

GRAMEEN BANK

ANNUAL REPORT 2004



Grameen Bank

VISION

Banking for the poor

MISSION

By providing comprehensive financial services, we empower the poor to realize their potential and break out of the vicious cycle of poverty

CELEBRATING THE OCCASION OF SHARMIN AKTER RECEIVING THE GOLD MEDAL AT THE 9TH SAF GAMES FOR TEN METERS SHOOTING COMPETITION. SHARMIN IS THE DAUGHTER OF MONWARA BEGUM, A GRAMEEN BANK MEMBER FOR THE LAST TEN YEARS.

Cover



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Photo : Nasir Ali Mamun

foreword

Twenty-one Years Since We Became a Bank

In 2004, Grameen Bank completed its 21 years of operation as an independent bank (1983-2004). As of 2004 Grameen extended its service to 4,059,632 members. Growth of both member and non-member deposits was also noticeable. Deposit balance increased from Tk. 13,307 million to Tk. 20,718 million. Annual disbursement increased from Tk. 21,467 million to Tk. 25,873 million. Number of telephone ladies increased from 43,041 to 92,673 offering telecommunication services in nearly half of the villages of Bangladesh where this service never existed before. Telephone ladies use 16 per cent of the total air-time of GrameenPhone, the mobile phone company, while their number is only 4 per cent of the total number of the telephone subscribers of the company. Some

5,257 students from Grameen families got higher education loans. Computerisation of accounting and MIS reached its last leg. Out of 1,358 branches, 1,215 branches have been brought under computerisation.

Resource Mobilization

Grameen Bank (GB) has reached a stage where it can finance all its loans from its own fund and funds received from the depositors. Over 66 per cent of these deposits come from the bank's borrowers. GB created different types of saving products with attractive interest on deposit. For this reason GB members are attracted to save. While the bank is self-reliant in financing its loan programmes, not all branches are in a position to do so from their own funds. Surplus branches are financing the deficit branches through the intermediation of the zonal offices and the head office. All deficit branches (43% of the branches) are now working towards the goal of

becoming self-reliant themselves. They are making very good progress.

Policy for Opening New Branches

Grameen Bank launched its new policy for establishing new branches with their own money. New branches cannot borrow from the head office of the bank to undertake on-lending activities. New branches will have to carry out their lending programme with the money mobilised through deposit collection or loans from the zonal office. This must be repaid within six months. They'll also have to reach break-even point within 6 months to a year of operation. If this succeeds it will become another landmark in microcredit operation. During 2004, 163 branches have been opened in this way. Impact of the policy will be noticed in the following years.

Beggars As Members

Begging is the last resort for survival for a poor person, unless he/she turns towards crime or other forms of illegal activities. From 2003 Grameen Bank introduced this programme to reach out to the ultimate poorest. Beggars are given loans to start micro-businesses without giving up begging. They may give up begging if their businesses pick-up and bring enough income to make it worthwhile, or even necessary to stop begging. All loans are interest-free. Loans can be very long term, to make repayment instalments very small. Beggar members are covered under life insurance and loan insurance programmes without incurring any cost. The beggars responded very well. A total of 34,077 beggars have already joined the programme in 2004, out of them 31,958 are women. Among these beggars, there are blind and handicapped people, as well as old people with ill health. Total amount disbursed stands at Tk. 17.91 million, out of which Tk. 5.73 million has already been paid off.

Star for Achievements

Creating "Five Star Branches" has been the most exciting challenge among the staff. All the 12,000 staff are committed to transform all of the Grameen Bank branches into five star branches soon. This will mean Grameen Bank borrowers will be poverty-free families with 100% literate children. At the end of 2004, 892 branches, out of the total 1,358 branches, received green stars for maintaining 100 per cent repayment record. For earning profit 891 branches received blue stars. Violet stars were earned by 705 branches by meeting all their financing out of their earned profit and deposits. These branches not only carry out their business with their own funds, but also contribute their surpluses to meet the fund requirement of deficit branches. Brown stars were received by 214 branches by ensuring education for 100% of the children of Grameen families and 29 branches received red stars indicating branches those have succeeded in taking all

their borrowers' families over the poverty line.

As we reaffirm our commitment to play a strategic role in ending poverty, we are happy to present the detailed information on working of Grameen Bank during 2004.



Muhammad Yunus
Managing Director
Grameen Bank
Email : yunus@grameen.net

I just did whatever was next. But when I look back, my strategy was, whatever banks did, I did the opposite. If banks lent to the rich, I lent to the poor. If banks lent to the men, I lent to women. If banks made large loans, I made small ones. If banks required collateral, my loans were collateral free. If banks required a lot of paperwork, mine was illiterate friendly. If the client had to go to the bank, my bank went to the village. Yes, that was my strategy. Whatever banks did, I did the opposite.

• Muhammad Yunus



BOARD OF DIRECTORS



Mr. Tabarak Husain



Professor Muhammad Yunus



Mr. Habib Abu Ibrahim



Ferdous Ara Begum



Mrs. Sreeti Kana Barua



Mrs. Fultara Bibi



Moss. Anowara Begum



Mrs. Rabeya Khatun



Mrs. Hasina Begum



Mrs. Rahima Begum



Moss. Sharifa Begum



Moss. Ruli Begum



Moss. Feroja Begum



Meeting of the Board of Directors of Grameen Bank

Chairman

MR. TABARAK HUSAIN

Former Foreign Secretary, Government of Bangladesh

Directors

PROFESSOR MUHAMMAD YUNUS

Managing Director, Grameen Bank

MR. HABIB ABU IBRAHIM

Vice President, Export Promotion Bureau

FERDOUS ARA BEGUM

Additional Secretary, Ministry of Establishment

MRS. SREETI KANA BARUA

Centre No. 27, Mohamuni Landless Female Centre, Unosatturpara Raojan Branch, Chittagong

MRS. FULTARA BIBI

Centre No. 30, Sultanpur Landless Female Centre, Dewanbazar Balagonj Branch, Sylhet

MOSS. ANOWARA BEGUM

Centre No. 23, Baruha Landless Female Centre, Silimpur Tangail Branch, Tangail

MRS. RABEYA KHATUN

Centre No. 52, Porabari Landless Female Centre, Bason Gazipur Branch, Dhaka

MRS. HASINA BEGUM

Centre No. 54, Roynagor Landless Female Centre, Nakol Sreepur Branch, Faridpur

MRS. RAHIMA BEGUM

Centre No. 7, Char Joinkathi Landless Female Centre, Sehakathi Patuakhali Branch, Patuakhali

MOSS. SHARIFA BEGUM

Centre No. 20, Kamlapur Landless Female Centre, Parila Paba Branch, Rajshahi

MOSS. RULI BEGUM

Centre No. 34, Rashidpur Landless Female Centre, Jaygirhat Mithapukur Branch, Rangpur

MOSS. FERROJA BEGUM

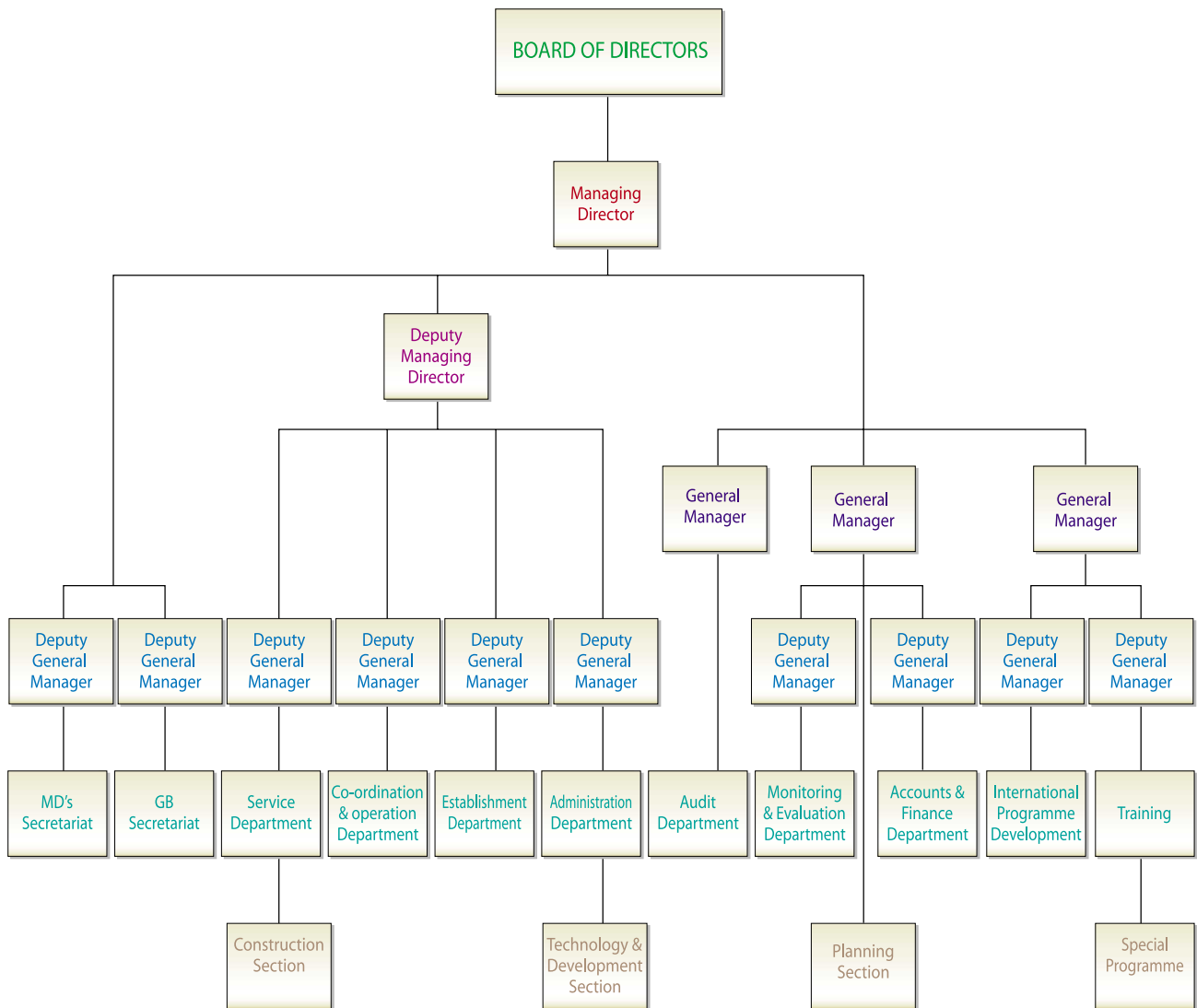
Centre No. 23, Jurai Landless Female Centre, Amorpur Chirirbandar Branch, Dinajpur



In Grameen we see the poor people as human “bonsai.” If a healthy seed of a giant tree is planted in a flower-pot, the tree that will grow will be a miniature version of the giant tree. It is not because of any fault in the seed, because there is no fault in the seed. It is only because the seed has been denied of the real base to grow on. People are poor because society has denied them the real social and economic base to grow on. They are given only the “flower pots” to grow on. Grameen’s effort is to move them from the “flower-pot” to the real soil of the society.

• Muhammad Yunus

Grameen Bank Organizational Chart



GRAMEEN BANK: 2004

Grameen Bank now operates through eighteen zonal, 130 area, and 1,358 branch level offices.

A basic principle of Grameen Bank is that the *bank goes to the poor people*, since it is difficult for the poor people to come to the bank. All banking transactions are done in the centre meetings at the village level, attended by borrowers and the centre manager who is a bank staff. The branch borrows from the head office whenever it needs funds, at the rate of 4 percent for housing loans (on-lending at the rate of 8 percent) and at the rate of 12 percent for income-generating loans (on-lending at the rate of 20 % declining basis equivalent to 10% flat rate).

At the end of December 2004, the bank, through its 1,358 branches located in 393 *upazilas* or *sub-districts* and 62 districts of Bangladesh, was serving 4.1 million members. Cumulatively it had disbursed, by the end of December, 2004, Tk. 217,313.91 million (US\$ 4,615.31 million) as loans. Grameen Bank members also deposit in various savings accounts and the balance of their savings stood at about Tk. 20,717.79 million (US\$ 228.70 million). The bank's services reached 48,472 villages, out of a total of about 68,000 villages in the country.

The Grameen Generalised System

There was a long period of preparation by the bank staff and management to develop a new flexible loan system that was introduced at the end of 2000. The new system is a more simplified, more customer friendly system that can work equally well both in normal and disaster situations. The Grameen Generalised System offers four types of loan products : 1) the basic loan, 2) the housing loan, 3) the higher education loan, which runs parallel to the basic loan, and 4) the struggling members (beggars) loan programme.

Basic Loan usually has near hundred per cent repayment.

A basic loan is converted into a flexible loan or rescheduled loan, if the borrower finds it difficult to pay the weekly amount she had promised. Flexible loan allows the borrower to reduce her

installment size. At the end of 2004, nearly eight per cent of the borrowers were on flexible loans. Flexible loan is not an independent loan. It is only a temporary detour from the basic loan. A borrower will always make efforts to go back to the basic loan. If a borrower fails to repay the basic loan and is unwilling to go into flexible loan, she becomes a willing defaulter. 100 per cent provision is made against her outstanding loans. Flexible loan not paid back in two years becomes overdue; 100 per cent provision is made in such a case and at the end of the following year, it is written off.

Housing for the poor

Grameen Bank introduced housing loan in 1984. It became a very attractive programme for the poor borrowers. The ownership of a house infuses people with a sense of confidence, security and self-respect, to begin dreaming for a better life for herself and her family. A member can borrow up to Tk. 25,000 for constructing a simple tin-roof house at an interest rate of 8 percent to be paid back over a period of ten years. Over 607,000 houses have been constructed with the housing loans averaging Tk. 13,413 (US\$ 222). During 2004, 28,883 houses have been built with housing loans amounting to Tk. 282.05 million (US\$ 4.75 million).

Higher Education Loans

In 1997, Grameen Bank introduced the *Higher Education Loan* programme, in an effort to provide new opportunities for talented children of its borrowers to receive higher education. Children of borrowers who enroll in medical schools, engineering schools, honors and masters degree programmes, agricultural colleges, textile engineering and other higher education programmes, are eligible to receive financing from this loan window. The loans are intended to cover all expenses incurred by students from the beginning of their respective courses until completion, including admission fees, course fees, required stationery, food and accommodation and other related necessary expenses. Until the end of the year 2004, 5,257 students from various disciplines have received loans under this programme.



Micro-enterprise Loans

Many borrowers are moving ahead in business faster than others for many favourable reasons, such as, proximity to the market, presence of experienced male member in the family, etc. Grameen Bank provides larger loans, called micro-enterprise loans, for these fast moving members. There is no restriction on the loan size. So far 316,301 members took micro-enterprise loans. A total of Tk. 6.58 billion (US\$ 111.48 million) has been disbursed under this category of loans. Average loan size is Tk. 20,804 (US\$ 345), maximum loan size taken so far is Tk. 1.2 million (US\$ 19,897) for purchasing a truck. The other major items are power-tiller, irrigation pump, transport vehicle, and river-craft for transportation and fishing.

Scholarships

Scholarship are given to the children of Grameen members, with priority on girl children, every year, to encourage them to get better grades in schools. Over 6,000 children, at various levels of school education, receive these scholarships every year. So far 14,550 children got scholarship up to December, 2004.

Loan Insurance

Under this programme, in case of death of a borrower, all outstanding loans are paid off from the insurance fund. Insurance fund is created by the interest generated through a savings account created by an annual deposit of the borrowers. Borrowers are required to put amount equal to 3.0 per cent of the loan outstanding on December 31, in a designated savings account. If her/his outstanding amount does not exceed the amount outstanding in the previous year, she does not have to add any more money into this account. If it exceeds, then she pays 3.0 per cent of the incremental amount. Balance of deposits under loan insurance programme stood at Tk. 890.84 million (US\$ 14.77 million) as on December 31, 2004. Up to that date 21,533 borrowers died and a total outstanding loans and interest of Tk. 152.61 million (US\$ 2.58 million) left behind was paid off by the bank under this programme. Families of the deceased also get back the deposits made in the loan insurance account.

Life Insurance

Each year families of deceased borrowers of Grameen Bank receive a total of Tk. 8 to 10 million (US\$ 0.14 to 0.17 million) in life insurance benefits. Each family receives Tk. 1,000 or Tk. 2,000 depending on length of period during which the deceased was a Grameen Bank borrower. A total of 74,258 borrowers died so far in Grameen Bank. Their families collectively received a total amount Tk 144.12 million (US\$ 3.32 million). Borrowers are not required to pay any premium for this life insurance. Borrowers come under this insurance coverage by being a shareholder of the bank.

Village Phones

To-date Grameen Bank provided loans to 92,673 borrowers to buy mobile phones and offer telecommunication services in nearly half of the villages of Bangladesh where this service never existed before. It is also generating revenue for GrameenPhone, the largest telephone company in the country. Village phones use 16 per cent of the air time of the company, while their number is only 4 per cent of the total of telephone subscribers of the company.

Getting Elected in Local Bodies

Grameen system makes the borrowers familiar with election process. They routinely go through electing group chairman, secretaries, centre-chiefs and deputy centre-chiefs every year. They elect board members for running Grameen Bank, every three years. This experience has prepared them to run for public offices. They are contesting and getting elected in the local governments. In 2003 local government (Union Parishad) election 7,442 Grameen members contested for the reserve seats for women, 3,059 members got elected.

Policy for Opening New Branches

New branches cannot borrow from the head office of the bank to undertake on-lending activities. New branches will have to carry out their lending programme with the money mobilised through deposit collection or loans from the zonal office. This must be

“Grameen system encourages the borrowers to adopt some goals in social, educational and health areas. These are known as “Sixteen Decisions” i.e. no dowry, education for children, sanitary latrine, planting trees, eating vegetables to combat night blindness among children, arranging clean drinking water, etc. Conventional banks do not see this as their business.

• Muhammad Yunus

repaid within six months. They'll also have to reach break-even point within 6 months to a year of operation. If it succeeds it will become another landmark in microcredit operation. 163 branches have been opened during 2004.

Crossing the Poverty-Line

According to an internal survey, 55 per cent of Grameen borrowers' families of Grameen borrowers have crossed the poverty line. The remaining families are moving towards the poverty line.

