

**Independent auditor's report
and
audited consolidated & separate
financial statements
of
National Credit and Commerce Bank
and its Subsidiaries**

As at & for the year ended 31 December 2021

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditor's Report to the Shareholders of National Credit and Commerce Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of National Credit and Commerce Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of National Credit and Commerce Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

Description of key audit matters	Our response to key audit matters
Measurement of provision for loans and advances	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates of complex design and implementation.</p> <p>At year end the Group reported total gross loans and advances of BDT 192,114 million (2020: BDT 181,155 million) and provision for loans and</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Credit appraisal, loan disbursement procedures, monitoring and provisioning process; • Discuss alternate procedures applied by management where the borrower's latest audited financial statements is not available as per BRPD Circular no 04 dated 04 January 2021; • Identification of loss events, including early warning and default warning indicators; and • Reviewed quarterly Classification of Loans (CL). <p>Our substantive procedures in relation to the provision for loans and advances portfolio</p>

<p>advances of BDT 8,936 million (2020: BDT 7,765 million).</p> <p>Furthermore as per BRPD circular no 50 dated 14 December 2021, additional 2% provision is required for clients who have taken the deferral facility under BRPD Circular no 19 dated 26 August 2021 and subsequent amendment and shown as special general provision- COVID 19 under other liabilities.</p> <p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and BRPD circular no 03, dated 21 April 2019; • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; • Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. • Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained <p>Considering continuing adverse impact of COVID 19, Bangladesh Bank has given certain flexibility from classification requirement for loans vide issuing various circulars such as BRPD 3 dated 31 January 2021, BRPD 4 and 5 dated 24 March 2021, BRPD 13 dated 27 June 2021, BRPD 19 dated 26 August 2021 and BRPD 53 dated 30 December 2021 whereby Banks are allowed to keep a loan/customer as unclassified as long as the customer has paid 15% of the down payment due for the year 2021 by 31 December 2021.</p> <p>The Bank has calculated required provision as per Bangladesh Bank letter DBI-3/122/2022-453 dated 28 March 2022 considering total classified loans and advances of BDT 866.54 crore (4.57%).</p>
<p>See note # 9.1 and 14.5 to the financial statements</p>	

Risk	Our response to the risk
Interest income recognition	
<p>Recognition and measurement of interest income involve complex IT environment as well as require critical estimates and judgment. Since interest income from loans and advances is one of the key performance indicators of the Bank there is an inherent risk of fraud and error in recognition of interest income.</p> <p>Moreover, as per Bangladesh Bank BRPD circular no. 53 dated 30 December 2021, considering future risk banks were allowed to recognize outstanding/ arrear interest income on loans where deferral facilities were given upon receiving at least 15% of the total receivable amount.</p> <p>Accordingly, this has been considered as key audit matter.</p>	<p>We tested the design and operating effectiveness of key controls including automated control over recognition and measurement of interest on loans and advances.</p> <p>For selected customers and loan files on sample basis we have also performed substantive test of details including recalculation and cut-of testing to check accuracy of interest income</p> <p>Finally, we also conducted substantive analytical procedures to assess reasonableness of interest recognised during the year with reference to the product wise outstanding loan balances.</p>
<p>See note # 22 to the financial statements</p>	

Valuation of treasury bill and treasury bond	
<p>The classification and measurement of T-Bill and T-Bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p>	<p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note # 8 to the financial statements	

Impairment assessment of unquoted investments	
<p>In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.</p>	<p>We have assessed the processes and controls put in place by the Company to ensure all major investment decisions are undertaken through a proper due diligence process.</p> <p>We tested a sample of investments valuation as at 31 December 2021 and compared our results to the recorded value.</p> <p>Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note # 8 to the financial statements	

IT systems and controls	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively</p>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>

Legal and regulatory matters	
<p>We focused on this area because the Bank and its subsidiaries (the "Group") operates in a legal and</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of</p>

