
DISCLOSURE DOCUMENT FOR LISTING

**MYANMAR CITIZENS BANK LIMITED
(COMPANY REGISTRATION NO.: 274/1991-92)**

This Disclosure Document is not for distribution outside Myanmar and the Shares covered herein may only be bought and sold in Myanmar and to Myanmar citizens and wholly Myanmar-citizen owned companies.

12 August 2016

To: **The Yangon Stock Exchange Joint-Venture Company Limited,
Republic of the Union of Myanmar**

Name of Company: Myanmar Citizens Bank Limited
Company Representative: U Myint Win, Managing Director
Date of Submission: 12 August 2016
Registered Address: No. 383, Mahabandoola Road, Kyauktada Township,
Yangon Region, Republic of the Union of Myanmar.
Contact Person Daw Swe Swe Myint
General Manager (Finance Department)
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The Company's Legal Advisor: Allen & Gledhill (Myanmar) Co., Ltd
No. 05-03, Union Business Centre (UBC),
Nat Mauk Road, Bo Cho Quarter,
Bahan Township, Yangon Region, Myanmar
The Company's Financial Advisor: Myanmar Securities Exchange Centre Co., Ltd
1st Floor of MEB (Yangon Region Office)
21-25, Sule Pagoda Road, Pabedan Township
Yangon Region, Myanmar
The Company's Auditor: U Maung Maung Aung
U Hla Tun and Associates, Limited
No. 64(b), First Floor, Shwegon Plaza,
Kominkochin Street, Bahan Township,
Yangon Region, Myanmar

Listing

Type of Security Certificate to list: Ordinary Shares
Stock Exchange to be listed in: Yangon Stock Exchange
Location where this Disclosure Document will be publicly displayed: Myanmar Citizens Bank Limited
No. 383, Mahabandoola Road, Kyauktada Township,
Yangon Region, Republic of the Union of Myanmar.
This Disclosure Document may also be viewed at
Myanmar Citizens Bank-Website-
<http://www.mcb.com.mm>.

No Shares are being offered for subscription or sale pursuant to this Disclosure Document for Listing.

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1. DEFINITIONS

“Company”, “Our Company”, “Bank” and “MCB”	: Myanmar Citizens Bank Limited
“CBM”	: Central Bank of Myanmar
“DICA”	: Directorate of Investment and Company Administration
“YSX”	: Yangon Stock Exchange
“FY”	: Financial year (which begins on 1 April of one year and ends on 31 March of the following year)
“Board of Directors”	: Board of Directors of the Myanmar Citizens Bank Limited
“Directors”	: A director of MCB
“Disclosure Document”	: This Disclosure Document dated 12 August 2016
“Financial Advisor” and “MSEC”	: Myanmar Securities Exchange Centre Co., Ltd.
“GDP”	: Gross Domestic Product
“Latest Practicable Date”	: 31 March 2016
“Listing”	: The listing of the Shares on the YSX
“Shareholders”	: A shareholder of the Company
“Shares”	: Ordinary shares of the Company
“Kyats/ Ks”	: Currency of the Republic of the Union of Myanmar
“USD/US\$”	: American Dollar
“EUR”	: European Currency
“SGD”	: Singapore Dollar

2. LISTING SUMMARY

NOTICE TO PROSPECTIVE INVESTORS

This Disclosure Document has been prepared for the Listing of all our existing issued Shares at the Yangon Stock Exchange, and does not constitute an invitation or offer to the general public to subscribe to new Shares in the Company. **The Company's Shares may only be acquired by Myanmar nationals and companies registered in Myanmar that are wholly owned by Myanmar nationals.**

The Directors have approved this Disclosure Document for the Listing. Each of the Directors takes full responsibility for the accuracy and completeness of the information contained herein. Having made all reasonable enquires and to the best of his/her knowledge and belief, each of the Directors assures that there is no false or misleading statement in this Disclosure Document or other facts which if omitted would make any statement false or misleading.

The registration and approval of this Disclosure Document by the YSX **does not** imply that the legal or regulatory requirements for Listing have been complied with, or that the YSX (a) recommends subscribing to shares offered; (b) takes responsibility of the accuracy of the information, assumptions and statements contained in this Disclosure Document; or (c) takes responsibility for any losses arising to investors in relation with the information contained in this Disclosure Document.

You should rely on your own valuations to assess the accuracy and risks related to the Listing by considering the objective of the Listing, risk profile, your own financial position and so on. If you have any doubt as to this Disclosure Document or as to the investment, you should consult your investment consultants or advisors, securities firms and other professional advisors.

Neither the delivery of this Disclosure Document nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs, condition and prospects or our Shares since the date hereof.

Copies of this Disclosure Document may be obtained from Myanmar Citizens Bank Limited, No. 383, Mahabandoola Road, Kyauktada Township, Yangon Region, Republic of the Union of Myanmar. Copies of Disclosure Document may also be view at the company website: <http://www.mcb.com.mm>.

DISCLAIMER

The contents of this Disclosure Document are based on information and materials provided by the Company and other sources that the Company believes to be reliable. The financial and legal advisors of the Company make no representation or warranty, express or implied, as to the accuracy or completeness of such information and materials, and nothing contained in this Disclosure Document is, or shall be relied upon or construed as a promise, undertaking or representation by the financial or legal advisors of the Company. Neither the financial nor the legal

advisors assume any responsibility or liability for the accuracy or completeness of information and the materials that are contained or referred to in this Disclosure Document.

Each person receiving or viewing this Disclosure Document acknowledges that such person has not relied on the financial or legal advisors of the Company or any person affiliated with the same in connection with its investment decisions or the investigation of the accuracy or completeness of the information or materials contained in this Disclosure Document. The financial and legal advisors of the Company are not making any representation to the aforementioned person regarding the legality of the bid, subscription and purchase of, or investment in shares by such person.

FORWARD-LOOKING STATEMENTS

This Disclosure Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance, including, but not limited to, statements relating to the risks specific to the Company's business, the strengths of the Company, and the implementation of strategic initiatives, as well as other statements relating to the Company's future business development and financial performance. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" or in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear in a number of places throughout this Disclosure Document and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial position, operating results, liquidity, prospects, growth, strategies and the industry in which the Company operates.

You are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Disclosure Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

DISTRIBUTION

The Disclosure Document in the electronic version can be viewed or downloaded from the Company's website at <http://www.mcb.com.mm>. The electronic Disclosure Document may also be delivered to investors by email upon their request. By receiving this Disclosure Document in hard copy or soft copy through electronic transmission such as, but not necessarily limited to, as an attachment of an email that was dispatched or circulated by the Company or the Company's legal or financial advisors, the investors are deemed to have given their full acknowledgement and consent to all notices, disclaimers, conditions and statements contained or disclosed in this Disclosure Document. Such investors are reminded of the fact that this Disclosure Document and any of the content contained herein may subsequently be altered, changed or updated without informing or alerting such investors in advance.

3. SELECTED FINANCIAL DATA

The financial data shown below are compiled from our audited financial statements for financial years ending 31 March for the years 2015 and 2016, copies of which are set out in Schedules 1 and 2 respectively. You should read this information together with the section on “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included in this Disclosure Document for Listing.

STATEMENT OF FINANCIAL POSITION

	(Kyats in thousand)	
	31.03.2016	31.03.2015
Assets		
Cash in hand and A/C with other banks	40,416,599	25,597,521
Loans and overdrafts	115,275,849	87,116,780
Prepaid A/C and Receivables	7,569,618	6,801,738
Investments	50,851,793	31,620,519
Fixed assets	8,056,408	5,311,344
Deferred Expenses	58,836	136,091
Acceptance, Endorsement & Guarantee	7,583,716	7,619,985
Total Assets	229,812,819	164,203,978
Liabilities		
Total Deposits	144,370,264	103,178,936
Other Liabilities	10,755,765	4,032,154
Payment Orders	297,506	822,972
Provision for share dividend	3,397,377	2,269,932
Provision for Income Tax	1,788,361	1,281,400
Unclaimed dividend	153,038	99,308
Acceptance, Endorsement & Guarantee	7,583,716	7,619,985
Total Liabilities	168,346,027	119,304,687
Shareholders' Equity		
Issued and paid-up capital	49,869,765	37,112,826
Share Premium	4,799,458	2,885,917
Reserves, Funds and Retained Profits		
Statutory Reserve	4,322,852	2,991,232
General Provision for loans Advance	2,305,518	1,742,336
Reserve for Contingency	10,000	5,000
Different Exchange Transaction	75,182	75,182
Retained Profit/Loss	84,017	86,798
Total Shareholders' Equity	61,466,792	44,899,291
Total Shareholders' Equity + Liabilities	229,812,819	164,203,978

INCOME STATEMENT

	(Kyats in thousand)	
	Year ended 31.03.2016	Year ended 31.03.2015
Total Interest Income	16,122,657	10,072,227
Total Interest Expenditure	(8,994,760)	(6,079,913)
Net Interest Income	7,127,897	3,992,314
Other Operating Income	5,802,724	4,252,759
Total Operating Income	12,930,621	8,245,073
Operating Expenditure		
Personnel Expenditure	(2,363,622)	(1,543,448)
Other Operating Expenditure	(3,471,569)	(1,594,728)
Total Operating Expenditure	(5,835,191)	(3,138,176)
Net Profit (before tax)	7,095,430	5,106,897
Profit/loss from sale of fixed assets	-	(55,457)
Dividend Income	218	170
Provision for Income Tax	(1,788,361)	(1,281,400)
Net Profit (after tax)	5,307,287	3,770,210
Reserves, Funds and Provisions		
Statutory Reserves	(1,331,620)	(947,752)
General Provision for Loans Advance	(563,182)	(525,367)
Reserve for Contingency	(5,000)	(3,000)
Profit Remaining	3,407,485	2,294,091

4. INFORMATION ON THE LISTING

DETAILS OF OUR FINANCIAL ADVISOR

Name: Myanmar Securities Exchange Centre Co., Ltd.
Registered Address: 1st Floor of MEB (Yangon Region Office),
21-25, Sule Pagoda Road,
Yangon Region, Myanmar
Company Reg No.: 3 JV/ 1996-1997
MIC Permit No.: 174/96
Securities Licence No.: 002
Telephone No.: +95 - 1 - 378647, 387031
Fax No.: +95 - 1 - 387032
Website: <http://www.msecmyanmar.com>

AGREEMENT WITH OUR FINANCIAL ADVISOR

The Company and the Financial Advisor entered into an agreement dated 18 January 2016 pursuant to which the Financial Advisor was engaged to act as the financial advisor to the Company in connection with the Listing and on any public offering of Shares prior to 31 March 2017 and to, among other things, provide the Company with a letter to confirm the Financial Advisor's view that the Company meets the criteria for listing the Shares on the YSX.

Both the Company and the Financial Advisor has agreed to indemnify each other and its affiliates, and its or their respective directors, agents, officers and employees from and against all losses, claims, damages, liabilities, costs (including legal costs), expenses, actions claims, demands proceedings, enquiries, investigations, orders, judgments, decisions or reports (including, without limitation, legal fees and disbursements on a full indemnity basis) made against, suffered or incurred or may be suffered or incurred by such Indemnified Party arising out of or as a result of any offence, material omission, willful default, negligence, fault or fraud on the part of the other party (the "**Indemnifying Party**") or any of the Indemnifying Party's respective subsidiaries, affiliates, agents, or any of the Indemnifying Party's respective directors, officer or employees.

The Financial Advisor does not own any Shares and does not have the right or option to subscribe for or nominate persons to subscribe for Shares.

LETTER OF REPRESENTATION TO YSX REGARDING THE LISTING

MSEC, as a holder of a securities licence in Myanmar, issued a letter to Yangon Stock Exchange Joint-Venture Company Limited on 6 April 2016 stating that in its opinion the Company meets the YSX's criteria for the listing of the Shares on the YSX.

LISTING

The Company has applied for the Shares to be listed on the YSX. The Company expects the Shares to be traded on the YSX within a month after the approval. No Shares are being offered for

subscription or sale pursuant to this Disclosure Document. The Board of Directors shall ensure that the Company comply with all the requirements and rules of the YSX.

ESTIMATED EXPENSES OF THE LISTING

The Company will pay the expenses relating to the Listing, the details of which are set out below.

Listing Fees:	35 million kyats
Printing and Advertising Costs:	1 million kyats
Professional Advisory Fees:	75 million kyats
Others:	3 million kyats

CAPITALISATION

The following table sets forth our capitalisation (including indebtedness) on a consolidated basis as at 31 March 2016.

Particulars	As at 31.03.2016 (Kyats in thousand)
Current Indebtedness:	
Borrowings	-
Deposits and balances from customers, by the bank entity	144,370,264
Total Current Indebtedness	144,370,264
Non-Current Indebtedness:	
Borrowings	-
Total Non-Current Indebtedness	-
Total Indebtedness(A)	144,370,264
Shareholders' Equity:	
Share capital	49,869,765
Share premium	4,799,458
Reserves	6,713,552
Retained profit	84,017
Total Shareholders' Equity (B)	61,466,792
Capitalization (A+B)	205,837,056

5. RISK FACTORS

An investment in the Shares involves significant risks and is suitable only for those persons who understand the risks highlighted in this Disclosure Document. You should consider carefully each of the following risks described in this section and all of the other information set out in this Disclosure Document before deciding to invest in the Shares. These are not the only risks we face. Some risks are not yet known to us and there may be others which we currently believe are not material but may subsequently turn out to be so. The occurrence of any of the following events, or the occurrence of other risks that are not currently known or are now deemed immaterial, could cause our business, results of operations, cash flows, financial conditions and prospects to suffer, and any investment in the Shares could be, directly or indirectly, materially and adversely affected. In the event that this occurs, the trading price of the Shares could fluctuate or decline and you may lose all or part of your investment in the Shares.

RISKS RELATING TO OUR BUSINESSES GENERALLY

Close relationship with the Ministry of Commerce as its shareholder

The Ministry of Commerce, as a shareholder of the Company, has contributed to our operations and profitability through developing positive relationships with government officials and other important persons within and outside of Myanmar. In addition, we have also gained significant insight and expertise in the foreign trade sector and currently collect license fees in respect of export-import licenses issued to traders in Myanmar. There is currently no formalised arrangement with respect to the role the Ministry of Commerce plays in our operations, and there is no contractual agreement with respect to our service of collecting license fees.

As such, in the event that the Ministry of Commerce ceases to be a shareholder of the Company, some or all of these benefits may no longer be available and our businesses and profitability could be adversely affected to some extent.

We may be subject to actual and threatened litigation and other regulatory proceedings.

We may become involved in lawsuits and regulatory actions relating to our business. Defending private actions can be costly and time consuming. If a judgment were to be rendered against us, we might be exposed to substantial financial liabilities. In addition to private actions, governmental and quasi-governmental agencies could bring a variety of actions against us. Other than the financial costs of defending these actions, governmental or quasi-governmental agencies may impose penalties for failure to comply with laws, rules or regulations.

We may not be able to renew the leases for the properties through which we operate certain of our branches

As of the Latest Practicable Date, we operate a total of 21 branches across Myanmar. We own the land on which 14 of these branches operate on. Four of the branches operate on land which we have a long term lease over but three of the branches, operate on land on which we only have a short term lease of one year, extendable yearly.

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to MCB than the existing lease. If we are unable to secure new land for these branches to operate on, the decrease in the number of branches would affect MCB's credibility with our customers and also adversely affect our financial performance.

ADDITIONAL RISK FACTORS FOR OUR FINANCIAL SERVICES BUSINESS SPECIFICALLY

The value of our collateral may decrease or we may experience delays in enforcing the sale of collateral when borrowers default on their obligations to us, which may result in failure to recover the expected value of collateral security, exposing us to a potential loss

As required under the CBM regulations, all of our loans are backed by eligible collateral. Eligible collateral includes cash savings or fixed deposits at our Bank, immovable property, plant and equipment and gold. Under our current credit policy, the permitted maximum loan is 40 % of the current market price at which an asset can be sold, as assessed by a qualified valuer,. However, we may not be able to realize the full value of our collateral as a result of, among other factors:

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from third parties);
- fraud by borrowers;
- decreases in value of the collateral;
- an illiquid market for the sale of the collateral; and
- nationalization of assets which are used as collateral.

If we are unable to realize an amount from the collateral to cover the loan amount and our costs of enforcing the sale of the collateral, we would suffer a loss, which could have an adverse effect on our financial condition and results of operations.

Our Bank's success depends, in large part, upon our Bank's management team and skilled personnel and our ability to attract and retain such persons. Further, we do not have "key person" insurance policies

Our Bank's performance and success depends largely on our ability to nurture and retain the continued service of our management team and skilled personnel.

We do not have "key person" insurance policies to cover for the loss of our senior management. Furthermore, there is strong competition to attract and retain experienced banking professionals and if we are unable to continue to retain and attract key personnel in the future, it could have material adverse effect on our business, financial condition and results of operations.

However, this risk is alleviated in light of the Bank's plan to recruit foreign bankers with strong international and local experience to complement our long standing local team in the near future.

Volatility in interest rates could have a material adverse effect on our cash flows and results of operations

Our results of operations largely depend on our net interest income. For FY2014-2015 and FY2015-2016, our net interest income (i.e., gross interest income minus interest expense) represented 49.6% and 43.5% of our Bank's total income, respectively. As at 31 March 2016, our Bank's interest-earning assets comprised fixed interest rate assets and our interest-bearing liabilities also had fixed interest rates. Any decrease in the interest rates applicable to our assets, without a corresponding decrease in the interest rates applicable to our liabilities, will result in a decline in our net interest income and consequently reduce our net interest margin.

The CBM regulations provide for a minimum interest rate payable on savings deposit accounts and fixed deposit accounts, which is currently 8.0% per annum. However, competition for deposits means we offer rates for fixed deposit accounts over and above the minimum interest rate set by the CBM. Increased competition could lead us having to offer higher interest rates payable on deposits. As CBM regulations limit the maximum amount of interest we can charge on loans (which is currently 13.0% per annum), we will not be able to pass on the costs of any increase in the rates we pay on deposits to the customers, which could reduce our Bank's net interest income and have a material adverse effect on our cash flows and results of operations.

CBM from time to time sets interest rate ranges for deposits and loans. When CBM lowers the loan interest rate ceiling, MCB also lowers the interest rates of existing loans which are above the ceiling rate, to be in accordance with the set CBM rate. If CBM increases the interest rate ceiling for loans, the corresponding deposit interest rate ceiling might increase as well and the cost of funds for MCB might increase while MCB might not be able to increase the loan interest rate of existing loans. Due to high competition in the industry, MCB might have to offer enough incentive in terms of interest rate to attract required deposits, within CBM's interest rate margin, which can increase the cost of funds for MCB.

Weaknesses, disruption or failures in IT systems could adversely impact our business

With advancement in technology, we have been issuing MPU (as defined below) cards and MasterCards to our customers for use and our dependence upon automated IT systems to record and process transactions may increase the risk that technical system flaws will result in losses that are difficult to detect. As a result, we face the risk that the design of our controls and procedures may prove inadequate thereby causing delays in detection or errors in information.

Our IT systems are subject to various risks such as network connectivity failure, information security issues and browser compatibility issues. We may also be subject to disruptions of our IT systems, arising from events that are wholly or partially beyond our control (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from third parties such as internet backbone providers). So far, we have not experienced widespread disruptions of service to our customers, but there can be no assurance that we will not encounter disruptions in the future due to substantially increased number of customers and transactions, or for other reasons. In the event we experience systems interruptions, errors or downtime (which could result from a variety of causes, including changes in customer use patterns,

technological failure, changes to systems, linkages with third party systems and power failures), this may give rise to deterioration in customer service and to loss or liability to us and may materially and adversely affect our business, financial condition and results of operations.

If our policies and procedures to identify, monitor and manage risks are not fully effective, it could materially and adversely affect our business, financial condition and results of operations

We have devoted significant resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, see our section titled “Issuer Information - Risk Management”. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. If our policies and procedures to identify, monitor and manage risks are not fully effective, it could materially and adversely affect our business, financial condition and results of operations.

If we fail to effectively manage our growth, it may adversely impact our business

The Bank’s total assets have grown from 164.20 billion kyats as at 31 March 2015 to 229.81 billion kyats as at 31 March 2016. We plan to significantly increase the value of our loan book, which is the majority of our total assets. Our ability to effectively manage our growth depends primarily upon our ability to manage key issues, such as selecting and retaining skilled manpower, achieving cost efficiencies, maintaining an effective technology platform that can be continually upgraded, improving our risk management systems, developing a knowledge base to face emerging challenges and ensuring a high standard of customer service.

We may face maturity mismatches between our assets and liabilities. Our funding is primarily through short-term deposits, and if depositors do not roll over deposited funds on maturity or if we are unable to continue to increase our deposits, our financial condition and results of operations could be adversely affected

Our assets have short term maturities. Our source of funds consist of deposits, of which 23.21% consist of current deposits, 37.86% consist of savings deposits, 32.40% consist of fixed deposits and 6.54% consist of call deposits. As of 31 March 2016, the largest deposit with our bank represented 8.29% of total deposits and the top 10 largest deposits combined represented 37.32% of the Bank’s total deposits. In our experience, a substantial portion of our customer deposits have been rolled over on maturity and have been, over time, a stable source of funding.

However, if a significant portion of our depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our assets, our liquidity position could be adversely affected. We may be forced to pay higher interest rates in order to attract further deposits, which could have a material adverse effect on our results of operations.

If we are unable to control the level of our non-performing loans (“NPLs”) in our portfolio effectively in the future, our financial conditions and results of operations may be adversely affected

As at 31 March 2016, the amount of NPLs in our portfolio is at a manageable level. However, if we are unable to control our NPLs in the future, it could have a material adverse effect on our financial condition and results of operations.

RISK FACTORS FOR 663 MOBILE MONEY

There can be no assurance that 663 Mobile Money will achieve commercial viability

663 Mobile Money, a money transfer service, was introduced on 11 July 2015 and the unproven potential of this new business model in Myanmar makes any evaluation of its business or its prospects difficult. No assurance can be given that the Company will achieve commercial viability through the successful implementation of its business plans.

663 Mobile Money’s business is subject to competition from other providers of mobile payment services in Myanmar

There are other providers of mobile payment services in Myanmar, such as Myanmar Mobile Money, Mykyats, WAVE. In addition, other mobile operators, banks and payments companies have announced plans to launch similar services. If 663 Mobile Money fails to compete effectively it will have an adverse effect on its business, financial condition and results of operations.

Security breaches could have an adverse effect on 663 Mobile Money’s business

If 663 Mobile Money’s security measures are breached, or if its products are subject to cyber-attacks that restrict user access to its products, its products may be perceived as less secure than alternatives and users may stop using 663 Mobile Money’s products, which would have an adverse effect on its business, financial condition and results of operations.

A failure of 663 Mobile Money’s technology platform could seriously impact 663 Mobile Money’s ability to trade

663 Mobile Money is a technology business which provides the systems that allow users to send and receive mobile payments. If there is a failure of the technology platform that enables the provision of these services, and this failure prevents 663 Mobile Money from processing transactions, it will seriously impact 663 Mobile Money’s ability to trade and have a consequential adverse impact on its business, financial condition and results of operations.

Changes in regulations could have an adverse effect on 663 Mobile Money’s business

663 Mobile Money may be subject to increasing regulatory constraints, particularly with respect to money transfers. Any changes to existing regulations could adversely affect 663 Mobile Money’s business, financial condition and results of operations.

GENERAL COUNTRY AND POLITICAL RISK

Impact of political, economic and social situation in Myanmar

All of our businesses and operations are based in Myanmar. Any unfavourable changes in the political, economic and social conditions of Myanmar may adversely affect our businesses, financial condition and results of operations.

Changes in Government Legislation, Regulation and Policies

Any change in government legislation, regulations or policies directly or indirectly affecting our businesses or the markets in which we operate could have a negative effect on the demand for our products and services. Furthermore, any change in the application and treatment of such legislation, regulations or policies to us may adversely affect our businesses. Either of these circumstances could, in turn, have a material adverse impact on our businesses and our financial condition and results of operations.

Foreign Exchange Risk

Currently, there are no financial instruments available to any public company in Myanmar which will allow us to effectively hedge against the currency fluctuation risks of the Kyat. Should the Kyat depreciate against other currencies, such as the US\$, the price of imported goods will rise, which could have an adverse impact on our business, financial condition and results of operations.

Difficulties in obtaining updated public information and statistics in Myanmar

Under the current business environment in Myanmar, it may be difficult to obtain up-to-date information and statistics on other businesses in Myanmar. As such it may be difficult to gauge our performance, which may lead to inefficient pricing of the Shares due to incomplete market information. Further, inaccurate information may make it difficult for us to access the prospects and potential of any business opportunities available to us from time to time and may consequently adversely affect our business decisions, which could in turn materially and adversely affect our financial condition and results of operations.

RISKS RELATING TO AN INVESTMENT IN THE SHARES

The price of the Shares may be volatile

The trading price of the Shares may fluctuate due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Myanmar and global economy and significant developments in Myanmar's fiscal regime, volatility in the Myanmar and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of the Shares could decline for other reasons unrelated to our business, financial condition or operating results. The trading price of the Shares might also decline in reaction to events that affect other companies in our industry

even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of the Shares.

MCB will be one of the first companies to list shares for trading on the YSX. Investors may experience problems that may include temporary closure of the YSX to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers

The YSX is a new stock exchange implementing new procedures. It may experience issues related to the frequency of trading, operating hours, limitation of daily moves, and fluctuations in the price of listed securities. Investors may also experience problems including a temporary closure of the YSX to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, investors may no longer be able to buy and sell shares on the over the counter market that was previously operated by us.

Additional Notifications, Orders and Directives related to securities business in Myanmar may be adopted

Trading on the YSX has only just recently commenced and the notifications, orders and directives related to securities in Myanmar are relatively new. As such, investors may be exposed to uncertainty and differences in application and interpretation of such rules and regulations.

Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. The bank may also need to retain more profits for reinvestment into our core businesses to encourage future growth. There can be no assurance that we will be able to pay dividends in the future.

Any future issuance of the Shares by the Company or sales of the Shares by any of its significant shareholders may adversely affect the trading price of the Shares

There is no restriction on our ability to issue Shares or our major shareholders' ability to dispose of their Shares (save that any disposal of more than 15% of the total issued Shares of the Company by a Shareholder will require CBM's approval), and we cannot assure you that we will not issue Shares or that any major shareholder will not dispose of, encumber, or pledge its Shares. Further issuances of Shares may dilute your shareholding if you do not purchase the Shares you are entitled to in an offering and may adversely affect the trading price of the Shares. Such Shares may also be issued at prices below the then current trading price of the Shares. Sales of Shares by our major shareholders may also adversely affect the trading price of the Shares.

Negative publicity may adversely affect the trading price of the Shares

Negative publicity, including those relating to any of our Directors or executive officers may adversely affect the price of the Shares.

Unauthorised information may adversely affect the trading price of the Shares

There has been press coverage regarding us and the Listing in certain news publications in Myanmar, which included certain financial information, valuations, and other information (“**Information**”). We do not accept any responsibility for the accuracy or completeness of the Information and that the Information was not sourced from or authorised by us for dissemination to the public. We do not make any representation as to the appropriateness, accuracy, completeness or reliability of any of the Information and the underlying assumptions. We disclaim any Information to the extent that such is inconsistent with, or conflicts with, the information contained in this Disclosure Document for Listing. In this regard, potential investors are cautioned to make their investment decisions on the basis of the information contained in this Disclosure Document for Listing and other information publicly announced by us after the date of this Disclosure Document for Listing and you should not rely on any other information.

6. INDUSTRY INFORMATION

Unless otherwise specified, market data and certain industry forecasts used throughout this disclosure document for Listing have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. While we have taken reasonable action to ensure that statements from third party sources have been reproduced in their proper form and context, none of MCB, the Financial Advisor and our and their respective directors, employees, agents and professional advisors have conducted an independent review of the content or independently verified the accuracy thereof. Industry publications are prepared based on information as of specific dates and may no longer be current or reflect the current trend. Accordingly, investors should not place undue reliance on the information contained in this section.

BANKING SECTOR

Unless otherwise indicated, all financial and statistical data in this sub-section is from a report titled “Myanmar’s Financial Sector – A challenging environment for Banks” by Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (“GIZ”), dated February 2015 (the “GIZ Report”). The views expressed in the GIZ Report do not necessarily reflect the views and policies of GIZ or its management board. GIZ does not guarantee the accuracy of the data included in the GIZ Report and accepts no responsibility for any consequence of their use.

History of Banking Sector in Myanmar

Myanmar’s banking history dates back to the 19th century, when Myanmar was under British colonial rule and the Indian Presidency Bank of Bengal opened its Yangon branch in 1861. The Yangon branch office of the Reserve Bank of India became the first Central Bank in Myanmar (1939 – 1947). After Myanmar’s independence in 1948, the banking sector, including domestic and foreign banks, developed quickly under the democratic government and accounted for at least one-third of Myanmar’s GDP. But after the Revolutionary Council had taken state power, all banks (ten domestic and 14 foreign) were nationalized in 1963. One consequence of the then established socialist banking system was the country-wide deployment of nationalized banks which was intended to create more outreach (banks were almost exclusively present in Yangon before).

A total of three demonetization waves hit the country since independence, the most recent one in 1987, which rendered 75% of the currency in circulation worthless. New financial laws such as the Central Bank of Myanmar Law and the Financial Institutions of Myanmar Law were promulgated in July 1990. Subsequently, the first private bank licences were issued in 1992. In early 2003, the collapse of numerous Ponzi type institutions, which took advantage of a weak interest rate policy at that time, finally led to a banking, a financial, and an economic crisis in Myanmar. Most monetary transactions through the banks stopped which included the payment of employees and business operations. While private banks tried to acquire liquidity through selling their properties, they were also compelled to recall their loans, which in turn forced individuals and companies to sell assets and suspend or close down their business operations to meet their loan obligations. As one of the consequences, a secondary market for frozen bank accounts emerged, with prices largely under face value. Trust in the banking and financial sector, already shaken by the waves of demonetization, was severely affected by this banking crisis.

To regain public confidence, private banks put much effort into providing good customer services. Since the financial year 2007, their efforts proved successful with loan and deposit portfolios growing steadily. Nevertheless, Myanmar's banking sector remains underdeveloped and the economy functions in large on a cash basis.

Banks

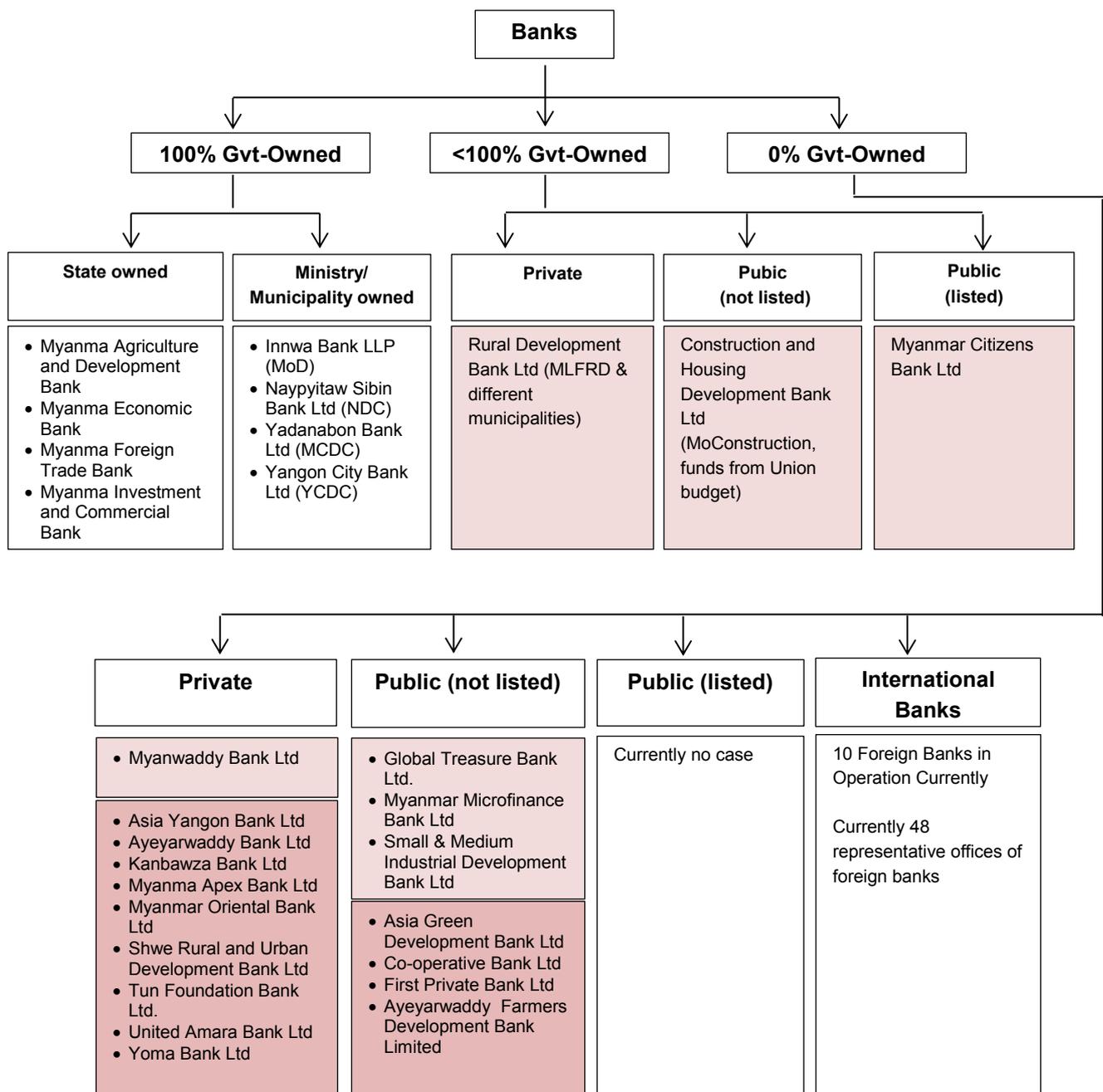
The commercial banking sector is gaining importance in Myanmar. As at 21 June 2016, there were four state owned banks, 24 private banks, representative offices of 24 foreign banks and branches of ten foreign banks. (Source: <http://www.cbm.gov.mm> , accessed 21 June 2016).

The 28 Myanmar banks had accumulated assets amounting to around 55% of GDP. According to the GIZ Report, state-owned banks are still in a dominant position.

As at August 2014, 1,300 bank branches (state-owned, semi-governmental and private banks) operate in Myanmar, of which approximately 40% belong to the state-owned banks. While the number of state-owned bank branches has remained stable over the previous years, private and semi-governmental banks are expanding their branch network rapidly. On the national level, there are 2.5 banks per 100,000 people. Nevertheless, because of the different characteristics of the provinces, this number differs when looking at the sub-union level. Most banks per person can be found in Nay Pyi Taw Union Territory, where 3.8 bank branches serve 100,000 persons. Least served is Kayin State with 1.5 bank branches per 100,000 persons. In general, differences on the sub-union level exist, but are less distinct than one would expect. Partly responsible for this are two state-owned banks, MEB and MADB (as defined below), which represent more than 500 out of the total 1,300 bank branches. The branches of these two state owned banks are to be found especially in rural areas across the country. Private and semi-governmental banks on the other hand are concentrated in urban areas.

Domestic banks can generally be classified in terms of ownership. The GIZ Report has discussed three categories of banks, namely (1) government owned banks, (2) semi-governmental and private banks and (3) foreign banks.

The following sub-chapters will provide a closer look to the various types of banks.



(Source: GIZ Report, CBM website, MCB)

Government Owned Banks

Myanma Economic Bank (“**MEB**”), Myanma Foreign Trade Bank (“**MFTB**”), and Myanmar Agricultural Development Bank (“**MADB**”) were all established under the socialist Union of Burma Bank Law in 1975. A fourth state bank, the Myanma Investment and Commercial Bank (“**MICB**”), was set up in 1990 in order to stimulate the growth of industry and production in the country.

