materially prejudice the Bank’s ability to pay its creditors.

If, after a dividend is determined and before it is paid, the Board ceases to be satisfied that the requirements of the above sub-section (a) will be met, the dividend may not be paid and if such dividend

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is paid by the Bank, it shall be deemed not to have been authorized.

The Bank may, subject to its constitution, issue shares to any members who have agreed to accept the issue of shares, wholly or partly, in lieu of a proposed dividend, provided that:

- (i) the right to receive shares, wholly or partly, in lieu of the proposed dividend has been offered to all members of the same class on the same terms;
- (ii) all members agreeing to receive shares relative voting rights and distribution rights would be maintained;
- (iii) the offer must remain open for acceptance for a period of at least 21 days;
- (iv) the shares issued to each member are issued on the same terms and subject to the same rights as the shares issued to all members in that class who agree to receive the shares; and
- (v) the provisions of section 63 and section 71 of the Myanmar Companies Law have, insofar as applicable, been complied with.

Subject to this Constitution, the Law and the rights and restrictions attached to or imposed on any class of Shares, dividends are to be apportioned and paid among the Members in proportion to the number of Shares held by them.

Dividends Pay-out in each Fiscal Year

| Fiscal Year | Profit Before Tax (Million Kyats) | Income Tax (Million Kyats) | Dividend (%) | Dividend Paid-out (Million Kyats) |
|--------------|--------------------------------------|-------------------------------|--------------|--------------------------------------|
| FY 1992-1993 | 2.66 | 0.79 | - | |
| FY 1993-1994 | 22.97 | 6.89 | 18% | 11.92 |
| FY 1994-1995 | 34.21 | 9.98 | 21% | 15.60 |
| FY 1995-1996 | 52.70 | 15.18 | 23% | 20.39 |
| FY 1996-1997 | 82.92 | 23.67 | 25% | 25.51 |
| FY 1997-1998 | 109.95 | 32.98 | 25% | 27.50 |
| FY 1998-1999 | 126.91 | 38.50 | 25% | 27.50 |
| FY 1999-2000 | 86.13 | 27.50 | 25% | 27.50 |
| FY 2000-2001 | 108.56 | 34.00 | 25% | 27.50 |
| FY 2001-2002 | 92.03 | 29.00 | 25% | 27.50 |
| FY 2002-2003 | 106.21 | 33.00 | 25% | 33.75 |
| FY 2003-2004 | 144.00 | 44.00 | 25% | 40.00 |
| FY 2004-2005 | 85.23 | 26.50 | 20% | 40.00 |
| FY 2005-2006 | 156.31 | 46.50 | 25% | 55.00 |
| FY 2006-2007 | 222.72 | 68.00 | 25% | 80.76 |

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|--------------|---------|----------|---------------|---------|
| FY 2007-2008 | 301.01 | 90.50 | 22% | 140.55 |
| FY 2008-2009 | 518.34 | 157.50 | 25% | 221.51 |
| FY 2009-2010 | 707.44 | 210.00 | 16% | 324.62 |
| FY 2010-2011 | 1095.94 | 315.00 | 17% | 556.18 |
| FY 2011-2012 | 1456.49 | 390.00 | 13% | 622.01 |
| FY 2012-2013 | 2399.30 | 594.60 | 13%, 1.2% | 954.81 |
| FY 2013-2014 | 3350.58 | 837.64 | 13%, 7.75% | 1536.55 |
| FY 2014-2015 | 5107.07 | 1281.40 | 13%, 9%, 2.8% | 2269.93 |
| FY 2015-2016 | 7095.65 | 1773.82 | 13%, 8.3% | 3397.38 |
| FY 2016-2017 | 7817.64 | 1954.38 | 6% | 3120.30 |
| FY 2017-2018 | 3958.10 | 786.73 | 4% | 2080.20 |
| FY 2018-2019 | 9265.23 | 20240.59 | 8% | 4160.39 |

II. Status of Corporate Governance Systems

1. Composition of Corporate Governance Structure

(1) Corporate governance is the framework of rules, practices, and processes through which a bank is directed and controlled, ensuring transparency, accountability, and the alignment of its operations with the interests of stakeholders. At Myanmar Citizens Bank (MCB), we uphold the highest standards of corporate governance, with our Board of Directors, executive management, and staff committed to ethical conduct and regulatory compliance. Our governance structure provides strategic oversight, promotes prudent resource management, and ensures that decisions are made in the best interests of shareholders, customers, and other stakeholders.

