

# LEADING THE WAY IN SUSTAINABLE FINANCE



**ANNUAL REPORT  
2023**

“**Consolidating strength,  
Exploring possibilities**”

At Meridian Finance & Investment Limited, the progressive mind setup 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 assist the valued customers in realizing the full potential of their venture and steering them in the right direction through our versatile products to achieve greater success. It is our everlasting commitment that has earned trust and strengthened partnership with our stakeholders, throughout the years.



## ABOUT THE REPORT

This Annual Report of Meridian Finance & Investment Limited is for the financial year ended December 31, 2023. The report has been prepared primarily to provide material and relevant information/ disclosure about the Company and of its operation to our esteemed members, distinguished regulators and other stakeholders. It contains financial as well as non-financial information including risk, compliance and future prospects of the Company.

In preparation of the report, relevant guidelines of International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), Financial Reporting Act, Accounting Standards, Provisions of the Finance Company Act 2023, Provisions of the Companies Act 1994, Regulatory instructions, etc. were followed in the applicable grounds.

The Board of Directors acknowledged their responsibilities and ensured the integrity of this report, accordingly. The Board of Directors has applied its collective mind and to the best of their knowledge in all the material issues and performance of the Company including impacts which have been addressed in a fair and accurate manner.

The Annual Report has been made to be a reliable source to know the Company.



## NOTICE OF THE 10TH ANNUAL GENERAL MEETING (AGM) OF MERIDIAN FINANCE & INVESTMENT LIMITED

Notice is hereby given to all the Members of Meridian Finance & Investment Limited that the 10th Annual General Meeting (10th AGM) of the Company will be held on Monday, June 10, 2024 at 4:00 PM at the Board Room of Registered Office of the Company at Silver Tower, Level- 06, 52 Gulshan Avenue, Gulshan- 01, Dhaka- 1212 to transact the following business.

### AGENDA

AGMA-10-01: To consider and adopt the Audited Financial Statements along with the Auditor's Report for the year ended December 31, 2023 and the Directors' Report thereon;

AGMA-10-02: To declare dividend for the year ended December 31, 2023;

AGMA-10-03: To elect the Directors who are retiring as per relevant provisions of the Companies Act 1994 and the Articles of Association of the Company;

AGMA-10-04: To reappoint Statutory Auditor for the year ended December 31, 2024 and fix their remuneration;

AGMA-10-05: To appoint/reappoint the Managing Director;

AGMA-10-06: To transact any other business with permission of the Chairman.

Your presence in the meeting will be highly appreciated.

By order of the Board,



Md. Ashraf -Ur- Rahman  
Company Secretary  
Date: Thursday, May 16, 2024

Note: A Member who is entitled to attend and vote in the AGM, may appoint a Proxy to attend and vote on his/ her behalf. "The Proxy Form", duly completed, signed and stamped, must be submitted at the registered office (Silver Tower, Level- 06, 52 Gulshan Avenue, Gulshan- 01, Dhaka- 1212) of the Company, no later than 48 hours prior to the meeting.





# PROXY FORM

## Meridian Finance and Investment Limited

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

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 9th Annual General Meeting of the company to  
be held on Saturday, September 30, 2023 at 2:00 pm and at any adjournment thereof.

Signed this ..... day of ..... 2023

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 10th Annual General Meeting of Meridian Finance & Investment Limited on Saturday September 30, 2023 at 2:00 pm at 52 Gulshan Avenue, Dhaka, Bangladesh.





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# LETTER OF TRANSMITTAL

Thursday, May 16, 2024

Esteemed Members  
Distinguished Regulators  
Other Stakeholders

**Subject: Annual Report For The Year Ended December 31, 2023.**

Dear Sir:

We are pleased to enclose a copy of the Annual Report containing the Directors' Report and Auditors' Report along with Audited Financial Statements including the Statement of Financial Position, Statement of Profit or Loss Account and Other Comprehensive Income, Changes in Equity and Cash Flows for the year ended December 31, 2023 along with Notes thereon and all other related information for your record and necessary measures.

Information given in the Report is complete, full, and in line with relevant Laws, Rules, Regulations and Accounting Standards.

Best Regards,



Md. Ashraf -Ur- Rahman  
Company Secretary  
Meridian Finance & Investment Limited

## ABOUT US

Meridian Finance has emerged as a fast growing multi product financial institution licensed by Bangladesh Bank and holding a strong and diversified portfolios in Corporate, Consumer, Small & Medium Enterprises (SME) Finance and Corporate Advisory Services. The Company has been maintaining a solid year on year growth adhering to highest ethical standards, corporate governance, sound risk management, liquidity, and regulatory compliance.

In quest of sustainable business, the Company has been positioning itself to provide enduring value to people, customer, stakeholders and communities. At Meridian Finance, we always strive to assist our customers to shape their stories and achieve their dreams. Be the owner of your desired business or shape it by increasing its capacity, giving happiness a new address by owning the home, exploring new landscape with family in your own car, or securing the future of your loved ones through planned investment, we are always with you in your endeavor to bring positive changes in lives. We constantly think ahead and device our next move in tandem with the changing environment. Meridian Finance learn from the past, operate in the present and continue to plan for the future with the experience and knowledge gained from precious insights that fuel our sustainable growth. We are expanding our horizon to place our services in the door steps of the customers to empower them to shaping stories.



Your dreams are the visions and images of you and your future, as you would like it to be. They are a key step in exploring who you are and what you want, and even how to reach your goals. It requires a great amount of passion to believe in you, your dreams and constant efforts to bring visible progress in lives.

Meridian Finance strives to assist you to flourish your fullest potential, to bring positive changes in your lives, and to inspire you to achieve your long cherished goals. With your drive for changing your future and our dedication to assist you in your endeavor, we are always besides you to inspire and empower you to shaping stories of success.

## MILESTONE/ ACHIEVEMENTS

**NOVEMBER 12**

Approval for Opening Islamic Finance Wing

2021

**OCTOBER 21**

Commercial Bank & Insurance Institution License by Ministry of Labor and Employment

2018

**MAY 13**

3rd branch opening at Chattogram

2018

**MARCH 14**

1st branch opening at Gazipur

2017

**JANUARY 29**

Signed Syndication Finance Agreement with Eminence Communication

2017

**JULY 27**

MoU signing with Election Commission of Bangladesh for verification of Information and national Identity

2016

**JUNE 01**

Three MoU signing with Bangladesh Bank for refinancing micro, cottage, agro processing, small and women entrepreneurs

2016

**DECEMBER 02**

Signing of First Agreement

2015

**JUNE 04**

Licensed as Financial Institution

2015

**JULY 08**

Opening of Principal Branch.

2019

**JULY 9**

Signing with SSD-TECH for financial inclusion.

2018

**JULY 15**

2nd branch opening at Bogura

2017

**MARCH 13**

Signed Syndication Finance Agreement with Feiya Auto Bricks Limited

2017

**OCTOBER 25**

Signing of first Term Sheet to raise BDT 100 crore as lead arranger

2016

**JULY 18**

MoU signing with Bangladesh Bank for refinancing Brick KIn Efficiency Improvement project

2016

**APRIL 21**

Achieved a milestone by crossing a business portfolio of BDT 1 Billion (Taka 100 crore)

2016

**OCTOBER 19**

Bangladesh Bank Governor Dr. Atiur Rahman formally inaugurated the operation

2015

**JANUARY 15**

Certificate of Incorporation & Business Commencement from RJSC

2014





### VISION

Most flexible and innovative financial service provider.

### CORPORATE PHILOSOPHY

Constantly anticipate the market needs and customize services to CREATE new value for customers.

### MISSION

Maximizing stakeholder's value through sustainable business practices.





