



A. Qasem & Co.
Chartered Accountants

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AUDITORS' REPORT

TO THE SHAREHOLDERS OF ISLAMI BANK BANGLADESH LIMITED

We have audited the accompanying consolidated financial statements of Islami Bank Bangladesh Limited and its subsidiaries, ("the Group") as well as the separate financial statements of Islami Bank Bangladesh Limited ("the Bank") which comprise the consolidated and the separate Balance Sheets as at 31 December 2012 and the consolidated and the separate Profit & Loss Accounts, Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and the separate financial statements of the Bank in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Bank Company Act 1991, the policies, guidelines, rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules, 1987, principles of Islamic Shari'ah 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

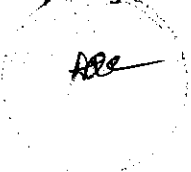
Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and the separate financial statements of the Bank. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank 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 consolidated financial statements of the Group and the separate financial statements of the Bank.

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 give a true and fair view of



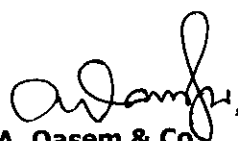


the financial positions of the Group and the Bank as at 31 December 2012 and their financial performances and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Bank Company Act 1991, the policies, guidelines, rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987, principles of Islamic Shari'ah and other applicable laws and regulations.

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 purposes of our audit and made due verification thereof;
- ii) 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii) the consolidated balance sheet and the profit and loss account of the Group and the separate balance sheet and the profit and loss account of the Bank together with the annexed notes 1 to 44 dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purpose of the Group's and the Bank's business;
- v) the financial positions of the Group and the Bank as at 31 December 2012 and their profits for the year ended 31 December 2012 have been properly reflected in the consolidated financial statements of the Group and the separate financial statements of the Bank and the consolidated financial statements of the Group and the separate financial statements of the Bank have been prepared in accordance with the generally accepted accounting principles;
- vi) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with the Bank Company Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank and 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;
- 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 information and explanations required by us have been received and found satisfactory;
- x) we have covered over 80% of the risk weighted assets of the Bank through our audit and we have spent more than 7,600 person-hours for the audit of books and accounts of the Bank;
- xi) it appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable frauds and forgeries;
- xii) Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with Bangladesh Bank have been maintained as per rule;
- xiii) As far as it was revealed from our test checks, the existing rules, regulations and procedures for sanctioning and disbursement of investment have been followed properly; and
- xiv) the capital adequacy ratio (CAR), as required by law, has been maintained adequately during the year.

Dhaka,
28 March 2013


A. Qasem & Co.
Chartered Accountants


ACNABIN
Chartered Accountants

Islami Bank Bangladesh Limited and its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2012

Property and Assets	Notes	31.12.2012 Taka	31.12.2011 Taka
Cash in hand	7(a)	41,774,012,643	40,631,914,271
Cash in hand (including foreign currency)		6,308,274,680	4,655,996,987
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)		35,465,737,963	35,975,917,284
Balance with other banks & financial institutions	8(a)	24,524,933,077	16,853,296,480
In Bangladesh		17,432,561,802	13,140,359,824
Outside Bangladesh		7,092,371,275	3,712,936,656
Placement with banks & other financial institutions		-	-
Investments in shares & securities	9(a)	25,560,064,458	15,853,181,923
Government		23,504,977,770	13,927,177,770
Others		2,055,086,688	1,926,004,153
Investments		372,920,722,887	305,790,180,873
General investments etc.	10(a)	340,479,756,413	287,861,385,224
Bills purchased & discounted	11(a)	32,440,966,474	17,928,795,649
Fixed assets including premises	12(a)	14,816,765,447	7,110,249,574
Other assets	13(a)	3,052,992,955	3,136,781,099
Non - banking assets		-	-
Total property and assets		482,649,491,467	389,375,604,220
Liabilities and Capital			
Liabilities			
Placement from banks & other financial institutions			
Deposits & other accounts	14(a)	417,845,688,579	341,855,262,815
Mudaraba savings deposits		151,012,262,458	132,051,082,776
Mudaraba term deposits		97,278,542,378	65,167,293,216
Other mudaraba deposits		117,807,137,348	103,114,794,140
Al- wadeeah current and other deposit accounts		47,531,708,061	38,658,697,588
Bills payable		4,216,038,334	2,863,395,095
Mudaraba perpetual bond		3,000,000,000	3,000,000,000
Other liabilities	19(a)	21,903,809,274	16,713,922,449
Deferred tax liabilities	20(a)	238,628,851	192,664,063
Total liabilities		442,988,126,704	361,761,849,327
Capital/shareholders' equity		39,661,364,763	27,613,754,893
Paid - up capital		12,509,640,000	10,007,712,000
Statutory reserve		12,423,662,342	10,004,426,808
Other reserves		11,694,797,161	4,585,606,725
Retained earnings	37(a)	3,033,205,973	3,015,952,005
Non-controlling interest	37(b)	59,287	57,355
Total liabilities & shareholders' equity		482,649,491,467	389,375,604,220