According to the GIZ Report, state-owned banks are losing market share to their private competitors. They are struggling to keep pace with the growth and reforms of their private sector

peers. They face challenges especially with respect to capitalization, information technology and their policy framework. Lacking recapitalization limits the growth of these institutions. Deficiencies with respect to most modern means of information technology hamper efficiency. Political goals (subsidized loans to certain groups) limit their operational freedom.

MEB is the country's largest bank in terms of outreach, with its domestic banking network of over 310 branches across the country. With its extensive branch network across the country, MEB provides financial services in rural areas where 70% of the Myanmar population lives. Furthermore, MEB provides subsidized loans to other banks in order to enable them to serve specific target groups. Because of this, MADB and the Small & Medium Industrial Development Bank in particular received credits well below the market rate to serve farmers and SMEs (as defined below), respectively. Also due to the provision of subsidized loans, MEB has accumulated substantial losses. According to the Office of Auditor General, MEB operated at loss from 1990 to 2012. To cover the losses, 79 billion kyats of the state's budget have been used in FY2012-2013.

MFTB specializes in international banking. It was the only bank to do such business until MICB was established in 1990. All government departments and state economic enterprises keep their foreign exchange accounts with this bank. Some private companies, but mainly private individuals, particularly sailors, have accounts at MFTB.

MADB is the largest state-owned bank in terms of loans (as at 2012). It was founded in 1953 under the State Agricultural Bank Act and was part of the People's Bank of the Union of Burma between 1969 and 1975. It extends credits to farmers in order to support the development of agriculture and livestock, as well as rural enterprises. According to the GIZ Report, proposals for the restructuring of MADB are being discussed.

MICB, which is smaller than MEB and MFTB and overlaps with each of them, is carrying out both domestic and foreign currency businesses. Its main business is extending banking services to private companies, including foreign joint ventures.

Semi-Governmental and Private Banks

In comparison to state-owned banks, semi-governmental and private banks play a leading role in terms of marketing campaigns and technological innovation (e.g. introduction of debit and credit cards or instalment of ATMs). Existing rules and regulations limit the ways banks can differentiate each other via products or prices. The ways semi-governmental and private banks operate also do not differ significantly from each other. However, a major difference between semi-governmental and private banks can be observed when it comes to the use of profits. While the profits of private banks in most cases directly go to their respective business group owning the bank, public banks pay – partly linked to high interest rates on deposits - relatively high dividends to their shareholders (on average 20%). A number of new institutions (re)joined the existing banks in the last few years. In 2010, four new banks (Myanma Apex Bank, United Amara Bank, Asia Green Development Bank, and Ayeyarwaddy Bank) were founded, and Yoma Bank regained its full banking licence in 2012. Two new semi-governmental banks were founded in 2013: the Microfinance Bank controlled by the Ministry of Cooperatives and the Construction and Housing Development Bank controlled by the Ministry of Construction. Additionally, in 2015 the Myanmar Gems Entrepreneurs Federation announced plans to open a public bank, as did the Myanmar Tourism Federation.

Foreign Banks with Bank Branches in Myanmar

Before 1963, foreign banks were allowed to perform all banking functions like local banks. In some areas such as foreign trade, they were more active than their local counterparts. In 1963, a total of 14 foreign banks, including Chartered Bank, OCBC, and HSBC, were nationalized by the then military government and foreign banks were not granted licences to operate in Myanmar. At the time of the bank nationalization in 1963, foreign banks represented more than half of the total capital in the sector. The Financial Institutions of Myanmar Law 1990 allowed foreign banks' representative offices in the country. Since 1994, foreign banks have started opening their representative offices in the country. They are not permitted to conduct banking business in Myanmar. Most of them are primarily engaged in gathering information for their foreign customers trading with Myanmar.

In October 2014, the government announced that nine foreign banks will be allowed to provide banking services to foreign corporations and domestic banks. These nine banks are: Australia and New Zealand Banking Group Limited, Bangkok Bank, Bank of Tokyo-Mitsubishi UFJ, Industrial and Commercial Bank of China, Malayan Banking Berhad, Mizuho Bank, Overseas-Chinese Banking Corporation, Sumitomo Mitsui Banking Corporation and United Overseas Bank. Each foreign bank is allowed to open a branch at only one location and is not permitted to offer retail banking services. The foreign banks are permitted to engage in wholesale banking, grant loans and take deposits from foreign corporates and domestic banks in international currency and kyats. They can also make loans to local companies in coordination with local banks by establishing a syndicated loan extension program. The selected foreign banks are expected to contribute to the development of the domestic banking sector by participating in the interbank market, by lending to domestic banks, by engaging into foreign exchange business, etc. A possible extension of the scope of licence or relaxation on foreign banks will be considered within 12-24 months. As at 24 March 2016, all nine of the foreign banks had opened a branch and commenced business. (Source: <http://www.cbm.gov.mm/>, accessed 24 March 2016).

On 4 March 2016, the CBM announced that it will grant preliminary approval to prepare for commencement of banking operations in Myanmar to four Foreign Banks: BIDV, E.SUN Commercial Bank, Shinhan Bank, State Bank of India. License holders will be subject to the same restrictions on foreign banks described above. (Source: http://www.cbm.gov.mm/sites/default/files/regulate_launder/press_release_licensing_decision.pdf, accessed 24 March 2016)

Mobile Banking

Since December 2013, CBM has allowed local banks to provide mobile banking services. Limits have been set on both transaction amount and number of transactions per day: per transaction amount is limited to 500,000 kyats, and three transactions can be made per day, totalling not more than 1.0 million kyats. According to the GIZ Report, the government plans to increase telephone density from 50% in FY2014-2015 to 80% in FY2015-2016 mainly by mobile phone network. As at September 2014, the teledensity had reached 25.08% (11.6 million of Myanmar Posts and Telecommunication, 1.6 million of Ooredoo and 0.26 million of Telenor), which indicates a lot of potential for the expansion of mobile banking networks.

Five local banks (Co-operative Bank, First Private Bank, Myawaddy Bank, Innwa Bank Ltd, and Ayeyarwaddy Bank) have introduced mobile banking services. However, the functions vary from one bank to another depending on the technology provided by their mobile network operators. The benefit of the system is to have access to the banking facilities without visiting the bank, which saves time and transportation costs. As money can be kept electronically in a mobile phone, mobile banking will help transform the current cash-based economy to a lesser cash-based one and promote financial inclusion.

Focus on SME Finance

Strengthening small and medium-sized enterprises (“**SMEs**”) is a key element of the Myanmar government’s Framework for Economic and Social Reforms (Government of Myanmar 2013). SMEs represent over 99% of the total industries in Myanmar, but at least half of them are not registered officially, and hence exact figures for this sector do not exist. Apart from a strong need for infrastructure modernization and skilled labor, SMEs need a reliable legal framework and funding. A new SME law is in the drafting stage and the institutional landscape has started to change, e.g., set up of an SME Development Center at the Ministry of Industry. Several Myanmar banks have furthermore started to or plan to have customized SME loan products. While other banks also do business with SMEs, they do not have specific SME products or monitor this particular target group separately. Available data (especially the low penetration of the financial sector) as well as interviews by GIZ with banks and SME suggest a substantial lack of access to formal financial services for SMEs. Reliable data to measure this SME finance gap are, however, not available.

Banks cite the prohibitive regulatory framework conditions as the main obstacles for developing their SME finance segment. This includes the strict collateral requirements and short repayment periods that usually do not exceed 12 months. The loan amount granted on average is furthermore only 50% of the forced sale value of the collateral item(s). Hire purchase is a relatively new lending model in the Myanmar banking sector, but is rather used for consuming than business investment purposes. For start-up businesses, financing still remains a big challenge as there is no special loan program provided for new businesses, and credits are only extended to businesses running for more than three years. A credit guarantee scheme for SMEs shall be set up by 2015. However, the funding, set-up, and legal framework for such a credit guarantee scheme are still under discussion.

Institutions and Infrastructure

Apart from the banks themselves, the Myanmar banking sector is made up of the following key institutions:

- The Myanmar Banks Association;
- The Myanmar Institute of Banking; and
- Myanmar Payment Union.

The Myanmar Banks Association (“**MBA**”) was formed in April 1999 to provide a platform for domestic banking industry issues and to cooperate on an international level (e.g., with the ASEAN Bankers’ Association). All local banks are members of the association.

The Myanmar Institute of Banking was founded in 2002 and is a quasi-department within MBA, providing banking training, in particular from the entry to middle management levels. Various training courses on general banking topics are being conducted at the Myanmar Institute of Banking in Yangon to upgrade local banking through full-time and part-time training courses on banking. Due to decades of isolation, according to the GIZ Report, the Myanmar Institute of Banking struggles to upgrade training content and methodology to international standards. Whereas the classes do provide a general overview and understanding of the functions and structures of financial and banking markets, the Myanmar Institute of Banking largely lacks specific courses on specialized banking topics targeted at specialists and management of banks. In addition to this, the demand for the classes greatly exceeds the supply.

The Myanmar Payment Union (“**MPU**”) was formed in 2011 to reform the Myanmar payment system. MPU is becoming a national payment brand. MPU started its operations in September 2012. Its business model is similar to that of China Union Pay (“**CUP**”). For example, all MPU cardholders can have access to any ATM of all member banks and also make payments at any POS of all member banks for goods and services they purchase. ATM operations (cash dispensing, balance inquiry, account transfer, and mini-statements) were re-launched in November 2011. In October 2012, MPU debit cards were introduced. CUP (China Union Pay) and JCB (Japan Credit Bureau) cards as well as Visa and MasterCard transactions were introduced in 2013 and can be used by foreign account holders. Visa launched a cooperation arrangement with eight local banks in 2013. In turn, MasterCard has been cooperating with nine local banks since August 2012. MPU plans to issue an international MPU credit card scheme in 2015 and has invited Visa and MasterCard to join the MPU network. However, the American financial service providers remain reluctant as some of MPU’s shareholders appear on U.S. sanctions lists.

As at January 2013, nine domestic banks and 280 agents across Myanmar have been linked to about 500,000 Western Union agents around the world. Xpress Money, another global leader in money transfer services, in collaboration with the two local banks, the Myanmar Citizens Bank and the Small & Medium Industrial Development Bank, launched its international money transfer and remittance services for Myanmar nationals working abroad in April 2013. Further international money transfer service companies such as MoneyGram are trying to engage with local banks to facilitate their services. According to the International Organization for Migration, official remittance flows into Myanmar amounted to an estimated USD 566 million in 2012. The GIZ Report notes that the majority of flows is outside the formal financial sector and, therefore, unregistered. According to the GIZ Report, the development of the financial sector as well as the proliferation of internet and mobile banking are likely to bring larger parts of the remittance flow back into the official sector. Banks are trying to improve their payment services by upgrading their IT systems and expanding their networks locally and externally through correspondent banks.

7. ISSUER INFORMATION

BUSINESS OVERVIEW

Myanmar Citizens Bank is a public bank established in Myanmar providing a wide range of banking products and services. We have been in operation for the last 23 years and our mission is to provide our customers with the ability to effectively and efficiently manage their financial resources, and by doing so, to improve the quality of their lives. We believe that achieving these goals would be of great benefit to our shareholders, employees and other stakeholders.

Our customers represent all walks of life and include industrialists, traders, agricultural and construction businessmen, businessmen from transportation and service sectors, as well as small medium enterprise entrepreneurs. Our main focus are on services for exporters/importers, the SME sector, hire-purchase and financing.

We have a broad domestic reach with 21 branches within Myanmar, across six regions or states, with further expansion plans currently being implemented.

We are also minority shareholders in Myanmar Payment Union and Credit Bureau, whose activities support our growth.

As one of the first public banks, our Bank carries with it a strong brand name and we believe we have the vision and capacity to be a leading Bank in Myanmar.

CORPORATE INFORMATION AND HISTORY

Corporate Information

The Company was incorporated as a public limited special company in 1991 pursuant to Notification Number 21/1991 dated 30 September 1991 of the Ministry of Trade and as a special company under the Myanmar Special Companies Act with company registration number 274/1991-92.

Corporate Address:

No. 383, Mahabandoola Road,
Kyauktada Township, Yangon Region,
Republic of the Union of Myanmar.

History

While banking activities were historically reserved to state-owned enterprises pursuant to the Myanmar State-Owned Economic Enterprises Law (1989), the Myanmar government, aiming to develop the public sector, and in an effort to open specific types of business to the private sector, allowed private enterprises (including public companies) to engage in banking activities in joint venture with state-owned enterprises.

The Myanmar government therefore established various entities in joint venture with industry associations (“**Government-Public Joint Ventures**”) which would, in turn, establish companies with the private sector. The government approved the establishment of MCB at the third meeting of

the Government-Public Joint Ventures on 14 June 1990, with a view of increasing the quality of financial services provided in Myanmar. We are the semi-government bank established in Myanmar, and are operating pursuant to banking license number MaBaBa/J(i)-1(5)1992 of the CBM dated 25 May 1992.

As a matter of government policy at that time, all government-linked companies, were to be incorporated as special companies under the Special Company Act. As such we were incorporated in 1991 as a special company under the Special Company Act, as our shareholders included the following Government-Public Joint Ventures.

MCB was initially established as a bank with two classes of shares: Class “A” shares which were held by the Government-Public Joint Ventures, and Class “B” shares held by the general public. The purpose of this was to allow the public to participate as shareholders in MCB, via the Class “B” shares. Our shareholding structure at the point of establishment was as follows:

(Kyats in million)		
Shareholder	Class	Amount
Government-Public Joint Venture 1	A	5.00
Government-Public Joint Venture 2	A	10.00
Government-Public Joint Venture 3	A	10.00
Government-Public Joint Venture 5	A	5.00
Government-Public Joint Venture 6	A	1.25
Government-Public Joint Venture 7	A	2.50
Government-Public Joint Venture 8	A	1.25
Public (84 Shareholders)	B	5.81
Total:		40.81

In March 1998, all Government-Public Joint Ventures were wound up pursuant to a government order. As such, all existing Class A shares (amounting, by that time, to 60 million kyats) were sold to the following entities of the Ministry of Commerce.:

- Staff Welfare Associations of the Myanmar Agricultural Products Trading
- Department of Trade under the Ministry of Commerce.
- Department of Trade, Myanmar Agricultural Produce Trading
- Myanmar Inspection and Testing Services under the Ministry of Commerce

MCB has, since its establishment and as a result of government support, developed a reputation of being a reliable and stable bank. Due to our strong reputation with the Myanmar public, there was no run on our bank and this ensured our survival during difficult times. We were therefore able to weather the banking crisis of 2003 as well as to continue to turn profits as described below.

Profits during the banking crisis of 2003

	(Kyats in million)
Financial Year	Profit before tax
2000-2001	108.56
2001-2002	92.03
2002-2003	106.21
2003-2004	144.00
2004-2005	85.23

We had, on 7 February 2016, and in order to comply with the requirement for listing on the YSX, convened an Extraordinary General Meeting to remove the distinction of Class “A” and Class “B” shares, and maintain only a single class of shares. The percentage of Class “A” Shares in MCB has declined over the past four years and by 2016, Class “A” Shares accounted for approximately 10% of the share capital in MCB. Nevertheless, Class “A” shareholders were entitled pursuant to the Articles of Association of the Company to appoint 5 Directors out of 15 Directors, as well as the Managing Director, regardless of the percentage of shares held in the Company. As such, the removal of the distinction between Class “A” Shares and Class “B” Shares has also removed the disproportionate level of control that Class “A” shareholders could exercise via their nominated directors. The Central Bank of Myanmar has approved the removal of the distinction of Class “A” and Class “B” shares on 4 May 2016. DICA has also approved the removal of the distinction of Class “A” and Class “B” shares on 30 May 2016.

We currently have approximately 1,600 shareholders.

The authorised capital of the Company is currently 75 billion kyats with the par value of each share being 5,000 kyats.

STRENGTHS

Strong Governance and Management

We were able to tap into and benefit from the management expertise of the government which includes experience in managing assets, liability, liquidity and cash flow, which allows us to efficiently managing this business. Our performance over the last two years has demonstrated our ability to carry our business forward: with the increase in the banks’ deposits since March 2013, we have been able to extend more loans to meet the demand for capital in the market.

Due to our strong reputation with the Myanmar public, there was no run on our bank and this ensured our survival during difficult times. We were therefore able to weather the banking crisis of 2003 as well as to continue to turn profits

Similarly, some of our non-government Shareholders are major businessmen and were also willing and able to share management expertise with the Bank's management team.

We have a low turnover rate with respect to our employees, most of whom have remained in the bank for a long period of time. In particular, 20 out of 26 executive level employees have been employed with the Bank in excess of 10 years, with nine in excess of 20 years. As such, there is continuity throughout our management structure, with most of our senior staff having an intimate understanding of the Bank's legacy and history.

History of Profitability and Dividend Payments

Since its establishment in 1991, MCB has set aside an amount for dividend distribution such that each share receives an annual dividend of 18% of its par value (i.e. 5,000 kyats). Dividend payments have been made annually during its 23 years of operations and this practice has been maintained even during the 2003 banking crisis, during which MCB had managed to maintain its operations and turn a profit as described above labelled "Profits during the banking crisis of 2003".

Throughout its history, there have been 11 instances where the dividend distribution per share amounted to 25% of par value of which 5 payments of dividends were made between 2000 - 2005.

Tax Compliance

We have cultivated and maintained a culture of compliance with our tax obligations. Since our establishment, we have fulfilled our tax obligations without fail, paying a totally of 4.3 billion kyats as income tax. For the 2014-2015 financial year, we are ranked as the 38th largest tax payer. We are the 12th largest banking tax payer.

Collaboration with the Ministry of Commerce

We are a semi-government bank with a close relationship with the Ministry of Commerce. The Ministry of Commerce is a shareholder in the Bank and this relationship has greatly enhanced our business and profitability.

In particular, we have been appointed to facilitate the Ministry's push toward increasing export/import activities in Myanmar. We have, in partnership with the Ministry of Commerce, established an e-payment system to facilitate the payment of export/import license fees to the Ministry of Commerce.

Prior to the establishment of our e-payment system, importers/exporters were required to pay for their license fees in cash in Nay Pyi Taw. As such, importers/exporters were required to spend a lot of time travelling in order to make such payments. With the establishment of our e-payment system, customers no longer need to make payments in cash at the Ministry of Commerce in Nay Pyi Taw. Importers/exporters may, by opening an account with us, use our e-payment system and make the necessary payments without having to physically travel to Nay Pyi Taw. Importers/exporters may also make such payment through our branches should they prefer not to make such payments on-line.

We do not collect any commission fees from the Ministry of Commerce, but do charge a service fee of 500 kyats per transaction, for the use of our payment

systems. In addition from the collection of such fees, we have been able to vastly expand our customer base as set out in the table below.

Financial Year	Accounts Opened	No. of Import/export Licenses
2007-2008	2,249	16,810
2008-2009	798	37,022
2009-2010	731	45,079
2010-2011	711	58,391
2011-2012	5,590	66,640
2012-2013	7,204	77,479
2013-2014	9,026	255,631
2014-2015	10,732	170,960
2015-2016	12,952	182,832

We are, to date, the only bank permitted to extend such services to the public. The collection of service fees accounted for 0.4% of our total income in 2015-2016 and 1.6% of our operating income but we have benefited greatly from the expanded customer base. As such, we would not be affected should the Ministry of Commerce seek to reduce the licenses required for the import of goods into Myanmar.

As a result of our deep involvement in the trading sector, we have also become familiar with the sector's needs and practices and have become the preferred bank amongst exporters and importers in Myanmar. Our favoured position has resulted in the expansion of services provided to importers and exporters, including the provision of loans, Letters of Credit (LC), Telegraph Transfer (TT), Bank Guarantee (BG), and Trade Financing.

Collaboration with Business Community

Our major shareholders comprise of prominent business owners who, since the inception of our Bank and in the course of their business dealings with their own customers, have encouraged that they bank with us, or that they use us for hire purchase loans.

High Loan to Deposit Ratio

We have, compared to other banks a higher loan to deposit ratio, resulting in our ability to turn a higher profit. This is due to high demand for MCB loans, which have been uniquely designed based on the bank's longstanding experience in lending market in Myanmar. MCB loan borrowers can get one-year extensions at most twice, without being required to repay the principal until the fourth year of loan. The extension is available for those who make timely payments after MCB loan officers' onsite visit and thorough business inspection. Also, for those with good business, loans

can be offered up to over 40% of forced sales value of the collateral, which MCB believe is highly competitive in the market. We do, however, in considering an application for a new loan to deposit ratio limits and will not approve new loans where the ratio is too high.

STRATEGIES

Expansion of Branch, ATM and POS Network

We aim to expand our network of branches and to strengthen our position in the domestic banking sphere and, in particular, in retail and corporate banking. Our goal is to establish an additional 50 branches over the span of the next five years.

In addition to accepting MPU Cards, our ATM machines are compatible with Japan Credit Bureau (JCB) Card and China Union Pay Cards. In addition to such ATM services, more merchants will start accepting payment by way of MPU cards. We are expected to generate more incomes from such services.

Expansion of Hire Purchase Services

We have been successful in providing hire purchase services in respect of the sale of agricultural equipment to farmers, particularly in Mandalay Region, Sagaing Region, Yangon Region and Ayeyarwaddy Region. In light of such success, we intend to expand the provision of services throughout the entire country.

Focus on Foreign Trade

Due to the involvement of the Ministry of Commerce as shareholders and directors in the Company, we have developed the competitive advantage of being well versed in the foreign trade sector. We will use this advantage to become a leader in trade financing and in providing trade-related services such as issuing Letters of Credit, Standby Letters of Credit, Documentary Collection, Export Factoring, Bills of Exchange and Direct Loans. We have been aggressive in expanding our customer base in respect of trade-related services. In particular, we have moved away from the practicing of requiring customers to put up 100% of the purchase price solely from export earnings in order to be eligible for our TT/LC trade services. We are now willing to extend such services on more favourable terms to our customers (provided that they satisfy our background and credit checks), thereby expanding our customer base.

To the extent that the demand for our trade services exceeds our capacity, we are able to establish credit lines with foreign banks to service our customers. Our links with foreign banks enables us to expand our business in this manner.

“Two-Step Loans” programme

We are one of six private banks selected for the implementation of low-interest “Two-Step Loans” for Small & Medium Enterprises (“**SMEs**”) as a G2G collaboration between the Government of Myanmar and the Government of Japan, through the Japan International Cooperation Agency (“**JICA**”). The programme commenced in 2016, pursuant to which the Myanmar Economic Bank, using funds from a low-interest loan from Japan, will extend a loan to MCB at the rate of 4% p.a., and we will in turn be extending loans to SMEs at the rate of 8.5% p.a..

We had applied to participate in this programme on 12 November 2015 and were selected on 12 May 2016. In selecting banks for this programme, JICA considered specific criteria such as their governance, asset size, branches, credit analysis, focus on SME, and Policy Loan Experience. MCB was selected after having obtained a grade “A” in Governance, Credit Analysis and in Policy Loan Experience.

We have been in discussions with JICA on MCB’s governance, procedures, loan policies and processes, transparency of financial statements, environmental policies and procedures in loan business, environmental and social management and conservation, as well as on the manner in which such loans will be extended to the bank, the standard terms and conditions of such loans and the availability of training of our staff.

The advantages of this programme are as follows:

- The loans advanced under this programme are both low interest-bearing and long term. Repayment is easier and helps greatly in business development by businessmen;
- The 4.5% margin granted to is maybe earned without us having to use our existing deposits;

This will assist us in maintaining our Loan-to-Deposit Ratio and Liquidity Ratio as required by the Central Bank.

International Banking

Having started our International Banking systems in 2003, we have amassed experience in this sector and have been successful in developing connections with foreign banks.

Having acquired our Authorized Dealer License, we plan to establish an international banking network and to be a leading bank in international banking. Currently, this department accounts for 15% of our profits. This stems primarily from our foreign exchange business which we are now seeking to expand. In particular, we have established a research and training department to focus on developing our foreign exchange business. Their role is to track the foreign exchange market and to analyse information. At least three major international banks have sponsored our staff to receive training in this area.

We further intend to enhance the services provided with respect to international banking. While overseas remittance services are already offered, we intend to increase this by forging more links with international remittance agencies such as Money Gram and Trans Fast. By doing so, more service charges will be generated.

We are also seeking new customer and merchants to expand our international card payment services (with Visa and MasterCard acquiring bank services and MasterCard Prepaid Card services etc).

Customer Focus Programme

We seek to establish a presence where necessitated by our customer’s needs. In this regard, we have established mini branches to facilitate the servicing of specific needs as part of our customer focus program. In doing so, we hope to provide participate in the development of the nation while

generating a profit. Currently, we are the only bank providing cash deposit services at our Bayint Naung Mini Branch located at the Bayint Naung Wholesale Centre, where many of our customers in the agricultural industry trade. Similarly, we have established our Pabedan Mini Branch to accept payment of export/import license fees. This branch is located at the office of the Ministry of Commerce, where applications for such licenses are made.

Human Resources and Employee Training

The quality of our staff and management is of great concern to us. We are pleased to state that generally, we have a low employee turnover rate. This ensures that our general pool of human resources are experienced with their work and are familiar with the Bank's processes and structure. As mentioned in our discussion of strengths 20 out of 26 executive level employees have been employed with the Bank in excess of 10 years, with nine in excess of 20 years.

In order to improve the quality of our services, we conduct regular training programmes to upgrade the skills and qualifications of our employees. In addition to on-the-job training, employees are required to attend courses conducted by the Association of Myanmar Banks. We plan to cooperate with and have engaged in discussions with foreign banks and financial institutions operating in Myanmar, to collaborate, in our financing, human resource development activities, and IT activities

OUTLINE OF BUSINESS

Overview

Our first operational branch and headquarters was established at No. 383 Mahabandoola Road, Kyauktada Township in Yangon providing services such as the acceptance of deposits, advancing of loans and money transfer.

Our capacity to conduct our business arises from our Banking License (License No. Ma Bha Ba/J (I) -1/5) granted to the MCB by the Central Bank of Myanmar dated 25 May 1992, the following business activities can initially be carried out under Section 25 of the Financial Institutions of Myanmar Law 1990:

- Money borrowing or raising of money;
- Lending or advancing of money either upon or without security;
- Drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, promissory notes, drafts, bills of lading and railway receipts, whether negotiable or not;
- Purchasing and selling of bonds or other forms of securities on behalf of customers;
- Receiving securities or valuables for safe custody; and
- Collecting and transmitting money and securities.

We primarily provide banking services such as the taking of deposits, loans, hire purchase and international banking. These are described in more detail below.

We currently have a total of 21 branches, with 19 branches having been established between 2010 and 2016. Our growth between 2010 and 2016 is as set out below:

Description	2016 (Kyats in billion)	2010 (Kyats in billion)
Paid-Up Capital	49.8	3.2
Deposit	144.3	12.2
Net Profit after Tax	5.3	0.5

In 2012, we were issued with an Authorized Dealer Licence and permitted to engage in international commerce and to undertake foreign banking activities. We have since then established relationships with 27 Correspondent Banks off-shore, and provided our customers with various telegraphic transfer and remittance services, as well as the issue of letters of credit. We are also engaged in international money transfers in collaboration with international fund transfer enterprises such as Money Gram and are the acquiring bank for Master Card and Visa.

MCB was a founding member in the formation of the MPU with objectives of reducing cash handling within the country, to increase inter-bank banking services between member banks, to upgrade payment systems, to enable use of international cards within the country, and enable domestic banks to link up to the international network. As a member bank of the Myanmar Payment Union (“MPU”), we have launched our “MCB MPU Card” which enables card-holders to make domestic payment at automated teller machines and point of sale systems.

We would, as described under our discussion on Strategies, be providing low-interest “Two-Step Loans” for Small & Medium Enterprises.

Deposits

We commenced our business in 1992 with the acceptance of deposits in kyats. Our deposit services comprise current, saving, time and call deposits.

Top ten depositors 2016				Top ten depositors 2015			
(Kyats in million)				(Kyats in million)			
No.		Amount	%	No.		Amount	%
1	Director A+ Individual B*	11,974	8.29%	1	Company A (industrial)	4,294	4.16%
2	Bank C	9,250	6.41%	2	Bank A	4,276	4.14%
3	Bank D	5,617	3.89%	3	Individual A	4,084	3.96%
4	Bank A	4,917	3.41%	4	Association A	3,830	3.71%
5	Company A (industrial)	4,262	2.95%	5	Company B* (trading)	3,778	3.66%
6	Association A	4,155	2.88%	6	Company C* (trading)	3,666	3.55%
7	Bank E	4,000	2.77%	7	Company D* (service)	2,280	2.21%
8	Company F* (service)	3,599	2.49%	8	Bank B	2,009	1.95%
9	Company D* (service)	3,460	2.40%	9	Company E (industrial)	1,929	1.87%
10	Individual A*	2,640	1.83%	10	Association B	1,830	1.77%
Total		53,874	37.32%	Total		31,976	30.99%

* these deposits are categorized as related party transactions. Please refer to "Related Party Transactions" as well.

Deposit breakdown by amount are as follows:

Deposit Size	As at 31.03.2016		As at 31.03.2015	
	Aggregate Deposit Balance (Kyats in million)	% of Sub-total Deposit Balance	Aggregate Deposit Balance (Kyats in million)	% of Sub-total Deposit Balance
Less than Kyat 100 million	41,347.49	28.64%	36,557.72	35.43%
More than Kyat 100 million to Kyat 500 million	31,293.39	21.68%	22,329.40	21.64%
More than Kyat 500 million to Kyat 1 billion	24,219.74	16.78%	17,962.41	17.41%
More than Kyat 1 billion to Kyat 5 billion	38,509.64	26.67%	26,329.40	25.52%
More than Kyat 5 billion	9,000.00	6.23%	-	0.00%
Total	144,370.26	100%	103,178.93	100.00%

The interest rates applicable to such deposits are determined by the CBM. Currently, the deposit interest rate, as stipulated by the CBM ranges between 8% and 10%. Interest is not payable on current deposits and the interest paid by the Bank on the other types of deposits are as follows:

Savings deposits: 8.25% p.a. and interest is paid every three months.

Time deposits: 9% p.a. for one month, 9.25% p.a. for three months, 9.50% p.a. for six months, 9.75% p.a. for nine months and 10% p.a. for one year

Call deposits: 4% per annum for 100,000 to 10,000,000 kyats and 8% for 10,100,000 kyats and above; interest is calculated daily and paid monthly.

In addition to the foregoing, customers may open foreign currency accounts in USD, EUR or SGD. These foreign currency accounts are not interest bearing.

Financing and Loans

We offer commercial loans and pledge loans and extend various guarantees such as trade guarantees and bank/performance guarantees. Such services are offered to various business segments such as industrial, transport, trading, general business, services, construction, agricultural and animal husbandry. Our priority is to advance loans to trading, industrial and service enterprises where risk is minimal. A breakdown of our the loans to the different industries are set out below

Myanmar Citizens Bank							
Loans extended by private banks to private businessmen							
(Kyats In million)							
Sr	Business	(31.03.2016)			(31.03.2015)		
		No.	Amount	%	No.	Amount	%
1	Industrial	255	21,140.08	22%	200	16,405.25	22%
2	Transportation	42	1,573.48	2%	42	1,330.17	2%
3	Trading	444	33,614.48	36%	441	26,210.63	37%
4	Service	100	24,861.68	27%	96	14,733.63	21%
5	Construction	9	10,409.14	11%	9	10,246.53	14%
6	Agriculture & Livestock	16	439.35	0%	19	588.62	1%
7	General	24	1,717.40	2%	22	2,056.44	3%
Total		890	93,755.61	100%	829	71571.27	100%

A description of the new loans issued, and the loans repaid over the last four financial years are set out below.

(Kyats in million)

Financial Year	Net new loans		Existing loans	
	No.	Amount	No.	Amount
2011-2012			542	24,817.22
2012-2013	182	17,239.26	724	42,056.48
2013-2014	30	9,149.25	754	51,205.73
2014-2015	75	20,365.54	829	71,571.27
2015-2016	61	22,184.34	890	93,755.61

(31.03.2016) Top Ten Borrowers List of Myanmar Citizens Bank Ltd,

(Kyats in million)

No.		Sector	Issue Date	Amount	Due Date
1	Company A	Construction	20.9.2015	7,000	20.9.2016
2	Company B	Services	19.8.2015	3,500	19.8.2016
3	Individual G	Services	26.6.2015	2,700	26.6.2016
4	Individual A	Services	17.6.2015	2,500	17.6.2016
5	Individual H	Trading	18.11.2015	2,200	18.11.2016
6	Individual I	Industrial	11.11.2015	1,900	11.11.2016
7	Individual C	Services	11.2.2016	1,800	11.2.2017
8	Individual B	Services	7.12.2014	1,750	7.12.2016
9	Individual J	Services	23.6.2015	1,600	23.6.2016
10	Individual K	Services	10.6.2015	1,100	10.6.2016

(31.03.2015) Top Ten Borrowers List of Myanmar Citizens Bank Ltd,

(Kyats in million)

No.		Sector	Issue Date	Amount	Due Date
1	Company A	Construction	20.9.2014	7,000	20.9.2015
2	Company B	Services	19.8.2014	3,500	19.8.2015
3	Individual A	Services	17.6.2014	2,500	17.6.2015
4	Director A	Trading	16.8.2014	2,000	16.8.2015
5	Individual B	Services	7.12.2014	1,750	7.12.2015
6	Individual C	Services	11.2.2015	1,000	11.2.2016
7	Individual D	Industrial	15.11.2014	1,000	15.11.2015
8	Individual E+F	Services	29.5.2014	900	29.5.2015
9	Company A	Construction	21.9.2014	803	21.9.2015
10	Company C	Construction	18.6.2014	800	18.6.2015

Loans may be accepted and disbursed from our branches (except our Mini-Branches). The initial assessment of a loan application will be conducted on-site at the relevant branch by the loan officer. The application would thereafter be sent to the head office for final approval. Loans for up to 300 million kyats are required to be approved by our Loan Committee and loans in excess of 300 million kyats must be approved by our Board of Directors.

The interest rate charged in respect of loans is 12% per annum on the loan amount. In addition, we charge a service fee of 1% per annum on the loan amount. As such, the total amount earned by the bank on a loan would be 13% per annum on the loan amount.

The loan can be extended up to three years, and after that, every year 25% of the initial loan amount shall be repaid.

As of March 2016, the Bank had 890 borrowers for a total loan value of 93.75 billion kyats.

We set out below a breakdown of the accounts and corresponding amounts of the existing loans, as of March 2016, excluding hire purchase, for the previous financial years:

(Kyats in million)		
Financial Year	No. of accounts	Amount
2008-2009	107	1,555.78
2009-2010	37	1,335.45
2010-2011	48	5,060.36
2011-2012	99	6,572.13
2012-2013	144	11,578.19
2013-2014	101	13,506.16
2014-2015	202	25,085.07
2015-2016	152	29,062.47
Total	890	93,755.61

A breakdown of the existing loans (including hire purchase) are as set out below:

(Kyats in million)

Loan Size	As at 31 March 2016		As at 31 March 2015	
	Aggregate Loan Balance	% of Sub-total Loan Balance	Aggregate Loan Balance	% of Sub-total Loan Balance
Less than kyat 100 million	39,034.88	34%	33,846.01	39%
More than Kyat 100 million to Kyat 500 million	28,495.71	25%	32,702.76	38%
More than Kyat 500 million to Kyat 1 billion	17,361.68	15%	7,108.26	8%
More than Kyat 1 billion to Kyat 5 billion	23,383.58	20%	6,459.74	7%
More than Kyat 5 billion	7,000.00	6%	7,000.00	8%
Total	115,275.85	100%	87,116.77	100%

A description of the different types of loans available is described below.

Commercial Loan

Commercial loans may only be advanced against immovable property as collateral. The types of collateral accepted are generally immovable property, and in particular “Grant-land (Gayan)”, “Freehold land” or “LaNa-39 land (Farmland)”, together with all structures and buildings erected thereon. We also take into the viability of the business being financed and will lend up to 35% of the forced sale value as estimated by the Bank’s assessor.

