

07.05.97

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**AGREEMENT BETWEEN GRAMEEN BANK AND GRAMEEN KALYAN
REGARDING TRANSFER OF ALL FUNDS FROM THE SOCIAL
ADVANCEMENT FUND (SAF) INCLUDING THE FUNDS IN GRANT
ACCOUNTS OF GRAMEEN BANK TO GRAMEEN KALYAN**

As per the decision taken in the 42nd meeting of the Board of Directors of Grameen Bank, Clause 42.8, regarding transfer of all funds kept in the Social Advancement Fund (SAF) including the amounts kept in the Grant accounts of Grameen Bank to Grameen Kalyan, the Parties have reached to the following Agreement.

1st Party :

Grameen Bank, Head Office, Mirpur - Two, Dhaka - 1216 (now onward mentioned as 1st Party in this Agreement)

2nd Party :

Grameen Kalyan, Grameen Bank Bhaban, Mirpur - Two, Dhaka - 1216 (now onward mentioned as 2nd Party in this Agreement)

Terms of Agreement :

- 1.0 The 1st Party shall transfer all the funds accumulated up to 30.12.96 kept in the Social Advancement Fund (SAF) [subject to adjustment of the advance amount given to Grameen Trust for conducting Grameen Health Program], including all the amounts received as Grant from donor agencies/institutions and used as revolving fund for credit operations of Grameen Bank to the 2nd Party as per Annex - 1. Subsequently, in the succeeding years the accumulated amounts in these accounts shall be transferred to 2nd Party after the accounts being audited by external auditor.
- 2.0 The 2nd Party shall transfer all the funds received through transfer, to the 1st Party as loan on the date the 2nd party receives the amounts. Out of these amounts, the amounts which shall be given as loan from Social Advancement Fund (SAF), from that amount, the 1st Party shall transfer specific amounts on specific dates (as per agreed list between the two Parties) to the 2nd Party.
- 3.0 The amounts received as loan from 2nd Party shall be categorised into three categories 'A', 'B' and 'c' as shown in Annex - 2. The two Parties based on mutual agreement through negotiation will fix a rate of interest against the categories 'a' and 'c' applicable for the year from the date of transfer up to the period 31 December 1997. Accordingly rate of interest shall be re-fixed for subsequent years, but the rate of interest shall under no circumstances ~~shall~~ be fixed at less than 2% per annum.

Rate of interest for succeeding years shall be fixed through negotiation between the two Parties. If the Parties fail to arrive at a consensus, the rate of interest fixed in previous year shall remain effective.

*Translated
by AB.*

- 4.0 In case when the 1st Party repays the loan, and if the 1st Party expresses its willingness to receive the amount repaid as an investment, the 2nd shall give priority to the 1st Party.
- 5.0 In future, when the 2nd Party manages to receive any fund from any other sources, in investing the surplus fund if the rate of interest remains the same with fixed deposits, the 1st Party shall get preference.
- 6.0 The loans given to Grameen Telecom by the 1st Party from Social Advancement Fund (SAF), shall be considered as loans given by the 2nd Party.
- 7.0 The interest free loans given to Grameen Trust (for conducting the Grameen Health Program) by the 1st Party shall be considered as interest free loans given by the Grameen Kalyan.
- 8.0 The 2nd Party shall undertake programs for achievement of the objectives specified in the Memorandum and Articles of Association of Grameen Kalyan on priority basis including providing health services to the members and workers (including family members) of Grameen Bank, providing credit and donations, and arranging training for skill development and improvement of professional efficiency. But the Memorandum of Association must not be amended, extended or revised through incorporating any terms in the memorandum contradictory to the interest of the members and workers of Grameen Bank.
- 9.0 For any incorporation/change in the terms of the memorandum approved at time of establishing Grameen Kalyan, the 2nd Party will have to take permission from the 1st Party.
- 10.0 In future, the 2nd Party shall consider with priority, financing the new projects undertaken by Grameen Bank through interest free loans or loans at a subsidised rate of interest and/or loan/donation at easy terms.
- 11.0 This Agreement shall be considered with effect from 31.12.1996.
- 12.0 The terms and conditions mentioned here above in this Agreement can be changed, extended or amended through mutual negotiation between the two Parties.
- 13.0 In witness of the of the following witnesses both the Parties agreed to all the terms and conditions here above and put their signatures today the 07.05.1997.

| | |
|--------------------------------------|---|
| 1st Party | 2nd Party |
| Signature : _____ | Signature : _____ |
| Name : Dipal Chandra Barua | Name : Md. Masud Isa |
| Designation : General manager | Designation : Managing Director Grameen Kalyan Mirpur - Two, Dhaka - 1216 |
| Date : May 7, 1997 | Date : 7.5.97 |
| Witnesses : | Witnesses : |
| 1 Signature : _____ | 1 Signature : _____ |
| Name : Zamal Uddin Biswas | Name : Md. Morshed Hossain |
| Designation : Deputy General Manager | Designation : Asstt. General Manager |
| 2 Signature : _____ | 2 Signature : _____ |
| Name : Md. Aminur Rahman | Name : Mohammed Shamsul Alam |
| Designation : Sr. Principal Officer | Designation : Asstt. General Manager |

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**Statement of Transfer of Funds from Grameen bank to Grameen Kalyan as Endowment Fund
up to 31 December 1995**

| | | | |
|------------|--------------------------------|----|-------------------------|
| 1.0 | Revolving Funds : | | |
| | General and Joint | Tk | 1,544,811,572.85 |
| | Housing Loan (members) | Tk | 1,814,903,911.70 |
| | Housing Loans (Employees) | Tk | 87,340,075.88 |
| | Bi-cycle Loans | Tk | 24,793,912.00 |
| 2.0 | Social Advancement Fund | Tk | 442,512,624.00 |
| | Total | Tk | 3,914,362,096.43 |

Amount in words : Taka Three billion nine hundred fourteen million three hundred sixty two thousand ninety-six and paisa forty-three only.

Note : The amount accumulated in the Social Advancement Fund (SAF) as on 31.12.1996 after the audit to be done by external auditor will be considered as included in this Agreement