Islami Bank Bangladesh Limited and its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2012

Off-balance Sheet Items	Notes	31.12.2012 Taka	31.12.2011 Taka
Contingent liabilities			
Acceptances & endorsements		-	-
Letters of guarantee		7,297,485,550	7,302,242,465
Irrevocable letters of credit (including back to back bills)		87,161,261,558	86,901,920,097
Bills for collection		15,571,833,223	17,727,239,489
Other contingent liabilities		13,600,712	1,489,529,264
Total		<u>110,044,181,043</u>	<u>113,420,931,315</u>
Other commitments			
Documentary credits, short term and trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance, revolving and underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		<u>-</u>	<u>-</u>
Total off-balance sheet items including contingent liabilities		<u>110,044,181,043</u>	<u>113,420,931,315</u>

The annexed notes form an integral part of these financial statements.

Prof. NRM Borhan Uddin Ph.D
Director

Md. Abdus Salam FCA, FCS
Director

Humayun Bokhteyar, ACPA, FCA
Director

Mohammad Abdul Mannan
Managing Director

This is the consolidated balance sheet referred to in our separate report of even date.

Dhaka
28 March 2013

A. Qasem & Co.
Chartered Accountants

ACNABIN
Chartered Accountants

Islami Bank Bangladesh Limited and its Subsidiaries
Consolidated Profit & Loss Account
For the year ended 31 December 2012

Operating income	Notes	2012 Taka	2011 Taka
Investment income		43,672,225,981	32,019,532,444
Profit paid on mudaraba deposits		(25,870,425,237)	(18,401,218,085)
Net investment income		17,801,800,744	13,618,314,359
Income from investments in shares & securities	27(a)	484,361,836	331,004,637
Commission, exchange & brokerage income	28(a)	5,260,647,661	5,297,455,786
Other operating income	29(a)	1,122,169,884	876,633,643
Total operating income		24,668,980,125	20,123,408,425
Operating expenses			
Salary & allowances		5,961,421,881	4,655,983,050
Rent, taxes, insurances, electricity etc.	30(a)	655,576,460	507,063,897
Legal expenses		13,479,293	15,257,288
Postage, stamps and telecommunication etc.	31(a)	111,528,843	94,267,115
Stationery, printing and advertisement etc.	32(a)	267,730,060	198,418,476
Chief executive's salary & fees		5,280,000	5,280,000
Directors' fees & expenses	33(a)	10,066,840	9,530,986
Shari'ah supervisory committee's fees & expenses		2,584,829	2,749,283
Auditors' fees		2,168,000	1,593,400
Charges on investment losses		-	-
Depreciation and repair to bank's assets	35(a)	504,441,086	409,590,979
Zakat expenses		324,772,772	262,929,404
Other expenses	36(a)	1,029,710,622	1,128,991,237
Total operating expenses		8,888,760,686	7,291,655,115
Profit/ (loss) before provision		15,780,219,439	12,831,753,310
Provision for investments & off- balance sheet items		3,502,625,602	2,384,314,796
Provision for diminution in value of investments in shares		30,969,670	289,077,029
Other provisions		9,441,066	-
Total provision		3,543,036,338	2,673,391,825
Total profit/(loss) before taxes		12,237,183,101	10,158,361,485
Provision for taxation for the period			
Current tax	19.6(a)	6,574,464,832	5,504,252,091
Deferred tax	20(b)	45,964,788	29,515,743
Net profit/ (loss) after tax		5,616,753,481	4,624,593,651
Net profit after tax attributable to:		5,616,753,481	4,624,593,651
Equity holders of IBBL	37(a)	5,616,751,549	4,624,597,748
Non-controlling interest		1,932	(4,097)
Retained earnings from previous year		3,015,952,005	2,624,924,708
Add: Net profit after tax (attributable to equity holders of IBBL)		5,616,751,549	4,624,597,748
Profit available for appropriation		8,632,703,554	7,249,522,456
Appropriation:			
Statutory reserve		2,419,235,534	2,069,463,066
General reserve		(22,205,793)	(430,484,615)
Dividend		3,202,467,840	2,594,592,000
Retained earnings		3,033,205,973	3,015,952,005
Consolidated earnings per share	39(a)	4.49	3.70

The annexed notes form an integral part of these financial statements.