## “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.

## MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

I am delighted to welcome you all to the 10th Annual General Meeting of Meridian Finance and Investment Limited. On behalf of the Board of Directors and Management, I am pleased to present the Annual Report and Audited Financial Statements for the year ended December 31, 2023.

On this occasion, I take the opportunity to discuss the current state of the global and Bangladesh economies, Meridian Finance's overall performance, the company's strategic priorities for the upcoming years, and the next steps that will be taken to ensure sustained success.

This past year has been marked by significant global and local economic challenges. The ongoing geopolitical tensions, persistent inflationary pressures, and disruptions in global supply chains have collectively impacted economies worldwide. Despite these hurdles, Bangladesh has shown remarkable resilience, with our economy demonstrating notable strength in food production, agriculture, and industrial sectors. Despite being constrained by global conditions, the GDP growth rate in FY23 (5.78%) is indicative of our nation's strong market and hardworking culture.

In addition to these economic challenges, Bangladesh faced political unrest due to the election. However, with the election of the new government, there is now a positive shift in the political landscape. The new administration has instilled a sense of stability and optimism, which bodes well for the country's economic environment and business confidence.

In this dynamic environment, Meridian Finance has navigated through substantial economic turbulence. The financial landscape in Bangladesh has faced tight liquidity conditions, high inflation, and elevated import costs. These factors have influenced lending and deposit rates, creating a challenging scenario for financial institutions. In response, the Bangladesh Bank has implemented prudent measures to stabilize the economy, including tightening Money Supply, Increasing Interest rate on Treasury bill and uplifting lending rate and controlling imports to maintain balanced economic growth.

Amidst these external pressures, Meridian Finance has remained steadfast in its commitment to growth and support for our clients, staff, suppliers, and partners. Our financial performance, although below expectations, reflects our strategic emphasis on cost management and risk mitigation. We have worked diligently to strengthen our foundational principles, maintaining financial discipline and focusing on customer satisfaction and operational excellence.

Looking ahead, we are determined to scale our operations sustainably. Our strategic priorities include focusing on sectors less susceptible to economic shocks, enhancing collection efforts, and leveraging digital services to improve customer experience. Our goal for 2024 is to achieve reasonable business growth, control operating costs, and maintain high asset quality, all while providing superior service to our customers.

We express our deep gratitude to our esteemed shareholders for their unwavering trust and support. We also extend our sincere appreciation to the management and staff for their relentless efforts and to Bangladesh Bank and other regulators for their continuous guidance. Together, we remain committed to steering Meridian Finance towards a future of sustained growth and success.

Thank you for your continued support.

Wishing you all the best.



**Kazi M. Aminul Islam**

Chairman

Meridian Finance & Investment Limited

## STATEMENT OF THE MANAGING DIRECTOR

Dear Stakeholders,

Meridian Finance and Investment Limited has faced many big obstacles as well as opportunities in 2023. The global economy continued to grapple with the aftermath of the COVID-19 pandemic, geopolitical tensions, and persistent inflationary pressures. On the other hand, stability and hope have been brought about by the election of a new government, and this is important for creating a favorable economic environment.

Despite these external pressures, Bangladesh's economy demonstrated resilience, with sectors such as food production, agriculture, and industry showing strength. However, the financial sector, particularly non-bank financial institutions (NBFIs), faced considerable hurdles. The sector struggled with non-performing loans, a liquidity crisis, and a squeeze in net interest margins. Meridian Finance was not immune to these challenges. Our financial performance in 2023 reflects the broader industry trends, and we have taken strategic measures to navigate these turbulent times.

Our asset portfolio plummeted during the year as a result of cautious loan disbursement, which were a consequence of numerous actions related to political unrest surrounding the national election, a slowdown in the economy, and modification of the Finance Company Act, among other things. Despite these challenges, we successfully managed our encashment pressures in a timely manner. The increase in non-earning assets, primarily from legacy distressed loan accounts, further impacted our financial performance. Our net interest and operating income saw significant declines of 26.31% and 77.33%, respectively, compared to the previous year. To cope up with the situation, we reduced total expenses from BDT 38.05 crore to BDT 35.78 crore, a 6% reduction compared to the last financial year.

Our collection from NPL accounts has significantly improved, rising from BDT 3.50 crore in 2022 to BDT 14.52 crore by 2023, despite the increase in gross non-performing loans (NPLs) from legacy accounts. Over the past three years, our fresh disbursements had an average weighted collection rate of 99.72%, contributing only 0.07% to NPL.

In 2023, we successfully decreased deposit from Bank through concentrating on retail individual deposits. We have decreased our dependency on bank deposit by 7.29% and institutional deposits by 27%. Even the top 10 depositors' concentration has decreased over the past three years, from 55% in 2021 to 43% in 2023. This change in approach is in line with our objective to increase individual deposit mobilization and decrease reliance on institutional deposits, especially those from banks and NBFIs.



Since January 2021, we have focused in SME and retail portfolio building through concentrating on small-ticket business. Loans of BDT 1.0 crore or less account for nearly 40% of our total disbursed loans during 2021 to 2023. We also have reduced single borrower exposure from 30% to 15% of equity. We have penetrated the low and medium-income segments of the home loan market, particularly in the outskirts of Dhaka Metropolitan area, with an average loan size of BDT 27.0 lakh during this period.

Maintaining a capital adequacy ratio has been a priority, ensuring that Meridian Finance remains capitalized to navigate stress scenarios. Our Strategic initiative to enhance liquidity and strengthen our financial position have been crucial in sustaining our financial stability.

We are also deeply committed to our corporate social responsibility, particularly in supporting the education sector and other initiatives for marginalized populations. These efforts reflect our dedication to contributing positively to society and upholding our responsibilities as a corporate citizen.

I extend my heartfelt appreciation to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), National Board of Revenue, and the Registrar of Joint Stock Companies and Firms for their unwavering support and guidance. I also thank our fellow banks and NBFIs for their collaboration, our customers for their continued trust, and our management and employees for their loyalty, commitment, and hard work. Lastly, I express my gratitude to the Chairman and the Board of Directors for their invaluable guidance and support.

Looking ahead, we are committed to exploring Meridian Finance's maximum potential and are optimistic about our future growth prospects. Together, we will navigate the challenges and seize the opportunities that lie ahead, driving sustainable growth and success for Meridian Finance.

Thank you for your continued support.

Sincerely,



**Quazi Nizam Ahmed**

Managing Director

Meridian Finance and Investment Limited

## CORPORATE OVERVIEW



### MERIDIAN FINANCE & INVESTMENT LIMITED

Registration No: C-113483/14, dated: January 15, 2014

Business Commencement Certificate (Issue No- 20470-76)

Dated: January 15, 2014

License of Bangladesh Bank: DFIM(L)/35, dated: June 04, 2015

Gazette Number: DFIM(L)/1053/BIBIDH/2015-1135



#### Corporate Head Office (Registered Address):

Silver Tower (Level- 06)

52 Gulshan Avenue, Gulshan- 01

Dhaka- 1212, Bangladesh.

Telephone: +88 09613 445566

Email: [info@meridianfinancebd.com](mailto:info@meridianfinancebd.com)

Web: [www.meridianfinancebd.com](http://www.meridianfinancebd.com)

### Branch Offices



#### Principal Branch

Address: 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

Address: MAS Square, 3rd floor, Outpara Chandonna Chourasta, Gazipur

Tel: 16659, +88 09613 445566

Email: [info@meridianfinancebd.com](mailto:info@meridianfinancebd.com)



#### Bogura Branch

Address: 739/A, Rabu Tower, 2nd floor, Borogola, Bogura.