The Board of Directors, composed of a diverse and experienced team, plays a critical role in guiding the bank's strategic direction, overseeing risk management, and ensuring adherence to applicable laws. Their efforts support MCB's mission and vision while fostering a culture of accountability and transparency. These governance practices underpin the bank's ability to adapt to changing market conditions and regulatory environments, safeguard its reputation, and maintain investor trust.

By adhering to robust corporate governance principles, MCB has strengthened its position as a reliable financial institution and continues to deliver exceptional value to all stakeholders. This commitment is central to the bank's sustained success and its role in navigating an ever-evolving financial landscape.

In FY 2023-24, MCB BOD Committees are composed as below;

1. Board Credit Committee (BCC)
2. Board Audit Committee (BAC)

3. Board Integrated Risk and Compliance Committee (BIRCC)
4. Remuneration and Nomination Committee (RNC)
5. IT Steering Committee (ITSC)

The Roles and Responsibilities of the Board Committees

Board Audit Committee (BAC)

The Board Audit Committee provides structured and systematic oversight of the organization's governance, risk management, and internal control practices. It supports the Board and management by delivering findings, observations, and recommendations on the adequacy and effectiveness of the organization's control measures. Additionally, the BAC oversees financial reporting and external audit processes, ensuring the integrity and reliability of the organization's financial reports.

Board Integrated Risk Management and Compliance Committee (BIRCC)

The Board Integrated Risk Management and Compliance Committee oversees the development, implementation, and effectiveness of the organization's risk management framework. It ensures that all transactions are conducted with a thorough assessment of associated risks and appropriate mitigation measures. The BIRCC also evaluates business outcomes from a risk perspective and implements corrective actions where necessary.

In addition, the BIRCC ensures compliance with regulatory requirements, internal policies, and industry standards. It monitors adherence to legal and regulatory frameworks, identifies potential compliance risks, and recommends measures to mitigate such risks. The committee also reviews reports on compliance performance and ensures that the organization maintains ethical and lawful operations.

Board Credit Committee (BCC)

The Board Credit Committee is responsible for supervising the Bank's credit and lending policies, strategies, and objectives. Its key responsibilities include:

1. Overseeing credit risk management processes.
2. Reviewing and approving credit-related products.
3. Monitoring the quality and performance of the Bank's credit portfolio.
4. Making decisions on credit proposals.

Remuneration and Nomination Committee (RNC)

The Remuneration and Nomination Committee reviews and approves policies related to employee remuneration, benefits, and workforce requirements, including expatriates and senior management. The RNC evaluates and aligns HR practices with market standards and the Bank's long-term vision, fostering a professional culture among employees and promoting strategic talent management.

Information Technology Steering Committee (ITSC)

The Information Technology Steering Committee defines the Bank's IT strategies and policies to support its long-term development. The committee evaluates the Bank's technical capabilities, prioritizes IT initiatives, and oversees the Core Banking system's performance. Additionally, the ITSC monitors IT budgets, sets technology priorities, and provides updates on major IT projects and overall performance to ensure alignment with organizational goals.

(2) Reasons for Adoption of Current Corporate Governance Structure

As Myanmar Citizens Bank (MCB) is a publicly listed company, it is committed to maintaining exemplary corporate governance standards rooted in accountability, transparency, and adherence to the highest ethical principles. MCB places the utmost importance on safeguarding the interests of all its stakeholders, including customers, shareholders, employees, suppliers, regulators, and the wider community.

By emphasizing transparent reporting, robust risk management, and independent oversight, MCB ensures that its decision-making processes remain accountable and aligned with stakeholder expectations. Ethical conduct is deeply embedded in the bank's corporate culture, supported by comprehensive policies and guidelines that govern its interactions with stakeholders and the public.

Through its governance framework centered on integrity and compliance, MCB strives to create sustainable value and foster mutual trust. This approach strengthens long-term relationships within the financial community, contributing to the bank's vision of becoming the most trusted financial partner for all Myanmar citizens.