Computerized MIS and Accounting System

Accounting and information management of nearly all the branches (1,215, out of 1,358) has been computerized. This has freed the branch staff to devote more time to the borrowers rather than spend it on paper-work. Branch staff are provided with pre-printed repayment figures for each weekly meeting. If every borrower pays according to the repayment schedule, the staff has nothing to write on the document except for putting the signature. Only the deviations are recorded. Paper work is done only at village level to enter figures in the borrowers' passbooks.



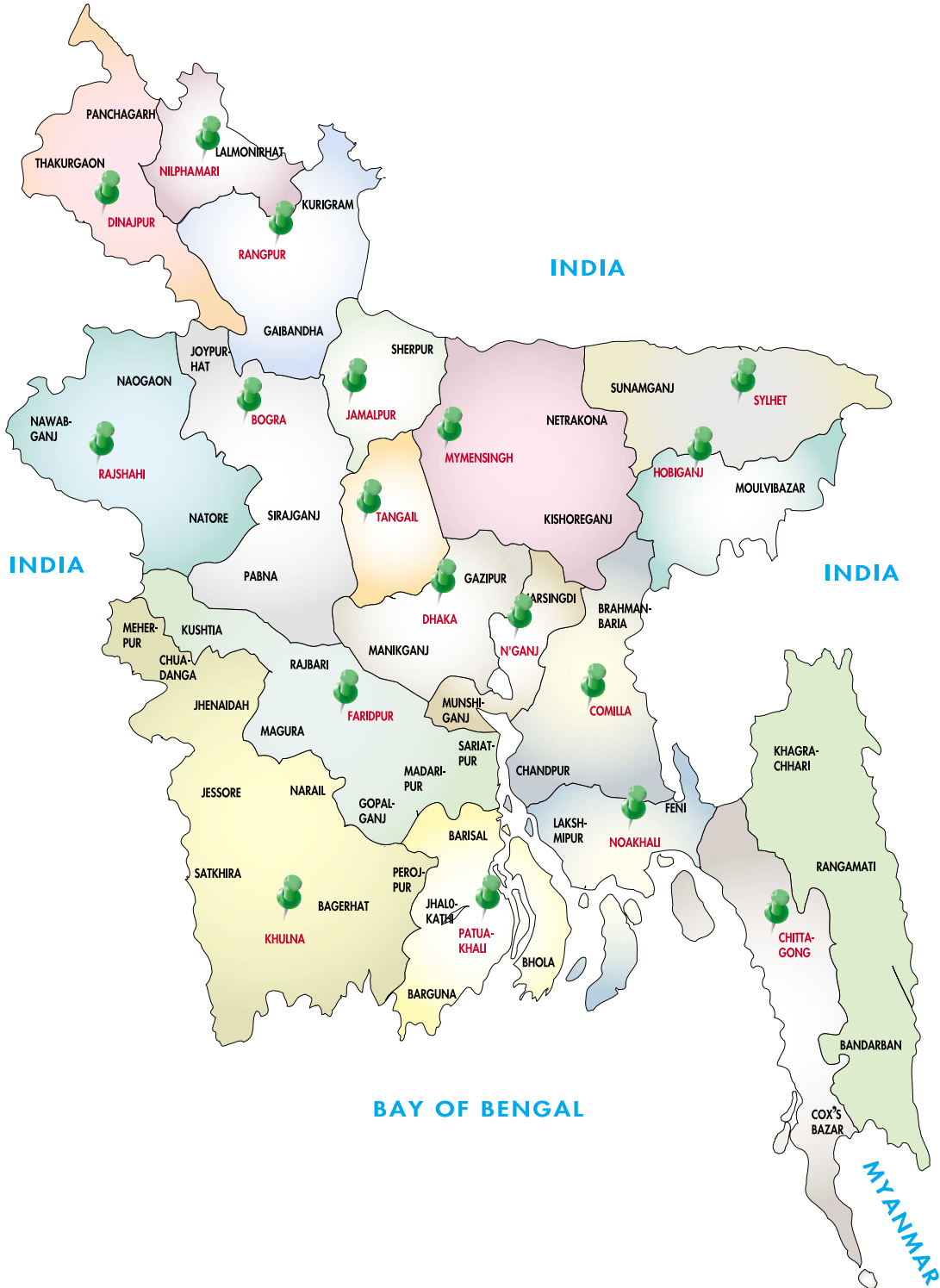
Ms. Shahanaz Begum, a Grameen Bank member [Center No, 28/F] of the Elasin Delduar Branch in the Tangail zone

HIGHLIGHTS OF 2004

Number of members	: 4,059,632
Percent of women members	: 96%
Number of centres	: 81,609
Number of villages covered	: 48,472
Number of branches	: 1,358
Number of areas	: 130
Number of zones	: 18
Cumulative amount disbursed since inception	: 217,313.91 (Million Taka)
Amount disbursed during 2004	: 25,873.49 (Million Taka)
Amount of loans outstanding	: 20,008.18 (Million Taka)
Balance of deposits	
• Members	: 13,793.14 (Million Taka)
• Non-Members	: 6,924.65 (Million Taka)
Portfolio growth rate	: 25 %

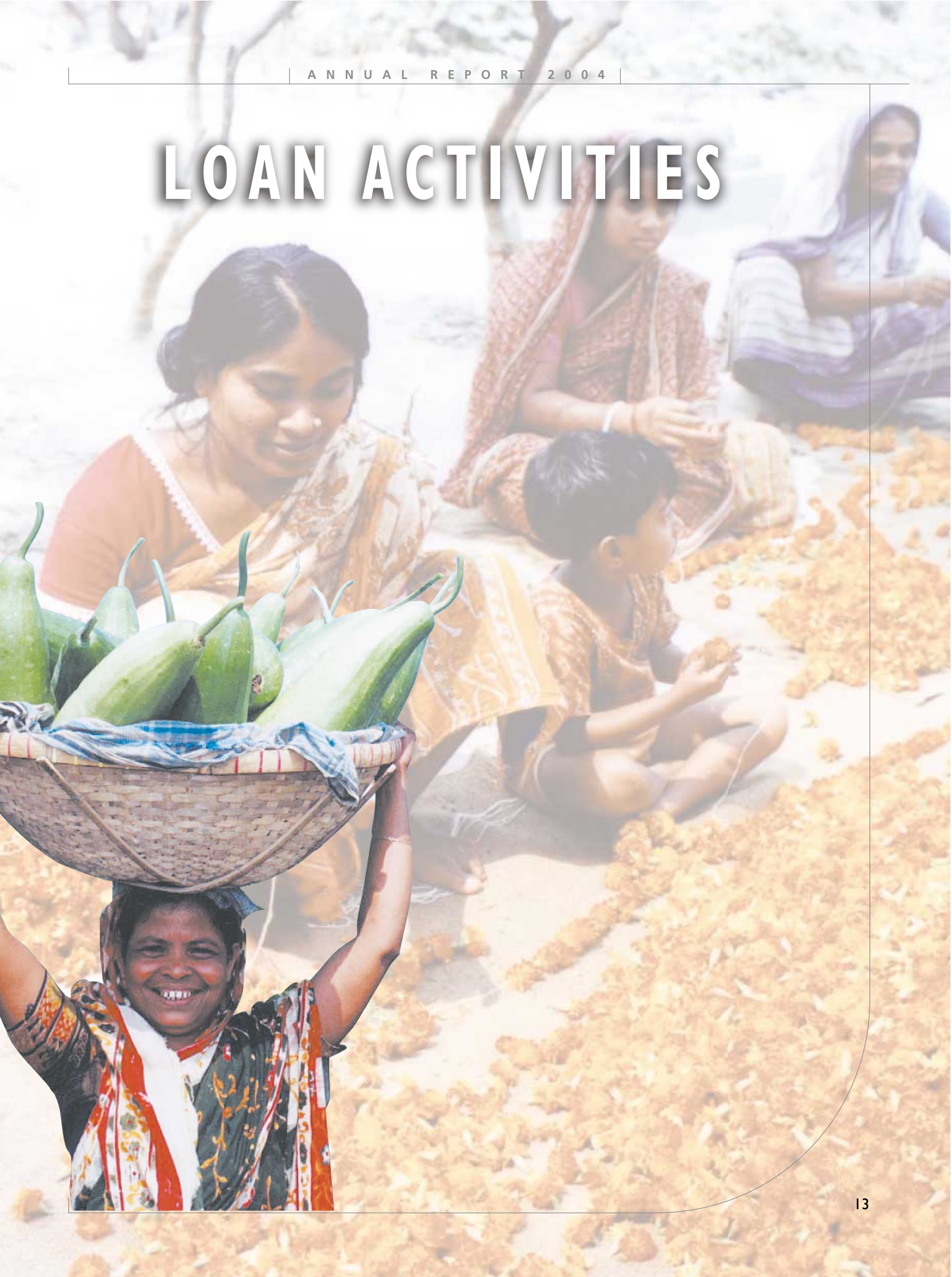


Bangladesh Location of 18 Zones 2004



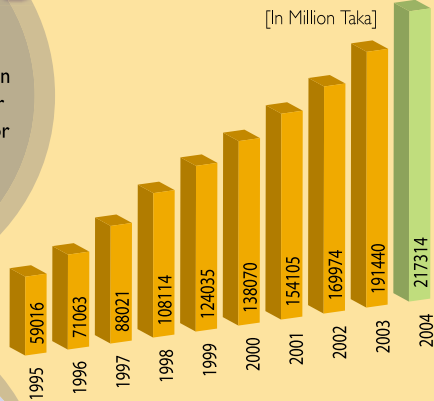
District name in Red Color represents the Grameen Bank Zones

LOAN ACTIVITIES



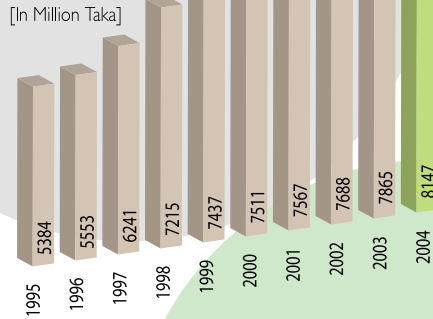
Up to 1995 TK. 59,016 million was disbursed as loans. Up to 2004, this figure reached TK. 217,314 million, which translates to an increase of 268% during the ten-year period. The average annual growth for cumulative disbursement of loans during this time was 15 percent.

CUMULATIVE DISBURSEMENT OF LOANS



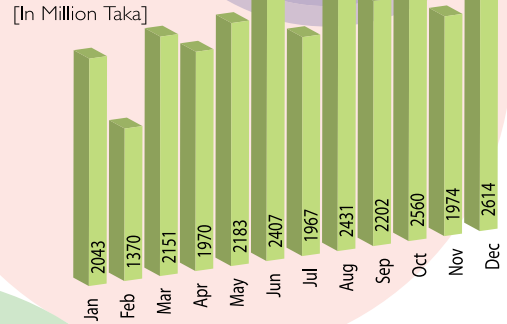
Up to 1995 TK. 5,384 million was disbursed as housing loans. In 2004, this figure stood at TK. 8,147 million, which translates to an increase of 51% during the ten-year period. The average annual growth for cumulative disbursement of housing loans during this time was 3 percent.

CUMULATIVE DISBURSEMENT OF HOUSING LOANS



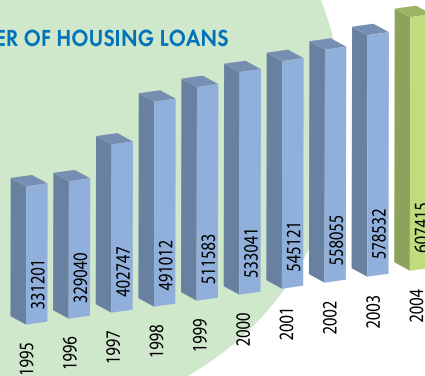
The highest amount of loan was disbursed in the month of December (TK. 2,614 million). On the other hand, the lowest amount of loan was disbursed in February (TK. 1,370 million). The average amount of loan disbursed per month during the twelve months was TK. 2,156 million.

2004 : DISBURSEMENT OF LOANS



Up to 1995, the cumulative number of housing loans was 331,201. Up to 2004, this figure reached 607,415. The average annual growth for cumulative number of housing loans during this time was 7 percent.

CUMULATIVE NUMBER OF HOUSING LOANS



Zone-wise Comparative Statement

up to December 31, 2004

Sl. No.	Zone	Amount Disbursed (In Million Taka)	Outstanding (In Million Taka)	Percentage	Number of Members	Percentage	Percentage of Female	Number of Branches	Outstanding/Branch (In Million Taka)	Outstanding Per Loanee (In Taka)	Member per Branch
1	Chittagong	16301.30	1487.28	7.43	211434	5.21	93.25	82	18.14	7543	2578
2	Tangail	16059.29	1128.13	5.64	220238	5.43	85.46	75	15.04	6175	2937
3	Rangpur	11657.37	1307.94	6.54	282732	6.96	87.86	84	15.57	5118	3366
4	Dhaka	20386.55	1882.39	9.41	266805	6.57	94.56	80	23.53	7165	3335
5	Patuakhali	15832.70	1513.15	7.56	266370	6.56	92.16	109	13.88	6358	2444
6	Bogra	19592.89	1675.76	8.38	364036	8.97	95.80	114	14.70	4755	3193
7	Sylhet	5863.27	460.45	2.30	150316	3.70	96.26	61	7.55	4009	2464
8	Rajshahi	14866.79	1041.07	5.20	283340	6.98	99.42	91	11.44	4097	3114
9	Dinajpur	9791.78	1204.81	6.02	250362	6.17	98.22	67	17.98	4884	3737
10	Faridpur	12411.56	1029.39	5.14	234275	5.77	99.73	80	12.87	4596	2928
11	Comilla	10782.07	1131.42	5.65	226912	5.59	99.99	70	16.16	5224	3242
12	Mymensingh	5003.63	618.59	3.09	168832	4.16	99.96	66	9.37	4351	2558
13	Narayanganj	23254.16	1935.28	9.67	258939	6.38	98.10	76	25.46	8040	3407
14	Khulna	10808.74	1052.41	5.26	237460	5.85	99.83	95	11.08	4615	2500
15	Noakhali	9639.25	920.50	4.60	206313	5.08	99.92	72	12.78	4340	2865
16	Jamalpur	5260.65	599.06	2.99	153435	3.78	94.68	49	12.23	5596	3131
17	Nilphamari	5406.26	619.86	3.10	162351	4.00	88.96	48	12.91	4413	3382
18	Hobiganj	4395.66	400.70	2.00	115482	2.84	99.17	39	10.27	4916	2961
	Total	217313.91	20008.18	100.00	4059632	100.00	95.66	1358	14.73	5412	2989



“Each human being is too resourceful and intelligent to suffer from the misery of poverty. Poverty and the human species just do not go together. All we have to do is to remove the heavy crust that keeps their abilities unknown to them.

• Muhammad Yunus

STRUGGLING [BEGGARS] MEMBERS PROGRAMME

To reach out to the beggars, Grameen Bank has taken up a special programme, called Struggling Members Programme which started from July 2002. Begging is the last resort for survival for a poor person, unless he/she turns towards crime or other forms of illegal activities. Among the beggars, there are disabled, blind, and retarded people, as well as old people with ill health.

The objective of the programme is to provide financial services to the beggars to help them find a dignified livelihood, send their children to school and to make them graduate into becoming regular Grameen Bank members. We wish to make sure that no one in the Grameen Bank villages has to beg for survival.





Ms Dhanabia the first struggling member to become a Village Phone lady proudly shows her mobile phone. It was handed over to her by Dipal Chandra Barua, Deputy Managing Director of Grameen Bank at the Pathan Nagar Chagalnaiya Branch of the Noakhali Zone in September, 2004.

Basic features of the programme are :

- Existing rules of Grameen Bank do not apply to beggar members; they make up their own rules.
- All loans will be interest-free. Loans can be of a very long term, in order to make repayment instalments very small. For example, for a loan to buy a quilt or a mosquito-net, many borrowers are paying Tk 2.00 (3.4 cents US) per week.
- Beggar members are covered under life insurance and loan insurance programmes without incurring any cost.
- Groups and Centres are being encouraged to become patrons of this type of members.
- Each member receives an identity badge with her picture and name, and Grameen Bank logo. She can display this as she goes about her daily life, to let everybody know that she is a Grameen Bank member and this national institution stands behind her.
- Members are not required to give up begging, but are encouraged to take up an additional income-generating activity like selling popular consumer items door to door, or at the place of begging.

As of 31st December, 2004 cumulative members under this programme reaches at 34,077, out of them 31,958 are women. All the zones have already come under this programme. By this time 1,283 branches of 128 areas have implemented the programme. So far Tk. 17.91 million has been disbursed and Tk. 5.73 million has already been repaid.

“If we can direct this neglected echelon of society towards dignified and responsible work, then it will turn out to be one of our unique endeavours. If we can encourage the beggars to initiate self-employment activities through participation in the Struggling Member Programme then they will not have to look back.

• Muhammad Yunus



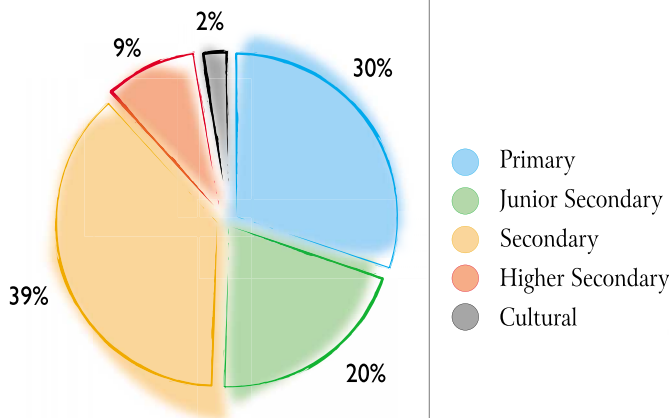
SCHOLARSHIP PROGRAMME

for members' children

In order to facilitate better educational opportunities for the children of Grameen members, Grameen Bank launched a scholarship program for talented students, in 1999. To encourage schooling of Grameen children, Grameen Bank introduced scholarship programme, so that, children from the poor families stay in school, and compete in both academic and extracurricular activities. Priority is given to girls. In Bangladesh education for girls is generally considered not as important as for boys. Even today, the general attitude of the society is such that women are supposed to take back seats and confine themselves in the role of a housewife after marriage.