Tel: 16659, +88 09613 445566

Email: [info@meridianfinancebd.com](mailto:info@meridianfinancebd.com)



#### Chattogram Branch

Address: Suraiya Mansion, Holding No. 30, 5th Floor

Agrabad C/A, Chattogram.

Tel: 16659, +88 09613 445566

Email: [info@meridianfinancebd.com](mailto:info@meridianfinancebd.com)

## Board Of Directors (as on May 16, 2024)

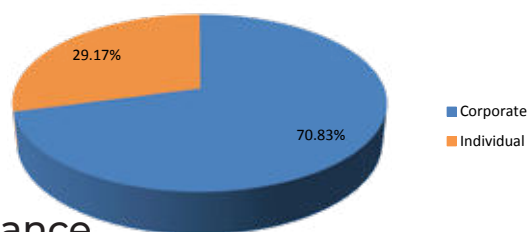
1.	Mr. Kazi M. Aminul Islam	Chairman
2.	Ms. Ruba Ahmed	Director
3.	Mr. Shah Md. Shafiquul Ahsan	Nominee Director
4.	Mr. Mahmud Hasan Khan	Nominee Director
5.	Mr. Animesh Chandra Mazumder	Nominee Director
6.	Ms. Farzana Hossain	Nominee Director
7.	Mr. Golam Mostofa	Nominee Director
8.	Ms. Shahnaj Kamal	Nominee Director
9.	Ms. Rashnat Tarin Rahman	Nominee Director

## Management Committee (MANCOM, as on May 16, 2024)

1.	Mr. Quazi Nizam Ahmed	Managing Director
2.	Mr. Faruk Jamil	Head of Corporate & SME Finance
3.	Mr. Muhammad Azharul Islam	Head of Consumer Finance
4.	Mr. Md. Mahbubur Rahman	Chief Financial Officer

## Shareholding Composition

Corporate- 70.83%, Individual- 29.17%



**Credit Rating: A-**

**Distinct Business Window: Islamic Finance**

**Statutory Auditor:** Pinaki & Company Chartered Accountants  
Ideal Trade Centre, Shaheed Tajuddin Ahmed Avenue, , Dhaka-1208, Bangladesh.

## Legal Advisers

1. Barrister Chowdhury Mokimuddin K J Ali
2. Barrister Tanjib-ul Alam
3. Barrister Mydul H. Khan

Income Tax Advisor: Adil & Associates.

**Credit Rating Company:** Alpha Credit Rating Limited

## Key Banking Partners

Standard Chartered Bank  
NRB Bank Limited  
Mercantile Bank PLC.  
NRB Commercial Bank PLC.  
Shahjalal Islami Bank PLC.



# KEY PRODUCTS & SERVICES

## Investment

### Corporate Finance

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

### Consumer Finance

- Home Loan
- Car Loan
- Loan against Deposit

### SME Finance

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

## Deposit

### Term Deposit Scheme

- Regular Term Deposit
- Double Money Deposit
- Triple Money Deposit

### Regular Earner Scheme

- Monthly Earner Deposit
- Quarterly Earner Deposit

### Money Builder Deposit Scheme

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

## Islamic Products

### Deposit Products

- Mudarabah Term Deposit
- Mudarabah Monthly/Quarterly Earner Deposit

### Investment Products

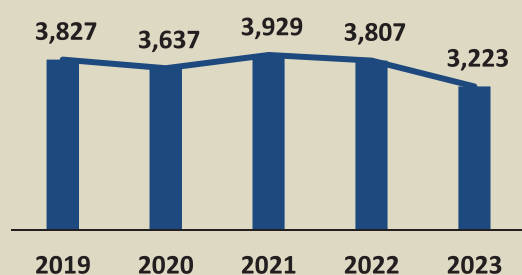
- Bai-Murabaha
- Hire Purchase under Shirkatul Melk (HPSM)

# FINANCIAL HIGHLIGHTS

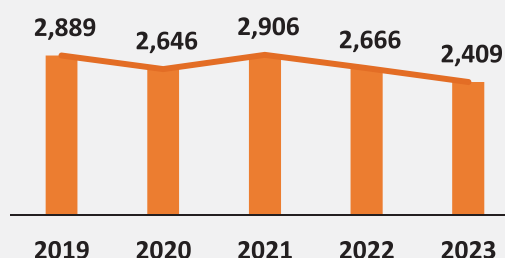
BDT in Million

Leases, Loans & Advances	Deposits	Net interest Income	Profit Before Provision
<b>2023</b> BDT 3222.73	<b>2023</b> BDT 2408.73	<b>2023</b> BDT 8.31	<b>2023</b> BDT -101.25
<b>2022</b> BDT 3806.71	<b>2022</b> BDT 2665.63	<b>2022</b> BDT 84.96	<b>2022</b> BDT -24.81
<b>Increase</b> -15.34%	<b>Increase</b> -09.64%	<b>Increase</b> -90.21%	<b>Increase</b> -308.17%

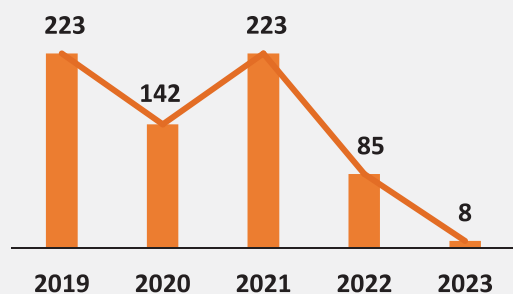
## LEASES, LOANS & ADVANCES



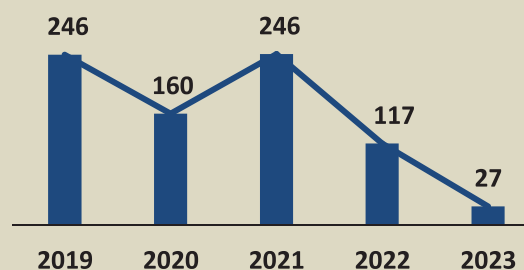
## DEPOSITS



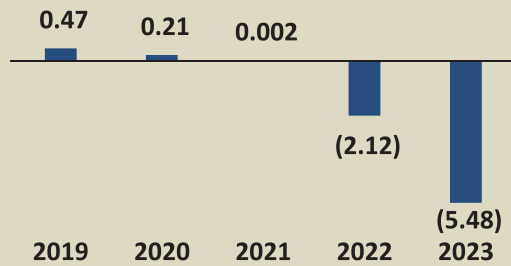
## NET INTEREST INCOME



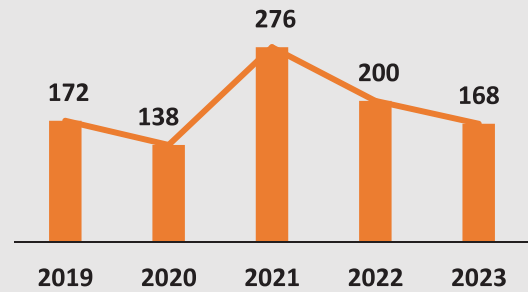
## OPERATING INCOME



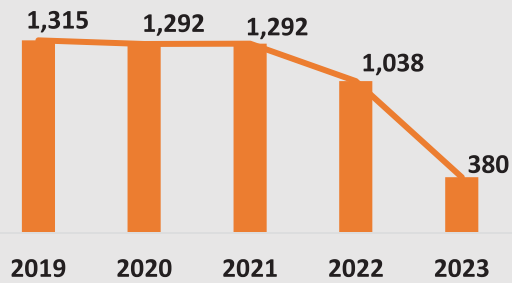
### EARNING PER SHARE (EPS)