2. Information of Directors

| Sr.No | Position (Independent Director, Executive Officer) | Name | Number of Shares Held | Date of Birth |
|-------|---|--------------------------|--------------------------|---------------|
| 1 | Chairman & Non-Executive Director | U Minn Minn | 1,082,026 | 24-09-1970 |
| 2 | Non-Executive Director | U Toe Aung Myint | 2,200 | 23-08-1958 |
| 3 | Non-Executive Director | U Ko Ko Gyi@ U Soe Naing | 4,818,335 | 16-12-1963 |
| 4 | Non-Executive Director | U Hla Oo | 1,216,479 | 12-06-1968 |

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|----|------------------------|--------------------|---------|------------|
| 5 | Non-Executive Director | U Ohn Saing | 368,068 | 22-12-1957 |
| 6 | Non-Executive Director | U Tun Lwin | 836,248 | 18-08-1968 |
| 7 | Non-Executive Director | Daw Khin Mar Myint | 784,785 | 24-04-1972 |
| 8 | Non-Executive Director | U Aung Aung | 61,460 | 24-06-1971 |
| 9 | Non-Executive Director | U Aung Soe | 1,000 | 11-12-1960 |
| 10 | Independent Director | U Htay Chun | | 20-07-1950 |

Please see the profiles of the directors in the following links:

| Sr.No | Position (Independent Director, Executive Officer) | Name | Director Profile Link |
|-------|---|---------------------------|---|
| 1 | Chairman & Non-Executive Director | U Minn Minn | https://mcb.com.mm/wp-content/uploads/2024/09/Annual-2024-Online-Latest.pdf |
| 2 | Non-Executive Director | U Toe Aung Myint | https://mcb.com.mm/wp-content/uploads/2024/09/Annual-2024-Online-Latest.pdf |
| 3 | Non-Executive Director | U Ko Ko Gyi @ U Soe Naing | https://mcb.com.mm/wp-content/uploads/2024/09/Annual-2024-Online-Latest.pdf |
| 4 | Non-Executive Director | U Hla Oo | https://mcb.com.mm/wp-content/uploads/2024/09/Annual-2024-Online-Latest.pdf |
| 5 | Non-Executive Director | U Ohn Saing | https://mcb.com.mm/wp-content/uploads/2024/09/Annual-2024-Online-Latest.pdf |

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|----|------------------------|--------------------|---|
| 6 | Non-Executive Director | U Tun Lwin | https://mcb.com.mm/wp-content/uploads/2024/09/Annual-2024-Online-Latest.pdf |
| 7 | Non-Executive Director | Daw Khin Mar Myint | https://mcb.com.mm/wp-content/uploads/2024/09/Annual-2024-Online-Latest.pdf |
| 8 | Non-Executive Director | U Aung Aung | https://mcb.com.mm/wp-content/uploads/2024/09/Annual-2024-Online-Latest.pdf |
| 9 | Non-Executive Director | U Aung Soe | https://mcb.com.mm/wp-content/uploads/2024/09/Annual-2024-Online-Latest.pdf |
| 10 | Independent Director | U Htay Chun | https://mcb.com.mm/wp-content/uploads/2024/09/Annual-2024-Online-Latest.pdf |

The following directors have concurrent positions in the board of directors of other companies.

| Sr. No. | Position (Independent Director, Executive Officer) | Name | Concurrent Positions and Companies |
|---------|---|---------------------------|---|
| 1 | Non-Executive Director | U Toe Aung Myint | Director, MITS |
| 2 | Non-Executive Director | U Ko Ko Gyi @ U Soe Naing | Group MD of Capital Diamond Star Group |
| 3 | Non-Executive Director | U Hla Oo | Director, Good Brothers Company Limited |
| 4 | Non-Executive Director | U Ohn Saing | Owner, New Golden Gate Company Limited |
| 5 | Non-Executive Director | U Tun Lwin | MD, Shwe Me Group of Companies |
| 6 | Non-Executive Director | U Aung Aung | MD, Ahtar Oo Company Limited |

