

AUDITORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010



AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL BANK LIMITED

We have audited the accompanying financial statements of National Bank Limited, which comprise the balance sheet as at 31 December 2010 and the related profit and loss account, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), Bangladesh accounting Standards (BAS), Companies Act 1994, Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchanges 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 (BSA). 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 the 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 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 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 present fairly, in all material respects, the financial position of the bank as at 31 December 2010 and its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards (BFRS)

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 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 the branches not visited by us ;

- iii. the Bank's balance sheet and profit and loss account and its cash flows dealt with by the report are in agreement with the Books of Account and returns;
- iv. the expenditure incurred was for the purposes of Bank's business;
- v. the financial position of the Bank at 31 December 2010 and the profit for the period then ended have been properly reflected in the financial statements; 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 Companies Act, 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- vii. adequate provisions have been made for loans and advances, investments and other assets which are in our opinion, doubtful of recovery and adequate provisions have also been made against Off Balance Sheet items;
- viii. the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with professional accounting bodies of Bangladesh;
- ix. the records and statements submitted by the branches have been properly maintained and consolidated in the Financial Statements;
- x. the information and explanations required by us have been received and found satisfactory;
- xi. guidelines of Core Risk Management issued by the Bangladesh Bank vide BRPD Circular # 17 dated 07 October 2003 is being complied with;
- xii. the accounts of overseas subsidiary, associate and branches were not audited by us;
- xiii. it appeared from our test checks that the internal control system was adequate and satisfactory;
- xiv. during the course of our audit we did not come across any matter which was to be brought to the notice of the shareholders of the Bank; and
- xv. 80% of the risk-weighted assets have been reviewed spending over, 3,200 man-hours.

Dhaka, 15 February 2011


Aziz Halim Khair Choudhury
Chartered Accountants