

# ANNUAL REPORT 2020



*Shaping Stories*

## Consolidating strength, Exploring possibilities

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At Meridian Finance & Investment Limited, the forward-thinking guides us to consolidate our inner strength and to explore the newer possibilities ahead that lead us towards greater success in the financial industry. Our commitment to assisting our valued customers in realizing the full potential of their venture and steering them in the right direction through our versatile product range to achieve greater progress. It is our continuing commitment that has earned and strengthened the trust of our stakeholders, year after year.

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# LETTER OF TRANSMITTAL

All Shareholders  
Bangladesh Bank  
&  
Other Stakeholders

Subject: Annual Report for the year ended on December 31, 2020

Dear Sir(s),

We are delighted to enclose a copy of the Annual Report 2020 together with the Audited Financial Statements including Balance Sheet as at December 31, 2020 and Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement for the year ended December 31, 2020 along with notes thereon of Meridian Finance & Investment Limited for your kind information and record.

Thank you.

Yours Sincerely,

Sd/-

Md. Wahid Murad FCA, FCGA  
Company Secretary  
Meridian Finance & Investment Limited

# NOTICE OF AGM

## **7th Annual General Meeting**

Notice is hereby given that the 7th Annual General Meeting of Meridian Finance & Investment Limited to be held on Wednesday, June 30, 2021 at 4.00 pm at the corporate head office of the company Silver Tower (Level-6), 52 Gulshan Avenue, Gulshan-1, Dhaka-1212 to transact the following businesses:

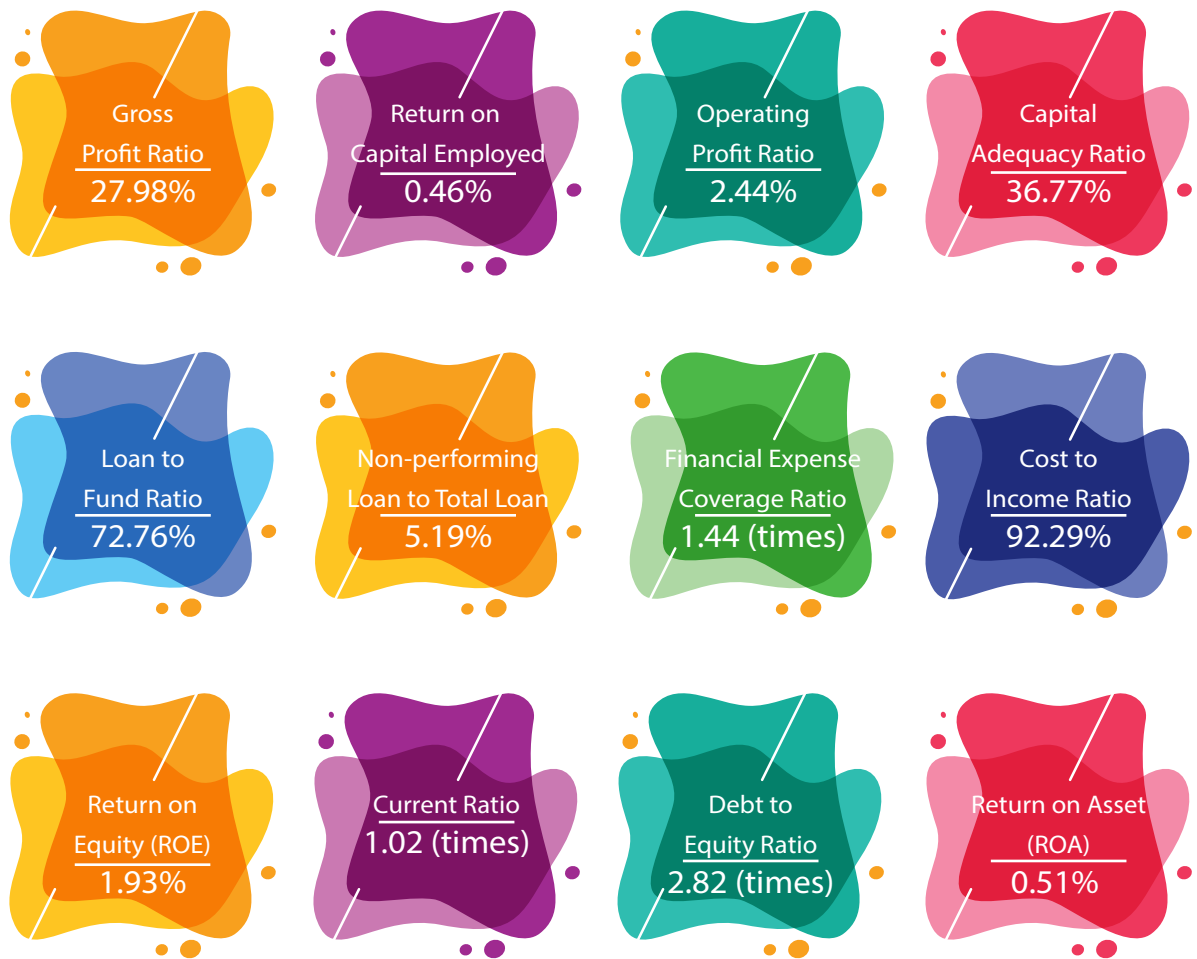
- AGMA-07-01 : To confirm the minutes of 6th Annual General Meeting held on June 11, 2020.
- AGMA-07-02 : To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended December 31, 2020.
- AGMA-07-03 : To approve dividends out of the profits for the year ended December 31, 2020.
- AGMA-07-04 : To elect the directors who are retiring in terms of the relevant provision of the Articles of Association of the Company.
- AGMA-07-05 : To appoint Auditors and to fix their remuneration for the year ended December 31, 2021.
- AGMA-07-06 : To transact any other business with the permission of the Chairman.

By order of the Board.

Dated, Dhaka  
June 16, 2021

Sd/-  
\_\_\_\_\_  
Md. Wahid Murad FCA, FCGA  
Company Secretary

## \*CORE FINANCIAL HIGHLIGHTS, 2020\*



## Last Three Years Performance

**2019**

Total Asset = 5,124  
Net Profit After Tax = 56  
ROE = 4.19%  
ROA = 1.09%  
EPS = 0.47  
Dividend = 4% Cash

**2020**

Total Asset = 4,939  
Net Profit After Tax = 25  
ROE = 1.93%  
ROA = 0.51%  
EPS = 0.21  
Dividend = Nil

**2018**

Total Asset = 5,498  
Net Profit After Tax = 124  
ROE = 9.14%  
ROA = 2.71%  
EPS = 1.03  
Dividend = 8% Cash

## MERIDIAN FINANCE at a Glance

Meridian Finance & Investment Limited	
Type of Company	Public Limited Company
Type of Business	Financial Institution
Key Business Segments	Small Medium Enterprise (SME) Financing Corporate Financing Consumer Financing including Home Loan, and Car Loan/Lease Deposit Schemes
Company Incorporation Number	C-113483/14
Date of Incorporation	January 14, 2014
Bangladesh Bank License Number	DFIM (L)/35
Bangladesh Gazette Number	DFIM(L)/1053/BIBIDH/2015-1135
Number of Branch	04
Address of Corporate Head Office	Silver Tower (Level-6) 52, Gulshan Avenue Gulshan-1, Dhaka-1212
Telephone	+88 09613 445566
Fax	+88 02 883 7822
Email Address	info@meridianfinancebd.com
Web Address	www.meridianfinancebd.com
Auditor	K. M. Hasan & Co. Chartered Accountants
Key Banking Partners	Standard Chartered Bank Woori Bank Mercantile Bank Limited
Credit Rating Company	Alpha Credit Rating Limited
Income Tax Advisor	Adil & Associates
Legal Advisers	Barrister Chowdhury Mokimuddin K J Ali Barrister Tanjib-ul Alam Barrister Mydul H. Khan



# NOTE FROM MANAGING DIRECTOR & CEO

## Dear Stakeholders,

2020 showed us very challenging environment over the economy, we saw overall business environment has posed challenges that have affected the entire Non-bank industry's performance. 2020 was a significant year in Meridian Finance's lifecycle and the company performed better considering the economic situation while maintaining a quality of portfolio with a firmly embedded "Service First" ethos to make a unique and pleasant experience of its customers.

## Economy & Industry Review

Over the past decade Bangladesh's economic growth has steadily increased from 6 percent to 8 percent. The global novel Coronavirus (COVID-19) pandemic has adversely affected the economy of Bangladesh. According to the provisional estimates of the Bangladesh Bureau of Statistics (BBS), GDP growth in FY2019-20 stood at 5.24 percent, compared to 8.15 percent in the previous fiscal year. Growth in export and import in FY2019-20 is negative.

However, remittance inflows grew by 10.87 percent has reduced the current account deficit compared to the previous fiscal year. At the same time, the increase in capital and financial account inflows has led to a surplus in the overall balance of payments. As a result, the foreign exchange reserves have increased significantly. As of June 30, 2020 the foreign exchange reserve stood at US \$43.17 billion, the highest ever. During this period, a marginal depreciation in exchange rate of Taka with the US dollar is being observed. To keep the country's economy afloat in the face of the ongoing Coronavirus pandemic, extra spending on healthcare, emergency humanitarian assistance has been materialized.

The government has launched a financial package of about Tk. 1.2 lakh crore for economic recovery. Some of the notable activities of this package are: create special funds for export oriented industries; provide working capital facilities to the affected industry and service sector organizations; provide working capital facilities to small (including cottage industries) and

medium industrial enterprises; increase the benefits of the Export Development Fund; increase coverage of social security; direct cash transfer to targeted people, formulate various funds for the agricultural sector. A good amount has been disbursed through banks & financial institutions. Meridian Finance has achieved its target given by central bank.

As well as financial incentives, various activities including policy support such as reduction of import duty on COVID-19 related products, policy support to increase liquidity in the banking sector has been provided. As a result of these actions taken by the government, the economy is expected to turn around.

The year 2020 began with a cloud of uncertainty hanging over the horizon. The novel coronavirus was spreading in Europe, the destination of over 60 percent exports from Bangladesh, after wreaking havoc in China, its largest trading partner. Bangladesh felt the heat of a looming global crisis though the virus had not yet made its way into the country. The bad news came a couple of months later. On March 8, the authorities confirmed the maiden case of Covid infection in the country. A week later, the first death from the virus was reported.

Soon, the country's economy, one of the shining stars in Asia, came almost to a halt as the government imposed countrywide lockdown to contain the spread of the virus. The main index of the stock market dropped by 15 percent in less than 10 days in the second half of March. During the nationwide lockdown, millions lost jobs, poverty rate doubled and many businesses folded up. Income of the vast majority of the population shrank. Exports hit rock bottom as the importing countries themselves were finding it difficult to keep their economies afloat. The country was staring at an unprecedented three-pronged crisis: health, economic and food.

To protect the people and the economy, the government rolled out a massive Tk. 120,000-crore stimulus package, one of the largest in the world. It capped bank interest rates below single digit to help firms and businesses borrow at a record low rate. But the biggest support came from farmers who continue to

feed the country and the migrant workers who proved the grim forecasts wrong, sending home a record amount of remittance.

The robust flow of remittance lifted the country's foreign exchange reserves to record highs and put the country on a firm footing. The reopening of the economy in June was a very bold move and proved to be a judicious one, as the virus did not go out of control. The food production, remittance, the stimulus package, the reopening, and the uptick in domestic demand and exports put the country on the path of recovery.

Bangladesh's GDP growth is forecast to drop to 3.8 percent in 2020, compared to 8.2 percent in the previous year. The government debt as a percentage of the GDP rose to 39.6 percent in 2020, considered low as per the international standards. The government had a fiscal deficit of 6.8 percent in 2020, which allowed it to spend a huge amount of money to cushion the economy.

In terms of growth, only Guyana and South Sudan are ahead of Bangladesh. India's GDP would contract by 10.3 percent and Pakistan's by 0.4 percent. Of the 190 IMF member countries, only 23 are forecast to post a positive growth in the outgoing year.

## Business Performance Review

Meridian Finance maintained strong sustainability across its Business Verticals adhering to highest ethical standards, customer centric approach, service delivery, regulatory compliance, and corporate governance. The company was meticulously focused in all key areas like managing risks, revenue, capital adequacy, quality portfolio growth, and liquidity.

The global crisis impacted the business of the company. The business growth was not achieved but maintained a good book during this whole year. The Total Asset size as on December 31, 2020 reduced and stood at BDT 4.94 billion, showing a negative growth of 3.62% compare to immediate last year. The loans & advances of the company stood at BDT 3.64 billion at the year-end registering a negative growth of 4.95% over last year with 5.19% NPL. Total deposit of the company decreased to BDT 2.65 billion compare to

BDT 2.89 billion in 2019, showing a negative growth of 8.41% during the year. Interest Income has decreased for BDT 110.91 million in 2020 from 2019. Total Operating Income declined by 34.78% in 2020. The company registered a Net Profit of BDT 25.09 million in 2020 which is 55.15% negative growth over 2019. The Net Asset Value (NAV) and Earnings per Share (EPS) of the company stood at BDT 10.77 and BDT 0.21 in 2020 compare to BDT 10.96 and BDT 0.47 respectively in 2019. The ROA & ROE of the company in 2020 was 0.51% and 1.93% respectively compared to 1.09% and 4.25% respectively in last year. The company maintained Capital Adequacy Ratio of 36.77% during 2020 against regulatory requirement of 10%.

## Corporate Finance

We provided financing to a large pool of corporate customers in promising sectors instead of few big portfolio customers to diversify and minimize concentration risk. Our Corporate loan book grew to BDT 2.60 billion which is 3.19% higher than last year. Corporate loan book now holds 71.42% of our total loan portfolio, increase from 65.79% in the previous year. The portfolio comprises of sectorial exposures with Trade and Commerce (18.43%), Housing (14.02%) Garments & Knitwear (11.45%), Food Production and Processing Industry (8.85%), Cement and Allied Industry (8.74%) etc.

## SME Finance

We created a growth conducive operating environment to increase business volume by deepening focus on SME market which is considered as the key segment. The main thrust was placed to expand the market bandwidth and to broaden the sector mix. To expand the market bandwidth with in SME segment, the company looked at new products that are geared to support new startups. A range of value enhancement were introduced to broaden the sector mix within SME segment aimed at mid-level SMEs who wish to take their business in next level. A series of market penetration strategies were initiated to put the services near to the customers. Through all these were not tended to mark up during 2020 but good business sustained. Our SME Book decrease by 28.92% in 2020 over last year to reach to BDT 0.46 billion, and currently accounts for 12.60% of total loan book.

We aim to increase our footsteps in lower ticket size SME business opportunities and reach out to the customers with the help of simplified but risk minimized technology driven process and strong monitoring & follow up team. SME portfolio will be gradually increased at standard level of the Total Loan Portfolio of the company.

### **Consumer Finance**

Our Consumer Book is slightly decreased compared to previous year. Home Loan portfolio reduced to BDT 483.32 million in 2020 and Car Loan portfolio stands BDT 82.68 million in 2020. Consumer loan book now holds 15.97% of our total loan portfolio, decreased from 17.31% in the previous year. The total consumer loan book is diversified as 83.19% in home loan, 14.23% in car loan and 2.58% in loan against deposit (LAD) and others.

### **Syndicate Finance**

Meridian Finance, as lead arranger, managed one syndicate finance deals since inception. We have also participated in numbers of syndicate finance deals with participating financial institutions during this period. The Syndicate Finance portfolio stood at BDT 289.68 million at the end of 2020 out of which was BDT 263.51 at the end of 2019.

### **Strategic Business Model**

Meridian Finance recognizes that the SME & Consumer Finance are the important sectors in its business strategy and intend to increase its focus to maintain a quality portfolio that facilitates & supports good service to customers as well as provide adequate return to stakeholders. In the backdrop of current macroeconomic and financial industry's outlook, the NBFIs has shifted the business focus from corporate book to SME and Consumer Book.

### **Management of NPL**

The year of 2020 has experienced adverse situation in the financial sectors considering the non-performing loans due to downtrend of business; Meridian Finance is not the exception. But the NPL of the company was

far better than the industry. The industry average was 15.02% whereas we had 5.19% only. We were unable to reduce NPL due to pandemic & slow economic activities. We prioritize cash flow and goodwill of the borrowing companies when approving loans. Our thrust for diversifying our portfolio as well as strengthening our monitoring has remained very much on. And, in the coming days, "No compromise in quality" would be the guiding principle to manage credit portfolio of the Company.

### **Our People, Our Most Important Asset**

Many factors contribute to being successful in business. Having a sound strategy, having a marketable product or service, and having efficient processes are all important. But it falls to the people within the organization to actually execute on the strategies, plans, and processes to make a business successful. Meridian Finance recognizes and appreciate that "Our employees are our most important asset". It is our continuous endeavor to create an organization of mutual trust, establish an open and enabling environment where our people could work professionally with self-respect, dignity and freedom of speech. We believe that our investments in People Development are keys to sustainable growth. We invest on our people for their continuous training & development and retention critical resources. Our policy towards the people is "Reward the best and be fair with the rest" is clearly out spelled & well communicated across the company.