Prof. NRM Borhan Uddin Ph.D
Director

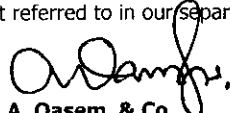

Humayun Bokhteyar, ACPA, FCA
Director


Md. Abdus Salam FCA, FCS
Director


Mohammad Abdul Mannan
Managing Director

This is the consolidated profit & loss account referred to in our separate report of even date.

Dhaka
28 March 2013


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Chartered Accountants


ACNABIN
Chartered Accountants

Islami Bank Bangladesh Limited and its Subsidiaries
Consolidated Cash Flow Statement
For the year ended 31 December 2012

Cash flows from operating activities	Note	2012 Taka	2011 Taka
Investment income		42,092,371,173	32,019,532,444
Profit paid on mudaraba deposits		(24,290,570,429)	(16,954,828,500)
Income/ dividend receipt from investments in shares & securities		484,361,836	331,004,637
Fees & commission receipt in cash		5,260,647,661	5,297,455,786
Recovery from written off investments		107,882,331	77,081,305
Payments to employees		(5,966,701,881)	(4,661,263,050)
Cash payments to suppliers		(317,323,649)	(237,072,771)
Income tax paid		(4,888,001,666)	(4,055,740,794)
Receipts from other operating activities		1,014,287,553	799,552,338
Payments for other operating activities		(2,189,000,103)	(2,020,929,003)
(i) Operating profit before changes in operating assets		11,307,952,826	10,594,792,392
Changes in operating assets and liabilities			
Increase/decrease of statutory deposits		-	-
Increase/decrease of net trading securities		-	-
Increase/decrease of placement to other banks		-	-
Increase/decrease of investments to customers		(67,080,159,717)	(44,065,049,847)
Increase/decrease of other assets		109,479,065	(467,914,988)
Increase/decrease of deposits from other banks		(437,641,214)	501,270,743
Increase/decrease of deposits received from customers		76,377,684,681	47,970,108,822
Increase/decrease of other liabilities account of customers		-	-
Increase/decrease of trading liabilities		-	-
Increase/decrease of other liabilities		284,254,073	417,328,401
(ii) Cash flows from operating assets and liabilities		9,253,616,888	4,355,743,131
Net cash flows from operating activities (A)=(i-ii)		20,561,569,714	14,950,535,523
Cash flows from investing activities			
Proceeds from sale of securities		1,173,962,731	-
Payment for purchase of securities/BGIIB		(11,257,091,966)	(2,903,755,860)
Payment for purchase of securities/membership		-	-
Purchase/sale of property, plants & equipments		(960,861,899)	(729,734,467)
Purchase/sale of subsidiaries		-	-
Net Cash flows from investing activities (B)		(11,043,991,134)	(3,633,490,327)
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Payment for redemption of debt instruments		-	-
Receipts from issuing ordinary share/ rights share		-	48,000
Dividend paid in Cash		(700,539,840)	-
Net cash flows from financing activities (C)		(700,539,840)	48,000
Net increase/(decrease) in cash (A+B+C)		8,817,038,740	11,317,093,196
Add/(less): effects of exchange rate changes on cash & cash equivalent		(3,303,771)	-
Add: cash & cash equivalents at beginning of the year		57,485,210,751	46,168,117,555
Cash & cash equivalents at the end of the year	42(a)	66,298,945,720	57,485,210,751

The annexed notes form an integral part of these financial statements.


Prof. NRM Borhan Uddin Ph.D
Director

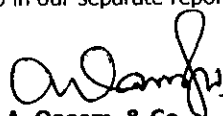

Humayun Bokhteyar, ACPA, FCA
Director


Md. Abdus Salam FCA, FCS
Director


Mohammad Abdul Mannan
Managing Director

This is the consolidated cash flow statement referred to in our separate report of even date.