<p>regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.</p>	<p>the Bank's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>
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<p>Carrying value of investments in subsidiaries by the Bank</p>	
<p>The Bank has invested in equity shares of two subsidiary companies namely, NCCB Securities and Financial Services Limited and NCCB Capital Limited. As at 31 December 2021 the carrying value of this investment is BDT 2,250 million.</p> <p>At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost.</p> <p>Management has conducted impairment assessment and calculated recoverable value of its individual subsidiaries in accordance with IAS 36.</p>	<p>We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.</p> <p>In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p> <p>We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.</p> <p>We further observed that pursuant to the BSEC notification the subsidiary of the Bank has made partial provision against diminution in the value of investment and client margin loan as per BSEC notification.</p>
<p>Revaluation of property, plant and equipment</p>	
<p>The Bank in prior year has undertaken revaluation of its land and building. As a result of this revaluation exercise, an amount of BDT 330,745,603 is recognised as the fair value gain in revaluation reserve and resultant deferred tax liability is recognised at applicable rate. Determination of fair value in absence of any quoted price and active market require significant judgment</p>	<p>We assessed the process of revaluation previously taken by the Bank.</p> <p>We reviewed revaluation report of the independent valuer along with relevant documents and discussed with management about any potential changes in revaluation assumptions since the last revaluation, in particular potential impact of COVID 19 and applied our judgment to see whether the fair value is still relevant.</p> <p>We checked related accounting treatments of fair value gain and associated deferred tax as recognized by the Bank.</p>

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

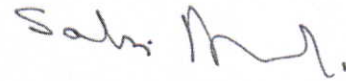
Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 2020, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities {other than matters disclosed in these financial statements};
- (iii) Consolidated financial statements of the Bank include two subsidiaries, namely NCCB Securities and Financial Services Limited and NCCB Capital Limited reflect total assets of BDT 278,774 million as at 31 December 2021 and net interest income of BDT 4,298 million for the year ended 31 December 2020. Out of these two subsidiaries of the Bank one subsidiary has been audited by

other component auditors who have expressed unqualified audit opinion. However, NCCB Capital Limited has been audited by us. The results of these subsidiaries have been properly reflected in the Group's consolidated financial statements;

- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 7,050 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.



Sabbir Ahmed FCA, Partner
Enrolment number: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

DVC No: 2204240770AS660644
Dhaka, 23 April 2022

**National Credit and Commerce Bank Limited and its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2021**

	Note	2021 Taka	2020 Taka
PROPERTY AND ASSETS			
Cash	5(a)	11,919,043,396	13,944,739,499
In hand (including foreign currencies)		2,254,894,262	2,019,023,363
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		9,664,149,134	11,925,716,136
Balance with other banks and financial institutions	6(a)	12,915,196,331	11,807,403,220
In Bangladesh		12,152,311,522	11,608,604,505
Outside Bangladesh		762,884,810	198,798,715
Money at call and short notice	7	3,409,757,795	804,002,000
Investments	8 (a)	49,587,730,012	43,680,844,481
Government		39,732,671,095	36,102,434,408
Others		9,855,058,917	7,578,410,073
Loans and advances	9(a)	192,114,415,599	181,155,708,762
Loans, cash credits, overdrafts, etc.		178,781,788,389	172,800,282,325
Bills purchased & discounted		13,332,627,210	8,355,426,437
Fixed assets including premises, furniture and fixtures	10(a)	2,600,993,849	2,709,569,895
Other assets	11(a)	6,227,134,044	4,938,298,789
Non-banking assets		-	-
TOTAL ASSETS		278,774,271,026	259,040,566,646
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12 (a)	21,213,292,703	16,903,271,489
Deposits and other accounts	13 (a)	202,644,439,639	196,791,229,217
Current deposits and other accounts		25,487,516,952	24,929,236,313
Bills payable		5,176,265,552	5,139,070,381
Savings bank deposits		30,120,880,961	26,772,829,784
Fixed deposits		71,969,731,727	80,924,086,821
Term deposits		69,890,044,448	59,026,005,918
Other liabilities	14(a)	24,743,816,326	20,392,450,188
NCC Bank Subordinated and Perpetual Bonds	15(a)	7,850,000,000	4,000,000,000
Non-Convertible Subordinated Bonds		3,200,000,000	4,000,000,000
Perpetual Bonds		4,650,000,000	-
TOTAL LIABILITIES		256,451,548,668	238,086,950,893
Shareholders' equity			
Paid up capital	16.2	10,168,709,670	9,459,264,810
Statutory reserve	17	9,693,081,550	8,835,421,234
General reserve	18	10,162,348	10,162,348
Non-controlling (Minority) interest	16.8	209	209
Other reserve including assets revaluation reserve	19	656,383,350	1,085,533,528
Foreign currency translation gain/(loss) reserve	20.3	1,065,462	(98,771)
Surplus in profit and loss account	20(a)	1,793,319,770	1,563,332,395
TOTAL SHAREHOLDERS' EQUITY		22,322,722,358	20,953,615,753
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		278,774,271,026	259,040,566,646
NET ASSETS VALUE PER SHARE		21.95	20.61