### **Service First Policy**

We value our customers, both internal & external, and are committed to offer best-in-class service experience for them. This is our philosophy to win the heart of our customers. Our focus has always been to understand customers' perspectives and develop service and products accordingly.

### **Technology Platform**

Technological leadership is an absolute necessity for the delivery of value to all our stakeholders amidst rapidly changing life styles and paradigms. We are committed to place superior technology platform at

the forefront of our delivery channels and operations. For core financial solutions, Meridian Finance has implemented "BANKULATOR", a proven technology platform to better serve our processes and purposes. Our endeavor to continuously upgrade our technology platform to bring efficiency to its operations and ensure continuous customer satisfaction.

## Sustainable Business

Business organizations are now regarded as "Corporate Citizen" with obligation and responsibility to the society. We are committed to protect our environment. We are emphasizing on social, ethical and environmentally responsible approaches to business activity. Meridian Finance examines the environmental social & environmental effects of projects before approval. It is well aligned with Bangladesh Bank's Guidelines on this aspect. We remained responsive to the call of the society like before. We have supported the under privileged people throughout the year under corporate social responsibility programs.

## Recognitions

We have been independently rated by Alpha Credit Rating Ltd. (Alpha Rating) for the performance year 2020. Our assigned ratings are in Long Term: "A" and for Short Term: ST-2. This represents Meridian Finance's adequate capacity to meet financial commitment with satisfactory level of liquidity, internal fund generation and access to alternative sources of funds. Moreover, Financial Institution Department under Ministry of Finance of Bangladesh Government has enlisted & approved Meridian Finance for taking deposits from Government, Semi-Government and Autonomous & Semi-Autonomous Organizations considering our performance ratings.

## Looking Forward

We all know that the world is facing a serious crisis on the pandemic of COVID-19, a virus which causes more than 450 million of patients and more than 30 million of deaths around the world. The virus is thought to be natural and has an animal origin, through spillover infection. The actual origin is unknown, but the first

known cases of infection happened in China. By December 2019, the spread of infection was almost entirely driven by human-to-human transmission. A study of the first 41 cases of confirmed COVID 19, published in January 2020 in The Lancet, revealed the earliest date of onset of symptoms as 1 December 2019. Official publications from the WHO reported the earliest onset of symptoms as 8 December 2019. Human-to-human transmission was confirmed by the WHO and Chinese authorities by 20 January 2020.

The global economy is faced the 'Great lockdown' recession caused by the COVID-19 pandemic, the economy of Bangladesh too, has been hit hard. With only 15% of the country's population making more than USD 6 per day, Bangladesh stands in a vulnerable position to tackle the economic impact of COVID-19. Meridian Finance also falls in a deep crisis during this epidemic and to save the economy and growth of the company, we have taken strategic plans with the support of our Board of Directors and staffs. The main strategy is to save the lives of the colleagues and secondly curtail of fat costs. We have with the joint line of the initiatives taken by the Government of Bangladesh and responded with the stimulus packages of Bangladesh Bank to be on board. Our other strategies is to continue the business that we do well. Better management of our exposure through rigorous monitoring & follow ups and diversification of portfolio are our main focus.

### We also:

- ▶ Concerted marketing efforts to acquire low cost deposits;
- ▶ Exploring opportunities to collaborate with Foreign Equity holders;
- ▶ Improving the Net Interest Margin (NIM);
- ▶ Managing & Controlling NPL & PAR to ensure Asset Quality;
- ▶ Taking benefit of the technology platform and to manage business efficiently;
- ▶ Shifting focus from Corporate to SME & Consumer Finance;

- ▶ Open up more touch points;
- ▶ Hire, develop & retain the critical people.

Our aim is to offer and treat every customer's experience as unique in all possible ways. We hope to carry forward the values-based product and services to our customers and play pivotal role to shaping their stories in the days to come.

### A Note of Thanks

I express my appreciation and thanks to the Government of the People's Republic of Bangladesh, Governor and other officials of Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), National Board of Revenue, and Registrar of Joint Stock Companies and Firms for their continuous support and assistance, guidelines and cooperation provided to us from time to time. Thanks to fellow banks & NBFIS for their support and co-operation. We are thankful to our customers for the continued trust they have placed in our products and services. We would also like to express our appreciation to the management and employees for their loyalty, commitment and hard work, enabling us to reach where we are today. Finally, I would extend my gratitude to the Chairman & the Board of Directors for their invaluable guidance & support which greatly assisted us to overcome many challenges.

We are committed to realizing the Meridian Finance's full potential. And I am optimistic about the future and look forward to grow sustainably.

Sd/-  
Quazi Nizam Ahmed  
Managing Director & CEO (CC)



CORE VALUE CHARTER





## CODE OF CONDUCT

*In accordance with the approved  
and agreed Code of Conduct,  
Meridian Finance employees shall:*

Act with integrity, competence, dignity and in an ethical manner when dealing with customers, prospects, colleagues, agencies and the public.

Act and encourage others to behave in a professional and ethical manner that will reflect positively on Meridian Finance employees, their profession and on Meridian Finance at large.

Strive to maintain and improve the competence of all in the business.

Use reasonable care and exercise independent professional judgment.

Not restrain others from performing their professional obligations.

Maintain knowledge of and comply with all applicable laws, rules and regulations.

Disclose all conflicts of interest.

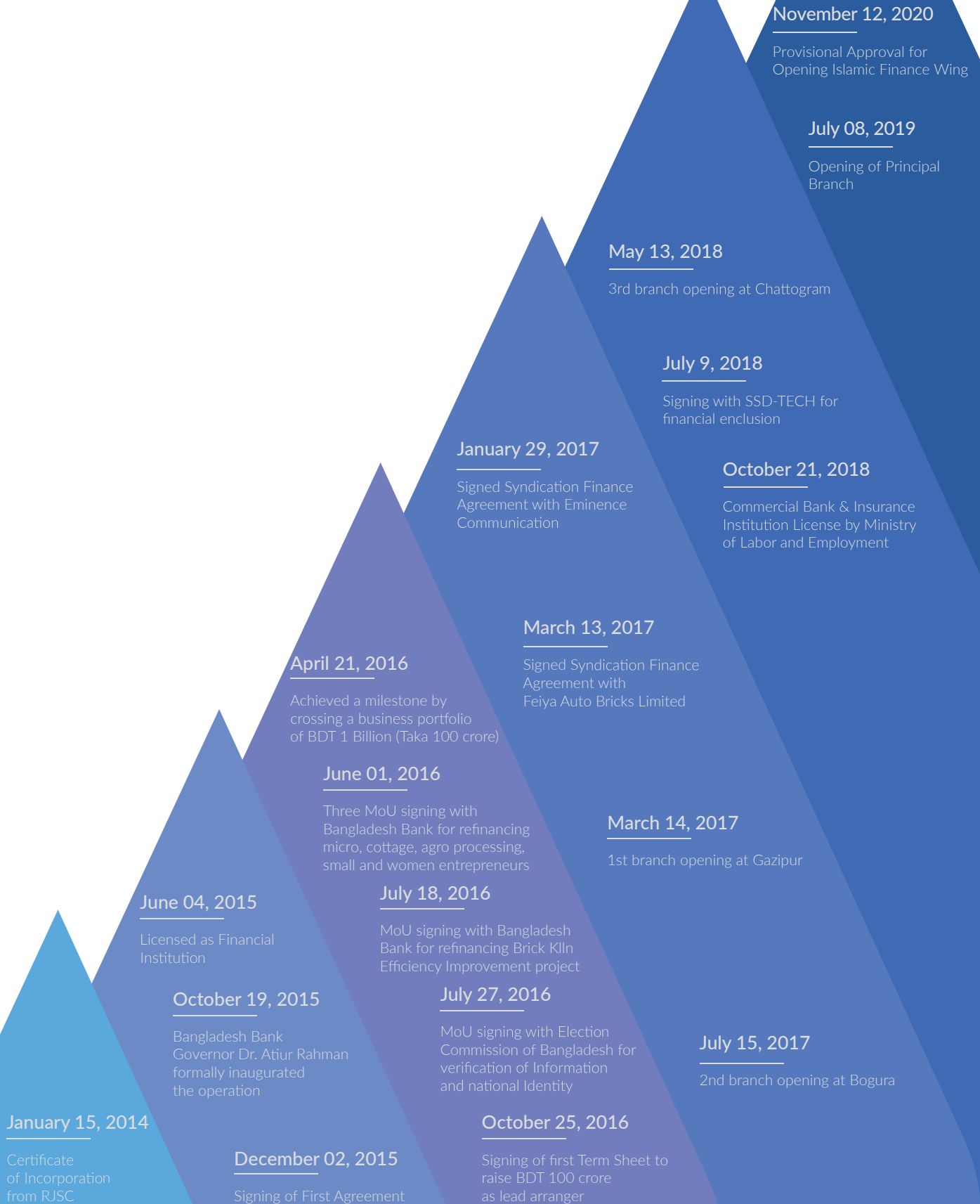
Deliver professional services in accordance with Meridian Finance policies and relevant technical and professional standards.

Respect the confidentiality and privacy of customers and people with whom we do business.

Not engage in any professional conduct involving dishonesty, fraud, deceit or misrepresentation or commit any act that reflects adversely on our honesty, trustworthiness or professional competence.

Meridian Finance employees have an obligation to know and understand not only the guidance contained in the Code of Conduct but also the spirit on which it is based

# Key Milestones





# OUR EXTENSIVE RANGE OF PRODUCTS AND SERVICES

## Corporate Finance

- ▶ Lease Finance
- ▶ Syndicated Finance
- ▶ Loan for Commercial Space
- ▶ Working Capital Finance

## SME Finance

- ▶ Arjon (Secured)
- ▶ Duranta (Commercial Vehicle)
- ▶ Durjoy (Secured)
- ▶ Agroduct (Unsecured)
- ▶ Agrojatra (Agro)
- ▶ Suchana (Women Entrepreneur)
- ▶ Boshoti (Commercial Construction)

## Term Deposit Scheme

- ▶ Regular Term Deposit
- ▶ Double/ Triple Money Deposit

## Consumer Finance

- ▶ Home Loan
- ▶ Car Loan
- ▶ Loan against Deposit

## Regular Earner Scheme

- ▶ Monthly Earner Deposit
- ▶ Quarterly Earner Deposit

## Money Builder Deposit Schemes

- ▶ Deposit Pension Scheme (DPS)
- ▶ Millionaire Scheme (MS)
- ▶ Millionaire Plus Scheme (MPS)
- ▶ Education Saving Scheme
- ▶ Women's Saving Scheme

# DIRECTORS' REPORT TO THE SHAREHOLDERS OF MERIDIAN FINANCE

## Dear Shareholders,

The Board of Directors of Meridian Finance & Investment Limited cordially welcomes you to the 7th Annual General Meeting of the Company.

On behalf of the Board of Meridian Finance, I have the pleasure to present the Directors' Report on the operational and financial activities of your Company, audited financial statements for the year ended 31st December 2020; the auditor's report together with company's performance which includes reports on business strategy review, risk management, corporate governance, financial and operational highlights for your consideration, approval and adoption. This report has been prepared in accordance with Section 184 of the Companies Act 1994, Financial Institutions Act 1993 and the guidelines issued by Bangladesh bank and other relevant regulatory authorities. The Financial Statements were reviewed and approved by the Board of Directors on June 16, 2021.

## Economic Outlook

### Global Perspective

The coronavirus (COVID-19), which has emerged as a global pandemic, poses a major risk to the global economy. Protecting lives and allowing health care systems to cope with have required quarantine, isolation, lockdown, shutdown etc. which in turn have severely limited economic activity.

According to IMF, the baseline scenario, which assumes that social distancing will continue into 2021 but will fade over time as vaccine coverage will expand everywhere by the end of 2022. The global economy is projected to grow by 5.2 percent in 2021 as the economic activity normalizes, helped by policy support.

The legacies of the pandemic exacerbate the challenges facing policy makers as they balance the need to support the recovery while safeguarding price stability and fiscal sustainability. In most regions, risks to the outlook are tilted to the downside. All regions remain vulnerable to renewed outbreaks of COVID-19, which could feature variant strains of the virus;

financial stress amplified by elevated debt levels; deeper-than-expected scarring from the pandemic; and rising social unrest, potentially triggered by rising food prices. This edition of Global Economic Prospects also includes analytical chapters on policy options for reducing trade costs, so that trade can once again become an engine of growth, and on prospects for inflation as an exceptionally fast global rebound is associated with growing price pressures.

In South Asia, India's recovery is being hampered by the largest outbreak of any country since the beginning of the pandemic. In the Middle East, North Africa, Latin America and the Caribbean, the pace of growth in 2021 is expected to be less than the magnitude of the contraction in 2020, while the tepid recovery in Sub-Saharan Africa will make little progress in domestic logistics, retail, and wholesale trade; and less corruption.

After declining in the first half of 2020, global inflation has rebounded quickly on recovering activity. While global inflation continued rising in the remainder of this year, inflation remained within target bands in most inflation-targeting countries.

### Domestic Perspective

Economic growth slowed to 5.24 percent in FY2019-20, according to the provisional estimates of Bangladesh Bureau of Statistics (BBS), which is the lowest since FY2008-09. As per final estimate, GDP growth was 8.15 percent in FY2018-19. The growth of agriculture sector has slowed to 3.11 percent in FY2019-20, from 3.92 percent in FY2018-19. During the same period, industry sector grew by 6.48 percent, which was 12.67 percent in the previous fiscal year. The service sector grew by 5.32 percent in FY2019-20 compared to 6.78 percent in the previous fiscal year. The contribution of agriculture, industry and service sectors reached at 13.35 percent, 35.36 percent and 51.30 percent respectively in FY2019-20 against 13.65 percent, 35.00 percent and 51.35 percent respectively in the previous fiscal year.

Per capita GDP and per capita national income stood respectively at US\$ 1,970 and US\$ 2,064 in FY2019-20,

up by US\$ 142 and US\$ 155 from the previous fiscal year. During FY2019-20, domestic savings increased to 25.31 percent of GDP, which was 25.02 percent in the previous fiscal year. Likewise, national savings as percent of GDP increased to 30.11 percent in FY2019-20 from 29.50 percent of the previous fiscal year.

The gross investment stood at 31.75 percent of GDP in FY2019-20, which was 31.57 percent of GDP in the previous fiscal year. Of this, public investment and private investment accounted for 8.12 percent and 23.63 percent of GDP, respectively, up from 8.03 percent and 23.54 percent of GDP in the previous fiscal year.

In FY2019-20, the inflation rate stood at 5.65 percent, which is slightly higher than the target (5.50%). In this case, food inflation increased to 5.56 percent and non-food inflation stood at 5.85 percent. The Coronavirus (COVID-19) pandemic has slowed global economic activity and reduced inflation globally. However, the pandemic could ignite world food production and cause disruption in supply chain. Therefore, food inflation is likely to increase in the coming months.

The revenue mobilization target was set at Tk. 3,48,069 crore (12.41% of GDP) in FY2019-20. Revenue receipt from NBR sources was marked at Tk. 3,00,500 crore (10.71% of GDP), tax revenue from non-NBR sources at Tk. 12,567 crore (0.45% of GDP) and non-tax revenue at Tk. 35,002 crore (1.25% of GDP).

Total revenue mobilization stood at Tk. 2,62,813 crore, which is 4.34 percent higher than the revenue of mobilization of previous fiscal year, achieving 75.51 percent of the target. Tax revenues received from NBR sources was Tk. 2,14,848 crore achieving 71.50 percent of the target. Tax revenue receipt from non-NBR source during the period was Tk. 5,944 crore achieving 61.91 percent of the target. On the other hand, revenue mobilization from non-tax sources stood at Tk. 42,022 crore achieving 120.06 percent of the target. Non-tax revenue increased sharply as per the decision to deposit surplus money of autonomous, semi-autonomous, state-owned and public non-financial corporation to government treasury.

With a view to ensuring the adequate liquidity in the financial system to tackle the impending financial crisis stemming from outbreak of the COVID-19 pandemic, Bangladesh Bank reduced the repo rate from 6 percent to 5.25 percent. The Cash Reserve Requirement (CRR) was initially reduced from 5 percent to 4.5 percent (daily-basis) and from 5.5 percent to 5 percent (bi-weekly basis), with a further reduction to 4 percent and 3.5 percent, respectively, from 15 April 2020. Bangladesh Bank has also raised the advance-deposit ratio (ADR) and investment-deposit ratio (IDR) by 2 percent to 87 percent and 92 percent respectively to facilitate credit to the private sector and improve liquidity in the banking system.

The year-on-year growth of broad money at the end of June 2020 stood at 12.64 percent, which is slightly higher than the target (12.50). At the end of FY2019-20, the growth of private sector credit stood at 8.61 percent, compared to 11.32 percent in the previous fiscal year. The net credit to the government increased by 55.51 percent at the end of June, 2020 compared to 19.37 percent increase in same period of previous fiscal year. Initiatives have been taken to rationalize the interest/profit rate of loans/investments with a view to creating an industry and business friendly environment for the industrial, business and service originations. Bangladesh Bank issued a circular on fixing the interest rate on loans at a maximum of 9 percent (except credit card).