3. Information of Members of Specialized Committees

Audit Committee

| Role in Committee | Name | Position |
|-------------------|------------------------|------------------------|
| Chairman | U Htay Chun | Independent Director |
| Member | U Ohn Saing | Non-Executive Director |
| Member | U Toe Aung Myint | Non-Executive Director |
| Member | U Tun Lwin | Non-Executive Director |
| Member | U Aung Soe | Non-Executive Director |
| Member | Daw Khin Thet Htar | Advisor |
| Secretary | Head of Internal Audit | |

Risk Management Committee

| Role in Committee | Name | Position |
|-------------------|-----------------------------------|------------------------|
| Chairman | U Aung Soe | Non-Executive Director |
| Member | U Toe Aung Myint | Non-Executive Director |
| Member | Daw Khin Mar Myint | Non-Executive Director |
| Member | U Aung Aung | Non-Executive Director |
| Member | U Htay Chun | Independent Director |
| Secretary | Chief Risk and Compliance Officer | |

Remuneration and Nomination Committee

| Role in Committee | Name | Position |
|-------------------|------------------|------------------------|
| Chairman | U Ko Ko Gyi | Non-Executive Director |
| Director | U Hla Oo | Non-Executive Director |
| Director | U Toe Aung Myint | Non-Executive Director |
| Secretary | U Tun Lwin | Non-Executive Director |
| Secretary | Head of HR | |

Board Credit Committee

| Role in Committee | Name | Position |
|-------------------|---------------------|------------------------|
| Chairman | U Ohn Saing | Non-Executive Director |
| Member | U Hla Oo | Non-Executive Director |
| Member | U Tun Lwin | Non-Executive Director |
| Member | Daw Khin Mar Myint | Non-Executive Director |
| Secretary | Corporate Secretary | |

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IT Steering Committee

| Role in Committee | Name | |
|-------------------|-------------|------------------------|
| Chairman | U Aung Aung | Non-Executive Director |
| Member | U Ko Ko Gyi | Non-Executive Director |
| Member | U Aung Soe | Non-Executive Director |
| Secretary | Head of IT | |

4. Information of Meetings of the Board and Specialized Committees

(1) The number of meetings of the Board and specialized committees in the previous fiscal year: 2023-2024

| | |
|--|----------|
| Meetings of the Board (BOD) | 11 times |
| Board Audit Committee (BAC) | 4 times |
| Board Credit Committee (BCC) | 9 times |
| Board Integrated Risk and Compliance Committee (BIRCC) | 4 times |
| Remuneration and Nomination Committee (RNC) | 3 times |
| IT Steering Committee (ITSC) | 2 times |

(2) Attendance at meetings of the Board and specialized committees in the previous fiscal year: 2023-2024

| Position (Independent Director, Executive Officer) | Name | Attendance (“-” means the director doesn't belong to the committee.) | | | | | |
|---|---------------------------|---|-----|-----|-------|-----|------|
| | | BOD | BAC | BCC | BIRCC | RNC | ITSC |
| Chairman & Non-Executive Director | U Min Min | 10/11 | – | – | – | – | – |
| Non-Executive Director | U Toe Aung Myint | 11/11 | 4/4 | – | 4/4 | 3/3 | – |
| Non-Executive Director | U Ko Ko Gyi @ U Soe Naing | 9/11 | – | – | – | 3/3 | 2/2 |
| Non-Executive Director | U Hla Oo | 10/11 | – | 8/9 | – | 3/3 | – |
| Non-Executive Director | U Ohn Saing | 10/11 | 4/4 | 9/9 | – | – | – |
| Non-Executive Director | U Tun Lwin | 11/11 | 4/4 | 8/9 | – | 3/3 | – |

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|------------------------|--------------------|-------|-----|-----|-----|---|-----|
| Non-Executive Director | Daw Khin Mar Myint | 10/11 | – | 8/9 | 4/4 | – | – |
| Non-Executive Director | U Aung Aung | 8/11 | – | – | 4/4 | – | 2/2 |
| Non-Executive Director | U Aung Soe | 11/11 | 4/4 | – | 4/4 | – | 2/2 |
| Independent Director | U Htay Chun | 11/11 | 4/4 | – | 4/4 | – | – |

5. Process for the Selection, Appointment and Re-appointment of New Directors

Unless otherwise determined by a General Meeting the numbers of directors shall not be less than 5 (Five) or more than 13 (Thirteen). It includes Independent Non-Executive Directors and a Chief Executive Officer. The Bank shall appoint at least 2 (Two) Independent Non- Executive Directors.