At least 50% of the scholarship money must go to girls and the remaining 50% will be given to both boys and girls based on overall performance.

Scholarships are given annually. Up to December, 2004 Taka 12.30 million (US\$ 0.22 million) was distributed among 14,550 students.



“Someday, our next generation, our children will go to the museums to see what poverty was like because there will no longer be any on this planet.”

• Muhammad Yunus





SCHOLARSHIP PROGRAMME : 1999-2004

CATAGORIES	NUMBERS		TOTAL
	GIRLS	BOYS	
Primary	2,967	1,469	4,436
Junior Secondary	1,962	965	2,927
Secondary	2,825	2,699	5,524
Higher Secondary	643	695	1,338
Cultural	235	90	325
Total	8,632	5,918	14,550

Members' Children of the Karerhat Mirsarai Branch of Chittagong zone, who are beneficiaries of the GB Scholarship Programme, are on their way to school



VILLAGE PHONES

The concept of Village Phone is an idea which caught people's imagination. Grameen Bank members have entered the age of information technology by leasing and purchasing cellular phones. The mobile phones not only create a new business opportunity for the poor; but also bring access to information, market, health and other services to the remote rural areas of Bangladesh. With Grameen Bank financing a Grameen Bank borrower buys a mobile phone to become the Telephone Lady of the village. She provides the telecommunication services to the village while earning profits for herself. By the end of 2004, there were more than ninety-two thousand village phone ladies who have together taken loans amounting to Tk. 1,072.40 million.

The demand of the Village Phone services is increasing day by day. During the year nearly 50,000 new phones were distributed and connections were provided to as many cell

phones in the villages. Grameen Bank has made a plan to finance nearly 1,00,000 new phones to its members during the next year.

The additional income by selling telephone services of village phone ladies is almost double that of the national per capita income. Zone-wise statistics of village phones financed through the Bank's lending programme are given in the following page.



Ambia talks to her husband, as their son listens in, on the Village Phone at the Bason Gazipur Branch in Dhaka Zone

“ICT can be visualised as an Aladdin's Lamp in the hand of a poor woman. Digital genie can come out of the new digital version of the Aladdin's lamp at a voice command to give all the support to a poor woman who needs to leverage her energy and creativity to lift herself out of poverty at the fastest speed.

• Muhammad Yunus

PROGRESS OF VILLAGE PHONES UP TO DECEMBER, 2004

ZONE	No. of branches	Village Phones owned by Bank Members
Narayanganj	69	9,091
Rajshahi	88	8,942
Bogra	104	8,464
Dhaka	78	7,724
Khulna	75	6,800
Noakhali	72	6,523
Mymensingh	60	5,850
Comilla	69	5,285
Rangpur	77	4,876
Chittagong	76	4,726
Faridpur	75	4,517
Sylhet	58	4,294
Jamalpur	46	3,449
Dinajpur	64	3,228
Patuakhali	94	2,577
Tangail	67	2,352
Hobiganj	35	2,237
Nilphamari	43	1,738
Total	1,250	92,673

টিউ রঞ্জন দাশ পল্লী কোন
গ্রামীণ  ব্যাংক
ফতেয়াবাদ হাটহাজারী শাখা।
কেন্দ্র নং-১৫৮
কম খরচে দেশে বিদেশে



HIGHER EDUCATION LOANS

The Higher Education Loan Programme was introduced in 1997 for the children of Grameen families so that they can pursue education at the highest level. Since its inception, the programme has distributed over 5,000 loans worth Tk. 101 million. The 5,000 loans landmark was achieved in November 2004. In 2004 alone, 3,495 students were sanctioned loans. Bogra zone has the most number of students (1,036) receiving higher education loan, with Dhaka zone a close second (1,028). The Dakshinkhan Uttara branch under the Dhaka zone has given the highest number of student loans (47).

“ Things are never as complicated as we imagine them to be. It is only our arrogance that seeks to find complicated answers to simple problems.

• Muhammad Yunus

Recipients of the Grameen Bank Higher Education Loan from Kaliakoir Branch of Dhaka Zone at the Branch office.





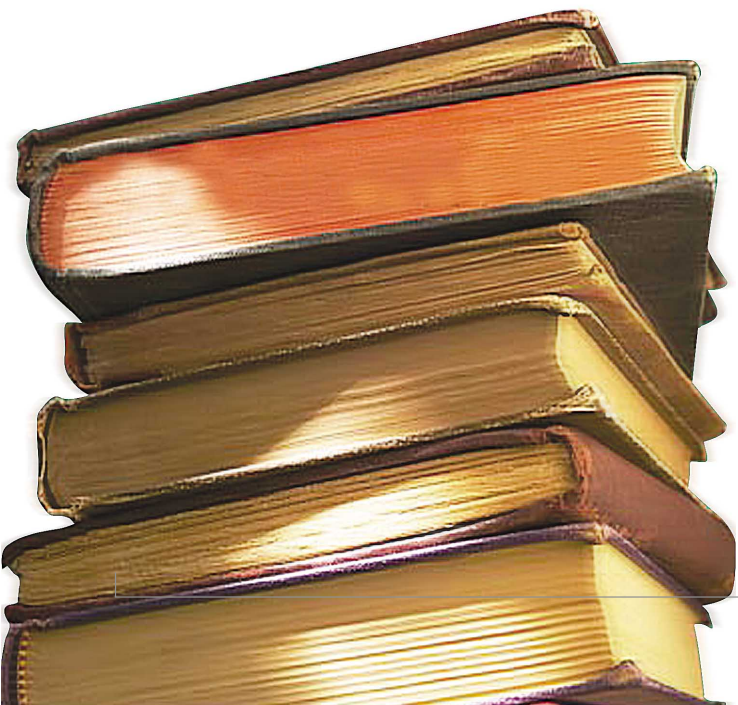
Disbursement of Higher Education Loans Up to December, 2004

CATEGORIES	NUMBERS	TAKA
Masters (General)	381	6,474,599
Bachelor degree (Honours)	4,416	81,726,270
MBA	23	543,450
BBA	73	1,671,600
B.Sc (Engineering)	140	3,497,746
M.Sc (Agriculture)	25	676,,200
B.Sc (Agriculture)	120	2,918,450
Degree in Medicine	79	2,911,025
Total:	5,257	100,419,340

Tapan Gowshami, with his mother Shayrnalota Baishnab a recipient of Higher Education Loan, studying in 3rd Year B.A. (hons.) in Bangla at Chittagong University. His mother is a member of Dowlatpur Fatikchari Branch under Chittagong Zone.

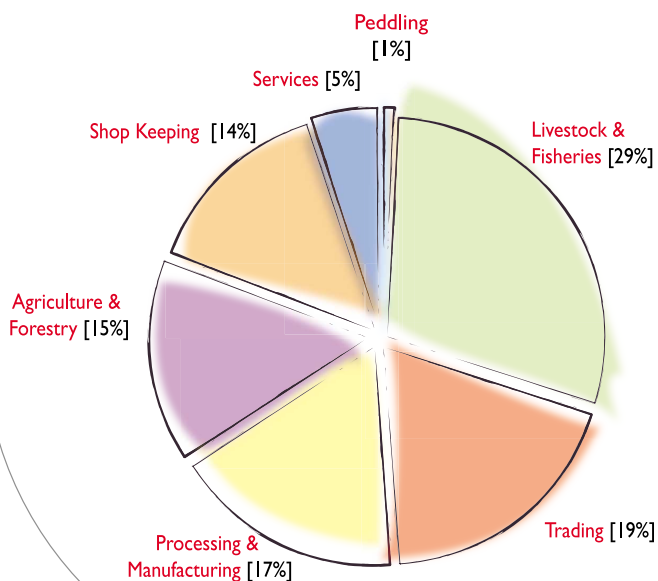
“Enabling people to explore their full potential is an agenda we must take up seriously.”

• Muhammad Yunus



2004: Disbursement of Loans Listed under Broad Categories of Business Activities

CATEGORIES OF ACTIVITY	[Amount in Taka]					
	FEMALE		MALE		TOTAL	
	No. of Loans	Amount of Loans	No. of Loans	Amount of Loans	No. of Loans	Amount of Loans
Livestock & Fisheries	1,105,341	7,042,100,651	50,988	421,330,429	1,156,329	7,463,431,080
Trading	595,160	4,532,751,582	37,394	306,754,608	632,554	4,839,506,190
Processing & Manufacturing	577,734	3,911,564,771	41,655	310,024,209	619,389	4,221,588,980
Agriculture & Forestry	521,501	3,595,717,205	18,644	178,630,764	540,145	3,774,347,969
Shop Keeping	370,487	3,357,735,295	24,836	232,116,036	395,323	3,589,851,331
Services	173,824	1,263,983,695	14,025	110,293,546	187,849	1,374,277,241
Peddling	35,521	307,436,621	2,005	14,320,543	37,526	321,757,164
Total :	3,379,568	24,011,289,820	189,547	1,573,470,135	3,569,115	25,584,759,955



“It is not the poor who are not creditworthy, it is the banks that are not people worthy.”

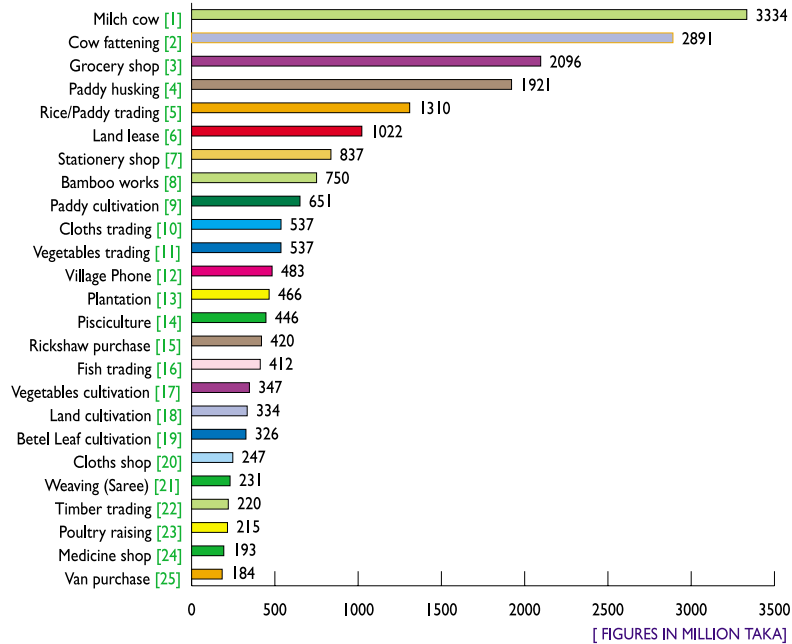
• Muhammad Yunus



2004: TOP 25 ITEMS

in order of loan amounts for which members took loans

**Top 25 items
in order of loan amounts for
which members (male & female)
took loans**



Female Members

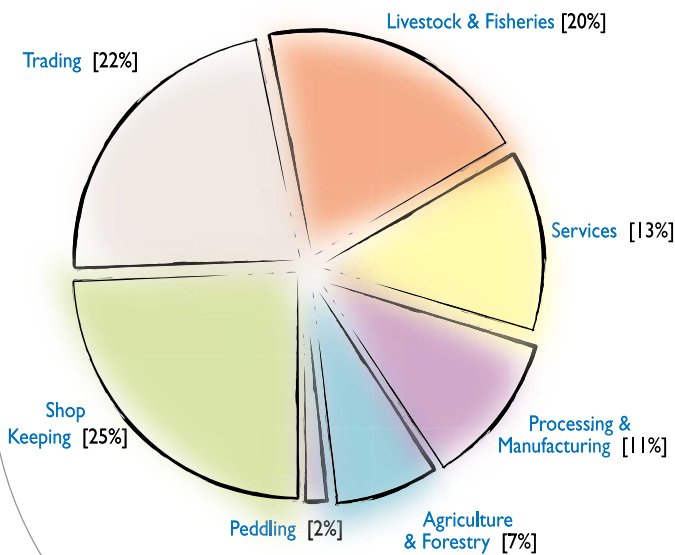
Male Members

Order Item	No of Loans	Amount [taka]	Order Item	No of Loans	Amount [taka]
1 Milch cow	454,054	3,138,257,556	1 Milch cow	22,026	195,612,834
2 Cow fattening	456,306	2,703,674,795	2 Cow fattening	24,448	186,840,860
3 Grocery shop	218,122	1,961,328,539	3 Paddy husking	22,881	147,241,027
4 Paddy husking	285,079	1,774,031,786	4 Grocery shop	13,991	134,984,069
5 Rice/Paddy trading	183,836	1,217,258,521	5 Rice/Paddy trading	12,471	92,339,207
6 Land lease	127,039	943,987,406	6 Land lease	7,765	78,307,839
7 Stationery shop	94,453	771,204,852	7 Stationery shop	7,412	65,450,927
8 Bamboo works	101,770	712,457,492	8 Bamboo works	5,399	38,005,114
9 Paddy cultivation	113,121	631,827,052	9 Rickshaw purchase	4,988	36,002,410
10 Cloths trading	59,497	511,499,698	10 Vegetables trading	4,593	35,458,060
11 Vegetables trading	72,717	501,169,777	11 Weaving (Saree)	3,851	32,442,200
12 Village Phone	48,250	467,816,261	12 Betel Leaf cultivation	2,022	25,894,128
13 Plantation	75,540	464,062,895	13 Cloths trading	2,566	25,479,379
14 Pisciculture	60,167	430,105,812	14 Fish trading	3,443	25,378,263
15 Fish trading	53,293	386,993,374	15 Land cultivation	2,369	24,320,900
16 Rickshaw purchase	62,600	383,684,522	16 Paddy cultivation	2,627	19,055,400
17 Vegetables cultivation	41,251	335,096,110	17 Pisciculture	1,310	16,350,029
18 Land cultivation	34,476	309,594,275	18 Stationery Goods trading	2,821	15,720,200
19 Betel Leaf cultivation	37,259	300,474,003	19 Village Phone	1,360	15,618,894
20 Cloths shop	20,589	233,682,897	20 Puffed rice making	1,572	14,949,400
21 Poultry raising	44,677	207,867,213	21 Timber trading	1,454	14,853,779
22 Timber trading	24,715	205,516,495	22 Cloths shop	1,741	13,804,540
23 Weaving (Saree)	24,300	198,619,390	23 Van purchase	2,559	13,374,825
24 Medicine shop	14,793	186,002,460	24 Vegetables cultivation	1,259	12,023,677
25 Van purchase	34,387	170,274,111	25 Salt trading	673	10,519,800

Disbursement of Microenterprise Loans

Listed under Broad Categories of Business Activities

CATEGORIES OF ACTIVITY	[Amount in taka]					
	FEMALE		MALE		TOTAL	
	No. of Loans	Amount of Loans	No. of Loans	Amount of Loans	No. of Loans	Amount of Loans
Shop Keeping	30,150	1,004,736,087	2,703	51,149,328	32,853	1,055,885,415
Trading	38,700	905,018,982	3,136	55,313,825	41,836	960,332,807
Livestock & Fisheries	36,984	796,290,319	2,756	49,296,954	39,740	845,587,273
Services	51,168	535,652,131	1,679	21,796,594	52,847	557,448,725
Processing & Manufacturing	21,826	441,000,522	2,456	34,004,195	24,282	475,004,717
Agriculture & Forestry	16,040	296,780,867	1,194	19,360,000	17,234	316,140,867
Peddling	2,643	66,157,400	71	1,936,000	2,714	68,093,400
Total :	197,511	4,045,636,308	13,995	232,856,896	211,506	4,278,493,204

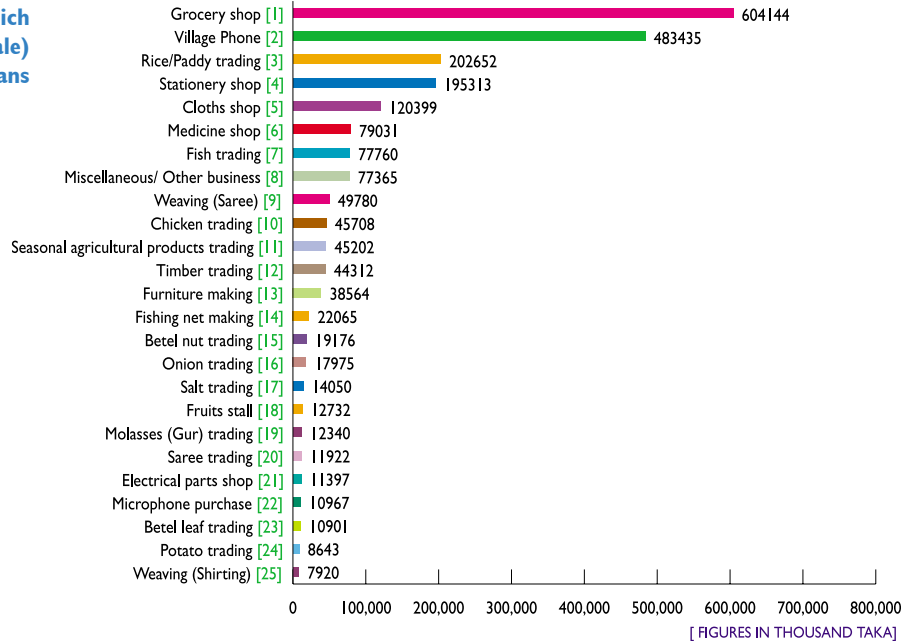


“Many borrowers are moving ahead in business faster than others for many favourable reasons, such as, proximity to the market, presence of experienced male members in the family, etc. Grameen Bank provides larger loans, called micro-enterprise loans, for these fast moving members.