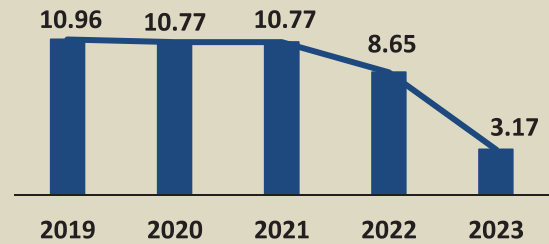
### INVESTMENT



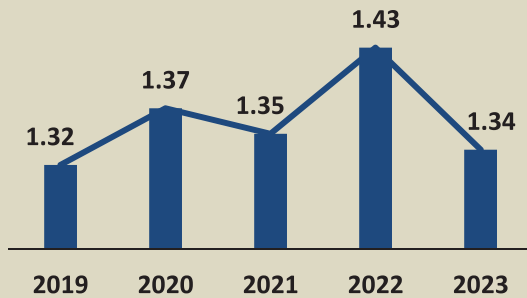
### SHAREHOLDER'S EQUITY



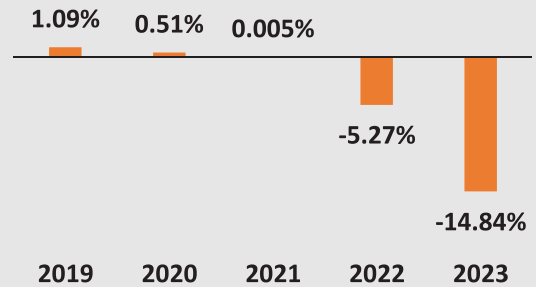
### NET ASSET VALUE PER SHARE



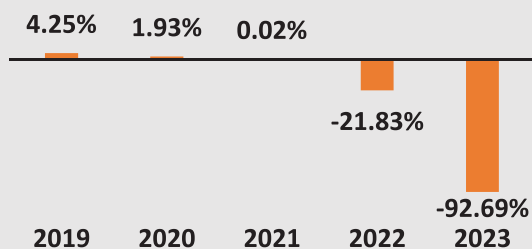
### LOAN TO DEPOSIT RATIO



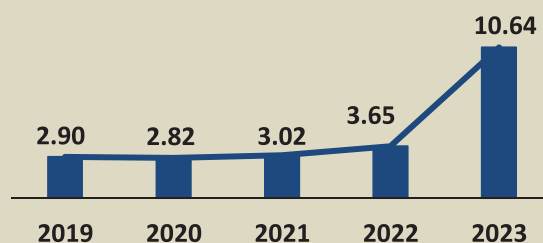
### RETURN ON ASSET



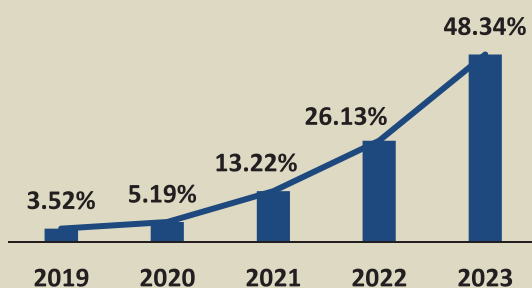
### RETURN ON EQUITY



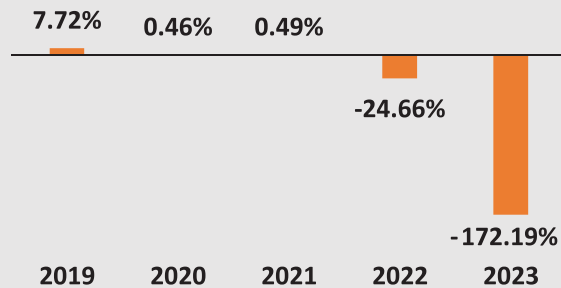
### DEBT TO EQUITY RATIO



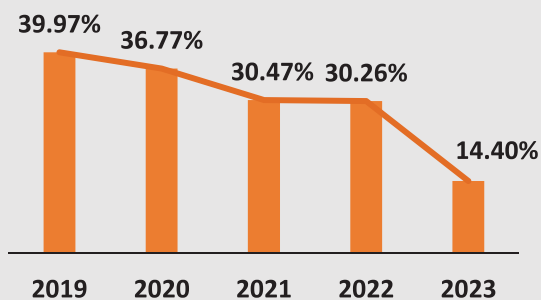
### NON-PERFORMING LOAN RATIO



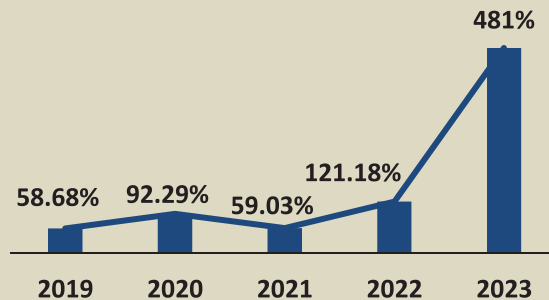
### RETURN ON CAPITAL EMPLOYED



### CAPITAL ADEQUACY RATIO



### COST TO INCOME RATIO



# REPORT OF THE SHARI'AH SUPERVISORY COMMITTEE

## FOR THE YEAR ENDED ON DECEMBER 31, 2023

### **Bismillahir Rahmanir Rahim**

All praise be to Allah, the Lord of all the worlds and blessings and peace be upon the Prophet Muhammad (SAW) and upon all his descendants and companions.

To the Board of Directors and the Shareholders of the Meridian Finance & Investment Limited.

Assalamu Alaikum Wa-Rahmatullahi Wa-Barakatuh.

In compliance with the terms of reference (ToR) of the By-Laws of Shari'ah Supervisory Committee (SSC), we submit the following Report on the Islamic Finance Window of the Meridian Finance & Investment Limited for the year 2023.

During the year 2023, the Shari'ah Supervisory Committee (SSC) of the Meridian Finance & Investment Limited attended 03 SSC meetings and had several other operational and training sessions and gave opinion on various Shari'ah related issues placed before it by the Management. Meridian Finance & Investment Limited is responsible for ensuring that they conduct its Islamic Finance day-to-day business in accordance with the Shari'ah rules and principles. It is our responsibility to form an independent opinion based on our review of the Islamic Finance operations and to report to you.

We have reviewed the principles and the contracts relating to the transactions and applications introduced by Meridian Finance & Investment Limited in its Islamic Finance operations for the year 2023.

We conducted our review, which included on a test basis of each type of transaction, the relevant documentation and procedures adopted by the Islamic Finance Window (IFW) of the Meridian Finance & Investment Limited. We planned and performed the review to obtain the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Islamic Finance Window (IFW) has not violated Shari'ah rules and principles.

### **In our opinions:**

- a) The contracts, transactions and dealings entered into by the Islamic Finance Window during the year 2023 that we have reviewed in compliance with the Shari'ah rules and principles;

- b) Distribution of profit to the Mudaraba Depositors conforms to the basis that had been approved in accordance with the Shari'ah rules and principles;
- c) Earnings which are prohibited by Shari'ah rules and principles have not been included in the income;
- d) Transactions with the conventional part have been made complying Shari'ah principles.

**During the year under report, the Shari'ah Supervisory Committee has advised the Islamic Finance Window on the following Issues:**

- a) To strengthen the initiatives aiming at creating awareness among the employees and the customers about Shari'ah compliance.
- b) To continue for arranging regular training & workshop on Islamic Finance for the officials of Meridian Finance & Investment Limited to increase professional skills for better Shari'ah compliance as well as increase brand visibility of Islamic Finance in all platforms.
- c) To take effective steps for implementation of the recommendations given by the Shari'ah Supervisory Committee.
- d) To assign dedicated human resources at all Branches dealing in Islamic Finance of Meridian Finance & Investment Limited across the country gradually to ensure accurate professional and Shari'ah- compliant services.