The Director must be a natural person. Such person includes both females and masculine gender. Similarly, such person includes both singular and plural and the plural also includes the singular.

The Director may be a natural person representing the corporate holding the qualification shares.

In the case of a Director is an individual, shall be held not less than (1,000) shares, in the case of corporate representative not less than (2,000) shares and it shall be his duty to comply with the provisions of Section 175 of the Myanmar Companies Law.

The term of a Board of Directors shall be 3 years and can be renewed not more than 3 consecutive times. The Directors shall be appointed by the members by passing an ordinary resolution in a general meeting and may remove any director by passing an ordinary resolution at a general meeting, by passing a written resolution in accordance with the Myanmar Companies Law, specifically called for the purpose.

The Board of the Bank may, if deemed necessary, call a Special General Meeting and appoint additional Directors by passing an Ordinary Resolution.

The Bank shall not nominate, appoint and elect a Director of the Bank before the Bank has given the Central Bank written notice of intent thereof within 30 days of the appointment.

A Director, Chief Executive Officer or manager of the bank shall not simultaneously hold office as a Director or officer of another bank or financial institution except where such other institution is a subsidiary or a holding company of the Bank.

The Bank can appoint Independent Non-Executive Directors in order to protect proposed its members' interests. In appointing Independent Non-Executive Directors, it is proposed more than the prescribed (2) numbers, the members shall elect and appoint by voting in the same manner of election of directors in a

general meeting. If the number does not exceed the prescribed number, the Board shall review and they shall be appointed with the sanction in the general meeting.

6. Remuneration of Directors, etc.

(1) Directors may be paid remuneration for their services as Directors.

Subject to the Law and any restriction or limit imposed by the Bank in general meeting and the terms of any agreement entered into with any Director, the Board may determine:

- (a) the amount and form of remuneration to be paid to each Director; or
- (b) the aggregate amount and form of remuneration to be paid to all Directors and may divide the aggregate remuneration among themselves in any proportions and in any manner as they may determine. If the Directors do not or are unable to make a determination as to the apportionment of the aggregate remuneration, it must be divided among them equally.

(2) Outline of Remuneration

Remuneration of Directors for the Previous Fiscal Year

| | |
|--|------------------------|
| Total Amount | 113.7 (MMK in million) |
| Base/Fixed Salary | 113.7 (MMK in million) |
| Variable or Performance-related Income | - |
| Benefits in Kind | - |
| Stock Options | - |
| Number of Directors | 10 |

III. Implementation of Measures for Shareholders

1. Status of efforts to facilitate the exercise of voting rights by shareholders

Proceeding at General Meetings

Subject to the provision of Sub-section (A) of Section 152 of the Myanmar Companies Law, twenty-eight to the members, Directors and auditor of the Bank at least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the days for which notice is given) specifying the place, the day and the hour of meeting. Notice of a general meeting must include or be accompanied by all information required by the Myanmar Companies Law. In case of special business, the general nature of that business, shall be given in manner hereinafter mentioned, or in such other manner, if any, as may be prescribed by the Bank in general meeting, to such persons as are, under the Myanmar Companies Law or the regulations of the Bank entitled to receive such notices from the Bank; but the accidental omission to give notice to or the non-receipt of notice by any member shall not invalidate the proceedings at any

general meeting.

Directors and an auditor are entitled to receive notice of, attend and speak at all general meetings.

Member deemed to be present

A Member may attend a general meeting, and is deemed to be present, in any of the following ways:

- (a) in person; or
- (b) by attorney; or
- (c) by proxy; or
- (d) in the case of a member which is a body corporate, by a corporate representative.

Any Member may appoint an attorney to act on their behalf at any or all general meetings or all general meetings during a specified period. Not less than 48 hours before the first meeting at which the attorney acts on the Member's behalf, the power of attorney validly appointing the attorney must be deposited at the Office or at any other place specified in the notice of the meeting for that purpose. If requested by the chair of any general meeting to which the power of attorney relates, the attorney must deliver to the chair a duly executed declaration of non- revocation of the power of attorney. Subject to the Myanmar Companies Law, the chair's decision or, in the chair's absence, the Board' decision as to the validity of a power of attorney is final and binding.