Dhaka
28 March 2013


A. Qasem & Co.
Chartered Accountants


ACNABIN
Chartered Accountants

Islamic Bank Bangladesh Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2012

(Amount in Taka)

Particulars	Paid-up capital	Share premium	Statutory reserve	General/ other reserves *	Assets revaluation reserve	Revaluation reserve of securities	Retained earnings	Non-controlling interest *	Total
	1	2	3	4	5	6	7	8	9
Balance as at 01 January 2012	10,007,712,000	1,989,633	10,004,426,808	184,645,772	4,308,071,320	90,900,000	3,015,952,005	57,355	27,613,754,893
Changes in accounting policy restated balance	-	-	-	-	-	-	-	-	-
Surplus/ (deficit) on account of revaluation of properties	-	-	-	-	7,190,900,000	-	-	-	7,190,900,000
Surplus/ (deficit) on account of revaluation of investments (shares & securities)	-	-	-	-	-	(56,200,000)	-	-	(56,200,000)
Currency translation differences	-	-	-	(3,303,771)	-	-	-	-	(3,303,771)
Net gain and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	5,616,751,549	1,932	5,616,753,481
Transfer to reserve	-	-	-	2,419,235,534	(22,205,793)	-	(2,397,029,741)	-	-
Dividend:	-	-	-	-	-	-	(2,501,928,000)	-	-
Bonus shares	2,501,928,000	-	-	-	-	-	(700,539,840)	-	(700,539,840)
Cash dividend	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-
Total shareholders' equity as on 31 December 2012	12,509,640,000	1,989,633	12,423,662,342	159,136,208	11,498,971,320	34,700,000	3,033,205,973	59,287	39,661,364,763
Add: Mudaraba perpetual bond	-	-	-	-	-	-	-	-	3,000,000,000
Add: General provision for unclassified investments and off-balance sheet items	-	-	-	5,036,350,000	-	-	-	-	5,036,350,000
Adjustment for currency translation differences	-	-	-	3,303,771	-	-	-	-	3,303,771
Less: 50.00% of assets revaluation reserve	-	-	-	-	(5,749,485,660)	-	-	-	(5,749,485,660)
Less: 50.00% of revaluation reserve of securities	-	-	-	-	-	(17,350,000)	-	-	(17,350,000)
Total equity as on 31 December 2012	12,509,640,000	1,989,633	12,423,662,342	5,195,486,208	5,749,485,660	17,350,000	3,033,205,973	59,287	41,934,182,874
*Note : General / other reserves									
General reserve								2012	2011
Dividend equalization account								152,645,772	583,130,387
								32,000,000	32,000,000
Total								184,645,772	615,130,387



Islamic Bank Bangladesh Limited and its Subsidiaries
Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

(Amount in Taka)

Particulars	1	2	3	4	5	6	7	8	9	Total
Balance as at 01 January 2011	7,413,120,000	1,989,633	7,934,963,742	615,130,387	4,313,460,000	621,000,000	2,624,924,708	13,452	23,524,601,922	10(2+3+4+5+6+7+8+9)
Changes in accounting policy restated balance	-	-	-	-	-	-	-	-	-	-
Surplus/ (deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-	-	-
Surplus/ (deficit) on account of revaluation of investments (Shares & securities)	-	-	-	-	(5,388,680)	(530,100,000)	-	-	-	(535,488,680)
Currency translation differences	-	-	-	-	-	-	-	-	-	-
Net gain and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	4,624,597,748	(4,097)	4,624,593,651	-
Transfer to reserve	-	-	-	2,069,463,066	(430,484,615)	-	(1,638,978,451)	-	-	-
Dividend:	-	-	-	-	-	-	(2,594,592,000)	-	-	-
Bonus shares	-	2,594,592,000	-	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	-	-	48,000	48,000
Issue of share capital	-	-	-	-	-	-	-	-	57,355	57,355
Total shareholders' equity as on 31 December 2011	10,007,712,000	1,989,633	10,004,426,808	184,645,772	4,308,071,320	90,900,000	3,015,952,005	57,355	27,613,754,893	3,000,000,000
Add: Mudaraba perpetual bond	-	-	-	-	-	-	-	-	-	-
Add: General provision for unclassified investments and off-balance sheet items	-	-	-	-	5,116,000,000	-	-	-	-	5,116,000,000
Less: 50.00% of assets revaluation reserve	-	-	-	-	-	(2,154,035,660)	-	-	-	(2,154,035,660)
Less: 50.00% of revaluation reserve of securities	-	-	-	-	-	(45,450,000)	-	-	-	(45,450,000)
Total equity as on 31 December 2011	10,007,712,000	1,989,633	10,004,426,808	5,300,645,772	2,154,035,660	45,450,000	3,015,952,005	57,355	33,530,269,233	

Prof. NRM Borhan Uddin Ph. D
Director

Humayun Bokhteyar, ACPA, FCA
Director

Md. Abdus Salam FCA, FCS
Director

Mohammad Abdul Mannan
Managing Director

This is the consolidated statement of changes in equity referred to in our separate report of even date.