In the first nine months of FY2019-20 (July-March, 2020), the country's manpower exports stood at 5.31 lakh people, which is 2.73 percent more than the same period of the previous fiscal year. From April 2020 to June 2020, manpower exports were virtually closed. In FY2019-20, remittance inflows stood at US\$ 18,205.01 million, an increase of 10.87 percent over the previous fiscal year due to introduction of 2 percent incentives on remittances sent by NRBs.

During this period, the current account balance decreased as remittance flows increased. The current account deficit stood at US\$ 4,849 million, compared to US\$ 5,102 million in the previous fiscal year. On the other hand, due to increased inflow in capital and financial account, the overall balance of payments increased from US\$ 179 million in FY2018-19 to US\$ 3,655 million in FY2019-20.

The surplus in the overall balance helped maintain the foreign exchange reserve. On 30 June 2020, the foreign exchange reserves reached US\$ 36.04 billion which was US\$ 32.72 billion 30 June 2019. On October 8, 2020, our foreign exchange reserve reached the record level of US\$ 40 billion. In FY2019-20, the exchange rate of Taka against US\$ remained stable.

To keep the country's economy afloat in the face of the ongoing Coronavirus pandemic, extra spending on healthcare, emergency humanitarian assistance has been made. The government has already announced a stimulus package of about 1.2 lakh crore taka for economic recovery. Some of the notable activities of this package are to: create special funds for export oriented industries; provide working capital facilities to the affected industry and service sector organizations; provide working capital facilities to small (including cottage industries) and medium industrial enterprises; increase the benefits of the Export Development Fund; increase coverage of social security; direct cash transfer to the targeted people, formulate various funds for the agricultural sector. Besides financial incentives, various activities including policy support such as reduction of import duty on COVID-19 related products, policy support to increase liquidity in the banking sector has also been provided. As a result of these actions taken by the government, the economy is expected to turn around.

### **Meridian Finance's Performance Snapshot**

The year 2020 was a challenging year for Meridian Finance. In the backdrop of low credit appetite, Increasing NPL trend in the financial sector, mounting pressure on constant deposit & increasing trend of financial expenditure, Meridian Finance demonstrated resilience in achieving its key performance indicators. The loan portfolio stood at BDT 3.64 billion with 5.19% percentage classified loan ratio. The loan portfolio decreased by 4.95% and the NPL increased by 1.66% as compared to previous year. On the other hand, Meridian Finance's deposit portfolio consisting of both institutional and individual clients stood at BDT 2.65 billion. The deposit portfolio also experienced a negative growth in the year by 8.41% compared to previous year.

Meridian Finance earned after tax net profit of BDT 25.09 million in 2020, meeting all financial and operational objectives. Return on Equity stands at 1.93% at the end of December 31, 2020 declined from 4.19% in 2019.

### **Business & Operational Activities**

Meridian Finance is a multi-product financial service provider having major focus in SME Financing, Consumer Financing, and Corporate Financing and Deposit products. It provides a high standard of professional and personalized services to its diverse set of client maintaining strict compliance and highest ethical standards. The Company's strategy is to build a well-diversified portfolio across different sectors to manage risk prudently. As of 2020, the credit portfolio represents of 71.43% of corporate loan followed by SME 12.60% and Consumer Finance 15.97%.

### **Performance Highlights**

We consider us more than a financial institution that is keeping its marks in building the nation and taking part in the financial activities for development. Our objective is to help our clients to shape their success stories as a trusted partner. As our clients focus on realizing their aspirations, we become an integral part in Shaping Stories of their achievement and success. During the year 2020, the Company focused on to create meaningful new relationships with its different segments of clients and successfully pulled clients to its portfolio and positioned itself in the NBFi fraternity. COVID-19 put Banks and NBFIs in to extremely challenging situation. Meridian Finance made best effort to maintain the quality of its portfolio and fulfill its commitment towards depositors. The corporate loan has been increased by 3.19% from last year and stood at 2,597.87 million. To expand the market bandwidth within SME segment, Meridian finance targeted and offered various value added services to the mid-level SMEs who wish to take their business to the next level. A range of value enhancement were introduced to broaden the sector mix within SME segment aimed at mid-level SMEs who wish to take their business in next level. A series of market penetration strategies were initiated to put the services near to the customers. These efforts were

successful & paved the way to increase our exposure to various sub-segments. Consumer Loan business like home loans & car loans is fiercely competitive. To ride in the race we focused to provide value to clients through better service, standard documentation and quick approval & disbursement. Consumer Loan appears to be very competitive as far as the rate is concern. Despite many challenges, we kept our consumer loan portfolio at BDT 580.99 million which was BDT 662.34 in previous year.

## Funding

In 2020, we initiated a number of steps to create visibility & promote Meridian Finance as a trusted Financial Institution among the depositors. Our treasury team managed liquidity and tried to keep the cost of fund as low as possible. Continued emphasis was placed to onboard all available refinancing schemes offered by Bangladesh Bank, call money borrowing & lending and to get cheaper sources of deposits from Individual and Institutions. The company was successful in attaining the desired objective, denoted by 82.22% of the borrowing mix was booked through deposit (BDT 2.65 billion). Meanwhile, the company also used Call Money Market, Overdraft Facilities, and Short Term Facilities from Bank & NBFI & limited term loan from commercial bank for further support of its funding requirement. Consequently, the Company could maintain its average cost of fund to the level of 10.70% during the year.

Meridian Finance has started deployment of strong deposit sales team at the end of the year 2019 with a long term vision of reducing dependency on bank institutional borrowing and individual depositors. The team is expected to build a good network in the niche market segment. We expect to hold a strong deposit based so that the dependency of bank's exposures will not be depended. We already reduced the bank/FI's borrowing for Tk. 52.50 crore during 2020.

## Asset Quality

The year 2020 was very challenging for NBFI sector due to pandemic and slow economic activities; that's why we were unable to increase the lending portfolio. Our prime focus is to keep good quality asset. But overall business environment did not permit to keep

the NPL level like last year and it was deteriorated. The market average NPL of NBFI industry was 15.02%; whereas our NPL was 5.19%.

## Key Financial Performance

Meridian Finance's Net Interest Income and Operating Income witnessed a negative growth during the year and reached to BDT 141.72 million and BDT 160.18 million respectively from BDT 223.05 million and BDT 245.58 million respectively in 2019 resulting in decline of 36.46% & 34.78% respectively. Investment income during the year was BDT 11.67 million whereas Fee Income was BDT 18.45 million which also observed significant amount of decline. Cost to income ratio recorded at 92.29% which was 58.68% in 2019.

There were BDT 6.68 million of specific provision during the year and BDT 14.11 million of declined general provision. Meridian Finance witnessed profit before tax and reserve of BDT 5.92 million and Net Profit of BDT 25.09 million respectively for the year ended 2020 resulting a decline of 55.15% in bottom-line. The EPS stood at BDT 0.21 from 0.47 in 2019.

## Human Resources Management

We have been quite successful in attracting talents during the year and made a blended mix of quality human capital with dynamism, agility and experience. Our talents has built up the foundations and confidence for organic growth as we continue to proceed ahead to embark upon new challenges. MFIL strongly believes that its human resources are its most precious assets and recognizes them as building blocks for the Company to perform sustainably.

## Meridian Finance's Contribution to the Society

The Company is strictly committed to contribute for the economic and social development of the country. Besides our core activities, we give utmost priority to increase the standard of living condition of our clients and our employees and directly contribute to the exchequer in the form of various tax, excise duty and VAT during the year. Details are given later in this report in Statement of Contribution to Government-Exchequer section.



## Risk Management & Control Environment

High quality management of risk is one of Meridian Finance's hallmarks and thus a priority in its activity. It has combined prudence in risk management with use of advanced risk management techniques, which have proven to be decisive in generating recurrent and balanced earnings and creating shareholder value. The activity of risks is governed by the following principles, which are aligned with Meridian Finance's strategy and business model and take into account the recommendations of the supervisory bodies, regulators and the market's best practices.

Meridian Finance has different Committees and risk management team to manage and control all types of risks (i.e. Credit risk, concentration risk, market risk, operation risk, liquidity risk, market risk, compliance risk, reputation risk, environment and social risk, related party exposure risk, competition risk, Legal risk, ICT risk, Strategic risk etc.) prudently. The committees are as follows:

- ▶ Credit Evaluation Committee (CEC);
- ▶ Credit Risk Management Committee (CRM),
- ▶ Asset & Liability Management Committee (ALCO);
- ▶ Central Compliance Unit (CCU)
- ▶ Risk Management Forum;
- ▶ HR & Compensation Committee;
- ▶ Anti-Money Laundering Committee.

We are committed to manage the risks and ensure delivery of service to our stakeholders maintaining effective Risk Management System which maintains a balance between risk and return.

## Statutory Payments

The Board of Directors are satisfied that to the best of their knowledge and belief all statutory payments to all authorities have been paid on a regular basis.

## Capital Expenditure

Meridian Finance incurred BDT 52.28 million as capital expenditure mainly for office decoration and renovation of its branches, furniture & fixtures, office equipment, IT equipment and software. The details of capital expenditure are shown under the head Property, Plant and Equipment Schedule in the Notes to the Financial Statements.

## Going Concern

The Directors after making necessary inquiries and reviews including reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and such other matters required to be addressed in the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Bangladesh and the Bangladesh Securities and Exchange Commission Meridian Finance has adequate resources to continue operations into the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

## Corporate and Financial Reporting Framework

Financial Statements have been prepared in conformity with the requirements of the Bangladesh Financial Reporting Standards, Companies Act 1994, Financial Institutions Act 1993 and amendments thereto, Bangladesh Bank's Guidelines on Corporate Governance Code.

## Directors Meeting and Remuneration

During the year 10 Board Meetings were held. All meetings fulfilled the quorum. On an average, in each meeting 7 directors were present. The Board has two sub-committees: Executive Committee (no meetings held in 2020) & Audit Committee (4 meetings held in 2020)

For each meeting a fee of Tk. 6,250 (excluding VAT & Tax) is paid to directors as remuneration which is in line with Bangladesh Bank guideline made in this regard.

## Appointment / Re-appointment of Directors

As per Article no. 79 of Schedule I of Companies Act 1994 and also as per Article No. 92 of Articles of Associations of Meridian Finance & Investment Limited, Mr. Mahmud Hasan Khan, Md. Rezaul Hossain, Golam Mostafa and Rashnat Tarin Rahman will be retired in 7th Annual General Meeting and they seek re-appointment. Statutory Auditors

The Board in its 43rd meeting held on May 28, 2020 recommended the shareholders to appoint

K.M. Hasan & Co., Chartered Accountants as the Auditors of Meridian Finance for the year ended December 31, 2020 with a fee of BDT 230,000 plus VAT. Meridian Finance has applied to take prior approval from Bangladesh Bank to appoint K.M. Hasan & Co., Chartered Accountants, until completion of conclusion of the 7th AGM.

## Dividend

Considering the overall environment of financial market, current financial strength of the Company and meeting shareholders' expectations, the Directors recommended no dividend for the year ended 31 December 2020. The no dividend is subject to approval of the shareholders at the Annual General Meeting.

## Sustainable Business

We remained responsive to the call of the society like before. The company has distributed school bags to the 100 poor students in Sreepur, Gazipur. It has also operated free medical camp with full free medicine to the 100 poor people in a shanty-town in Mirpur, Dhaka.

## Acknowledgements

The Board of Directors would take this opportunity to express their profound gratitude and extend appreciation to our values shareholders, clients, bankers, depositors, lenders, business partners, regulators, service providers, supporters, well-wishers and other stakeholders for their continued patronage, support and cooperation. The Board offers it's sincere thanks to the Bangladesh Bank, Bangladesh Security Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue, Ministry of Finance, FID and other Government authorities and agencies for their support and cooperation. I would also like to thank the employees of Meridian Finance for their dedication and commitment to make the year 2020 a successful one and look forward to making the coming years even better in all possible terms.

For and on behalf of the Board of Directors.

Sd/-  
Naima Chowdhury  
Chairman

# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING AND INTERNAL CONTROL

## Responsibility for Financial Reporting

Board of Directors is always committed towards self-controlled environment which is reflected by ensuring proper entries in books of accounts for each financial year that gives a true and fair view of the state of affairs of the company and by accepting responsibility for the integrity and objectivity of the financial statements. In preparing financial statements, the Board of Directors ensures the followings:

Select relevant accounting policies and apply them consistently;  
Make judgments and estimates that are reasonable and prudent;  
Comply with applicable Financial Reporting Standards;  
Prepare the financial statements on going concern basis.

The considerations set out above are also required to be addressed by the Directors in preparing the financial statements. The Board of Directors confirms that the International Financial Reporting Standard (IFRS) and International Accounting Standards (IAS) have been followed meticulously subject to any material departure due to compliance with Bangladesh Bank being disclosed and explained in the notes to the financial statements. It ensures that the financial statements comply with the sufficient requirement of Companies Act 1994 and Financial Institution Act 1993 and relevant rules & regulations

## Responsibility for Corporate Governance and Internal Control

The Board ensures key decision making and execution within a clear governance framework. A primary task is the governance and oversight of business models which sets out consistent delivery of stakeholder value in an uncertain and challenging environment. The Board of Directors is also responsible for proper establishment and maintenance of an effective internal control system that safeguards shareholders' investments and assets of the company through prevention and detection of fraud and irregularities. The Board ensures that statutory and regulatory requirements are met and responds to changes in the Company's internal and external environment and conditions. The Board is responsible for ensuring that an adequate and effective internal control system exists in the organization and that all executives of the Company are maintaining and monitoring the performance of that system. Moreover, the Audit Committee quarterly reviews the internal control systems and the significant findings. They must ensure that the system operates as intended and is modified appropriately when situations dictate. The Board and management must make sure that the Company's information systems produce pertinent and timely information in a form that enables employees, auditors, regulators, shareholders etc. to get the required data and information.

The Board of Directors, who oversees the internal control system in general, approves and reviews the business strategies and policies that govern the system. They are also responsible for understanding risk limits and setting acceptable ones for the Company's major business activities, establishing organizational control structure, and making sure senior management identifies, measures, monitors, and controls risks and monitors internal control activeness. The Board: (1) discusses periodically the internal control system's effectiveness on management and operations; (2) reviews internal control evaluations conducted by management, internal and external auditors, and inspectors in timely manner; (3) monitors actions of management on auditors' and inspectors' recommendations on internal control and their concerns; (4) periodically reviews the Company's strategy and risk limits. Board and management



consider whether a control system's methods, records, and procedures are proper in relation to the Company's:

Asset size

Organization and ownership characteristics

Business activities

Operational complexity

Risk profile

Methods of processing data

Legal and regulatory requirements

The Board of Directors ensures that management properly considers the risks and control issues of emerging technologies, enhanced information systems, and accounting. These issues include: more users with access to information systems; less segregated duties; a shift from paper to electronic audit trails; a lack of standards and controls for end-user systems; and, more complex contingency planning and recovery planning for information systems. From the above it can be said that: the Board undertakes the overall responsibility of setting acceptable level of risk, ensuring that the senior Management Committee takes necessary steps to identify, measure, monitor and control these risks, establishing broad business strategy, significant policies and understanding significant risks of the Company. Through establishment of an 'Audit Committee' of the Board and Internal Control & Compliance Department, the Board of Directors monitors the effectiveness of internal control system. The internal as well as external audit reports are sent to the Board Audit Committee without any intervention of the management and the Board ensures that the management takes immediate and necessary actions as per the recommendations. The Board holds periodic review meetings with the senior management to discuss the effectiveness of the internal control system of the Company and ensures that the management has taken appropriate actions as per the recommendations of the auditors and/ or inspectors.

### **Responsibility Statement of CEO and CFO**

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have a strategic viewpoint of the company, and both work towards achieving the Company's mission (the fundamental objective). CEO and CFO broadly represent the Management of the Company and have common perspectives on the overall objective, functions, and reporting.

### **Responsibilities of the MD & CEO**

MD & CEO is the leader of an organization who by his knowledge and wisdom, innovative ideas and charismatic leadership can able to take a Company from the scratch to the market leader. He is a visionary leader who can see what is going to happen in near future and can formulate and implement strategies accordingly to reap out the maximum from opportunities. He plays the stewardship responsibility by managing the shareholders' funds and is accountable to the board of directors and to the shareholders for effective and efficient uses of their funds. More specifically, the responsibilities of the MD & CEO are as follows:

1. Lead, in conjunction with the Board, the development, implementation, and monitoring of the Company's vision, plans and strategies.
2. Responsible for the robust implementation of the Internal Control system by which smooth operations, reliable financial reporting, and compliance with regulations and policies are ensured.
3. Periodically review the Internal Control system to ensure minimum risk exposures and maximum resource security (both tangible and intangible).
4. Ensuring that the financial statements present a true and fair view, the form and substance of the transactions of which represents the Company's state of affairs.
5. Ensure implementation of proper Corporate Governance practices to balance the interests of the stakeholders.
6. Justify on the Company's participation in Corporate Social Responsibilities (CSR).