• Muhammad Yunus

Top 25 items for which members took Microenterprise Loans

Top 25 items for which members (male & female) took Microenterprise Loans



Female Members

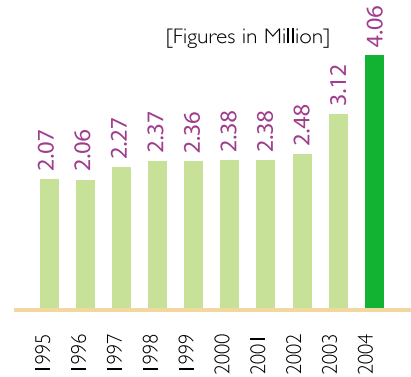
Male Members

Order	Item	No of Loans	Amount [taka]	Order	Item	No of Loans	Amount [taka]
1	Grocery shop	16874	569974372	1	Grocery shop	1602	34169178
2	Village Phone	48250	467816261	2	Village Phone	1360	15618894
3	Rice/Paddy trading	6895	189901943	3	Rice/Paddy trading	622	12750100
4	Stationery shop	6903	185509435	4	Stationery shop	676	9803550
5	Cloths shop	2508	118662600	5	Weaving (Saree)	690	5392300
6	Miscellaneous/ Other business	2935	77104920	6	Fish trading	285	3413000
7	Medicine shop	2012	75671660	7	Timber trading	200	3386600
8	Fish trading	3026	74347274	8	Medicine shop	123	3359300
9	Seasonal agricultural products trading	1527	44708800	9	Betelleaf trading	121	2743000
10	Chicken trading	2594	44477100	10	Fishing net making	164	2653500
11	Weaving (Saree)	2137	44387600	11	Cloths shop	175	1736400
12	Timber trading	1847	40925682	12	Goldsmith works	57	1440000
13	Furniture making	789	37914426	13	Chicken trading	90	1230500
14	Fishing net making	878	19411300	14	Baby taxi	26	1180000
15	Betel nut trading	906	18742349	15	Microphone purchase	61	869800
16	Onion trading	903	17836900	16	Sewing machine purchase	54	796000
17	Salt trading	791	13623300	17	Cattle trading	58	777200
18	Fruits stall	530	11957800	18	Fruits stall	46	774000
19	Molasses (Gur) trading	525	11868700	19	Furniture making	18	650000
20	Saree trading	356	11735000	20	Seasonal agricultural products trading	28	492800
21	Electrical parts shop	220	11396500	21	Bamboo trading	15	480000
22	Microphone purchase	775	10097300	22	Molasses (Gur) trading	27	471000
23	Potato trading	543	8642900	23	Weaving (Napkin)	25	454000
24	Betel leaf trading	346	8158250	24	Betel nut trading	22	433500
25	Weaving (Shirting)	591	7919947	25	Salt trading	37	427000

Past ten years of Grameen Bank

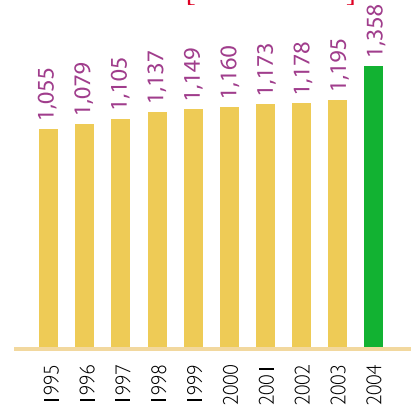
Number of Members [Cumulative]

Up to 1995, the cumulative number of members was 2.07 million. In 2004, this figure stood at 4.06 million. The average annual growth for cumulative number of members during this time was almost 8 percent. After the implementation of the Grameen Generalized System, the number of members increased significantly, which is evident in the upsurge of the number of members from 2002.



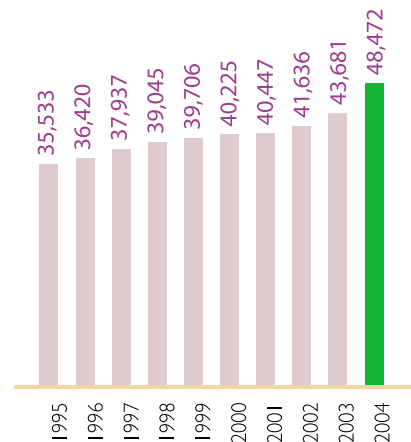
Number of Branches [Cumulative]

Up to 1995, the cumulative number of branches was 1,055. Up to 2004, this figure reached 1,358. The average annual growth for cumulative number of branches during this time was almost 2 percent. Growth of number of branches in 2004 is 13.64 percent over previous year.



Number of Villages covered [Cumulative]

Up to 1995, the cumulative number of villages covered was 35,533. In 2004, this figure stood at 48,472. The average annual growth for cumulative number of villages covered during this time was almost 3 percent. Concurrently, with the increase in the number of branches there was a 11 percent increase in the number of villages compared to the previous year (2003).



Grameen Bank monthly update

December, 2004

SL. NO.	PARTICULARS	[In million Taka]	SL. NO.	PARTICULARS	[In million Taka]
1.0	Cumulative Amount Disbursed Since Inception	217,313.91	12.0	Cumulative Number of Village Phones	92,673
2.0	Cumulative Amount Repaid Since Inception	197,305.73	13.0	Cumulative Number of Houses Built with Housing Loans	607,415
3.0	Amount Disbursed this Month	2,613.63	14.0	Life Insurance Fund (Cumulative)	
4.0	Amount Repaid this Month	2,164.14	14.1	No. of deaths among all Borrowers	74,258
5.0	Outstanding Loans		14.2	Amount paid out from Life Insurance Fund	144.12
5.1	Basic Loan	17,125.26	15.0	Loan Insurance	
5.2	Flexible Loan ^(a)	1,618.86	15.1	Balance in Loan Insurance Savings	890.84
5.3	Housing Loan	1,133.95	15.2	No. of deaths among Insured Borrowers (Cumulative)	21,533
5.4	Other Loans	130.11	15.3	Amount of Outstanding Principal and Interest of the Deceased Borrowers paid out from Insurance Fund (Cumulative)	152.61
5.5	Total :	20,008.18	16.0	Higher Education Loan (Cumulative)	
6.0	Rate of Recovery ^(b)	99.05	16.1	No. of Female Students	955
7.0	Total Outstanding of Borrowers		16.2	No. of Male Students	4,302
	Missing 5 to 9 Consecutive Installments ^(c)		16.3	Total :	5,257
7.1	Basic Loan	53.08	16.4	Amount Disbursed (Female)	17.16
7.2	Flexible Loan	170.66	16.5	Amount Disbursed (Male)	83.26
7.3	Total :	223.74	16.6	Total :	100.42
8.0	Overdue Loan ^(d)		17.0	Scholarship (Cumulative)	
8.1	Basic Loan ^(e)	70.14	17.1	Scholarship Recipient (Female)	8,632
8.2	Flexible Loan	196.37	17.2	Scholarship Recipient (Male)	5,918
8.3	Housing Loan	101.80	17.3	Total :	14,550
8.4	Other Loans	0.13	17.4	Scholarship Amount (Female)	6.98
8.5	Total :	368.45	17.5	Scholarship Amount (Male)	5.32
9.0	Microenterprise Loan (Cumulative)		17.6	Total :	12.30
9.1	No. of Microenterprise Loanees	316,301	18.0	Number of Members	
9.2	Amount Disbursed	6,580.32	18.1	Female	3,883,383
9.3	Amount Repaid	3,300.08	18.2	Male	176,249
10.0	Balance of Deposits		18.3	Total :	4,059,632
10.1	Members' Deposit	13,793.14	19.0	Number of Groups	685,083
10.2	Non-Members' Deposit	6,924.65	20.0	Number of Centres	81,609
10.3	Total :	20,717.79	21.0	Number of Villages	48,472
11.0	Deposits to Outstanding		22.0	Number of Branches	1,358
11.1	Deposits as Percentage of Outstanding Loans	104	23.0	Number of Branches with Computerised Accounting and MIS	1,215
11.2	Deposits and Own Resources as Percentage of Outstanding Loans	133			
11.3	No. of Branches with more in Deposits than in Outstanding Loans	776			

(a) On the last day of each year, 50 per cent provision is made against the outstanding amounts of flexible loans with age of less than two years, and 100 per cent provision is made against the outstanding amounts of flexible loans with age of two years and more. The portions of flexible loans which complete the third year are written off exactly on the date following their completion.

(b) Amount repaid as a percentage of amount due.

(c) If a borrower misses ten consecutive instalments, the entire outstanding loan is treated as an overdue loan.

(d) On the last day of each year, 100 per cent provision is made against all overdue loans. Entire outstanding amount of overdue loans are written off one year after they became overdue.

(e) In case of one-year loan, if the borrower fails to repay half the loan amount, with interest, within 26 weeks, entire unrepaid amount becomes overdue. In case of loans with longer duration, if the borrower fails to repay the total principal amount and interest scheduled to be repaid within each segment of 26 weeks, entire unrepaid amount falls overdue.

Note : Current Exchange Rate : 1 US\$ = Taka 60.31.

Comparative Consolidated Statement

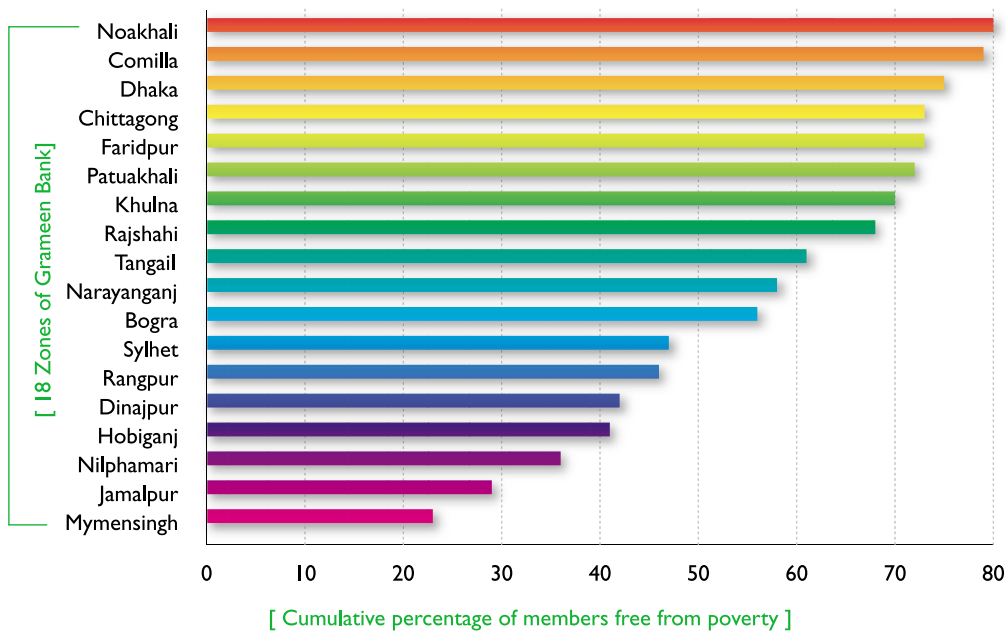
for 2003 & 2004

[Amount in million Taka]				
Particular		2003	2004	Increase/Decrease During 2004
1. Basic Loans :	Disbursed	48,235.7	72,642.6	24,406.9
	Repaid	34,889.3	55,517.4	20,628.1
2. Flexible Loans :	Disbursed	5,120.5	6,223.3	1,102.8
	Repaid	3,905.4	4,604.4	699.0
3. Housing Loans :	Disbursed	7,865.2	8,147.3	282.1
	Repaid	6,471.8	7,013.3	541.5
4. Other Loans :	Disbursed	130,219.1	130,300.8	81.7
	Repaid	130,156.5	130,170.7	14.2
5. Outstanding :	Loans	16,017.4	20,008.2	3990.8
	Interest	2,950.5	4,092.3	1141.8
Average Outstanding per Loanee (In Taka)		5,580	5,412	-168
6. Overdue Loans :		371.3	368.5	-2.8
7. Overall Repayment percentage		99.06	99.05	-0.01
8. Deposits Balance : GB Members		9,972.2	13,793.1	3820.9
9. Number of Members :	Female	2,981,357	3,883,383	902,026
	Male	142,445	176,249	33,804
	Total	3,123,802	4,059,632	935,830
10. Number of Loanees		2,870,737	3,696,812	826,075
11. Number of Centres		74,703	81,609	6,906
12. Number of Villages Covered		43,681	48,472	4,791
13. Number of Branches in Operation		1,195	1,358	163
14. Number of Areas		125	130	5
15. Number of Zones		18	18	0
16. Information Management Centres		124	126	2
17. Education Loans Disbursed		33.6	100.2	66.8
18. Number of Education Loanees		1,858	5,257	3,399
19. Number of GB Scholarships		9,343	14,550	5,207
20. Amount of GB Scholarships		7.9	12.3	4.4

Poverty Alleviation Survey

on Grameen Bank Members
[In order of cumulative percentage of members free from poverty]

Zone	No. of Members surveyed	Free from poverty last year's target (No. of members)	No. of poverty free Members		Members after crossing poverty line again fell below		Members left group after overcoming poverty		No. of members still below poverty line	(% of members free from poverty)		Completely free from poverty	
			Current	Cumulative	Current	Cumulative	Current	Cumulative		Current	Cumulative	No. of Centres	No. of Branches
Noakhali	39569	14913	11519	31569	-	268	2119	9256	8000	29	80	994	18
Comilla	50290	11714	11738	39506	-	-	2425	9858	10784	23	79	1847	38
Dhaka	111163	12526	9073	82869	-	4760	2226	9182	28294	8	75	1474	24
Chittagong	84242	12547	11012	61884	-	181	616	3281	22358	13	73	1171	13
Faridpur	87661	24851	18458	64315	-	819	971	2931	23346	21	73	1386	22
Patuakhali	81351	13433	8195	58716	-	72	1087	6054	22635	10	72	557	-
Khulna	40540	11309	9413	28288	-	83	1140	4462	12252	23	70	1043	16
Rajshahi	74576	17318	11087	50532	-	354	4043	13655	24044	15	68	1508	12
Tangail	141703	22150	10225	86757	17	2448	117	1217	54946	7	61	274	-
Narayanganj	149580	15367	11390	86302	-	822	460	10592	63278	8	58	1031	13
Bogra	198326	21228	13035	110633	24	605	3804	34597	87693	7	56	225	-
Sylhet	68033	12112	3825	32022	3	373	505	1966	36011	6	47	41	-
Rangpur	167494	21809	9357	76313	-	454	37	1239	91181	6	46	87	-
Dinajpur	137846	14283	5668	58192	-	-	25	659	79654	4	42	23	-
Hobiganj	63916	6902	1145	26413	16	152	18	56	37503	2	41	-	-
Nilphamari	88583	11334	5143	32202	-	869	712	1361	56381	6	36	-	-
Jamalpur	98596	13872	8873	28317	-	1500	28	249	70279	9	29	-	-
Mymensingh	86682	10308	4171	19642	-	106	303	2032	67040	5	23	15	-
Total	1770151	267976	163327	974472	60	13866	20636	112647	795679	9	55	11676	156



Grameen Bank Historical

Performance Indicator	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Loan Amount Disbursed (All Loans)	0.008	0.073	0.268	2.71	17.11	33.53	41.91	99.34	304.36	428.45	541.73	810.03	1280.43	1768.28
Loan Amount Repaid (All Loans)	0.003	0.024	0.087	1.39	5.8	25.4	31.6	58.9	199.4	379.8	465.9	653.8	1014.3	1495.2
Housing Loan Disbursed	-	-	-	-	-	-	-	-	3.6	17.2	5.7	140.7	170.4	236.3
Housing Loan Repaid	-	-	-	-	-	-	-	-	0.09	1.81	3.2	7.9	36.4	66.3
Number of Houses Built cum.	-	-	-	-	-	-	-	-	317	1581	2042	23408	44556	67841
Deposits of GB Members cum.	-	-	0	0.22	1.57	4.43	8.14	19.36	47.49	119.01	223.8	520.14	909.3	1501.26
Deposit Balance : GB Members	-	-	0	0.22	1.48	4.23	7.37	18.51	38.33	71.62	112.39	217.37	285.39	415.77
Deposit Balance : Total	-	-	0	0.22	1.48	4.23	7.37	18.51	38.33	79.82	122.67	221.88	324.46	566.65
Number of Groups cum.	-	4	45	377	2935	4818	6243	11667	24211	34324	46869	67831	98073	132452
Number of Members cum.	10	70	290	2200	14830	24128	30416	58320	121114	171622	234343	339156	490363	662263
Landless (Female)	2	10	70	903	4655	9356	11785	26538	68045	112362	173885	275600	420965	588802
Landless (Male)	8	60	220	1297	10175	14772	18631	31782	53069	59260	60458	63556	69398	73461
Number of Villages covered cum.	1	2	4	17	363	433	745	1249	2268	3666	5170	7502	10552	15073
Number of Branches in operation cum.	1	1	1	6	24	24	54	86	152	226	295	396	501	641
Profit/Loss	-	-	-	-	-	-	-	-3.26	4.25	0.4	0.36	0.44	1.17	2.25