Any Member that is a Company/ a body corporate may, in accordance with the Myanmar Companies Law, authorize any person to act as its representative at any or all general meetings or all general meetings during a specified period. That corporate representative is then entitled to exercise the same powers as the Company/ the body corporate appointing the corporate representative could have exercised as a member at the relevant general meetings or in voting on a resolution, if it were a natural person.

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, (9) members (or) members not less than 30% holding of shares personally present (or) the persons who present by a proxy of those members shall be a quorum.

If within (30) minutes and hour from the time appointed for the meeting a quorum is not present the meeting, if called upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place, and, if at the adjourned meeting a quorum is not present within (30) minutes from the time appointed for the meeting, the members present shall be a quorum.

The chair of the Board or, in the chair's absence, the deputy chair of the Board (if any) will be entitled to take the chair at every general meeting. If there is no chair or deputy chair of the Board, or if neither of them is present within 30 minutes after the time appointed for holding the meeting or willing to take the chair, the Board present at the meeting may choose a chair of the meeting. If the Board does not choose

a chair of the meeting, the Members present must choose one of the Directors to be chair, and if no Director is present or willing to take the chair, the Members must choose one of the Members (or their proxy, attorney or corporate representative) to be chair.

The chair of a general meeting may, in the case of a conflict of interest or otherwise in their discretion, appoint someone else one of the Board (or their proxy, attorney or corporate representative) to chair one or more items of business or resolutions at the meeting. While acting as chair the appointee may exercise all of the chair's powers and discretions conferred by this Constitution or the Myanmar Companies Law. The chair resumes the chair after the appointment concludes.

The chair of a general meeting is responsible for the general conduct of and procedures at the meeting. The chair's decisions about general conduct and procedures are final and binding.

At any general meeting, if the chair of the meeting declares that a resolution has been carried, or carried by a particular majority, or not carried and an entry to that effect is recorded in the minutes of the meeting, that declaration is conclusive evidence of the fact without proof of the number or proportion of votes recorded in favor of or against or abstained on that resolution.

At any general meeting a resolution put to the vote of the meeting shall be decided on show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least five members, personally present or votes representing those members or the chairman or holders of and unless a poll is so demanded ,a declaration by the Chairman holders one-tenth of issued shares which carry voting right that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book of the proceedings of the Bank, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of, or against that resolution.

If a poll is duly demanded, it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the · poll is demanded, shall be entitled to a second or casting vote.

A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Notice of the adjournment meeting shall be given as in the case of an original

meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

If a general meeting is adjourned for more than 28 days, notice of the adjournment must be given to all Members and those persons who are otherwise entitled under this Constitution or the Myanmar Companies Law to receive notices of general meetings in the same manner in which notice was, or ought to have been, given of the original meeting.

Vote of Members

At a general meeting all proposed resolutions will be decided by a simple majority of votes except where a greater majority is required by this Constitution or the Myanmar Companies Law.

On a show of hand every member present in person or by proxy shall have one vote. On a poll every member holding one share shall have (one) vote in respect of each share held by him.

In the case of joint holders, the vote of the senior who tenders a vote (the name of the first person in the register of members), whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the register of members.

A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on show of hand or on a poll, by his attorney or other legal guardian, and such attorney or guardian may, on a poll, vote by proxy.

On a poll votes may be given either personally or by proxy; provided that if he/ she does not attend the meeting, a member who is as the corporate representative, may, by resolution of the Board, be appointed to act and vote as the corporate representative in accordance with the provisions of Section 153 (a) of the Myanmar Companies Law is in force.

If, on a resolution at a general meeting, an equal number of votes occur on a show of hands or on a poll, the chair of the meeting has a casting vote in addition to any votes to which the chair may be entitled as a member, proxy, attorney or corporate representative.

The instrument appointing a proxy shall be in the form prescribed by the Board or in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a company/ corporation, either under the common seal, or under the hand of an officer or attorney so authorized. A proxy need not be a member of the Bank, but he shall be of age and of sound mind and competent to contract.

