



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL
CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED 31
MARCH 2019**

MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

The following Management's Discussion and Analysis of the Financial Condition and Results of Operations ("MD&A") for Myanmar Citizens Bank Limited plc (the "Company" or "MCB") should be read in conjunction with the audited financial statements for six months ended 31st March 2019. Additional information relating to the Company, including the Company's most recent six-month audited financial statement ended 30th September 2018 is a result of new regulations on change in new budget period the six months gap between the ending of the current 2017-2018 fiscal year which statements were prepared in accordance with Myanmar Accounting Standard (MAS). All amounts in this MD&A are expressed in Myanmar Kyats.

CORPORATE INFORMATION

The Myanmar Citizens Bank Limited was incorporated as a public company limited by shares, as per Notifications No.21/91 of the Ministry of Commerce (Ministry of Trade) dated 30th September, 1991 and the Certificate of Incorporation No 274/91-92 dated 30th October, 1991. MCB is a License Commercial Bank of Myanmar. Authorized Capital of MCB is 75 Billion Kyats and its Paid-up Capital is 52 Billion Kyats and registered office at No. 256/260, Sule Pagoda Road, Kyauktada Township, Yangon.

Myanmar Citizens Bank Public Co., Ltd Condensed Income Statement

in Millions

Details	For the six months Ended		Increase/(Decrease)	
	31.3.2019 (Review Audit)	31.3.2018 (Audited)	Amount	%
Interest Income	17,922.55	12,506.25	5,416.30	43.31%
Interest Expense	(12,351.79)	(7,309.47)	(5,042.32)	68.98%
Net Interest Income	5,570.76	5,196.78	373.98	7.20%
Other Income	3,532.70	2,542.34	990.36	38.95%
Total Revenue	9,103.46	7,739.12	1,364.34	17.63%
Total Expense	(6,728.78)	(5,173.91)	(1,554.88)	30.05%
Profit before Income Tax	2,374.68	2,565.22	(190.54)	(7.43%)

			in Millions	
Assets	Balance Sheet as at		Increase/ (Decrease)	
	31.3.2019	30.9.2018	Amount	%
	(Review Audit)	(Audited)		
Cash in Hand & Bank	54,158.18	61,474.95	(7,316.78)	(11.90%)
Loans & Advances	294,533.38	230,496.37	64,037.02	27.78%
Investment & T-Bond	60,610.76	59,871.15	739.61	1.24%
Property & Equipment	14,839.78	13,750.32	1,089.47	7.92%
Intangible Assets	3,727.78	3,555.99	171.79	4.83%
Other Assets	10,688.28	7,040.34	3,647.95	51.81%
Total Assets	438,558.17	376,189.12	62,369.05	16.58%
Liabilities				
Deposit from Customer	334,349.34	283,222.10	51,127.24	18.05%
Other Liabilities	14,918.24	12,545.80	2,372.45	18.91%
Borrowings	16,000.00	9,000.00	7,000.00	77.78%
Total Liabilities	365,267.59	304,767.90	60,499.69	19.85%
Equity				
Issued & Paid up Capital	57,124.66	57,124.66		0.00%
Reserves	13,908.61	12,160.52	1,748.08	14.38%
Retained earnings	2,257.32	2,136.04	121.28	5.68%
Total Equity	73,290.59	71,421.21	1,869.37	2.62%
Total Liabilities & Equity	438,558.17	376,189.11	62,369.06	16.58%

*Amount includes share premium as no par value is required as per Myanmar Companies law 2017

Profitability & Business Growth

Continuing its growth momentum powered by branch expansion plan & introduction of main core banking platform set forth in October last year, Myanmar Citizen Bank posted significant growth in its core banking operations reflecting a 27.78% growth in Loans & advance and 18.05% growth in deposit during last six months. Profit before tax for the period was 2.37 Bn and was a marginal reduction of 7.43%. This negative growth stemmed up due to high operational cost incurred for new Branch expansion project and also a high cost of funds.

Fund Based Income (FBI)

Net Interest Income (NII), the Bank's primary source of income registered marginal growth, even though driven by higher NIMs and steady portfolio growth which was offset by high growth in interest bearing liabilities. Other income consisted of Net fee-based income too recorded a solid 38.95% increase spearheaded by aggressive efforts to promote HP loan book and net income from foreign currency translation.

Operating Expenses

Operating expenses of the Bank which stood at MMK 5.17 Bn during the six-month ending 31st March 2018, increased to MMK 6.73 Bn during the period under review, reflecting YoY increase of 30.05%. This increase was mainly due to increase in branch renovation, branch expansion expenses, operational expenses related to new core banking system and personnel expenses triggered by annual salary increments & filling up the vacancies in the organizational structure needed to operate the business.

Extending Our Reach

Our network of brick and mortar branches continues to remain a crucial part of our service delivery model. The branch-expansion initiative, we have invested in building our network of physical branches, which now consists of 42 branches as of 31st March 2019 across all over Myanmar. Thus, by taking strategic steps in branch expansion, we hope to create an industry wide awareness and a multiplier effect, whereby the growing presence and brand awareness of MCB has bigger impact in the industry creating a confidence that can attract more customers and more revenue growth.

Digital Front-End initiatives

Myanmar has seen a strong growth in digitizing banking and payments transactions in the past one year and MCB will not be left behind in providing banking services via digital devices. MCB plan to bring banking services to consumer's mobile device instead of them visiting the bank's branches. Project is on-going to develop a secured and safe

mobile platform for the bank's customers to transact efficiently and conveniently which will be made available in the near future. There are also plans to expand customer touchpoints at areas where MCB does not have a branch presence to serve the community.