Hoda Vasi Chowdhury & Co

		2021 <u>Taka</u>	2020 <u>Taka</u>
<u>OFF BALANCE SHEET ITEMS:</u>			
Contingent liabilities			
Acceptances and endorsements	21.1	33,930,922,863	29,305,518,601
Letters of guarantee	21.2	31,782,545,829	29,772,694,200
Letters of credit issued	21.3	27,838,459,153	19,406,036,166
Bills for collection	21.4	6,241,944,137	1,198,268,060
Other commitments			
Export development fund (EDF)		585,824	21,243,780
TOTAL OFF BALANCE SHEETS ITEMS INCLUDING CONTINGENT LIABILITIES		<u>99,794,457,806</u>	<u>79,703,760,807</u>

These financial statements should be read in conjunction with the annexed notes from 1 to 48.



Chairman



Director



Director



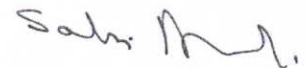
Managing Director & CEO

See annexed auditor's report to the Shareholders of the date.

DVC No: 2204240770AS660644

Dated, Dhaka

23 April 2022

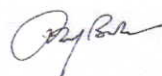


Sabbir Ahmed FCA, Partner
Enrolment number: 770
Hoda Vasi Chowdhury & Co.
Chartered Accountants

National Credit and Commerce Bank Limited and its Subsidiaries
Consolidated Profit and Loss Account
For the year ended on 31 December 2021

	Note	2021 Taka	2020 Taka
Interest income	23(a)	13,497,794,514	15,919,163,127
Less: Interest paid on deposits and borrowings	24(a)	7,922,722,125	11,621,434,821
Net interest income		5,575,072,389	4,297,728,306
Income from investments	25(a)	3,649,476,803	3,459,500,642
Commission, exchange and brokerage	26(a)	1,870,877,273	1,798,441,847
Other operating income	27(a)	679,268,512	675,976,750
Total operating income		11,774,694,977	10,231,647,545
Salary and allowances	28(a)	2,932,931,519	2,824,818,637
Rent, taxes, insurance, electricity etc.	29(a)	534,779,405	517,423,247
Legal expenses	30(a)	17,192,961	15,225,048
Postage, stamp, telecommunication etc.	31(a)	62,987,700	63,310,145
Stationery, printing, advertisement etc.	32(a)	88,264,810	77,900,399
Chief Executive Officer's salary and allowances	33	16,660,968	11,735,854
Director's fees & other meeting related expenses	34(a)	3,674,500	4,052,196
Auditors' fees	35(a)	638,250	638,250
Charges on loan losses		356,651,225	2,751,930
Repairs, maintenance, amortization and depreciation of bank's assets	36(a)	432,183,577	461,393,623
Other expenses	37(a)	822,762,656	986,199,311
Total operating expenses		5,268,727,569	4,965,448,641
Profit before provision		6,505,967,408	5,266,198,903
Provision for loans and advances		2,005,114,503	1,240,567,537
Specific provision	14.5.1(a)	2,066,668,969	688,069
General provision	14.5.1(b)	(260,345,466)	570,479,468
Special general provision COVID-19	14.5.1(c)	198,791,000	669,400,000.00
Provision for off-balance sheet exposures	14.5(d)	96,686,448	-
Provision for off-shore banking unit	14.5(e)	48,676,429	29,502,322
Provision for investment fluctuation in shares	8.3(a)	-	(120,000,000)
Provision for other assets	14.2	-	4,650,701
Provision for start-up fund	14.13	-	52,442,503
Provision for nostro accounts	14.11	-	-
Total provisions		2,150,477,380	1,207,163,063
Profit after provision for loans & advances and others items		4,355,490,028	4,059,035,840
Contribution to NCC Bank's CSR Fund	14.9	30,000,000	30,000,000
Profit before tax		4,325,490,028	4,029,035,840
Provision for tax		1,820,792,637	1,795,158,432
Current tax	14.4	1,804,201,827	1,658,831,045
Deferred tax	14.4.1	16,590,810	136,327,387
Profit after tax for the year		2,504,697,390	2,233,877,408
Attributable to:			
Shareholders' of the bank		2,504,697,390	2,233,877,408
Non-controlling (Minority) interest		-	-
Balance of profit brought forward from last year	20.2	144,442,675	128,985,240
Total profit available		2,649,140,065	2,362,862,648
Appropriations:			
Statutory reserve		857,660,316	801,417,454
General reserve		-	-
		857,660,316	801,417,454
Retained earnings		1,791,479,749	1,561,445,194
Earnings per share (EPS)	43(a)	2.46	2.20