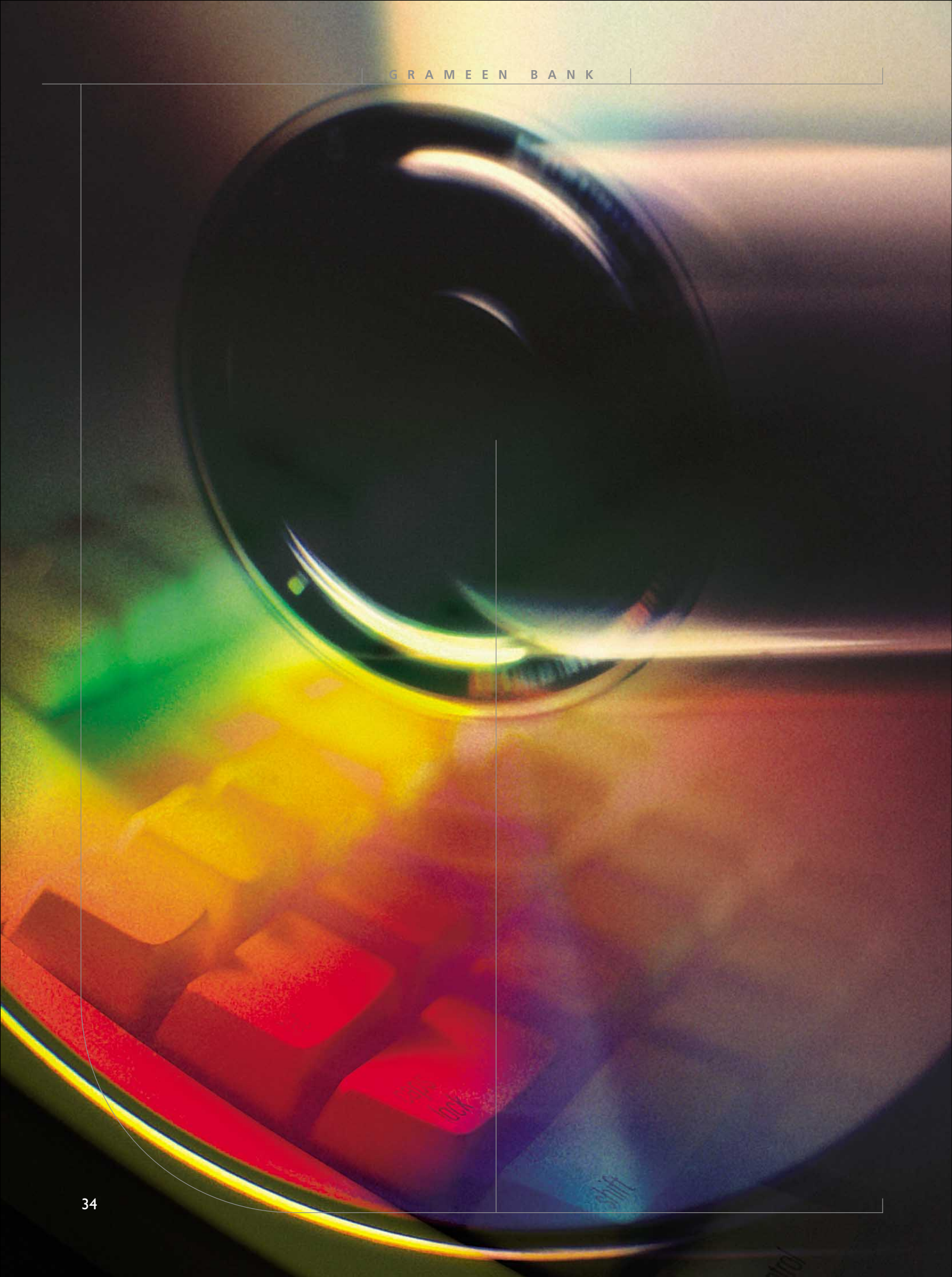
Data Series : 1976-2004

[Amount in million Taka]

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
2262.47	2639.6	5203.7	10622.1	13912.4	13663.5	11877.8	16270.6	19119.4	15697.9	13961.4	15979.1	15748.04	21289.09	25591.43
1988.6	2325	3620.2	7623.7	12186	13317.8	11556.5	14380.3	17481.5	16999.3	14578.4	15441.7	15470.64	17650	21882.73
224.6	301.9	559.3	1673	1338.6	712.96	168.7	687.7	973.9	222.7	73.29	56.3	120.62	177.66	282.05
103.2	116.8	170.3	258	574.4	715.7	364.6	643.3	684.8	753.3	575.11	465.7	498.21	432.61	541.53
91157	118717	157334	258194	295702	331201	329040	402747	506680	511583	533041	545121	558055	578532	607415
2361.61	3377.72	5071.69	8512.33	12009.26	15043.63	19063.52	22723.26	26750.44	30735.5	35311.49	42636.52	59201.67	69244.95	84025.92
543.52	951.8	1386.46	2722.01	3413.67	4047.99	3782.94	4562.86	4844.45	5523.95	5243.55	3827.6	7305.08	9972.15	13793.14
851.43	1381.03	2176.32	3150.21	4132.56	4767.2	5211.95	5804.35	5404.45	6013.62	6611.85	7697.14	9424.15	14715.75	20717.79
173907	213286	284889	372298	412145	424993	433791	465384	486870	494044	503001	504651	513141	577886	685083
869538	1066426	1424395	1814916	2013130	2065661	2059510	2272503	2368347	2357083	2378356	2378601	2483006	3123802	4059632
791606	986373	1334285	1707555	1892287	1942364	1937348	2148844	2243726	2234181	2255699	2257012	2363812	2981357	3883383
77932	80053	90110	107361	120843	123297	122162	123659	124621	122902	122657	121589	119194	142445	176249
19536	25248	30619	33667	34913	35533	36420	37937	39045	39706	40225	40447	41636	43681	48472
781	915	1015	1040	1045	1055	1079	1105	1137	1149	1160	1173	1178	1195	1358
3.1	-8.31	-5.65	9.56	21.67	15.03	19.02	14.32	10.43	76.93	11.14	58.45	59.67	357.52	422.13

Note : 1) 1976 figures show the loans given through Janata Bank. It does not include the loan personally given by Professor Muhammad Yunus.
2) Grameen Bank became operational as an independent bank on October 2, 1983. Housing Loan Programme started from 1984.







COMPUTERIZATION PROGRAMME

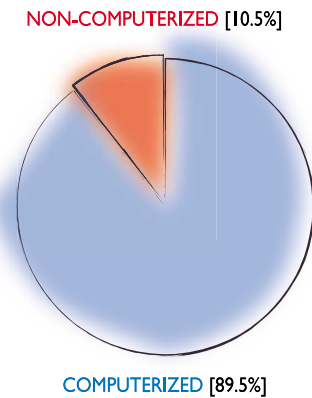
Since its modest beginning in 1993, GB computerization programme has come a long way. At the end of 2004, 1,215 branches have been computerized. To increase the operational efficiency of any financial institution, it is important to minimise paper work at all levels particularly at branch level. Given the limitations of power supply, it is still not possible to derive maximum benefit from the computerization of Grameen management information system, especially in the rural areas.

During the year 2004, we set up another 2 Information Management Centres at the area level. At the Information Management Centres, three branches are served by one computer. All branches within an area receive services from the centre. Each centre provides all types of loan monitoring and accounting services on a regular basis. Therefore, it has been possible to both reduce costs and increase the efficiency of the computerization programme.

Information regarding the progress of the computerization programme for 2004 through the area level Information Management Centres is furnished in the next page.


Sl. No.	Zone	No. of Centres	No. of Computers	No of Branches
1.	Chittagong	8	25	79
2.	Tangail	7	23	75
3.	Rangpur	7	25	75
4.	Dhaka	8	25	80
5.	Patuakhali	9	34	77
6.	Bogra	10	34	110
7.	Sylhet	7	19	56
8.	Rajshahi	9	30	87
9.	Dinajpur	7	23	66
10.	Faridpur	7	28	75
11.	Comilla	6	20	60
12.	Mymensingh	6	20	56
13.	Narayanganj	7	24	69
14.	Khulna	8	26	76
15.	Noakhali	7	22	58
16.	Jamalpur	4	14	41
17.	Nilphamari	5	17	38
18.	Hobiganj	4	12	37
Total		126	421	1,215

Branch Coverage Scenario under Computerization Programme



During the year, all the zonal offices were brought under Internet network. As a result data transfer has become both easy and less expensive. **Grameen Communications**, an independent company provides necessary technical assistance for supporting the computerization programme of Grameen Bank.





**AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS
ON THE ACCOUNTS
OF
GRAMEEN BANK
FOR THE YEAR ENDED 31ST DECEMBER 2004**

SUBMITTED BY:

HODA VASI CHOWDHURY & CO

CHARTERED ACCOUNTANTS

BTMC BHABAN (8TH LEVEL)

7-9 KARWAN BAZAR, DHAKA -1215

HOWLADAR YUNUS & CO

CHARTERED ACCOUNTANTS

67, DILKUSHA C/A

DHAKA-1000

AUDITORS' REPORT OF GRAMEEN BANK

We have audited the accompanying Balance Sheet of Grameen Bank as at 31 December 2004 and the related Profit and Loss Account, Cash Flow Statement for the year then ended.

Respective Responsibilities of the Bank and Auditors

Our responsibility is to express an independent opinion based on our audit on those Financial Statements and to report our opinion to the shareholders. This responsibility is established by Bangladesh Standards on Auditing (BSA).

Basis of Audit Opinion

We conducted our audit in accordance with Bangladesh Standard on Auditing (BSA). Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the Financial Statements. Our audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall Financial Statement presentation.

We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion subject to contents of notes 8.02, 12.02 & 28 to the financial statements the aforesaid Financial Statements prepared in accordance with Bangladesh Accounting Standards (BASs), give a true and fair view of the state of the bank's affairs as at 31 December 2004 and of the results of its operations and its Cash Flows for the year then ended and comply with the Grameen Bank Ordinance 1983 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 purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by the ordinance have been 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 branches not visited by us;
- (iii) the Bank's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 28 dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditure incurred and payment made were for the purpose of the Bank's business;
- (v) read in conjunction with the notes to the Financial Statements, the financial position of the Bank as on 31 December 2004 and the profit for the year 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) adequate provisions have been made for loans and advances and other assets which are, in our opinion, doubtful of recovery;
- (vii) the Financial Statements have been drawn up in conformity Grameen Bank Ordinance 1983 and in accordance with the accounting rules and regulations;
- (viii) the Financial Statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the 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.

Hodavasi Chowdhury & Co

Hoda Vasi Chowdhury & Co
Chartered Accountants

Howladar Yunus & Co


Howladar Yunus & Co
Chartered Accountants

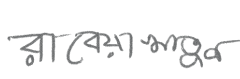
Dated, 26 June 2005
Dhaka, Bangladesh

**BALANCE SHEET
AS AT 31 DECEMBER 2004**

	Note	2004 Taka	2003 Taka
PROPERTY AND ASSETS			
Cash in hand		2,880,604	6,059,392
Balances with Bangladesh Bank-in local currency		1,098,298	1,521,146
Balances with other Banks and Financial Institutions	4	793,647,103	578,023,200
Investments - at cost	5	7,225,785,942	5,335,324,788
Loans and advances-Without Collateral	6	20,846,367,700	16,823,709,087
Fixed Assets including premises, furniture and fixtures net off accumulated depreciation (Annexure- A)	7	906,487,507	910,923,446
Other assets	8	3,876,880,355	3,616,352,587
Non-Banking Assets		-	-
		<u>33,653,147,509</u>	<u>27,271,913,646</u>
CAPITAL AND LIABILITIES			
Borrowings from banks and other institutions	9	2,895,818,585	4,212,795,182
Deposits and other funds	10	22,477,474,158	14,706,187,945
Members' Deposit		13,905,186,423	10,144,069,245
Non- Members' Deposit		6,928,465,020	3,290,720,704
Other Funds		1,643,822,715	1,271,397,996
Other liabilities	11	3,565,671,888	3,665,718,741
Shareholders' Fund:			
Share Capital	12	318,000,000	291,028,900
Capital and other reserves	13	4,396,182,878	4,396,182,878
		<u>4,714,182,878</u>	<u>4,687,211,778</u>
		<u>33,653,147,509</u>	<u>27,271,913,646</u>
Contingent Liabilities			
Guarantee	14	20,641,029	26,727,622

These Financial Statements should be read in conjunction with the annexed notes.


(M. Shahjahan)
General Manager


Director


Director


(Dr. Muhammad Yunus)
Managing Director

Auditors' report to the shareholders
See annexed report of date


Hoda Vasi Chowdhury & Co
Chartered Accountants


Howladar Yunus & Co.
Chartered Accountants

Dhaka, 26 June 2005

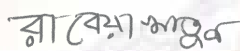
**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	2004 Taka	2003 Taka
Interest income	15	3,489,865,707	2,743,122,903
Less: Interest/Profit paid on deposits & borrowings etc.	16	(1,583,123,375)	(1,104,246,307)
Net Interest Income		1,906,742,332	1,638,876,596
Income from Investments in Fixed Deposits		655,432,120	489,526,787
Other income	17	550,423,619	344,707,356
Total operating income		<u>3,112,598,071</u>	<u>2,473,110,739</u>
Less-operating expenses			
Salaries and other related expenses	18	1,246,463,140	1,173,445,254
Rent, taxes, insurance utilities etc.	19	41,693,248	32,427,451
Legal and professional expenses	20	3,419,590	3,690,636
Auditors fees	21	486,970	486,970
Stationery, printing, advertisement etc.	22	51,920,388	43,083,316
Managing Director's salary & allowances	23	317,820	308,220
Directors' remuneration		162,000	192,202
Repairs & maintenance of fixed assets	24	20,745,885	18,557,477
Depreciation of fixed assets	25	34,763,058	35,625,084
Other expenses	26	271,920,540	211,733,316
Total Operating Expenses		<u>1,671,892,639</u>	<u>1,519,549,926</u>
Profit before provision		1,440,705,432	953,560,813
Provision for loans and advances	11.2 & 27		
Specific Provision		838,217,364	596,042,682
General Provision		180,360,993	-
		<u>1,018,578,357</u>	<u>596,042,682</u>
Net profit		<u>422,127,075</u>	<u>357,518,131</u>
Appropriations:			
Net profit transferred to rehabilitation fund		422,127,075	357,518,131

These Financial Statements should be read in conjunction with the annexed notes.



(M. Shahjahan)
General Manager



Director




Director



(Dr. Muhammad Yunus)
Managing Director

Auditors' report to the shareholders
See annexed report of date



Hoda Vasi Chowdhury & Co
Chartered Accountants




Howladar Yunus & Co.
Chartered Accountants

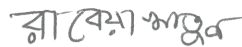
Dhaka, 26 June 2005

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**


	2004 Taka	2003 Taka
A) CASH FLOW FROM OPERATING ACTIVITIES		
Interest received	4,145,297,827	3,232,649,690
Interest paid	(1,583,123,375)	(1,104,246,307)
Cash paid to employees	(1,246,942,960)	(1,173,945,676)
Other Expenses	(390,186,621)	(309,979,166)
Other income	550,423,619	344,707,356
Cash generated from operating activities	1,475,468,490	989,185,897
Changes in operating assets and liabilities		
Loans and advances to members	(4,022,658,613)	(3,423,619,270)
Other assets	(260,527,768)	330,394,015
Deposits and other funds	7,349,159,138	4,534,232,570
Other liabilities	(1,118,625,210)	(828,783,500)
	1,947,347,547	612,223,815
Net cash received from operating activities	3,422,816,037	1,601,409,712
B) CASH FLOW FROM INVESTING ACTIVITIES		
Investments	(1,890,461,154)	(1,313,429,894)
Additions to Tangible Fixed Assets	(39,396,335)	(16,548,678)
Sales proceeds of Tangible Fixed Assets	9,069,216	(9,001,179)
Net cash outflow from investing activities	(1,920,788,273)	(1,338,979,751)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Share capital	26,971,100	15,040,700
Borrowings from Banks and Foreign Institutions	(1,316,976,597)	(2,764,977,372)
Capital and other reserves	-	2,632,228,706
Net Cash /(out flow) from financing activities	(1,290,005,497)	(117,707,966)
D) Net increase/in cash and cash equivalents (A+B+C)	212,022,267	144,721,995
E) Opening cash and cash equivalents	585,603,738	440,881,743
F) Cash and bank balances at end of the period	797,626,005	585,603,738

These Financial Statement should be read in conjunction with the annexed notes


(M. Shahjahan)
General Manager


Director


Director


(Dr. Muhammad Yunus)
Managing Director


Hoda Vasi Chowdhury & Co
Chartered Accountants


Howladar Yunus & Co.
Chartered Accountants

Dhaka, 26 June 2005

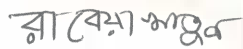
**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2004**

Particulars	Share Capital Taka	Capital reserve Taka	Other reserve Taka	Total Taka
Balance at 1 January 2004	291,028,900	4,280,409,577	115,773,301	4,687,211,778
Increase in share capital during 2004	26,971,100	-	-	26,971,100
Balance as at 31 December 2004	<u>318,000,000</u>	<u>4,280,409,577</u>	<u>115,773,301</u>	<u>4,714,182,878</u>

These Financial Statement should be read in conjunction with the annexed notes



(M. Shahjahan)
General Manager



Director



Director



(Dr. Muhammad Yunus)
Managing Director


**STATEMENT OF LIQUIDITY (ANALYSIS OF MATURITY OF ASSETS & LIABILITIES)
AS AT 31 DECEMBER 2004**

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Assets						
Cash in hand	2,880,604	-	-	-	-	2,880,604
Balances with Bangladesh Bank	1,098,298	-	-	-	-	1,098,298
Balances with other Banks and Financial Institutions	86,323,696	707,323,407	-	-	-	793,647,103
Investment at cost	190,000,000	341,162,993	5,135,757,475	1,542,865,474	16,000,000	7,225,785,942
Loans and advances	1,299,813,906	2,599,719,395	11,740,735,075	5,001,277,617	204,821,707	20,846,367,700
Fixed Assets including premises, furniture and fixtures net off accumulated depreciation	-	-	-	103,567,420	802,920,087	906,487,507
Other assets	475,826,102	68,853,530	1,028,880,591	1,716,918,035	586,402,097	3,876,880,355
Non-Banking Assets						
Total assets (A)	2,055,942,606	3,717,059,325	17,905,373,141	8,364,628,546	1,610,143,891	33,653,147,509
Liabilities						
Borrowings from banks and other institutions	220,000,000	10,766,904	748,320,641	316,902,560	1,599,828,480	2,895,818,585
Deposits and other funds	938,091,607	3,347,722,535	9,438,069,183	6,002,531,957	2,751,058,876	22,477,474,158
Other liabilities	459,369,370	-	960,204,002	2,146,098,516	-	3,565,671,888
Total liabilities (B)	1,617,460,977	3,358,489,439	11,146,593,826	8,465,533,033	4,350,887,356	28,938,964,631
Net Liquidity Gap (A-B)	438,481,629	358,569,886	6,758,779,315	(100,904,487)	(2,740,743,465)	4,714,182,878

These Financial Statement should be read in conjunction with the annexed notes



(M. Shahjahan)
General Manager



Director



Director



(Dr. Muhammad Yunus)
Managing Director

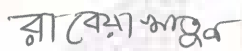
**COMPARATIVE VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

Description	2004 Taka	2003 Taka
Income from Banking Services		
Interest income	3,489,865,707	2,743,122,903
Interest income from investment	655,432,120	489,526,787
Other operating income	550,423,619	344,707,356
	<u>4,695,721,446</u>	<u>3,577,357,046</u>
Less: Cost of services & Supplies		
Interest paid on deposits & borrowings	1,583,123,375	1,104,246,307
Rent, taxes, insurance & electricity etc	41,693,248	32,427,451
Legal and professional expenses	3,419,590	3,690,636
Auditors' fees	486,970	486,970
Stationery, printing, advertisement etc.	51,920,388	43,083,316
Repairs & maintenance of fixed assets	20,745,885	18,557,477
Directors' remuneration	162,000	192,202
Other expenses	271,920,540	211,733,316
	<u>1,973,471,996</u>	<u>1,414,417,675</u>
Value added by the Banking Services	2,722,249,450	2,162,939,371
Add: Non banking income	-	-
Less: loan loss and provisions		
Provision for bad and doubtful debts	(1,018,578,357)	(596,042,682)
	<u>1,703,671,093</u>	<u>1,566,896,689</u>
Value Added		
Distribution of value addition		
Employees-as salaries and other related expenses	1,246,780,960	1,173,753,474
Contribution to Rehabilitation Fund	422,127,075	357,518,131
Depreciation	34,763,058	35,625,084
	<u>1,703,671,093</u>	<u>1,566,896,689</u>

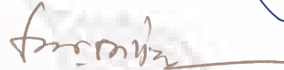
These Financial Statement should be read in conjunction with the annexed notes



(M. Shahjahan)
General Manager



Director



Director



(Dr. Muhammad Yunus)
Managing Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1.0 BACKGROUND

2.0 Legal form of the enterprise

Grameen Bank was established as a body corporate under the Grameen Bank Ordinance 1983. Initially the authorized capital of the bank was Tk 100 million and paid-up capital was Tk. 30 million. At present the bank's authorized capital is Tk. 500m and paid up capital is Tk. 318m. Members hold 94.34 percent of Grameen Bank shares. The remaining 5.66 percent is held by the Government of Bangladesh. The board of the bank consists of 13 members: the Managing Director, three members including the chairman nominated by the government and nine members elected from the borrower shareholders.