## Responsibilities of the CFO

With the ever changing accounting policies and standards to cope up with the versatile business environment, a CFO plays a key role in facilitating the delivery of sustainable value creation and preservation. At Meridian Finance, the CFO is an effective organizational leader and a key member of Senior Management who provides shared leadership and vision to the organization, its employees, and other key stakeholders. A primary responsibility of the CFO is to work as a strategist rather than a tactician to ensure sustainable financial conditions for the company. This is enhanced by facilitation of financial reports. More specifically, the responsibilities of the CFO are as follows:

1. Preparation of financial statements taking into considerations compliance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), requirements of Companies Act 1994, and compliance with the rules and regulations of Securities and Exchange Commission (SEC), Bangladesh Bank, and other regulatory authorities.
2. Ensuring that the financial statements present a true and fair view, the form and substance of the transactions of which represents the Company's state of affairs.
3. Execute discussions with the External Auditors with matters related to audit and other financial reporting issues.
4. Assess the effectiveness of Internal Control over financial reporting and systems at business process level to ensure effective and efficient utilization of appropriated resources. The CFO of the Company has discharged his responsibilities with due care by taking into account the EEE (Economy, Effectiveness and Efficiency).

# Independent Auditor's Report

## To the Shareholders of Meridian Finance and Investment Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Meridian Finance and Investment Limited (the "Company"), which comprise the balance sheets as at 31 December 2020 and the profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements of Meridian Finance and Investment Limited give a true and fair view of the financial position of the Company as at 31 December 2020 financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter

The financial statement of the company for the year ended 31 December 2019 was audited by A. Qasem & Co. chartered accountants who was expressed an unmodified opinion on those financial statements on 28 May 2020.

#### Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note- 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institutions Act, 1993 and the Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Company. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, 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 accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 840 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;

- (xvii) the Company has complied with the 'First Schedule' of Financial Institutions Act, 1993 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka  
Date: 16 June 2021

Sd/-  
\_\_\_\_\_  
Md. Farhad Husain Suman FCA  
Partner (Enrollment no. - 1635)  
K. M. HASAN & CO.  
Chartered Accountants  
DVC-2 106 161635AS205292

# MERIDIAN FINANCE AND INVESTMENT LIMITED

## BALANCE SHEET As at 31 December 2020

PROPERTY AND ASSETS	Notes	Amount in BDT	
		2020	2019
<b>Cash</b>	3		
In hand (including foreign currencies)	3.01	150,000	150,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	3.02	30,646,441	31,565,025
		30,796,441	31,715,025
<b>Balance with other Banks and Financial Institutions</b>	4		
Inside Bangladesh		727,500,659	486,648,884
Outside Bangladesh		-	-
		727,500,659	486,648,884
Money at call and short notice	5	270,746,882	449,500,000
<b>Investments</b>	6		
Government securities		-	-
Others investment		137,522,211	171,814,346
		137,522,211	171,814,346
<b>Leases, loans and advances</b>	7		
Loans, cash credit, overdraft and leases etc.		3,637,219,482	3,826,658,627
Bills purchased and discounted		-	-
		3,637,219,482	3,826,658,627
Fixed Assets including Land, Building, Furniture & Fixtures	8	52,280,780	87,286,404
Other assets	9	82,575,332	70,442,568
Non-business assets		-	-
<b>TOTAL PROPERTY AND ASSETS</b>		<b>4,938,641,787</b>	<b>5,124,065,855</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	10	659,802,986	624,778,909
<b>Deposits &amp; other accounts</b>	11		
Current deposits and other accounts etc.		-	-
Bills payable		-	-
Saving bank deposit		-	-
Term deposits	11.01	2,585,595,078	2,830,640,879
Bearer certificate of deposits		-	-
Other deposits	11.02	60,794,601	58,691,605
		2,646,389,679	2,889,332,484
<b>Other liabilities</b>	12	340,441,851	295,041,262
<b>Total liabilities</b>		<b>3,646,634,517</b>	<b>3,809,152,655</b>
<b>Capital/Shareholders' Equity</b>			
Paid up Capital	13	1,200,000,000	1,200,000,000
Statutory reserve	14	71,201,454	66,182,640
Retained earnings	15	20,805,816	48,730,559
		1,292,007,270	1,314,913,199
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,938,641,787</b>	<b>5,124,065,855</b>

# MERIDIAN FINANCE AND INVESTMENT LIMITED

## BALANCE SHEET As at 31 December 2020

OFF-BALANCE SHEET ITEMS	Notes	Amount in BDT	
		2020	2019
<b>Contingent liabilities</b>			
Acceptances and endorsements		-	-
Letter of guarantee		-	-
Irrevocable letters of credit		-	-
Bill for collection		-	-
Other contingent liabilities		-	-
<b>Other commitments</b>			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines		-	-
Undisbursed contracted loans and leases		4,392,500	212,461,484
		4,392,500	212,461,484
<b>Total off-balance sheet items including contingent liabilities</b>		<b>4,392,500</b>	<b>212,461,484</b>
<b>Net Asset Value (NAV) per share</b>		<b>10.77</b>	<b>10.96</b>

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

Sd/-	Sd/-	Sd/-	Sd/-
Director	Director	Managing Director & CEO	Company Secretary

Signed in terms of our separate report of even date annexed.

**Place: Dhaka**  
Date: 16 June 2021

Sd/-  
**Md. Farhad Husain Suman FCA**  
Partner (Enrollment no. - 1635)  
**K. M. HASAN & CO.**  
Chartered Accountants  
DVC - 2106161635AS205292



# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Profit and Loss Account For the year ended 31 December 2020

	Notes	Amount in BDT	
		2020	2019
Interest income	16	506,539,806	617,452,377
Interest on deposits and borrowings etc.	17	364,818,735	394,403,825
<b>Net interest income</b>		<b>141,721,071</b>	<b>223,048,553</b>
Income from investment	18	11,672,610	18,452,542
Commission, exchange and brokerage	19	-	-
Other operating income	20	6,783,730	4,075,948
<b>Total operating income</b>		<b>160,177,411</b>	<b>245,577,042</b>
Salary and allowances	21	92,909,178	75,963,880
Rent, taxes, insurance, electricity etc.	22	3,675,064	3,971,475
Legal and professional fees	23	762,425	1,754,489
Postage, stamp, telecommunication etc.	24	1,549,068	1,363,651
Stationery, printing, advertisement etc.	25	726,545	3,062,679
Managing director's salary and allowance	26	4,487,250	8,270,000
Directors' fees	27	675,278	796,236
Auditors' fees	28	264,500	249,167
Charges on loan losses		-	-
Depreciation and repair of Company's assets	29	25,732,794	29,720,298
Other expenses	30	17,043,398	18,940,554
<b>Total operating expenses</b>		<b>147,825,498</b>	<b>144,092,429</b>
<b>Profit before provision</b>		<b>12,351,913</b>	<b>101,484,614</b>
<b>Provisions for leases, loans &amp; investments</b>	31		
Provision for leases, loans and advances		(7,425,797)	22,758,674
Provision for diminution in value of investments		(15,438,417)	16,629,255
Other provisions		29,296,055	544,734
		6,431,841	39,932,662
<b>Profit before tax and reserve</b>		<b>5,920,072</b>	<b>61,551,952</b>
<b>Provision for taxation</b>	32		
Current tax expense/ (income)		(17,869,271)	4,598,039
Deferred tax expense/ (income)		(1,304,728)	1,006,407
		(19,173,999)	5,604,446
<b>Net profit/(loss) after taxation</b>		<b>25,094,071</b>	<b>55,947,506</b>
<b>Appropriations:</b>			
Statutory reserve		5,018,814	11,189,501
Retained earnings		20,075,257	44,758,005
Dividend		-	-
		<b>25,094,071</b>	<b>55,947,506</b>
<b>Earning Per Share (EPS)</b>		<b>0.21</b>	<b>0.47</b>

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

Sd/-	Sd/-	Sd/-	Sd/-
Director	Director	Managing Director & CEO	Company Secretary

Signed in terms of our separate report of even date annexed.

Sd/-  
**Md. Farhad Husain Suman FCA**  
 Partner (Enrollment no. - 1635)  
**K. M. HASAN & CO.**  
 Chartered Accountants  
 DVC - 2106161635AS205292

Place: Dhaka  
 Date: 16 June 2021

# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Statement of Changes in Equity For the year ended 31 December 2020

Amount in BDT				
Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as on 01 January 2020	1,200,000,000	66,182,640	48,730,559	1,314,913,199
Net profit /(loss) for the year	-	-	25,094,071	25,094,071
Issue of share capital during the year	-	-	-	-
Appropriation to statutory reserve	-	5,018,814	(5,018,814)	-
Cash dividend	-	-	(48,000,000)	(48,000,000)
<b>Balance as on 31 December 2020</b>	<b>1,200,000,000</b>	<b>71,201,454</b>	<b>20,805,816</b>	<b>1,292,007,270</b>

For the year ended 31 December 2019

Amount in BDT				
Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as on January 01, 2019	1,200,000,000	54,993,139	99,972,555	1,354,965,694
Net Profit /(Loss) for the year	-	-	55,947,506	55,947,506
Issue of share capital during the year	-	-	-	-
Appropriation to statutory reserve	-	11,189,501	(11,189,501)	-
Cash Dividend	-	-	(96,000,000)	(96,000,000)
<b>Balance as on 31 December 2019</b>	<b>1,200,000,000</b>	<b>66,182,640</b>	<b>48,730,559</b>	<b>1,314,913,199</b>

Sd/-	Sd/-	Sd/-	Sd/-
Director	Director	Managing Director & CEO	Company Secretary

Signed in terms of our separate report of even date annexed.

Place: Dhaka  
Date: 16 June 2021

Sd/-  
**Md. Farhad Husain Suman FCA**  
Partner (Enrollment no. - 1635)  
**K. M. HASAN & CO.**  
Chartered Accountants  
DVC - 2106161635AS205292

# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Cash Flow Statement For the year ended 31 December 2020

	Amount in BDT	
	2020	2019
<b>A) Cash flows from operating activities</b>		
Interest received	482,718,259	620,135,509
Interest paid	(355,081,225)	(388,676,212)
Dividend received	10,655,101	16,085,446
Fees and commission received	6,783,730	4,075,948
Income from investment	1,801,450	3,313,239
Cash paid to employees (including directors)	(94,248,439)	(87,773,207)
Cash paid to suppliers & Others (including office rent)	(26,783,668)	(29,265,738)
Income taxes paid	(4,503,011)	(5,484,072)
Paid for other operating activities	(17,043,398)	(18,940,554)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>4,298,799</b>	<b>113,470,358</b>
<b>Increase/ (decrease) in operating assets &amp; liabilities</b>		
Loans and advances to customers	189,439,145	272,051,738
Other assets	162,184	5,626,958
Deposits from customers	(198,067,349)	(366,661,023)
Other liabilities	45,400,589	-
	<b>36,934,570</b>	<b>(88,982,327)</b>
<b>Net cash from operating activities</b>	<b>41,233,369</b>	<b>24,488,031</b>
<b>B) Cash flows from investing activities</b>		
Changes in investment in securities	34,292,135	48,749,702
Money at call and short notice	178,753,118	165,500,000
Purchase of property, plant and equipment	(1,369,509)	(3,276,345)
<b>Net cash used in investing activities</b>	<b>211,675,745</b>	<b>210,973,357</b>
<b>C) Cash flows from financing activities</b>		
Receipt of Term Loan, OD and REPO	35,024,077	34,065,148
Dividend paid	(48,000,000)	(96,000,000)
<b>Net cash used in financing activities</b>	<b>(12,975,923)</b>	<b>(61,934,852)</b>
<b>D) Net increase/ (decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>239,933,191</b>	<b>173,526,536</b>
<b>E) Opening cash and cash equivalents</b>	<b>518,363,910</b>	<b>344,837,374</b>
<b>F) Closing cash and cash equivalents (D+E)*</b>	<b>758,297,101</b>	<b>518,363,910</b>
<b>* Closing cash and cash equivalents</b>		
Cash in hand	150,000	150,000
Balance with Bangladesh Bank and its agent bank(s)	30,646,441	31,565,025
Balance with other Banks and Financial Institutions	727,500,660	486,648,884
	<b>758,297,101</b>	<b>518,363,910</b>

Sd/-  
Director

Sd/-  
Director

Sd/-  
Managing Director & CEO

Sd/-  
Company Secretary

Place: Dhaka

Date: 16 June 2021

# Meridian Finance and Investment Limited

## Liquidity Statement

As at 31 December 2020

Particulars	Amount in BDT					
	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5 years term	Total
<b>Assets</b>						
Cash in hand (including foreign currencies)	150,000	-	-	-	-	150,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	-	-	-	-	30,646,441	30,646,441
Balance with banks and financial institutions	292,265,976	435,234,683	-	-	-	727,500,659
Money at call and short notice	17,500,000	160,000,000	93,246,882	-	-	270,746,882
Investments	-	3,278,725	65,850,798.22	23,109,644	45,283,044	137,522,211
Leases, Loans and advances	72,139,052	473,784,992	1,474,439,410	311,917,662	1,304,938,366	3,637,219,482
Fixed assets including land, building, furniture and fixtures	-	-	-	23,535,196	28,745,584	52,280,779
Other assets	20,364,082	28,315,050	11,375,641	7,686,507	14,834,053	82,575,332
Non-banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>402,419,109</b>	<b>1,100,613,450</b>	<b>1,644,912,731</b>	<b>366,249,009</b>	<b>1,424,447,487</b>	<b>4,938,641,787</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	71,288,811	201,710,872	220,621,450	166,181,852	-	659,802,986
Deposits	200,126,985	676,806,246	1,437,218,262	147,257,379	124,186,206	2,585,595,078
Other accounts	49,542,633	7,995,978	2,082,752	1,092,981	80,256	60,794,601
Provision and other liabilities	71,501,322	113,096,739	41,399,526	63,394,923	51,049,341	340,441,851
<b>Total Liabilities</b>	<b>392,459,751</b>	<b>999,609,836</b>	<b>1,701,321,990</b>	<b>377,927,136</b>	<b>175,315,803</b>	<b>3,646,634,517</b>
<b>Net Liquidity Surplus/(Gap)</b>	<b>9,959,358</b>	<b>101,003,614</b>	<b>(56,409,259)</b>	<b>(11,678,127)</b>	<b>1,249,131,684</b>	<b>1,292,007,270</b>

Sd/-

Director

Sd/-

Director

Sd/-

Managing Director & CEO

Sd/-

Company Secretary

# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Notes to the Financial Statements As at and for the year ended 31 December 2020

### 1. Legal status and nature of the company

#### 1.1 Domicile, legal form and country of operation

Meridian Finance and Investment Limited (hereinafter referred to as “Meridian Finance” or “MFIL” or “the Company”), a new generation non-banking financial institution, was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-113483/14 dated 15 January 2014 as a Public Limited Company under the Companies Act, 1994 in the name of Meridian Finance and Investment Limited. It started commercial operations in 2015 after obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. The registered address of the company is situated at Silver Tower (Level-6), 52 Gulshan Avenue, Gulshan-1, Dhaka-1212, Bangladesh.

**Consequently the company has acquired the following Licenses and legal approvals:**

	Name of License	Registration No.	Date of License	Renewed Up to
1	Certificate of Incorporation	C-113483/14	15-Jan-14	N/A
2	Certificate for Commencement of Business	20470-76	15-Jan-14	N/A
3	Tax Identification Number (TIN)	716572753037	21-Jan-14	N/A
4	Bangladesh Bank License	DFIM(L)/35	4-Jun-15	N/A
5	Trade License	03-066080	2-Sep-15	2020-2021
6	Business Identification Number (BIN)	001909089-0101	24-Aug-19	N/A

#### 1.2 Company's activities

The activities of the Company include services broadly classified as fee based and fund based services:

Fund based services include lease finance, term finance, home loan, hire purchase, SME loan, car lease, persona loan, factoring, syndication finance, loan against deposit, etc.

### 2 Basis for preparation and Significant accounting policies

#### 2.1 Statement of compliance

The financial statements of the Company have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities which are stated at market value in accordance with International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ, and the Companies Act, 1994, the Financial Institutions Act, 1993 and other applicable laws and regulations.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been kept blank in the financial statements.

The Company has consistently applied the accounting policies to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 01 January 2020 have been considered.

The requirements of accounting standards as per IFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in note 2.3.

However, these departures with IFRSs have been made by following all of the relevant provisions of IAS 1 and detail disclosures are given in note 2.3 by following the provision of Para 20 of IAS 1.

## 2.2 Presentation of financial statements

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been excluded in preparing the financial statements.