Subject to the Myanmar Companies Law, a proxy may vote or abstain from voting on a proposed resolution at a general meeting as may be chosen. However, if the instrument appointing the proxy directs the way in which the proxy must vote or abstain from voting, then the proxy may only vote or abstain in that way.

Unless the Bank has received written notice of the matter before the start or resumption of the general meeting at which a person votes as a proxy, attorney or corporate representative of a Member, a vote cast by the person will be valid even if, before the person voted, the Member:

- (a) dies;
- (b) is mentally incapacitated;
- (c) revokes the person's appointment or authority;
- (d) revokes the authority under which the person was appointed by a third party;
- (e) transfers the Share for which the appointment or authority was made or given.

A joint holder of Shares entitled to vote on a proposed resolution at a general meeting may vote all of the Shares in respect of which they are joint holder on that resolution.

If more than one joint holder of Shares is present at any general meeting and tenders a vote on a proposed resolution, only the vote of the joint holder whose name appears first on the Register will be counted.

2. Status of Investor Relations Activities

As one of the listed companies on the Yangon Stock Exchange (YSX), MCB prioritizes transparency and the timely dissemination of information to shareholders, promoters, investors, and the public. To ensure this, the bank provides regular updates on its business growth, partnerships with other companies, financial performance, senior leadership appointments, and invitations to Annual General Meetings (AGMs). These updates, along with the bank's annual reports, are made accessible through MCB's website, social media channels, and the YSX platform.

As a publicly listed company, MCB holds a responsibility to its shareholders, the owners of the company, for its operations under the oversight of the Board of Directors. While shareholders typically do not engage in the day-to-day management of the business, they are entitled to a clear understanding of the company's performance. These rights are upheld through the regulatory obligations that listed companies must fulfill. Investor Relations (IR) serves as the primary interface between MCB and its investors, facilitating two-way communication between the company and the financial markets. Effective IR is not merely a one-way communication channel; it also collects valuable feedback from investors and market participants regarding the company's performance, strategy, and future outlook.

For financial markets to operate efficiently, listed companies must maintain a steady flow of information to the market. Share prices reflect both the company's performance and market expectations of its future results. To enable accurate assessments of performance and influencing factors, companies are required to provide all relevant information transparently. MCB adheres to these regulatory provisions by ensuring investors can access updates through multiple platforms, including the bank's website, social media, and the YSX website.

Key Attributes of MCB's Effective Investor Relations:

- Prominent profile among the investment community.
- Clear market understanding of the company's growth opportunities and potential.
- Differentiation of MCB's value proposition from competing investments.
- Showcase of strong leadership and management capabilities.
- Building trust and confidence in the management team.
- Encouraging analyst coverage from the sell-side.
- Broadening the shareholder base.
- Enhanced share liquidity and market activity.
- Consistent and equitable valuations.
- Facilitating cost-effective access to capital in the future.

By upholding these principles, MCB reinforces its commitment to maintaining transparency, fostering investor confidence, and ensuring a strong presence within the financial markets.

IV. Status of Internal Control System

1. Basic Policy on Internal Control System

An effective internal control system is a cornerstone of sound bank management and a foundation for the safe and sustainable operations of banking organizations. Robust internal controls help ensure that the bank's objectives are achieved, long-term profitability targets are met, and financial and managerial reporting remains accurate and reliable. Additionally, such a system supports compliance with laws, regulations, policies, plans, and internal procedures, while minimizing the risk of unexpected losses or reputational damage.

To achieve these objectives, MCB is committed to:

- Strengthening internal controls through the development, implementation, and strict adherence to policies, manuals, and guidelines across all functions.
- Enhancing the effectiveness of Internal Audit, Risk & Compliance, and other control departments, including Reconciliation, Credit Administration, Legal, and Operational Units, by providing clear terms of reference (TORs), defined authorities, and adequate resources.
- Implementing a maker-checker system for transactional and non-transactional activities to ensure accountability at every level.
- Ensuring strict compliance with all relevant regulations, policies, and procedural guidelines.

2. Status of Constructing the Internal Control System

MCB adopts a "Zero Tolerance Policy" regarding compliance and governance in all business and operational activities. The bank's policies, manuals, organizational structure, and processes are designed to uphold the highest standards of corporate governance, fostering adherence to ethical practices, integrity, and prudent banking norms.