These financial statements should be read in conjunction with the annexed notes from 1 to 48.



Chairman



Director

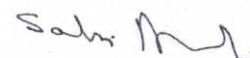


Director



Managing Director & CEO

See annexed auditor's report to the Shareholders of the date.

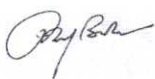


Sabbir Ahmed FCA, Partner
Enrolment number: 770
Hoda Vasi Chowdhury & Co.
Chartered Accountants


National Credit and Commerce Bank Limited and its Subsidiaries
Consolidated Cash Flow Statement
For the year ended on 31 December 2021

	Note	2021 Taka	2020 Taka
A) Cash flows from operating activities			
Interest receipts		17,819,833,181	17,240,516,604
Interest payments		(8,235,888,172)	(12,584,259,805)
Dividend receipts		166,354,847	82,140,801
Fees & commission receipts		1,290,279,245	1,119,122,974
Recoveries of loans previously written off		51,998,689	99,053,615
Cash paid to employees		(3,004,454,813)	(3,075,801,399)
Cash paid to suppliers		(232,199,451)	(197,576,424)
Income taxes paid		(1,817,808,124)	(1,960,953,688)
Receipts from other operating activities	38(a)	1,198,516,182	1,354,565,495
Payments for other operating activities	39(a)	(1,308,535,094)	(1,296,630,366)
Operating cash flow before changes in operating assets and liabilities		5,928,096,490	780,177,808
Increase/(Decrease) in operating assets & liabilities:			
Purchase & sale of trading securities		2,141,756,084	(1,208,186,752)
Loans and advances to customers (Other than banks)		(11,315,358,061)	799,230,777
Other assets	40(a)	(807,828,314)	973,264,979
Deposits and borrowings from other banks		16,797,584,123	4,293,366,889
Deposits from customers (Other than banks)		(11,773,014,493)	(4,362,413,632)
Other liabilities account of customers		(559,206,487)	(209,998,621)
Other liabilities	41 (a)	1,172,031,079	851,527,654
Net Cash receipts from operating activities		1,584,060,421	1,916,969,101
B) Cash flows from investing activities			
Proceeds from sale of securities		2,770,974,326	2,463,677,598
Payment for purchase of securities		(10,758,744,737)	(5,737,034,213)
Purchase of property, plant and equipment		(165,902,964)	(251,315,433)
Sales proceeds of fixed assets		10,563,118	1,322,598
Net cash used in investing activities		(8,143,110,257)	(3,523,349,450)
C) Cash flows from financing activities			
Borrowings from other bank's, financial institutions and agents		5,105,346,268	3,565,765,318
Issue/(redemption) of non-convertible subordinated bonds		(800,000,000)	-
Issue of NCC Bank perpetual bonds		4,650,000,000	-
Dividend paid		(709,444,860)	(1,391,068,355)
Net cash receipts/(payments) from financing activities		8,245,901,408	2,174,696,964
D) Net (decrease)/ increase in cash and cash-equivalents (A+B+C)		1,686,851,573	568,316,614
E) Effects of exchange rate changes on cash and cash-equivalents		1,164,233	(400,131)
F) Cash and cash-equivalents at the beginning of the year		26,565,758,718	25,997,842,235
G) Cash and cash-equivalents at the end of the year (D+E+F)	42(a)	28,253,774,524	26,565,758,718
Net Operating Cash Flows Per Share		1.56	1.89