## 2.3 Disclosure of departure from few requirements of IFRS due to mandatory compliance of Bangladesh Bank's requirements

Sl. No.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IAS 39 "Financial Instruments: Recognition and Measurement"	"An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to: a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)."	As per FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.	In Financial Statements, as at 31 December 2020, accumulated provision for leases, loans and advances stand at Taka 51.50 million.

Sl. No.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
2	Recognition of interest income for SMA and classified lease, loans and advances	IAS 39 "Financial Instruments: Recognition and Measurement"	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	As at 31 December 2020, in Financial Statements interest suspense account was Taka 72.45 million whereas last year was Taka 29.50. This amount has been shown in other liabilities in note 12.
3	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	<p>"Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period.</p> <p>In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations."</p>	<p>"Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs.</p> <p>The templates of financial statements provided detail presentation for statement of cash flows.</p>	Financial Statements for 2020 and corresponding year 2019 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.



Sl. No.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
4	Measurement of deferred tax asset	IAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year 2020, there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against leases, loans and advances.
5	Presentation and disclosure of Financial Statements and Financial Instruments	<p>"IAS 1 " "Presentation of Financial Statements""</p> <p>IFRS 9 "Financial Instruments" &amp; IFRS 7 " "Financial Instruments: Disclosure"</p>	<p>"Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.</p> <p>IAS 1 requires separate line item for intangible assets on the face of statement of financial position.</p> <p>IFRS 9 and IFRS 7 require specific presentation and disclosure relating to all financial instruments."</p>	<p>"Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement."</p> <p>"Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets.</p> <p>As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IFRS 9 have not been made in the accounts."</p>	Financial Statements for 2020 and corresponding year 2019 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.



Sl. No.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
6	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular No. 11, dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Financial Statements for 2020 and corresponding year 2019 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.
7	Current /Non-current distinction	IAS-1 "Presentation of Financial Statement"	As per Para 60 of IAS-1 "Presentation of Financial statement" An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities.	Financial Statements for 2020 and corresponding year 2019 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained.
8	Off-balance sheet items	IAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	"Financial Statements for 2020 and corresponding year 2019 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank."

Sl. No.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
9	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	"As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement."	"As per DFIM Circular No. 11, dated 23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) cash flow statement, iv) statement of changes in equity, v) liquidity statement, vi) notes, comprising significant accounting policies and other explanatory information."	"Financial Statements for 2020 and corresponding year 2019 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements."
10	Intangible asset	IAS 1 "Presentation of Financial Statements"	As per IAS 1: "Presentation of Financial Statements" para 54: the statement of financial position shall include separate line item for intangible assets.	"As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item."	"Financial Statements for 2020 and corresponding year 2019 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements."

Sl. No.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
11	Other comprehensive income	IAS 1 "Presentation of Financial Statements"	As per IAS 1: "Presentation of Financial Statements" Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement.	"Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement. As such the financial institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity."	"Financial Statements for 2020 and corresponding year 2019 have been prepared as per the guideline and templates issued by Bangladesh Bank.  There is no financial impact for this departure in the financial statements."
12	Disclosure of presentation of profit	N/A	There is no requirement to show appropriation of profit in the face of statement of comprehensive income.	As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account.	"Financial Statements for 2020 and corresponding year 2019 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.  There is no financial impact for this departure in the financial statements."

## 2.4 Components of the financial statements

The financial statements comprise of (as per DFIM Circular-11, Dated 23 December 2009):

- a) Balance sheet as at 31 December 2020;
- b) Profit and loss account for the year ended 31 December 2020;
- c) Statement of changes in equity for the year ended 31 December 2020;
- d) Cash flow statement for the year ended 31 December 2020;
- e) Liquidity statement as at 31 December 2020;
- f) Notes to the financial statements as at and for the year ended 31 December 2020.

## 2.5 Disclosure of departure from few requirements of IFRS due to mandatory compliance of Bangladesh Bank's requirements

Bangladesh Bank is the prime regulatory body for Non-Banking Financial Institutions (NBFIs) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provisions of IFRS. As such the company has departed from those contradictory requirements of IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable:

- 2.5.1** As per FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 39. At the year end the company has recognized an accumulated general provision of Tk. 32.60 million in balance sheet under liabilities.
- 2.5.2** Bangladesh Bank has issued templates for financial statements vide DFIM Circular-11 dated 23 December 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement. As such the company does not prepare the statement of other comprehensive income. However, the company does not have any elements of OCI to be presented.
- 2.5.3** As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IAS 39. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts.
- 2.5.4** As per IAS 7, cash equivalent only include those investments which are for a short tenure like: 3 months. However, as per the aforementioned circular of Bangladesh Bank, Cash equivalent includes all balances kept with other banks and financial institutions irrespective of consideration of tenure. Hence, an investment of FDR for a tenure of 6 months or 1 year is also considered as cash equivalent which is contrary to the requirement of IAS.

## 2.6 Accounting policy for IFRS 16: Leases

At inception of a contract, Meridian Finance assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Meridian Finance assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and
- ▶ should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

- ▶ the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
  - ▶ Meridian Finance has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
  - ▶ Meridian Finance has the right to direct the use of the asset. Meridian Finance has the right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, Meridian Finance has the right to direct the use of the asset if either:
    - (i) Meridian Finance has the right to operate the asset; or
    - (ii) Meridian Finance designed the asset in a way that predetermines how and for what purpose it will be used.
- The policy is applied to contracts entered into, or changed, on or after 1 January 2019.
- Meridian Finance presents right of use assets in Annexure A and lease liabilities in note-10.01 separately.

## 2.7 Presentation and functional currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest BDT.

## 2.8 Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Provisions and accrued expenses are recognized in the financial statement in line with the International Accounting Standard (IAS)-37: "Provisions, Contingent Liabilities and Contingent Assets" when

- the Company has a legal or constructive obligation as a result of past event.
- it is probable that an outflow of economic benefit will be required to settle the obligation.
- a reliable estimate can be made of the amount of the obligation.

The most critical estimates and judgments are applied to the following:

- ▶ Provision for impairment of loans, leases and investments
- ▶ Gratuity
- ▶ Useful life of depreciable assets

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

## 2.9 Going concern

The Company has adequate resources to continue in operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statement. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

## **2.10 Materiality and aggregation**

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

## **2.11 Directors' responsibility statement**

The Board of Directors is responsible for the preparation and presentation of these financial statements.

## **2.12 Cash flow Statement**

The cash flow statement is prepared using the direct method as stipulated in International Accounting Standard (IAS)-7 "Statement of Cash Flows", and in accordance with the instruction of Bangladesh Bank.

## **2.13 Books of account**

The Company maintains its books of account for main business in Electronic Form through soft automation.

## **2.14 Branch accounting**

The Company has four branches, with no overseas branches as on 31 December 2020. Accounts of the branches are maintained at the head office from which these accounts are drawn up.

## **2.15 Revenue recognition**

Revenue is only recognised when it meets the following five steps model framework.

- a) identify the contract (s) with a customers;
- b) identify the performance obligations in the contract;
- c) determine the transaction price;
- d) allocate the transaction price to the performance obligations in the contract;
- e) recognise revenue when (or as) the entity satisfies a performance obligation.

Interest income from leases, loans and other sources is recognised on an accrual basis of accounting.

### **2.15.1 Interest income on leases, loans and advances**

Interest income is recognized when interest is accrued. No interest on loan (except mortgage loan) is accounted for as revenue where any portion of capital or interest is in arrears for more than 3 months for the loan tenure of which is within 5 years or in arrears for more than 6 months for the loan tenure of which is more than 5 years. In case of mortgage loan, no interest on loan is accounted for as revenue where any portion of capital or interest is in arrears for more than 9 months. Moreover, the amounts that were previously recognized as revenue in respect of such outstanding loans are also transferred from lease income to interest suspense account. Fees based income and delinquent charges from loan operations are accounted when they arise.

### **2.15.2 Fees and commission based income**

Fees and commission based income arising on services provided by the company are recognized on a cash basis. Commission charged to customers is credited to income at the time of effecting the transactions.

### **2.15.3 Income from investment**

#### **Capital gain or loss on investment in shares**

Capital gain or loss arising from the sale of investment in shares is accounted on monthly basis.

#### **Dividend income**

Dividend is recognized as income when the right to receive income is established.

## 2.16 Operating expenses

Major component of operating expenses other than salary and allowances are office rent, printing and stationery, postage and stamp, telecommunication, legal and professional fees and other miscellaneous expenses. All expenses are recognized on accrual basis of accounting.

### 2.16.1 Salary and allowances

Salary and allowances comprise basic salary, house rent, conveyance allowance, festival bonus, leave fare assistance etc. All expenses related to salary and allowances are recognized on accrual basis of accounting.

## 2.17 Employees' benefit obligation

### 2.17.1 Provident fund

The Company maintains a contributory employees Provident Fund recognized by National Board of Revenue within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984 for its permanent employees. The Fund is administered by a Board of Trustees and is funded equally by the employer and the employees @ 10% of their basic salary as contribution of the fund. Provident Funds are invested in Fixed Deposit Receipt and to the Government Shanchaypatra and IPO Share. Interest earned from the investments is credited to the members' account on yearly basis.

### 2.17.2 Gratuity fund

The Company also operates a funded gratuity scheme recognized by National Board of Revenue. Gratuity fund is administered by a Board of Trustees. Employees are entitled to gratuity benefit after completion of minimum four (04) years of service with the Company. The gratuity is calculated on the last basic pay and is payable at the rate of below table:

Completed years of Service	Payment of Gratuity
4 years and above, up to 5 years	1 month of basic for each year of service
5.6 years and above, up to 7 years	1.2 month of basic for each year of service
7.6 years and above, up to 10 years	1.4 month of basic for each year of service
10.6 years and above, up to 15 years	1.5 month of basic for each year of service
15.6 years and above	2 month of basic for each year of service

## 2.18 Recognition of fixed assets

### 2.18.1 Assets acquired under own finance

These are recognized initially at cost and subsequently at cost less accumulated depreciation in compliance with the IAS-16, "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost attributable to bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the assets, the expenditure is capitalized as an additional cost of the assets.

### 2.18.2 Depreciation on fixed assets

Depreciation on fixed assets is charged using straight-line method at the following rates starting from the date of acquisition of assets:

Name of Assets	Useful Life (Years)	Rate (%)
Furniture & Fixture	6	16.67%
Office Decoration	6	16.67%
Office Equipment	5	20.00%
IT Equipment	5	20.00%
Motor Vehicle	5	20.00%

### 2.18.3 Intangible Assets

Intangible assets comprise the value of computer software, license and product image. Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and accumulated impairment losses.

### 2.18.4 Amortization

Amortization is calculated using the straight line method to write down the cost of intangible assets to their estimated useful lives based on the management best estimates of 3 or 5 years.

### 2.19 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the company.

### 2.20 Contingent liabilities and contingent assets

The Company does not recognize any Contingent Asset and Contingent Liability; but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from the past events and whose existence will be confirmed by the occurrence of uncertain future events beyond the control of the Company or a present obligation that is not recognized because of outflow of resources is not likely or obligation cannot be measured reliably, in accordance with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

### 2.21 Consistency

In accordance with the IFRSs framework for the presentation of financial statements together with IAS 1 and IAS 8, the Company applies the accounting disclosure principles consistently from one period to the next. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS-8. We, however, have applied the same accounting and valuation principles in 2020 as in financial statements for 2019.



## 2.22 Liquidity statement

The Liquidity Statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the period as per following bases:

- a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and advances are on the basis of their repayment or maturity schedule.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their adjustment.
- f) Borrowings from other banks and financial institutions as per their maturity or repayment term.
- g) Deposits and other accounts are on the basis of their maturity period and behavioural past trend.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.

## 2.23 Borrowing costs

Borrowing costs are recognized as expenses in the period in which they incur in accordance with IAS 23 "Borrowing cost".

## 2.24 Written off leases, loans and advances

Write-off describes a reduction in recognised value. It refers to the recognition of the reduced or zero value of an asset. Generally it refers to an investment for which a return on the investment is now impossible or unlikely. The item's potential return is thus cancelled and removed from ("written-off") the Company's balance sheet.

Recovery against debts written-off/provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there-against or are considered recoverable.

## 2.25 Cash and cash equivalent

Cash and cash equivalents comprise cash in hand and fixed deposits that are readily convertible to a known amount of cash, and that are not subject to significant risk of change in value.

## 2.26 Provision for loans and advances

Generally, provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in FID Circular No. 08, dated 03 August 2002, FID Circular No. 11, dated 31 October 2005, FID Circular No. 06, dated 20 August 2006 and FID circular No. 03, dated 29 April 2013. However, at the discretion of management, provision against classified loans and advances may be made on monthly basis. The provisions rates are given below:

Particulars	Rates
<b>General Provision on:</b>	
Unclassified of leases, loans and advances except SME	1%
Unclassified of Small and Medium Enterprise (SME)	0.25%
Special Mention Account of leases, loans and advances	5%
<b>Specific Provision on:</b>	
Sub-standard of leases, loans and advances	20%
Doubtful of leases, loans and advances	50%
Bad/loss of leases, loans and advances	100%

## **2.27 Corporate Tax**

### **a. Current tax**

Provision for current income tax is normally made as prescribed in Finance Act 2020 on the profit made by the Company considering major taxable allowances and disallowances and the same is understated or overstated to that extent. Any shortfall or excess provision will be duly adjusted after final assessment.

### **b. Deferred tax**

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the statement of financial position date. The impact on the accounts of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per IAS-12 "Income Taxes".

## **2.28 Term deposits and other deposits accounts**

### **2.28.1 Term Deposits**

Term Deposits by customers and banks/NBFI are recognized when the Company enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.

### **2.28.2 Other deposits**

Other deposits include advance rentals/instalments received from assets clients against leases, loans and advances which will be adjusted at the end of termination/settlement of leases, loans and advances in accordance with terms and conditions mentioned in the sanction letter.

## **2.29 Provision for liabilities**

A provision is recognized in profit and loss account when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

## **2.30 Events after the reporting period**

Where necessary, all the material events after the reporting period have been considered and appropriate adjustments / disclosures have been made in the financial statements.

## **2.31 Financial risk management**

Meridian Finance always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. A well structured and proactive risk management system is in place within the Company to address risks relating to credit, market, liquidity, operations and anti money laundering. In addition to the industry best practices for assessing, identifying and measuring risks, Meridian Finance also considers guidelines for managing core risks of financial instructions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and, more recently, DFIM Circular No. 03 dated January 24, 2016.

### **Credit Risk**

To encounter and mitigate credit risk the company employed multilayer approval process, policy for maximum exposure limit of sector or groups, policy for customers' assets maximum exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, adequate insurance coverage for funded assets, vigorous monitoring and follow up by Special Assets Management Team, strong follow up of compliance of credit policies by Internal Control and Compliance Department (ICCD), taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, etc.

The Credit Evaluation Committee (CEC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The CEC critically reviews projects from risk point of view. An independent Credit Risk Management Department is in place, at Meridian Finance, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high quality credit portfolio and maximize returns from risk assets.

### **Liquidity Risk**

Liquidity requirements are managed on a day-to-day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario, and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operation, current liquidity position, collections from financing, available sources of funds and risks and returns.

### **Market Risk**

Market risk is the risk that changes in market prices, such as interest rates and credit spreads will affect the income or the value of financial instruments.

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk. Meridian Finance has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings, financial strength and credit rating.

### **Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Meridian Finance objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the reputation with overall cost effectiveness and innovation.

The Board of Directors has delegated responsibility for operational risk to Management Committee which is responsible for the development and implementation of controls to address operational risk.

Meridian Finance has also established an internal control & compliance department (ICCD) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

### **Money Laundering and Terrorist Financing Risk**

To mitigate the risks, Meridian Finance, while adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU), put in place a strict compliance program consisting of the following components:

- a) Development and implementation of internal policies, procedures and controls to identify and report instances of money laundering and terrorism financing;
- b) Independent audit function including internal and external audit function to test the programs;
- c) Ongoing employee training programs.

### **2.32 Comparative figures**

Comparative information has been disclosed in respect of the period ended 31 December 2020 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Figures of the period 2019 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

### **2.33 General Notes**

- (i) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (ii) Figures in these notes and annexed financial statements have been rounded off to the nearest BDT.

### 3.00 Cash in hand

In hand (including foreign currencies) (Note-3.01)  
Balance with Bangladesh Bank and its agent (including foreign currencies) (Note-3.02)

### 3.01 In hand (including foreign currencies)

Local currency  
Foreign currency

### 3.02 Balance with Bangladesh Bank and its agent (including foreign currencies)

Local currency  
Foreign currency

Amount in BDT	
2020	2019
150,000	150,000
30,646,441	31,565,025
<b>30,796,441</b>	<b>31,715,025</b>
150,000	150,000
-	-
<b>150,000</b>	<b>150,000</b>
30,646,441	31,565,025
-	-
<b>30,646,441</b>	<b>31,565,025</b>

### 3.03 Cash reserve requirement (CRR) and statutory liquidity reserve (SLR)

Cash reserve requirement (CRR) and statutory liquidity reserve (SLR) have been calculated and maintained in accordance with Financial Institution Act, 1993 & Financial Institution Regulations, 1994 and FID Circular No. 06, dated November 06, 2003, FID Circular No. 02, dated November 10, 2004, FID Circular No. 01, dated January 12, 2017 and DFIM Circular No. 03, dated June 21, 2020.