Dhaka
28 March 2013

A. Qasem & Co.
Chartered Accountants

ACNABIN
Chartered Accountants

Islami Bank Bangladesh Limited
Balance Sheet
As at 31 December 2012

Property and Assets	Notes	31.12.2012 Taka	31.12.2011 Taka
Cash in hand	7.0	41,774,009,647	40,631,897,477
Cash in hand (including foreign currency)		6,308,271,684	4,655,980,193
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)		35,465,737,963	35,975,917,284
Balance with other banks & financial institutions	8.0	23,048,348,207	15,577,309,475
In Bangladesh		15,955,976,932	11,864,372,819
Outside Bangladesh		7,092,371,275	3,712,936,656
Placement with banks & other financial institutions		-	-
Investments in shares & securities	9.0	27,010,073,770	16,932,273,770
Government		23,504,977,770	13,927,177,770
Others		3,505,096,000	3,005,096,000
Investments	10.0	372,920,722,887	305,840,563,170
General investments etc.		340,479,756,413	287,911,767,521
Bills purchased & discounted	11.0	32,440,966,474	17,928,795,649
Fixed assets including premises	12.0	14,808,228,329	7,100,192,269
Other assets	13.0	2,974,933,877	3,109,886,617
Non - banking assets		-	-
Total property and assets		<u>482,536,316,717</u>	<u>389,192,122,778</u>
Liabilities and Capital			
Liabilities			
Placement from banks & other financial institutions		-	-
Deposits & other accounts	14.0	417,844,142,245	341,853,672,959
Mudaraba savings deposits		151,012,262,458	132,051,082,776
Mudaraba term deposits		97,278,542,378	65,167,293,216
Other mudaraba deposits	15.0	117,807,137,348	103,114,794,140
Al- wadeeah current and other deposit accounts	16.0	47,530,161,727	38,657,107,732
Bills payable	17.0	4,216,038,334	2,863,395,095
Mudaraba perpetual bond	18.0	3,000,000,000	3,000,000,000
Other liabilities	19.0	21,698,433,977	16,345,905,454
Deferred tax liabilities	20.0	238,230,992	192,330,992
Total liabilities		<u>442,780,807,214</u>	<u>361,391,909,405</u>
Capital/ shareholders' equity		39,755,509,503	27,800,213,373
Paid - up capital	21.2	12,509,640,000	10,007,712,000
Statutory reserve	22.0	12,423,662,342	10,004,426,808
Other reserves	23.0	11,694,797,161	4,585,606,725
Retained Earnings		3,127,410,000	3,202,467,840
Total liabilities & shareholders' equity		<u>482,536,316,717</u>	<u>389,192,122,778</u>

ARC



Islami Bank Bangladesh Limited
Balance Sheet
As at 31 December 2012

Off-balance Sheet Items	Notes	31.12.2012 Taka	31.12.2011 Taka
Contingent liabilities			
Acceptances & endorsements		-	-
Letters of guarantee	24.0	7,297,485,550	7,302,242,465
Irrevocable letters of credit (including back to back bills)		87,161,261,558	86,901,920,097
Bills for collection		15,571,833,223	17,727,239,489
Other contingent liabilities		13,600,712	1,489,529,264
Total		<u>110,044,181,043</u>	<u>113,420,931,315</u>
Other commitments			
Documentary credits, short term and trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance, revolving and underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		<u>-</u>	<u>-</u>
Total off-balance sheet items including contingent liabilities		<u>110,044,181,043</u>	<u>113,420,931,315</u>

The annexed notes form an integral part of these financial statements.

Prof. NRM Borhan Uddin Ph.D
Director

Md. Abdus Salam FCA, FCS
Director

Humayun Bokhteyar, ACPA, FCA
Director

Mohammad Abdul Mannan
Managing Director

This is the balance sheet referred to in our separate report of even date.

A. Qasem & Co.
Chartered Accountants

ACNABIN
Chartered Accountants

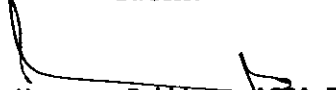
Dhaka
28 March 2013

Islami Bank Bangladesh Limited
Profit & Loss Account
For the year ended 31 December 2012