These financial statements should be read in conjunction with the annexed notes from 1 to 48.



Chairman



Director



Director



Managing Director & CEO

Dated, Dhaka
23 April 2022

National Credit and Commerce Bank Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended on 31 December 2021

Amounts in Taka

Particulars	Paid up capital	Statutory reserve	General reserve	Other reserve including asset revaluation reserve	F.C. Translation reserve	Non-controlling (Minority) interest	Surplus in profit and loss account	Total
Balance as on 01 January 2021	9,459,264,810	8,835,421,234	10,162,348	1,085,533,528	(98,771)	209	1,563,332,395	20,953,615,753
Transferred from revaluation reserve against depreciation on revaluation of fixed assets	-	-	-	(1,840,021)	-	-	1,840,021	-
Transferred from Deferred tax liability a/c. reverse deferred tax on revaluation on land & building	-	-	-	-	-	-	-	-
Revaluation of Govt. securities (treasury bills/bonds) HFT made during the year	-	-	-	(427,310,158)	-	-	-	(427,310,158)
Currency translation gain/(loss) not recognized in the income statement	-	-	-	-	1,164,233	-	-	1,164,233
Non-controlling (Minority) interest	-	-	-	-	-	-	-	-
Bonus share for the year 2020	709,444,860	-	-	-	-	-	(709,444,860)	-
Net profit for the year	-	857,660,316	-	-	-	-	2,504,697,390	2,504,697,390
Transfer to statutory reserve	-	-	-	-	-	-	(857,660,316)	-
Cash dividend for the year 2020	-	-	-	-	-	-	(709,444,860)	(709,444,860)
Balance as on 31 December 2021	10,168,709,670	9,693,081,550	10,162,348	656,383,350	1,065,462	209	1,793,319,770	22,322,722,358
Balance as on 31 December 2020	9,459,264,810	8,835,421,234	10,162,348	1,085,533,528	(98,771)	209	1,563,332,395	20,953,615,753


Chairman


Director


Director


Managing Director & CEO

Dated, Dhaka
23 April 2022

National Credit and Commerce Bank Limited and its Subsidiaries
Consolidated Liquidity Statement
 (Asset and Liability Maturity Analysis)
 As at 31 December 2021

Amounts in Taka

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
Assets:						
Cash	3,682,592,302	-	-	-	8,236,451,094	11,919,043,396
Balances with other banks and financial institutions	6,326,896,331	6,488,300,000	100,000,000	-	-	12,915,196,331
Money at call & short notice	3,409,757,795	-	-	-	-	3,409,757,795
Investments	6,198,305,220	248,765,000	1,857,691,004	16,003,726,048	25,279,242,740	49,587,730,012
Loans & advances	42,304,528,053	31,783,628,832	48,536,925,666	31,646,326,687	37,843,006,360	192,114,415,599
Fixed assets including premises, furniture & fixtures	23,957,177	51,263,191	229,649,610	291,151,136	2,004,972,735	2,600,993,849
Other assets	327,671,835	306,616,861	1,595,233,016	2,917,881,080	1,079,731,253	6,227,134,044
Non-banking assets	-	-	-	-	-	-
Total assets	62,273,708,713	38,878,573,884	52,319,499,296	50,859,084,951	74,443,404,181	278,774,271,026
Liabilities:						
Borrowing from other banks, financial institutions & agents	9,077,197,078	2,459,966,727	5,211,453,154	2,586,100,048	1,878,575,696	21,213,292,703
Deposits	46,670,431,285	32,310,070,701	42,193,736,672	42,289,604,959	34,004,330,471	197,468,174,088
Bills payable	5,176,265,552	-	-	-	-	5,176,265,552
Provision & other liabilities	380,515,399	626,376,130	3,104,766,483	7,431,838,434	13,200,319,879	24,743,816,325
NCC Bank Subordinated and Perpetual Bonds	-	-	800,000,000	2,400,000,000	4,650,000,000	7,850,000,000
Total liabilities	61,304,409,314	35,396,413,558	51,309,956,309	54,707,543,441	53,733,226,046	256,451,548,668
Net liquidity gap	969,299,399	3,482,160,326	1,009,542,987	(3,848,458,490)	20,710,178,136	22,322,722,358