The Board of Directors is committed to ensuring that corporate governance is rigorously maintained, contributing to MCB's reputation and operational excellence. To this end, the Board has established various committees with clearly defined terms of reference (TORs) to support the execution of the corporate governance framework. These TORs outline the specific rights and responsibilities of each committee to ensure effective governance.

3. Risk Management

MCB's risk management framework aims to support sustainable business growth while preserving long-term shareholder value. The Risk Appetite Statement (RAS) defines the boundaries within which risks are undertaken by MCB. All risk control mechanisms ensure that the bank consistently operates within the Board-approved RAS.

For every material risk, MCB follows a "three lines of defense" model involving an approver, an independent reviewer, and an auditor to maintain compliance with the RAS. Consistent with the principles of risk governance, the Risk Management and control functions operate independently from business or operational units.

The Risk Management Framework Policy (RMFP) establishes the principles for identifying, monitoring, and managing material risks while ensuring sufficient capital adequacy to address these risks. The RMFP provides guidance in the following areas:

- Governing principles and objectives of risk management.
- Roles and responsibilities of stakeholders in risk governance.
- Steps for risk identification, assessment, measurement, and reporting.
- Guidelines for developing the Risk Appetite Statement (RAS).
- Standards for documenting specific risk management policies.

Key Components of the Risk Management Framework (RMF):

1. Risk Management Framework Policy – The overarching principles guiding risk management.
2. Risk Governance – Ensures roles and responsibilities are clearly defined.
3. Risk Appetite and Strategy – Establishes the bank's approach to risk-taking.
4. Specific Risk Management Policies and Processes – Outlines the procedures for managing various risks.
5. Risk Management Infrastructure – Provides the tools and systems to support risk oversight.

6. Day-to-Day Risk Management Activities – Encompasses ongoing risk monitoring and mitigation efforts.

MCB remains committed to maintaining a robust internal control and risk management framework, ensuring the bank operates prudently, ethically, and in alignment with its strategic goals.

V. Related Party Transaction

1. Related Party Transaction Policy

As a publicly listed commercial bank, MCB prioritizes transparency, integrity, and full compliance with regulatory requirements by adhering to the related party rules and regulations set forth by the Central Bank of Myanmar (CBM). MCB's policy provides clear guidelines for identifying related parties, including directors, officers, significant shareholders, and their immediate family members.

The bank has established stringent procedures for the disclosure and approval of related party transactions, such as loans, guarantees, and other financial dealings, to prevent conflicts of interest and uphold regulatory compliance. Additionally, MCB enforces robust controls to monitor, review, and report all related party transactions, ensuring strict adherence to both internal policies and CBM regulatory standards. These practices reinforce MCB's commitment to ethical governance and the safeguarding of stakeholder interests.

2. Outline of Related Party Transactions

Related Party Transactions in the Previous Fiscal Year (2023-2024)

As of 31 Mar 2024

Mn in MMK

| Related Party's Name | Attributes of related party | Voting Right Ratio | Contents of transaction with related party (Limit) | Trading amount (MMK) / Ratio to Total Assets (%) | Item | Balance at the end of FY (MMK) / Ratio to Total Assets (%) |
|-------------------------------|-----------------------------|--------------------|--|--|------|--|
| CDSG GROUP OF CO., LTD | Director of MCB | 46.30% | 13,000 Mn (Loan) | 2.08% | 2 | 0.83% |
| GOOD BROTHER CO.,LTD | Director of MCB | 11.80% | 13,456 Mn (Loan) | 2.15% | 4 | 0.18% |
| NEW GOLDEN GATE 1991 CO., LTD | Director of MCB | 3.50% | 13,150 Mn (Loan) | 2.10% | 6 | 1.99% |
| SHWE ME CO.,LTD | Director of MCB | 8.50% | 5,000 Mn (Loan) | 0.80% | 1 | 0.80% |
| U AUNG SOE | Director of MCB | 0.01% | 60 Mn (Loan) | 0.01% | 1 | 0.01% |
| DAW SAN SAN MAW | Relative of MCB's CFO | | 500 Mn (Loan) | 0.08% | 1 | 0.07% |