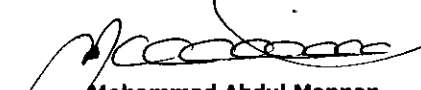
Operating income	Notes	2012 Taka	2011 Taka
Investment income	25.0	43,672,225,981	32,019,532,444
Profit paid on mudaraba deposits	26.0	(25,870,425,237)	(18,401,218,085)
Net investment income		17,801,800,744	13,618,314,359
Income from investments in shares & securities	27.0	431,970,748	289,370,090
Commission, exchange & brokerage income	28.0	5,249,699,981	5,284,102,499
Other operating income	29.0	991,873,131	808,291,910
Total operating income		24,475,344,604	20,000,078,858
Operating expenses			
Salary & allowances		5,951,305,071	4,646,993,224
Rent, taxes, insurances, electricity etc.	30.0	652,494,766	503,637,923
Legal expenses		13,479,293	15,257,288
Postage, stamps and telecommunication etc.	31.0	111,417,653	94,161,200
Stationery, printing and advertisement etc.	32.0	267,547,822	198,119,152
Chief executive's salary & fees		5,280,000	5,280,000
Directors' fees & expenses	33.0	10,066,840	9,254,986
Shari'ah supervisory committee's fees & expenses	34.0	2,584,829	2,749,283
Auditors' fees		2,070,000	1,567,500
Charges on investment losses		-	-
Depreciation and repair to bank's assets	35.0	500,228,968	407,057,924
Zakat expenses		324,772,772	262,929,404
Other expenses	36.0	1,025,852,252	1,121,440,847
Total operating expenses		8,867,100,266	7,268,448,731
Profit/ (loss) before provision		15,608,244,338	12,731,630,127
Provision for investments & off- balance sheet items (Note 19.2, 19.3 & 19.4)		3,502,625,602	2,384,314,796
Provision for diminution in value of investments in shares		-	-
Other provisions	19.5	9,441,066	-
Total provision		3,512,066,668	2,384,314,796
Total profit/(loss) before taxes		12,096,177,670	10,347,315,331
Provision for taxation for the period			
Current tax	19.6	6,525,837,929	5,476,469,040
Deferred tax	20.0	45,900,000	29,400,000
Net profit/ (loss) after tax		5,524,439,741	4,841,446,291
Retained earnings from previous year		3,202,467,840	2,594,592,000
Add: Net profit after tax		5,524,439,741	4,841,446,291
Profit available for appropriation		8,726,907,581	7,436,038,291
Appropriation:		8,726,907,581	7,436,038,291
Statutory reserve		2,419,235,534	2,069,463,066
General reserve		(22,205,793)	(430,484,615)
Dividend		3,202,467,840	2,594,592,000
Retained earnings	37.0	3,127,410,000	3,202,467,840
Earnings per share (EPS)	39.0	4.42	3.87

The annexed notes form an integral part of these financial statements.


Prof. NRM Borhan Uddin Ph.D
Director

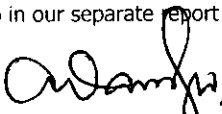

Humayun Bokhteyar, ACPA, FCA
Director


Md. Abdus Salam FCA, FCS
Director


Mohammad Abdul Mannan
Managing Director

This is the profit & loss account referred to in our separate report of even date.

Dhaka
28 March 2013


A. Qasem & Co.
Chartered Accountants


ACNABIN
Chartered Accountants

Islami Bank Bangladesh Limited
Cash Flow Statement
For the year ended 31 December 2012

Cash flows from operating activities	Note	2012 Taka	2011 Taka
Investment income		42,092,371,173	32,019,532,444
Profit paid on mudaraba deposits		(24,290,570,429)	(16,954,828,500)
Income/ dividend receipt from investments in shares & securities		431,970,748	289,370,090
Fees & commission receipt in cash		5,249,699,981	5,284,102,499
Recovery from written off investments		107,882,331	77,081,305
Payments to employees		(5,926,585,071)	(4,652,273,224)
Cash payments to suppliers		(317,141,411)	(236,773,447)
Income tax paid		(4,869,763,379)	(4,045,822,646)
Receipts from other operating activities		883,990,800	731,210,605
Payments for other operating activities		(2,180,853,649)	(2,010,895,339)
(i) Operating profit before changes in operating assets		11,181,001,094	10,500,703,787
Changes in operating assets and liabilities			
Increase/decrease of statutory deposits		-	-
Increase/decrease of net trading securities		-	-
Increase/decrease of placement to other banks		-	-
Increase/decrease of investments to customers		(67,080,159,717)	(42,615,432,144)
Increase/decrease of other assets		134,952,740	(499,447,139)
Increase/decrease of deposits from other banks		(437,641,214)	501,270,743
Increase/decrease of deposits received from customers		76,428,110,500	47,971,410,361
Increase/decrease of other liabilities account of customers		-	-
Increase/decrease of trading liabilities		-	-
Increase/decrease of other liabilities		184,387,305	536,615,012
(ii) Cash flows from operating assets and liabilities		9,229,649,614	5,894,416,833
Net cash flows from operating activities (A)=(i+ii)		20,410,650,708	16,395,120,620
Cash flows from investing activities			
Proceeds from sale of securities		-	-
Payment for purchase of securities/BGIIB		(10,134,000,000)	(5,193,563,150)
Payment for purchase of securities/membership		-	-
Purchase/sale of property, plants & equipments		(959,656,195)	(725,646,669)
Purchase/sale of subsidiaries		-	-
Net cash flows from investing activities (B)		(11,093,656,195)	(5,919,209,819)
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Payment for redemption of debt instruments		-	-
Receipts from issuing ordinary share/ rights share		-	-
Dividend paid in Cash		(700,539,840)	-
Net cash flows from financing activities (C)		(700,539,840)	-
Net increase/(decrease) in cash (A+B+C)		8,616,454,673	10,475,910,801
Add/(Less): effects of exchange rate changes on cash & cash equivalent		(3,303,771)	-
Add: cash & cash equivalents at beginning of the year		56,209,206,952	45,733,296,151
Cash & cash equivalents at the end of the year	42.0	64,822,357,854	56,209,206,952