Net result of the liquidity statement represents the 'shareholders' equity' of the bank.


Chairman


Director


Director


Managing Director & CEO

Dated, Dhaka
23 April 2022

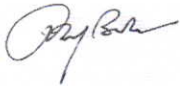
National Credit and Commerce Bank Limited
Balance Sheet
As at 31 December 2021

	Note	2021 Taka	2020 Taka
PROPERTY AND ASSETS			
Cash	5	11,919,043,396	13,944,739,499
In hand (including foreign currencies)		2,254,894,262	2,019,023,363
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		9,664,149,134	11,925,716,136
Balance with other banks and financial institutions	6	12,693,649,007	11,754,972,247
In Bangladesh		11,930,764,198	11,556,173,532
Outside Bangladesh		762,884,810	198,798,715
Money at call and short notice	7	3,409,757,795	804,002,000
Investments	8	49,297,598,713	43,482,024,431
Government		39,732,671,095	36,102,434,408
Others		9,564,927,618	7,379,590,023
Loans and advances	9	189,489,816,860	178,159,432,462
Loans, cash credits, overdrafts, etc.		176,157,189,650	169,804,006,025
Bills purchased & discounted		13,332,627,210	8,355,426,437
Fixed assets including premises, furnitures and fixtures	10	2,584,956,434	2,692,440,029
Other assets	11	8,499,350,986	6,830,879,995
Non-banking assets		-	-
TOTAL ASSETS		277,894,173,191	257,668,490,663
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	21,178,624,213	16,835,287,260
Deposits and other accounts	13	203,244,048,549	197,021,114,755
Current deposits and other accounts		26,087,125,862	25,159,121,851
Bills payable		5,176,265,552	5,139,070,381
Savings bank deposits		30,120,880,961	26,772,829,784
Fixed deposits		71,969,731,727	80,924,086,821
Term deposits		69,890,044,448	59,026,005,918
Other liabilities	14	23,425,144,367	18,982,705,388
NCC Bank Subordinated and Perpetual Bonds	15	7,850,000,000	4,000,000,000
Non-Convertible Subordinated Bonds		3,200,000,000	4,000,000,000
Perpetual Bonds		4,650,000,000	-
TOTAL LIABILITIES		255,697,817,129	236,839,107,402
Shareholders' equity			
Paid up capital	16.2	10,168,709,670	9,459,264,810
Statutory reserve	17	9,693,081,550	8,835,421,234
General reserve	18	10,162,348	10,162,348
Other reserve including assets revaluation reserve	19	656,383,350	1,085,533,528
Foreign currency translation gain/(loss) reserve	19.1	1,065,462	(98,771)
Surplus in profit and loss account	20	1,666,953,683	1,439,100,111
TOTAL SHAREHOLDERS' EQUITY		22,196,356,062	20,829,383,261
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		277,894,173,191	257,668,490,663
NET ASSETS VALUE PER SHARE		21.83	20.48

Hoda Vasi Chowdhury & Co

		2021 <u>Taka</u>	2020 <u>Taka</u>
<u>OFF BALANCE SHEET ITEMS</u>			
Contingent liabilities			
Acceptances and endorsements	21.1	33,930,922,863	29,305,518,601
Letters of guarantee	21.2	31,782,545,829	29,772,694,200
Letters of credit issued	21.3	27,838,459,153	19,406,036,166
Bills for collection	21.4	6,241,944,137	1,198,268,060
Other commitments			
Export development fund (EDF)		585,824	21,243,780
TOTAL OFF BALANCE SHEETS ITEMS INCLUDING CONTINGENT LIABILITIES		<u>99,794,457,806</u>	<u>79,703,760,807</u>

These financial statements should be read in conjunction with the annexed notes from 1 to 48.