The Shari'ah Supervisory Committee expresses appreciation to the Board of Directors of Meridian Finance & Investment Limited and the Management for their commitment of Shari'ah compliance and wholehearted cooperation to the SSC during the year 2023.

May Allah Subhanahu Wata'la give us strength to achieve His satisfaction through implementation of Shari'ah principles in all transactions of Islamic Finance Window as well as in every sphere of our lives!

Ameen.



**Muhammad Riazul Hoque**

Chairman

Shari'ah Supervisory Committee



## BOARD OF DIRECTORS



**Kazi M. Aminul Islam**  
**Chairman**

Mr. Kazi M Aminul Islam joined Bangladesh Civil Service in 1981 and progressed to higher responsibilities in diverse areas of the Government.

Mr. Islam was the first Executive Chairman of Bangladesh Investment Development Authority (BIDA) from 2016-2019. He worked as Alternative Executive Director on the Board of Directors of The World Bank in Washington DC for three and half years for the constituency comprising of Bangladesh, Bhutan, India, and Sri Lanka. Also he was a Secretary of Prime Minister's Office in 2009. In course of work for transition to democracy and private sector development, Mr. Islam steered bodies like "Better Business Forum" and "Regulatory Reform Commission" developed a very strong relationship between the business and Government in Bangladesh.). Mr. Islam played a pivotal role in focusing on investment climate, improving investor's experiences in doing business and emphasizing on the qualitative aspects of investment regime in Bangladesh. He made commendable contribution to the 'ease of doing business' establishing fully functional 'One Stop Service Centre' and initiating various reform activities to make BIDA as one of the best 'Investment Promotion Agency' (IPA) in the world.

Mr. Kazi M. Aminul Islam did his Master of Arts in Economics from University of Dhaka and Master's in Economics from Boston University, USA. He also attended Mason School at Harvard University. He had a Graduation Certificate in Environment Management from University of Adelaide, Australia.



**Ms. Ruba Ahmed**  
**Director**

Ms. Ruba Ahmed is an Individual Director in the Board of Meridian Finance and Investment Limited. She did her Bachelor (Honors) and Masters in Management from University of Dhaka. Ms. Ahmed is an experienced business person and a prominent woman entrepreneur. She is the Chairman of Elegant Group which consists of diverse concerns such as Cassiopea Apparels Ltd, Cassiopea Fashion Ltd, Cassiopea Clothing Ltd, Cassiopea Garments Ltd, Elegant Washing Plant Ltd, Elegant Accessories Ltd, Lavender Convenience Store Ltd. and Abinta Kabir Foundation.





**Mr. Shah Md. Shafiqul Ahsan**  
**Nominee Director**

Mr. Shah Md. Shafiqul Ahsan is the nominated Director of AG Agro Industries Ltd. in the Board of Meridian Finance & Investment Ltd. Mr. Ahsan completed his MBA with Major in HRM. He is the Managing Director of Begumgonj Feed Mill Ltd, a sister concern of Ahsan Group which is one of the leading conglomerates in Bangladesh. Since 1986 the group is operating business in diversified sectors including Readymade Garments (RMG), Trading, Manufacturing, Export & Import, Engineering & Construction, Agro Business, Project Management, Banking, Investment, Housing and Real-Estate.



**Mr. Mahmud Hasan Khan**  
**Nominee Director**

Mr. Mahmud Hasan Khan is the Managing Director of Rising Group and nominated Director of Arunima Apparels Ltd. in the Board of Meridian Finance & Investment Ltd. He did his Bachelor & Master in Social Science from University of Dhaka. Rising Group is a leading apparel, yarn and knit fabric manufacturer in the country. The group is vertically integrated to provide with one stop solution in Yarn, Dyeing & Finishing, Stitching, Printing, Washing, Packaging, Button & Thread manufacturing. Mr. Khan has more than 20 years of experience in RMG & Textile industry. He served the positions of Director and Vice President of BGMEA in many years. Rising Apparels Ltd received National Export Trophy (Bronze) in 2003-2004. Mr. Khan is the member of Kurmitola Golf Club, Dhaka and Uttara Club respectively.



**Mr. Animesh Chandra Mazumder**  
**Nominee Director**

Mr. Animesh Chandra Mazumder is the nominated Director of Matrix Sweaters Limited in the Board of Meridian Finance & Investment Limited. Mr. Mazumder completed his Master in Commerce major in Accounting. He is WOOLMARK and Global Organic Textile Standard (GOTS) Certified from Germany. Matrix Sweaters Limited (MSL), a flagship company of Labib Group, is the biggest sweater manufacturing company in the country. The other concerns of Labib Group include Starlight Sweaters Ltd, Labib Dyeing Mills Ltd, Sweater Cottage Ltd, Raidha Collections Ltd, Starlight Knitters Ltd, Labib Composite Ltd, Labib Fashions Ltd, Excel Telecom (Pvt) Ltd, Excel Starlight Ltd, and Labib Poultry & Fisheries Ltd.



**Ms. Farzana Hossain**  
Nominee Director

Mrs Farzana Hossain is the nominated Chairman of Disari Industries (Pvt) Ltd and member of the Board of Directors of Meridian Finance & Investment Limited.

Disari Industries (Pvt) Ltd., is a concern of Gold Star Group which is certified by ISO and OEKO-TEX (Garments) for 100% export Oriented Manufacturer of Quality Garments in Bangladesh. The Gold Star group is the major sponsor of Meghna Bank Ltd, Aysha Memorial Specialized Hospital, Universal Medical College & Hospital and Universal Nursing Institute.

Mrs Hossain is a very well reputed business person, she bears a personality with a vast talent of creative thought and aesthetic sense. She is also doing outstanding performance in Garments export sectors and also contribute a vital role in this sector.



**Mr. Golam Mostofa**  
Nominee Director

Mr. Golam Mostofa is the Managing Director of Omega Sweaters Ltd and nominated Director in the Board of Meridian Finance & Investment Limited. Omega Sweaters Ltd., established in 2000, is one of the 100% export oriented sweater manufacturer and a member of BGMEA. Mr. Mostofa is also actively involved with Welldone Apparel Ltd., MNR Sweaters Ltd and MNR Fashions Ltd. He is the member of Uttara Club Ltd, Army Golf Club, Dhaka Boat Club Ltd., All Community Club Ltd. and Banani Club Ltd. He completed his Masters of Social Science (Sociology) from University of Dhaka.



**Ms. Shahnaz Kamal**  
Nominee Director

Ms. Shahnaz Kamal is the nominated Director of Diganta Sweaters Ltd., a leading manufacturers of knit products, in the Board of Meridian Finance & Investment Ltd. She is also the Director of Cosmos Sweaters Ltd., Sweaters Zone Ltd. and Diganta Packaging & Accessories Ltd.



**Ms. Rashnat Tarin Rahman**  
**Nominee Director**

Ms. Rashnat Tarin Rahman is the nominated Director of Toma Construction & Co Ltd. in the Board of Meridian Finance and Investment Ltd. Toma Construction & Co Ltd is the flag ship company of Toma Group, a leading & successful conglomerate comprises of Toma Properties Ltd, Toma Concrete Ltd, Toma Taxi Cab Services, Toma Auto Workshop, Toma LPG Services, Vatican Properties Ltd, Rakib International Ltd, Toma Ready-mix Concrete Ltd, and Dhaka Bricks Ltd. Being a core member, Mrs. Rashnat Tarin Rahman leads business activities to achieve short term and long term goals of the conglomerate. She has always been the key inspirer to uphold corporate values and moral with a strong footing with her profound knowledge and business acumen. She also earned respect with her social activities for the poor and distress in time of needs through charity and humanitarian welfare for the benefits of underprivileged families of the society. She obtained her Masters in Medical Science (MBBS) from Noakhali Medical College.