1.02 Nature of business

The principal activity of the bank is to provide credit without collateral to landless persons for all types of economic activities. The bank also accepts deposits but excluding business in foreign exchange transactions, carries out survey and research, issue publications and maintaining statistics with a view to improving the economic condition of the landless persons. The bank undertakes income-generating projects for landless persons, invests its funds in Government Securities and provides professional counseling to landless persons regarding investments in small business and cottage industries. Grameen Bank now operates eighteen Zonal Offices, 130 Areas Offices and 1358 Branch Offices. The bank offers four types of loans such as basic loans, housing loans, higher education loans and struggling members' loans. Loans and advances and deposits as at 31 December 2004 were Tk. 20,846,367,700 and 20,833,651,443 respectively. As on 31 December 2004, out of 1358 branches 1098 registered profits. The remaining 260 branches were not profitable. However, it must be taken into consideration that during the year the bank opened 163 new branches.

2.00 RISK MANAGEMENT

In the ordinary course of business, the bank is exposed to a variety of risks the most important of which are credit risk, operational risk, and solvency risk. These risks are being identified, measured and monitored through various control mechanisms across the bank in order to assess the quality of products offered.

2.01 Internal audit

Internal audit is a part of the internal control system, which is introduced in large business entities to detect any error or fraud at an early stage. At present, the Internal Audit Division of Grameen Bank is characterized by two-tier structure namely central audit and zonal audit. Central audit conducts the audit of different divisions at the head office, zonal offices and their area offices. Moreover, Central audit office supervises, advises, directs and provides necessary guidance to zonal audit offices. The zonal audit office audits all branches within the zone. Central and zonal audit offices execute complete audits and briefs audits to monitor operations and review compliance of statutory requirements. The Internal Audit Division works under the direct supervision of the Managing Director; however, it is completely independent in its work.

3.00 SIGNIFICANT ACCOUNTING POLICIES

3.01 Basis of preparation and presentation of financial statements

The accompanying financial statements comprising the Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Comparative Value Added Statement and Notes thereto have been prepared in accordance with International Accounting Standards (IASs) on a going concern basis under the historical cost convention.

3.02 Basis of consolidation

A separate set of records for consolidation of the statement of affairs and income & expenditure account of the branches are maintained at the head office of the bank based on which these financial statements have been prepared.

3.03 Tax exemption

Grameen bank is presently enjoying tax exemption of income tax, super tax and business profit tax that is valid till 31 December 2005 on the terms that the Bank will establish a Rehabilitation Fund and transfer thereto the entire amount of dividend declared and tax payable by the bank, vide Ministry of Finance notification SRO no. 36/Law/2003 dated 1 February 2003.

3.04 Rehabilitation fund

Rehabilitation fund consists of transfer from general reserve and tax provision made for 1997 and 1998 and transfer of entire revenue profit from 1999 to 2004 in order to comply with the requirement for tax exemption allowed by the Ministry of Finance. The Rehabilitation Fund is to be utilized for the purpose of rehabilitation of members affected due to natural disasters.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

3.05 Foreign fund

Foreign funds were received from the foreign donor agencies (IFAD 41 BA, IFAD 161 BA, IFAD 239 BA, NORAD, SIDA, Dutch Grant and JBIC) under the subsidiary loan agreement with the Government of the Peoples Republic of Bangladesh. The terms for repayments, interest rates, grace periods etc have been set out in those agreements. The funds were disbursed to Grameen Bank in equivalent Taka currencies and were accounted for at cost as and when those funds were received. Consequently, no accounting treatment is required in respect of exchange differences on foreign currencies and Grameen bank need not to account for exchange rate gain/loss on such differences as well.

3.06 Accruals & deferrals

Deferrals and accruals have been made as per the guidance of the IAS 1 Presentation of Financial Statements. In order to meet their objectives, financial statements except for cash flow statement and related information are prepared on accrual basis of accounting. Under the basis, the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

3.07 Reconciliation of inter branch transactions

Books of account with regard to inter branch are reconciled. Unreconciled entries are caused by mismatching of original figures with corresponding ones, lack of original advice and incomplete advice from branches.

3.08 Cash Flow Statement

IAS 1 presentation of Financial Statement requires that a cash flow statement is to be prepared as it provides information about cash flows of the enterprise that is useful in providing users of financial statements with a basis to assess the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows.

Cash flow statement has been prepared under the direct method for the period, classified by operating, investing and financing activities as prescribed in paragraph 10 and 18(a) of IAS 7.

3.09 Provision for loan impairment

As per the guideline of paragraph 43 of IAS 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions, specific provisions are made against non-performing and problem loans on the basis of best estimate up to such amount as it is expected to cover for the loss from non-performing and impaired loans and advances. No specific credit risk provision for loan impairment is established to provide for management's estimate of loan losses as soon as the recovery of an exposure is identified as doubtful.

As per the requirement of paragraph 49 of IAS 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions when a loan is deemed uncollectable, it is written off against the related provision for impairments. The bank writes off its non-performing and problem loans after one year on overdue loan. Subsequent recoveries of such loans are credited to the income statement.

Provisions for loans & advances are made on the basis of year-end review by the management and instructions contained in board resolution. The calculation rate is given below:

- a) Basic loans
Basic loan provision has been made @ 100% on overdue loan
Basic loan provision has been made @ 1% on regular loan
- b) Flexible loans
Provision has been made on flexible loans at the following rates:
Principal outstanding from the signing of first contract period below 2 years 50%
Principal outstanding for 2 years and beyond from the signing of first contract period 100%
Overdue flexible loan 100%
- c) Housing loans (Members)
Provision has been made on Housing loans (Members) at the following rates:
Loans outstanding from the loan disbursement below 10 years 5%
Loans outstanding for 10 years and beyond from the loan disbursement 100%
- d) Educational loan
No provision has been made on education loan

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

3.10 Provision for interest receivable

- a) Interest receivable on basic loans:
Interest receivable on basic loan provision has been made @ 100% on overdue interest of basic loan
- b) Interest receivable on flexible loans:
Provision has been made on interest receivable on flexible loans at the following rates:
Interest receivable outstanding from the signing of first contract period below 2 years 50%
Interest receivable outstanding for 2 years and beyond from the signing of first contract period 100%
Overdue flexible loan 100%
- c) Interest receivable on Housing loans (Members)
Provision has been made on interest receivable on Housing loans (Members) at the following rates:
Interest receivable outstanding from the loan disbursement below 10 years 10%
Interest receivable outstanding for 10 years and beyond from the loan disbursement 100%

3.11 Fixed assets

The major categories of property and equipment held by the bank are property land, buildings & other structures, equipment, furniture and fixtures, vehicles, capital work in progress etc.

As guided in paragraph 28 of IAS 16 Property Plant and Equipment: all property and equipment except land are stated at historical cost less accumulated depreciation. No depreciation has been charged on land and the carrying amounts are the same as those were initially recognized. The opening and closing carrying amounts of all property and equipment are presented including the amount of additions, disposals and depreciation charged during the year as required by paragraph 60 (e) of IAS 16.

3.12 Depreciation

As required of IAS 16, property, plant & equipment depreciation has been charged on property and equipment at the following rates using straight-line method.

Property & Equipment	Depreciation Rate
Building and other structures	1.7%
Office House (Semi- Pucca and Tin shed)	7.5%
Development of leasehold property	10%
Vehicles	20%
Office equipment	15%
Electrical equipment	10%
Furniture & fixtures	10%
Library books	10%

3.13 Investments

Value of investment is presented below:

Nature of Investments	Applicable Accounting
FDR	Face Value
Shares in CDDBL	At cost
Grameen Mutual Fund	At cost

3.14 Revenue recognition

Revenue is recognized on an accrual basis which comply with the conditions of revenue recognition as provided in IAS 18 Revenue.

- a) Income on investments is accounted for consistently on an accrual basis.
- b) Interest on loans and advances (including bad and doubtful loans and advances) is accounted for on an accrual basis.
- c) Service charge on guarantees issued by the bank in favour of other institutions is accounted for on cash receipt basis.

3.15 Interest paid and other expenses

In terms of the provision of the IAS 1 Presentation of Financial Statements, the interest paid and other expenses are recognized on accrual basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

3.16 Retirement benefits to the employees

a) Grameen Bank Superannuation fund:

The bank operates a superannuation fund scheme, provision in respect of which is made annually @ 60% of annual basic salary. It is operated by a separate Board of Trustees consisting ten members.

b) Non-contributory provident fund

Provident fund benefits are given to the employees of the bank in accordance with non-contributory provident fund rules. The fund is operated by a Board of Trustees. All confirmed employees of the bank are contributing 10% of their basic salary as subscription of the fund. Interest earned from the investments is credited to the members account on accrual basis.

3.17 Comparative Information

As required by paragraphs 38 and 40 of IAS 1 Presentation of Financial Statements comparative information in respect of the previous year have been presented in all numerical information in the financial statements and the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

3.18 General

Previous year's figures have been rearranged, wherever considered necessary, for the purpose of comparison. Figures appearing in these accounts have been rounded off to the nearest Taka.

4	BALANCES WITH OTHER BANKS AND FINANCIAL INSTITUTIONS	2004	2003
		Taka	Taka
	On short term deposit accounts (in local currency)	767,318,053	524,113,474
	On current deposit accounts (in local currency)	26,329,050	53,909,726
		<u>793,647,103</u>	<u>578,023,200</u>
5	INVESTMENTS - AT COST		
	Fixed deposits with other banks (Note-5.01)	7,209,785,942	5,319,324,788
	Grameen Mutual Fund - One (Note- 5.02)	12,000,000	12,000,000
	Share (Note- 5.03)	4,000,000	4,000,000
		<u>7,225,785,942</u>	<u>5,335,324,788</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004	2003
	Taka	Taka
5.01 Fixed deposits with other banks		
Rupali Bank Limited	20,000,000	20,000,000
UCBL	-	263,397,679
Southeast Bank Limited	1,513,165,874	1,465,317,050
Arab Bangladesh Bank Limited	209,995,000	200,000,000
National Bank Limited	165,456,983	149,673,044
Prime Bank Limited	583,405,278	203,502,197
Dutch Bangla Bank Limited	618,898,276	1,386,188,329
State Bank of India	509,786,234	278,648,989
NCC Bank Ltd	386,636,448	277,747,500
Mercantile Bank Limited	380,000,000	-
One Bank limited	399,735,000	-
EXIM Bank Limited	260,000,000	-
First Security Bank Limited	130,000,000	-
Mutual Trust Bank	562,706,849	-
Standard Bank Limited	220,000,000	-
Premier Bank Ltd.	400,000,000	-
Bank Asia	350,000,000	-
Trust Bank Ltd	300,000,000	-
Commercial Bank Limited	100,000,000	-
National Bank Pakistan	100,000,000	-
Dhaka Bank Limited	-	854,850,000
IFIC Bank Limited	-	170,000,000
Bangladesh Commerce Bank Ltd	-	50,000,000
	<u>7,209,785,942</u>	<u>5,319,324,788</u>

5.02 Grameen Bank has invested Tk. 1.2 crore in Grameen Mutual Fund (GMF)-one as sole sponsor. The matter of issuing Initial Public Offering (IPO) by Grameen Mutual Fund (GMF)-one is under process.

5.03 Four shares of Central Depository Bangladesh Limited (CDBL) which were subscribed @ Tk. 1,000,000 each

5.04 Maturity grouping of investments

On demand		
Upto 1 month	190,000,000	190,000,000
Over 1 month but not more than 3 months	341,162,993	252,667,927
Over 3 months but not more than 1 year	5,135,757,475	3,808,636,548
Over 1 year but not more than 5 years	1,542,865,474	1,084,020,313
Over 5 years	16,000,000	16,000,000
	<u>7,225,785,942</u>	<u>5,335,324,788</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

6 LOANS AND ADVANCES - UNSECURED (Inside Bangladesh)	2004 Taka	2003 Taka
Loans:		
Basic loans	17,145,684,030	13,444,867,903
Flexible loans	1,606,284,907	1,126,134,840
Housing loans (Members)	1,121,473,512	1,380,614,383
Education loans	100,707,115	33,379,260
Social Venture Capital Fund (SVCF) loans	128,283,533	128,333,344
Other loans	24,566,035	24,805,605
	<u>20,126,999,132</u>	<u>16,138,135,335</u>
Advances:		
Housing loans (Staff)	116,482,639	121,832,680
Household commodities loans	178,397,115	176,714,986
Salary advances	95,721	134,138
Bicycle advances	5,722,007	6,768,856
Motor cycle advances	4,278,579	3,858,063
Calculator advances	684,578	585,554
P. F. advances	408,372,470	370,751,688
Medical loans	4,111,346	3,586,994
Staff welfare loans	1,224,113	1,340,793
	<u>719,368,568</u>	<u>685,573,752</u>
	<u>20,846,367,700</u>	<u>16,823,709,087</u>

6.01 Maturity grouping of loans and advances

Repayable on demand		
Upto 1 month	1,299,813,906	1,009,422,545
Over 1 month but not more than 3 months	2,599,719,395	2,097,916,523
Over 3 months but not more than 1 year	11,740,735,075	9,475,112,957
Over 1 year but not more than 5 years	5,001,277,617	4,037,690,180
Over 5 years	204,821,707	203,566,882
	<u>20,846,367,700</u>	<u>16,823,709,087</u>

7.00 Property, plant and equipment

(net off accumulated depreciation):

Land	38,498,951	38,165,645
Building and other structures	764,421,137	767,540,805
Development of leasehold property (Fully depreciated)	-	-
Vehicles	15,931,438	6,574,554
Office equipment	53,321,083	59,325,734
Electrical equipment	15,453,785	17,284,502
Furniture and fixtures	15,503,567	12,034,833
Library books	37	76
Capital work in progress	3,357,509	9,997,297
	<u>906,487,507</u>	<u>910,923,446</u>

Annexure-A

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

8.00 OTHER ASSETS	2004 Taka	2003 Taka
Interest receivable (Note-8.01)	3,302,503,765	3,298,573,843
Advance income tax for employees	1,500,000	1,167,186
Printing stationery on hand	14,173,468	11,450,072
Office stationery on hand	143,596	175,861
Zone/Area control account	(3,607)	(481,946)
Advance income tax (Note-8.02)	201,423,614	205,194,587
Security deposits	457,502	486,105
Prepaid expenses	2,610,303	2,611,261
Advance against TA/DA	308,777	167,938
Advance against purchases and others	11,496,236	16,259,256
Advance against house rent	1,422,051	1,317,316
Stock & stores (General)	752,405	(144,731)
Suspense account	5,128,757	14,699,520
Advances to contractors	3,681,865	6,019,695
Inter- branch adjustments (Note 8.03)	173,178,448	(106,044,300)
G.B. superannuation fund- current account (Note 8.04)	130,441,027	138,168,732
Workshop	237,615	141,604
Rent receivable from IT Park	24,493,690	24,493,690
Rent receivable others	2,930,843	2,096,898
	<u>3,876,880,355</u>	<u>3,616,352,587</u>

8.01 Interest receivable

From investments

Fixed deposits with other banks	431,095,017	253,224,565
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From Lending

Basic loans	1,004,223,086	867,839,370
Flexible loans	1,108,281,478	1,254,464,545
Housing loans (Members)	633,446,287	807,171,110
Education loans	1,064,699	1,106,643
Other loans	19,202,093	19,968,033

From Staff

Staff loan and advances	35,345,395	31,507,091
PF. advances	33,950,766	28,748,681
Medical loans	752,361	449,360
Household commodities loans	35,142,583	34,094,445
	<u>3,302,503,765</u>	<u>3,298,573,843</u>

8.02 Advance income tax

Advance income tax of Tk 201,423,614 represents tax deducted at source by banks and others from Grameen Bank. Grameen Bank is a non- taxable entity as per Grameen Bank Ordinance 1983 but due to late receipts of the exemption orders from Government, Grameen Bank had faced such deduction. The refund of such withholdings will depend on the settlement of appeals pending with the Government authorities.