The loan is only disbursed after the original title deeds have been obtained and the Bank is satisfied that requisite insurance has been properly maintained, the requisite bank accounts with the Bank has been opened and all necessary loan documents (including any guarantees) have been executed.

The bank lending interest rate as stipulated by CBM shall not exceed 13% and interest on such loans are collected on a quarterly basis.

Pledge Loan

Are loans similar to commercial loans, but are advanced against the pledging of physical collateral, such as agricultural produce (cereals and pulses). The collateral deposits are stored systematically separated, and re-issued on endorsement by title holder at the time of settlement of the loan. The terms and conditions and processes pertaining to pledge loans are the same as commercial loans.

Guarantee

We extend trade guarantees as a service provided to facilitate bank related transactions between a seller and a buyer of goods, and to improve cash flow. Such guarantees are generally only extended against immovable property as collateral. The term of such guarantee is short, generally spanning a couple of months.

We further extend bank guarantees where require by specific individuals, companies, government ministries or organisation in respect of key projects.

Hire Purchase Financing

We have also implemented hire purchase financing schemes in addition to standard loans. This fulfilled a need in the market and contributed to the mechanisation and industrialisation of various industries in Myanmar, such as the agricultural industry as farmers are now able to access capital, pursuant to such hire purchase schemes, for the purpose of purchasing agricultural equipment. This has supported the general mechanisation of the agricultural sector, and has helped convert trading enterprises, cottage industries, small and medium industrial enterprises to large-scale industrial enterprises.

Hire purchase programmes are being carried out in collaboration with seventeen companies for sale of various machinery and equipment of business use, residential apartments, motor-vehicles and telephone handsets. Up to 31 March 2016, hire purchase total sanction amount is 27.99 billion kyats and total number of accounts is 7,706. In light of such success, we intend to expand the provision of services throughout the entire country.

We enter into a hire purchase agreement with the buyer and, upon the sale of the product from the seller to the buyer, the seller transfer title of the product to the Bank. Upon repayment of the loan, title to the product is transferred to the buyer.

Non-Performing Loans (“NPLs”)

We have four approaches to managing NPLs namely:

- adopting a stringent loan policies and procedures;
- requiring adequate collateral and guarantees;
- active loan monitoring; and
- adopting legal action in the event of default.

Because of our stringent loan requirements, we have had few instances of NPLs as most of our borrowers successfully uphold their obligations.

We monitor our loans by issuing payment reminders (including information on the amounts and due date) to borrowers 15 days prior to the due date and by further following up by way of mobile phones. If payment is missed, a loan officer will visit the borrower on site to collect payment.

In the event of a bad loan, the defaulting borrower will be issued with a notice from the bank that they will commence with legal action. If payment is still not made, a demand letter will be issued by the banks' letter and the case will be taken to the Myanmar courts to enforce any collateral taken in respect of such loan.

Loan periods may, with the approval of the board of directors, be extended for specific borrowers who are consistent in their interest payments. This encourages timely payments. Borrowers are required to make good the full payment of all outstanding monies at the end of the extension period.

Currently, we define the various NPLs as follows:

- Sub-standard loans: default on payments of interest/principal for 6 – 12 months;
- Doubtful Loans: default on payments of interest/ principal for 12 – 24 months; and
- Bad Loans: default on payments of interest/ principal for more than 24 months.

We will eventually adopt the Central Bank's revised definitions of NPLs as set out below, once it is in force:

- Watch loans: default on payments of interest/ principal for 31 – 60 days
- Sub-standard loans: default on payments of interest/ principal for 61 – 90 days;
- Doubtful Loans: default on payments of interest/ principal for 91 – 180 days; and
- Bad Loans: default on payments of interest/ principal for more than 180 days.

Our strategy for reducing NPLs is to advance loans only to borrowers whose businesses are performing well, and selecting them through site visits and thorough investigation. Currently, as more MCB branches are being established, plans are being implemented for our staff to make site visits to investigate local businessmen in the towns where the branches are situated, and to select and advance loans only to those with prospering business and whose security is good.

In addition, we do not prioritise the granting of loans to the agricultural and livestock sectors as the risks are higher. Where high-risk loans are extended, we manage our risk by:

- requiring debtors, who are not regular in repayment of loan interest and principal, to clear the entire loan at completion of term, and not allowing term extensions; and
- extending loan duration or making additional amounts available in case of businessmen who are regular in payment of quarterly interest and are able to clear the principal at the completion of term.

We set out breakdown of NPLs based on our current definition as of 31 March 2016 below:

Breakdown of NPLs as of 31.03.2016

Categorized under NPLs since

(Kyats in Million)

Financial Year	No. of accounts	Amount
2008-2009	1	5.09
2009-2010	1	8.93
2010-2011	3	129.69
2011-2012	1	21.56
2012-2013	4	223.94
2013-2014	19	899.30
2014-2015	7	1053.16
2015-2016	13	756.66
Total	49	3,098.33

Security

We set out the types of security held by the bank as of 31 March 2016 below:

Types of Security accepted by MCB as at 31.03.2016

Sr	Type of Security Acceptable	Number of Loans	Loan Amount (Kyats in million)	%
1	Land and building	889	93,455.61	81.07%
2	Gold and gold jewellery	-	-	-
3	Deposits (Saving Account and Savings Certificate)	-	-	-
4	Lien on Crop Produce	1	300.00	0.26%
5	Corporate Guarantee (Hire Purchase)	7,706	21,520.24	18.67%
6	Treasury Bonds	-	-	-
Total		8,596	115,275.85	100.00%

Maturity

As a summary of both the above sections on Deposits and Financing and Loans, the maturity of the financial instruments in assets and liabilities are as set out below:

(Kyats in million)			
Type of Loans and Investment	Less than 1 year	From 1 year to 3 years	Beyond 3 years
Loan & Overdraft (excluding Hire Purchase)	93,756	-	-
Hire Purchase	15,856	5,663	-
Treasury Bonds	1,800	24,500	-
Treasury Bills	-	-	-
Total	111,412	30,163	-

(Kyats in million)			
Type of Deposits and Other banking products	Less than 1 year	From 1 year to 3 years	Beyond 3 years
Deposit	144,370	-	-
Payment Order	298	-	-
Bank Guarantee	7,584	-	-
Total	152,251	-	-

Domestic Transfer Services

We provide domestic funds transfer services to any township which has an operative bank branch. This service is not just limited to branches of our Bank but may be utilized by any of our affiliated banks such as Co-operative Bank, Ayeyarwaddy Bank, Myanmar Oriental Bank, Small & Medium Industrial Development Bank, Construction and Housing Development Bank, Myawaddy Bank, Rural Development Bank and Asia-Yangon Bank.

International Banking

We provide a range of services related to international banking and trade financing. Our close relationship with the Ministry of Commerce has enhanced our ability to meet the needs of our customers. Our services offered are as follows:

Export & Import Service (L/C, TT)

We assist traders with issuing letters of credit, providing money transfer services as may be required. Such services include the remittance of proceeds, salaries, general expenses, services fees etc.

International Remittance and Money Transfer

We provide remittance services in collaboration with international service providers such as Money Gram International Limited-MGIL (England), and Trans Fast World Wide Money Transfer (T.F) (New York). Such services were initially used by Myanmar nationals and government staff working abroad to remit money into Myanmar. Service fees are charged. The provision of our services provide a secure and formal platform through which monies may be transferred into Myanmar.

Foreign Exchange

We were amongst the first to carry out the business of foreign currency exchange in 1994, until this was stopped by order of the government in 1998. Money changers were once again permitted in October of 2011 and we were issued with a money changer license on 24 October 2011 and recommenced with the provision of this service. We currently provide such foreign exchange services at the following branches, and in respect of USD, EURO and SGD.

Location	Date Opened
Kyauktada bank (Yangon)	24 October 2011
Muse branch	6 December 2011
Mandalay branch	14 September 2012
Dawbon mini-branch	7 May 2014

Authorised Dealer

We were issued with an Authorized Dealer License on 17 August 2012, and are permitted to carry out foreign currency banking transactions with foreign countries. We became a member of the Society for Worldwide Inter-bank Financial Telecommunication (SWIFT) on 5 January 2013; and has, since then, established correspondent Bank relationships with United Oversea Bank (UOB), Oversea Chinese Banking Corporation (OCBC), United Bank of India, Krung Thai Bank, Malayan Banking Berhad (May Bank), DBS Bank, Commerz Bank, ICBC, Maruhan, Kasikorn, Industrial Bank of Korea.

We provide the following foreign currency services our customers.

- Foreign Currency Current Account
- Export/import Fund transfer
- Cash disbursement
- Providing of Bank Guarantee

- Account Transfers
- Foreign Exchange Market activities

663 Mobile Money

Overview

We were one of the first banks to provide mobile banking services upon the issuance of the Mobile Banking Draft policy from the Central Bank of Myanmar in late 2013. The March 2016 announcement of the Mobile Financial Service policy permitting all models of “Mobile Money” operations is a promising development and we expect this to grant us access to significant new markets

We have been in the forefront of such “Mobile Money” operations since we started implementation two years ago. The objective was to facilitate a move away from physical branching and toward agency banking or branchless banking which can be operated at a lower cost, and built up at faster speed than physical branches, to effectively serve the majority of the population which are located in unbanked and rural areas. This enhances the quality of life of such communities as they now have a secure transaction medium and are no longer prohibited from engaging in economic activity as a result of geographic limitations. They further need not to resort to informal or “shadow” banking regimes such as the “Hondi” system.

Project Overview

We have established an independent business unit called MCPS (Myanmar Citizens Payment Services), which is in joint operation with a consortium of companies from different industries.

We were granted permission to implement a “Mobile Payment” system to facilitate the penetration of banking services to rural areas without a physical bank branch on 22 May 2015 and MCPS was soft-launched in July 2015. We have been doing pilot operations under the brand “663” Mobile Money, in Yangon and the Ayeyarwaddy regions. “663” Mobile Money offers the following services through mobile and ICT technology.

- a) Mobile Airtime Top-up
- b) Bill Payment services
- c) Peer to Peer money remittance services
- d) Merchant pay services
- e) Monthly recurring payments such as Hire Purchase Loan repayments etc.

There is a transaction limit of ten lakhs and service fees are usually charged.

The strength of MCB’s mobile money operation is in the participating partners who operate as “663” Super Agents who have a large distribution network and support MCB in the acquisition and management of mobile financial service points. They are the leading organizations in their fields

and include Myanmar Payment and Solution Services (MPSS) providing technical and operation support, Capital Diamond Star Group (CDSG), Good Brothers Co., Ltd, New Golden Gate (1991) Co., Ltd, and Shwe Me Co.,Ltd providing agriculture and consumer products and services to both the urban and the rural areas with network covering the entire country.

MCPS offers an “e-wallet”, which subscribers can apply for at any 663 agent outlet (“**Agent**”) and use instantly for all types of transactions. The application form will be collected from the Agent, thereby fulfilling the Know Your Customer (KYC) requirements set forth by the Central Bank. Subscribers, agents and merchants can access the Services via USSD, Java Mobile applications from all types of feature phones and Android applications for smart phones and from any of the mobile operators in Myanmar. We plan to integrate this with the existing Point of Sale (POS) devices of larger agents and merchants, thereby increasing the user-friendliness of our product and enhancing access to our mobile financial services.

As of May 2016, 663 Mobile Money had a network of over 700 agents, 800 merchants and over 6,600 subscribers in the lower Myanmar. In addition to the 663 revenue stream, MCB now has the opportunity to cross sell products and acquire new customers through the existing participants of the 663 ecosystem as many of them were initially unbanked or under banked.

The challenges of building a successful mobile money ecosystem is a daunting task for any operator in a new market like Myanmar. MCPS has a strong team that is committed to bring financial services to the underserved citizens in the rural areas of Myanmar where mobile technology has only recently penetrated. The success of our operations may not be immediately apparent, but we are confident that the mobile money platform as a whole will allow MCB to effectively compete in the ever-changing banking industry that is constantly being disrupted by innovation.

Information Technology

License Fees E-Payment

An e-payment system in respect of the payment of import license fees to the Ministry of Commerce was initiated in 2007 in order to eliminate the risks involved in carrying cash to Nay Pyi Taw. Importers/exporters are required to open a current account with us and they may then pay such license fees through our e-payment system.

E-Commerce Service

Customers may use our MCB MPU Card for facilitate transactions such as the topping up of their mobile phone balance, purchasing of air-tickets and bus tickets, online shopping etc.

Card Business

International Card

Under license from organizations of Visa and Master Card, MCB was able to carry out for installation of a total of 64 units of its POS systems in hotels and restaurants, in order to process payments of bearers of such cards who have arrived from all over the world. Form such activities,

MCB was able to earn service fees, and also fill up its Nostro Accounts that were in need of foreign currencies.

We provide acquiring services to allow for the acceptance of payment by Visa and Master Cards at hotels, restaurants and supermarkets.

MCB's own Master Card named "Citizen Card" is issued in collaboration with technical provider 2C2P of Thailand, in order to enable Myanmar citizens to make payments via Master Card abroad.

Domestic Card

It is now possible to use MCB's ATM Cards to carry out withdrawal functions at ATM Machines of MCB and other MPU member banks. The MPU network, to which MCB is a member, accepts the use of cards issued by China Union Pay (CUP) and Japan Credit Bureau (JCB). MCB has 1,994 ATM Customer A/C's, 7 POS and 4 ATM machines, and working to install more ATM Machines. MPU Card, JCB Card and CUP Cards can also be used for payment at POS's installed in hotels and supermarkets by Myanmar Citizens Bank or any MPU member bank.

Utilities Payments

MCB is also working for online bill payment of electricity charges in Mandalay in collaboration with Easy Pay Col., Ltd (Y-Pay). In Yangon, MCB head-office has started to provide online payment of meter bills service in townships of Ahlone, Sanchaung, Kamayut, Kyeetmyindine and Hlaing.

Delivery Channels

Branches

Our services are primarily delivered by our network of branches across the country. We have, in accordance with the instruction of the Central Bank of Myanmar, three different types of branches with the following scope of permitted activities as set out below:

Full Branch

A Full Branch can operate all banking transactions. A Full Branch, may only be established on property owned by the bank and must have a vault. The Banking hours are as specified by the Central Bank and bank accounts and monies may be kept at the Full Branch.

Branch

The bank may establish Branches on property leased to the bank for a period of at least 10 years and may operate all banking transactions. There is no requirement to own the property. The banking hours are as specified by the Central Bank and bank related accounts and monies shall be delivered to and kept at the Full Branch on a daily basis.

Mini Branch

A Mini Branch may be established on property leased to the bank for a period of at least 10 years and can only engage in accepting deposits, withdrawals and money transfers. The banking hours

shall, upon the Central Bank's approval, be set according to the specific needs of the market. Bank related accounts and monies shall be delivered to and kept at the Full Branch on a daily basis.

To date, the Bank has established 21 branches across Myanmar as follows:

No.	Branch	Region or State	Address and location	Ownership of Property
1.	KyauktadaHO	Yangon Region	No.383, Ma Har Ban Du La St, Kyauktada Tsp.	Bank owned
2.	Mandalay Branch	Mandalay Region	Corner of 27 th St x 81 st St, Chan Aye Thar Zan Tsp, Mandalay.	Bank owned
3.	Bayint Naung Branch	Yangon Region	No. Nya-52/B, Yuzana St, Bayint Naung Pwal Yone Tan, Ma Yan Gone Tsp, Yangon.	Bank owned
4.	Nay Pyi Taw Branch	Mandalay Region	No.5, A Sint Myint Thiri Yadanar Zay Winn, Za Bu Thiri Tsp, Nay Pyi Taw.	Bank Owned
5.	Myingyan Branch	Mandalay Region	No.24, 12 St, 8 th Quarter, Myin Chan .	Bank Owned
6.	Monywa Branch	Sagaing Region	No.266, Bo Chote St, Aung Myingalar Quarter, Monywa.	Leased (50 years +10 years +10 years)
7.	Muse Branch	Shan State	No. AA-12/Ka, Musel 105 mile Trade Zone, Mine Yu Village, Muse	Bank Owned
8.	Yesagyo Branch	Magway Region	No.13, No.2 Quarter, Bo Kyote St, Yasakgyo.	Bank Owned
9.	Taze Branch	Sagaing Region	No.1112/Ka, Winkabar(ta) Paw Oo Quarter, Taze .	Leased from the Ministry of Commerce (50 years +10 years +10 years)
10.	Mandalay Mini-Branch	Mandalay Region	No.25, Pyi Kyi Mingalar Car Win, Swal Taw Pagoda (East North), Amara Pura Tsp, Mandalay.	Bank Owned (In the process of being converted into a Full Branch)
11.	Monywa Mini-Branch	Sagaing Region	1 st Floor, Chin Twin Yadanar Market, Aung Mingalar Quarter, Monywa.	Bank Owned
12.	Dawbon Mini-Branch	Yangon Region	No. 14/E, Min Nandar St, Barma Aye Quarter, Dawbon Tsp.	Capital Hypermart (Short-term lease)
13.	Lasho Branch	Shan State	Building 3, Room (1/2), Theindi St, 8 th Quarter, Lasho.	Bank Owned
14.	Aung Lan Branch	Magway Region	No. 186/878, Pyay Rd, San Chaung Quarter, Aung Lan.	Bank Owned

15.	Bayint Naung Mini-Branch	Yangon Region	No. B/81-82, Kyun Shwe Wah St, Ka Yay Lan Kyar, Gant Gaw Main Rd, Ma Yan Gone Tsp, Yangon.	Bayint Naung Kone Si Dine (short-term lease)
16.	Pabedan Mini-Branch	Yangon Region	No. 228/240, Kan Nar St, Ministry of Commerce, Pabedan Tsp, Yangon.	Ministry of Commerce (short- term lease)
17.	Puzundaung Branch	Yangon Region	No. 31, 1 st Floor, 2 nd Floor, No. 33-A, Ground Floor, 1 st Floor, 2 nd Floor, 3 rd Floor, Anawrahta St, No.2 Quarter, Puzundaung Tsp, Yangon.	Bank Owned (2,011,823,288 kyats was paid to purchase this piece of land)
18.	North Okkalarpa Branch	Yangon Region	No. 535/Ka, Ground Floor, Kay Mar Thi St, (Ga Gyi) Quarter, North Okkalarpa Tsp, Yangon.	Bank Owned (212,542,586 kyats was paid to purchase this piece of land)
19	Pyi Branch*	Bago Region	No. (105), Corner of Lanmadaw road &Hteesu street, KyaungGyiOetan quarter, Pyay	Bank Owned
20	Latha Branch*	Yangon Region	No. 444, Corner of 17 th Street & Strand road, Ground floor, Latha township, Yangon	Leased (for 10 years)
21	Sittwe Branch*	Rakhine State	No. 44, Merchant street, Mawlate Quarter, Sittwe township, Rakhine state	Leased (for 10 years)

*Pyay, Latha and Sittwe branches were opened in FY2016-2017.

The property pertaining to the branches are, with the exception of five branches, wholly owned by the bank. The five branches as indicated above are leased.

There are total 21 bank branches under properties of the MCB, including 14 buildings owned by the bank and four buildings under the long term lease, and three buildings leased by one year term that can be extended yearly.

The return of investment on our branches over the past three financial years is set out in the table below. Branches marked with an asterisk (*) indicates that the profit and loss of the mini-branch situated in the same area is also included.

Return of Investment (ROI)

(Kyats in million)

		FY2015-2016			FY2014-2015		
		Profit/Loss before tax	Investment	ROI	Profit/Loss before tax	Investment	ROI
1	Kyauktada*	3,398.7	1,563.9	217.3%	2,200.2	1,164.1	189.0%
2	Mandalay*	1,900.9	400.0	475.2%	1,641.4	396.4	414.1%
3	Bayint Naung*	772.6	527.8	146.4%	560.2	458.6	122.2%
4	Nay Pyi Taw	63.3	854.0	7.4%	130.2	851.9	15.3%
5	Myingyan	189.9	695.8	27.3%	178.7	704.6	25.4%
6	Monywa*	610.1	211.8	288.0%	491.0	219.1	224.1%
7	Muse	(97.0)	352.3	(27.5%)	(89.5)	359.8	(24.9%)
8	Yesagy	13.4	237.2	5.6%	(70.1)	241.5	(29.0%)
9	Taze	58.6	270.6	21.7%	44.8	272.6	16.4%
10	Lashio	(44.0)	241.3	(18.3%)	(57.6)	247.8	(23.2%)
11	Aunglan	294.1	390.7	75.3%	77.6	395.0	19.7%
12	Pazundaung	(44.6)	2,056.7	(2.2%)	-	-	-
13	North Okkalapa	(20.4)	254.2	(8.0%)	-	-	-
Total		7,095.6	8,056.4	88.1%	5,107.1	5,311.3	96.2%

In addition to the foregoing, five new branches will be established in 2016 as follows

No.	Bank Name	Region and State	Address and located	Land and building owned	Business start date (tentative)
1.	Pyay Branch	Bago Region	No.105, Lan Ma Daw St, Kyaug Gyi Oh Dan Quarter, Pyay.	Bank Owned (235,861,760 kyats was paid to purchase this piece of land)	1 May 2016
2.	Sittwe Branch	Rakhine State	No.44, Merchant St, Maw Late Quarter, Sit Twe.	Good Brothers Co.Ltd (10 year lease)	7 June 2016
3.	Pathein Branch	Ayeyarwaddy Region	No.32, Merchant St, Ya.Ka.Aa (4) Zone, Pathein.	Bank Owned (887,729,452 kyats was paid to purchase this piece of land)	By year end
4.	Latha Branch	Yangon Region	No.444, Kan Nar St, Latha Tsp, Yangon.	10 year Lease	4 June 2016
5.	Myeik Branch	Tanintharyi Region	No.29, Bo Kyote St, Sate Nge Quarter, Meik.	Bank Owned (783,850,700 kyats was paid to purchase this piece of land)	By year end
6.	Thilawa Full Branch	Yangon Region	Thilawa sez, Thanhnin township, Yangon division	Bank Owned (738,720,000 kyats was paid to purchase this piece of land)	By 2017

The construction and renovations in respect of the proposed branches in Myeik and Pathein have commenced.

We are also actively conducting feasibility studies for the establishment of other branch in other locations and plan to establish an additional 50 branch over the next five years with the following break down

Year	Bank Owned	Leased	Total
2016 – 2017	4	2	6
2017 – 2018	4	3	7
2018 – 2019	5	5	10
2019 – 2020	6	6	12
2020 – 2021	7	8	15
Total	26	24	50

Our approach with respect to the establishment of new branches is to be in line with the country's overall development policy, in particular, with respect to the strengthening of financial services for the Economy. We hope to be able to deliver financial services to all areas of Myanmar, including rural areas. In establishing new branches we also avoid having to pay service fees to other banks (with branches in the same area), and are able to develop closer working relationships with our customers.

We ensure that the expansion of our branch network is in line with the bank's existing and future strategy and that there is ample market demand which meets our profitability and feasibility requirements. We further ensure that each new site meetings all regulatory requirements, as well as the Bank's requirements for physical and information/data security.

The process of establishing new branches is as follows: the board of directors will approve proposed strategic locations and arrange for a feasibility study to be conducted. Our administrative team would thereafter make an assessment on specific locations and buildings. Once the board of directors approves the specific location and the detailed plans for establishing a new branch, an application will be submitted to the Central Bank for approval. Our application to the Central Bank of Myanmar will include our feasibility study as well as a report and description of how the establishment of a new branch will contribute to the economic and social development of the region.

We plan to establish a mixture of Full Branches (that are wholly bank-owned) and Branches (established on long-term leased property) to reduce the required capital expenditure of the establishment processes of the various branches.

OTHER INVESTMENTS

In addition to its principle business lines, we have a minority interest stake in the Myanmar companies set out below.

Name of Company	Main Business	Principal Business Locations	Percentage Holding in Company	Amount Invested
Myanmar Payment Union Public Co., Ltd	financial services	Yangon	4.35%	200 million kyats
Credit Bureau	financial services	Yangon	3.34%	USD 100,000

Neither of these interests account to 10% or more of the net assets, net liabilities or profit or loss before tax, respectively, of the Company for any of the two most recent financial years.

RISK MANAGEMENT

We are exposed to risks that are particular to our lending businesses and the environment in which we operate. The goal of risk management is to ensure that we adhere strictly to the policies and procedures established to address any risks.

Operational Risk Management

Operational risk management deals with the risk arising in connection with fraud, forgery, undue practices, error, omission, system failure and other external factors. We have established written procedures and implement regular training to raise awareness amongst our employees.

Exchange Risk Management

Foreign exchange risk management deal with change in the value of earnings due to change in market prices. Our research & training department is responsible for our foreign exchange risk management. They routinely screen the changes in foreign exchange prices. All foreign exchange transactions are adjusted or revalued at the daily reference rate as determined by the CBM. All Nostro accounts are reconciled on monthly basis and any entry that is outstanding for more than 30 days is appraised by the Management for settlement.

Liquidity Risk Management

We are required to maintain sufficient liquidity in our assets to meet funding requirements. The principal responsibility of the liquidity risk management rests on our account department.

IT Risk Management

Our IT Risk Management team oversees the risk factor with respect to information technology. This includes monitoring physical access and control using CCTV and access control systems. Routine training for IT staff is provided.

COMPLIANCE AND ANTI MONEY LAUNDERING

In accordance with CBM Directive No. 4/2009 dated 3 June 2009, we have established a compliance unit, involving all officers, to manage anti-money laundering and to report suspicious transactions and to undertake "Know-Your-Client" procedures and customer due diligence. Training and awareness programs are continuously held to raise employee awareness on this issue. Employees are encouraged, if they encounter a suspicious transaction, to immediately inform the central bank or the Ministry of Home Affairs and to thereafter report the matter to the senior general manager of the bank.

LOAN PROCEDURE

Loans

In reviewing applications for loans, we are required to comply with the directives and notifications of the CBM. In particular, we undertake the following procedure to mitigate the risk of default on our loans.

- Review documentary evidence supporting the purpose of the loan;
- Review borrower's financial statements;
- Conduct due diligence on the state and condition of proposed collateral;

- Bank valuer to assess the value of proposed collateral;
- Proceed only with the approval of the legal advisor with respect to the title of the collateral.

The bank does engage in commercial negotiations with borrowers, on the terms and conditions of the loan with the approval of the Board of Directors. Such approval is extended only where the loan amount is not significant to MCB.

Hire Purchase

For an application for a hire purchase arrangement, our procedure is to confirm the purchaser's credit status and repayment ability. Credit is extended only where we are confident of the buyer's ability to repay. We further manage our risk by extending such arrangements only where such purchase is necessary for the buyer's business. As such, and as a result of our stringent hire-purchase policies, this business line has been relatively low-risk for the bank.

INFORMATION TECHNOLOGY

We plan to enhance our IT systems in the near future are exploring opportunity to further developed our IT infrastructure.

INTERNAL AUDIT

The functions of our internal audit department are as follows:

- To monitor compliance by the bank's departments and employees with the bank's internal policies and directives and with CBM's regulations and directives;
- To monitor employees to determine if there are any chases of negligence or recklessness in carrying out their duties;
- To check if employees and management staff are following guidelines on expenditure and approval limits;
- To liaise with the external auditor;
- To conduct Regular checks and spot checks on branches; and
- To conduct audits on the Bank's expenses.

INSURANCE

We have deposit insurance for our customers deposit between from 100,000 to 1 million kyats each account.. We maintain accident insurance for our staff in Yangon and Mandalay, as is currently available. We have fidelity insurance for our cash department. We also have cash in vault insurance and fire insurance in respect of our buildings.

HUMAN RESOURCES

The bank has, over the last 23 years, been operating its activities with experienced and skilful employees. Our philosophy is to provide opportunities for employees to attend training by the CBM or in cooperation with the Myanmar Banks Association and foreign banks. Such training programmes may be done locally or abroad.

We hire employees through a systematic recruitment process and all new hires are required to undergo a rigorous training programme prior to entering the workspace.

As at 31 March 2016, we have employed 560 personnel as follows:

	No. of Officers	No. of Staff	Total
1. Head-office/Kyauktada branch	54	213	267
2. Mandalay branch	16	26	42
3. Bayint Naung branch	4	22	26
4. Nay Pyi Taw branch	3	24	27
5. Myingyan branch	3	19	22
6. Monywa branch	4	24	28
7. Muse branch	3	12	15
8. Yesagyo branch	4	19	23
9. Taze branch	2	19	21
10. Mandalay mini-branch	2	4	6
11. Monywa mini-branch	-	5	5
12. Dawbon mini-branch	2	7	9
13. Lasho branch	2	15	17
14. Aung Lan branch	3	16	19
15. Bayint Naung mini-branch	2	4	6
16. Pabedan mini-branch	1	6	7
17. Pazundaung branch	1	9	10
18. North Okkalapa branch	2	8	10
Total	108	452	560

Of our 560 employees, 421 are university graduates, 32 are non-university graduates who have completed high-school, and 107 have completed middle school. Their qualifications are as follows:

a.	Economics/business degree	34	persons	M.Com, B.Com, B.Econ (Eco), B.A Eco, B.P.A, M.Econ (Stat), B.Econ (Stat)
b.	Engineering degree	15	persons	M.E (Elect:), B.E Mech, B.E (IT), B. Tech (EP), A.G.T.I (Civil), A.G.T.I (CNC)
c.	IT/Computer degree	11	persons	M.C. Tech (Hons:), B.C.Sc
d.	Law degree	18	persons	LL. M, LL. B
e.	Arts/science degree	343	persons	M. Sc, B. Sc, M.A, B.A
f.	High-school graduate	32	persons	
g.	High-school/middle-school	107	persons	
Total		560	persons	

The following table shows the list of key executives and their roles, qualifications and their department respectively.

Executive Level Employees List of the Myanmar Citizens Bank

No.	Name	Qualification	Date of Birth	Work Start Date	Department
1.	U Myint Win Managing Director (HO)	AGTI (M.T) B.E (Mech:)	1 August 1951	1 April 2012 (4) years	
2.	U Myo Myint Aung Senior General Manager (HO)	B.E (Mech:)	16 October 1953	2 September 2013 (2) years and (7) months	International Banking Department
3.	Daw Me MeKyaw General Manager (HO)	B.Sc (Hons:) M.Sc (Botany) Diploma in Banking	21 August 1968	2 January 1995 (21) years and (3) months	SME Department
4.	U Hla Win General Manager (HO)	B.Sc (Physis) (Q)	25 May 1966	16 October 1995 (20) years and (5) months	IT Department
5.	Daw SweSweMyint General Manager (HO)	B.Sc (Maths:) (Q)II Diploma in Banking	5 December 1967	23 April 1996 (19) years and (11) months	Account Department
6.	U Ba Than General Manager (HO)	B.Sc (Physics)	10 November 1953	14 November 2013 (2) years and (4) months	Loan Department
7.	U Aung Kyaw Hlaing General Manager (HO)	B.Sc (Physics) DSA	23 December 1953	2 January 2014 (2) years and (3) months	Administration Department
8.	Daw Cho Cho Aye General Manager	B.Sc (Maths:)	28 May 1967	15 May 1996 (19) years and	Head of Mandalay branch

No.	Name	Qualification	Date of Birth	Work Start Date	Department
	(Mandalay Branch)			(10) months	
9.	U Nay La Deputy General Manager (HO)	B.Sc (Maths:)	11 February 1961	3 December 1991 (24) years and (3) months	Cash Department
10.	Daw NyoNyoKyaing Deputy General Manager (HO)	B.A (History) (Q)	28 February 1966	1 September 1992 (23) years and (7) months	Loan Department
11.	U Zaw Win Deputy General Manager (Muse Branch)	B.Sc (Maths:)	10 May 1966	3 August 1993 (24) years and (7) months	Head of Muse branch
12.	Daw Amar Cho Deputy General Manager (Yesagyo Branch)	B.Sc (Botany) (Q)	31 January 1971	15 May 1996 (19) years and (10) months	Head of Yesagyo branch
13.	U Zaw Myo Oo Deputy General Manager (HO)	B.Sc (Zoology)	7 December 1972	2 October 1996 (19) years and (5) months	IT Department
14.	Daw Swe Swe Hlaing Deputy General Manager (Monywa branch)	B.A (Psychology)	5 June 1956	1 March 1996 (20) years and (1) month	Head of Monywa branch
15.	Daw Su Win Myat Deputy General Manager (HO)	B.Sc (Hons:) Botany Diploma in Banking	26 August 1972	2 December 1996 (19) years and (4) months	IB Department
16.	Daw EiThinzarKyaw Deputy General Manager (HO)	B.Econ (Economics) Dip in Accounting LCCI Dip in Banking	17 September 1978	1 August 2000 (15) years and (8) months	IB Department
17.	U Nyunt Aung Deputy General Manager (HO)	AGTI (MP) B.Sc (Physics) (Q)	13 April 1965	4 May 2015 (10) months	Administration Department
18.	U Aung Kyaw Min Assistant General Manager (HO)	B.Sc (Botany) Diploma in Banking	23 November 1964	2 January 1995 (21) years and (3) months	Administration Department
19.	Daw MohMoh Oo Assistant General Manager (HO)	B.Sc (Botany) Diploma in Accounting	27 November 1958	2 May 1995 (20) years and (11) months	Audit Department
20.	Daw Aye AyeMyint Assistant General Manager (HO)	B.Sc (Zoology) (Q)	26 April 1964	1 June 1995 (20) years and (9) months	Account Department
21.	U Ye Myint Assistant General Manager (Mandalay Branch)	B.Sc (Maths)	2 January 1957	15 May 1996 (19) years and (10) months	Loan Department, Mandalay branch
22.	Daw Thida Assistant General Manager	B.A (Myanmar)	5 April 1969	15 May 1996 (19) years and (10) months	Head of Taze branch

No.	Name	Qualification	Date of Birth	Work Start Date	Department
	(Taze branch)				
23.	Daw ThidaSoe Assistant General Manager (Bayint Naung branch)	B.A (Myanmar)	3 October 1975	27 January 1997 (19) years and (2) months	Head of Bayint Naung branch
24.	Daw Moe Theingi Tun Assistant General Manager (HO)	B.Sc (Maths)	7 July 1974	12 May 1997 (18) years and (10) months	SME Department
25.	Daw Kin Than Yi Assistant General Manager (Nay Pyi Taw branch)	B.A (Psychology)	19 January 1962	17 April 2000 (15) years and (9) months	Head of Nay Pyi Taw branch
26.	U Thiha Zaw Assistant General Manager (HO)	B.A (English) IADCS (NCC) Dip in NE	13 April 1984	4 May 2009 (6) years and (10) months	I.C Department

In order to develop human resources and competencies, Myanmar Citizens Bank formed a Management and HR committee to undertake the follow:

- conducted basic banking activities course;
- sent participants to training courses conducted by the Myanmar Banks Association;
- sent participants to training courses, seminars and workshops related to international banking conducted by foreign banks;
- sent participants to Trade Training Courses conducted by the Ministry of Commerce;
- sent participants to Anti Money Laundering and Counter Financing of Terrorism courses conducted at the Central Bank of Myanmar and the Minister's Office, Ministry of Home Affairs;

Furthermore, in order to improve customer service, participants were also sent to Strategic Organizational Management courses conducted by The Sun Institute, and to internal customer oriented training courses conducted by Prodigna Training for Success.

SALES AND MARKETING

Our main channel of sales is our branch network across our country.

Our position as the payment service provider for all exporters and importers applying for export/import licenses ensures that we interact with all companies registered as exporters/importers. Currently, we service over 10,700 of such companies and are able to promote our other services and product to them.

We also engage in marketing campaigns to various places where our customers are located to advertise our mobile payment and hire purchase services.

COMPETITION

The banking sector in Myanmar currently comprises state-owned banks, private and semi-governmental banks, representative offices of foreign banks and branches of foreign banks. As at 21 June 2016, there were four state owned banks, 24 private banks, representative offices of 24 foreign banks and branches of ten foreign banks. (Source: <http://www.cbm.gov.mm/>, accessed 21 June 2016).

As at 31 March 2014, the state-owned banks had a market share 64.3% in terms of assets and private and semi-governmental banks had the remaining 35.7%.