## MANAGEMENT TEAM (MANCOM)



**Quazi Nizam Ahmed**  
Managing Director



**Faruk Jamil**  
Head of Corporate & SME Finance



**Muhammad Azharul Islam**  
Head of Consumer Finance



**Md. Mahbubur Rahman**  
Chief Financial Officer

# KEY CHALLENGES, RISKS AND COMPLIANCE

## Key Challenges

The financial year 2023 posed several significant challenges for Meridian Finance and Investment Limited. The ongoing global economic uncertainties, geopolitical tensions, and persistent inflationary pressures had far-reaching effects. The political unrest in Bangladesh during the election period added to the complexity of the business environment, impacting economic stability and investor confidence.

**Liquidity Crunch:** The liquidity crunch in the financial sector was one of the most pressing challenges. Tight liquidity conditions influenced lending and deposit rates, making it difficult to maintain a stable asset portfolio. This was exacerbated by increased encashment pressures and a decline in deposit mobilization.

**Non-Performing Loans (NPLs):** The rise in non-performing loans continued to be a significant challenge. Legacy distressed loan accounts contributed to the increase in non-earning assets, adversely affecting our interest income and overall financial performance.

**Cost Management:** Managing operating expenses amidst declining income was crucial. While we made strides in reducing costs, the overall financial constraints required more robust cost management strategies.

**Regulatory Changes:** The measures implemented by the Bangladesh Bank, such as tightening money supply, increasing interest rates on treasury bills, and controlling imports, created an environment that demanded constant adaptation and strategic realignment.

## Key Risks

**Credit Risk:** The risk associated with borrowers' failure to meet their obligations was heightened due to the economic downturn and liquidity crisis. The increase in NPLs underscored the importance of stringent credit risk management practices.

**Market Risk:** Fluctuations in interest rates and foreign exchange rates posed significant market risks. The volatility in the financial markets required careful monitoring and adaptive strategies to mitigate adverse impacts.

**Operational Risk:** Operational risks, including those arising from internal processes, systems, and external events, were amplified during the year. Ensuring the integrity and efficiency of our operations remained a top priority.

**Compliance Risk:** Adhering to evolving regulatory requirements and ensuring compliance posed continuous challenges. Non-compliance could result in legal penalties and damage to our reputation.

## Compliance and Mitigation Strategies

Meridian Finance remains committed to robust compliance and risk mitigation frameworks to navigate these challenges effectively. Our compliance strategies are centered on the following principles:

**Strengthening Risk Management:** We have enhanced our risk management framework to address credit, market, and operational risks more effectively. This includes rigorous credit assessment processes and comprehensive risk monitoring systems.

**Cost Optimization:** We have implemented stringent cost control measures to optimize our operating expenses. This includes regular reviews of operational expenses and strategic initiatives to reduce unnecessary costs while maintaining efficiency.

**Portfolio Diversification:** Diversifying our asset portfolio is crucial to mitigate concentration risks. We have focused on expanding our SME and retail segments, reducing dependency on large corporate portfolios, and enhancing our recovery strategies.

**Digital Transformation:** Leveraging digital technologies to improve operational efficiency and customer service has been a key focus. Our digitalization efforts aim to streamline processes, reduce operational risks, and enhance customer experience.

**Regulatory Compliance:** We ensure strict adherence to regulatory requirements set by the Bangladesh Bank and other regulatory bodies. Our compliance team is dedicated to monitoring regulatory changes and implementing necessary adjustments to our policies and procedures.

**Stakeholder Engagement:** Maintaining close relationships with our stakeholders, including customers, regulators, and employees, is vital. Regular communication and collaboration help us align our strategies with stakeholder expectations and regulatory requirements.

Looking forward, we remain committed to our strategic priorities and dedicated to achieving sustainable growth while navigating the challenges of the evolving financial landscape. Our focus on risk management, operational excellence, and compliance will continue to drive our efforts in building a resilient and successful future for Meridian Finance.

## NOTES OF ICCD

**Internal Control & Compliance (ICC) Risk:** ICC risk arises from day to day operation of the organization. An effective internal control system continuously recognizes and assesses all of the material risks that would adversely affect the achievement of the organization's goal.

**Money Laundering Risk:** Trade based money laundering is a growing concern for the financing sector. More than 80% of money laundering happens through Trade based money laundering. In the case of trade-based money laundering techniques, over-and under-invoicing of goods and services and false declaration of goods are commonly found in our country.

**Credit Risk:** Credit risk is a vital risk for Financial Institution. Credit Risk is the possibility that a borrower or counterparty will fail to meet its obligation in accordance with agreed terms. It arises from the Financial Institution's dealing with or lending to corporate, individuals and another Financial Institution or Bank.

**Asset Liability Management (ALM) Risk:** It is the risk that arises from the management of Assets and Liabilities of the Financial Institution. It is mainly called Balance Sheet risk.

**Information Technology (IT) Risk:** The risk which arises from the use of information technology is called information technology risk. Information Technology (IT) Risk may arise in the form of;

- Network Risk – Improper Configuration, Authentication etc.
- Data Centre Risk- Server Failure, Monitoring Failure, hacking etc.
- Hardware Risk – Power Faults, Equipment Incompatibilities, damage etc.
- Software Risk- Malicious or harmful software trespass, Software with Limitations, Functionality Mismatch etc.

**Environmental & Social Risk:** Environmental & Social Risk refers to the uncertainty or probability of losses that originates from any adverse environmental or social change (natural or manmade) or non-compliance of the existing Bangladesh bank environmental regulation.

All the above risks can be mitigated by conducting timely and duly acceptable audit. Risk based audit is conducting by the Internal Control and Compliance Department (ICCD) to mitigate the above mentioned risks.



# SUSTAINABILITY

At Meridian Finance and Investment Limited, sustainability is at the core of our strategic vision and operational practices. We recognize that sustainable growth is not only essential for our long-term success but also vital for the communities we serve and the environment we share. Our commitment to sustainability is reflected in our business practices, community engagement, and efforts to minimize our environmental impact

## Environmental Responsibility

**Green Financing Initiatives:** Meridian Finance is committed to promoting environmentally sustainable projects through green financing. We actively seek to finance projects that contribute to energy efficiency, renewable energy, and sustainable infrastructure. By supporting such initiatives, we aim to reduce our carbon footprint and promote a cleaner, greener future.

**Eco-Friendly Operations:** We have implemented various measures to minimize our operational impact on the environment. This includes reducing paper usage through digitalization, promoting energy-efficient practices in our offices, and encouraging recycling and waste reduction among our employees.

## Social Responsibility

**Community Engagement:** We believe in giving back to the communities in which we operate. Our corporate social responsibility (CSR) initiatives focus on supporting education, healthcare, and social welfare projects. By investing in these areas, we aim to improve the quality of life for marginalized populations and foster inclusive growth.

**Employee Well-being:** Our employees are our greatest asset, and their well-being is paramount. We provide a supportive and inclusive work environment, promote professional development, and ensure that our employees have access to necessary resources and support. By prioritizing employee well-being, we enhance productivity and create a positive organizational culture.

**Financial Inclusion:** We strive to make financial services accessible to underserved segments of society, including small and medium-sized enterprises (SMEs) and rural communities. By extending credit and other financial services to these groups, we empower them to achieve economic stability and growth, thereby contributing to broader economic development..

