



AUDITORS' REPORT TO THE SHAREHOLDERS OF ISLAMI BANK BANGLADESH LIMITED

We have audited the accompanying consolidated financial statements of Islami Bank Bangladesh Bank Limited (the Bank) and its subsidiaries namely Islami Bank Securities Limited and Islami Bank Capital Management Limited as well as the financial statements of the Bank which comprise the balance sheet as at 31 December 2010, profit and loss account, statement of changes in equity, cash flow statement and liquidity statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 assessments, 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, the financial statements referred to above which have been prepared in the format prescribed by Bangladesh Bank vide Circular no. 15 dated 09 November 2009 and in accordance with Bangladesh Financial Reporting Standards give a true and fair view of the state of affairs of the Bank as at 31 December 2010 and of the results of its operations and its cash flows for the period from 01 January 2010 to 31 December 2010 and comply with the Companies Act 1994, the Bank Company Act 1991, Rules and Regulations issued by Bangladesh Bank, Securities and Exchange Rules 1987 and other applicable laws and regulations.

We further 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) in our opinion, proper books of accounts as required by law were kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
- (iii) the Bank's balance sheet and profit and loss account dealt with by the report are in agreement with the books of accounts and returns;
- (iv) the expenditures incurred were for the purpose of the Bank's operations;
- (v) the financial position of the Bank as at 31 December 2010 and the profit for the period from 01 January 2010 to 31 December 2010 have been properly reflected in the financial statements, and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- (vi) the financial statements have been drawn up in conformity with the Bank Company Act, 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- (vii) adequate provisions have been made for investments and other assets which are, in our opinion, doubtful of recovery;
- (viii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (ix) the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with Bangladesh Bank have been maintained as per rule;
- (xii) as far as it was revealed from our test checks, the existing rules and regulations for investment sanctioning and disbursements have been followed properly;
- (xiii) it appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable frauds and forgeries;
- (xiv) adequate capital of the Bank, as required by law, has been maintained during the period under audit;
- (xv) we were not aware of any other matters, which are required to be brought to the notice of the shareholders of the Bank; and
- (xvi) 80% of the risk-weighted assets of the Bank have been audited spending approximately 6,250 man hours.

Dhaka,
24 March 2011

A. Qasem & Co.
Chartered Accountants

ACNABIN
Chartered Accountants