State owned and private and semi-governmental banks are restricted in the kind and characteristics of the products they can offer, leading to a very narrow range of financial products. Part of the current regulation is the sector-wide application of minimum and maximum interest rates set by the CBM for saving and loan products, with a maximum spread of 5.0%. Therefore, banks distinguish themselves mainly by their reputation, level of service and physical presence in the market. In October 2014, the government announced that nine foreign banks will be allowed to provide banking services to foreign corporations and domestic banks.

As at 10 October 2015, all nine foreign banks had commenced operations. (Source: <http://www.cbm.gov.mm/>, accessed 10 October 2015). Each foreign bank is allowed to open a branch at only one location and is not permitted to offer retail banking services. The foreign banks are permitted to engage in wholesale banking, grant loans and take deposits from foreign corporates and domestic banks in international currency and kyats. They can also make loans to local companies in coordination with local banks by establishing a syndicated loan extension programme. (Source: GIZ Report).

For further information, see the section titled "Industry Information".

MATERIAL CONTRACTS

The following table is the list of material contracts that MCB has entered into with other parties.

Counter Parties	Purpose	Date
2C2P (Myanmar) Co., Ltd.	To collaborate and deploy payment processing services / profit sharing	18 September 2014
MasterCard International Incorporated	To provide MasterCard acquiring and issuing service	5 April 2013
Visa Worldwide Pte. Limited	To provide Visa Card acquiring service	25 April 2013
Consortium (Myanmar Payment Solution Services, Capital Diamond Star Group Ltd., Good Brothers Co.Ltd., New Golden Gate Co.,Ltd., Shwe Me' Co.,Ltd.,)	To form Myanmar Citizens Payment Services (MCPS). MCPS will offer Mobile Payment Services.	3 February 2015
Trans-Fast Remittance, LLC	To provide fast, reliable and secure global remittance for Myanmar workers from abroad.	18 November 2014
MoneyGram Payment Systems, Inc	To provide fast, reliable and secure global remittance for Myanmar workers from abroad.	17 May 2013
Blitz IT Consultants Pte Ltd	To take the SWIFT Care services on the SWIFT Messaging System from Blitz IT Consultants Pte Ltd	1 December 2012
INTL Global Currencies Ltd	For cooperation to provide money remittance services for international organizations	11 December 2013
Industrial & Commercial Bank of China Limited, Yangon Branch	To conduct trade activities worldwide to serve banking and client needs.	5 November 2015
Commerz bank	To conduct trade activities in Europe to serve banking and client needs / pledge agreement.	23 September 2013

8. MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements as at and for the years ended 31 March 2015 and 2016 and related notes thereto in Schedule 1 and Schedule 2.

GENERAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

General Economic Conditions in Myanmar

Our results of operations are subject to the general economic conditions in Myanmar.

Government Regulations

Our businesses are subject to government regulations and require licences and permits. Changes in government regulations may affect the performance of our businesses, our financial operations and our results of operations. For details, see "Summary of Material Myanmar Laws and Regulations".

ADDITIONAL FACTORS AFFECTING MCB'S RESULTS OF OPERATIONS

Growth of Deposits

MCB's primary source of is from short term deposits. As at 31 March 2016, MCB's deposits represented 85.7% of its total liabilities.

A substantial portion of our customer deposits have been rolled over on maturity and have been, over time, a stable source of funding. However, if a significant portion of our depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our assets, our liquidity position could be adversely affected. We may be forced to pay higher interest rates in order to attract further deposits, and this could have a materially adverse effect on our results of operations.

Competition

CBM regulations provide for a minimum interest rate payable on savings deposit accounts and fixed deposit accounts of 8.0% per annum. However, competition for deposits may require us to offer an interest rate that is higher than the minimum interest rate set by the CBM. This may bring down profits.

RESULTS OF OPERATIONS FOR FY2015-2016 COMPARED WITH FY2014-2015

Our progress over the last two financial periods is as set out below.

Sr.	Business	FY2015-2016	FY2014-2015
1.	Paid Up Capital (kyats)	49.87 billion	37.11 billion
2.	Dividends Allocation	3.40 billion	2.27 billion

	(kyats)		
3.	Tax Payment (kyats)	1.79 billion	1.28 billion
4.	Branches	18	16
5.	Deposit (kyats)	144.37 billion	103.10 billion
6.	Net Profit after Tax (kyats)	5.30 billion	3.77 billion

The business situation of the Myanmar Citizens Bank for the financial year ended 31 March 2016 in comparison to the corresponding period for the preceding year is as follows:

				(Kyats in million)
	FY2015-2016	FY2014-2015	Changed Amount	%
a.	Deposits	144,370.26	103,178.93	41,911.33 40
b.	Loans	115,275.85	87,116.78	28,159.07 32
c.	Investments	50,851.79	31,620.52	19,231.27 61
d.	Remittances	219,230.71	170,266.75	48,963.96 29
e.	Payment Orders	69,016.55	59,344.00	9,672.55 16

Assets

The total assets of MCB has increased from 164.20 million kyats in FY2014-2015 to 229.81 million kyats in FY2015-2016 and this increase in total assets is very much caused by the increase in loans & overdrafts from 87.12 million kyats in FY2014-2015 to 115.28 million kyats in FY2015-2016 and the increase in investments from 31.62 million kyats in FY2014-2015 to 50.85 million kyats in FY2015-2016.

Please see below extract for a breakdown of the total assets held by MCB.

		(Kyats in thousand)
ASSETS	2015-2016	2014-2015
CURRENT ASSETS		
Cash at Bank	8,989,278	5,496,233
Cash with Central Bank of Myanmar	9,708,922	7,560,489
Cash with Other Banks	21,718,399	12,540,799
Loans & Overdrafts	115,275,849	87,116,780
Advances & Receivable	7,569,618	6,801,738
Investments	50,851,793	31,620,519
Property, Plant & Equipment	8,056,407	5,311,344
Deferred Expenditure	58,836	136,091
Acceptance, Endorsement & Guarantee	7,583,716	7,619,985
Total Assets	229,812,818	164,203,978

Liabilities

The total liabilities of MCB has increased from 119.30 million kyats in FY2014-2015 to 168.34 million kyats in FY2015-2016 and this increase in total liabilities is very much caused by the increase in total deposits from 103.18 million kyats in FY2014-2015 to 144.37 million kyats in FY2015-2016.

(Kyats in thousand)

LIABILITIES	2015-2016	2014-2015
Total Deposits	144,370,264	103,178,936
Other Liabilities	10,755,765	4,032,154
Payment Orders	297,506	822,972
Provision for Dividend	1,788,361	2,269,932
Provision for Income Tax	3,397,377	1,281,400
Dividend Payable (unclaimed)	153,038	99,308
Acceptance, Endorsement & Guarantee	7,583,716	7,619,985
Total Liabilities	168,346,027	119,304,687

Shareholding

Shareholder's equity increased from 44.90 billion as of 31 March 2015 to 61.47 billion as of 31 March 2016 and shareholding is increasing every year. MCB issued new shares to its existing shareholders and there was a demand for the Shares of MCB.

Capital Contribution

From FY2014-2015 to FY2015-2016, the capital of MCB has increased by 34.37% or 12,756.93 million kyats, from 37,112.83 million kyats to 49,869.77 million kyats. Such capital increase is part of MCB's capital raising plan to increase its capital to 50 billion kyats so as to allow MCB to effectively compete with the international banks permitted to operate in Myanmar.

(Kyats in million)

No.	Financial Year	Contributed Share Value	Aggregated Total Share Value	Percentage Increase
1.	1991-1992 to 1996-1997	-	110.00	-
2.	2002-2003	50.00	160.00	45.45%
3.	2004-2005	60.00	220.00	37.50%
4.	2006-2007	154.25	374.25	70.11%
5.	2007-2008	487.05	861.30	130.14%
6.	2008-2009	38.71	900.00	4.49%
7.	2009-2010	2,323.81	3,223.81	258.20%
8.	2010-2011	58.02	3,281.83	1.81%
9.	2011-2012	1,500.67	4,782.50	45.73%
10.	2012-2013	13,078.09	17,860.59	273.46%
11.	2013-2014	410.29	18,270.88	2.30%
12.	2014-2015	18,841.95	37,112.83	103.13%
13.	2015-2016	12,756.94	49,869.77	34.37%

Profit

As a result of the increase in capital, MCB's profit has increased by 1,537.08 million kyats, from 3,770.21 million kyats in FY2014-2015 to 5,307.29 million kyats in FY2015-2016.

Profits have increased as a result of the new activities MCB is engaging in other than the regular loans which it had previously been engaged in, and this includes loans under pledges, expansion of hire purchase loans for the acquisition of motor-vehicles, agricultural equipment and consumer goods, and increased transfer charges due to the opening of new bank branches.

Profit and Dividend Allocation

As stated above, MCB's profit has increased by 1,537.08 million kyats, from 3,770.21 million kyats in FY2014-2015 to 5,307.29 million kyats in FY2015-2016. Accordingly, as a result of the increase in profit, more income tax has been paid to the State. We are ranked as the 38th largest income tax payer for the 2014-2015 assessment year and 12th among all banks.

As a result of increasing deposits from businesses and individuals from all sectors due to the Bank's strength and good administration, total deposits of the Bank increased by 40% from 103 billion kyats in FY2014-2015 to 144 billion kyats in FY2015-2016. Loan services which is a major income generating source of the Bank increased by 32% from 87 billion kyats in FY2014-2015 to 115 billion kyats in FY2015-2016, short term and long term investments increased by 61% from 32 billion kyats in FY2014-2015 to 51 billion kyats in FY2015-2016, and domestic money transfer increased by 29% from 170 billion kyats in FY2014-2015 to 219 billion kyats in FY2015-2016.

By carrying out all of its activities in accordance with the Central Bank of Myanmar Law and Financial Institutions Law, the Bank is able to generate more income in all sectors with minimal risk.

Deposits

We set out below the amount of deposits retained with MCB for FY2014-2015 and FY2015-2016.

All type of deposits, increased in both number of accounts and amount, year by year.

In FY2015-2016, because MCB started call deposits services and customers moved their funds from Current accounts to Call deposits; amount of Current deposit (kyats) decreased, although number of accounts of Current deposit (kyats) increased.

Current account (FE) increased due to the increased deposits of companies such as Capital Diamond Star Group, Parami Energy Services co., Mawlamyine Cement co, Royal Lake Hotel, Yangon Bus public co.

Saving deposits growth rate (compared to FY2014-2015) in FY2015-2016 decreased due to the fact that ATM deposits are offered the same interest rate as saving deposits (with the additional convenience of cards), and the fact that MCB offer 9% interest rate on Fixed deposit (one month), and due to higher yielding interest rates of Called deposits.

Citizen card was launched in 2015 February, so Citizen card operated only two months in FY2014-2015 (Feb – March). In FY2015-2016, with the help of promotions, number of Citizen card holders and deposit increased.

Current account (ATM) increased due to the fact that employee salaries were credited to ATM accounts. In FY2015-2016, MCB gives ATM deposits the same rate as savings deposits (8.25%), which makes ATM deposit increase further.

Fixed deposits growth rate in FY2015-2016 (compared to FY2014-2015) decreased due to the fact that new (other) banks are starting to use their funds in other operations other than keeping fixed deposits – (new other banks, when they started their business, put many of their funds in fixed deposit.)

Call deposit increased because businesses can earn interest calculated on daily balances - which has advantages over saving deposits and call deposits are ideal to businesses who deposit and withdraw funds frequently.

	2016	2015	(Kyats in million)	
			Increase over previous year	
			amount	%
Current A/C Deposits (Kyats)	18,365	14,505	3,860	26.61
Current A/C Deposits (FE)	15,138	6,128	9,010	147.03
Saving A/C Deposits	54,657	51,196	3,461	6.76
Fixed-term Deposits	46,774	30,297	16,477	54.38
Call Deposits	9,437	1,053	8,383	796.20
Total Deposits	144,370	103,179	41,191	39.92

	2016	2015	(Kyats in million)	
			Increase over previous year	
			amount	%
Loans	115,276	87,116	28,160	32.32
Investments	50,852	31,621	19,231	60.82
Payment Orders	69,017	59,344	9,673	16.3
Domestic Transfer (own branches)	74,360	54,167	20,193	37.28
Domestic Transfer (partner branches)	144,780	116,099	28,681	24.70

Bank Guarantees

The Bank has been issuing performance guarantees and bid bond guarantees to companies within the country and the amount of such guarantees for FY2014-2015 and FY2015-2016 are as follows:

Outstanding	FY2015-2016		FY2014-2015		(Kyats) Comparison	
	Qty	Amount	Qty	Amount	Qty	Amount
Import credit a/c (USD)	2	2,401,400,044	1	99,413,600	1	2,301,986,444
Import credit a/c (Euro)		-	5	2,207,374,898	(5)	(2,207,374,898)
Bank Guarantee a/c (USD)	24	768,423,128	31	1,138,010,344	(7)	(369,587,216)
Total	26	3,169,823,172	37	3,444,798,842	(11)	(274,975,670)

	31.3.2016			31.3.2015			(Kyats in million) Comparison		
	No.	Amount	Commission	No.	Amount	Commission	No.	Amount	Commission
Performance guarantee, Bid bond guarantee	13	4,321.75	327.68	10	4,175.18	182.83	+3	+146.57	+144.85

International Banking

MCB carried on the business of international banking during the period between 1994 and 1998 but ceased in 1998 due to government policy. We were issued with a Money Changer License in 2011 and an Authorised Dealer License in 2012.

Profits from money changer counters were 13.83 million kyats in FY2014-2015, and 6.32 million kyats in FY2015-2016.

Profits from foreign currency dealings under the auction system allowed to ADL banks were 101.79 million kyats in FY2014-2015, and 310.36 million kyats in FY2015-2016. Hence, there is 208.57 million kyats more profits this financial year.

Our income this year increased by 256.7 million compared to the previous year as a result of increasing export/import remittance, trade financing for export/import and financing through bank guarantees.

Comparison of FY2015-2016 vs FY2014-2015 Earnings from Foreign Currency Operations

Description	FY2015-2016	FY2014-2015	(Kyats in million)	
				Improvement
Export, Import and Remittance	326.30	165.15	(+)	161.15
Money Transfer Services	5.09	4.89	(+)	0.20
Bank Guarantee	7.07	14.17	(-)	(7.10)
Account Transfer and other services	2,574.78	548.87	(+)	2,025.91
Total Income	2,913.24	733.08	(+)	2,180.16

Myanmar Payment Union (MPU)

Under the guidance of the Central Bank of Myanmar and towards the following objectives, Myanmar Citizens Bank Limited is participating in the MPU:

- to act as the National Payment Switch for the whole territory of the Union of Myanmar;
- to reduce cash handling within the country;
- to upgrade existing payment systems;
- to increase banking services between members;
- to enable use of international cards within the country;
- to enable international use by Myanmar citizens of MPU Co., Brand Cards produced by domestic banks.

MCB is a founding member of the MPU, which was formed on 15 September 2011 with initially 16 member banks, and which has since grown to comprise of 23 member banks.

Our ATM Card system is linked to the MPU system, and it is possible to carry out withdrawal functions at ATMs of other MPU member banks. Now that MPU has started providing E-Commerce services, it is possible to use our ATM Cards not only at ATMs but also at POS's installed at shopping centres and supermarkets.

Since September 2015, the Card Section of the IT Department in MCB (Yangon Headquarters), has opened 3,861 ATM customer accounts, and installed four ATMs and seven POS terminals. In addition to MPU Cards of member banks, work is continuing to handle cash withdrawal with China Union Pay cards, and Japan Credit Payment cards, as well as for e-commerce services and salary payment of employees of companies. Work is being undertaken to install an additional POS at Capital Hypermarket, and to install additional ATMs at Myanma Port Authority office, Premier (Hlaingtharyar) factory, Premier (Tharkayta) factory, Capital Insurance office and Diamond Star office.

Payment of meter bills service is being provided in Kyauktada Township, Hlaing Township, Mayangone Township, Sanchaung Township, Ahlone Township, Kyeetmyindine Township, Bahan Township, Kamayut Township and Thingungyun Township, for a total of nine townships.

International Remittance

We have gained income from international remittance by linking up with amongst others, Money Gram International Limited – MGIL (England), , Trans Fast World Wide Money Transfer (T.F) (New York) and other money transfer agencies in order to facilitate money transfer into Myanmar made by employees from other countries.

International remittances transactions were undertaken and the amounts transacted for England-based MoneyGram International Limited are as follows.

Money Transfer services	2015-2016			2014-2015			(USD) Comparison		
	No.	Encashment Amount	Commission	No.	Encashment Amount	Commission	No.	Encashment Amount	Commission
Money Gram	448	390,690.91	3,279.51	440	406,670.28	3,552.55	8	(15,979.37)	(273.04)

MCB has opened USD, EURO and SGD bank accounts with UOB (Singapore). It has also opened USD accounts in United Bank of India, OCBC (Singapore), Development Bank of Singapore, Krung Thai Bank (Public) and May Bank (Malaysia), and EURO account in Commerz Bank. RMA relationships have been established with a total of 28 banks including United Overseas Bank, OCBC Bank, May Bank, DBS Bank, United Bank of India, Krungthai Bank, Shinhan Bank, Commerz Bank, Busan Bank, Korea Exchange Bank, Cathay United Bank and Export Import Bank (Thailand), in total 13 countries inclusive of Myanmar such as Singapore, Malaysia, Indonesia, China, Cambodia, India, Thai, Korea, Germany and Vietnam.

MCB has received the approval form Central Bank of Myanmar to offer banking services to International FC Stone, which offers remittance services for international organizations to send remittances to NGOs in Myanmar, and MCB offers remittance services, via International FC Stone's Kyats account at MCB, to NGOs in Myanmar.

Visa Card, MasterCard Acquiring and Issuing

We are receiving service charges from facilitating foreigners to use Visa and Master Cards for payments at hotels and restaurants by installing POS in total 64 places and we have managed to replenish foreign currencies required in our Nostro Account.

Myanmar Citizens Bank has issued Myanmar Citizens Bank's Master Card named Citizen Card in cooperation with Thailand's technical provider 2C2P Company in order to facilitate Myanmar citizens who travel overseas to make payment at restaurants, supermarkets by using Master Card and in order to carry out hotel booking, air ticket booking and online shopping.

MCB commenced providing Visa and MasterCard services on the 28 February 2014 as one of its international banking services, and the number of Visa and MasterCard cards in circulation and the corresponding amounts used are as follows:

	(USD)					
	FY2015-2016		FY2014-2015		Comparison	
	Number	Amount	Number	Amount	Number	Amount
Visa Acquiring	20,803	5,687,826.36	19,965	6,894,971.80	(+)838	(-)1,207,145.44
Master Card Acquiring	11,194	3,178,577.62	10,148	3,552,991.09	(+)1046	(-)374,413.47

In addition, MCB stated issuing its Citizens Card on 23 December 2014. In FY2015-2016, 431 Citizens Cards have been issued and a total amount of USD 675,956 has been utilised.

Mobile Payment

On 22 May 2015, the Central Bank of Myanmar has permitted MCB to carry out the Mobile Payment system which helps to facilitate money transfer via telephone to rural areas. We gained some success when such services was introduced in the Ayeyarwaddy Region, Rakhine State and Yangon Region. The Bank is expected to generate more service charges by door to door money transfer in bank-less regions via such mobile payment system.

Introducing E-Payment System

To facilitate the payment of the import license fees to the Ministry of Commerce without having to physically pay in Naypyidaw, the E-Payment system was introduced on 1 September 2007 and this system allows the payment of the license fees to the Pabaedan Branch opened under the Ministry of Commerce and to remit such prepaid license fees to the Ministry of Commerce, Naypyidaw online. During FY2015-2016, 12,952 companies used this system for the payment of a total 182,832 import license fees subscriptions valued at 4,170.04 million kyats and the bank has gained 91.42 million kyats as bank service charges.

The progress of the operations is as follows.

Financial Year	Accounts Opened	No. of I/Ls	Money remitted to Ministry	(Kyats in million)	
				Bank Service Charges	
2007-2008	2,249	16,810	199.59		0.54
2008-2009	798	37,022	422.41		3.65
2009-2010	731	45,079	520.90		4.51
2010-2011	711	58,391	647.80		21.86
2011-2012	5,590	66,640	812.88		33.33
2012-2013	7,204	77,479	3,277.94		38.74
2013-2014	9,026	255,631	3,347.97		74.03
2014-2015	10,732	170,960	3,809.45		85.48
2015-2016	12,952	182,832	4,170.04		91.42

Auditing and Inspection of the Bank

Inspection of the Bank for FY2015-2016 was carried out in a timely manner and the audit for FY2015-2016 was conducted by U Hla Tun Group Limited.

In addition, the Audit Committee consists of three members who are appointed by the Shareholders in accordance with Section 85 of the Financial Institutions Law. The Audit Committee has held 12 monitoring meetings during FY2015-2016 to monitor the deposits, loans, accounting, and administrations activities of the bank, and also conducted monthly income and expense, quarterly account analysis, yearly account analysis activities. The Audit Committee also checks the cash balance in the treasury and inspects the loan security agreements. In addition, the Audit Committee also advises the Board of Directors and the Company on matters in respect of deposits, loans and other financial matters.

According to the Instruction issued by the Central Bank of Myanmar, the internal audit function is under the direct supervision of the Audit Committee and this comprises of the continuous auditing of daily accounts, loan transactions and administrative transactions, occasional auditing of monthly statements and cash balance in the treasury every month and inspecting daily cash balance and bank branches.

Human Resources Development

We have made arrangements for employees to attend vocational training both in practical and theoretical trainings provided by the Myanmar Banks Association, international banking training provided by foreign banks, other trainings and seminars provided by foreign banks locally. In addition, we have also sent employees to trainings provided in Thailand for international card services such as MasterCard and Visa. MCB intends to increase its human resource capacity and to improve its organisational structure to be more effective.

FINANCIAL STRENGTH

In measuring financial strength, capital adequacy ratio is 70.24% as of 31 March 2015, 73.51% as of 31 March 2016, cash ratio is 32.71% as of 31 March 2015, 43.29% as of 31 March 2016, non-performing loan ratio is 2.21% as of 31 March 2015, 2.06% as of 31 March 2016. The above figures clearly illustrate the financial strength of MCB.

Financial situation of Myanmar Citizens bank is as shown below:

	Central Bank Prescribed Figures	Status at 31 March 2016
a. Liquidity Ratio	20.00%	49.67%
b. Reserve Requirement	6,007 million kyats i.e., 5% of total deposits	adequate as there is 7,949 million kyats
c. Capital Adequacy Measurement	10.00%	73.51%
d. NPL ratio	-	2.69%

* NPL ratio above is based on Central Bank's revised definitions of NPLs as set out below:

- Watch loans: default on payments of interest/principal for 31 – 60 days
- Sub-standard loans: default on payments of interest/principal for 61 – 90 days;
- Doubtful Loans: default on payments of interest/principal for 91 – 180 days; and
- Bad Loans: default on payments of interest/principal for more than 180 days.

The Statement of Cash Flows for FY2014-2015 and FY2015-2016 is as set out below.

		(Kyats in thousand)	
		FY2015-2016	FY2014-2015
(1)	Cash flows from Operating Activities		
	Interests and commission receipts	21,925,381	14,321,988
	Interest payments	(8,994,760)	(6,079,913)
	Cash payments to employees and suppliers	(5,463,439)	(2,833,119)
	Operating Profit before working capital changes	7,467,182	5,408,956
	Changes in Operating Assets		
	Loans & Overdrafts	(28,159,069)	(26,268,346)
	Receivable & Advances	(260,919)	(3,314,731)
	Changes in Operating Liabilities		
	Deposits from customers	41,191,328	26,230,514
	Other Payable	6,198,145	1,834,338
	Net cash from operating activities before income tax	26,436,667	3,890,731
	Income taxes paid	(1,770,000)	(1,281,400)
	Net cash from operating activities	24,666,667	2,609,331
(2)	Cash flows from Investing Activities		
	Treasury Bonds, Investments	(19,231,275)	(12,832,775)
	Purchase of Property, Plant & Equipment	(3,070,811)	(1,788,868)
	Proceed on Sales of Property, Plant and Equipment		35,300
	Dividends Received	218	170
	Other Assets (Deferred Expenditure)	-	(40,801)
	Net cash from investing activities	(22,301,868)	(14,626,974)

(3) Cash flows from Financing Activities

Issue of share	14,670,480	21,614,537
Dividends paid	(2,216,201)	(1,515,754)
Net cash from financing activities	12,454,279	20,098,783
Net increase in cash and cash equivalents (1+2+3)	14,819,078	8,081,140
Cash and cash equivalents at beginning of period April)	25,597,521	17,516,381
Cash and cash equivalents at end of period March)	40,416,599	25,597,521

Liquidity and Capital Resources

In connection with the sources of liquidity, MCB's sources come from the following current assets:

- Cash in hand
- Cash with the Central Bank of Myanmar
- Cash at other banks
- Short terms investment (Treasure Bill, Fixed Deposit at other Banks)
- Loan & Overdrafts
- Advanced & Receivable

Interbank Borrowings

Borrowing has been made by pledging treasury bonds purchased from the CBM. We have no current borrowing.

Subject to the Financial Institution Law 2016, the financial statements of the bank adequately reflect the financial position. This financial statement comprises statement of changes in equity, statement of financial position, statement of income and statement of cash flow, for the financial year ended 31 March 2016.

Bank's financial statements are properly drawn up in accordance with the provisions of the Myanmar Companies Act and Myanmar Financial Reporting Standards, and they provide a true and fair view of the state of affairs of the Bank and of the results of the Bank for the years ending 31 March.

ASSESSMENT

There has been improvement in both domestic banking and foreign transactions, together with a corresponding increase in profits.

Improvement in Shareholders' equity for the financial period ending 31 March 2016 against the corresponding period for the previous financial period is as set out below:

		(Kyats in million)	
		FY2015-2016	FY2014-2015
a.	Contributed and Paid Up Capital	49,869.77	37,112.83
b.	Statutory Reserves	4,322.85	2,991.23
c.	Other Reserves	2,315.52	1,747.33
d.	Share Premium	4,799.46	2,885.92
e.	Retained Profits	84.02	86.80
f.	Exchange Equalization Fund	75.18	75.18
Total		61,466.79	44,899.29

9. INFORMATION ON THE ISSUER'S MANAGEMENT, SHAREHOLDERS AND SHARES

BOARD OF DIRECTORS

Name	Date of Birth/ Gender/ Nationality	Address	Board member Since	Share Ownership (as at 31.03.2016)
U Toe Aung Myint	- 23 August 1958 - (Male) - Myanmar	Ministry of Commerce, NayPyiTaw	24 June 2011	Nil
U Maung Maung Tin	- 29 October 1966 - (Male) - Myanmar	No.(187),Bo Myat Tun Street, Bothataung Township, Yangon	27 July 2013	2,000 direct interest 240,000 held through Farmer Phoyarzar Co., Ltd.
U Myint win	- 1 August 1951 - (Male) Myanmar	No.(12), Satsan, Mingalar Taung Nyunt Township, Yangon.	24 May 2011	2700 direct interest
U Soe Naing @ U Ko Ko Gyi	- 16 December 1963 - (Male) - Myanmar	No.(126/A),Kabaaye Pagoda Road, Bahan Township, Yangon	11 July 2015	1137,000 held through Capital Diamond Star Group direct interest 925,160 held through Diamond Star Group (DSG) 200,000 held through Capital Financial Holding Co Ltd
U Hla Oo	- 12 June 1968 - (Male) - Myanmar	No.(22),Bayint Naung Road, Thirmon Housing, Hlaing Township, Yangon	27 July 2013	200,000 held through VSK International Ltd. 450,000 held through Good Brothers Co., Ltd. 400,000 held through Good Brothers Machinery Co., Ltd.
U Tun Lwin	- 18 August 1968 - (Male) - Myanmar	No.(785)(787),11 Floor (Right) corner of 13 Street and Maharbandoola Road, Lanmadaw T/S Yangon	13 July 2014	600,000 held through Shwe Me' Co., Ltd.
U Ohn Saing	- 22 December 1957	No.(771),Maharbandoola Road,	11 July 2015	205,000 held through Star Union

	- (Male)	Lanmataw Township, Yangon.		Investment Ltd.
	- Myanmar			
U Zeya Thura Mon	- 25 October 1966	No.9/10 (B), Palm Court Villa	27 July 2013	11,000 held through Zeya & Associates Co., Ltd.
	- (Male)	Mayangone Township		
	- Myanmar			10,000 direct interest
U Aung Aung	- 24 June 1971	No.(16),2 Street Hlaing Yadana	27 July 2013	10,000 direct interest
	- (Male)	Mon Housing, Insein Road,12		
	- Myanmar	Ward, Hlaing Township Yangon		60,000 held through Ahtar Oo Co., Ltd. temporary share
U Yan Naing Tun	- 30 December 1963	No. 511 (B), Jasmine Housing,	30 July 2016	Nil
	- (Male)	Zeyatheiddhi Ward, Nay Pyi Taw		
	- Myanmar			
U Zaw Lin Htut	- 8 February 1972	No. 26, Ingapu Street, San	30 July 2016	Nil
	- (Male)	Chaung Township, Yangon		
(Independent Director)	- Myanmar			
Dr U Maung Aung	- 30 June 1952	Room No. 604, University Avenue	30 July 2016	Nil
	- (Male)	Housing, Bahan Township,		
(Independent Director)	- Myanmar	Yangon		

Biographies

U Toe Aung Myint (Chairman, Myanmar Citizens Bank Limited)

U Toe Aung Myint's date of birth is 23 August 1958 and is the son of U Ye Myint. He holds a Bachelor of Science in Geology. He is a member of the Board of Directors and is serving as the Chairman of Myanmar Citizens Bank. He is also Permanent Secretary of the Ministry of Commerce.

U Myint Win (Managing Director, Myanmar Citizens Bank Limited)

U Myint Win's date of birth is 1 August 1951 and is the son of U Kyaw Nyein. He holds A.G.T.I (M.T) and B.E (Mech) degrees. He is a member of the Board of Directors of MCB and has been with MCB since 2 April 2012. He had also served at the Ministry of Commerce in various positions such as the Deputy Factory Head and Deputy Director General from 5 January 1976 to 31 March 2012.

U Maung Maung Tin (Member of Board of Directors, Myanmar Citizens Bank Limited)

Dr Maung Maung Tin has achieved outstanding educational qualification, holding diplomas, undergraduate degrees and graduate degrees in areas like history, law, business and economics. He is the Chief Executive Officer of Gems 2006 Pte. Ltd., and the Chief Executive Officer and Managing Director of the Farmer Phoeyazar Group of Companies.

U Soe Naing @ U Ko Ko Gyi (Member of Board of Directors, Myanmar Citizens Bank Limited)

U Soe Naing @ U Ko Ko Gyi joined the family business in 1996 as the Managing Director of Diamond Star Co., Ltd. Currently, he is the Group Managing Director of Capital Diamond Star Group and also the Chairman of Capital Diamond Star Foundation.

U Hla Oo (Member of Board of Directors, Myanmar Citizens Bank Limited)

U Hla Oo is the executive director of Good Brothers Co., Ltd. and Good Brothers Machinery Co., Ltd. He has deep knowledge in local SMEs and industrial funding processes. He benefits the Bank by providing insights into SME loans and how the Bank can change to adapt to the current local business environment.

U Zeya Thura Mon (Member of Board of Directors, Myanmar Citizens Bank Limited)

U Zeya Thura Mon holds a B.A in History, and a Mechanical Power A.G.T.I degree. He is currently the Chairman/Chief Executive Officer of Zeya & Associate Co., Ltd.. His main expertise is in trading and supplying of internationally well-established branded electrical products to both local consumers and government ministries. He is currently running a feasibility study of establishing a wind energy project in the northern part of Myanmar.

U Aung Aung (Member of Board of Directors, Myanmar Citizens Bank Limited)

U Aung Aung holds a Computer Science and MBA degree. He is an executive member in Myanmar Computer Federation, and an active contributor to ICT education and consulting activities. Currently, he runs a private IT company, Ahtar Oo Co., Ltd. and serves on the board of MCB, and has been overseeing the Bank's mobile money implementation since 2013.

U Tun Lwin (Member of Board of Directors, Myanmar Citizens Bank Limited)

U Tun Lwin holds Bachelor of Science (Chemistry) from Yangon University. He has been the Managing Director of Shwe Me' Group of Companies since 1995. He has also been the Chairman of Myanma Agricultural & General Development Public Limited since 2012 and Vice-Chairman of National Resources Development Company Limited since 2008. He is currently serving as the Director of Myanmar Thilawa SEZ Holdings Public Limited. He is also the Chairman of Myanmar Pulses, Beans and Sesame Seeds Merchants Association, the Treasurer of Union of Myanmar Federation of Chamber of Commerce and Industry, and the Treasurer of Myanmar-Japan Association.

U Ohn Saing (Member of Board of Directors, Myanmar Citizens Bank Limited)

U Ohn Saing is the director of New Golden Gate (1991) Co., Ltd. since 1991, and the Managing Director of Shwe Taw Win International Trading Co., Ltd. He served as the Chairman of Yangon Division Chambers of Commerce and Industry from 2010 – 2014. He currently serves as the advisor to Myanmar Onion, Garlic and Culinary Production and Exporting Association.

U Yan Naing Tun (Member of Board of Directors, Myanmar Citizens Bank Limited)

U Yan Naing Tun's date of birth is 30 December 1963 and is the son of Captain Myint Khaing (retired). He Holds a Bachelor of Art (B.A) in History. He is a member of the Board of Directors and also the Managing Director of the Department of Trade, the Ministry of Commerce.

U Zaw Lin Htut (Independent Director)

U Zaw Lin Htut's date of birth is 8 February 1972 and is the son of U Tin Htut. He Holds a Master of Banking and Finance, Master of Business Law, Master of Business Administration and Bachelor of Science in Geology. He had worked in various multi-national companies and also a leading Myanmar based bank.

Dr U Maung Aung (Independent Director)

Dr U Maung Aung's date of birth is 30 June 1952 and is the son of U Pike Htwe . He Holds a Ph.D in Economics. He was a consultant of the Myanmar Citizens Bank from March 2014 to March 2016.

