



Management Discussion and Analysis
on financial conditions and results of operation
for the year ended 31-March-2023

MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

The following Management Discussion and Analysis on the financial conditions and results of operation of Myanmar Citizens Bank Public Co.,Ltd should be read in conjunction with the audited financial statements for FY 2022-2023. Financial statements were prepared in accordance with Myanmar Financial Reporting Standards (MFRS). All the amounts in this MD&A are expressed in Myanmar Kyats.

Due to the change in financial year period from September year end to March year end, this management discussion and analysis is presented on the comparison between the six months period (October 2021 to March 2022) and the twelve months (April 2022 to March 2023) for the year ended 31 March 2023. As a result, the comparative figures presented in Statements of Profit or Loss and Statement of Financial Position are not comparable.

CORPORATE INFORMATION

Myanmar Citizens Bank Public Co.,Ltd was incorporated as a public company limited by shares, as per notification no. 21/91 of the Ministry of Commerce (Ministry of Trade) dated 30th September 1991 and under the Special Company Act 1950 and registered under the Myanmar Companies Act 1914 on 30 October 1991. With the company registration number 149169466 MCB is a licensed commercial bank and listed on 26 August 2016 at YSX Authorized capital of 75 Billion Kyats and paid-up capital is 52 Billion Kyats and registered office at No.383, Mahar Bandoola Road, Kyauktada Township, Yangon Region, Myanmar.

Myanmar Citizens Bank Public Co.,Ltd Summarized Statement of Profit or Loss

MMK In Millions

Details	For the period ended		Increase/(Decrease)	
	31-03-2023 (One Year) (Audited)	31-3-2022 (Six Months) (Audited)	Amount	%
Interest Income	43,630.49	22,887.85	20,742.64	91%
Interest Expense	(29,099.35)	(13,079.51)	16,019.84	122%
Net Interest Income	14,531.14	9,808.34	4,722.80	48%
Other Operating Income	1,494.63	2,552.25	(1,057.62)	-41%
Total Operating Income	16,025.77	12,360.59	3,665.18	30%
Total Operating Expense	(15,301.58)	(6,018.85)	9,282.73	154%
Profit before Income Tax	724.19	6,341.74	(5,617.55)	-89%
Profit after Income Tax	1,451.63	5,065.42	(3,613.79)	-71%

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

MMK In Millions

Assets	Balance Sheet as at		Increase/ (Decrease)	
	31-03-2023 (Audited)	31-3-2022 (Audited)	Amount	%
Cash in Hand & at Bank	112,129.92	131,745.36	(19,615.44)	-15%
Loans & Advances	363,958.94	215,373.79	148,585.15	69%
Investment	133,998.84	234,831.13	(100,832.29)	-43%
Property & Equipment	17,455.89	16,716.80	739.09	4%
Intangible Assets	4,003.98	3,951.78	52.20	1%
Other Assets	20,306.80	23,032.13	(2,725.33)	-12%
Total Assets	651,854.37	625,650.99	26,203.38	4%
Liabilities				
Deposit from Customer	524,804.24	494,617.78	30,186.46	6%
Other Liabilities	24,768.31	25,662.47	(894.16)	-3%
Borrowings	29,774.85	34,315.40	(4540.55)	-13%
Total Liabilities	579,347.40	554,595.65	24,751.75	4%
Equity				
Share Capital	57,124.66	57,124.66	0.00	0%
Reserves	14,906.81	14,543.90	362.91	2%
Retained earnings	475.50	(613.22)	1,088.72	178%
Total Equity	72,506.97	71,055.34	1,451.63	2%
Total Liabilities & Equity	651,854.37	625,650.99	26,203.38	4%

BUSINESS PERFORMANCE AND GROWTH

Majority of the review period covers the time zone, when public had partially lost their confidence on banking system because depositors were deprived to withdraw their deposit amount from Banks. Also, the Bank had to focus maintaining sufficient liquidity and consolidation of the loan portfolio. On account of difficult business environment as well as increasing expenses, profitability of the bank is decreased compared to previous period. However, loans and deposits figures increased during the review period compared to previous period in line with MCB's strategy to grow business size.

The bank had embarked on a transformation journey to become one of the leading banks in the country with investment in our people, products, processes, infrastructure and systems. This transformation brought in additional investments and expenditure which was unavoidable, but the initial results expected over the coming two years.

Net Interest Margin- Interest income is increased by 91% and interest expense is significantly increased by 122% in comparison to the previous six months the last financial year. Net interest income is increased by 48% with higher interest expenses growth and interests income growth. The increase in interest income is mainly due to recovering of non-performing loans and new loans. Interest expense are significantly increased due to increase of cost of funds, increasing of deposit base and higher interest-bearing deposit (Term deposit).

Fees and Commission Income - Other Operating income is decreased by 41% in the period of FY 2022-2023 compared to the previous six months financial year. The decrease is mainly due to the revaluation loss for exchange rate changes.

Operating Expenses - The operating expense is increased because of general inflation, increase of number of branches, hiring of new management and other HR related expenses.

Business Size - The size of bank increased by 4% in terms of balance sheet compared with the previous period. Cash in hand & at bank decreased by 15%, Loans & advances increased by 69%, treasury investments decreased by 43% and total deposits increased by 6% respectively. Profit in FY 2022-2023 has increased reserve and resulted positive retained earnings.

Regulatory Compliance

We are fully aware that our responsibility as a bank, entrusted with the fiduciary duty of accepting and deploying public funds in a safe manner. We undertake to leverage such funds in a prudent manner by creating loans and advances which is essential for the development of the country. As a bank we consider earning the trust of our customers a vital component for sustainable business and one key aspect with earning trust is to be a bank which is fully compliant with regulations and laws of the country. The bank is proud to state that we are in full compliance with the regulations and directives stipulated by Central Bank of Myanmar (CBM).

The bank was able to maintain sufficient buffers over the minimum standards stipulated by CBM, which demonstrates a bank which is profitable, liquid, solvent and sufficiently capitalized and have a leeway to grow in the future.

Statutory Ratio	Required	MCB ratio as at 31st March 2023
Reserve Ratio	Minimum 3% (MMK) Minimum 5% (FCY)	6.96% (MMK) 23.75% (FCY)
Liquidity Ratio	Above 20%	44.17%
Capital Adequacy- Tier I	Minimum 4%	8.99%
Capital Adequacy- Total	Minimum 8%	10.24%

Future outlook:

Now the business environment is heading towards new normal and public confidence is gradually restored. Higher liquidity and capital buffer of the Bank is gradually utilized in business and also developing people process and system in the Bank. In summary, MCB has high potential to grow business in coming days.