The annexed notes form an integral part of these financial statements.

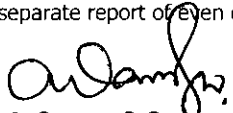

Prof. NRM Borhan Uddin Ph.D
Director


Humayun Bokhteyar, ACPA, FCA
Director


Md. Abdus Salam-FCA, FCS
Director


Mohammad Abdul Mannan
Managing Director

This is the cash flow statement referred to in our separate report of even date.


A. Qasem & Co.
Chartered Accountants


ACNABIN
Chartered Accountants

Dhaka
28 March 2013

Islami Bank Bangladesh Limited
Statement of Changes in Equity
For the year ended 31 December 2012

(Amount in Taka)

Particulars	1	2	3	4	5	6	7	8	9 (2+3+4+5+6+7+8)
Balance as at 01 January 2012		10,007,712,000	1,989,633	10,004,426,808	184,645,772	4,308,071,320	90,900,000	3,202,467,840	27,800,213,373
Changes in accounting policy restated balance									
Surplus/ (deficit) on account of revaluation of properties						7,190,900,000			7,190,900,000
Surplus/ (deficit) on account of revaluation of investments (shares & securities)							(56,200,000)		(56,200,000)
Currency translation differences					(3,303,771)				(3,303,771)
Net gain and losses not recognized in the income statement									
Net profit for the period								5,524,439,741	5,524,439,741
Transfer to reserve				2,419,235,534	(22,205,793)			(2,397,029,741)	
Dividend:									
Bonus shares		2,501,928,000						(2,501,928,000)	
Cash dividend								(700,539,840)	(700,539,840)
Issue of share capital									
Total shareholders' equity as on 31 December 2012		12,509,640,000	1,989,633	12,423,662,342	159,136,208	11,498,971,320	34,700,000	3,127,410,000	39,755,509,503
Add: Mudaraba perpetual bond									3,000,000,000
Add: General provision for unclassified investments and off-balance sheet items					5,036,350,000				5,036,350,000
Adjustment for currency translation differences					3,303,771				3,303,771
Less: 50.00% of assets revaluation reserve						(5,749,485,660)			(5,749,485,660)
Less: 50.00% of revaluation reserve of securities							(17,350,000)		(17,350,000)
Total equity as on 31 December 2012		12,509,640,000	1,989,633	12,423,662,342	5,198,789,979	5,749,485,660	34,700,000	3,127,410,000	42,028,327,614
*Note : General / other reserves									
General reserve								152,645,772	583,130,387
Dividend equalization account								32,000,000	32,000,000
Total								184,645,772	615,130,387

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Islamic Bank Bangladesh Limited
Statement of Changes in Equity
For the year ended 31 December 2011

(Amount in Taka)