Role of the Board of Directors

Other than specified in the Myanmar Companies Act, the Board of Directors is responsible for the administrative affairs of the Company and its specific responsibilities include the following:

- To carry on and transact the businesses as specified in the Memorandum of Association of the Company;
- To purchase or otherwise acquire for the Company any property, rights or privileges, which the Company is authorised to acquire, at such price, and generally on such terms and conditions as they think fit;
- To appoint, and at their discretion remove or suspend, such managers, secretaries, accountants, cashiers, officers, clerks, agents and servants for permanent, temporary or special services, as they may from time to time think fit, and to determine their powers and duties and fix their salaries or emoluments and to require security in such instances and to such amount as they think fit;
- To secure the fulfilment of any contracts or agreements entered into by the Company, by mortgage or charge of all or any of the property of the Company or in such other manner as they may think fit;
- To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company, or its officers, or otherwise concerning the affairs of the Company, and also to compound, settle, adjust, withdraw, compromise, and allow time for payment or satisfaction of any debts due, any of any claims or demands by or against the Company;
- To invest and deal with any of the monies of the Company and not immediately required for the purposes thereof upon such securities and in such manner as they may think fit from time to time to vary or realise such investments;
- From time to time to make, vary and repeal by-laws for the regulation of the business of the Company, its officers and servants, or the members of the Company or any section thereof and with respect to other matters conducive to the attainment of the objects of the Company; and
- To enter into such negotiations and contracts, and rescind and vary all such contracts, and execute and do all such acts, deeds, and things in the name and on behalf of the Company as

they may consider expedient for or in relation to any of the matters aforesaid, or otherwise for the purposes of the Company. To do generally all such acts and things necessary or expedient in the interests of or as required for the business of the Company

KEY EXECUTIVES

Name	Title	Date of Birth/ Gender/ Nationality	Address	Start Date	Share Ownership (as at 31.03.2016)
U Myint Win	Managing Director	- 1 August 1951 - Male - Myanmar	No. (12), Satsan, Mingalar Taung Nyunt Township, Yangon	1 April 2012	2,700
U Myo Myint Aung	Senior General Manager	- 16 October 1953 - Male - Myanmar	12/Thiri Gone Housing Thingangyun Township Yangon	29 September 2013	-
Daw Me Me Kyaw	General Manager	- 21 August 1968 - Female - Myanmar	No.(20/8), Bawsin Street, Thuwanna township, Yangon	2 February 1995	20 and 4,000 (temporary approval)
U Hla Win	General Manager	- 25 May 1966 - Male - Myanmar	No.(356), Yadanar Street, 13 Ward South Okkalapa township, Yangon	16 October 1995	22 and 4,000 (temporary approval)
Daw Swe Swe Myint	General Manager	- 5 December 1967 - Female - Myanmar	Build (132), No.(6), Ward Yankin township, Yangon	23 April 1996	40
U Ba Than	General Manager	- 10 November 1953 - Male - Myanmar	E/IJ/002, Thumingalar Street, 10 Lake Ward, Thingangyun township, Yangon	14 November 2013	31 and 4,000 (temporary approval)
U Aung Kyaw Hlaing	General Manager	- 23 December 1953 - Male - Myanmar	Room-201,3 Floor,31/B, U Tun Myat Street, Natmauk Ward, Bahan township Yangon	02 January 2014	-
Daw Cho Cho Aye	General Manager	- 28 May 1967 - Female - Myanmar	Between(70x30) Street, Yone Gyipost office Chanayetharzan township Mandalay.	15 May 1996	140

Biographies

U Myint Win (Managing Director, Myanmar Citizens Bank Limited)

U Myint Win's date of birth is 1 August 1951 and is the son of U Kyaw Nyein. He holds A.G.T.I (M.T) and B.E (Mech) degrees. He is a member of the Board of Directors of MCB and has been with MCB since 2 April 2012. He had also served at the Ministry of Commerce in various positions such as the Deputy Factory Head and Deputy Director General from 5 January 1976 to 31 March 2012.

U Myo Myint Aung (Senior General Manager, International Banking Department, Myanmar Citizens Bank Limited)

U Myo Myint Aung's date of birth is 16 October 1953 and is the son of U Aung Khin. He holds a B.E (Mech) degree. He has been serving as Senior General Manager of International Banking, MCB (Head Office) from 2 September 2013 till present. He was previously the General Manager of Myanmar Investment and Commercial Bank.

Daw Swe Swe Myint (General Manager, Account Department, Myanmar Citizens Bank Limited)

Daw Swe Swe Myint's date of birth is 5 December 1967 and is the daughter of U Hla Myint. She holds a B.Sc (Maths) Q II degree. She is serving as General Manager of Account Department, MCB (Head Office).

U Hla Win (General Manager, IT Department, Myanmar Citizens Bank Limited)

U Hla Win's date of birth is 25 May 1966 and is the son of U Kyaw Thein. He holds a B.Sc (Phys) Q degree. He is serving as the General Manager of IT Department, MCB (Head Office).

Daw Me Me Kyaw (General Manager, SME & Hire Purchase Department, Myanmar Citizens Bank Limited)

Daw Me Me Kyaw's date of birth is 21 August 1968 and is the daughter of U Kyaw Aung. She holds a Diploma in Banking (DB-III), B.Sc (Hons) and M.Sc (Botany). She is serving as the General Manager of SME & Hire Purchase Department, MCB (Head Office).

U Ba Than (General Manager, Loan Department, Myanmar Citizens Bank Limited)

U Ba Than's date of birth is 10 November 1953 and is the son of U Hla Phyu Than. He holds a Bachelor of Science in Physics. He is serving as General Manager of Loan Department, MCB (Head Office). He was a Director in the Directorate of Trade Promotion under the Ministry of Commerce.

U Aung Kyaw Hlaing (General Manager, Administration Department, Myanmar Citizens Bank Limited)

U Aung Kyaw Hlaing's date of birth is 23 December 1953 and is the son of U Boe Tint. He holds a B.Sc (Physics) from the Defence Academy. He is serving as the General Manager of Administration Department, MCB (Head Office). He was a Director in the Directorate of Consumer Affairs under the Ministry of Commerce.

Daw Cho Cho Aye (General Manager, Account Department, Myanmar Citizens Bank Limited)

Daw Cho Cho Aye's date of birth is 28 May 1967 and is the daughter of U San Nyunt. She holds a B.Sc (Maths) degree. She is serving as the General Manager of Account Department, MCB (Mandalay Branch).

MATERIAL BACKGROUND INFORMATION

None of the Company's Directors or key executives has:

- at any time during the last three years, had an application or a petition under any bankruptcy laws filed against him/her or against a company of which he/she was then a director, managing director, manager or managing agent;
- ever been convicted of any offence that is punishable with imprisonment or is the subject of any pending criminal proceedings for such purpose;
- ever been disqualified from acting as a director, managing director, manager or managing agent; or
- ever been concerned with the management or conduct of the affairs of any company that has been investigated for a breach of any applicable law or regulatory requirement.

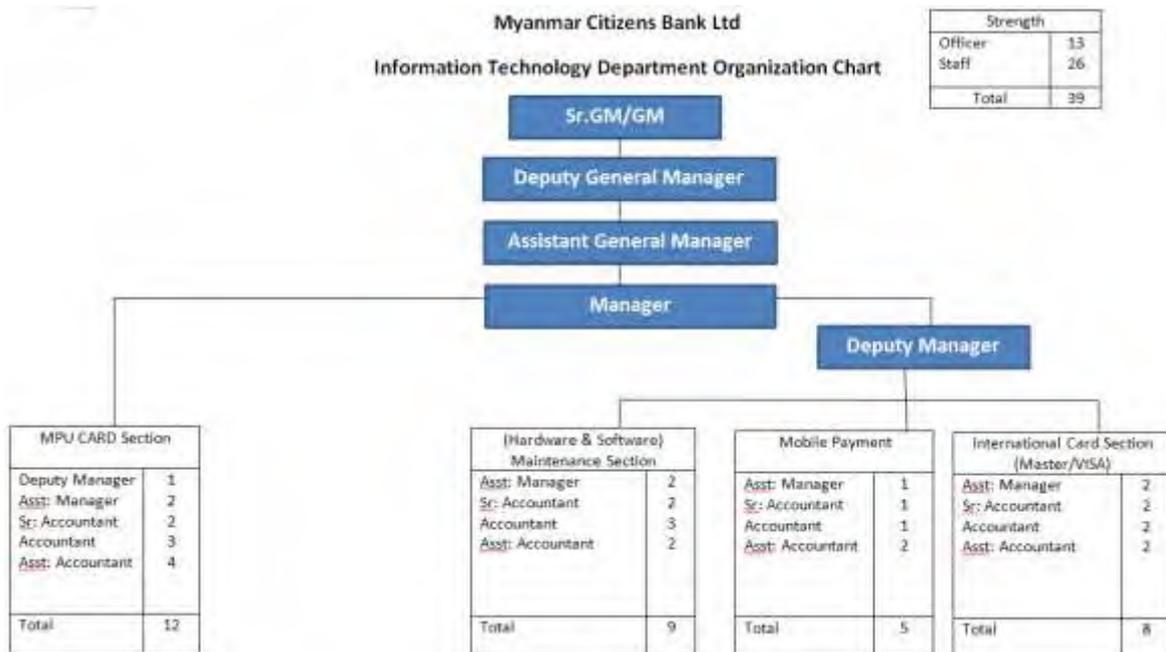
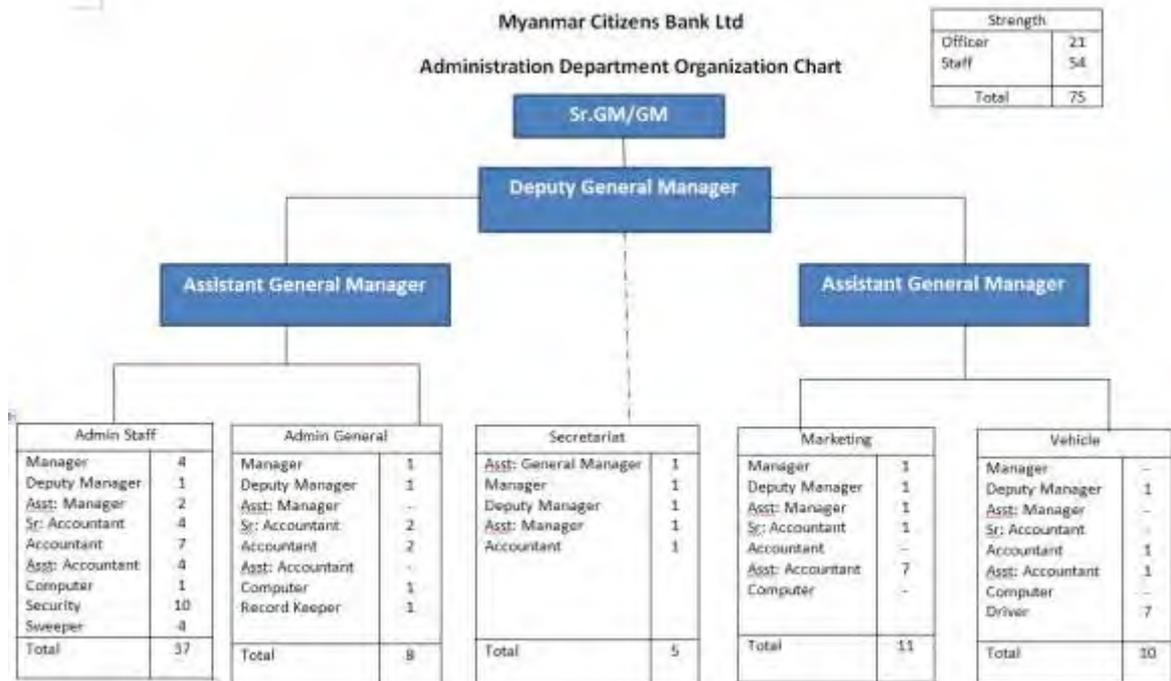
REMUNERATION AND BENEFITS IN KIND

Set forth below is a table showing (a) the aggregate amount of remuneration and benefits in kind paid for each of the two most recent completed financial years and (b) the estimated aggregate amount of remuneration and benefits in kind paid and to be paid for the whole of the current financial year to Directors, key executives and the managing agent of the Company.

(Kyats)

	FY2015-2016	FY2014-2015	Estimate for FY2016-2017
Aggregate amount of remuneration and benefits in kind paid to Directors, Key Executives and the managing agent of the Company	113,257,500	85,150,000	210,000,000

MANAGEMENT REPORTING STRUCTURE



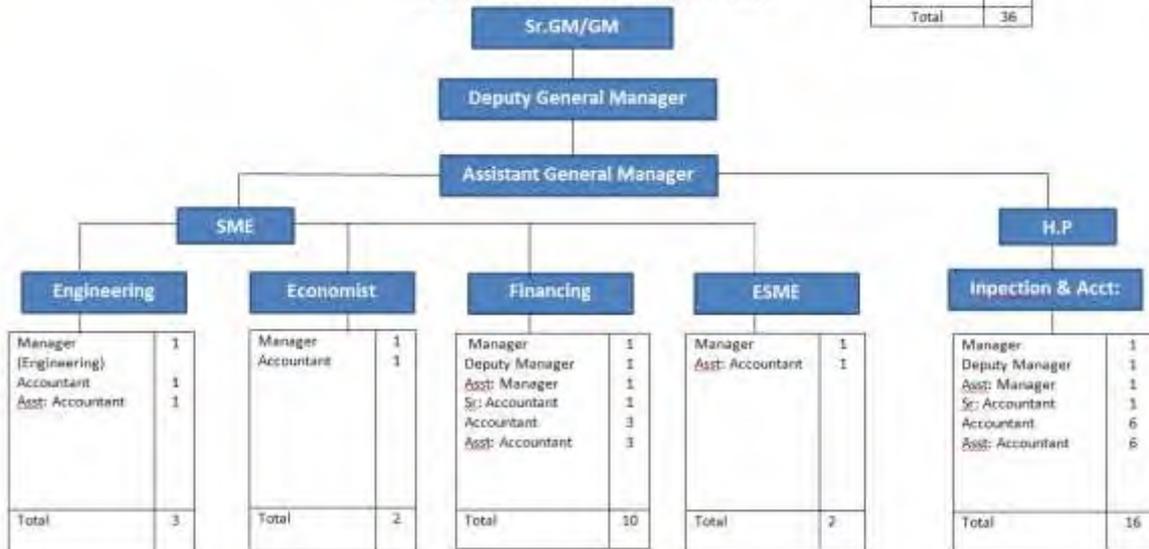
Myanmar Citizens Bank Ltd
Loan Department Organization Chart

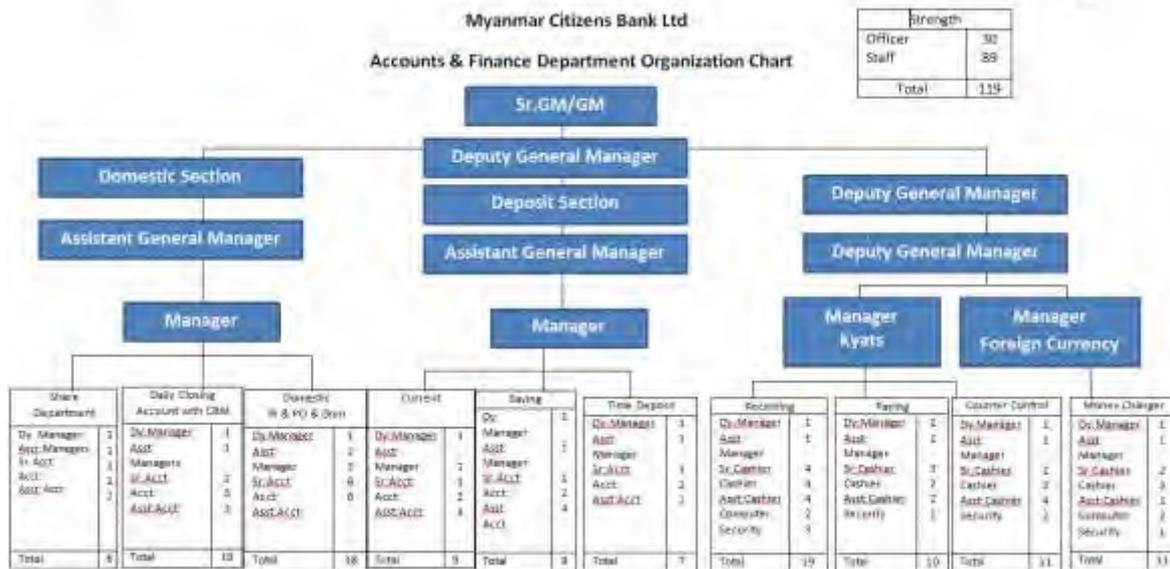
Strength	
Officer	11
Staff	24
Total	35



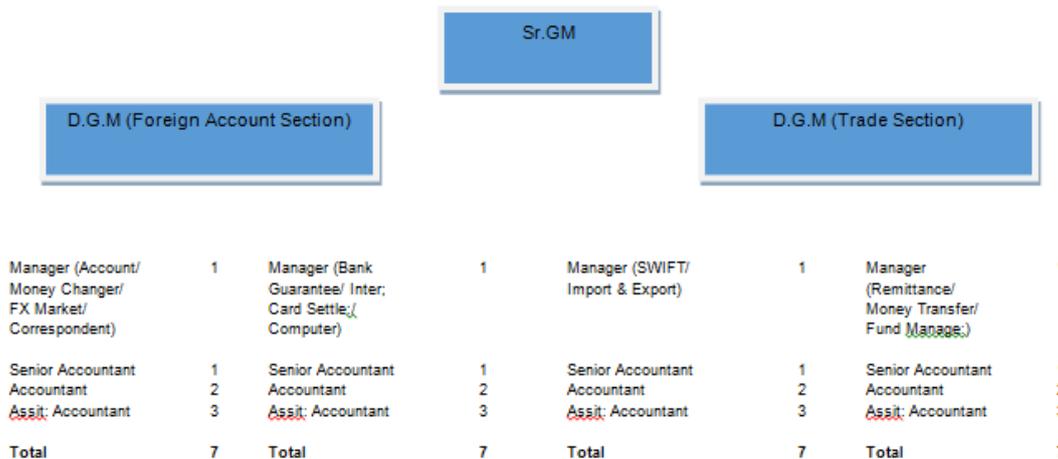
Myanmar Citizens Bank Ltd
SME & H.P Department Organization Chart

Strength	
Officer	12
Staff	24
Total	36





Myanmar Citizens Bank Ltd.
International Banking Department Organization Chart



CORPORATE GOVERNANCE

Board Committees

The following committees were established by a resolution of the Board of Directors on 17 July 2015: Audit Committee, Loan Committee, Remuneration Committee and Risk Management Committee. Each of the committees operates in accordance with the terms and standards established by the Board of Directors.

Audit Committee

The Company has established an Audit Committee. The primary duties of the Audit Committee include, but are not limited to the following:

- a. prescribe duties and responsibilities of internal auditors, and audit methodologies, such as ordinary audits related to duties and responsibilities and audit systems including :
 - whether there is compliance of standard operating procedures and instructions issued by the bank;
 - whether there is completeness of instructions to prevent errors in operational activities of each department;
 - whether instructions are updated in a timely manner to accord with changed conditions;
 - whether special instructions as required in respect of Anti-Money Laundering and Financing of Terrorism, Financial Action Task Force and Patriot Act have been issued;
 - whether there have been errors or fraudulent transactions due to weakness in compliance with instructions or through incompetency;
 - whether deficiencies found in previous annual audits have recurred;
 - whether internal announcements have been issued in respect of announcements from the CBM; and
 - selective audit of departments, ad hoc audit by flying squad, physical auditing based on hard copy of accounts and supporting documents, and online auditing based on soft copies.

- b. Engage external auditors.

Selection must be made from among legally incorporated external audit firms based on criteria such as:

 - having experience in audit of banking business;
 - having a good reputation;
 - reasonable cost;
 - sustainable findings;
 - not being connected under limitation rules to a previously engaged entity;
 - being able to propose solutions, in addition to discovering of weaknesses.

- c. Review audit reports
 - Audit reports must be review to check whether findings of internal external auditors are accurate, and whether any weaknesses in the bank's operations have been discovered.
 - Instructions must be issued to take remedial actions based on reports of internal auditors, external auditors and auditors from the Central Bank.
 - Further reviews must be carried out on reports of completion of actions, and necessary instructions and standard operating procedures issued.

- d. Measures for online auditing in addition to traditional auditing.
 - Due to use of information technology and resulting increase in provision of online services instead of manual accounting and services, measures must be put in place to enable conducting of audits online.
 - Measures must be put in place to send internal auditors to attend IT training courses.

Members

Name	Role
U Zaw Lin Htut	Chairman
U Tint Lwin	Member
U Than Win Shwe	Member

Loans Committee

The Company has established a Loans Committee. The primary duties of the Loans Committee include, but are not limited to the following:

a. **Formulation of Lending Policy**

Policies for:

- classes of loans and related durations such as short-term, medium-term, long-term, overdraft, revolving funds;
- categories of businesses eligible for loans;
- priority target business sectors and areas for loans;
- maximum loan amount depending on individual or entity or portfolio;
- types of collateral to be accepted, and maximum percentage of loan permissible according to type of collateral;
- interest according to class of loan;
- Commitment Fee (fees for amount unspent from amount allowed);
- determining of court and other charges.

b. **Formulation of guidelines for Credit Checking and Loan Administration**

Procedures must be formulated concerning:

- preliminary personal interview and assessment;
- on-site assessment;
- reporting processes;
- loan administration activities of execution of documents, disbursement of loans, payments of interest, repayments of principal, return of collateral deeds, serving of notices for payments of interest, payment of principal and so on.

c. **Formulation of guidelines for litigation against Non-Performing Loans.**

Procedures must be formulated in respect of:

- filing of suit;
- engaging legal counsel;
- determination of fees for legal counsel and court;
- holding auction sales;
- bring charges under criminal proceedings, in addition to civil proceedings and so on.

d. **Formulation of other administrative procedures for recovery of non-performing loans.**

procedures must be formulated for other actions conducive for recovery of uncertain and non-performing loans such as:

- re-negotiation of principal;

- re-negotiation of interest-rate;
 - factoring;
 - acquiring by bank.
- e. Decision-making for granting of loan and suing.
- f. Review and amendment of loan procedures.

Members

U Ohn Saing	Chairman
U Hla Oo	Member
U Aung Aung	Member
U Maung Maung Tin	Member

Remuneration Committee

- a. Formulation of HR policies.
- Basic organization structure must be determined, and
 - measures put in place for amending planned manpower according to operation requirements arising from expansion of departments or bank branches.
 - Powers and responsibilities must be determined according to position, and
 - chains of command established.
- b. Determination of remuneration and work-hours.
- rates of daily wages, basic salary, overtime, allowances and other benefits must be determined.
 - special allowances (such undertaking duties at remote locations or locations affected by natural disaster and other hazards) need to be determined on a case-by-case basis as they arise.
- c. Formulation of remuneration system.
- The system for payment of remuneration must be determined to be any one of:
- payment at the fixed rate of basic salary as originally determined;
 - payment with annual increments depending on length of service;
 - payment under confidentiality according to individual performance; or
 - payment under any other system of remuneration.
- It must also be made possible to change the remuneration system depending on circumstances.
- d. Amendment of rate of basic salary.
- Measures must be put in place to revise the rates of basic salary according to need to retain of skilled staff, need to accord with basic living standards and need to accord with the rates of remuneration stipulated by the Union.

e. Remuneration of professionals and advisors

Measures must be put in place for remuneration through fixed monthly salary, or on a per job or project basis, depending on business situation.

Members

Name	Role
U Soe Naing @ U Ko Ko Gyi	Chairman
U Myint Win	Member
U Toe Aung Myint	Member
U Zeya Thura Mon	Member

Risk Management Committee

a. Evaluation of risk management in respect of various committees which have been formed.

In the evaluation of risk management in respect of various committees which have been formed, the following shall be assessed on a year-by-year basis:

- financial situation;
- lending policy;
- expansion of banking services;
- opening of additional bank branches;
- advantages and disadvantages of information technology;
- situation of regional and international banking business conditions;
- effect on banking business of policies, procedures, terms and conditions, and instructions from relevant authorities;
- whether risk management is effective depending on political stability and social-economic development.

b. Evaluation based on previous experience of appropriateness of current risk management; putting in place preparatory measures of risk management appropriate for future processes, shall be carried out considering:

- impacts which occurred on banking businesses due to weaknesses in information technology (such as the Millennium Bug);
- Domino Effects resulting from liquidity crises;
- effects of natural disasters and acts terrorism;
- entry into the market of new banks;
- merger of banks;
- political situation and status of international sanctions;
- changes in procedures, and difficulties due to terms and conditions that may be imposed by entities such as World Bank and IMF, which are influential on banking businesses.

c. Assessment of Risks of Foreign Exchange Losses

As there may be great effect through foreign currencies depending on the economic situation and adequacy of foreign currency reserves of the country, the following measures must be put in place:

- the principal foreign currency to be kept by the bank;
- hedging to be sought in protection against exchange-rate losses.

d. Management of Interest-rate Risks

- As there may be great effect on the banks income through Unexpected Changes in interest rates, measures must be put in place to determine types of deposits and acceptable amounts of deposits.
- The Spread (the difference between interest payable on deposits and interest earned from loans) must be arranged for maximization without prejudicing competition among banks.

e. Management of Operational Risks

Measures must be put in place:

- to minimize losses from income and expenditure according to type of department;
- to be promptly made aware of failures of compliance ;
- to avoid risks arising from provision of services not in accordance with standard operating procedure;
- to optimize cost-effectiveness of audit expenditures, legal costs, litigation expenditures and outsourcing costs.

Members

No.	Name	Duty
1.	U Soe Naing @ U Ko Ko Gyi	Chairman
2.	U Tun Lwin	Member
3.	U Zeya Thura Mon	Member
4.	U Toe Aung Myint	Member
5.	U Myint Win	Member

Assets and Liability Management Committee

The purposes and tasks of Assets and Liabilities Management Committee are:

- To ensure efficient implementation of balance sheet management policies
- To form an optimal structure of the bank's balance sheet to provide the maximum profitability, limiting the possible risk level;
- To control over the capital adequacy and risk diversification;
- To determine the bank's liquidity management policy;
- To control over the state of the current liquidity ratio and resources of the bank;
- To form the bank's capital markets policy;
- To control over dynamics of size and yield of trading transactions
- To control over dynamics of the basic performance indicators (ROE, ROA, etc.)

Members

No.	Name	Duty
1.	U Tun Lwin	Chairman
2.	U Myint Win	Member
3.	U Hla Oo	Member

Compliance and Disclosure Committee

Responsibilities on Compliance

- The Committee shall have oversight responsibility for matters of non compliance, including the bank's overall compliance programs, policies and procedures; significant legal or regulatory compliance exposure; and material reports or inquiries from government or regulatory agencies.
- The committee shall oversee the development and execution of plans to remediate all compliance deficiencies identified, to ensure ongoing compliance with applicable legal and regulatory requirements.
- The Committee shall prepare and present to the Board on a monthly basis a report of its findings, detailing the form, content, and manner of any actions the bank has taken to ensure compliance with applicable rules and regulations, the results of those actions, and any recommendations regarding future compliance.
- The Committee shall review and approve the bank's proposed responses to the Regulators prior to submission of such responses.
- The Committee shall ensure any and all information requests by the Regulators are accurately addressed in a timely manner.
- The Committee shall monitor the Bank's compliance program, including compliance with all applicable laws, rules and regulations.

Responsibilities on Disclosure

- a. determine when events, developments, changes or other facts constitute material information or a material change in the affairs of the Bank. In making such determination, the Committee will assess the impact of any such event, development or change on
 - the assets, liabilities and earnings of the bank
 - the reputation or overall operations of the Bank,
 - the strategic direction of the Bank, and
 - the market price or value of any of the Bank's securities;
- b. Review and, as necessary, help revise the Corporation's controls and procedures to ensure that
 - information required to be disclosed to the Yangon Stock Exchange, and other written information that will be disclosed to the public is recorded, processed, summarized and reported accurately and on a timely basis, and
 - such information is accumulated and communicated to management, including the Senior Officers, as appropriate to allow timely decisions regarding required disclosure.
- c. Assist in documenting, and monitoring the integrity and evaluating the effectiveness of, the disclosure controls and procedures.

Members

No.	Name	Duty
1.	U Soe Naing @ U Ko Ko Gyi	Chairman
2.	U Myint Win	Member
3.	U Than Win Shwe	Member
4.	Dr U Maung Aung	Member
5.	U Zaw Lin Htut	Member

Internal Audit

An internal audit system exists under the supervision of the Audit Committee.

Auditors for the Last Two Financial Years

The Company's auditor for FY2014-2015 was U Hla Tun & Associates Ltd, No.64 (B), Shwegon Plaza, Kominkochin Road, Bahan Township, Yangon Region. U Hla Tun & Associates Ltd 's engagement partner was U Maung Maung Aung, who received a B.Com, C.P.A from the Yangon Institute of Economic, Myanmar and is a Certified Public Accountant in Myanmar. The Company paid a total of 3,150,000 kyats for its work on auditing the FY2014-2015 financial statements.

The Company's auditor for FY2015-2016 was U Hla Tun & Associates Ltd, No.64 (B), Shwegon Plaza, Kominkochin Road, Bahan Township, Yangon Region. U Hla Tun & Associates Ltd 's engagement partner was U Maung Maung Aung, who received a B.Com, C.P.A from the Yangon Institute of Economic, Myanmar and is a Certified Public Accountant in Myanmar. The Company paid a total of 7,350,000 kyats for its work on auditing the FY2015-2016 financial statements.

SHAREHOLDERS

The following table sets forth information on the Company's 10 largest shareholders as at 31 March 2016.

Sr No.	Name	Address	Shareholding	
			No. of shares	% of shares
1	Capital Diamond Star Group Ltd	Building (C-2), No (9), Yaw Min Gyi Road, Dagon Township, Yangon.	1,137,000	16.70
2	Ministry Of Commerce	Office No.3, Ministry Of Commerce, NayPyi Taw.	1,023,410	15.03
3	Diamond Star Co.,Ltd	Building (C-2), No (9), Yaw Min GyiRoad, DagonTownship, Yangon.	925,160	13.59
4	Shwe Me Co.,Ltd	No.79/81, First Floor, Room-102, Ahnawrahta Road,Between 39 & 40 St,Kyauktada Township. Yangon.	598,000	8.78
5	Good Brothers Co.,Ltd.	No.22, BayintNaungRoad, Thiri Mon Housing, Hlaing Township Yangon.	450,000	6.61
6	Good Brothers Machinery Co.,Ltd.	No.22, BayintNaungRoad, Thiri Mon Housing, Hlaing Township, Yangon.	400,000	5.88
7	JDS CO.,LTD.	Building (C-2), No (9), Yaw Min GyiRoad, DagonTownship, Yangon.	400,000	5.88
8	PAC Link Trading limited	Building(C-2),No(9),Yaw Min GyiRoad, DagonTownship,Yangon	400,000	5.88
9	Farmer Phoeyazar Co Ltd.,	No.187, Bo Myat TunRoad, Lamdaw Township, Yangon.	240,000	3.53
10	Star Union Investment Ltd	No.771, MaharbandoolaRoad,Lamadaw Township, Yangon.	205,000	3.01
Total			5,778,570	84.87

* the number of shares does not include the shares issued up to 30 June 2016 mentioned in the next paragraph.

All Shareholders have equal voting rights.

We had up to 30 June 2016, issued further shares to some of our Shareholders. The issuance of new shares is currently pending approval from the CBM. In the event such changes are approved, the changes will be as follows:

Company Name	No of shares	Changes	No of shares	Changes	Director Name	Total	Ownership ratio
	28.12.2015	Up to March 2016	31.03.2016	Up to July 2016			
VSK International Co.,Ltd	200,000	6,546	206,546		U Hla Oo		
Good Brothers Machinery Co.,Ltd	400,000	22,200	422,200		U Hla Oo	1,101,893	10.59%
Good Brothers Co.,Ltd	450,000	23,147	473,147		U Hla Oo		
Star Union Investment Co.,Ltd	205,000	164,583	369,583		U Ohn Saing	369,583	3.55%
Farmer PhoeyazarCo.,Ltd	242,000		242,000	26,767	U Maung Maung Tin	268,767	2.58%
ShweMe'Co.,Ltd	598,000	240,482	838,482		U Tun Lwin	838,482	8.06%
JDS Co.,Ltd	400,000	22,200	422,200		Daw Moe Moe	422,200	4.06%
PAC Link Trading Limited	400,000	22,200	422,200		Daw Aye Sandar Lwin	422,200	4.06%
Diamond Star Co.,Ltd	925,160	22,200	947,360		U Soe Naing @ U Ko Ko Gyi		
Capital Diamond Star Group	1,137,000	430,469	1,567,469		U Soe Naing @ U Ko Ko Gyi	4,217,432	40.55%
Capital Financial Holding Ltd	-	1,702,603	1,702,603		U Soe Naing @ U Ko Ko Gyi		
Athar Oo Co.,Ltd	10,000	121,460	131,460		U Aung Aung	131,460	1.26%
Zeya & Associate Co.,Ltd	21,000	-	21,000		U Zeya Thura Mon	21,000	0.20%
Steel King Co.,Ltd	6,000	-	6,000		U Kyaw Kyaw Oo	6,000	0.06%
Pyay Chan Thar Co., Ltd.			1,000	400,000		401,000	3.86%

Pursuant to Section 10 of the Securities Listing Business Regulations, the above mentioned Shareholders to whom Shares were issued in March 2016 will be subject to a lock-up period of three months from the date of listing of their Shares.

DIVIDENDS, DIVIDEND POLICY

The Company declared dividends of 650 kyats per Share for FY2014-2015 and FY2015-2016. The Company paid a total of 2,269,931,440 and 3,397,377,302 kyats in FY2014-2015 and FY2015-2016 respectively, for dividends declared for the prior financial year.

The Board of Directors has the discretion to recommend the payment of dividends. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. While we may have distributed profits as dividend in the past, there can be no assurance that we will be able to pay dividends in the future. The MCB may choose to reinvest its profit into the business to enhance shareholder value

DESCRIPTION OF THE COMPANY'S SHARES

Capital Structure

The share capital of our Company as of 31 July 2016, is set forth below:

	(Kyats in million)
	Aggregate Value at Par Value
A AUTHORISED SHARE CAPITAL	
75,000,000,000 kyats allotted into 15,000,000 Shares of par value 5,000 kyats each	75,000.00
B ISSUED SUBSCRIBED AND PAID-UP SHARE CAPITAL	
10,400,986 Shares of par value 5,000 kyats each	52,004.93
C SHARE PREMIUM ACCOUNT	5,119.73

The Company has not issued any options over its Shares.

All issued Shares are fully paid. Fully paid Shares carry one vote per Share and carry a right to dividends as and when declared by the Company. For more details on the rights and privileges of the Shares, please see "The Company's Memorandum and Articles of Association" below.

Share Capital History

Since 2002, MCB has increased its share capital year after year. This yearly increase very much stems from CBM's instruction to MCB on 14 July 2003 to increase its share capital because the deposits held in MCB's account was 24 times that of its share capital. Thereafter, from 2009, MCB had embarked on an expansion plan to increase the number of branches in operation so as to

increase its customer base and deposits held in MCB's account. In addition, obtaining the Authorised Dealer Licence also imposed on MCB a minimum capital requirement of USD 4 million.

The following table shows the history of the share capital of our Company for the period from FY2014-2015 until FY2015-2016.

Financial Year	Contributed Share Value	Aggregated Total Share Value	Issue Price Per Share (Kyats)	(Kyats in million)
				Increase Percentage
2014-2015	18,841.95	37,112.83	5,750	103.13%
2015-2016	12,756.94	49,869.77	5,750	34.37%

Moving forward, the Bank intends to increase its share capital as follows:

Financial Year	Paid-up share capital (cumulative)
2016-2017	60 billion kyats
2017-2018	65 billion kyats
2018-2019	70 billion kyats
2019-2020	72 billion kyats
2020-2021	75 billion kyats

THE COMPANY'S MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

Set forth below are extracts from the Company's Memorandum of Association and Articles of Association. The extracts below are not the complete Memorandum of Association or Articles of Association, a copy of each of which is available for inspection at the registered office of the Company. Capitalised terms used in the extracts below have the meaning given to such terms in the Memorandum of Association and Articles of Association, as applicable.

Memorandum of Association

Liability of the Shareholders

The liability of the members is limited.

The Capital of the Company

The capital of the Company is Ks 75,000,000,000 allotted into 15,000,000 shares of Ks 5,000 per share. The Directors may issue and allot or otherwise dispose of the share of the Company to any person, on such terms and conditions and at such time as the Directors think fit. Shares may be issued with any preferential, deferred, qualified with special rights, privileges or conditions provided that the rights attached to the shares having preferential, deferred or qualified with special rights, privileges or conditions attached there to may be altered.

