



**Management Discussion and Analysis
on Financial Conditions and Results of Operation
For the year ended 31-March-2025**

MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

This Management's Discussion and Analysis (MD&A) is presented to enable readers to assess changes in the financial condition and operating results of MCB bank ("Myanmar Citizens Bank Public Co., Ltd") for the year ended March 31st2025, compared with the corresponding period in the prior year. This MD&A should be read in conjunction with the audited Financial Statements for FY2024-2025. All the numbers are expressed in MMK (Myanmar Kyat) and the audited Financial Statements were prepared in accordance with Myanmar Financial Reporting Standard (MFRS).

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 (formerly 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 became publicly listed on the Yangon Stock Exchange (YSX) on 26 August 2016. The paid-up capital of the bank is 52 billion Kyats. The bank's registered office is located at No.383, Mahar Bandoola Road, Kyauktada Township, Yangon Region, Myanmar.

Myanmar Citizens Bank Public Co.,Ltd Summarized Statement of Comprehensive Income

MMK In Millions

Details	For the period ended		Increase/(Decrease)	
	31-03-2025 (Audited)	31-3-2024 (Audited)	Amount	%
Interest Income	87,990.43	59,508.12	28,482.31	48%
Interest Expense	(66,285.85)	(43,353.26)	22,932.59	53%
Net Interest Income	21,704.58	16,154.86	5,549.72	34%
Other Operating Income	12,759.97	10,798.19	1,931.78	18%
Total Operating Income	34,464.55	26,953.05	7,551.50	28%
Total Operating Expense	(30,529.96)	(26,045.35)	4,484.61	17%
Profit before Income Tax	3,934.59	907.70	3,026.89	333%
Profit after Income Tax	2,820.36	757.58	2,062.78	272%

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

MMK In Millions

Assets	Balance Sheet as at		Increase/(Decrease)	
	31.03.2025 (Audited)	31.3.2024 (Audited)	Amount	%
Cash on hand & balances with Central Bank	137,546.99	159,224.69	(21,677.70)	-14%
Placements with other banks	67,919.62	46,931.99	20,987.63	45%
Government securities	73,472.65	81,692.01	(8,219.36)	-10%
Loans and advances	758,193.64	620,836.96	137,356.68	22%
Investments	331.00	331.00	-	0%
Property & Equipment	21,541.58	18,636.54	2,905.04	16%
Intangible Assets	3,709.51	3,526.92	182.59	5%
Other Assets	65,817.89	50,332.25	15,485.64	31%
Total Assets	1,128,532.88	981,512.36	147,020.52	15%
Liabilities				
Borrowings	32,333.86	65,385.36	(33,051.50)	-51%
Deposit from Customer	942,230.80	772,250.03	169,980.77	22%
Other Liabilities	77,883.31	70,612.41	7,270.90	10%
Total Liabilities	1,052,447.97	908,247.80	144,200.17	16%
Equity				
Share Capital	57,124.66	57,124.66	-	0%
Reserves	15,801.29	15,096.21	705.08	5%
Retained earnings	3,158.96	1,043.69	2,115.27	203%
Total Equity	76,084.91	73,264.56	2,820.35	4%
Total Liabilities & Equity	1,128,532.88	981,512.36	147,020.52	15%

BUSINESS PERFORMANCE AND GROWTH

During this financial year, bank has embarked a transformation journey aimed at becoming the bank of choice for customers in Myanmar. In line with the strategic plan, five key growth drivers have been identified: **People Development, Digital Transformation, Agency Banking, Product Innovations** and **Financial Profitability**.

During in FY 2024-2025, notable progress was achieved across key operational areas. Human Resource department has conducted comprehensive training programs, developing workplace culture aimed at strengthening employee capabilities and engagement. Additionally, new branches have been opened, the launch of Visa Credit Card, mobile banking enhancement and automation process system are significant product innovation for operational efficiency.

In FY 2024-2025, MCB is focused on investing in human capital, infrastructure, and process workflows, all while ensuring compliance with regulatory requirements and conducting proper risk assessments. The bank continues to nurture a performance-driven culture, anchored by its core principle of “Preferred Bank.” Simultaneously, MCB is strengthening its brand presence and expanding its revenue sources—both critical to achieving its business goals and driving forward its long-term strategic vision.