Cash reserve requirement (CRR) has been calculated at the rate of 1.5% on total term deposits which is preserved in current account maintained with Bangladesh Bank. Total term deposit means term or fixed deposit, security deposit against lease/loan and other term deposit, received from individuals and institutions (except Bank & financial Institutions).

Statutory liquidity reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 1.5% on total term deposit. SLR maintained in liquid assets in the form of cash in hand (notes & coin in Taka), balance with Bangladesh Bank and other banks and financial institutions, unencumbered treasury bill and treasury bond and any other assets approved by government circular issued by gazette or Bangladesh Bank.

#### a) Cash reserve requirement (CRR)

Required reserve  
Actual reserve maintained  
Surplus / (deficit)

Amount in BDT	
2020	2019
20,557,538	29,482,363
26,090,683	31,356,858
<b>5,533,145</b>	<b>1,874,495</b>
81,372,831	73,303,083
596,256,417	352,400,169
<b>514,883,586</b>	<b>279,097,087</b>

#### b) Statutory liquidity reserve (SLR)

Required reserve (including CRR)  
Actual reserve maintained (including CRR)  
Surplus / (deficit)

### 4.00 Balance with other Banks and Financial Institutions Inside of Bangladesh Local currency

Non interest bearing current account (Note - 4.01)  
Interest bearing short term deposit account (Note - 4.02)  
Fixed deposit account (Note - 4.03)

#### 4.01 Non interest bearing current account

BASIC Bank Limited  
Mercantile Bank Limited  
Mutual Trust Bank Limited  
Bkash Limited

Amount in BDT	
2020	2019
70,081	505,202
559,930,579	318,643,683
167,500,000	167,500,000
<b>727,500,659</b>	<b>486,648,884</b>
4,102	44,279
-	446,740
55,979	14,183
10,000	-
<b>70,081</b>	<b>505,202</b>

#### 4.02 Interest bearing short term deposit account

Mercantile Bank Limited  
NRB Bank Limited  
NRB Commercial Bank Limited  
Standard Chartered Bank  
Brac Bank Limited

Amount in BDT	
2020	2019
680,676	35,896,089
542,316,501	170,847,992
9,508,583	107,631,369
6,586,453	4,143,705
838,366	124,528
<b>559,930,579</b>	<b>318,643,683</b>
167,500,000	167,500,000
<b>167,500,000</b>	<b>167,500,000</b>
292,265,976	505,202
435,234,683	318,643,683
-	-
-	167,500,000
-	-
-	-
<b>727,500,659</b>	<b>486,648,884</b>
270,746,882	449,500,000
<b>270,746,882</b>	<b>449,500,000</b>

#### 4.03 Fixed deposit account

Mercantile Bank Limited

#### 4.04 Maturity grouping of balance with other banks and financial institutions

Up to 1 month  
Over 1 month but not more than 3 months  
Over 3 months but not more than 6 months  
Over 6 months but not more than 1 year  
Over 1 year but not more than 5 years  
Over 5 years

#### 5.00 Money at call and short notice

Short term placement

Reference to Note No. 9.3: Interest receivables - short term placement Taka 29,296,054.57, the interest income from International Leasing and Financial Services Ltd. has been accrued as per IFRS- 15. The same amount has been kept in provision as this amount has not been recovered in cash during the accounting period following the conservatism approach.

#### 6.00 Investment

##### Government securities

##### Other investments

Investment in marketable securities (Note-6.01)  
Investment in mutual fund  
Investment in preference shares

Amount in BDT	
2020	2019
-	-
79,340,394	74,844,651
-	-
58,181,817	96,969,695
<b>137,522,211</b>	<b>171,814,346</b>

#### 6.01 Investment in marketable securities

Details of marketable securities are given below:

Business segments	No. of Shares	Cost Price	Market Price
Engineering	15,641	1,627,671	1,527,517
Financial institutions	316,233	21,246,975	17,913,720
Textile	20,860	938,700	548,618
Travel & leisure	1,865	17,764	147,522
Pharmaceuticals & chemicals	67,192	10,751,737	8,956,644
Fuel & power	177,075	12,021,420	6,081,588
Bank	229,283	10,302,138	7,698,887
Cement	44,850	7,282,626	5,440,305
Telecommunication	297,253	13,622,117	17,107,939
Food & allied	6,000	1,420,467	1,146,600
Insurance	10,878	108,780	428,593
	1,187,130	79,340,394	66,997,933

## 7.00 Leases, loans and advances

### Corporate finance

Lease finance

Loan finance

Syndicated loan finance

### Consumer finance

House finance

Car lease

Loan against deposit

Personal loan - employee

### SME finance

Lease finance, SMALL

Loan finance, SMALL

Lease finance, MID

Loan finance, MID

### Channel finance

Factoring

Amount in BDT	
2020	2019
165,335,557	144,949,273
2,142,850,562	2,109,018,470
289,682,485	263,511,465
<b>2,597,868,604</b>	<b>2,517,479,208</b>
483,321,316	510,054,029
82,682,873	130,590,388
14,829,445	21,431,546
152,023	267,029
<b>580,985,657</b>	<b>662,342,992</b>
123,041,633	122,755,271
159,915,247	207,480,210
37,998,377	62,623,554
137,409,963	252,030,991
<b>458,365,221</b>	<b>644,890,027</b>
-	1,946,400
-	<b>1,946,400</b>
<b>3,637,219,482</b>	<b>3,826,658,627</b>
-	-
545,924,044	26,813,926
1,474,439,410	146,563,071
311,917,662	2,904,631,022
1,304,938,366	748,650,608
<b>3,637,219,482</b>	<b>3,826,658,627</b>
3,353,966,902	3,554,271,907
94,645,784	137,643,891
<b>3,448,612,686</b>	<b>3,691,915,798</b>
145,990,072	92,487,779
16,971,512	16,968,461
25,645,211	25,286,588
<b>188,606,796</b>	<b>134,742,829</b>
<b>3,637,219,482</b>	<b>3,826,658,627</b>

## 7.01 Maturity wise grouping

On demand

Not more than 3 months

More than 03 month to 01 year

More than 01 Year to 05 years

More than 05 years

## 7.02 Classification wise leases, loans and advances/ investments

### Unclassified

Standard

Special mention account (SMA)

### Classified

Sub-standard

Doubtful

Bad/loss

**Industry:**

#### 7.04 Leases, loans and advances- geographical location wise

### 7.05 Particulars of leases, loans and advances

- i) Loans, advances and leases considered good in respect of which the Bank/ FI is fully secured.

ii) Loans, advances and leases considered good for which the Bank/FI holds no other security than the debtor's personal security.

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- iii) Loans, advances and leases considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.

872,279,700	892,980,817
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- iv) Loan adversely classified; for which no provision is created.



Amount in BDT	
2020	2019
152,023	267,029
14,574,778	17,230,054
-	-
-	-
-	2,357,421
3,637,219,482	3,826,658,627
188,606,796	134,742,829
11,258,749	11,701,630
72,451,770	29,495,517
7,922,334	7,922,334
-	-
-	-
<b>7,922,334</b>	<b>7,922,334</b>
7,922,334	7,922,334
7,922,334	7,922,334
-	-
7,922,334	7,922,334
-	-
<b>7,922,334</b>	<b>7,922,334</b>
16,024,296	25,743,696
6,563,121	5,725,308
29,693,363	55,817,400
<b>52,280,780</b>	<b>87,286,404</b>

		Amount in BDT	
		2020	2019
<b>8.01 Freehold assets</b>			
<b>A. Cost</b>			
	Opening balance	56,397,486	53,783,228
	Add : addition during the year	262,513	2,614,257
		56,659,998	56,397,486
	Less: adjustment / disposal during the year	-	-
		56,659,998	56,397,486
<b>B. Accumulated depreciation</b>			
	Opening balance	30,653,789	20,598,509
	Add : Charged during the year	9,981,914	10,055,281
		40,635,703	30,653,789
	Less: Adjustment during the year	-	-
		40,635,703	30,653,789
<b>C. Written down value (A-B)</b>		<b>16,024,296</b>	<b>25,743,696</b>
<b>8.02 Intangible assets</b>			
	IT software (note- 8.02.01)	232,736	501,919
	WIP - software	6,330,385	5,223,389
		<b>6,563,121</b>	<b>5,725,308</b>
<b>8.02.01 IT software</b>			
<b>A. Cost</b>			
	Opening balance	1,089,023	933,623
	Add: Acquisition during the year	-	155,400
		1,089,023	1,089,023
	Less: Adjustment / disposal during the year	-	-
		1,089,023	1,089,023
<b>B. Accumulated depreciation</b>			
	Opening balance	587,104	330,464
	Add: Amortized during the year	269,183	256,640
		856,286	587,104
	Less: Adjustment during the year	-	-
		856,286	587,104
<b>C. Written down value (A-B)</b>		<b>232,736</b>	<b>501,919</b>
<b>8.03 Lease hold assets</b>			
<b>Right of use of assets</b>			
<b>A. Cost</b>			
	Opening balance	67,099,063	-
	Add : Addition during the year	-	73,911,166
		67,099,063	73,911,166
	Less: Adjustment/disposal during the year	(24,638,215)	(6,812,103)
		42,460,848	67,099,063
<b>B. Accumulated depreciation</b>			
	Opening balance	11,281,663	-
	Add : charged during the year	15,198,799	18,093,766
		26,480,462	18,093,766
	Less: adjustment during the year	(13,712,977)	(6,812,103)
		12,767,485	11,281,663
<b>C. Written down value (A-B)</b>		<b>29,693,363</b>	<b>55,817,400</b>

## 9.00 Other assets

### Non income generating assets

Advances, deposits and prepayments (Note-9.01)  
Deferred tax asset (Note-9.02)

### Income generating assets

Interest and other receivables (Note-9.03)  
Receivable with securities (Note-9.04)

## 9.01 Advances, deposits and prepayments

Advance office rent  
Advance to suppliers & others  
Advance Income Tax (Note-9.01.01)  
Security deposit  
Prepayments against expense  
Prepayment for stamp expense  
Provident fund receivable  
Dividend receivable  
Sundry receivable  
Receivable from client  
Receivable from others

### 9.01.01 Advance income tax

Opening balance  
Addition during the year  
  
Adjusted during the year

Amount in BDT	
2020	2019
47,265,050	60,631,029
2,937,681	1,632,953
<b>82,575,332</b>	<b>70,442,568</b>
901,158	1,784,040
185,000	170,000
36,533,362	48,599,534
2,944,650	4,240,650
1,000	1,500
99,160	93,760
-	188,932
2,266,551	3,050,491
841,945	474,785
3,284,507	2,027,336
207,717	-
<b>47,265,050</b>	<b>60,631,029</b>
48,599,534	100,105,840
4,503,011	5,484,072
53,102,545	105,589,912
(16,569,183)	(56,990,378)
<b>36,533,362</b>	<b>48,599,534</b>

\*\*Advance income tax represents the amount of income tax deducted at source (TDS) by different financial institutions on the interest on bank balances & FDR of Meridian Finance & Investment Limited, dividend income and paid to tax office in four instalments.

## 9.02 Deferred tax

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of International Accounting Standard (IAS)-12: Income Taxes.

Particulars	Accounting Base Carrying Amount	Tax Base Carrying Amount	(Taxable)/Deductible temporary difference
<b>Deferred tax asset is arrived at as follows:</b>			
Fixed assets net of depreciation as on 31 December 2020			
Furniture and fixture	2,702,474	5,060,762	2,358,287
Office decoration	7,920,497	14,638,955	6,718,458
Office equipment	2,043,326	4,569,968	2,526,643
IT equipments	3,333,706	3,190,118	(143,588)
Motor vehicle	24,293	2,275,082	2,250,790
Systems & software	232,736	296,471	63,735
WIP - software	6,330,385	2,051,377	(4,279,008)
<b>Taxable temporary difference (A)</b>	<b>22,587,417</b>	<b>32,082,734</b>	<b>9,495,317</b>
Gratuity provision			2,608,302
Unearned revenue			-
<b>Deductible temporary difference (B)</b>			<b>2,608,302</b>
<b>Deferred tax liability</b>			
Lease liability			34,452,779
Right of use of assets			(29,693,363)
<b>Taxable temporary difference (C)</b>			<b>(4,759,416)</b>
<b>Total (A+B+C)</b>			<b>7,344,203</b>
Deferred tax asset at 31 December 2020 @ 40%			2,937,681
Deferred tax asset at 31 December 2019 @ 40%			1,632,953

### 9.03 Interest and other receivables

Interest receivables - fixed deposit receipt  
Interest receivables - short term placement

### 9.04 Receivable with securities

Receivable with IDLC Securities Limited  
Receivable with LankaBangla Securities Limited  
Receivable with NRBC Bank Securities Limited

### 10.00 Borrowings from other banks and financial institutions

Inside Bangladesh (Note-10.01)  
Outside Bangladesh

### 10.01 Inside Bangladesh

#### Secured by FDR

Bank overdraft - Woori Bank  
Short term loan - Woori Bank

#### Unsecured

Bank overdraft - BASIC Bank Limited  
Short term loan - Marchantile Bank Limited  
Long term loan (Note-10.01.01)  
Call loan- Sonali Bank Limited  
Lease liability (Note-10.01.02)

### 10.01.01 Long term loan

#### From Bangladesh Bank and its agents Bank

Bangladesh Bank (under Re-Finance)- New Entrepreneur  
Bangladesh Bank (under Re-Finance)- Woman  
Bangladesh Bank (under Re-Finance)- Agriculture  
Bangladesh Bank (under Re-Finance)- Auto Bricks  
Bangladesh Bank (under Re-Finance)- SMEDP2  
Bangladesh Bank (under Re-Finance)- COVID

From other than Bangladesh Bank and its agents Bank  
Midland Bank Limited  
BASIC Bank Limited

Amount in BDT	
2020	2019
1,535,417	2,431,076
29,296,055	4,578,847
<b>30,831,471</b>	<b>7,009,924</b>
1,457,495	1,084,128
81,441	81,891
2,194	2,644
<b>1,541,130</b>	<b>1,168,662</b>
659,802,986	624,778,909
-	-
<b>659,802,986</b>	<b>624,778,909</b>
100,217,029	126,983,874
50,000,000	-
-	374,880
65,000,000	-
322,133,178	348,272,288
88,000,000	90,000,000
34,452,779	59,147,868
<b>659,802,986</b>	<b>624,778,909</b>
-	562,500
487,500	2,087,500
1,912,500	3,187,500
152,379,703	158,386,020
32,111,000	46,658,067
5,200,000	-
<b>192,090,703</b>	<b>210,881,587</b>
44,370,539	47,480,307
85,671,936	89,910,394
130,042,475	137,390,701
<b>322,133,178</b>	<b>348,272,288</b>
88,000,000	90,000,000
71,288,811	142,386,635
113,710,872	2,478,540
220,621,450	76,931,895
166,181,852	254,880,136
-	58,101,704
<b>659,802,986</b>	<b>624,778,909</b>

### 10.01.02 Lease Liability

Lease liabilities derived from present value of all rental payments for corporate head office and four branches. When measuring lease liabilities, Meridian Finance discounted lease payments using its borrowing rate.