Objects of the Company

The objects for which the Company is established are as follows:-

- 1) To established and carry on the business of a bank whereof the head office or place of business shall be in Yangon with such branches or agencies in the Union of Myanmar and in any part of the world as may from time to time be determined;
- 2) To carry on, as its principal business, the accepting of deposits of money on current account or otherwise, with or without allowance of interest, subject to withdrawal by cheque, draft or order;
- 3) To carry on, the business of banking in all its branches and departments the borrowing, arising or taking up of money; the lending or advancing of money either upon or without security; the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, promissory notes, coupons, drafts, bills of leading, railway receipts, warrants, debentures, debenture stock, certificates, scrips and other instruments, and securities whether transferable or negotiable or not; the granting and issuing of letters of credit, travellers' and similar cheques and circular notes; the buying, selling and dealing in bullion and specie; the buying and selling of exchange including foreign bank notes; the acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; the purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others; the negotiating of loans and advances; the receiving of all kinds of

bonds, scrips or valuables on deposit, or for safe custody or otherwise; the collecting and transmitting of money and securities;

- 4) To accept charge of ornaments, jewels, title deeds and other valuable things and documents;
- 5) To contract for public or private loans and to negotiate and issue the same;
- 6) To promote, effect, insure, guarantee, underwrite, participate in managing and carrying out of any issue, public or private, of State, Municipal or other loans or of shares, stock, debentures or debenture stock of any Company, Corporation or Association and to lend money for the purpose of any such issue;
- 7) To carry on and transact every kind of guarantee and indemnity business, and to undertake obligations of every kind and description incidental to such business;
- 8) To promote or finance or assist in promoting or financing any business undertakings or industries, either existing or new, and to develop or form the same either through the instrumentality of syndicates or otherwise, and to acquire any such shares and debentures or debenture stock of such business undertakings, and industries, either by original subscription, tender, purchase, exchange or otherwise, and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof, and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof;
- 9) To act as Agents for Governments or local authorities or for any other person or persons; to carry on the Agency business of any description other than the business of a Managing Agent of a Company, not being a Banking Company, including the power to act as Attorneys and to give discharges and receipts;
- 10) To undertake and execute trusts;
- 11) To undertake the administration of estates as executors, trustees or otherwise;
- 12) To acquire by purchase, lease, exchange, hire, or otherwise of any property immovable or moveable and any rights or privileges which the Company may think necessary or convenient to acquire or the acquisition of which in the opinion of the Company is likely to facilitate the realisation of any securities held by the Company or to prevent or diminish any apprehended loss or liability;
- 13) To acquire, construct, maintain and alter any buildings or works necessary or convenient for the purpose of the Company;
- 14) To acquire and hold and generally deal with any property and any right, title or interest in any property moveable or immovable which may form part of the security for any loans or advances or which may be connected with any such security;

- 15) To manage, sell and realise all property moveable or immoveable which may come into the possession of the Company in satisfaction or part satisfaction of any of its claims;
- 16) To amalgamate with any other Company having objects similar to those of this Company and also to undertake, amalgamate and take over the assets and liabilities of any existing bank in any part of the country on such terms and conditions as may be beneficial and convenient to the Company;
- 17) To borrow money in the Union of Myanmar or elsewhere for the purpose of the Company's business and to give securities for money so borrowed by pledging assets or otherwise;
- 18) To take or otherwise acquire and hold shares in any other Company having similar objects to those of the Company;
- 19) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the Company or their dependents or connections of such persons, to grant pensions and allowances and make payment towards insurance; to subscribe to or grant moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful objects;
- 20) To sell, improve, manage, develop, exchange, lease, mortgage, dispose of or turn into account or otherwise deal with all or any part of the property and rights of the Company;
- 21) To acquire and undertake the whole or any part of the business of any person or Company when such business is of a nature enumerated or described in Section 277(F) of the Myanmar Companies Act;
- 22) To pay scholarships and expenses either as gifts or loans to duly selected person or persons for proceeding to any foreign country in order to study the Banking Business for the benefit of the Company;
- 23) To pay all; or any part of the expenses of, and preliminary and incidental to, the promotion, formation, establishment and registration of the Company or any other company, promoted, formed, established or registered by or on behalf of the Company, and all commission, brokerage, discount, underwriting and other expenses lawfully payable which may be deemed expedient for taking, placing or underwriting all or any of the shares or debentures or other obligations of the Company, or of any company so promoted, formed, established or registered by the Company;
- 24) To do all such other things as are incidental or conducive to the promotion of advancement of the business of the Company;
- 25) To do all other forms of business which the Myanmar Government may, in accordance with the provision of Section 277(G) of the Myanmar Companies Act by notification in the Official Gazette, specify in addition to the business set forth on clause 1 to 17 of Section 277(F) as being lawful for a Banking Company to engage in.

- 26) Bank shares may be protected systematically and legally marketing to investors.

Articles of Association

Provisions relating to the appointment, qualification and removal of Directors

74. Every director shall be a citizen of the Union of Myanmar. The Directors must hold not less than K. 5,000,000/- (Kyat Five Million) in case of individual and not less than K. 10,000,000/- (Kyat Ten Million) in the case of organizations. Until otherwise determined by a General Meeting the number of Directors shall be not less than five or not more than fifteen.
83. The office of the Director shall ipso facto be vacated if:-
- (a) He fails to obtain within the time specified in Sub-section (1) of Section 85 of the Act or at any time thereafter cases to hold the number of shares required to qualify him for his appointment as a Director; or
 - (b) he is adjudged an insolvent; or
 - (c) he is declared of unsound mind, by a Court of Competent jurisdiction; or
 - (d) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of 3 months, whichever is the longer period, without leave of absence from the Board of Directors; or
 - (e) he resigns office by notice in writing to the Company; or
 - (f) he is removed by an Extraordinary Resolution of the Company; or
 - (g) he or any firm of which he is a partner or any private Company of which he is a Director without the sanction of the Company, in any General Meeting, accepts or holds any office of profit under the Company other than that of a Managing Director, or Manager, or a Legal Adviser, or a Banker; or
 - (h) he acts in contravention of Section 86F of the Act;
 - (i) his appointment is revoked by the Ministry of Commerce.
86. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who become Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
87. A retiring Director shall be eligible for re-election.
88. The Company at the General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.
89. If at any meeting at which an election of Directors ought to take place, the places of the vacating Directors are not filled up, the meeting shall stand adjourned till the same day in the next week at the same time and place, and if at the adjourned meeting the places of the vacating Directors are not filled up, the vacating Directors or such of them as have not had their places filled up shall be deemed to have been re-elected at the adjourned meeting.
90. The Company in General meeting may, subject to provisions of these Articles, from time to time increase or reduce the number of Directors and may alter their qualifications.

91. Subject to the provisions of Section 86G of the Act and of any agreement for the time being subsisting, the Company may by Extraordinary Resolution remove any Director before the expiration of his period of office and may by Ordinary Resolution appoint another qualified person in his stead; the person so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.
92. No person, not being a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of the Director at any Annual General Meeting, unless he or some other member intending to propose him, has, at least 20 clear days and not more than 28 days before the date when such meeting is due to be held under the Act, left at the office a notice in writing duly signed signifying his candidature for the office or the intention of such member to propose him.
93. The Company shall keep at its Registered office a register of its Directors and Managers and shall duly comply with the provisions of Section 87 of the Act.

Provisions relating to appointment of Managing Director

112. The Directors may appoint the Managing Director of the Company subject to the general control and supervision of the Board of Directors.
113. The Managing Director shall conform to any regulations which may be imposed upon him by the Board of Directors, and he shall, whenever required by the Directors, render to them an account of all transactions, matters and things relating to the Company and its affairs over which the Managing Director may have control or of which he may have cognisance.
114. The Directors may from time to time entrust to and confer upon the Managing Director such of the powers exercisable under these presents by the Directors as they think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient, and they may confer such powers collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf; and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Provision relating to interested Directors

85. Save as otherwise provided in Section 86(F) of the Act, a Director of this Company may be, or become a Director of any Company promoted by this Company, or in which it may be interested as a Vendor, a shareholder or otherwise and no such Director shall be accountable for any benefits received as Director or member of such Company.

Provision relating to the borrowing powers of the Directors

41. The Directors may, from time to time at their discretion, raise or borrow or secure the payment of any sum of money, and in particular, shall have the following powers:-
 - (a) to issue debentures, debenture stock, bonds, obligations and other securities of all kinds with or without security, and to frame, constitute and secure the same, as

- may seem expedient with full power to make the same transferable by delivery, or by instrument of transfer or otherwise, and either perpetually or terminable or otherwise and charge or secure the same by Trust Deed, or otherwise, on the undertaking of the Company or otherwise howsoever;
- (b) to facilitate and encourage the creation, issue or conversion of debentures, debenture stock, bonds, obligations, shares, stock and other securities and to act as Trustee in connection with any such securities, and to take part in the conversion of business concerns and undertakings into companies;
 - (c) to give guarantee in relation to the payment of any debentures, debenture stock and bonds, obligations or securities and to guarantee the payment of interest thereon or of dividends on any stock, or share of any Company.
42. The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and, in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage, charge or other securities on the undertaking of the whole or any part of the property of the Company (both present and future).

Provisions relating to the voting rights of the Shareholders

62. In a General Meeting every member whose name is entered in the Register of members as holder of an Ordinary share, shall be entitled to vote or take part in the proceedings. The right of voting is "one" vote to every ordinary share.
63. On a show of hands, every member present in person shall have one vote, and upon a poll every member present in person or by proxy shall have one vote for every share held by him.
64. No member not personally present shall be entitled to vote on a show of hands, unless such member is a corporation present by a proxy or a Company present by a representative duly authorised under Section 80 of the Act, in which case such proxy or representative may vote on the show of hands as if he were a member of the Company.
65. Any person entitled under the transmission clause to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least seventy-two hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he has satisfied the Directors of his right to transfer such shares, unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
66. Where there be joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting, personally or by proxy that one of the said persons so present whose name stands first on the register, in respect of such shares shall alone be entitled to vote in respect thereof.
67. Any guardian or other person entitled under the Transmission Clauses hereinbefore mentioned, to any shares, transferred, may vote at any General Meeting in respect thereof

as if he was the registered holder of such shares, provided that at least 72 hours before the holding of the meeting he shall satisfy the Directors of his right to act in that capacity; unless the Directors shall have previously admitted his right to vote at such meeting or meetings in respect thereof.

68. Votes may be given either personally or by proxy or in the case of a company by a representative duly authorised as mentioned in Section 80 of the Act.
69. The instrument appointing a proxy shall be in writing, under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, under its common seal or the hand of its attorney. No person shall be appointed a proxy who is not a member of the company qualified to vote, save that a corporation being a member of the Company may appoint as its proxy an officer of such corporation whether a member of the Company or not.
70. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or of authority, shall be deposited at the registered office of the company not less than seventy-two hours before the time for holding the meeting at which the person named in the instrument proposes to vote, in default, the instrument of proxy shall not be treated as valid.
71. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding previous death of the principal or the revocation of the proxy, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, revocation or transfer shall have been received at the office or by the Chairman of the meeting before the vote is given.
72. Every instrument of proxy, whether for specified meeting or otherwise, shall, as nearly as circumstances will admit, be in the form or to the effect following:-
I _____ being a member of _____ hereby appoint _____ of _____ (or failing him, _____ of _____) as my proxy to vote for me and on my behalf at the Ordinary or Extraordinary General Meeting of the Company to be held on ____ day of _____ and at any adjournment thereof.
Signed this _____ day of _____
73. A member of unsound mind, or in respect of whom any order has been made by any Court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

Provisions relating to the issuance, classification and usage of shares

6. The Authorized Capital of the company in K. 75,000,000,000/- (Kyats Seventy Five Billion) divided into 15,000,000/- (Fifteen Million) shares of K. 5,000/- (Kyats Five Thousand) each. If there shall no restriction by the existing law, that can be purchased by any person (or) organisation is unlimited.

Share may be issued with any preferential, deferred, qualified with special rights, privileges or conditions provided that the rights attached to the shares having preferential, deferred or qualified with special rights, privileges or conditions attached there to may be altered.

9. Subject as aforesaid, the Directors may issue and allot or otherwise dispose of the share of the Company to any person, on such terms and conditions and either at a premium or at per of (subject to the provisions of Section 105 A of the Act) at a discount and at such time as the Directors think fit, and with full power to give to any persons the call of any shares either at par or at premium, during such time, and for such consideration as the Directors think fit.
10. The Company at any time may pay commission to any person for agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture stock of the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures or debenture stock of the Company, but so that if the commission in respect of shares shall be paid or payable out of capital, the condition and requirements under existing laws shall be observed and complied with, and the amount or rate of commission shall not exceed 2 percent on the shares, debentures or debenture stock in each case subscribed or to be subscribed.

The commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company.

Provisions relating to share certificates

13. The certificate of title to shares shall be issued not to against with the Electronic Transaction Law. The certificate of title shall be issued by the electronic system with the approval of the board of directors and according to the existing Law. The Company (Bank) may have the full and strong on this authorised confirmation.
14. Every member shall be entitled to one certificate for the shares registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine), to several certificates, each for one or more of such shares, and the Company shall complete such certificates within three months after the allotment or the registration of transfer of shares in compliance with Section 108 of the Act, unless the conditions of the issue of shares otherwise provide. Every certificate of shares shall specify the denoting numbers of the shares in respect of which it is issued and the amount paid up thereon.
15. If a share certificate be defaced, lost, or destroyed, a new one or new ones may be issued in lieu thereof on payment of a sum prescribed by BOD for each certificate and on such terms, if any, as to evidence and indemnity as the Directors think fit.
16. The certificate of shares registered in the names of two or more persons shall be delivered to the person first named on the register.

Provisions relating to uncertificated share

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Provisions relating to the transfer and transmission of certificated shares

24. The instrument of transfer of any shares shall be duly stamped and signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.
25. The instrument of transfer of any share shall be in writing in the usual common form, or in the following form, or as near thereto as circumstances will admit:-
I _____ is consideration of the sum of Ks. _____
_____ paid to me by _____ hereinafter called "the said transferee,"
do hereby transfer to the said transferee the share (or shares) numbered _____
_____ in the undertaking called the Myanmar Citizens Bank Ltd., to hold unto
the said transferee, his executors, administrators and assigns subject to the several
conditions on which I held the same immediately before the execution hereof, and I, the
said transferee, do hereby agree to take the said shares subject to the conditions hereof.
As witness our hands the _____ day of _____.
Witness to the signature of, etc.
26. Every instrument of transfer duly stamped and executed as aforesaid shall be delivered to the Company at its Registered Office for registration, accompanied by the certificate or scrip of the shares mentioned in the instrument. All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.
29. No transfer shall be made to a minor or person of unsound mind.
30. There shall be paid to the Company, in respect of the transfer or transmission of each lot of 100 or part of 100 shares transferred or transmitted, a fee not exceeding the amount as required by the Board of Directors, shall be paid before the registration of the shares.
31. The Transfer Books and Register of Members and Debenture holders may be closed after giving 7 days' prior notice, once in a leading Daily English paper and a leading Myanmar daily paper circulating in the district in which the registered office of the Company is situate during such time as the Directors think fit, not exceeding on the whole 45 days in each year.
32. The Executor or Administrator of a deceased shareholder, shall be the only person recognised by the Company as having any title to the shares registered in the name of such shareholder, and in case of the death of any one or more of the joint holders of any registered shares, the survivors shall be the only persons recognised by the Company as having title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person. The Company shall not be bound to recognise such executor or administrator unless he shall have first obtained Probate or Letters of Administration or other legal representation as the case may be from a duly constituted Court or authority in Myanmar, provided that in any case, where the Directors in their absolute discretion think fit, may dispense with the production of Probate or Letters of Administration or such other legal representation and under the next Article register the name of any person who claims

to be absolutely entitled to the shares standing in the name of a deceased shares holder, as a shareholder upon such terms as to indemnity or otherwise, as the Directors may deem fit.

33. Subject to the provisions of the last preceding Article, any person becoming entitled to shares in consequence of the death or bankruptcy of any shareholder or any lawful means other than by a transfer in accordance with these presents, upon producing such evidence that he sustains the character in respect of which he proposes to act under this clause or of his title, as the Directors think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give) be registered as a member in respect of such shares, or any, subject to the regulations as to the transfer hereinbefore contained, transfer such shares. This clause is referred to as "the Transmission Clause".
34. Every transmission of shares shall be verified in such manner as the Directors may require and the Company may refuse to register any transmission until the same be so verified.

Provisions relating to changes in capital

37. The Company may from time to time by a Special Resolution increase the capital by the creation of new shares of such amount and such classes as they deem expedient.
38. The new shares shall be subject to the same provision with reference to the lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.
39. The Company may, from time to time, by a Special Resolution, reduce its capital in any manner for the time being authorised by law and capital may be paid off on the footing that it may be called up again or otherwise.

Provisions relating to dividends and reserve

118. The Directors shall, before recommending any dividend, transfer out of the net profits of the Company of each year a sum equivalent to not less than twenty-five percent of such profits to the reserve fund until the amount of the said fund is equal to the paid-up capital, maintain a reserve fund as required by Section 277K of the Act and shall invest the amount standing to the credit of its reserve fund in the manner mentioned in Section 277K(3) of the Act.
119. The profits of the Company subject to any special rights relating thereto if any created or authorised to be created by these presents, and subject to the provisions of article of these presents, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively at the date of the declaration of the dividend.
120. Provided that where capital is paid up on any shares in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.
121. The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Directors not be paid to any person other than the registered holder of shares.

122. No dividend shall be payable otherwise than out of the profits of the year or any other undistributed profits, or shall carry interests against the Company.
123. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.
124. The Directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.
125. The Directors may retain any dividends on which the Company has a lien, and may apply the same in or towards the satisfaction of debts or engagements in respect of which the lien exists.
126. A transfer of shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.
127. The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause entitled to become a member, or which any person under that clause is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.
128. 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.
129. Unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post to the registered address of that one whose name stands first on the register in respect of the joint holding; and every cheque or warrant so sent shall be made to the order of the person to whom it is sent.
130. Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of the registered shares in manner hereinafter provided.
131. All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

Provisions relating to the right of Shareholders to inspect the books and other documents of the Company

132. The Directors shall cause to be kept proper books of account with respect to:-
 - (a) All sums of money received and expended by the Company and the matters in respect of which the receipts and expenditures take place;
 - (b) All sales and purchases of goods by the Company;
 - (c) The assets and liabilities of the Company.
133. The books of account shall be kept at the registered office of the Company or at such other place as the Directors shall think fit and shall be opened to inspection by the Directors during business hours.

134. The directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be opened to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account book or document of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.
135. The profit and loss account shall in addition to the matter referred to in sub-section (3) of Section 131 of the Act, show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure distinguishing the expenses of the establishment, salaries and other like matters. Every item of the expenditure fairly chargeable against the year's income shall be brought into account so that a just balance of profit and loss may be laid before the meeting and in cases where any times of expenditure which may in fairness be distributed over several years has been incurred in any one year the whole amount of such item shall be stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.
136. The Director of the Company shall, at some date not later than eighteen months after the incorporation of the Company and subsequently once at least every calendar year, lay before the Company in General Meeting a balance sheet and a profit and loss account for the period in the case of the first account since the incorporation of the Company and thereafter since the preceding account made up to a date not earlier than the date of the meeting by more than nine months from the date of last preceding accounts.
137. Every such balance sheet and the profit and loss account shall be audited by the Auditors of the Company as hereinafter provided and shall be signed by the Managing Director and by at least two Directors or all the Directors of the Company and shall duly comply with the provisions of Section 132 to 133 of the Act and shall also be accompanied by the Auditor's Report and the Director's Report.
138. The Directors shall make out and attach to every balance sheet a report with respect to the state of the Company's affairs, the amount (if any) which they have recommended to be paid out of the profits by way of dividend and the amount (if any) which they propose to carry to the reserve fund according to the provisions in that behalf hereinbefore contained; and the said report may be signed by the Chairman on behalf of the Directors of the Company if authorised in that behalf by the Board of Directors and otherwise by all the Directors.
139. The Company shall send a printed copy of every such balance sheet and profit and loss account to audited and the Directors' and Auditors' reports to the registered address of every member of the Company at least fourteen days before the meeting at which it is to be laid in the manner in which notices are hereinafter directed to be sent and shall deposit a copy of the said balance sheet and profit and loss account and the reports at the registered office of the Company for inspection of the members of the Company during fourteen days before that meeting.

10. RELATED PARTY TRANSACTIONS

MATERIAL TRANSACTIONS WITH RELATED PARTIES

Following are the transaction with the related parties and the table showed the transactions with all the related parties.

Hire Purchase

There are transactions involving agricultural equipment on a hire purchase basis with Good Brothers Co. Ltd., a related party of MCB. These transactions generate a large amount of income and the commission fees, service charges and rental fees charged to Good Brothers Co. Ltd., are at similar rates as specified by other banks in the same industry. No special treatment was given to Good Brothers Co. Ltd., as a related party of MCB.

Hire purchase related transaction as of 31 March 2016				
No.	Name	Name of Company	Allowed loan (Kyats in million)	Guarantee Amount (Kyats in million)
1	U Hla Oo	Good Brothers Co. Ltd.,	16,316.63	2,616.51
2	U Soe Naing @ U Ko Ko Gyi	Capital Automative co. ltd	2,429.00	325.75
3	U Mg Mg Tin	Farmer PhoeYarzar co. ltd	539.93	350.40
Total			19,285.56	3,292.66

Land and Building

The building used for the Sittwe Branch is owned by Good Brothers Co. Ltd., a related party of MCB. The rental charged is in line with market value and no special treatment was given to Good Brothers Co. Ltd.

General

No special treatment is given to any related party of MCB and we charge them similar interest rates as other customers.

No.	Name	Allowed Loan (Kyats)	Type of Loan	Condition of Income (Kyats)
1.	U Soe Naing @ U Ko Ko Gyi	2,000,000,000	Loan	21,936,000.00
2.	U Hla Oo	120,000,000	Trade Guarantee	7,102,000.00
3.	U Pyae Wa Tun	-	Bank Guarantee	27,309,361.60
4.	U Zeya Thura Mon	-	Bank Guarantee	108,962,371.60
Total				165,309,733.20

Note: U Pyae Wa Htun was a director but he is no longer working as a director starting from 1 August 2015.

The business commenced before U Soe Naing @ U Ko Ko Gyi become a director. He became a director starting from 1 August 2015.

Both loans were repaid on 14 August 2015.

The following tables shows the individuals with their corresponding current, saving, time and call deposit, and the interest paid to them by MCB as of 31 March 2016.

						(Kyats in million)
No.	Name	Current Deposit	Saving Deposit	Fixed Deposit	Called Deposit	Total
1	U Soe Naing @ U Ko Ko Gyi	630.89	3,585.09	7,198.54	559.65	11,974.17
2	U Hla Oo	25.91	20.96	-	128.52	175.39
3	U Ohn Saing	-	29.39	-	0.38	29.77
4	U Aung Aung	-	0.06	-	-	0.06
5	U Kyaw Kyaw Oo	331.23	143.33	-	-	474.56
6	U Zaya Thuya Mon	1.04	38.09	-	-	39.13
7	U Tun Lwin	11.59	0.01	-	311.54	323.14

Interest Rate paid to the Related Persons

					(Kyats in million)
No.	Name	Saving Interest	Time Interest	Call Interest	Total
1	U Soe Naing @ U Ko Ko Gyi	424.26	495.94	97.89	1,018.09
2	U Hla Oo	0.41	-	25.60	26.01
3	U Ohn Saing	29.39	-	0.26	29.65
4	U Aung Aung	2.30	-	-	2.30
5	U Kyaw Kyaw Oo	0.38	-	-	0.38
6	U Zaya Thuya Mon	10.12	-	-	10.12
7	U Tun Lwin	-	-	107.88	107.88

Foreign currency current deposits (as of 31.03.2016)

	Name	Currency		
		USD	EUR	SGD
1.	U Soe Naing @ U Ko Ko Gyi	3,142,620.09		
2.	U Zeya Thura Mon	98,008.80	362.37	100.00
3.	U Tun Lwin	8,395.09		
4.	U Hla Oo	81,458.39		
5.	U Kyaw Kyaw Oo	1,202.60		

No special treatment is given to any of the above individuals/entities with respect to the current, saving, time and call deposit, and the interest paid to them by MCB.

GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE RELATED PARTY TRANSACTIONS

Standards and Definition

The Bank has adopted the standard required for Related Party Disclosure as set out in the Myanmar Accounting Standard 24. This Standard shall be applied in:

- identifying related party relationships and transactions;
- identifying outstanding balances between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

A party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
 - (iii) has joint control over the entity;
- (b) the party is an associate (as defined in MAS 28 Investments in Associates) of the entity;
- (c) the party is a joint venture in which the entity is a venturer (see MAS 31 Interests in Joint Ventures);
- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A “related party transaction” is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include:

- (a) the individual's domestic partner and children;
- (b) children of the individual's domestic partner; and
- (c) dependants of the individual or the individual's domestic partner.

"Control" is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, and "joint control" is the contractually agreed sharing of control over an economic activity. "Significant influence" is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

"Key management personnel" are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

Disclosure

Our disclosure rules are as follows:

1. Relationships between parents and subsidiaries shall be disclosed irrespective of whether there have been transactions between those related parties. An entity shall disclose the name of the entity's parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.
2. To enable users of financial statements to form a view about the effects of related party relationships on an entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.
3. The identification of related party relationships between parents and subsidiaries is in addition to the disclosure requirements in MAS 27, MAS 28 and MAS 31, which require an appropriate listing and description of significant investments in subsidiaries, associates and jointly controlled entities.
4. When neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the entity discloses the name of the next most senior parent that does so. The next most senior parent is the first parent in the group above the immediate parent that produces consolidated financial statements available for public use.
5. An entity shall disclose key management personnel compensation in total and for each of the following categories:
 - (a) short-term employee benefits;

- (b) post-employment benefits;
 - (c) other long-term benefits;
 - (d) termination benefits; and
 - (e) share-based payment.
6. If there have been transactions between related parties, an entity shall disclose the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to the requirements in paragraph 16 to disclose key management personnel compensation. At a minimum, disclosures shall include:
- (a) the amount of the transactions;
 - (b) the amount of outstanding balances and:
 - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
 - (ii) details of any guarantees given or received;
 - (c) provisions for doubtful debts related to the amount of outstanding balances; and
 - (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.
7. The disclosures required by paragraph 6 shall be made separately for each of the following categories:
- (a) the parent;
 - (b) entities with joint control or significant influence over the entity;
 - (c) subsidiaries;
 - (d) associates;
 - (e) joint ventures in which the entity is a venturer;
 - (f) key management personnel of the entity or its parent; and
 - (g) other related parties.
8. The classification of amounts payable to, and receivable from, related parties in the different categories as required in paragraph 18 is an extension of the disclosure requirement in MAS 1 Presentation of Financial Statements for information to be presented either in the statement of financial position or in the notes. The categories are

extended to provide a more comprehensive analysis of related party balances and apply to related party transactions.

9. The following are examples of transactions that are disclosed if they are with a related party:
- (a) purchases or sales of goods (finished or unfinished);
 - (b) purchases or sales of property and other assets;
 - (c) rendering or receiving of services;
 - (d) leases;
 - (e) transfers of research and development;
 - (f) transfers under licence agreements;
 - (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
 - (h) provision of guarantees or collateral; and
 - (i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party.

Participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities is a transaction between related parties (see paragraph 34B of MAS 19).

10. Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.
11. Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.

Interests of Experts, Law Firms and Financial Advisors

Except as set forth below, no expert, law firm or financial advisor named in this Disclosure Document was employed by us on a contingent basis, owns any Shares that are material to that person, has a material economic interest, whether direct or indirect, in us or that depends on the success of the Listing or otherwise has a material relationship with us.

The Company's agreement with the Financial Advisor provides that the Company is to pay a success fee to the Financial Advisor if the Listing and a public offering of the Shares is successfully completed by 31 March 2017.

POLICY ON THE DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION (“UPSI”)

Introduction

We are committed to complying with its disclosure obligations and to ensuring that trading in our shares takes place in a market which is orderly and informed and is not, or is not likely to be, false. We have therefore set in a place a policy to assist our employees to understand our disclosure obligations and the procedures that must be followed for the release of information to the YSX and the public.

Any employee who becomes aware of a situation which necessitates a disclosure of price-sensitive information shall inform the Managing Director, Disclosure officer, who is appointed by the Compliance and Disclosure Committee, and Compliance and Disclosure Committee. The Compliance and Disclosure Committee will then review the information and submit it to the Board of Directors for their consideration on whether a disclosure obligation has been triggered. The disclosure officer is responsible for the disclosure of such information and if it deemed that the information should be disclosed, the disclosure officer shall immediately cause the Company to disclose the information to the YSX and an announcement will be made on the Bank’s website.

Policy

1. The Company shall ensure that it complies with the YSX’s rules on the disclosure of UPSI and any other information required to be disclosed by the Company pursuant to the YSX’s rules.
2. Where an employee becomes aware of UPSI, the employee must immediately inform the Company’s MD and accounts department GM of this information. Employees having access to the UPSI must take care to ensure that it is not disclosed outside of the Company, whether purposefully or inadvertently, including by taking steps to ensure that it is not disseminated unnecessarily to other employees within the Company.
3. The following procedures are to be followed when any information concerning the Company is being considered for disclosure to the YSX:
 - (a) The information is to be reviewed by the MD and account department GM. The MD and account department GM are to determine whether or not the Company’s disclosure obligations require the information to be disclosed to the YSX. In appropriate circumstances, management may consult the Company’s Board of Directors.
 - (b) Announcements relating to significant matters such as financial results, guidance to the market, major acquisitions or divestments or other corporate matters which involve significant financial or reputational risk should be referred to the Company’s Board of Directors for approval (provided it is feasible to do so having regard to the Company’s disclosure obligations).
 - (c) The account department GM is to immediately disclose the information to the YSX when it is determined that the disclosure obligations require such disclosure.

4. The Company shall ensure prompt disclosure to the YSX of UPSI that gets disclosed selectively, inadvertently or otherwise.
5. All information which is disclosed to the YSX is to be placed on the Company's website and electronically disseminated to the media and database lists as soon as possible following confirmation from the YSX of receipt of the disclosure.
6. The Company shall ensure an appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities or the YSX.
7. The Company shall ensure that information shared with analysts and research personnel is not UPSI. The following procedures are to be followed in relation to briefings and presentations:
 - (a) Material to be presented at a briefing/presentation is to be provided in advance to the account department GM to enable consideration to be given to whether any disclosure to the YSX is required.
 - (b) Where practicable, a briefing/presentation should be attended by at least two Company representatives.
 - (c) Where this is not possible, the person making the briefing/presentation is required to keep an appropriate file note or other record of proceedings.
 - (d) that there is no disclosure of UPSI. A question raised at the briefing should not be answered if it would result in the disclosure of price sensitive information that has not been previously disclosed to the YSX.
8. The Company shall develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the its website to ensure official confirmation and documentation of disclosures made.
9. The account department GM of the Company shall be the person primarily responsible for dealing with the dissemination of information and disclosure of UPSI in accordance with this policy. All communications regarding disclosures between the Company and the YSX, and the actual making of disclosures by the Company to the YSX, are to be conducted by the account department GM or an authorised representative of the account department GM. No other employee is authorised to deal or otherwise communicate with the YSX on disclosure matters. Another employee may designated by the Company's board of directors to be the person primarily responsible for dealing with the dissemination of information and disclosure of UPSI.
10. Breaches of this policy will be regarded with the utmost seriousness and persons who breach this policy will be subject to disciplinary action, including dismissal from employment, where appropriate.

POLICY ON INSIDER TRADING

MCB has prepared its own internal policy to prevent insider trading as well a policy on the handling and reporting of confidential information within the Bank. Employees of MCB who possess inside non-public price sensitive information are prohibited from trading in the Shares of the Company except during a limited trading window and are prohibited from disclosing such information to any third party outside of the Bank. Employees of MCB will be briefed on this policy.

11. FINANCIAL INFORMATION

Financial Statements and Auditor's Report

Please refer to Schedules 1 and 2.

Legal Proceedings

There are no legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have, or have had in the 12 months immediately preceding the date of this disclosure document, any significant effect on our financial position or profitability.

Subsequent Events

We issued further shares to some of our existing Shareholders as discussed under the section titled "Shareholders".

12. THE MYANMAR SECURITIES MARKET

OUTLINE OF THE LEGAL / REGULATORY SYSTEM IN MYANMAR

The Securities and Exchange Law (the “**SE Law**”) was enacted on 31 July 2013 and came into force immediately. Under the SE Law, the Securities and Exchange Rules (the “**SE Rules**”) were promulgated on 27 July 2015 and certain notifications (a form of subordinate legislation in Myanmar) have been and will be issued to implement the SE Law and the SE Rules.

Regulators and Enforcement

The Securities and Exchange Commission of Myanmar (“**SECM**”) was formed in August 2014. The SECM is the principal regulator of the Myanmar capital markets. The SECM has broad administrative power to, among other things, grant a licence for conducting any securities business, grant a permit to a stock exchange or an over-the-counter market, supervise the securities business, and approve a public offering. The Ministry of Planning and Finance (formerly known as the Ministry of Finance) (the “**MOF**”) shares rule-making functions with the SECM to implement the SE Law. The MOF has the power, with the approval of the Union Government, to issue the SE Rules and certain other stipulations after negotiation with the SECM. In addition, the MOF and the SECM have the power to issue notifications and certain other stipulations. Furthermore, during the transitional period until the Union Government determines that the securities market can be distinctively established and systematically operated in MOF will supervise the SECM and the securities business, and has the sole power to issue notifications and certain other stipulations. On the enforcement side, the SECM is authorised to take administrative actions, such as revocation of a licence, and to impose administrative monetary penalties against offenders. The SECM also has the right to summon, examine, and obtain evidence from any relevant person if there is a reason to believe an offence has been committed. However, its investigative power does not extend to arrest or seizure, which will be exercised by the police force or the Bureau of Special Investigation of the Ministry of Home Affairs.

Securities Business

The securities businesses regulated by the SE Law include securities dealing, securities brokerage, securities underwriting, securities investment advisory, and securities depository and clearing. Those terms are defined in the SE Law. In addition, the SECM has the power to add a category of securities business through a notification. A separate licence is generally required to operate each type of securities business. All persons are prohibited from carrying out any securities business without a licence. A violation will be subject to a criminal penalty. Each of securities dealing, securities brokerage, and securities underwriting can be conducted only by a licenced securities company. A securities company must be in a form of a limited company whose liability is limited by shares under Myanmar law. A securities company must also satisfy certain requirements in the SE Rules, such as having authorised capital and a minimum paid-up capital. The scope of business that can be conducted by a securities company is provided in the SE Rules. A securities company cannot allow any person other than its licenced representative to operate the securities business in its name. A violation will be subject to a criminal penalty. Accordingly, a securities company needs to ensure that its officers and employees who will handle securities transactions for the company with its customers will obtain licences for the securities company’s representatives. Separately, any responsible person or staff of a securities company is prohibited

from participating in any other securities company, any other company, or other economic enterprise without the permission of the SECM. A licenced securities company may conduct the securities investment advisory business without a separate licence. Any other person who desires to carry out the securities investment advisory business needs to obtain a licence.

The SECM has the power to suspend a licence for a certain period of time or to revoke a licence if a licence-holder, for example, violates any of the terms and conditions of a licence, fails to perform any of the functions and duties it must observe, or violates any of the prohibitions provided in the SE Law or the SE Rules.

Disclosure

A public company is required under the SE Law to submit to the SECM the procedure of a public offering, including a prospectus, before making a public offering of its securities, and to obtain the approval of the SECM for the public offering. A public company is subject to the requirements provided in the Companies Act, the SE Law and the SE Rules and notifications promulgated thereunder. In this regard, the SECM had issued an instruction, Directive No.5/2016 dated 7 April 2016. Any non-compliance with, or contravention of, the requirements under the Companies Act subjects a person knowingly responsible for the issue of the relevant prospectus to a fine. Any person who violates any prohibition contained in the SE Rules could be punished with imprisonment, a fine, or both; non-compliance with, or contravention of, the prospectus requirements provided in the SE Rules would be subject to the above-mentioned criminal penalty. In addition, if there is any false statement in a prospectus, a person who wilfully makes a false statement in any material particular required by the Companies Act would be subject to imprisonment and a fine under the Companies Act, while such false statement may constitute a prohibited act under Part IX of the SE Law and could subject a responsible person to imprisonment and a fine. Although nothing is provided in the SE Law about civil liabilities, if there is any misleading or untrue statement in a prospectus, directors at the time of issue of the prospectus and other persons who have authorised the issue of the prospectus will, subject to certain defences, be liable under the Companies Act for all losses or damage incurred by subscribers for shares on the faith of the prospectus. As this disclosure document for Listing is not a prospectus, it is not subject to the above described laws and rules. The SE Rules require a public company to file with the SECM an annual report, a semi-annual report, and extraordinary reports for the benefit of investors buying or selling shares in the secondary market and to also make copies of those documents available at the company's registered office or on its website.