8.03 Inter branch adjustments

Inter branch adjustment account balance of Tk. 173,178,448 represents outstanding in branch and Head Office transactions (Net) originated but not responded at the balance sheet date. However unadjusted items are being adjusted subsequently.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004 Taka	2003 Taka
8.04 Grameen Bank Superannuation Fund		
Opening balance on 1 January	138,168,732	66,255,685
Add: Paid during the year	267,357,177	339,985,414
Interest payment for the year	18,889,818	15,873,628
Adjustment	230,086	699,890
	424,645,813	422,814,617
Less: Subscription made during the year	(291,931,478)	(284,240,579)
Subscription for staff on deputation	(1,058,208)	(167,767)
Adjustment	(1,215,100)	(237,539)
	(294,204,786)	(284,645,885)
Closing balance at 31 December	<u>130,441,027</u>	<u>138,168,732</u>

9.00 BORROWINGS FROM BANKS AND FOREIGN INSTITUTIONS

3% IFAD 41 BA (Note 9.01)	13,260,775	26,521,555
2% IFAD 161 BA (Note 9.02)	-	165,239,508
2% IFAD 239 BA (Note 9.03)	281,282,984	289,556,013
NORAD (Note 9.04)	267,918,176	267,918,176
SIDA (Note 9.05)	238,848,625	238,848,625
Ford Foundation	18,075,066	18,075,066
Dutch Grant Loan (Note 9.06)	44,283,298	44,283,298
Other banks	220,000,000	210,000,000
Bonds and debentures (Note 9.07)	710,000,000	1,850,000,000
Japan Bank of International Co-operation (OEFC) (Note 9.08)	1,102,149,661	1,102,149,661
Non-institutional borrowings (Note 9.09)	-	203,280
	<u>2,895,818,585</u>	<u>4,212,795,182</u>

9.01 3% IFAD 41 BA

The loan received from International Fund for Agricultural Development (IFAD) in 1981 is payable on 15 March and 15 September each year in 17 semi annual installments commencing from 15 September 1997 and ending on 15 September 2005. Installments and interest falling due in 2004 have been duly paid.

9.02 2% IFAD 161 BA

A subsidiary loan agreement for an amount in taka equivalent of SDR 23,600,000 was made with Government of the People's Republic of Bangladesh on 15 August 1985. The loan received in 1985 is repayable on 15 March and 15 September each in 20 semi annual installments of amount to be calculated on the basis of amortization schedule commencing on 15 March 1995 and ending on 15 September 2004. Final instalment and interest falling due in 2004 have been duly paid.

9.03 2% IFAD 239 BA

A subsidiary loan agreement for an amount in taka equivalent of SDR 6,200,000 was made with Government of the People's Republic of Bangladesh on 8 January 1990. The loan received in 1990 and 1992 is repayable on 15 March and 15 September each year in 80 equal semi annual installments commencing on 15 March 1999 and ending on 15 September 2039. Instalment and interest falling due in 2004 have been duly paid.

9.04 Norwegian Agency for International Development (NORAD)

A subsidiary loan agreement for an amount in taka equivalent of Netherlands' Kroner 5,500,000 was made with Government of the People's Republic of Bangladesh on 4 August 1986. The loan received in 1986 is payable with interest rate 2% per annum in March and September each year in 40 equal semi annual installments during a period of 30 years including a grace period of 10 years commencing in March 1997. Instalment and interest falling due in 2004 have been duly paid.

9.05 Swedish International Development Authority (SIDA)

A subsidiary loan agreement for an amount in taka equivalent of SEK 60,000,000 was made with Government of the People's Republic of Bangladesh on 30 November 1986. The loan received in 1986 is repayable with interest rate 2% per annum in March and September each year in 40 equal semi annual installments during a period of 30 years including a grace period of 10 years commencing in March 1997. Installments and interest falling due in 2004 have been duly paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

9.06 Dutch Grant Loan

The loan of DFL 2,000,000 equivalent of Tk. 44,283,298 received in 1986 under a subsidiary loan agreement with Bangladesh Bank is repayable on 15 December each year in 15 equal annual installments within 16 years from the date of receiving the loan including a grace period of one year. As per section 11 of the loan agreement the amount of installments of the principal loans amount repaid by Grameen Bank is allowed to be used in perpetuity for financing its housing loan scheme on the same terms and condition as stated above. According installments and interest falling due in 2004 have been paid.

9.07 Bond and debenture

As at 31 December 1994 and in the year 1999 the Bank issued bonds and debentures of Taka 6,500,000,000 and Taka 2,000,000,000 respectively with rate of interest 4% to 10% which are guaranteed by the Government. Bonds and debentures to the extent of Tk. 7,790,000,000 have already been paid up to 2004.

9.08 JBIC (OEFC)

A subsidiary loan agreement for an amount of taka equivalent of Yen 2,986,000,000 was executed with the Government of the Peoples Republic of Bangladesh on 7 March 1996. The loan is repayable on 15 March and 15 September each year with the interest rate of 2% per annum in semi annual installments in 30 years including a grace period of 10 years in accordance with amortization schedule, first installments being due on 15 September 2005 Tk. 393,133,462, Tk. 419,216,041 and Tk. 289,800,159 were received in 1996, 1997 and 1998 respectively. Interest falling due in 2004 have been duly paid.

9.09 Non- institutional borrowing

An amount of US\$ 4,000 equivalent of Tk. 203,280 (@ Tk. 50.82) was received on 25th July, 2000 from Sean Donovan, Canada as four years deposit being 1% interest. Subsequently the amount has been paid fully during the year.

	2004	2003
	Taka	Taka
9.10 Maturity grouping of borrowing from banks and financial institutions		
Repayable on demand		
Up to 1 month	220,000,000	320,172,434
Over 1 month but not more than 3 months	10,766,904	15,587,342
Over 3 months but not more than 1 year	748,320,641	1,088,586,275
Over 1 year but not more than 5 years	316,902,560	461,301,072
Over 5 years	<u>1,599,828,480</u>	<u>2,327,148,059</u>
	<u>2,895,818,585</u>	<u>4,212,795,182</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

10.00 DEPOSITS AND OTHER FUNDS

	2004 Taka	2003 Taka
Members deposits:		
Current deposits	20,342,087	8,252,181
Fixed deposit	51,539,268	36,494,479
Savings deposit	2,792,671,109	2,325,620,910
Special Savings	1,293,265	3,573,501
Children welfare fund	1,390,750	3,010,489
Grameen pension scheme-10 years	5,707,924,933	3,671,594,835
Special Savings account	2,441,994,949	2,110,881,240
Double in 7 years deposit	755,510,873	462,890,603
Monthly profit scheme	39,486,539	20,764,525
Polly phone deposit	533,950,010	441,461,492
Centre welfare fund	463,183,732	448,378,816
Disaster fund	709,988	671,218
Central emergency fund	119,081,114	115,550,872
Loan insurance savings fund	876,180,599	413,618,727
Grameen pension scheme-5 years	96,092,107	81,305,357
Share money deposit	3,835,100	-
	<u>13,905,186,423</u>	<u>10,144,069,245</u>
Non- Members deposits:		
Current deposit	14,768,408	9,321,321
Short term deposit	105,444	373,188
Fixed deposit	440,508,719	162,978,745
Saving deposit	3,434,102,742	1,871,558,590
Grameen pension scheme-10 years	169,822,121	113,810,672
Double in 7 years deposit	2,149,332,661	877,055,176
Monthly profit scheme	669,903,169	204,901,334
Technology project deposit	23,204,171	26,232,602
Forestation fund	2,422,673	1,669,131
Grameen pension scheme-5 years	2,077,443	3,233,173
Employee loan insurance savings fund	22,217,469	19,586,772
	<u>6,928,465,020</u>	<u>3,290,720,704</u>
Other Funds:		
Employees welfare fund	60,395,926	55,291,437
Struggling member welfare fund	57,880,422	87,150,004
Award fund	28,237,404	19,380,445
Maintenance reserve	43,630,300	40,662,988
Cafeteria	1,563,073	1,336,976
Leasing insurance fund	5,612,440	5,612,440
Contingency fund (note 10.04)	120,152,011	103,971,573
Babsabikash risk coverage fund	52,515,597	9,211,706
Loan repaid by Babsabikash	137,040	-
Employees loan insurance fund	1,837,793	665,155
Animal insurance fund	16,900,870	14,510,951
Grameen Bank Disaster Relief Fund	2,203,764	2,205,884
Members welfare fund	5,940,236	5,877,738
Polly phone risk coverage fund	48,154,207	48,154,207
Revolving fund- special programme	7,896,693	6,972,508
Revolving fund- SIDE	10,110,144	1,120,582
Revolving fund (note-10.05)	113,875,750	113,834,561
Rehabilitation fund (note-10.06)	1,066,779,045	755,438,841
	<u>1,643,822,715</u>	<u>1,271,397,996</u>
Total	<u>22,477,474,158</u>	<u>14,706,187,945</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

10.01 Fixed Deposit

Grameen Bank started "fixed deposit scheme" vide its circular no. 02/2000 dated 16 May 2000 which is for minimum of 1 year and maximum of 3 years. Interest rates of fixed deposit are 8.75%, 9.25% and 9.50% for 1 year, 2 years and 3 years respectively. Depositors can get interest after matured date of fixed deposit.

10.02 Grameen pension scheme

Grameen Bank Started "Grameen pension scheme" of 5 years and 10 years vide its circulars no. 2-06/2000 dated 30 August 2000 for the financial assurance of their members and employees. Under this scheme Grameen Bank motivates their members and employees to small savings by opening "GPS Account" in the respective branches which rate of interest is 10% for 5 years and 12% for 10 years. Both are payable yearly basis

10.03 Double in 7 years deposit

Grameen Bank started "Double in 7 years deposit" scheme vide its circular no 2-07/2000 dated 30 August 2000 for making financial strengths of rural civil society by increasing saving mentality. Any person can open his/her account by depositing minimum of Tk. 1,000.00 (One thousand) or its general multiplying amount for 7 years. After 7 years account holder for carrying his/her account fulfilling the all criteria will get double amount (consolidated principal and interest) of his/her investment.

10.04 Contingency fund

Grameen Bank has created "Contingency Fund" to cover the loss (if any) arises from forgery, theft, lost, assault, robbery etc.

	2004 Taka	2003 Taka
10.05 Revolving fund		
Revolving fund from G.T.Z	14,621,090	14,579,900
Revolving fund from K.F.W	6,729,042	6,729,042
Revolving fund for SVCF	87,700,000	87,000,000
Revolving fund for housing rehabilitation	4,825,619	4,825,619
	<u>113,875,751</u>	<u>113,134,561</u>
10.06 Rehabilitation fund		
Opening Balance	755,438,841	397,957,210
Payment during the year	(167,277,927)	(100,000)
Reimbursement during the year	56,491,056	63,500
Profit for the year	422,127,075	357,518,131
	<u>1,066,779,045</u>	<u>755,438,841</u>
10.07 Maturity grouping of deposit and other funds		
Repayable on demand		
Up to 1 month	938,091,607	613,248,037
Over 1 month but not more than 3 months	3,347,722,535	2,189,751,385
Over 3 months but not more than 1 year	9,438,069,183	6,173,657,699
Over 1 year but not more than 5 years	6,002,531,957	3,926,552,181
Over 5 years	2,751,058,876	1,802,978,643
	<u>22,477,474,158</u>	<u>14,706,187,945</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

II OTHER LIABILITIES	2004 Taka	2003 Taka
Interest payable on borrowing	13,448,011	17,546,352
Bills or other payable	390,169,105	2,632,801
PF. trustee board - current account	125,163,566	36,475,594
Accounts for other institution (Note-11.01)	4,471,547	22,464,674
SIDE programme - sundry deposit	191,160	190,760
Retention money	1,692,754	538,763
Earnest money	2,588,350	2,361,086
Claimable deposits	10,269,157	9,348,830
Unpaid salary	65,150	119,585
Tax deducted at source	44,823	139,751
Sundry receipts	58,003	46,532
Farewell grant provision for fixed salary staff	2,300,000	-
Miscellaneous	39,348,771	27,058,850
Provision reserves (Note-11.02)	<u>2,975,861,491</u>	<u>3,546,795,163</u>
	<u>3,565,671,888</u>	<u>3,665,718,741</u>
11.01 Accounts for other institution		
Grameen Telecom	200,017	5,536,317
Grameen Fisheries & Livestock Foundation	3,156,773	2,922,938
Grameen Communication	97,881	137,121
Grameen Shikkha	285,648	42,758
Grameen Kalyan	731,228	13,825,540
	<u>4,471,547</u>	<u>22,464,674</u>
11.02 Provision reserves		
Provision for loans and advances (Note - 11.03.1)	1,858,852,661	1,965,961,930
Provision for interest receivable (Note - 11.03.2)	1,117,008,830	1,580,833,233
	<u>2,975,861,491</u>	<u>3,546,795,163</u>
11.03.1 Provision for loans and advances		
a) Specific provision against loans & advances		
Balance as at 1 January	1,965,961,930	2,017,097,358
Provision made during the year	472,250,182	328,112,973
Debt written off against provision made earlier (Note -11.03.1.1)	(749,867,850)	(379,248,401)
	<u>1,688,344,262</u>	<u>1,965,961,930</u>
b) General provision against unclassified loans & advances		
Balance as at 1 January	-	-
Provision made during the year	170,508,399	-
	<u>170,508,399</u>	<u>-</u>
Total	<u>1,858,852,661</u>	<u>1,965,961,930</u>
11.03.1.1 Debts written off against provision made earlier		
Basic loans	645,809	-
Flexible loans	486,820,162	243,224,588
Housing loans	262,401,879	136,023,813
	<u>749,867,850</u>	<u>379,248,401</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004 Taka	2003 Taka
11.03.2 Provision for interest receivable:		
Balance as at 1 January	1,580,833,233	1,712,074,475
Provision made during the year	375,819,776	267,929,709
Interest receivable written off against provision made earlier (Note-11.03.2.2)	<u>(839,644,179)</u>	<u>(399,170,951)</u>
	<u>1,117,008,830</u>	<u>1,580,833,233</u>
a) Specific provision against loans & advances		
Balance as at 1 January	1,580,833,233	1,712,074,475
Provision made during the year	365,967,182	267,929,709
Debt written off against provision made earlier (Note -11.03.2.2)	<u>(839,644,179)</u>	<u>(399,170,951)</u>
	<u>1,107,156,236</u>	<u>1,580,833,233</u>
b) General provision against unclassified loans & advances		
Balance as at 1 January	-	-
Provision made during the year	9,852,594	-
	<u>9,852,594</u>	<u>-</u>
Total (a)+(b)	<u>1,117,008,830</u>	<u>1,580,833,233</u>
11.03.2.2 Interest receivable written off against provision made earlier		
Basic loans	282,594	-
Flexible loans	620,979,483	297,400,949
Housing loans	<u>218,382,102</u>	<u>101,770,002</u>
	<u>839,644,179</u>	<u>399,170,951</u>
11.04 Maturity grouping of other liabilities		
Repayable on demand		
Up to 1 month	459,369,370	477,630,271
Over 1 month but not more than 3 months	-	-
Over 3 months but not more than 1 year	960,204,002	998,296,653
Over 1 year but not more than 5 years	2,146,098,516	2,051,623,085
Over 5 years	-	-
	<u>3,565,671,888</u>	<u>3,527,550,009</u>

12 SHARE CAPITAL

12.01 Authorized		
5000000 Ordinary Shares of Tk. 100 each	<u>500,000,000</u>	<u>500,000,000</u>

12.02 Paid up Capital		
3,180,000 (2003: 2,910,289) ordinary shares of Tk. 100 each issued for cash Shareholders For Year Ended December 2004	<u>318,000,000</u>	<u>291,028,900</u>

	Percentage	No. of shares	Nominal value of Share 2004 (Taka)	2003 (Taka)
Government of Bangladesh	3.78	120,000	12,000,000	12,000,000
Sonali Bank	0.94	30,000	3,000,000	3,000,000
Bangladesh Krishi Bank	0.94	30,000	3,000,000	3,000,000
Borrowers:				
Men	4.28	136,163	13,616,300	13,025,900
Women	90.06	2,863,837	286,383,700	260,003,000
Total	<u>100.00</u>	<u>3,180,000</u>	<u>318,000,000</u>	<u>291,028,900</u>

As per section 7(1) of the Grameen Bank Ordinance 1983 (as amended up to 1995) dated August 2001, the initial paid-up capital of the bank shall be TK. 40.00 crore, which shall be subscribed (a) 25% by the Government or by any organization or body set up, managed or controlled by the Government and (b) 75% by borrowers of the bank of which 20% preferably by women borrowers. Accordingly borrowers of Grameen Bank paid 75% of the TK. 40.00 crore, i.e., TK. 30 crore. The Government paid TK. 1.80 crore against TK. 10.00 crore leaving a shortfall of TK. 8.20 crore. The aggregate paid-up capital of Grameen Bank as at 31.12.2004 stood at TK. 31.80 crore.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004 Taka	2003 Taka
12.03 Capital Adequacy Ratio		
Tire-I (Core Capital)		
Paid up Capital	318,000,000	291,028,900
Capital reserve	4,280,409,577	4,280,409,577
Surplus Retained Earnings	-	-
	<u>4,598,409,577</u>	<u>4,571,438,477</u>
Tire-II (Supplementary capital)		
General Provision	181,855,926	-
Total Capital	<u>4,780,265,503</u>	<u>4,571,438,477</u>
Total Assets	33,653,147,509	27,271,913,646
Total Risk Weighted Assets	28,956,114,200	23,686,790,431
Required Capital based on Risk Weighted Assets (9% of RWA) (A)	2,606,050,278	2,131,811,139
Core Capital (Tire-I)	4,598,409,577	4,571,438,477
Supplementary Capital (Tire-II)	181,855,926	-
Total (B)	<u>4,780,265,503</u>	<u>4,571,438,477</u>
Surplus/(Shortage)	<u>2,174,215,225</u>	<u>2,439,627,338</u>
Capital to risk- weighted assets	16.51%	19.30%
13.00 GENERAL AND OTHER RESERVES		
Capital reserves (Note 13.01)	4,280,409,577	4,280,409,577
Other reserves (Note 13.02)	115,773,301	115,773,301
	<u>4,396,182,878</u>	<u>4,396,182,878</u>
13.01 Capital reserves		
Revolving fund - Note-13.01.1	3,732,311,704	3,732,311,704
Grants	527,997,873	527,997,873
M.E.D Revolving fund	20,100,000	20,100,000
	<u>4,280,409,577</u>	<u>4,280,409,577</u>
Capital reserve includes outstanding balances of revolving funds and grant as at 31 December 1999 which are no longer refundable.		
13.01.1 Revolving fund		
Revolving fund for G & C	1,544,811,573	1,544,811,573
Revolving fund for house loan	2,065,346,276	2,065,346,276
Revolving fund for staff house loan	122,153,855	122,153,855
	<u>3,732,311,704</u>	<u>3,732,311,704</u>
13.02 Other reserve:		
Special reserve	992,043	992,043
Training reserve fund	3,017,748	3,017,748
Training revolving fund	10,387,868	10,387,868
Publication fund	2,807,045	2,807,045
Assets replacement reserve	49,697,943	49,697,943
SIDE programme-sundry deposit	19,020,037	19,020,037
SIDE fund revolving account	3,238,095	3,238,095
Special programme-GTZ	26,612,522	26,612,522
	<u>115,773,301</u>	<u>115,773,301</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

