Management Discussion and Analysis
on Financial Conditions and Results of Operation
For the year ended 31-March-2026

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

This Management's Discussion and Analysis (MD&A) is intended to help readers understand the changes in the financial condition and operating performance of Myanmar Citizens Bank Public Co., Ltd. (MCB Bank) for the financial year ended 31 March 2026, compared with the corresponding period of the previous financial year. This MD&A should be read in conjunction with the audited Financial Statements for the financial year 2025–2026. Unless otherwise stated, all financial information is presented in Myanmar Kyat (MMK) and has been prepared in accordance with the Myanmar Financial Reporting Standards (MFRS).

CORPORATE INFORMATION

Myanmar Citizens Bank Public Co., Ltd. (MCB) was incorporated as a public company limited by shares pursuant to Notification No. 21/91 issued by the Ministry of Commerce (formerly the Ministry of Trade) on 30 September 1991, under the Special Company Act, 1950. The Bank was subsequently registered under the Myanmar Companies Act, 1914 on 30 October 1991 with Company Registration No. 149169466. MCB is a licensed commercial bank operating in Myanmar and was listed on the Yangon Stock Exchange (YSX) on 26 August 2016. As at 31 March 2026, the Bank's paid-up capital amounted to MMK 52 billion. 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)	
	31-03-2026 (Audited)	31-3-2025 (Audited)	Amount	%
Interest Income	135,560.44	87,990.43	47,570.01	54%
Interest Expense	(114,653.77)	(66,285.85)	48,367.92	73%
Net Interest Income	**20,906.67**	**21,704.58**	**-797.91**	**-4%**
Other Operating Income	**25,907.81**	**12,759.97**	**13,147.84**	**103%**
Total Operating Income	**46,814.48**	**34,464.55**	**12,349.93**	**36%**
Total Operating Expense	**(38,498.40)**	**(30,529.96)**	**7,968.44**	**26%**
Profit before Income Tax	**8,316.08**	**3,934.59**	**4,381.49**	**111%**
Profit after Income Tax	**5,278.68**	**2,820.36**	**2,458.32**	**87%**

Myanmar Citizens Bank Public Co.,Ltd

Statement of Financial Position

MMK In Millions

Details	Balance Sheet as at		Increase/(Decrease)	
	31.03.2026 (Audited)	31.3.2025 (Audited)	Amount	%
Cash on hand & balances with Central Bank	175,245.21	137,546.99	37,698.22	27%
Placements with other banks	281,563.65	67,919.62	213,644.03	315%
Government securities	233,409.47	73,472.65	159,936.82	218%
Loans and advances	1,123,289.50	758,193.64	365,095.85	48%
Investments	331.00	331.00	-	0%
Property & Equipment	19,686.79	21,541.58	(1,854.79)	-9%
Intangible Assets	4,385.39	3,709.51	675.87	18%
Other Assets	61,130.13	65,817.89	(4,687.76)	-7%
Total Assets	**1,899,041.14**	**1,128,532.88**	**770,508.26**	**68%**
Liabilities				
Borrowings	205,000.00	32,333.86	172,666.14	534%
Deposits	1,527,837.77	942,230.80	585,606.97	62%
Other Liabilities	85,567.84	77,883.31	7,684.54	10%
Total Liabilities	**1,818,405.61**	**1,052,447.97**	**765,957.64**	**73%**
Equity				
Share Capital	57,124.66	57,124.66	-	0%
Reserves	17,120.97	15,801.29	1,319.67	8%
Retained earnings	6,389.90	3,158.96	3,230.94	102%
Total Equity	**80,635.53**	**76,084.91**	**4,550.61**	**6%**
Total Liabilities & Equity	**1,899,041.14**	**1,128,532.88**	**770,508.26**	**68%**

BUSINESS PERFORMANCE AND GROWTH

This fiscal year marked the beginning of our transformation journey to become Myanmar's bank of choice. Guided by our strategic plan, we are actively executing initiatives across five key growth drivers—**People Development, Digital Transformation, Product Innovation, Customer Preferred Bank and Financial Stability and Profitability** with updates provided below.

Human Capital Development

The Human Resources (HR) Department conducted walk-in recruitment programs and participated in job fairs, which not only enhanced public awareness but also created valuable opportunities to directly recruit qualified candidates. In addition, the Bank's Learning & Development Section has been continuously organizing various workplace training programs to improve staff skills and performance. Furthermore, the Management Trainee (MT) program designed for the younger generation has been successfully implemented, and graduates from the first, second and third batches are now applying their skills in their respective departments and contributing to the Bank's development. Overall, these initiatives have helped build a strong foundation for strengthening the organization's core capabilities.