Prohibited Fraudulent Conduct

The prohibited acts are provided in Chapter IX of the SE Law, which are detrimental to the interests of the general public and to the protection of investors. Any person, including not only a securities company, but also an investor or a public company, is prohibited from conducting the prohibited acts and upon its violation will be subject to imprisonment for a term not exceeding 10 years and also possibly to a fine. The prohibited acts are:

- involvement in any act, such as cheating, deceiving, making false statements, or concealing important information, which seriously causes deception or influence on certain securities-related activities and securities market;

- disclosing incorrect information in order to incite or entice other persons to buy or sell securities, or disclosing insufficient or untimely information that seriously affects the price of the securities in the market;
- using internal information to buy or sell securities for its own account or for other persons, or disclosing or providing internal information or giving advice to other persons to buy or sell securities based on undisclosed internal information; and
- conspiracy in buying or selling securities by creating false demand and supply, or buying or selling continuously or using trading methods by conspiring with others or by enticing others in order to manipulate the price of securities.

OVERVIEW OF THE SECURITIES MARKET IN MYANMAR

YSX

YSX is owned by Yangon Stock Exchange Joint-Venture Company Limited, a joint venture company owned by Myanma Economic Bank, a state-owned bank, Daiwa Institute of Research, a Japanese company, and Japan Exchange Group, a Japanese company, and trading of shares on the YSX commenced on 25 March 2016. There are currently two listed companies on the YSX, being First Myanmar Investment Co. Ltd. and Myanmar Thilawa SEZ Holdings Public Ltd.

MSEC

MSEC was established in 1996 as a joint venture company between Myanma Economic Bank and Daiwa Securities Group Inc, a Japanese Securities Company to develop the capital markets in Myanmar in accordance with the guidance of the Ministry of Finance. Before the establishment of the YSX, shares of two public companies have been traded since late 1990.

Over the Counter Markets

In addition to the stock exchange described below, the SE Law also has provisions for an over-the-counter (“**OTC**”) market, or an organised market for trading of unlisted securities. It can be formed by not less than three securities companies with the permission of the SECM. The requirements and procedures for the permission, as well as organisational matters and its functions and duties, are provided in the SE Rules. However, during the transitional period, MSEC is allowed under the SE Law to operate the functions of a stock exchange and an over-the-counter market.

STOCK EXCHANGE SYSTEM

A stock exchange is the centrepiece of the Myanmar securities market. It can be formed as a limited liability company or a joint-venture under Myanmar law. Although it is not clear from the provisions of the SE Law, it is envisaged, in particular in relation to YSX, that trading participants who can trade on a stock exchange market are securities companies and that they are not necessarily shareholders of a stock exchange. A stock exchange must obtain a permit from the SECM and is subject to its supervisory and regulatory authority, including permission for any amendment of its charter or business rules. The details of the requirements and procedures for the

permit will be prescribed in the SE Rules. A stock exchange has self-regulatory power, among other things, to determine listing criteria and matters relating to trading participants.

CLEARANCE AND SETTLEMENT

A stock exchange, such as YSX, is allowed to carry out the securities depository and clearing business without a permit from, but by giving notice to, the SECM. The book-entry transfer system will be introduced in Myanmar in respect of listed shares, and YSX will become the central securities depository. Since the Companies Act assumes that physical share certificates will be issued, the SECM released Notification No. 1/2015 on 7 August 2015 to bridge the Companies Act provisions and the book-entry transfer system. In addition, the MOF also released Notification No.86/2016 on 28 March 2016, allowing listed companies on the YSX to register electronic securities certificates and the rights thereto with the Directorate of Investment and Company Administration.

13. SUMMARY OF RELEVANT MYANMAR LAWS AND REGULATIONS

In Myanmar, the banking sector is overseen by the CBM.

CENTRAL BANK OF MYANMAR LAW (JULY 2013) AND SUBSIDIARY LEGISLATION

The CBM is an autonomous institution that acts as the licensing authority and regulator of all banks in Myanmar, state-owned and private and also has statutory responsibility for developing capital markets.

The CBM is able to independently adjust interest rates, and to conduct currency and exchange operations.

Liquidity ratio: Banks are required to maintain the level of their liquid assets against their eligible liabilities at not less than 20%.

Minimum reserve requirement: Banks are required to maintain 5% of total deposits as a minimum reserve requirement, all of which is required to be deposited as current deposits with the CBM.

Interest rates: Minimum interest rates payable on savings deposit, saving certificate and time deposit shall not be less than 2% below the CBM rate. The maximum interest rate chargeable on loans and overdrafts shall not be more than 3% above the CBM rate.

A CBM instruction (dated 3 July 2014) regulates all kinds of loans that are “free of restrictions direct or indirect”. This directive requires banks to seek the CBM ‘s approval before accepting foreign loan payment and instructs the banks to “securitize payments for loans” transferred from overseas in a “systematic way” as prescribed by the directive before submitting it to the CBM. Furthermore, it directs the concerned company or investor to obtain the approval from the CBM for the loan payments.

Banks are required to submit the following reports to the CBM:

1. Daily

- (a) Positions of current assets and liabilities

2. Weekly:

- (a) Weekly Financial Position
- (b) Liquidity Ratio
- (c) Cash positions

3. Monthly:

- (a) Monthly Balance Sheet
- (b) Income and Expenditure Statement

- (c) Capital Adequacy Ratio

4. Quarterly:

- (a) Non-performing Loan Statement

5. Annually:

- (a) Annual report
- (b) Profits or loss
- (c) Financial positions

FOREIGN EXCHANGE MANAGEMENT LAW (AUGUST 2012) AND SUBSIDIARY LEGISLATION INCLUDING INSTRUCTIONS ISSUED BY CBM

These laws provide examples of current account remittances that require CBM permission for initial transactions. Capital account transactions always require CBM permission. The Notification № 13/2012 and 15/2012 allows private banks to accept and open current accounts in foreign currency but restricts withdrawals to a maximum of USD 10,000 or equivalent twice per week, and stipulates the kinds of currencies that the private banks are allowed to hold.

Foreign Exchange Management Regulation Notification No 7/2014 (30 September 2014)

The notification sets out the duties of authorized dealer licence holders that are allowed to carry out foreign exchange activities, which includes acceptance, exchange, purchase, sale in respect of foreign exchange whether inbound or outbound. It outlines the procedures for foreign currency remittances and transactions, particularly the documentary evidence requirements for accepting and remitting foreign exchange from or to abroad. The notification created a liquidity cap of USD 10,000 or equivalent foreign currency for most situations that relate to foreign currency transactions. In addition, it assigned the main responsibility for collecting and verifying the supporting documentation for foreign exchange transactions to authorised dealer licencees.

SECURITIES EXCHANGE LAW (JULY 2013)

This law requires improved corporate governance, a robust regulatory and reporting framework, and a level of transparency that will give investors adequate information for investment decisions.

FINANCIAL INSTITUTIONS LAW (JANUARY 2016)

This Financial Institution Law ("FIL") was enacted by the Pyidaungsu Hluttaw on 25 January 2016 and replaced the old Financial Institution of Myanmar Law, 1990 and this law is intended to govern the banking and monetary policy of Myanmar. It seeks to strengthen the oversight of the CBM and requirements in areas such as lending to related parties, money laundering and measures ensuring liquidity and solvency. This law requires all existing banks to be authorised under the provisions contained in this law. This FIL sets out the licensing requirements for private banks, corporate governance arrangements, and the conditions for foreign banks to operate in Myanmar. It has requirements for capital adequacy, liquidity, large exposure limits and other measures that

are in keeping with international best practices, but also adapted to the particular circumstances and difficulties in Myanmar.

ANTI-MONEY LAUNDERING AND CUSTOMER DUE DILIGENCE

The legislation currently in force in Myanmar relating to anti-money laundering (“**AML**”) is the Anti-Money Laundering Law of 2014 (“**AMLL**”), which replaced the Control of Money Laundering Law of 2002. The Control of Money Laundering Rules of 2003 are still in force until the Anti-Money Laundering Rules are promulgated. The CBM has examined all domestic private banks based on the AML requirements in its regular on-site inspections. It has also conducted special audit programmes for the state-owned banks on the compliance of AML rules and regulation since September 2004. The AMLL intends to bring Myanmar in line with international best practices by: criminalising the acquisition, possession or use of money and/or property known to be from illicit sources; as well as the conversion or concealment of such property in order to disguise its origin; or assistance in any acquisition, conversion or concealment of illicit funds and property. To combat these offenses, the AMLL establishes a two-tiered enforcement regime, at the head of which is the Anti-Money Laundering Central Body (the “**Central Body**”), which is responsible for high level policy, national reporting and executive action. Operating under the Central Body is the Financial Action Task Body (the “**FATB**”) responsible for ensuring compliance from covered institutions (called “Reporting Organisation”), situational assessments and direct interaction with Reporting Organisations as necessary. MCB is considered a Reporting Organisations under the AMLL.

Included in the AMLL is an obligation for Reporting Organisations to engage in Customer Due Diligence measures (“**CDD Measures**”) based upon a risk determination by the Central Body. CDD Measures are to be employed by Reporting Organisations prior to carrying out a transaction of an amount equal to or greater than a forthcoming designated threshold, opening an account for a new customer, carrying out a money transfer via international wire or electronic transfers, or at any time should there be doubts concerning the veracity of previously obtained data or on suspicion of activity connected to money laundering or terrorism financing. CDD Measures include identifying and verifying a customer’s identity using independent sources, identifying the beneficial owner of the entity or individual undertaking the transaction, verifying the authorisation of an agent acting on behalf of a third party, along with the true identity of the agent, and carrying out “enhanced versions of CDD Measures” in cases where the individual is known to have public functions or office domestically, or is a Director, Deputy Director, or Board Member of an international organisation. Additionally, Reporting Organisations will be required to maintain records, including documentary evidence and records obtained through CDD Measures, transaction records for five years from the date of transaction or attempted transaction, copies of transaction reports previously sent to the FATB for five years from the date of submission, and risk assessments for up to five years from their last modification. The AMLL empowers the Customs Department to arrest people accused of failure to declare earnings, money laundering, concealment or suspicious related cases involving money and transferrable instruments or valuables. The AMLL also provides a minimum prison sentence of three years, and suggests up to 10 years in jail and a Ks 500 million fine for money laundering convictions. While the AMLL sets out further monitoring and evaluation requirements (including the establishment of risk-management systems), it does not provide clear or in-depth detail on the exact operation of these systems.

ANTI-TERRORISM LAW

The Anti-Terrorism Law (“**ATL**”) of 2014 creates criminal offences associated with countering the financing of terrorism. The ATL criminalises:

12. Supporting or intending to commit:
 - (a) Dealing with funds intended for, used or knowing they would be used by terrorist(s);
 - (b) Illegal possession monies, property or services intended for, used or knowing they would be used by terrorist(s);
 - (c) Conceal, move or transfer property for terrorist(s);
 - (d) Aiding or abetting the above.
13. Knowingly committing or with knowledge likely to be known:
 - (a) Trading or transferring terrorist property;
 - (b) Participating in or supporting trading activities related to terrorist property;
 - (c) Supporting services to gain profit for terrorists using terrorist property;
 - (d) Possessed or controlled terrorist property;
 - (e) Failure to report information related to trading or transferring terrorist property without reasonable excuse;
 - (f) Failure to report relationship between terrorist(s) and their property.
14. Failure to report movement or attempted movement of terrorist property

ATL offences do not require actual occurrence (of dealing, movement, etc.) in order to constitute an offence.

The minimum sentence is 10 years imprisonment, while the maximum is life imprisonment or death penalty.

MYANMAR COMPANIES ACT AND SPECIAL COMPANIES ACT

All companies in Myanmar are subject to the provisions contained in the Myanmar Companies Act 1914 and for companies which are joint ventures with the government, the provisions contained in the Special Companies Act 1950.

These are administered by DICA. All companies in Myanmar must be registered with DICA and adhere to the instructions, notifications and directives issued by DICA.

14. TAXATION

The following is a description of Myanmar corporate income tax and the material Myanmar income tax, capital gains tax and stamp duty consequences of the subscription for, ownership, and disposal of the Shares. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of the Shares and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. There may be laws and other rules, regulations or official notifications, or unofficial or internal guidelines, which exist but which are not published or which are not generally available to the public, and the existence of the same may affect the discussion below. Prospective investors should consult their own tax advisers regarding Myanmar tax consequences and other tax consequences of owning, and disposing of, the Shares. None of our Company, our Directors and any other persons involved in the Listing accepts responsibility for any tax effects or liabilities resulting from the purchase, holding or disposal of the Shares.

CORPORATE INCOME TAX

A company is considered a citizen of Myanmar for purposes of income taxes if it is formed under the Companies Act or any other laws of Myanmar and where the entirety of its share capital is held exclusively by Myanmar citizens. Such companies, including MCB, are considered residents for purposes of income taxation, and are taxed on a global basis. Taxable income, in this case, includes all income from the conduct of business, from dealings with property, and from other sources. All resident companies are taxed at a rate of twenty-five per cent. (25%) of net taxable income.

DIVIDEND DISTRIBUTIONS

Dividends received from a resident Myanmar company, which includes MCB, are exempt from income tax in the hands of shareholders.

GAINS ON DISPOSAL OF SHARES

Gains on the disposal of Shares by Myanmar citizens are subject to capital gains taxes computed at the rate of 10 per cent. (10%). The taxable capital gain is calculated based on the difference between the sales proceeds and the cost of the Shares.

STAMP DUTY

Stamp duty is payable by a purchaser of Shares at the rate of 0.3 per cent. (0.3%) on the value of the Shares purchased.

15. OTHER INFORMATION

Except for the approval of YSX and the CBM, the Company has obtained all necessary consents, approvals and authorisations in Myanmar in connection with the Listing. We are also further seeking CBM approval in respect of the issuance of new Shares in March 2016 as discussed under the section titled "Financial Information".

Except as noted in "Management's Discussion and Analysis", there has been no material adverse change in the financial position or prospects of the Group since 31 March 2016.

For the period of 12 months starting on the date on which this disclosure document for Listing is made available to the public, copies of the following documents will be available, during usual business hours, for inspection at the office of the Company:

- English translations of the Memorandum and Articles of Association of the Company; and
- the auditors' reports for the two financial years.

Schedule 1
AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDING MARCH 2015

ORGANIZATION:

MYANMAR CITIZENS BANK LIMITED

FINANCIAL STATEMENTS:

- BALANCE SHEET AS AT MARCH 31, 2015.
- STATEMENT OF THE DIRECTORS
- REPORT OF THE INDEPENDENT AUDITOR
- STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2015.
- STATEMENT OF CHANGES IN EQUITY
- STATEMENT OF CASH FLOWS
- NOTES TO THE FINANCIAL STATEMENTS

PERIOD:

YEAR ENDED MARCH 31, 2015.

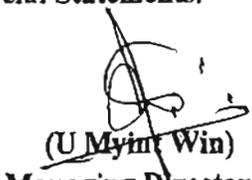
**U HLA TUN & ASSOCIATES LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
& FINANCIAL CONSULTANTS**

MYANMAR CITIZENS BANK LIMITED
BALANCE SHEET AS AT MARCH 31, 2015

<u>ASSETS</u>	<u>Note</u>	<u>2015</u>	<u>2014</u>
(Kyat) (In Thousands)			
CURRENT ASSETS			
Cash at Bank	3	5,496,233	5,814,013
Cash with Central Bank of Myanmar	4	7,560,489	3,277,679
Cash with Other Banks	5	12,540,799	8,424,689
Loans & Overdrafts	6	87,116,780	60,848,434
Advances & Receivable	7	6,801,738	3,043,253
Investments	8	31,620,519	18,787,745
Property, Plant & Equipment	9	5,311,344	3,832,394
Deferred Expenditure	10	136,091	178,186
Acceptance, Endorsement & Guarantee		7,619,985	1,090,880
Total Assets		164,203,978	105,297,273
<u>LIABILITIES</u>			
Total Deposits	11	103,178,936	76,948,422
Other Liabilities	12	4,032,154	2,753,551
Payment Orders	-	822,972	267,237
Provision for Dividend		2,269,932	1,536,553
Provision for Income Tax	13	1,281,400	837,645
Dividend Payable (unclaimed)		99,308	78,509
Acceptance, Endorsement & Guarantee		7,619,985	1,090,880
Total Liabilities		119,304,687	83,512,797
EQUITY			
Issued & Paid Up Capital	14	37,112,826	18,270,881
Share Premium		2,885,917	113,325
<u>Reserves & Retained Earnings</u>	15		
General Reserve (Statutory)		2,991,232	2,043,480
General Provision (Loans)		1,742,336	1,216,969
Reserve for contingencies		5,000	2,000
Exchange Equalization Fund		75,182	75,182
Retained Earnings		86,798	62,639
Total Equity		44,899,291	21,784,476
Total Equity & Liabilities		164,203,978	105,297,273

See accompanying notes to the Financial Statements.
 Authenticated by Directors;


 (U Tun Lwin)
 Director


 (U Myint Win)
 Managing Director


 (U Ohn Saing)
 Director

Dated: June (16), 2015.

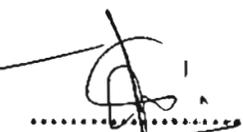
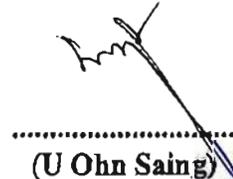
MYANMAR CITIZENS BANK LIMITED
STATEMENT OF THE DIRECTORS

We, U Myint Win, U Tun Lwin and U Ohn Saing, being three Directors of the "MYANMAR CITIZENS BANK LIMITED", do hereby state that, in the opinion of the Directors, the accompanying Financial Statements made up to March 31, 2015 and Notes to the Financial Statements are drawn up so as to give a true and fair view of the state of affairs of the Bank, and of the results of the Bank for the year ended on the date of this statement.

We believe that the Bank will be able to pay its debts as and when they fall due and all accounts receivable are good and recoverable.

We therefore in authentication in accordance with Section 133(1)(i) of the Myanmar Companies Act, set our signatures below.

On behalf of the Board,

		
..... (U Tun Lwin) (Director) (U Myint Win) (Managing Director) (U Ohn Saing) (Director)

Yangon,

Dated : June (16) , 2015.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF MYANMAR CITIZENS BANK LIMITED**

I have audited the accompanying Financial Statements of the "MYANMAR CITIZENS BANK LIMITED", which comprise the Balance Sheet as at March 31, 2015 and the Statement of Income, Statement of Changes in Equity and Statement of Cash Flow for the year ended March 31, 2015.

These Financial Statements are the responsibility of the Bank's management. My responsibility is to express an opinion on these Financial Statements based on my audit.

I conducted my audit in accordance with the Myanmar Standards on Auditing. These Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. My audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. My audit also includes assessing the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

In accordance with Section 145 and Section 145(A) of the Myanmar Companies Act, I report that I have obtained all the information and explanations I have required.

Subject to the Letter to the Management, in my opinion, the Bank's Financial Statements are properly drawn up in accordance with the provisions of the Myanmar Companies Act and Myanmar Financial Reporting Standards, so as to exhibit adequately a true and correct view of the state of affairs of the Bank as at March 31, 2015, and of the results of the Bank for the year ended on that date according to the best of my information and explanations given to me and as shown by the books of the Bank.

The books and records required by the Act to be kept by the Bank, have been maintained in accordance with Section 130 of the Myanmar Companies Act.

In accordance with Section 45 of the Financial Institutions of Myanmar Law (1990), I also report that in my opinion the Financial Statements of the Bank adequately reflect the financial position.



A handwritten signature in blue ink, consisting of a large loop and a horizontal line.

**U Maung Maung Aung
Certified Public Accountant
U Hla Tun & Associates Limited
Shwegon Plaza, 64(B), (1st Floor)
Komin Kochin Road, Bahan Township,
Yangon.**

Yangon.

Dated : June (17) , 2015.

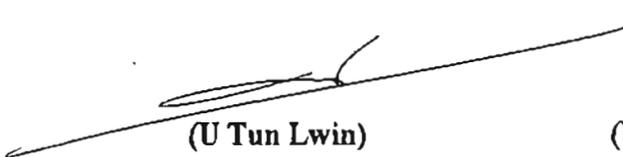
MYANMAR CITIZENS BANK LIMITED

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2015

		Kyat (In Thousands)	
	<u>Note</u>	<u>2015</u>	<u>2014</u>
Total Interest income	16	10,072,227	7,170,802
Total Interest Expenses	17	(6,079,913)	(4,126,802)
Net Interest Income		3,992,314	3,044,000
Other Operating Income	18	4,252,759	2,773,046
Total Operating Income		8,245,073	5,817,046
Operating Expenses			
Staff Expenses	19	(1,543,448)	(1,184,098)
Other Operating Expenses	20	(1,594,728)	(1,282,544)
Total Operating Expenses		(3,138,176)	(2,466,642)
Net Profit Before Tax		5,106,897	3,350,404
Gain on Disposal of Property, Plant & Equipment		(55,457)	-
Dividend Income		170	180
Provision for Income-tax		(1,281,400)	(837,646)
Net Profit After Tax		3,770,210	2,512,938
Reserves & Provisions			
General Reserve (Statutory)		(947,752)	(628,235)
General Provision (Loans)		(525,367)	(332,794)
Reserve for Contingencies		(3,000)	-
Retained Earning for the year		2,294,091	1,551,909

See accompanying notes to the Financial Statements.

Authenticated by Directors;


(U Tun Lwin)

Director


(U Myint Win)

Managing Director


(U Ohn Saing)

Director

Dated: June (16), 2015.

MYANMAR CITIZENS BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	<u>Issued & Paid Up Capital</u>	<u>Share Premium</u>	<u>General Reserve (Statutory)</u>	<u>General Provision (Loan)</u>	<u>Reserve for Contingency</u>	<u>Exchange Equalization Fund</u>	<u>Retained Earnings</u>	<u>Total</u>
Balances at (1.4.2013)	17,860,592	79,050	1,415,245	884,175	2,000	101,417	47,046	20,389,525
<u>Changes during the year</u>								
- Issue of Shares	410,289	34,275	-	-	-	-	-	444,564
- Adjustments	-	-	-	-	-	(26,235)	237	(25,998)
- Profit for the year	-	-	-	-	-	-	1,551,909	1,551,909
- Provision for Reserves	-	-	628,235	332,794	-	-	-	961,029
- Provision for Dividend	-	-	-	-	-	-	(1,536,553)	(1,536,553)
Balances at 31.3.2014	18,270,881	113,325	2,043,480	1,216,969	2,000	75,182	62,639	21,784,476
<u>Changes during the year</u>								
- Issue of Shares	18,841,945	-	-	-	-	-	-	18,841,945
- Share Premium	-	2,772,592	-	-	-	-	-	2,772,592
- Profit for the year	-	-	-	-	-	-	2,294,091	2,294,091
- Provision for Reserves	-	-	947,752	525,367	3,000	-	-	1,476,119
- Provision for Dividend	-	-	-	-	-	-	(2,269,932)	(2,269,932)
Balances at 31.3.2015	37,112,826	2,885,917	2,991,232	1,742,336	5,000	75,182	86,798	44,899,291

See accompanying notes to the Financial Statements.

MYANMAR CITIZENS BANK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	<u>Kyat (In Thousand)</u>	
	<u>2015</u>	<u>2014</u>
(1) <u>Cash flows from operating activities</u>		
Interests and commission receipts	14,321,988	9,943,668
Interest payments	(6,079,913)	(4,126,622)
Cash payments to employees and suppliers	<u>(2,833,119)</u>	<u>(2,209,968)</u>
Operating Profit before working capital changes	5,408,956	3,607,078
<u>Changes in Operating Assets</u>		
Loans & Overdrafts	(26,268,346)	(16,639,695)
Receivable & Advances	(3,314,731)	(1,465,880)
<u>Changes in Operating Liabilities</u>		
Deposits from customers	26,230,514	21,237,544
Other Payable	<u>1,834,338</u>	<u>168,142</u>
Net cash from operating activities before income tax	3,890,731	6,907,189
Income taxes paid	<u>(1,281,400)</u>	<u>(838,314)</u>
Net cash from operating activities	<u>2,609,331</u>	<u>6,068,875</u>
(2) <u>Cash flows from Investing Activities</u>		
Treasury Bonds, Investments	(12,832,775)	(5,077,745)
Purchase of Property, Plant & Equipment	(1,788,868)	(1,301,921)
Proceed of Property, Plant and Equipment	35,300	-
Dividends Received	170	180
Other Assets (Deferred Expenditure)	<u>(40,801)</u>	<u>(43,339)</u>
Net cash from investing activities	<u>(14,626,974)</u>	<u>(6,422,825)</u>
(3) <u>Cash flows from Financing Activities</u>		
Issue of share	21,614,537	444,564
Dividends paid	<u>(1,515,754)</u>	<u>(888,318)</u>
Net cash from financing activities	<u>20,098,783</u>	<u>(443,754)</u>
Net increase/(decrease) in cash and cash equivalents (1+2+3)	8,081,140	(797,704)
Cash and cash equivalents at beginning of period (1 April)	<u>17,516,381</u>	<u>18,314,085</u>
Cash and cash equivalents at end of period (31 March)	<u>25,597,521</u>	<u>17,516,381</u>

See accompanying notes to the Financial Statements.

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MYANMAR CITIZENS BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1.0 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 30 September, 1991 and the Certificate of Incorporation No.274/91-92 dated 30 October, 1991.

The Central Bank of Myanmar granted the Banking Licence on May 25, 1992 and banking business was commenced on June 2, 1992.

2.0 Summary of Significant Accounting Policies

2.1 Basic of Preparation

The financial statements of the Bank have been prepared under the historical cost convention and in accordance with the Myanmar Financial Reporting Standards.

The financial statements are presented in Myanmar Kyats.

2.2 Foreign Currency Transactions

The financial statements are presented in "Kyats", which is the bank's functional and presentation currency. Foreign currency transactions are translated into Kyats using the prevailing exchange rates at the dates of the transactions.

Foreign exchange gains or losses resulting from such transactions are recognized in the Statement of Income.

2.3 Revenue Recognition

Interest income is recognized using the effective interest method.

Fee and commission income is recognized when services are rendered.

Foreign exchange Profit is gain on sales and purchases of foreign currencies.

2.4 Corporate Income tax

All tax expenses are current taxes and recognized in the Statement of Income. Current tax is the amount, expected to be paid on the taxable income for the year. The tax rate and tax laws applied are those that are enacted or substantively enacted by the Balance Sheet date.

2.5 Property, Plant & Equipments

Property, Plant & Equipments are stated at cost less accumulated depreciation.

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Depreciation is computed under the straight-line method over the estimated useful life of these assets other than land which is not depreciated. Rates of depreciation are as follows;

Building	1.5%, 2.5%
Motor transport	12.5%
Furniture & Fixture	5%
Office Equipment	6.25%, 15%

2.6 Investments

Represents government treasury bonds, fixed deposits, investment in MPU and Credit Bureau and are stated at Cost.

2.7 Deferred Expenditure

Include mainly Branch opening expenses, renovation expenses for branches, banking software expenses, etc. Amortisation of Kyats (83) million was made during the year 2014-2015.

These accounts should be reviewed and classified as capital assets or revenue expenditure and be made necessary adjustments.

2.8 Financial Assets and Financial Liabilities

(i) Classification

Financial assets and financial liabilities are classified as follows :

- * Loans & Receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.
- * Held-to-maturity
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to-maturity when the bank has the intention and ability to hold the assets till maturity.
- * Available for sale
Non-derivative financial assets that are not classified in any of the other categories.

(ii) Measurement

Financial assets and financial liabilities are initially measured at fair value plus transaction costs, directly attributable to their acquisition or issue.

(iii) Recognition and De-recognition

The Bank recognises all financial assets and financial liabilities, including all regular way purchases and sales of financial assets on the date of transactions. Financial instruments are de-recognised when the contractual right to cash flows and risks and rewards associated with the instruments are substantially transferred, cancelled or expired.

3.0 CASH AT BANK

Details are as follows :-

	<u>Kyat</u> <u>2015</u>	<u>Kyat</u> <u>2014</u>
Yangon (Head Office) - Foreign Currency	328,545,171.09	453,315,444.96
“ “ (Head Office) - Kyat	1,197,911,356.08	1,599,519,948.39
Branches	3,969,776,271.74	3,761,177,484.15
Total	<u>5,496,232,798.91</u>	<u>5,814,012,877.50</u>

4.0 CASH WITH CENTRAL BANK OF MYANMAR

Details are as follows :-

	<u>Kyat</u> <u>2015</u>	<u>Kyat</u> <u>2014</u>
Yangon (Head Office) - Foreign Currency	1,035,073,993.72	622,284,393.72
“ “ (Head Office) - Kyat	4,547,485,376.63	1,916,606,747.38
Mandalay (Branch) – Kyat	919,725,505.60	434,848,816.60
Nay Pyi Taw (Branch) – Kyat	1,058,204,536.88	303,938,723.63
Total	<u>7,560,489,412.83</u>	<u>3,277,678,681.33</u>

5.0 CASH WITH OTHER BANKS

	<u>Kyat</u> <u>2015</u>	<u>Kyat</u> <u>2014</u>
<u>CURRENT DEPOSITS</u>		
Deposits with Myanmar Economic Bank	1,299,311,438.54	860,437,990.20
Deposits with Private Bank (Kyat)	1,237,491,561.77	229,640,044.09
Deposits with Private Bank (F.C)	54,411,993.75	8,059,130.86
Deposits with Myanmar Investment & Commercial Bank	6,293,647,498.85	4,032,451,472.75
Deposits with Foreign Correspondent Bank	3,433,510,459.32	3,246,865,418.54
Deposits with Myanmar Foreign Trade Bank (F.C)	222,425,917.95	47,235,016.72
Total	<u>12,540,798,870.18</u>	<u>8,424,689,073.16</u>

6.0 LOANS AND OVERDRAFTS

As per report to CBM, Loans & Overdraft were classified as follows :-

		<u>2015</u>		<u>2014</u>	
<u>Security Received</u>	<u>Cases</u>	<u>Kyat</u>	<u>Cases</u>	<u>Kyat</u>	
Land & Building	824	70,226,868,078	930	50,136,790,248	
Machinery	7756	16,099,911,778	7624	9,960,462,642	
Stock	1	390,000,000	2	480,000,000	
Saving Passport	1	400,000,000	6	271,181,373	
Total	<u>8582</u>	<u>87,116,779,856</u>	<u>8562</u>	<u>60,848,434,263</u>	

6.1 Non-Performing Loans

As per report to Central Bank of Myanmar non performing loans on (40) cases of K 1921.57 (million) as at 31 March 2015, are as follows :-

<u>Non-Performing Loans</u>	<u>Nos.</u>	<u>Kyat (million)</u>
Substandard	18	970.82
Doubtful	8	409.38
Bad Debt	14	541.37
Total	40	1921.57

The ratio of Non-performing Loans to Total Loans portfolio is 2.2%.

6.2 Ratios Analysis

		<u>2015</u>	<u>2014</u>
(a) Total loans to Total Deposits Ratio	=	84%	79%
(b) Total loans to Shareholder's Equity Ratio	=	194%	279%
(c) Total loans to Total Assets Ratio	=	53%	58%
(d) Total loans to Deposits plus Shareholder's Equity Ratio	=	59%	62%

6.3 Loan Portfolio Management

(a) Statutory Limitation

As per Section 32 of the Financial Institutions of Myanmar Law (amended), the Bank should not lend more than 20% of its capital and reserves to single individual, an enterprise, or an economic group.

(b) As per instruction No.1/2008 of Bank Supervision Committee dated 30 December 2008, loans should not be made,

- (1) to the Directors of the Bank and their spouse
- (2) to the Companies and Enterprises which include Directors of the Bank and their spouse as Directors, Officers, Partners and Managing Agent.

6.4 The following points relating to the Loan & Overdrafts need to be reviewed.

- The amounts of the loans granted vs. the assessed values of the securities provided.
- The adequacy or otherwise of the value of the security offered especially in view of the current conditions needs to be reviewed.
- To recall unsecured loans.
- To take necessary action for no payment of interests and no repayment of principal.
- To adequately provide for possible loss on bad and doubtful debts.
- Extensions of loans and overdraft should be made very carefully.
- Whether the loans are effectively utilized for proposed business operations and whether they could be successful enough to repay the loan, together with the interest due thereon.

7.0 ADVANCES & RECEIVABLE

Details are as follows:

	<u>Kyat</u> <u>2015</u>	<u>Kyat</u> <u>2014</u>
- Suspenses	4,854,561,807	2,008,559,951
- Advance Income-tax (Assessment Year 2014-2015)	-	837,645,941
- Advance Income-tax (Assessment Year 2015-2016)	1,281,400,000	-
- Prepaid Insurance	5,870,423	4,948,324
- Others	659,905,833	192,099,229
Total	<u>6,801,738,063</u>	<u>3,043,253,445</u>

8.0 INVESTMENTS

	<u>2015</u> <u>Kyat</u>	<u>2014</u> <u>Kyat</u>
Fixed Deposit	13,395,536,450.13	7,150,010,000.00
Saving Deposit	856,804,262.68	1,136,734,867.32
Supper Call Deposit	17,178,784.82	-
Term Deposit	1,350,000,000.00	-
Myanmar Payment Union	200,000,000.00	200,000,000.00
Credit Bureau	1,000,000.00	1,000,000.00
Government Treasury Bonds	15,800,000,000.00	10,300,000,000.00
Total	<u>31,620,519,497.63</u>	<u>18,787,744,867.32</u>

9.0 PROPERTY, PLANT & EQUIPMENT

Detailed are shown in Annexure (1).

10.0 DEFERRED EXPENDITURE

	<u>2015</u>	<u>Kyat</u> <u>2014</u>
Opening balance (1 April)	178,185,750.92	209,582,825.56
Additions during the year	40,801,411.16	43,339,110.00
Written-off during the year	(82,896,466.87)	(74,736,184.64)
Balance at March 31	<u>136,090,695.21</u>	<u>178,185,750.92</u>

11.0 TOTAL DEPOSITS

	<u>2015</u>	<u>Kyat</u> <u>2014</u>
Deposits – Current	14,287,813,297.12	14,320,704,274.62
Deposits – Foreign Currency	6,127,483,664.46	5,748,750,697.72
Deposits – Saving	51,196,197,440.84	41,970,396,266.43
Deposits – Time	30,297,035,486.00	14,821,551,000.00
ATM Current Deposit	217,145,155.09	87,020,072.00
Call Deposit	1,053,260,905.73	-
Total	<u>103,178,935,949.24</u>	<u>76,948,422,310.77</u>

12.0 OTHER LIABILITIES

Details are as follows :

	<u>2015</u>	<u>Kyat</u> <u>2014</u>
Other Liabilities	2,956,975,040.58	2,200,035,776.57
Accrued Expenses	1,075,179,800.44	553,514,754.30
Total	<u>4,032,154,841.02</u>	<u>2,753,550,530.87</u>

13.0 PROVISION FOR INCOME TAX

	<u>2015</u>	<u>Kyat</u> <u>2014</u>
Provision for tax (2013-2014 Income Year)	-	837,645,940.66
Provision for tax (2014-2015 Income Year)	1,281,400,000	-
Total	<u>1,281,400,000</u>	<u>837,645,940.66</u>

14.0 ISSUE & PAID UP CAPITAL

	<u>2015</u>	<u>Kyat</u> <u>2014</u>
'A' Shares	5,117,051,000	3,211,601,000
'B' Shares	31,995,775,000	15,059,280,000
Total	<u>37,112,826,000</u>	<u>18,270,881,000</u>

15.0 RESERVES AND RETAINED EARNINGS

Changes during the year are shown in the Statement of Changes in Equity.