## Governance and Ethical Practices

**Robust Governance Framework:** Our governance framework is designed to ensure transparency, accountability, and ethical conduct in all our operations. We adhere to stringent regulatory requirements and implement best practices in corporate governance to maintain the trust and confidence of our stakeholders.

**Risk Management:** Effective risk management is integral to our sustainability strategy. We have robust systems in place to identify, assess, and mitigate risks across our operations. This proactive approach helps us navigate economic uncertainties and maintain financial stability.

**Ethical Standards:** We are committed to upholding the highest ethical standards in our business practices. Our code of conduct ensures that all employees act with integrity and accountability, fostering a culture of trust and respect within the organization and with our stakeholders.

## Economic Sustainability

**Strategic Diversification:** To ensure long-term economic sustainability, we focus on diversifying our asset portfolio and revenue streams. Our strategic shift towards increasing the SME and retail segments reduces dependency on large corporate portfolios and enhances our resilience against economic fluctuations.

**Innovative Solutions:** Embracing innovation is key to our sustainability efforts. We invest in digital technologies to streamline our operations, improve customer service, and enhance efficiency. By staying ahead of technological advancements, we position ourselves for sustainable growth in a rapidly evolving financial landscape.

**Long-term Growth:** Our strategic planning is geared towards sustainable growth. We aim to achieve steady business expansion while maintaining high asset quality and controlling operating costs. Our focus on sustainable growth ensures that we can continue to deliver value to our shareholders, customers, and communities.

## Conclusion

Meridian Finance is dedicated to integrating sustainability into every aspect of our business. Our environmental, social, and governance (ESG) initiatives reflect our commitment to responsible business practices and our vision for a sustainable future. By balancing economic growth with environmental stewardship and social responsibility, we are not only securing our future but also contributing to the well-being of society and the planet. Together with our stakeholders, we are building a resilient and sustainable Meridian Finance that is prepared to meet the challenges and opportunities of the future.

# DECLARATION OF MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

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

## Responsibilities of the MD

MD 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. MD 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. MD 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 are as follows:

1. To lead, in conjunction with the Board, the development, implementation, and monitoring of the Company's vision, plans and strategies.
2. Be 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 Chief Financial Officer

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 Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), 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 MD and CFO of the Company have discharged their responsibilities with due care by taking into account the EEE (Economy, Effectiveness and Efficiency).





## BOARD OF DIRECTORS REPORT OF MERIDIAN FINANCE & INVESTMENT LIMITED TO ITS SHAREHOLDERS FOR THE YEAR ENDED ON DECEMBER 31, 2023

The Board of Directors of Meridian Finance & Investment Limited is immensely pleased to present the Directors' Report along with the Audited Financials for the financial year ended on December 31, 2023 together with Auditor's Report, pursuant to section 184 of the Companies Act 1994 to the Esteemed Members of the Company. Directors believe that the report will provide deep insights of the Company's performance and operations during the year. The key financial results and other developments for the year ended on December 31, 2023 in Meridian Finance and Investment Limited's business are discussed in this report along with necessary explanations, notes and disclosures to ensure transparency.

### State of the Company's Affairs: Meridian Finance & Investment Limited

#### Economic Overview

The global economic landscape in 2023 was marked by substantial volatility and uncertainty. The lingering effects of the COVID-19 pandemic, ongoing geopolitical tensions, and persistent inflationary pressures collectively created a challenging environment for economies worldwide. The geopolitical conflict between Russia and Ukraine, in particular, exacerbated disruptions in global supply chains, leading to increased costs and economic instability.

Despite these global challenges, Bangladesh demonstrated remarkable resilience. The country's economy continued to grow, albeit at a moderated pace, with significant contributions from the food production, agriculture, and industrial sectors. The GDP growth rate in FY23, although tempered by global circumstances, highlighted the robust nature of Bangladesh's market and the industrious spirit of its people.

The political landscape in Bangladesh also experienced turbulence due to the election period. However, the election of a new government has brought a sense of stability and optimism, fostering a positive economic climate and boosting business confidence. This political stability is crucial for sustaining economic growth and attracting both local and foreign investments.

#### Our Area of Activities

**Deposit:** Meridian Finance provides both conventional and shariah-based deposit solutions, each with a broad selection. Its primary aim focused on obtaining deposits from private individuals as opposed to institutions. Term deposits, monthly/quarterly earning accounts, and money builders' schemes make up the majority of our deposit products.

**Treasury:** In order to maximize the use of the funds, maintain liquidity, lower the total cost of funds, and reduce operational and financial risk, our Treasury Management entails organizing, planning, and controlling the holding of funds and working capital of the business. Meridian Finance's Treasury Management also covers actions related to finance, concentration, investments, and disbursements. Treasury operations were categorized as a cost center that handled reserves (SLR and CRR) and the money that came from them alone.

**Lending and Financial Services:** Meridian Finance and Investment Limited focuses on providing a wide range of lending and financial services tailored to meet the diverse needs of our clients. Our offerings include corporate loans, SME financing, retail loans, and lease financing. We aim to support the financial growth of businesses and individuals by offering flexible and competitive financial solutions.

**SME and Retail Financing:** We have placed significant emphasis on expanding our SME and retail financing segments. By supporting small and medium-sized enterprises, we contribute to the broader economic development of Bangladesh. Our SME financing solutions are designed to help businesses scale, innovate, and compete effectively in the market. Similarly, our retail financing products are tailored to meet the personal financial needs of our clients, enhancing their quality of life.

## What We Are Doing

**Strategic Portfolio Diversification:** To mitigate risks and enhance financial stability, we have strategically diversified our portfolio. Our focus on increasing the SME and retail book while reducing dependency on large corporate portfolios has resulted in a more balanced and resilient asset base. This diversification strategy positions us to better withstand economic fluctuations and capitalize on growth opportunities.

**Enhanced Risk Management:** We have strengthened our risk management framework to effectively address credit, market, and operational risks. Rigorous credit assessment processes, regular stress testing, and comprehensive risk monitoring systems are in place to safeguard our financial health and ensure prudent risk-taking.

**Operational Efficiency and Cost Optimization:** In response to the challenging economic environment, we have implemented stringent cost control measures. By conducting deep reviews of operational expenses and identifying areas for effective reductions, we have managed to optimize our operating costs without compromising on service quality and operational efficiency.

**Improved Recovery Strategies:** Our efforts to enhance recovery strategies have yielded positive results. By focusing on distressed loan accounts and implementing robust recovery mechanisms, we have made significant strides in reducing non-performing loans and improving our overall financial performance.



**Digital Transformation:** Our commitment to digitalization has been a cornerstone of our strategy. By leveraging digital technologies, we have streamlined our operations, reduced operational risks, and enhanced customer experience. Our digital initiatives include improving online services, and automating internal processes.

**Corporate Social Responsibility (CSR):** As a responsible corporate citizen, Meridian Finance is dedicated to contributing positively to society. Our CSR initiatives focus on supporting the education sector and other programs for marginalized populations. These efforts reflect our commitment to societal well-being and sustainable development.

**Stakeholder Engagement:** We maintain close relationships with our stakeholders, including customers, regulators, and employees. Regular communication and collaboration ensure that we align our strategies with stakeholder expectations and regulatory requirements. This engagement helps us build trust and foster long-term relationships.

Looking ahead, Meridian Finance is committed to sustaining its growth trajectory through strategic initiatives, robust risk management, and a customer-centric approach. We are optimistic about the future and remain dedicated to driving sustainable growth and success for all our stakeholders.

## Revenue, Profit/Loss & Financial Growth

Total Income in the year 2023 was BDT 25.67 crore that was 27.85% lower compared to the year ended December 2022. Total Expense (Financial & Operating) was BDT 35.78 crore which was 5.95% lower than the previous year. Net operating income was negative BDT 10.13 crore that was 308.17% higher compared to the previous year. Net loss after tax was BDT 65.74 crore that was 158.42% higher than the last year.