Chairman



Director

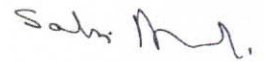


Director



Managing Director & CEO

See annexed auditor's report to the Shareholders of the date.



Sabbir Ahmed FCA, Partner
Enrolment number: 770
Hoda Vasi Chowdhury & Co.
Chartered Accountants

DVC No: 2204240770AS660644

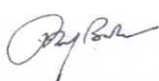
Dated, Dhaka

23 April 2022

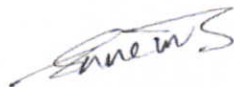
National Credit and Commerce Bank Limited
Profit and Loss Account
For the year ended on 31 December 2021

	<u>Note</u>	<u>2021</u> <u>Taka</u>	<u>2020</u> <u>Taka</u>
Interest income	23	13,517,693,952	15,955,059,063
Less: Interest paid on deposits and borrowings	24	7,917,228,968	11,618,652,043
Net interest income		5,600,464,984	4,336,407,020
Income from investments	25	3,604,487,142	3,432,850,857
Commission, exchange and brokerage	26	1,655,205,252	1,679,470,580
Other operating income	27	675,985,226	674,361,550
Total operating income		11,536,142,604	10,123,090,007
Salary and allowances	28	2,888,709,568	2,776,027,842
Rent, taxes, insurance, electricity etc.	29	521,041,258	503,858,905
Legal expenses	30	17,192,961	15,225,048
Postage, stamp, telecommunication etc.	31	62,309,899	62,790,745
Stationery, printing, advertisement etc.	32	87,710,986	77,349,819
Chief Executive Officer's salary and fees	33	16,660,968	11,735,854
Director's fees & other meeting related expenses	34	3,251,300	3,748,596
Auditors' fees	35	575,000	575,000
Charges on loan losses		356,651,225	2,751,930
Repairs, maintenance, amortization and depreciation of bank's assets	36	429,887,940	459,205,297
Other expenses	37	784,372,542	965,570,634
Total operating expenses		5,168,363,645	4,878,839,671
Profit before provision		6,367,778,959	5,244,250,335
Provision for loans and advances		1,904,114,503	1,240,567,537
Specific provision	14.5(a)	2,066,668,969	688,069
General provision	14.5(b)	(361,345,466)	570,479,468
Special general provision COVID-19	14.5(c)	198,791,000	669,400,000.00
Provision for off-balance sheet exposures	14.5(d)	96,686,448	-
Provision for off-shore banking unit	14.5(e)	48,676,429	29,502,322
Provision for investment fluctuation in shares	8.3	-	(120,000,000)
Provision for other assets	14.2	-	4,650,701
Provision for start-up fund	14.13	-	52,442,503
Provision for nostro accounts	14.11	-	-
Total provisions		2,049,477,380	1,207,163,063
Profit after provision for loans & advances and others items		4,318,301,579	4,037,087,272
Contribution to NCC Bank's CSR Fund	14.9	30,000,000	30,000,000
Profit before tax		4,288,301,579	4,007,087,272
Provision for tax		1,785,737,992	1,775,340,548
Current tax	14.3	1,769,147,182	1,639,013,161
Deferred tax	14.4.1	16,590,810	136,327,387
Profit after tax for the year		2,502,563,586	2,231,746,724
Balance of profit brought forward from last year	20.1	20,210,391	6,883,641
Total profit available for distribution		2,522,773,978	2,238,630,365
Appropriations:			
Statutory reserve		857,660,316	801,417,454
General reserve		-	-
		857,660,316	801,417,454
		1,665,113,662	1,437,212,911
Retained earnings			
Earnings per share (EPS)	43	2.46	2.19

These financial statements should be read in conjunction with the annexed notes from 1 to 48.



Chairman



Director

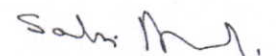


Director



Managing Director & CEO

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