### 10.02 Maturity grouping of borrowings from other banks, financial institutions & agents

Payable on demand  
Up to 1 month  
Over 1 months but within 3 month  
Over 3 months but within 1 year  
Over 1 year but within 5 years  
Over 5 years

## 11.00 Deposits and other accounts

Term deposits (Note-11.01)  
Other deposits (Note-11.02)

### 11.01 Term deposits

Short term deposit (Note-11.01.01)  
Long term deposit (Note-11.01.02)  
Double money deposit (Note-11.01.03)  
Triple money deposit - individual  
Monthly earner deposit - individual  
Quarterly earner deposit  
Millionaire scheme (Note-11.01.04)  
Insured millionaire scheme - individual  
Deposit pension scheme - individual  
Insured deposit pension scheme - individual

#### 11.01.01 Short term deposit

Short term deposit - Bank & NBF  
Short term deposit - corporate  
Short term deposit - individual

#### 11.01.02 Long term deposit

Long term deposit - corporate  
Long term deposit - individual

#### 11.01.03 Double money deposit

Double money deposit - corporate  
Double money deposit - individual

#### 11.01.04 Millionaire scheme

Millionaire scheme - corporate  
Millionaire scheme - individual

### 11.02 Other deposits

Interest bearing security deposit (Note-11.02.01)  
Non-interest bearing security deposit (Note-11.02.02)

#### 11.02.01 Interest Bearing Security Deposit

Lease deposit, SMALL  
Loan deposit, SMALL  
Loan deposit, MID  
Loan deposit, Corporate  
Cash deposit

#### 11.02.02 Non-interest bearing security deposit

Lease deposit, SMALL  
Loan deposit, SMALL  
Lease deposit, MID  
Loan deposit, MID  
Lease deposit, Corporate  
Loan deposit, Corporate  
Car lease deposit

Amount in BDT	
2020	2019
2,585,595,078	2,830,640,879
60,794,601	58,691,605
<b>2,646,389,679</b>	<b>2,889,332,484</b>
2,293,582,360	2,562,673,344
-	70,899,648
117,784,749	73,865,000
28,931,041	20,800,000
37,401,095	59,800,000
77,450,000	22,800,000
15,130,880	13,219,953
4,027,574	441,934
7,322,696	5,670,000
3,964,683	471,000
<b>2,585,595,078</b>	<b>2,830,640,879</b>
1,191,250,000	1,659,500,000
647,300,334	608,444,734
455,032,026	294,728,611
<b>2,293,582,360</b>	<b>2,562,673,344</b>
-	58,500,000
-	12,399,648
-	<b>70,899,648</b>
37,565,426	25,500,000
80,219,323	48,365,000
<b>117,784,749</b>	<b>73,865,000</b>
240,822	179,200
14,890,057	13,040,753
<b>15,130,880</b>	<b>13,219,953</b>
24,426,932	24,061,932
36,367,669	34,629,673
<b>60,794,601</b>	<b>58,691,605</b>
650,000	650,000
7,649,795	10,674,795
8,500,000	9,700,000
3,037,137	3,037,137
4,590,000	-
<b>24,426,932</b>	<b>24,061,932</b>
3,927,241	3,040,461
1,478,533	1,471,138
2,680,862	2,816,155
11,529,341	7,034,053
5,056,701	3,294,088
10,304,119	15,878,165
1,390,872	1,095,613
<b>36,367,669</b>	<b>34,629,673</b>

### 11.03 Group-wise break -up of term deposits

Amount in BDT	
2020	2019
Government	-
Bank & FI	27,285,492
Insurance	1,192,500,000
Other institutions	59,416,183
Individuals	689,017,087
	610,620,317
	478,516,945
	<b>2,585,595,078</b>
	<b>2,830,640,879</b>

### 11.04 Maturity analysis of Term deposits

Payable on demand	-	-
Up to 1 month	200,126,985	463,947,436
Over 1 month but within 6 month	1,066,853,077	2,036,097,942
Over 6 months but within 1 year	1,047,171,431	143,412,806
Over 1 year but within 5 year	147,257,379	143,290,744
Over 5 year but within 10 years	124,186,206	43,891,950
Over 10 years	-	-
	<b>2,585,595,078</b>	<b>2,830,640,879</b>

### 12.00 Other liabilities

Withholding tax payable	2,949,087	3,113,272
Withholding VAT payable	308,336	410,625
Excise duty	344,900	264,400
Interest payable- (Note - 12.01)	117,181,726	107,444,216
Audit fee payable	264,500	230,000
Payable for assignment cheque	-	2,354,812
Payable to suppliers	1,749,752	963,571
Payable for insurance	109,766	7,451
Payable for insurance-Deposit	20,585	3,000
Gratuity fund payable	2,608,302	2,257,821
Welfare fund payable	30,420	30,420
Unearned revenue	-	411,525
Sundry creditors	2,407,400	2,437,057
Other payable	19,120,487	-
Provision for current tax (12.02)	8,559,978	42,998,431
Salary payable	3,650,607	366,754
Interest suspense account (Note-12.03)	72,451,770	29,495,517
Provision for doubtful accounts and future losses (Note-12.04)	108,684,234	102,252,390
	<b>340,441,851</b>	<b>295,041,262</b>

### 12.01 Interest payable

Short term deposit (Note-12.01.01)	83,954,050	66,209,910
Long term deposit (Note-12.01.02)	5,690,411	1,885,545
Double money deposit (Note-12.01.03)	10,468,741	17,612,609
Monthly earner deposit - individual	284,938	328,064
Quarterly earner deposit - individual	336,197	323,809
Annual earner deposit - individual	8,694	-
Triple money deposit - individual	4,938,717	8,569,807
Millionaire scheme (Note-12.01.04)	66,367	1,168,903
Insured millionaire scheme - individual	1,446	9,398
Deposit pension scheme - individual	575,767	427,620
Interest bearing security deposit (Note-12.01.05)	3,329,034	3,739,189
Unsecured borrowing (Note-12.01.06)	7,273,724	7,169,362
Interest bearing cash deposit	253,641	-
	<b>117,181,726</b>	<b>107,444,216</b>

**12.01.01 Short term deposit**

Short term deposit - Bank & NBFIs  
Short term deposit - corporate  
Short term deposit - individual

**12.01.02 Long term deposit**

Long term deposit - corporate  
Long term deposit - individual

**12.01.03 Double money deposit**

Double money deposit - corporate  
Double money deposit - individual

**12.01.04 Millionaire scheme**

Millionaire scheme - corporate  
Millionaire scheme - individual

**12.01.05 Interest bearing security deposit**

Lease deposit, SMALL  
Loan deposit, SMALL  
Loan deposit, MID  
Loan deposit, corporate

**12.01.06 Unsecured Borrowing**

Call borrowing  
Short Term Borrowing  
Bangladesh Bank refinancing

**12.02 Provision for current tax**

Opening balance  
Provision during the year  
Adjusted during the year

**12.03 Interest suspense account**

Corporate finance  
Consumer finance  
SME finance

**12.04 Provision for doubtful accounts and future losses**

General provision (Note-12.04(i))  
Specific provision  
Provision for diminutions in value of investments  
Other provisions

**12.04 (i) Product wise break up of general provision**

Corporate finance (12.04.01)  
Consumer finance (12.04.02)  
SME finance (12.04.03)

Amount in BDT	
2020	2019
34,031,280	28,188,960
37,797,675	25,328,655
12,125,095	12,692,295
<b>83,954,050</b>	<b>66,209,910</b>
4,127,819	1,696,194
1,562,592	189,351
<b>5,690,411</b>	<b>1,885,545</b>
3,866,388	9,749,569
6,602,353	7,863,040
<b>10,468,741</b>	<b>17,612,609</b>
1,577	24,980
64,790	1,143,923
<b>66,367</b>	<b>1,168,903</b>
135,958	125,125
1,050,551	1,347,658
1,870,297	2,044,797
272,228	221,609
<b>3,329,034</b>	<b>3,739,189</b>
64,167	27,500
93,056	-
7,116,501	7,141,862
<b>7,273,724</b>	<b>7,169,362</b>
42,998,431	95,390,771
8,506,500	42,944,953
51,504,931	138,335,724
(42,944,953)	(95,337,293)
<b>8,559,978</b>	<b>42,998,431</b>
21,248,842	8,802,036
3,060,297	2,093,213
48,142,631	18,600,267
<b>72,451,770</b>	<b>29,495,517</b>
32,602,757	46,847,097
33,898,228	27,079,683
12,342,461	27,780,877
<b>78,843,446</b>	<b>101,707,657</b>
29,840,788	544,734
<b>108,684,234</b>	<b>102,252,390</b>
22,734,726	34,824,709
5,795,982	6,552,130
4,072,049	5,470,258
<b>32,602,757</b>	<b>46,847,097</b>



**12.04.01 Corporate finance**

Lease finance

Loan finance

Syndicated loan finance

**12.04.02 Consumer finance**

House finance

Car lease

Loan against deposit

Personal loan - employee

**12.04.03 SME finance**

Lease finance, SMALL

Loan finance, SMALL

Lease finance, MID

Loan finance, MID

**13.00 Share capital****Authorized**

200,000,000 ordinary shares of BDT 10 each

**Issued, subscribed and paid up**

120,000,000 ordinary shares of BDT 10 each

Details of shares holding position are as under:

Sponsor Shareholders:

	Percentage (%)	No. of Shares	Amount in BDT 2020	Amount in BDT 2019
<b>A. Individual Sponsors</b>				
Ms. Naima Chowdhury	4.167	5,000,000	50,000,000	50,000,000
Mr. K.M. Aminul Islam	4.167	5,000,000	50,000,000	50,000,000
Ms. Ruba Ahmed	8.333	10,000,000	100,000,000	100,000,000
Mr. Mizanur Rahman	4.167	5,000,000	50,000,000	50,000,000
	<b>20.83</b>	<b>25,000,000</b>	<b>250,000,000</b>	<b>250,000,000</b>
<b>B. Institutional Sponsors</b>				
AG Agro Industries Ltd.	8.333	10,000,000	100,000,000	100,000,000
M Rahman Steel Mills Ltd.	4.167	5,000,000	50,000,000	50,000,000
Siam's Superior Ltd.	8.333	10,000,000	100,000,000	100,000,000
Arunima Apparels Ltd.	8.333	10,000,000	100,000,000	100,000,000
Matrix Sweaters Ltd.	8.333	10,000,000	100,000,000	100,000,000
Diganta Sweaters Ltd.	8.333	10,000,000	100,000,000	100,000,000
Disari Industries (Pvt.) Ltd.	8.333	10,000,000	100,000,000	100,000,000
Toma Construction & Co. Ltd.	8.333	10,000,000	100,000,000	100,000,000
Saima Samira Textile Mills Ltd.	8.333	10,000,000	100,000,000	100,000,000
Omega Sweaters Ltd.	8.333	10,000,000	100,000,000	100,000,000
	<b>79.17</b>	<b>95,000,000</b>	<b>950,000,000</b>	<b>950,000,000</b>
<b>Total Shareholdings</b>	<b>100.000</b>	<b>120,000,000</b>	<b>1,200,000,000</b>	<b>1,200,000,000</b>



### 13.01 Capital adequacy ratio (CAR)

As per section 4(GHA) of the Financial Institution Rule 1994 and subsequently updated vide DFIM Circular No. 5, dated July 24, 2011, the minimum paid up capital of the Financial Institution (FI) shall be Taka 100 crore; Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined by the Bangladesh Bank under the Risk-Based Assets of the company. The surplus eligible capital of the company at the close of business on 31 December 2020 were Taka 29.20 crore.

	Amount in BDT	
	2020	2019
<b>Core capital ( Tier-1) / shareholders' equity</b>		
Paid-up capital (Note-13)	1,200,000,000	1,200,000,000
Share premium	-	-
Statutory reserves (Note-14)	71,201,454	66,182,640
General reserves	-	-
Dividend equalization reserves	-	-
Retained earnings (Note-15)	20,805,816	48,730,559
Non-controlling interest	-	-
<b>Sub-Total</b>	<b>1,292,007,270</b>	<b>1,314,913,199</b>
<b>Supplementary capital (Tier -II)</b>		
General provision (Unclassified loans up to specified limit + SMA + Off Balance Sheet exposure)	32,602,757	35,924,132
Assets revaluation reserves up to 50%	-	-
Revaluation reserve for securities up to 45%	-	-
All others preference shares	-	-
Others (if any other item approved by Bangladesh Bank)	-	-
<b>Sub-Total</b>	<b>32,602,757</b>	<b>35,924,132</b>
<b>A) Total capital</b>	<b>1,324,610,027</b>	<b>1,350,837,332</b>
<b>Total assets including off -balance sheet exposures</b>	<b>4,943,034,287</b>	<b>5,336,527,339</b>
B) Total risk weighted assets	3,602,229,595	3,379,766,895
C) Required capital based on risk weighted assets (10% on B)	360,222,959	337,976,690
D) Surplus (A-C)	964,387,068	1,012,860,642
E) Capital adequacy ratio (%)	36.77%	39.97%
F) Core capital to RWA (%)	35.87%	38.91%
G) Supplementary capital to RWA (%)	0.91%	1.06%
<b>14.00 Statutory reserve</b>		
Opening balance	66,182,640	54,993,139
Add: Transferred from profit	5,018,814	11,189,501
<b>Closing balance</b>	<b>71,201,454</b>	<b>66,182,640</b>
<b>15.00 Retained earnings</b>		
Opening balance	48,730,559	99,972,555
Add: profit/(loss) for the period	25,094,071	55,947,506
Less: appropriation to statutory reserve	(5,018,814)	(11,189,501)
Less: cash dividend	(48,000,000)	(96,000,000)
<b>Closing balance</b>	<b>20,805,816</b>	<b>48,730,559</b>

## 16.00 Interest income

### Corporate finance

Lease finance

Loan finance

Syndicated loan finance

### Consumer finance

House finance

Car lease

Loan against deposit

Personal loan - employee

### SME finance

Lease finance, SMALL

Loan finance, SMALL

Lease finance, MID

Loan finance, MID

### Channel finance

Factoring

Distributor financing

Work order financing

### Treasury

Fixed deposit accounts

Short notice deposit accounts

Short term placement

## 17.00 Interest expenses on deposits and borrowings

Interest on term deposit (Note-17.01)

Interest bearing security deposit

Secured bank overdraft

Unsecured borrowing (Note- 17.02)

Interest on right of use of asset

### 17.01 Interest on term deposit

Short term deposit (Note-17.01.01)

Long Term Deposit (Note-17.01.02)

Monthly earner deposit - Individual

Quarterly earner deposit

Annual earner deposit

Double money deposit (Note-17.01.03)

Triple money deposit - Individual

Millionaire scheme (Note-17.01.04)

Insured millionaire scheme - Individual

Multiple transactions flexible deposit - Corporate

Deposit pension scheme-Individual

Insured deposit pension scheme-Individual

Amount in BDT	
2020	2019
13,060,738	18,740,109
247,266,488	284,802,232
26,171,019	24,563,940
<b>286,498,245</b>	<b>328,106,282</b>
65,478,555	68,989,793
15,610,872	20,691,820
1,971,623	1,894,193
32,778	40,621
<b>83,093,829</b>	<b>91,616,427</b>
16,483,399	18,794,628
14,019,189	32,516,252
7,504,860	11,459,196
25,066,304	64,413,520
<b>63,073,751</b>	<b>127,183,596</b>
96,800	252,998
-	-
-	-
<b>96,800</b>	<b>252,998</b>
15,016,840	15,770,032
7,347,167	5,382,515
51,413,173	49,140,528
<b>73,777,181</b>	<b>70,293,074</b>
<b>506,539,806</b>	<b>617,452,377</b>
326,145,729	353,463,812
1,157,528	1,875,049
1,421,294	974,116
32,409,602	33,054,893
3,684,582	5,035,955
<b>364,818,735</b>	<b>394,403,825</b>
291,590,088	328,196,997
3,807,717	2,446,676
4,785,381	5,524,379
3,687,832	2,212,595
8,694	-
15,454,596	8,839,802
4,499,951	4,887,107
1,327,200	937,120
192,007	9,398
-	10,176
582,729	392,440
209,535	7,122
<b>326,145,729</b>	<b>353,463,812</b>

	Amount in BDT	
	2020	2019
<b>17.01.01 Short term deposit</b>		
Short term deposit - Bank & NBFi	176,316,293	228,636,656
Short term deposit - Corporate	79,819,960	67,339,275
Short term deposit - Individual	35,453,835	32,221,066
	<b>291,590,088</b>	<b>328,196,997</b>
<b>17.01.02 Long term deposit</b>		
Long term deposit - Corporate	2,431,625	2,247,140
Long term deposit - Individual	1,376,092	199,536
	<b>3,807,717</b>	<b>2,446,676</b>
<b>17.01.03 Double money deposit</b>		
Double money deposit - Corporate	6,182,244	3,569,177
Double money deposit - Individual	9,272,351	5,270,625
	<b>15,454,596</b>	<b>8,839,802</b>
<b>17.01.04 Millionaire scheme</b>		
Millionaire scheme - Corporate	38,219	20,526
Millionaire scheme - Individual	1,288,980	916,594
	<b>1,327,200</b>	<b>937,120</b>
<b>17.02 Unsecured borrowing</b>		
Call borrowing	4,930,514	5,255,139
Unsecured short term borrowing	7,194,931	640,278
Bangladesh Bank refinancing	9,731,900	7,437,303
Long term loan	10,549,050	17,474,740
Unsecured bank overdraft	3,207	2,247,433
	<b>32,409,602</b>	<b>33,054,893</b>
<b>18.00 Income from investment</b>		
Capital gain on sale of marketable securities	1,801,450	3,313,239
Dividend income (Note-18.01)	9,871,160	15,139,303
	<b>11,672,610</b>	<b>18,452,542</b>
<b>18.01 Dividend income</b>		
Dividend income - Marketable securities	2,024,452	3,632,986
Dividend income - Preference share	7,846,708	11,506,318
	<b>9,871,160</b>	<b>15,139,303</b>
<b>19.00 Commission, exchange and brokerage income</b>	-	-
<b>20.00 Other operational income</b>		
Fees and documentations (Note-20.01)	6,627,193	4,075,948
Income against forfeited A/C of provident fund	131,899	-
Miscellaneous income	24,637	-
	<b>6,783,730</b>	<b>4,075,948</b>
<b>20.01 Fees and documentations</b>		
<b>Corporate finance</b>		
Lease finance	381,778	298,452
Loan finance	1,850,031	219,322
Syndicated loan finance	-	-
	<b>2,231,809</b>	<b>517,774</b>
<b>Consumer finance</b>		
House finance	2,911,572	1,758,663
Car lease	329,964	585,555
Personal Loan	11,189	11,991
	<b>3,252,724</b>	<b>2,356,208</b>