Digital Transformation

During the financial year, MCB Bank continued to advance its digital transformation by automating the **Payment Approval System** and implementing a **Loan Origination System (LOS)** to improve operational efficiency and productivity. The Bank also initiated the upgrade of its **Core Banking System (CBS)** to strengthen its digital infrastructure. A digital payment platform, **CTZ Pay** was successfully integrated into the **MyanmarPay MMQR** network, allowing users to scan and make payments at any standardized MMQR merchant. In addition, MCB Bank successfully launched **Internet Banking** and **Mobile Banking** services, providing customers with secure, convenient, and seamless access to banking services anytime and anywhere.

Product development and Innovation

During FY 2025–2026, MCB Bank strengthened its product portfolio by introducing new and diversified banking solutions to better serve evolving customer needs. Key developments included the expansion of customer-focused offerings across different segments, enhancing accessibility, convenience, and overall service value. MCB Bank offers a diverse range of deposit products, a comprehensive suite of lending products, bancassurance services as well as international money transfer services. The Bank’s continued commitment to innovation and its focus on delivering practical, relevant, and customer-centric financial solutions that support long-term growth.

Customer preferred Bank

At MCB Bank, our vision is to become the customers' preferred banking partner by delivering trusted and customer-centric financial solutions. Every step of our journey reflects our commitment to strengthening customer relationships, enhancing service quality, embracing digital transformation, and upholding the highest standards of integrity and governance.

Financial Stability and profitability:

Under the clear direction of executive management, MCB successfully maximized deposits as a core pillar of our banking practice. Concurrently, lending—a major revenue stream—performed precisely as targeted. As addition, other operating income also contributed significantly to the achieved profit. Driven by these core revenue engines and backed by strict cost-control mechanisms, we concluded the fiscal year with a successful profit after tax of MMK 5,279 million for FY 2025-26.

Net Interest Margin: Interest income increased by 54%, driven by growth in the loan portfolio and the recovery of non-performing loans. Meanwhile, interest expense rose by 73%, primarily due to higher deposit volumes, an increase in high interest-bearing term deposits, and the offering of competitive interest rates. As stated above, an increase in interest expense at a higher rate than interest income growth and due to a decline in NPL loan recoveries compared to the previous year, Net Interest Income decreased compared to the previous financial year.

Fees and Commission and Other Income: Other operating income increased by 103% compared to the previous financial year, reflecting the company's successful efforts to diversify and optimize its income sources.

Operating Expenses: Operating expenses were increased by 26% primarily due to Earthquake recovery expense, inflation-driven rises in utility, fuel costs and other overhead cost as well as additional staffing for business expansions and salary incremental and higher loan provisions due to increased lending.

Business Size - The bank's total balance sheet expanded by 68% year-on-year, reflecting strong growth across its key asset and liability categories. On the asset side, loans and advances increased by 48%, while placements with banks surged by 315% and investments in government securities grew by 218%. On the funding side, total deposits rose by 62%, supported by a 534% increase in interbank borrowings. In addition, retained earnings increased by 102%, strengthening the bank's equity position.

Regulatory Compliance

We recognize our responsibility as a trusted financial institution to safeguard and prudently manage public funds while supporting the country's economic development through responsible lending. Customer trust remains central to our success, and we are fully committed to complying with all laws, regulations, and directives issued by the Central Bank of Myanmar (CBM). The Bank has consistently maintained majorly above the CBM's minimum requirements, reflecting our strong liquidity, solvency, profitability, and capital position, and providing a solid foundation for sustainable future growth.

Statutory Ratio	**Required**	**MCB ratio as at 31st March 2026**
Reserve Ratio	Minimum 3.75% (MMK) Minimum 5% (FCY)	9.29% (MMK) 7.13% (FCY)
Liquidity Ratio	Above 20%	29.34%
Capital Adequacy- Tier I	Minimum 4%	5.41%
Capital Adequacy- Total	Minimum 8%	7.18%

During the year, the Bank’s Capital Adequacy Ratio (CAR) fell below the 8% regulatory minimum due to loan portfolio growth. To address this, the Bank launched Phase I of a capital injection program through a rights issue to existing shareholders, raising MMK 25 billion in additional share capital. Upon regulatory approval, the CAR is expected to recover above the minimum requirement, strengthening the Bank’s capital base and supporting future growth.

Future Outlook & Strategic Direction

Myanmar's banking sector is expected to evolve with increasing emphasis on digital adoption, risk management, and investment in technology and cybersecurity. These developments are likely to support expansion of customer reach beyond major urban areas, enhanced use of data analytics for improved credit decision-making, and continued growth in digital lending and SME financing.

In this evolving environment, MCB Bank continues to implement its strategic roadmap with a focus on strengthening operational resilience, improving productivity, and driving business performance through effective leadership and workforce alignment. Building on a resilient performance in the previous financial year, MCB Bank remains well positioned for sustainable growth and continues to reinforce its role as a stable and forward-looking institution within Myanmar's banking sector.

Myanmar Citizens Bank Public Company Limited