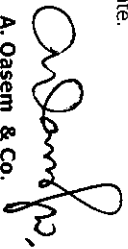
Particulars	1	2	3	4	5	6	7	8	9 (2+3+4+5+6+7+8)
Balance as at 01 January 2011		7,413,120,000	1,989,633	7,934,963,742	615,130,387	4,313,460,000	621,000,000	2,594,592,000	23,494,255,762
Changes in accounting policy restated balance	-	-	-	-	-	-	-	-	-
Surplus/ (deficit) on account of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/ (deficit) on account of revaluation of investments (shares & securities)	-	-	-	-	-	(5,388,680)	(530,100,000)	-	(535,488,680)
Currency translation differences	-	-	-	-	-	-	-	-	-
Net gain and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	2,069,463,066	(430,484,615)	-	-	4,841,446,291	4,841,446,291
Transfer to reserve	-	-	-	-	-	-	-	(1,638,978,451)	-
Dividend:	-	-	-	-	-	-	-	(2,594,592,000)	-
Bonus shares	-	2,594,592,000	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-
Total shareholders' equity as on 31 December 2011		10,007,712,000	1,989,633	10,004,426,808	184,645,772	4,308,071,320	90,900,000	3,202,467,840	27,800,213,373
Add: Mudaraba perpetual bond	-	-	-	-	-	-	-	-	3,000,000,000
Add: General provision for unclassified investments and off- balance sheet items	-	-	-	-	5,116,000,000	-	-	-	5,116,000,000
Less: 50.00% of assets revaluation reserve	-	-	-	-	-	(2,154,035,660)	-	-	(2,154,035,660)
Less: 50.00% of revaluation reserve of securities	-	-	-	-	-	-	(45,450,000)	-	(45,450,000)
Total equity as on 31 December 2011		10,007,712,000	1,989,633	10,004,426,808	5,300,645,772	2,154,035,660	45,450,000	3,202,467,840	33,716,727,713



Prof. NRM Borhan Uddin Ph.D
Director

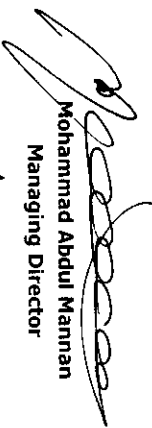

Humayun Bokhteyar, ACPPA, FCA
Director

This is the statement of changes in equity referred to in our separate report of even date.

Dhaka
 28 March 2013


A. Qasem & Co.
Chartered Accountants


Md. Abdus Salam FCA, FCS
Director



Mohammad Abdul Mannan
Managing Director



ACNABIN
Chartered Accountants

Islami Bank Bangladesh Limited
Liquidity Statement


Assets & liabilities analysis
As at 31 December 2012


Particulars	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 years	More than 5 years	Total 31.12.2012	Total 31.12.2011
	2	3	4	5	6	7=(2+3+4+5+6)	8
ASSETS							
Cash in hand	6,308,271,684	-	-	-	-	6,308,271,684	4,655,980,193
Balance with other banks & financial institutions	34,524,086,170	14,800,000,000	9,190,000,000	-	-	58,514,086,170	51,553,226,759
Placement with Banks & other Financial Institutions	-	-	-	-	-	-	-
Investments (in shares & securities)	54,700,000	4,000,000,000	15,434,000,000	4,000,000,000	3,521,373,770	27,010,073,770	16,932,273,770
General Investments etc.	31,791,392,460	73,313,354,365	108,070,736,432	82,343,342,943	77,401,896,687	372,920,722,887	305,840,563,170
Fixed assets including premises (land & building), furniture and fixtures	-	-	305,043,651	406,658,946	14,096,525,732	14,808,228,329	7,100,192,269
Other assets	209,265,864	1,589,625,634	615,435,843	374,868,902	185,737,634	2,974,933,877	3,109,886,617
Non - banking assets	-	-	-	-	-	-	-
Total assets	72,887,716,178	93,702,979,999	133,615,215,927	87,124,870,791	95,205,533,823	482,536,316,717	389,192,122,778
LIABILITIES							
Placement from banks & other financial institutions	-	-	-	-	-	-	-
Deposits	50,491,777,908	86,118,226,950	117,306,521,119	86,900,534,735	77,027,081,533	417,844,142,245	341,853,672,959
Other accounts	-	-	-	-	-	-	-
Provision & other liabilities	1,742,432,651	518,436,527	1,816,543,853	5,967,635,497	11,653,385,449	21,698,433,977	16,345,905,454
Deferred tax liability/ (assets)	-	-	-	-	238,230,992	238,230,992	192,330,992
Mudaraba perpetual bond	-	-	-	-	3,000,000,000	3,000,000,000	3,000,000,000
Total liabilities	52,234,210,559	86,636,663,477	119,123,064,972	92,868,170,232	91,918,697,974	442,780,807,214	361,391,909,405
Net liquidity gap	20,653,505,619	7,066,316,523	14,492,150,955	(5,743,299,441)	3,286,835,849	39,755,509,503	27,800,213,373


Prof. NRM Borhan Uddin Ph.D
Director


Humayun Bokhteyar ACPA, FCA
Director


Md. Abdus Salam FCA, FCS
Director


Mohammad Abdul Mannan
Managing Director


A. Qasem & Co.
Chartered Accountants

This is the liquidity statement referred to in our separate report of even date.