		Amount in BDT	
		2020	2019
<b>SME finance</b>			
Lease finance, SMALL		307,929	106,611
Loan finance, SMALL		299,603	706,664
Lease finance, MID		-	9,957
Loan finance, MID		535,127	262,626
		<b>1,142,660</b>	<b>1,085,857</b>
<b>Channel finance</b>			
Factoring		-	116,108
		-	<b>116,108</b>
		<b>6,627,193</b>	<b>4,075,948</b>
<b>21.00 Salary and allowances</b>			
Salary and allowances		80,171,643	69,050,544
Provident fund contribution		3,624,735	2,522,782
Gratuity fund		2,333,510	(826,841)
Festival bonus		6,779,290	5,217,395
		<b>92,909,178</b>	<b>75,963,880</b>
<b>22.00 Rent, taxes, insurance, electricity etc.</b>			
Office rent		-	-
Insurance		84,625	220,977
Utilities		3,590,439	3,750,498
		<b>3,675,064</b>	<b>3,971,475</b>
		<b>762,425</b>	<b>1,754,489</b>
<b>23.00 Legal and professional fees</b>			
<b>24.00 Postage, stamp, telecommunication etc.</b>			
Postage and courier		35,531	66,003
Stamp charges		95,834	76,590
Telephone bill		1,417,703	1,221,058
		<b>1,549,068</b>	<b>1,363,651</b>
<b>25.00 Stationery, printing, advertisement</b>			
Printing and stationery		308,923	2,212,604
Advertisement		417,622	850,075
		<b>726,545</b>	<b>3,062,679</b>
<b>26.00 Managing director's salary and allowance</b>			
Basic salary		2,029,488	3,900,000
Allowances		1,857,762	3,570,000
Bonus		500,000	500,000
Provident fund contribution		100,000	300,000
Gratuity fund		-	-
		<b>4,487,250</b>	<b>8,270,000</b>
		<b>675,278</b>	<b>796,236</b>
<b>27.00 Directors' fees</b>			
		<b>264,500</b>	<b>249,167</b>
<b>28.00 Auditors' fees</b>			
<b>29.00 Depreciation and repair of Company's assets</b>			
Repairs and maintenance		282,899	1,314,611
Software maintenance		-	-
Depreciation & amortization		25,449,895	28,405,687
		<b>25,732,794</b>	<b>29,720,298</b>

**30.00 Other expenses**

	Amount in BDT	
	2020	2019
Training	38,950	156,358
Renewal & Registration fees	491,253	495,943
Employee Engagement Program	196,198	186,467
Conveyance	636,396	843,139
Travelling	1,457,431	1,392,157
Business Development Expense	606,531	1,628,487
Business Documentation Expense	28,750	715,000
Internet and e-mail	487,800	495,800
Computer accessories	187,399	131,280
Fuel expense	292,877	665,589
Vehicle maintenance/Registration	5,790,221	4,184,531
Office maintenance	2,600,354	3,091,675
Entertainment	199,276	306,644
Bank charges	126,500	154,460
CIB Charge	77,430	73,170
CSR expense	500,000	150,000
Excise duty	216,798	179,002
CDBL fee	2,084	17,623
Branding	166,625	75,698
Security Guard Services	1,883,200	2,765,038
Recruitment Expenses	81,705	75,980
NID Verification fee	2,256	2,710
Marketing Expense	933,544	997,431
Meeting expense	37,400	156,372
Books and periodicals	2,420	-
	<b>17,043,398</b>	<b>18,940,554</b>

**31.00 Provisions for leases, loans & investments**

<b>Provision for leases, loans and advances</b>	(7,425,797)	22,758,674
General provision	(14,109,338)	548,930
Specific provision	6,683,541	22,209,744
Provision for diminution in value of investments	(15,438,417)	16,629,255
Other provisions	29,296,055	544,734
	<b>6,431,841</b>	<b>39,932,662</b>

**32.00 Provision for taxation**

Current tax expense/ (income) (Note-32.01)	(17,869,271)	4,598,039
Deferred tax expense/ (income) (Note - 32.02)	(1,304,728)	1,006,407
	<b>(19,173,999)</b>	<b>5,604,446</b>

**32.01 Current tax expense/ (income)**

Current tax expense/ (income) for the year	8,506,500	42,944,953
Revised tax expense/ (income) for previous year (Note - 32.01.01)	(26,375,770)	(38,346,915)
	<b>(17,869,271)</b>	<b>4,598,039</b>

**32.01.01 Revised tax expense/ (income) for 2019**

Tax provisions made	42,944,953	60,832,537
Assessed tax	16,569,183	22,485,622
<b>Revised tax expense/ (income)</b>	<b>(26,375,770)</b>	<b>(38,346,915)</b>

**32.02 Deferred tax expense / (income)**

Particulars	31 December 2020	31 December 2019	Tax Expense/ (Income)
Deferred tax liability	-	-	-
Deferred tax assets	2,937,681	1,632,953	(1,304,728)
<b>Deferred tax expense/ (income)</b>			<b>(1,304,728)</b>

### 33.00 Related party transactions

Details of transactions with related parties and balances during were as follows:

SI No.	Name of the Related Party	Transaction nature	Relationship	Balance as at 01 Jan 2020	Addition during the year	Adjustment during the year	Balance as at 31 Dec 2020
1	South Asia Insurance Company Limited	Corporate lease	Director Concern	17,230,054	2,152,036	4,807,312	14,574,778
2	AG Agro Industries Ltd.	Term deposit	Shareholder	6,400,000	990,313	4,190,313	3,200,000
3	M Rahman Steel Mills Ltd.	Term deposit	Shareholder	3,200,000	465,240	2,065,240	1,600,000
4	Siams Superior Limited	Term deposit	Shareholder	6,400,000	963,829	4,163,829	3,200,000
5	Arunima Apparels Ltd.	Term deposit	Shareholder	6,400,000	888,297	4,088,297	3,200,000
6	Matrix Sweaters Ltd.	Term deposit	Shareholder	6,400,000	877,511	4,077,511	3,200,000
7	Disari Industries (Pvt) Ltd.	Term deposit	Shareholder	6,400,000	795,613	3,995,613	3,200,000
8	Saima Samira Textile Mills Ltd.	Term deposit	Shareholder	6,400,000	3,862,400		10,262,400
9	Omega Sweaters Ltd.	Term deposit	Shareholder	6,400,000	3,862,400		10,262,400
10	Diganta Sweaters Ltd.	Term deposit	Shareholder	125,386,761	8,308,539	-	133,695,300
11	Toma Construction & Co. Ltd.	Term deposit	Shareholder	15,332,407	4,715,863	-	20,048,270
12	Ruba Ahmed	Term deposit	Shareholder	17,215,821	5,208,385		22,424,206
13	Md. Mizanur Rahman	Term deposit	Shareholder	3,600,000	454,153	2,254,153	1,800,000
14	Kazi M Aminul Islam	Term deposit	Shareholder	5,632,000	2,382,912		8,014,912
15	Naima Chowdhury	Term deposit	Shareholder	8,600,000	2,690,100		11,290,100
16	South Asia Insurance Company Limited	Term deposit	Director Concern	24,500,000	2,500,000	-	27,000,000
17	Diganta Packaging & Accessories Ltd.	Term deposit	Director Concern	59,610,601	3,053,134	62,663,735	-
18	Cosmos Sweaters Ltd.	Term deposit	Director Concern	59,432,425	5,748,375	-	65,180,800
19	Sweaters Zone Ltd.	Term deposit	Director Concern	59,376,160	5,742,932	-	65,119,093
20	Meridian Finance & Investment Limited	Term deposit	PF Fund of Meridian Finance & Investment Limited	15,237,289	2,192,228	4,505,390	12,924,127
<b>Total</b>				<b>459,153,518</b>	<b>57,854,262</b>	<b>96,811,394</b>	<b>420,196,387</b>

### 34.00 Employees' details

No. of employee received BDT 6,000 per month  
No. of employee received more than BDT 6,000 per month

2020	2019
-	-
110	102
<b>110</b>	<b>102</b>

### 35.00 Disclosure of Audit Committee

#### A. Particulars of audit committee

The Audit Committee of the Board was duly constituted by the Board of Directors of the Company in accordance with the Bangladesh Bank's DFIM circular # 13, dated: October 26, 2011.

The Audit Committee of the Board of Directors consisted of the following members of the Board:

Name	Status at the Company	Status at the Committee
Ms. Shahnaj Kamal	Director (Representative of Diganta Sweaters Ltd.)	Chairman
Mr. Mahmud Hasan Khan	Director (Representative of Arunima Apparels Ltd.)	Member
Mr. Golam Mostafa	Director (Representative of Omega Sweaters Ltd.)	Member
Ms. Rashnat Tarin Rahman	Director (Representative of Toma Construction & Co. Ltd.)	Member
Ms. Shamima Nargis	Director (Representative of Saima Samira Textile Mills Ltd.)	Member

#### B. Meeting held by the committee during the year by date

Meeting No.	Held on
17th Meeting	May 28, 2020
18th Meeting	July 12, 2020
19th Meeting	November 12, 2020
20th Meeting	December 31, 2020

### 36.00 Events after the Reporting Period

A) The board of directors in its meeting held on 16 June 2021 has approved the financial statements and authorized the same for issue.

B) The board of directors in its 56th Meeting held on 16 June, 2021 has recommended no dividend based on financial performance for the year ended 31 December 2020. This will be considered for approval by the shareholders at the 7th Annual General Meeting (AGM) to be held on June 30, 2021.

C) No other adjusting event had been occurred till date of signing the financial statements which recognize adjustment under **IAS -10 "Events the after Reporting Period"**.

Sd/-	Sd/-	Sd/-	Sd/-
Director	Director	Managing Director & CEO	Company Secretary

**Meridian Finance and Investment Limited**  
**Schedule of Fixed Assets including land, building, furniture and fixtures**  
**As at 31 December 2020**

Particulars	COST				DEPRECIATION				Amount in BDT	
	Balance as at 01.01.2020	Addition during the year	Adjustment / disposal the year	Balance as at 31.12.2020	Rate (%)	Balance as at 01.01.2020	Charged during the year	Adjustment / disposal the year	Balance as at 31.12.2020	Written down value as at 31.12.2020
<b>Freehold assets</b>										
Furniture & fixture	7,973,136	-	-	7,973,136	16.67	3,935,752	1,334,910	-	5,270,662	2,702,474
Office decoration	23,035,307	-	-	23,035,307	16.67	11,307,580	3,807,229	-	15,114,810	7,920,497
Office equipment	7,124,073	-	-	7,124,073	20.00	3,670,469	1,410,278	-	5,080,748	2,043,326
IT equipments	11,321,969	262,513	-	11,584,482	20.00	6,050,705	2,200,070	-	8,250,776	3,333,706
Motor vehicle	6,943,000	-	-	6,943,000	20.00	5,689,282	1,229,426	-	6,918,707	24,292.64
	<b>56,397,486</b>	<b>262,513</b>	<b>-</b>	<b>56,659,998</b>		<b>30,653,789</b>	<b>9,981,914</b>	<b>-</b>	<b>40,635,703</b>	<b>16,024,296</b>
<b>Intangible assets</b>										
Systems & software	1,089,023	-	-	1,089,023	20	587,104	269,183	-	856,286	232,736
WIP - software	5,223,389	1,106,996	-	6,330,385	-	-	-	-	-	6,330,385
	<b>6,312,412</b>	<b>1,106,996</b>	<b>-</b>	<b>7,419,408</b>	<b>20</b>	<b>587,104</b>	<b>269,183</b>	<b>-</b>	<b>856,286</b>	<b>6,563,121</b>
<b>Lease Hold Assets</b>										
Right of use of assets	67,099,063	-	(24,638,215)	42,460,848	-	11,281,663	15,198,799	(13,712,977)	12,767,485	29,693,363
<b>Total as at 31 December 2020</b>	<b>129,808,960</b>	<b>1,369,509</b>	<b>(24,638,215)</b>	<b>106,540,254</b>		<b>42,522,556</b>	<b>25,449,895</b>	<b>(13,712,977)</b>	<b>54,259,474</b>	<b>52,280,780</b>
<b>Total as at 31 December 2019</b>	<b>59,433,552</b>	<b>77,187,511</b>	<b>(6,812,103)</b>	<b>129,808,960</b>		<b>20,928,972</b>	<b>28,405,687</b>	<b>(6,812,103)</b>	<b>42,522,556</b>	<b>87,286,404</b>



## MERIDIAN FINANCE AND INVESTMENT LIMITED

**Financial highlights**  
**As at 31 December 2020**

		Amount in BDT (mn)	
SI No.	Key Indicators	2020	2019
1	Paid-up capital	1,200.00	1,200.00
2	Total capital	1,292.01	1,314.91
3	Capital surplus	964.39	1,012.86
4	Total assets	4,938.64	5,124.07
5	Total term deposits	2,585.60	2,830.64
6	Total loans, advances and leases	3,637.22	3,826.66
7	Total contingent liabilities and commitments	4.39	212.46
8	Credit deposit ratio	1.41	1.35
9	Percentage of classified loans against total loan & advance	5.19%	3.52%
10	Profit after tax and provision	25.09	55.95
11	Amount of classified loans during current year	188.61	134.74
12	Provisions kept against classified loans	78.84	101.71
13	Provision surplus against classified loan	15.00	12.65
14	Cost of fund	8.29%	11.04%
15	Interest earnings assets	4,635.47	4,762.81
16	Non-interest earnings assets	303.17	361.26
17	Return on investment (ROI)	1.94%	4.25%
18	Return on assets (ROA)	0.51%	1.09%
19	Income from investment	11.67	18.45
20	Earnings Per Share (EPS)	0.21	0.47
21	Net income per share	1.18	1.86
22	Market price per share	-	-
23	Price Earnings (P/E) ratio	-	-

Note

Note

# Meridian Finance and Investment Limited

Silver Tower, Level 6, 52 Gulshan Avenue  
Gulshan 1, Dhaka 1212, Bangladesh

## Proxy Form

Affix revenue  
stamp of  
Tk. 20.00

I ..... of .....  
..... being a member of Meridian Finance & Investment Limited here by appoint Mr. / Ms. .... of .....  
..... failing (him / her) .....  
..... of ..... as my proxy  
to attend and vote for me and on my behalf at the 7<sup>th</sup> Annual General Meeting of the company to be held on Wednesday, June 30, 2021 at 4:00 pm and at any adjournment thereof.

Signed this ..... day of ..... 2021

Detail of proxy	Detail of member
Signature	Signature
Name:	Name:
Folio Number (If any) :	Folio Number :

### Notes:

1. Proxy form duly completed must be deposited at the registered office of the company 48 hours before the time appointed for the meeting.
2. Signature of the member should agree with the specimen signature registered with the company.



## Attendance Slip

Detail of proxy	Detail of member
Signature	Signature
Name:	Name:
Folio Number (If any) :	Folio Number :

I/we hereby record my presence at 7<sup>th</sup> Annual General Meeting of Meridian Finance & Investment Limited on Wednesday, June 30, 2021 at 4:00 pm at 52 Gulshan Avenue, Dhaka, Bangladesh.

### **Corporate Head Office**

Silver Tower, (L-6),  
52 Gulshan Avenue  
Gulshan – 1, Dhaka – 1212  
Tel: 16659, +88 09613 445566,  
Fax: +88 02 8837820-21  
Email: [info@meridianfinancebd.com](mailto:info@meridianfinancebd.com)

### **Principal Branch**

Silver Tower, (L-9),  
52 Gulshan Avenue  
Gulshan – 1, Dhaka – 1212  
Tel: 16659, +88 09613 445566,  
Email: [info@meridianfinancebd.com](mailto:info@meridianfinancebd.com)

### **Gazipur Branch**

MAS Square, 3<sup>rd</sup> floor,  
Outpara Chandon Chourasta,  
Gazipur  
Tel: 16659, +88 09613 445566,  
Email: [info@meridianfinancebd.com](mailto:info@meridianfinancebd.com)

### **Bogura Branch**

739/A, Rabu Tower, 2<sup>nd</sup> floor,  
Borogola, Bogura.  
Tel: 16659, +88 09613 445566,  
Email: [info@meridianfinancebd.com](mailto:info@meridianfinancebd.com)

### **Chattogram Branch**

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Holding No. 30, 5<sup>th</sup> Floor,  
Agrabad C/A, Chattogram.  
Tel: 16659, +88 09613 445566,  
Email: [info@meridianfinancebd.com](mailto:info@meridianfinancebd.com)

**Our  
Branches**

Call Us  
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Corporate  
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