16.0 TOTAL INTEREST INCOME

Details are as follows:

	<u>Kyat</u>	
	<u>2015</u>	<u>2014</u>
Interest on Loans & Overdraft	7,109,303,283.84	5,798,908,995.87
Interest on Treasury Bond	1,361,758,904.12	1,069,252,054.80
Interest on Deposits (Other Bank)	1,601,165,275.14	302,641,286.86
Total	<u>10,072,227,463.10</u>	<u>7,170,802,337.53</u>

17.0 TOTAL INTEREST EXPENSES

It is observed that total interest expenses is 60% on total interest income, as compared with previous year (2013-2014) of 57%.

18.0 OTHER OPERATING INCOME

Details are as follows :-

	<u>Kyat</u>	
	<u>2015</u>	<u>2014</u>
Commission on Payment Orders & Remittances	1,127,941,577.75	657,799,117.13
Service Income	803,710,861.42	610,425,859.79
Share Form Sale & Others	1,569,006,209.82	966,087,529.82
Foreign Exchange Transaction	752,100,511.88	538,733,128.64
Total	<u>4,252,759,160.87</u>	<u>2,773,045,635.38</u>

19.0 STAFF EXPENSES

Detailed are shown in Annexure (2).

20.0 OTHER OPERATION EXPENSES

It is observed that Other Operating Expenses is 19% on total operating Income, as compared with previous year (2013-2014) of 22%.

Details are shown in Annexure (2).

21.0 FINANCIAL INSTITUTIONS OF MYANMAR LAW

- (A) Re: Section (46) – Complied instructions for preparation of reports, in accordance with the accounting standards for financial institutions prescribed by the Central Bank.
- (B) Re: Section (49) the Audit Committee consisting of 3 members was formed by the shareholders Annual General Meeting.
- (C) Re: Section (31) monthly report on risk-weighted assets is submitted.

22.0 REPORTING TO THE CENTRAL BANK OF MYANMAR

It is observed that the Bank submitted reports and statements to the Central Bank in accordance with the instructions and notification of the Central Bank of Myanmar.

23.0 ANALYSIS AND RATIOS STATEMENTS

The following statements are also attached with the accounts :

- | | | |
|----|--|------------|
| a. | Balance Sheet Ratios – for Liquidity Purposes | Annexure 3 |
| b. | Income Statement Ratios | Annexure 4 |
| c. | Statement of Cash Reserve Position and Ratios (at 31.3.2015) | Annexure 5 |

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MYANMAR CITIZENS BANK LIMITED
ANNEXURE TO THE BALANCE SHEET AS AT MARCH 31, 2015

Property, Plant & Equipment

(Kyat)

Sr No.	Particulars	COSTS			Rate (%)	DEPRECIATION			Net Book Value at 31.3.2015	Net Book Value at 31.3.2014
		at 1.4.2014	Additions	Sales/Write off		at 1.4.2014	Sales/Write off	During the year		
1	Land & Building	3,301,663,174.00	1,378,496,064	-	1.5% 2.5%	98,462,550.56	-	45,767,581.25	4,535,929,106.19	3,203,200,623.44
2	Motor Transport	514,965,160.00	238,772,784	(189,233,350.00)	12.5%	210,118,947.50	(101,476,471.50)	70,563,071.13	385,299,046.87	304,846,212.50
3	Office Equipment	475,545,346.80	157,974,355	-	6.25% 15%	212,657,055.95	-	101,575,766.26	319,286,879.59	262,888,290.85
4	Furniture & Fixture	75,157,060.52	13,625,060	-	5%	13,698,338.02	-	4,255,321.50	70,828,461.00	61,458,722.50
	Total	4,367,330,741.32	1,788,868,263	(189,233,350.00)		534,936,892.03	(101,476,471.50)	222,161,740.14	5,311,343,493.65	3,832,393,849.29

CERTIFICATE

We hereby certify that the above Property, Plant & Equipment are the properties of Myanmar Citizens Bank Limited and in existence at March 31, 2015. All the Property, Plant & Equipment purchased during the year were made with the proper sanction of the Board of Directors.

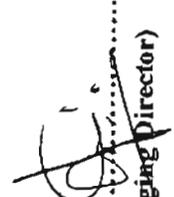
Property, Plant & Equipment purchases and disposal were made with the proper sanction of the Board of Directors.



 (Chief Accountant)



 (General Manager)



 (Managing Director)

MYANMAR CITIZENS BANK LIMITED
ANNEXURE TO THE STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	<u>2015</u>	<u>2014</u>
<u>Staff Expenses</u>	<u>Kyat</u>	<u>Kyat</u>
Salaries & Allowances	1,425,445,064.03	1,071,320,413.64
Uniform Expenses	22,547,000.00	26,094,350.00
Provident Fund Contribution	37,584,000.00	31,629,600.00
Training Fees	10,550,150.00	9,848,272.00
Gratuity	10,000,000.00	27,980,000.00
Social Security Contribution	13,596,950.00	1,862,325.00
Staffs welfare contribution	10,000,000.00	6,000,000.00
Interest on staff welfare fund	13,725,178.51	9,363,243.55
	1,543,448,342.54	1,184,098,204.19
<u>Other Operating Expenses</u>		
Honorarium Fee	18,997,917.00	20,710,000.00
B.O.D Meeting Expenses	10,800,000.00	10,695,000.00
Audit Fees	3,000,000.00	2,175,000.00
Consultant fees	1,534,600.00	-
Printing & Stationary	42,651,017.00	47,297,079.00
Rental	49,187,810.00	33,690,851.00
Insurances	15,247,667.48	11,263,507.70
Electricity	47,579,458.00	39,743,284.00
Repairs & Maintenance	40,877,841.36	45,342,964.36
Transportation Expenses	15,534,056.00	8,452,850.00
Postage & Telex Expenses	67,218,721.00	58,210,393.00
Taxes	3,433,719.00	1,652,908.00
Travelling Expenses	40,560,447.00	29,762,819.00
News, Magazine & Books	1,458,950.00	1,040,300.00
License Fees	92,831,231.00	32,340,139.00
A.G.M Expenses	17,049,000.00	11,859,300.00
Oil & Lubricants	108,657,258.00	86,377,479.00
Entertainment	39,216,962.00	35,714,570.00
Meal Allowances	325,375,880.00	258,419,100.00
Donations	31,462,990.00	21,758,023.00
General Expenses	68,764,697.64	81,976,542.36
Advertisement	4,082,000.00	9,740,509.16
Commission & Services Exp:	30,513,542.33	10,955,356.00
Expenditure IB	208,363,214.50	166,287,922.28
Refund Rental Fees HP	25,000.00	348,836.58
Settlement fees for MICB	60,000.00	55,000.00
Write off	1.00	34.00
Loss on Exchange Transtation	5,186,224.04	-
Depreciation	222,161,740.14	181,938,364.80
Amortization	82,896,466.87	74,736,184.64
	1,594,728,411.36	1,282,544,316.88
Myd/Mya citizen state/cp4		

MYANMAR CITIZENS BANK LIMITED			
Analysis and Ratios Statement			
Balance Sheet Ratios - (For Liquidity and Solvency Position)			
As at March 31, 2015			
	KYAT (Million)	PERCENTAGE (%)	
		2015	2014
<u>ASSETS</u>			
Cash & Cash Equivalent	41,399	26.44	26.69
Loans & Overdrafts	87,117	55.64	58.39
Advances and Other Receivable	22,621	14.45	11.07
Property, Plant & Equipment	5,311	3.39	3.68
Intangible	136	0.08	0.17
Total Assets	156,584	100.00	100.00
<u>EQUITY & LIABILITIES</u>			
Capital - Paid up	37,113	23.70	17.53
Reserves & Retained Earning	7,786	4.97	3.37
Provision for Income Tax	1,282	0.82	0.81
Total Deposits	103,179	65.90	73.84
Other Liabilities, etc.	7,224	4.61	4.45
Total Equity & Liabilities	156,584	100.00	100.00

MYANMAR CITIZENS BANK LIMITED
INCOME STATEMENT-RATIOS
YEAR ENDED 31 MARCH 2015

	KYAT	KYAT	Percentage (%)	
	2015 (Million)	2014 (Million)	2015	2014
Total Operating Income			100.00	100.00
Interest Income	10,072.23	7,170.80		
Less:				
Interest Expenses	(6,079.91)	(4,126.80)		
Net Interest Income	3,992.32	3,044.00	48.42	52.33
Add:				
Other Operating Income	4,252.76	2,773.05	51.58	47.67
Total Operating Income	8,245.08	5,817.05	100.00	100.00

Annexure (5)

MYANMAR CITIZENS BANK LIMITED
STATEMENT OF CASH RESERVE POSITION & RATIOS
AS AT 31 MARCH 2015

	<u>2015</u> <u>(%)</u>	<u>2014</u> <u>(%)</u>
1.0 Total Cash Balances to Total Deposits	25%	23%
2.0 Cash & Cash equivalent to Total Deposits (Cash Equivalent including securities investment)	40%	36%
3.0 Total Loans to Total Deposits	84%	79%
4.0 Total Loans to Shareholders' Equity	194%	279%
5.0 Total Loans to Deposit plus Shareholders' Equity	59%	62%
6.0 Total Deposits to Issued & Paid up Capital	2.78 times	4.21 times

Schedule 2
AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDING MARCH 2016

MYANMAR CITIZENS BANK LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016.**

Currency : Myanmar Kyats

**U HLA TUN & ASSOCIATES LIMITED
CERTIFIED PUBLIC ACCOUNTANTS**

MYANMAR CITIZENS BANK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016.

Contents	Page
Statement of Management's Responsibility	1
Independent Auditor's Report	2-3
Statement of Financial Position	4
Statement of Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 18

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR MYANMAR CITIZENS BANK LIMITED**

It is the responsibility of the management to prepare the financial statements for each financial year which give a true and fair view of the financial position of **Myanmar Citizens Bank Limited** (the Bank) as of March 31, 2016 and of its financial performance and its cash flows for the year then ended. In preparing these financial statements, the management is required to :

- select suitable accounting policies and then apply them consistently; and
- make judgments and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

We believe that the Bank will be able to pay its debts as and when they fall due and all accounts receivable are good and recoverable.

On behalf of Management



**U Tun Lwin
Director**



**U Myint Win
Managing Director**



**U Ohn Saing
Director**

July 12, 2016.

INDEPENDENT AUDITOR'S REPORT

**To the Members of
Myanmar Citizens Bank Limited**

We have audited the accompanying financial statements of Myanmar Citizens Bank Limited (the Bank), which comprise the Statements of Financial Position as at March 31, 2016 and Statement of Income, Statement of Changes In Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Myanmar Financial Reporting Standards ("MFRSs") and the provision of the Myanmar Companies Act. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (i) the Bank's financial statements are properly drawn up in conformity with the provisions of the Myanmar Companies Act and the Myanmar Financial Reporting Standards so as to give a true and fair view of the financial position of the Bank as of March 31, 2016 and of its financial performance and its cash flows for the year then ended, according to the best of our information and explanations given to us and as shown by the books of the Bank.

- (ii) we have obtained all the information and explanations we have required and
- (iii) the books and records have been maintained by the Bank as required by Section 130 of the Myanmar Companies Act.

In accordance with Section 89(a) of the Financial Institutions Law, we also report that in our opinion the Financial Statements of the Bank adequately reflect the financial position of the Bank and its solvency.



A handwritten signature in blue ink, appearing to be 'Maung Maung Aung'.

(MAUNG MAUNG AUNG)
Certified Public Accountant
U Hla Tun & Associates Limited
Shwelon Plaza, 64(B), 1st Floor,
Komin Kochin Road, Bahan Township,
Yangon Region.

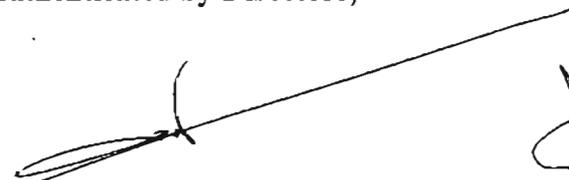
Dated : July 12, 2016.

MYANMAR CITIZENS BANK LIMITED

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

<u>ASSETS</u>	<u>Note</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS			
Cash in hand and at Banks	3	40,416,599	25,597,521
Loans & Overdrafts	4	115,275,849	87,116,780
Advances & Receivable	5	7,569,618	6,801,738
Investments	6	50,851,793	31,620,519
Property, Plant & Equipment	7	8,056,408	5,311,344
Deferred Expenditure	8	58,836	136,091
Acceptance, Endorsement & Guarantee		7,583,716	7,619,985
Total Assets		229,812,819	164,203,978
 LIABILITIES			
Total Deposits	9	144,370,264	103,178,936
Other Liabilities	10	10,755,765	4,032,154
Payment Orders		297,506	822,972
Provision for Dividend		3,397,377	2,269,932
Provision for Income Tax		1,788,361	1,281,400
Dividend Payable (unclaimed)		153,038	99,308
Acceptance, Endorsement & Guarantee		7,583,716	7,619,985
Total Liabilities		168,346,027	119,304,687
 EQUITY			
Issued & Paid Up Capital	11	49,869,765	37,112,826
Share Premium		4,799,458	2,885,917
<u>Reserves & Retained Earnings</u>	12		
General Reserve (Statutory)		4,322,852	2,991,232
General Provision (Loans)		2,305,518	1,742,336
Reserve for contingencies		10,000	5,000
Exchange Equalization Fund		75,182	75,182
Retained Earnings		84,017	86,798
Total Equity		61,466,792	44,899,291
Total Equity & Liabilities		229,812,819	164,203,978

See accompanying notes to the Financial Statements.
Authenticated by Directors;


(U Tun Lwin)
Director


(U Myint Win)
Managing Director


(U Ohn Saing)
Director

Dated: July , 2016.

MYANMAR CITIZENS BANK LIMITED

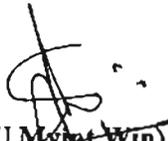
STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2016

		Kyat (In Thousand)	
	<u>Note</u>	<u>2016</u>	<u>2015</u>
Total Interest income	13	16,122,657	10,072,227
Total Interest Expenses	14	<u>(8,994,760)</u>	<u>(6,079,913)</u>
Net Interest Income		7,127,897	3,992,314
Other Operating Income	15	<u>5,802,724</u>	<u>4,252,759</u>
Total Operating Income		<u>12,930,621</u>	<u>8,245,073</u>
Operating Expenses			
Staff Expenses	16	(2,363,622)	(1,543,448)
Other Operating Expenses	17	<u>(3,471,569)</u>	<u>(1,594,728)</u>
Total Operating Expenses		<u>(5,835,191)</u>	<u>(3,138,176)</u>
Net Profit Before Tax		7,095,430	5,106,897
Gain on Disposal of Property, Plant & Equipment		-	(55,457)
Dividend Income		218	170
Provision for Income-tax		<u>(1,788,361)</u>	<u>(1,281,400)</u>
Net Profit After Tax		5,307,287	3,770,210
Reserves & Provisions			
General Reserve (Statutory)		(1,331,620)	(947,752)
General Provision (Loans)		(563,182)	(525,367)
Reserve for Contingencies		<u>(5,000)</u>	<u>(3,000)</u>
Retained Earning for the year		<u>3,407,485</u>	<u>2,294,091</u>

See accompanying notes to the Financial Statements.

Authenticated by Directors;


(U Tun Lwin)
Director


(U Myint Win)
Managing Director


(U Ohn Saing)
Director

Dated: July , 2016.

MYANMAR CITIZENS BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	<u>Kyat (In Thousand)</u>							
	<u>Issued & Paid Up Capital</u>	<u>Share Premium</u>	<u>General Reserve (Statutory)</u>	<u>General Provision (Loan)</u>	<u>Reserve for Contingency</u>	<u>Exchange Equalization Fund</u>	<u>Retained Earnings</u>	<u>Total</u>
Balances at (1.4.2014)	18,270,881	113,325	2,043,480	1,216,969	2,000	75,182	62,639	21,784,476
<u>Changes during the year</u>								
- Issue of Shares	18,841,945	-	-	-	-	-	-	18,841,945
- Share Premium	-	2,772,592	-	-	-	-	-	2,772,592
- Profit for the year	-	-	-	-	-	-	2,294,091	2,294,091
- Provision for Reserves	-	-	947,752	525,367	3,000	-	-	1,476,119
- Provision for Dividend	-	-	-	-	-	-	(2,269,932)	(2,269,932)
Balances at 31.3.2015	37,112,826	2,885,917	2,991,232	1,742,336	5,000	75,182	86,798	44,899,291
<u>Changes during the year</u>								
- Issue of Shares	12,756,939	-	-	-	-	-	-	12,756,939
- Share Premium	-	1,913,541	-	-	-	-	-	1,913,541
- Adjustments	-	-	-	-	-	-	(12,889)	(12,889)
- Profit for the year	-	-	-	-	-	-	3,407,485	3,407,485
- Provision for Reserves	-	-	1,331,620	563,182	5,000	-	-	1,899,802
- Provision for Dividend	-	-	-	-	-	-	(3,397,377)	(3,397,377)
Balances at 31.3.2016	49,869,765	4,799,458	4,322,852	2,305,518	10,000	75,182	84,017	61,466,792

See accompanying notes to the Financial Statements.

MYANMAR CITIZENS BANK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	<u>Kyat (In Thousand)</u>	
	<u>2016</u>	<u>2015</u>
(1) <u>Cash flows from operating activities</u>		
Interests and commission receipts	21,925,381	14,321,988
Interest payments	(8,994,760)	(6,079,913)
Cash payments to employees and suppliers	(5,463,439)	(2,833,119)
Operating Profit before working capital changes	7,467,182	5,408,956
<u>Changes in Operating Assets</u>		
Loans & Overdrafts	(28,159,069)	(26,268,346)
Receivable & Advances	(260,919)	(3,314,731)
<u>Changes in Operating Liabilities</u>		
Deposits from customers	41,191,328	26,230,514
Other Payable	6,198,145	1,834,338
Net cash from operating activities before income tax	26,436,667	3,890,731
Income taxes paid	(1,770,000)	(1,281,400)
Net cash from operating activities	<u>24,666,667</u>	<u>2,609,331</u>
(2) <u>Cash flows from Investing Activities</u>		
Treasury Bonds, Investments	(19,231,275)	(12,832,775)
Purchase of Property, Plant & Equipment	(3,070,811)	(1,788,868)
Proceed on Sales of Property, Plant and Equipment	-	35,300
Dividends Received	218	170
Other Assets	-	(40,801)
Net cash from investing activities	<u>(22,301,868)</u>	<u>(14,626,974)</u>
(3) <u>Cash flows from Financing Activities</u>		
Issue of share	14,670,480	21,614,537
Dividend paid	(2,216,201)	(1,515,754)
Net cash from financing activities	<u>12,454,279</u>	<u>20,098,783</u>
Net increase in cash and cash equivalents (1+2+3)	14,819,078	8,081,140
Cash and cash equivalents at beginning of period (1 April)	<u>25,597,521</u>	<u>17,516,381</u>
Cash and cash equivalents at end of period (31 March)	<u><u>40,416,599</u></u>	<u><u>25,597,521</u></u>

See accompanying notes to the Financial Statements.

MYANMAR CITIZENS BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

1.0 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 30 September, 1991 and the Certificate of Incorporation No.274/91-92 dated 30 October, 1991.

The Central Bank of Myanmar granted the Banking Licence on May 25, 1992 and banking business was commenced on June 2, 1992.

2.0 Summary of Significant Accounting Policies

2.1 Basic of Preparation

The financial statements of the Bank have been prepared under the historical cost basis and in accordance with the Myanmar Financial Reporting Standards.

The financial statements are presented in Myanmar Kyats.

2.2 Foreign Currency Transactions

The financial statements are presented in "Kyats", which is the bank's functional and presentation currency. Foreign currency transactions are translated into Kyats using the prevailing exchange rates at the dates of the transactions.

Foreign exchange gains or losses resulting from such transactions are recognized in the Statement of Income.

The balance of exchange equalization fund of Kyat 75.18 million, since previous year, should be transferred to the Retained Earning Account.

2.3 Revenue Recognition

Interest income is recognized using the effective interest method.

Fee and commission income is recognized when services are rendered.

Foreign exchange Profit is gain on sales and purchases of foreign currencies.

2.4 Corporate Income tax

All tax expenses are current taxes and recognized in the Statement of Income. Current tax is the amount, expected to be paid on the taxable income for the year. The tax rate and tax laws applied are those that are enacted or substantively enacted by the Balance Sheet date.

2.5 Cash in hand and at Banks

Cash in hand and at banks comprises of cash in hand, cash with Central Bank of Myanmar, State owned banks and other banks.

2.6 Property, Plant & Equipments

Property, Plant & Equipments are stated at cost less accumulated depreciation.

Depreciation is computed under the straight-line method over the estimated useful life of these assets other than land which is not depreciated. Rates of depreciation are as follows:

Building	1.25%, 2.5%
Motor transport	12.5%
Furniture & Fixture	5%
Office Equipment	6.25%, 10%, 12.5%, 20%

2.7 Investments

Represent government treasury bonds, fixed deposits, investment in MPU and Credit Bureau and are stated at Cost.

2.8 Deferred Expenditure

Include mainly balance of Branch opening expenses, renovation expenses for branches, banking software expenses, etc. Amortisation of Kyats (77.25) million was made during the year 2015-2016.

These accounts should be reviewed and classified as capital assets or revenue expenditure and be made necessary adjustments.

2.9 Financial Assets and Financial Liabilities

(i) Classification

Financial assets and financial liabilities are classified as follows :

- * Loans & Receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.
- * Held-to-maturity
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to-maturity when the bank has the intention and ability to hold the assets till maturity.
- * Available for sale
Non-derivative financial assets that are not classified in any of the other categories.

(ii) Measurement

Financial assets and financial liabilities are initially measured at fair value plus transaction costs, directly attributable to their acquisition or issue.

(iii) Recognition and De-recognition

The Bank recognises all financial assets and financial liabilities, including all regular way purchases and sales of financial assets on the date of transactions. Financial instruments are de-recognised when the contractual right to cash flows and risks and rewards associated with the instruments are substantially transferred, cancelled or expired.

3.0 CASH IN HAND AND AT BANKS

Details are as follows :-

	<u>Kyat</u> <u>2016</u>	<u>Kyat</u> <u>2015</u>
Cash in hand	8,989,277,875.18	5,496,232,798.91
Cash with Central Bank of Myanmar	9,708,922,149.68	7,560,489,412.83
Cash with Other Banks	21,718,399,395.02	12,540,798,870.18
Total	<u><u>40,416,599,419.88</u></u>	<u><u>25,597,521,081.92</u></u>

4.0 LOANS AND OVERDRAFTS

As per report to CBM, Loans & Overdraft were classified as follows :-

<u>Security Received</u>	<u>Cases</u>	<u>2016</u>		<u>2015</u>	
		<u>Kyat</u>	<u>Cases</u>	<u>Kyat</u>	<u>Cases</u>
Land & Building	886	92,790,612,446	824	70,226,868,078	
Machinery	7709	22,185,236,166	7756	16,099,911,778	
Stock	1	300,000,000	1	390,000,000	
Saving Passport	-	-	1	400,000,000	
Total	<u><u>8596</u></u>	<u><u>115,275,848,612</u></u>	<u><u>8582</u></u>	<u><u>87,116,779,856</u></u>	

4.1 Non-Performing Loans

As per report to Central Bank of Myanmar, non performing loans on (44) cases of K 2374 (million) as at 31 March 2016, are as follows :-

<u>Non-Performing Loans</u>	<u>Nos.</u>	<u>Kyat (million)</u>
Substandard	17	1,194.46
Doubtful	10	429.63
Bad Debt	17	749.91
Total	<u><u>44</u></u>	<u><u>2,374.00</u></u>

The ratio of Non-performing Loans to Total Loans portfolio is 2.06%.

Legal Actions

The Bank has taken legal action on (33) cases amounting to K. 1,741.63 million as at 31 March 2016.

4.2 Ratios Analysis

		<u>2016</u>	<u>2015</u>
(a) Total loans to Total Deposits Ratio	=	80%	84%
(b) Total loans to Shareholder's Equity Ratio	=	187%	194%
(c) Total loans to Total Assets Ratio	=	50%	53%
(d) Total loans to Deposits plus Shareholder's Equity Ratio	=	56%	59%

5.0 ADVANCES & RECEIVABLE

Details are as follows:

	<u>Kyat</u> <u>2016</u>	<u>Kyat</u> <u>2015</u>
- Suspenses	4,160,831,642	4,854,561,807
- Advance Income-tax (Assessment Year 2015-2016)	-	1,281,400,000
- Advance Income-tax (Assessment Year 2016-2017)	1,788,361,078	-
- Prepaid Insurance	13,937,032	5,870,423
- Others	1,606,487,952	659,905,833
Total	<u>7,569,617,704</u>	<u>6,801,738,063</u>

6.0 INVESTMENTS

	<u>Kyat</u> <u>2016</u>	<u>Kyat</u> <u>2015</u>
Fixed Deposits	21,627,908,547.45	13,395,536,450.13
Saving Deposits	2,592,530,874.08	856,804,262.68
Super Call Deposits	-	17,178,784.82
Term Deposits	-	1,350,000,000.00
Special Deposits	1,354,070.40	
Myanmar Payment Union	200,000,000.00	200,000,000.00
Credit Bureau	130,000,000.00	1,000,000.00
Government Treasury Bonds	26,300,000,000.00	15,800,000,000.00
Total	<u>50,851,793,491.93</u>	<u>31,620,519,497.63</u>

7.0 PROPERTY, PLANT & EQUIPMENT

Detailed are shown in Annexure (1).

8.0 DEFERRED EXPENDITURE

	<u>Kyat</u> <u>2016</u>	<u>Kyat</u> <u>2015</u>
Opening balance (1 April)	136,090,695.21	178,185,750.92
Additions during the year	-	40,801,411.16
Written-off during the year	(77,254,856.87)	(82,896,466.87)
Balance at March 31	<u>58,835,838.34</u>	<u>136,090,695.21</u>

9.0 TOTAL DEPOSITS

	<u>Kyat</u> <u>2016</u>	<u>Kyat</u> <u>2015</u>
Deposits – Current	17,624,380,371.33	14,287,813,297.12
Deposits – Foreign Currency	14,910,293,770.87	6,127,483,664.46
Deposits – Saving	54,657,028,577.09	51,196,197,440.84
Deposits – Time	46,773,868,750.00	30,297,035,486.00
ATM Deposits	740,116,358.93	217,145,155.09
Call Deposits	9,436,519,364.22	1,053,260,905.73
Citizens Cards	228,056,405.84	-
Total	<u>144,370,263,598.28</u>	<u>103,178,935,949.24</u>

10.0 OTHER LIABILITIES

Details are as follows :

	<u>2016</u>	<u>Kyat</u> <u>2015</u>
Other Liabilities	9,534,076,809.27	2,956,975,040.58
Accrued Expenses	1,221,688,289.61	1,075,179,800.44
Total	<u>10,755,765,098.88</u>	<u>4,032,154,841.02</u>

11.0 ISSUE & PAID UP CAPITAL

	<u>2016</u>	<u>Kyat</u> <u>2015</u>
'A' Shares	5,117,055,000	5,117,051,000
'B' Shares	44,752,710,000	31,995,775,000
Total	<u>49,869,765,000</u>	<u>37,112,826,000</u>

12.0 RESERVES AND RETAINED EARNINGS

Changes during the year are shown in the Statement of Changes in Equity.

13.0 TOTAL INTEREST INCOME

Details are as follows:

	<u>2016</u>	<u>Kyat</u> <u>2015</u>
Interest on Loans & Overdraft	11,924,296,024.66	7,109,303,283.84
Interest on Treasury Bond	1,985,578,612.70	1,361,758,904.12
Interest on Deposits (Other Bank)	2,212,782,529.09	1,601,165,275.14
Total	<u>16,122,657,166.45</u>	<u>10,072,227,463.10</u>

14.0 TOTAL INTEREST EXPENSES

It is observed that total interest expenses is 56% on total interest income, as compared with previous year (2014-2015) of 60%.

15.0 OTHER OPERATING INCOME

Details are as follows :-

	<u>2016</u>	<u>Kyat</u> <u>2015</u>
Commission on Payment Orders & Remittances	1,473,934,441.17	1,127,941,577.75
Service Income	1,381,440,383.34	803,710,861.42
Others	17,822,436.22	1,569,006,209.82
Foreign Exchange Transaction	2,929,526,604.50	752,100,511.88
Total	<u>5,802,723,865.23</u>	<u>4,252,759,160.87</u>

16.0 STAFF EXPENSES

Detailed are shown in Annexure (2).

17.0 OTHER OPERATING EXPENSES

It is observed that Other Operating Expenses is 27% on total operating Income, as compared with previous year (2014-2015) of 19%.

Details are shown in Annexure (2).

18.0 REPORTING TO THE CENTRAL BANK OF MYANMAR

It is observed that the Bank submitted reports and statements to the Central Bank in accordance with the instructions and notification of the Central Bank of Myanmar.

19.0 ANALYSIS AND RATIOS STATEMENTS

The following statements are also attached with the accounts :

- | | | |
|----|--|------------|
| a. | Balance Sheet Ratios – for Liquidity Purposes | Annexure 3 |
| b. | Income Statement Ratios | Annexure 4 |
| c. | Statement of Cash Reserve Position and Ratios (at 31.3.2016) | Annexure 5 |

20.0 RELATED PARTIES

In the normal course of its banking business, the Bank has carried out transactions with related parties on terms agreed between the parties. The related party transactions are conducted on arm's length basis and on normal commercial terms, which are not favorable than those generally available to the public.

The balance of bank guarantee to Zeya & Associate Co., Ltd. as at March 31, 2016 is Kyat 2,868 million.

21.0 APPROVAL OF FINANCIAL STATEMENTS

The financial statement have been authorized for issue in accordance with the resolution of the Board of Directors on May 5, 2016.

MYANMAR CITIZENS BANK LIMITED
ANNEXURE TO THE BALANCE SHEET AS AT MARCH 31, 2016

Property, Plant & Equipment

(Kyat)

Sr No.	Particulars	COSTS			Rate (%)	DEPRECIATION			Net Book Value at 31.3.2016	Net Book Value at 31.3.2015
		at 1.4.2015	Additions	Sales		at 1.4.2015	Sales	During the year		
1	Land & Building	4,680,159,238.00	2,521,544,372	-	144,230,131.81	-	75,192,249.44	219,422,381.25	6,982,281,228.75	4,535,929,106.19
2	Motor Transport	564,504,594.00	86,058,835	-	179,205,547.13	-	77,570,427.26	256,775,974.39	393,787,454.61	385,299,046.87
3	Office Equipment	633,519,701.80	409,167,151	(11,644,480.15)	314,232,822.21	(11,644,424.15)	166,026,772.14	468,615,170.20	562,427,202.45	319,286,879.59
4	Furniture & Fixture	88,782,120.52	54,040,500	-	17,953,659.52	-	6,957,354.50	24,911,014.02	117,911,606.50	70,828,461.00
	Total	5,966,965,654.32	3,070,810,858	(11,644,480.15)	655,622,160.67	(11,644,424.15)	325,746,803.34	969,724,539.86	8,056,407,492.31	5,311,343,493.65

CERTIFICATE

We hereby certify that the above Property, Plant & Equipment are the properties of Myanmar Citizens Bank Limited and in existence at March 31, 2016. Property, Plant & Equipment purchases and disposal were made with the proper sanction of the Board of Directors.

.....
 (Chief Accountant)

.....
 (General Manager)

.....
 (Managing Director)

MYANMAR CITIZENS BANK LIMITED
ANNEXURE TO THE STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	<u>2016</u>	<u>2015</u>
<u>Staff Expenses</u>	<u>Kyat</u>	<u>Kyat</u>
Salaries & Allowances	2,099,100,568.76	1,425,445,064.03
Uniform Expenses	24,648,400.00	22,547,000.00
Provident Fund Contribution	66,734,480.00	37,584,000.00
Training Fees	9,965,118.00	10,550,150.00
Gratuity	30,000,000.00	10,000,000.00
Social Security Contribution	22,062,999.00	13,596,950.00
Staffs welfare contribution	89,200,000.00	10,000,000.00
Interest on staff welfare fund	21,910,314.77	13,725,178.51
	<u>2,363,621,880.53</u>	<u>1,543,448,342.54</u>
<u>Other Operating Expenses</u>		
Honorarium Fee	27,034,583.00	18,997,917.00
B.O.D Meeting Expenses	19,725,000.00	10,800,000.00
Audit Fees	13,725,000.00	3,000,000.00
Consultant fees	6,563,050.00	1,534,600.00
Printing & Stationary	53,651,548.00	42,651,017.00
Rental	58,686,400.00	49,187,810.00
Insurances	15,694,496.31	15,247,667.48
Electricity	50,974,628.00	47,579,458.00
Repairs & Maintenance	98,318,578.86	40,877,841.36
Transportation Expenses	22,908,593.00	15,534,056.00
Postage & Telex Expenses	86,303,474.00	67,218,721.00
Taxes	5,206,770.00	3,433,719.00
Travelling Expenses	39,587,606.00	40,560,447.00
News, Magazine & Books	1,580,146.00	1,458,950.00
License Fees	51,457,895.00	92,831,231.00
A.G.M Expenses	21,468,950.00	17,049,000.00
Oil & Lubricants	99,009,791.00	108,657,258.00
Entertainment	53,377,582.00	39,216,962.00
Meal Allowances	355,977,700.00	325,375,880.00
Donations	20,907,308.00	31,462,990.00
General Expenses	100,217,766.65	73,975,922.68
Advertisement	4,831,300.00	4,082,000.00
Commission & Services Exp:	27,887,482.56	30,513,542.33
Expenditure IB	1,828,979,426.11	208,363,214.50
Settlement fees for MICB	60,000.00	60,000.00
CBM Net MCH Fees	4,432,600.00	-
Depreciation	325,746,803.34	222,161,740.14
Amortization	77,254,856.87	82,896,466.87
	<u>3,471,569,334.70</u>	<u>1,594,728,411.36</u>

MYANMAR CITIZENS BANK LIMITED			
Analysis and Ratios Statement			
Balance Sheet Ratios - (For Liquidity and Solvency Position)			
As at March 31, 2016			
	KYAT (Million)	PERCENTAGE (%)	
		2016	2015
<u>ASSETS</u>			
Cash & Cash Equivalent	66,717	30.02	26.44
Loans & Overdrafts	115,276	51.87	55.64
Advances and Other Receivable	32,121	14.45	14.45
Property, Plant & Equipment	8,056	3.63	3.39
Intangible	59	0.03	0.08
Total Assets	222,229	100.00	100.00
<u>EQUITY & LIABILITIES</u>			
Capital - Paid up	49,870	22.44	23.70
Reserves & Retained Earning	11,597	5.22	4.97
Provision for Income Tax	1,788	0.81	0.82
Total Deposits	144,370	64.96	65.90
Other Liabilities, etc.	14,604	6.57	4.61
Total Equity & Liabilities	222,229	100.00	100.00

B

MYANMAR CITIZENS BANK LIMITED				
INCOME STATEMENT-RATIOS				
YEAR ENDED 31 MARCH 2016				
	KYAT		Percentage (%)	
	2016 (Million)	2015 (Million)	2016	2015
Total Operating Income			100.00	100.00
Interest Income	16,122.66	10,072.23		
Interest Expenses	(8,994.76)	(6,079.91)		
Net Interest Income	7,127.90	3,992.32	55.12	48.42
Other Operating Income	5,802.72	4,252.76	44.88	51.58
Total Operating Income	12,930.62	8,245.08	100.00	100.00

Annexure (5)

MYANMAR CITIZENS BANK LIMITED
STATEMENT OF CASH RESERVE POSITION & RATIOS
AS AT 31 MARCH 2016

	<u>2016</u>	<u>2015</u>
	<u>(%)</u>	<u>(%)</u>
1.0 Total Cash Balances to Total Deposits	28%	25%
2.0 Cash & Cash equivalent to Total Deposits	63%	55%
3.0 Total Loans to Total Deposits	80%	84%
4.0 Total Loans to Shareholders' Equity	187%	194%
5.0 Total Loans to Deposits plus Shareholders' Equity	56%	59%
6.0 Total Deposits to Issued & Paid up Capital	2.89 times	2.78 times