14 CONTINGENT LIABILITIES

There are contingent liabilities for bank guarantees executed by Grameen Bank in favour of the following:

	2004		2003	
	Guarantee amount Taka	Loan outstanding including interest at 31.12.04 against guarantees are given Taka	Guarantee amount Taka	Loan outstanding including interest at 31.12.03 against guarantees are given Taka
Grameen Fish Foundation	10,000,000	10,000,000	10,000,000	10,000,000
Grameen Shakti	US\$ 173,306.66	10,641,029	US\$ 281,136.50	16,727,622
		20,641,029		26,727,622

15 INTEREST INCOME

	2004 Taka	2003 Taka
Loans and advances (Note 15.1.1)	3,481,499,311	2,736,687,114
Deposits	8,366,396	6,435,789
	<u>3,489,865,707</u>	<u>2,743,122,903</u>

15.1.1 Interest on loans and advances

Members loan

Basic loans	3,002,407,734	2,199,409,480
Flexible loans	309,717,484	339,082,137
Housing loans	111,232,717	133,845,843
Education loans	692,162	1,567,666
Other loans	1,410,307	697,546
	<u>3,425,460,404</u>	<u>2,674,602,672</u>

Employees Advances

Staff loans & advances	9,634,442	10,042,104
P.F. advances	37,490,059	32,892,417
Household commodities loans	8,636,432	14,107,177
Medical loans	277,974	4,772,744
	<u>56,038,907</u>	<u>61,814,442</u>
	<u>3,481,499,311</u>	<u>2,736,417,114</u>

16 Interest expenses

Interest on deposits (Note- 16.01)	1,430,562,305	923,027,601
Interest on borrowings (Note- 16.02)	152,561,070	181,218,706
	<u>1,583,123,375</u>	<u>1,104,246,307</u>

16.01 Interest on deposits

Members' deposit (note 16.01.01)	1,015,813,072	734,622,376
Non- Members' deposits (Note 16.01.02)	386,803,704	168,476,648
Others (Note 16.02.03)	27,945,529	19,928,577
	<u>1,430,562,305</u>	<u>923,027,601</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004 Taka	2003 Taka
16.01.01 Members deposit		
Fixed deposit	5,384,258	3,406,279
Saving deposit	183,431,845	155,921,615
Special savings	1,019,518	1,505,339
Children welfare fund	577,127	751,513
Central emergency fund	13,271,242	12,796,799
Central welfare fund	35,609,399	34,617,525
Polly phone deposit	27,666,205	16,367,032
Grameen pension scheme-10 years	427,692,669	272,638,853
Special savings account	167,491,632	150,116,681
Double in 7 year deposit	62,449,921	37,104,978
Monthly profit deposit scheme	7,545,812	4,373,883
Loan insurance savings fund	77,152,874	40,971,080
Grameen pension scheme-5 years	6,520,570	4,050,799
	1,015,813,072	734,622,376
16.01.02 Non- members deposit		
Fixed deposit	25,198,994	13,355,524
Savings deposit	164,610,262	82,291,380
Technology project deposit	2,384,700	2,343,563
Grameen pension scheme-10 years	17,637,620	9,494,686
Double in 7 year deposit	134,420,023	50,147,552
Monthly profit deposit scheme	38,726,537	9,432,470
Grameen pension scheme-5 years	261,505	160,155
loan insurance savings fund	2,690,914	650,346
Forestation and other fund	873,149	600,972
	386,803,704	168,476,648
16.01.03 Others		
Contingency fund	8,835,061	7,523,788
Struggling member' welfare fund	5,282,699	5,756,732
Employees' welfare fund	4,708,651	4,291,270
PF.Trusty Board-current account	6,006,023	453,751
Grameen award funds	2,240,130	1,546,446
Accounts of other organizations	684,643	222,106
SVCF fund	36,929	35,249
Cafeteria	112,633	99,235
Miscellaneous	38,760	-
	27,945,529	19,928,577

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004 Taka	2003 Taka
16.02 Interest on borrowings		
3% IFAD 41 BA	578,256	975,485
2% IFAD 161 BA	1,498,894	4,649,178
2% IFAD 239 BA	5,700,705	5,865,918
NORAD	5,358,363	5,358,263
SIDA	4,776,972	4,776,973
JBIC (OEFC)	22,042,994	22,042,993
Grameen Kalyan	-	25,042,529
Non- institutional borrowings	46,088	2,033
Interest on short term loans	6,240,611	1,062,501
Dutch grant loan	442,777	442,833
Interest on bond and debentures	105,875,410	111,000,000
	152,561,070	181,218,706
17 OTHER INCOME		
Service charges	23,794,819	19,453,703
Bad debts recovery	154,446,266	132,620,649
Rent received	18,645,627	22,076,031
Polly phone service charge receipt	292,313,097	122,042,696
Sale proceeds of old newspapers	387,634	276,002
Sale proceeds of tender forms	137,765	74,130
Miscellaneous receipts (Note 17.1)	60,698,411	48,164,145
	550,423,619	344,707,356
17.01 Miscellaneous receipts		
Income from properties,		
Profit on sale of plant and equipment	538,187	427,398
Income from accounts closing	28,430,881	19,282,334
Others	31,729,343	28,454,413
	60,698,411	48,164,145
18 SALARIES AND OTHER RELATED EXPENSES		
Salaries	523,113,875	506,280,812
Compensation for surrendering leave	9,299,673	12,205,383
Personal allowances	44,026	10,080
Dearness allowances	48,779,250	23,880,847
House rent allowances	208,939,426	206,159,206
Medical allowances	44,452,971	38,037,426
Conveyance allowances	35,120,133	20,001,732
Washing allowances	406,952	417,304
Overtime	1,304,936	1,067,799
Watch and ward allowances	173,095	185,738
Bonus	82,897,325	81,433,915
Pension & Gratuity	291,931,478	283,765,012
	1,246,463,140	1,173,445,254

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004 Taka	2003 Taka
19 RENT, TAXES, INSURANCE, UTILITIES, ETC.		
Rent, rates & taxes	27,553,388	20,098,133
Insurance	596,377	483,978
Water, electricity & gas	13,543,483	11,845,340
	<u>41,693,248</u>	<u>32,427,451</u>
20 LEGAL & PROFESSIONAL EXPENSES		
Legal expenses	1,072,123	813,202
Other professional expenses	2,347,467	2,877,434
	<u>3,419,590</u>	<u>3,690,636</u>
21 AUDITORS' FEES		
Statutory audit	474,430	474,430
Special-PF audit	12,540	12,540
	<u>486,970</u>	<u>486,970</u>
22 STATIONERY, PRINTING & ADVERTISEMENT		
Printing & Stationery		
Printing Stationery	37,387,257	28,967,952
Work Aid	4,044,622	3,878,768
Office Stationery	9,984,386	9,988,724
	<u>51,416,265</u>	<u>42,835,444</u>
Publicity & Advertisement	504,123	247,872
	<u>51,920,388</u>	<u>43,083,316</u>
23 MANAGING DIRECTOR'S SALARY & ALLOWANCES		
Basic salary	180,000	180,000
House rent allowances	72,000	72,000
Medical allowances	4,200	3,600
Dearness allowances	18,000	9,000
Domestic aid allowance & entertainment	13,620	13,620
Bonus	30,000	30,000
	<u>317,820</u>	<u>308,220</u>
24 REPAIR & MAINTENANCE OF FIXED ASSETS		
Repair & maintenance		
Property & assets	10,484,488	10,134,530
Vehicles	6,918,261	5,661,041
Office/Elec. Equipment	3,343,136	2,761,906
	<u>20,745,885</u>	<u>18,557,477</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004 Taka	2003 Taka
25 DEPRECIATION OF FIXED ASSETS		
Depreciation (annexure A) Fixed Assets	34,763,058	35,625,084
	<u>34,763,058</u>	<u>35,625,084</u>
26 OTHER EXPENSES		
Traveling & conveyance expenses	34,082,297	27,800,438
Postage, telegram and telephone	8,544,421	5,858,892
Entertainment	3,266,030	599,309
Liveries and uniform	533,721	563,600
Washing expenses	262,304	186,981
Subscription	-	200
Welfare and recreation	4,062,655	771,570
Books and journals	32,869	16,734
Computer expenses	65,137,912	46,619,522
Bank charges	13,966,527	8,171,395
Provision for contingency fund	10,042,035	8,048,263
Training expenses	18,070,620	11,816,824
Special programme	15,076	86,536
Film and development	540,352	559,781
Lunch subsidy	72,385,975	61,894,609
Income tax	3,103,896	1,968,543
Group insurance	2,596,205	1,588,030
Holiday work allowance	38,654	492,628
Special allowance	101,792	83,985
Scholarship	4,800,228	-
Miscellaneous expenses	30,336,971	34,605,476
	<u>271,920,540</u>	<u>211,733,316</u>
27 Provisions		
Provision for loans and advances (Note 27.01)	642,758,581	328,112,973
Specific Provision	472,250,182	328,112,973
General Provision	170,508,399	-
Provision for interest receivable (Note 27.02)	375,819,776	267,929,709
Specific Provision	365,967,182	267,929,709
General Provision	9,852,594	-
	<u>1,018,578,357</u>	<u>596,042,682</u>
27.01 Provision for loans and advances		
Basic and Flexible loans	446,894,927	-
Housing loans	195,863,654	328,112,973
	<u>642,758,581</u>	<u>328,112,973</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

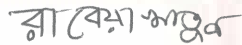
	2004	2003
	Taka	Taka
27.02 Provision for interest receivable		
Basic and Flexible loans	167,930,607	-
Housing loans	207,889,169	267,929,709
	<u>375,819,776</u>	<u>267,929,709</u>

28 PROVISION FOR TAXATION

The income of the Grameen Bank has been exempted up to 31-12-2005 by SRO 36/Ain/ 2003, dated 1 February 2003. The bank got tax exemption for the year 1998-99 on the basis of a Reference case to Hon'ble High Court. A case is still pending before the Hon'ble High Court with regards to Tax exemption for the assessment year 1999-2000. From 2000-2001 onward and up to 2002-2003, tax exemptions have been allowed by the Govt. in vide of the said SRO.



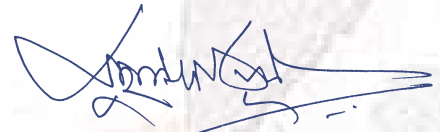
(M. Shahjahan)
General Manager



Director



Director



(Dr. Muhammad Yunus)
Managing Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

STATEMENT OF FIXED ASSETS AS AT 31 DECEMBER 2004

CATEGORY OF ASSETS	C O S T				
	Balance on 1 January 2004	Additions during the year	Transferred during the year	Disposals/adjustment during the year	Balance at 31 December 2004
	Taka	Taka	Taka	Taka	Taka
Land	38,165,645	364,882	84,011	115,587	38,498,951
Building & other Structures	906,856,915	12,484,010	1,385,681	1,511,915	919,214,691
Development of leasehold property	987,576	-	-	-	987,576
Vehicles	43,922,166	13,687,585	8,190,000	11,010,547	54,789,204
Office equipment	175,471,165	3,436,487	1,304,942	1,528,898	178,683,696
Electric equipment	48,236,373	1,322,623	232,015	235,235	49,555,776
Furniture & fixtures	72,570,161	6,699,925	607,170	731,238	79,146,018
Library books	9,141	-	-	-	9,141
Capital work in progress	9,997,297	1,400,823	9,684	8,050,295	3,357,509
2004 Taka	1,296,216,439	39,396,335	11,813,503	23,183,715	1,324,242,562
2003 Taka	1,278,085,210	16,548,677	14,251,912	12,669,360	1,296,216,439

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

ANNEXURE - A

Rate of Dep. %	DEPRECIATION					
	Balance on 1 January 2004	Charge for the year	Depreciation transferred during the year	Disposals/Adjustments during the year	Balance at 31 December 2004	Written Down VALUE AT 31 December 2004
	Taka	Taka	Taka	Taka	Taka	Taka
-	-	-	-	-	-	38,498,951
1.7	139,316,111	15,624,892	1,581,293	1,728,742	154,793,554	764,421,137
10	987,576	-	-	-	987,576	-
20	37,347,612	2,605,703	8,190,000	9,285,549	38,857,766	15,931,438
15	116,145,431	9,996,507	922,680	1,702,005	125,362,613	53,321,083
10	30,951,871	3,153,427	151,910	155,217	34,101,991	15,453,785
10	60,535,328	3,382,489	278,005	553,371	63,642,451	15,503,567
10	9,064	40	-	-	9,104	37
	-	-	-	-	-	3,357,509
	385,292,993	34,763,058	11,123,888	13,424,884	417,755,055	906,487,507
	354,875,330	35,625,084	2,342,469	7,549,890	385,292,993	910,923,446

Celebrations Around Sharmin's Stunning Performance !

Memorable moments captured at the celebration. Sharmin won the gold medal at the seven-nation South Asian Federation (SAF) games held in Islamabad in 2004. She out-performed all competitors in the 10 meters air-rifle shooting competition. It was quite a daring feat for a village girl from poor a family to compete in air-rifle shooting competition in an international sports event and to win the Gold Medal. Sharmin is the daughter of Monowara Begum, a 10 year Grameen Bank member from Karamja Shathia branch in Pabna. The celebration took place in Grameen Bank auditorium on May 8, 2004.



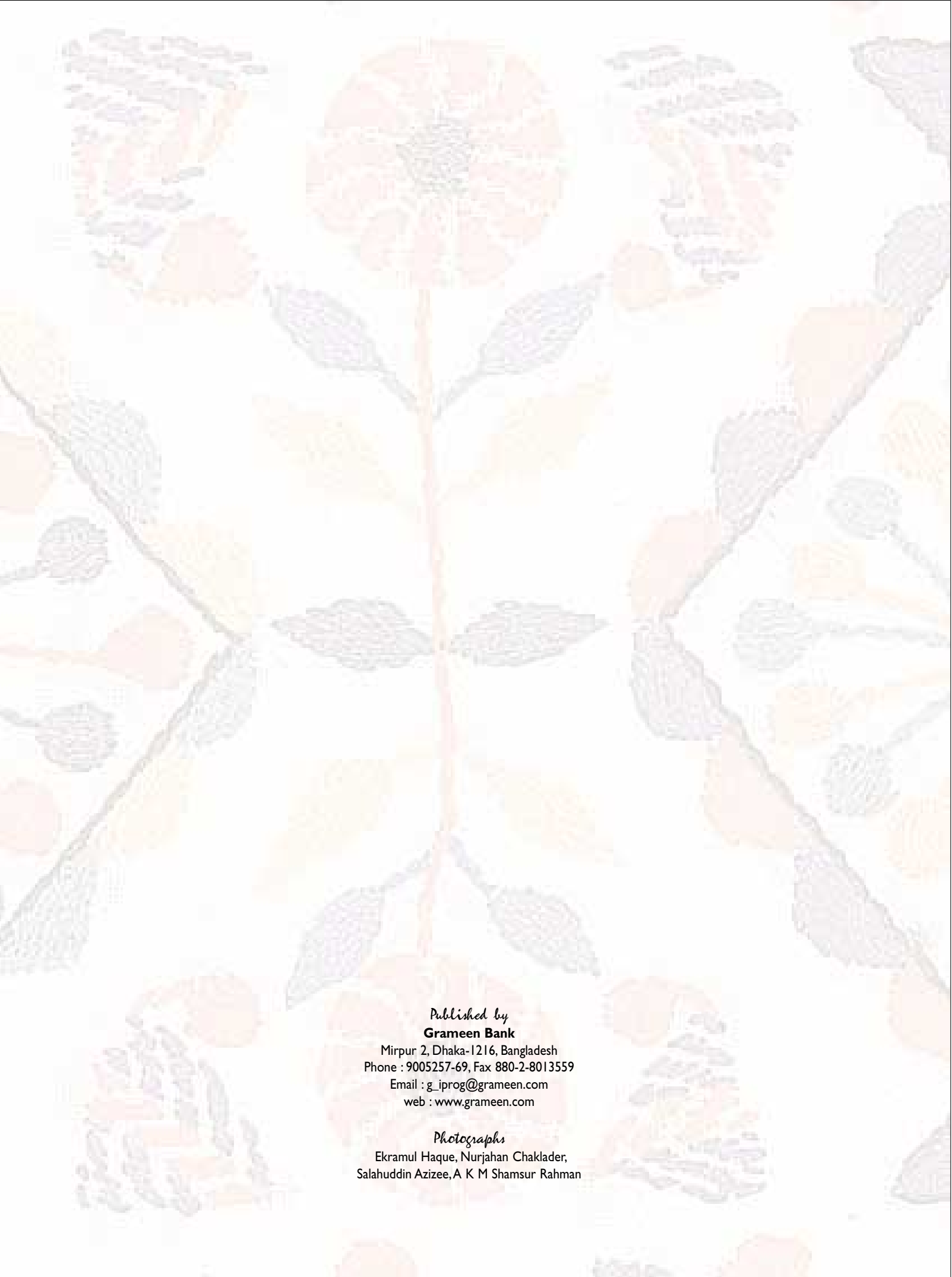
Sharmin receiving Grameen Bank Crest of Honour from Mr. Tabarak Husain, the Chairman of Grameen Bank Board of Directors. Prof. Muhammad Yunus, the parents of Sharmin and her elder sister are standing around her;



Sharmin addressing the jubilant audience at the celebration.



Prof. Muhammad Yunus tells Sharmin how proud he, millions of borrowers of Grameen Bank, and the entire nation are, at her achievement.



Published by
Grameen Bank

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