Building on strong momentum, Myanmar Citizens Bank (MCB) recorded a 22% increase in both Loans & Advances and Deposits during FY 2024–2025. The bank also focused on preserving asset quality, improving the Non-Performing Loan (NPL) ratio, and expanding its alliance with business partners, offering other related banking services such as bancassurance and offering a wide range of banking product and services to meet customer preferences.

By effectively managing and monitoring its assets and liabilities, MCB maximized the use of idle funds to enhance its earning asset ratio and secure adequate returns. In addition, disciplined control over the cost-to-income ratio supported strong financial performance, culminating in a profit after tax of MMK 2,820 million for FY 2024–2025.

Net Interest Margin: Interest income increased by 48%, driven by growth in the loan portfolio and the recovery of non-performing loans. Meanwhile, interest expense rose by 53%, primarily due to higher deposit volumes, an increase in high interest-bearing term deposits, and the offering of competitive interest rates. Despite the higher growth rate in interest expense compared to interest income, net interest income still recorded a 34% increase over the previous year.

Fees and Commission and Other Income: Other operating income rose by 18% compared to the previous financial year, driven by a strategic focus on diversifying and maximizing potential income streams.

Operating Expenses: Operating expenses were increased by 17% primarily due to inflation-driven rises in utility, fuel costs and other overhead cost as well as additional staffing for new branch expansions. The total also includes PPE write-off expenses, repair and maintenance costs associated with earthquake-related provisions.

Business Size - The bank's overall balance sheet expanded by 15% compared to the previous period. Key changes include a 22% increase in loans and advances, a 16% rise in property, plant, and equipment, and a 31% growth in other assets. Total deposits also grew by 22%, while interbank borrowings declined by 51%.

Regulatory Compliance

We fully acknowledge our responsibility as a trusted financial institution, charged with the fiduciary duty to safeguard and responsibly manage public funds. Our commitment is to deploy these resources prudently by extending loans and advances that contribute meaningfully to the country's economic development.

Building and sustaining customer trust remains fundamental to our long-term success. A critical element in earning this trust is our steadfast commitment to full compliance with the laws and regulations of the country. We are proud to confirm that we adhere to all regulations and directives set forth by the Central Bank of Myanmar (CBM).

Furthermore, the bank has consistently maintained strong financial buffers above the minimum requirements established by the CBM. This underscores our standing as a profitable, liquid, solvent, and well-capitalized institution, well-equipped to support sustainable growth in the future.

Statutory Ratio	Required	MCB ratio as at 31 st March 2025
Reserve Ratio	Minimum 3.75% (MMK) Minimum 5% (FCY)	12.21% (MMK) 7.93% (FCY)
Liquidity Ratio	Above 20%	22.62%
Capital Adequacy- Tier I	Minimum 4%	6.91%
Capital Adequacy- Total	Minimum 8%	8.16%

Future Outlook

The future outlook for banks in Myanmar is highly complex and faces significant challenges, primarily due to the ongoing uncertain conditions, economic downturns, natural disasters, the designation of the country as high risk by the Financial Action Task Force (FATF). While there was a promising outlook for growth and reform a decade ago, recent events have severely impacted the sector.

The Central Bank of Myanmar (CBM) has introduced additional directives (effective on September'2024) concerning interest rates on loans and deposits. We believe that both the government and the Central Bank of Myanmar (CBM) are actively addressing the challenges by leveraging appropriate monetary and fiscal policy tools, alongside close monitoring of regulatory measures. At present, Myanmar's banking sector adheres to the Myanmar Financial Standards (MFRS) and is preparing for a transition to International Financial Reporting Standards (IFRS), planned for the fiscal year 2027–2028.

Despite the current difficulties, MCB are well prepared adoption by MMQR payment, burgeoning digital infrastructure with cyber securities readiness, reach out to large unbanked population. We are committed to provide premier service quality and introduce the innovative financial products to achieve strong financial performance. MCB is optimistic about the significant growth opportunities ahead and the bank's strong potential for future success.

Myanmar Citizens Bank Public Company Limited