### Financial Results

In the year 2023, total asset was BDT 442.84 crore that was 8.21% less than the last year. At the end of the year 2023, the Net Asset Value (NAV) per share was BDT 3.17 which was BDT 8.65 in the previous year. Earnings per share (EPS) was also decreased to negative BDT 5.48 which was previously negative BDT 2.12.

Among the key indicators, asset portfolio and deposit portfolio decreased while NPL increased. As a result, Net profit and shareholders' equity both decreased.

### Related Party Transactions

During the year Meridian Finance carried out a number of transactions with related party on an arm's length basis. Name of this related party, nature of those transactions and their total value has been shown in a table in accordance with the provisions of IAS-24 "Related Party Disclosure", in the audited financials.

## **Recommendation of Dividend**

Profit after Tax for the year ended on December 31, 2023 was negative BDT 65.74 Crore and Retained earnings in the year ended 2023 was negative BDT 89.08 Crore.

In this scenario, pursuant to Section 13 of the Finance Company Act 2023 and Article 98 of the Schedule- I of the Companies Act 1994, no dividend has been recommended by the Board for the year ended on December 31, 2023.

## **Material Changes & Commitments**

There are no such material changes and commitments which may affect the Financial Positions of the company. The company is always attached to its own business plan and regulatory guideline and indebted to its shareholders.

## **Details of Reservation, Qualification or Adverse Remark of Audit Report**

Pinaki & Company Chartered Accountants has submitted an unqualified Audit Report for the financial year ended December 31, 2023. No reservation or adverse remark was mentioned.

In their 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 on December 31, 2023 financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in (note- 2), The Finance Company Act 2023, the Companies Act 1994 and the rules and regulations issued by Bangladesh Bank.

## **Appointment of Statutory Auditor**

Being eligible, Pinaki & Company Chartered Accountants submitted an Expression of Interest (EOI) under section 210 (1) of the Companies Act 1994 to be reappointed as statutory auditor for the next year (FY 2024). The Audit Committee as well as the Board has recommended to reappoint the Auditor for the financial year ended December 31, 2024, which is subject to the approval of Bangladesh Bank under section 37 (2) of the Finance Company Act 2023 and the Shareholders at the Annual General Meeting (AGM) under section 210(1) of the Companies Act 1994.

## **Retirement & rotation of the Directors**

As per clause 92 and 93 of Articles of Associations of the Company and Article 79, 80, 81 of the Schedule- I of the Companies Act 1994 and DFIM Circular- 1, dated- February 29, 2024, one third of the Directors shall retire in each Annual General Meeting (not being the 1st General Meeting) and being eligible shall be reelected subject to preapproval of the Bangladesh Bank under Section 15(11) of the Finance Company Act 2023.

The Company has already applied to the regulator (Bangladesh Bank) in this regard.

## Human Resources Development

Several development initiatives were taken from different aspects during the period. Since the company acknowledges that human resources are the most important resource towards success, several motivational measures were also taken as well like Integrity Award, 5th Work Anniversary Program, Celebration of Baishakh, Falgun and International Women's Day, etc.

## Management Appreciation

The Board of Directors expresses their deep appreciation to all the shareholders, regulators, customers, suppliers, vendors, service providers and partners for their trust and endless support and guidance that led us to the cumulative achievements. Moreover, the Board of Directors thanks the employees for their dedication and invaluable contributions during the period. Our focus for the year ahead will be ensuring the Company's business sustainability as we continue to adapt to the challenges and opportunities.

For and on behalf of the Board of Directors of Meridian Finance and Investment Limited.



**Kazi M. Aminul Islam**  
Chairman.

## CREDIT RATING

A credit rating is a letter graded assessment of the creditworthiness of an individual, company, or government entity. It helps stakeholders to determine the risk associated with extending credit and influences interest rates and terms for borrowing. Meridian Finance and Investment Limited has been maintaining a stable outlook in its credit rating; Currently company's Long Term rating is A- (A minus)

A large, 3D yellow graphic of the letter 'A' followed by a minus sign, positioned on a green rectangular base.

and Short Term rating is ST-3.

A large, 3D yellow graphic of the text 'ST-3', positioned on a green rectangular base.

The ratings are consistent with Alpha Credit Rating Limited (Alpha Rating)'s methodology for this type of financial institutions.

Alpha Rating considered business sector characteristics and outlook, competitive position of the enterprise, operational activities, demand growth, entry barrier, market position, financial performance, and quality of financial reports, relationship with different stakeholders and business experience while assigning the rating.

## CONTRIBUTION TO NATIONAL ECONOMY

At Meridian Finance we believe that we have some responsibilities to the development of country where we operate our business and to the society where we belong. As a financial institution, Meridian Finance contributes to the economic prosperity by providing financial products and services. Our total credit exposure as on December 31, 2023 was Tk. 3,222.73 million. Meridian Finance contributes to the national exchequer in the form of income tax, VAT & Excise duty. Company's contribution to the national exchequer is given below:

Particulars	BDT in Million	
	31-Dec-23	31-Dec-22
Income Tax paid on company's income	4.94	5.05
Tax collected at source on behalf of Government	43.83	30.42
Value Added Tax (VAT)	3.91	3.92
Excise Duty	5.90	4.87

Creating employment has a vital impact on the economy and number of employees of Meridian Finance as on December 31, 2023 was 100. Efficient workforce is very important for the organization as well as for the country. Keeping same in view, Meridian Finance has spent Tk. 0.11 million for training of its employees. During the period from January 1, 2023 to December 31, 2023, Meridian Finance has paid Tk. 88.22 million as salaries and allowances to its employees.



# 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 sheet as at 31st December 2023 and the profit and loss account, cash flow statement and statement of changes in equity 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 31st December 2023 financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in (note- 2), the Finance Company Act 2023, the Companies Act 1994 and the rules and regulations issued by Bangladesh Bank.

## 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 Auditor's 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.

## Emphasis of Matter

We draw attention to Note- 12.04 of the Financial Statements which describes Meridian Finance and Investment Limited faces a provision shortfall of Tk. 6.82 Crore against leases, loans, and advances as at December 31, 2023. This shortfall was initially created in 2021 for Tk. 17.04 Crore, for which they obtained permission from Bangladesh Bank via letter no DFIM(C) 1054/59/2022-1311 dated May 10, 2022, to adjust within a five-year period beginning in 2021. As of now, Tk. 10.22 Crore has been adjusted through the profit and loss account.

Our Opinion is not modified in respect of this matter.

## 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 auditor's 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 Finance Company Act 2023, the Companies Act 1994 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 judgment 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, the Finance Company Act 2023 and the rules and regulations issued by Bangladesh Bank, we also report that:

- a. 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;
- b. 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;
- c. 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;
- d. The expenditures incurred were for the purpose of the company's business for the year;
- e. The financial statements of the Company have been drawn up in conformity with the Finance Company Act 2023 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- f. 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;
- g. 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;
- h. The records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- i. Statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- j. 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;
- k. 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;
- l. 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;
- m. 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;

- n. 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;
- o. We have reviewed over 80% of the risk weighted assets of the Company and we have spent around 920 person hours for the audit of the books and accounts of the Company;
- p. The Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- q. The Company has complied with the 'First Schedule' of the Finance Company Act 2023 in preparing these financial statements; and
- r. 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, Bangladesh  
Dated: 29/04/2024  
DVC: 2404290908AS455186

Ajit Kumar Paul FCA  
Managing Partner  
ICAB Enrollment No. 908  
Pinaki & Company  
Chartered Accountants



# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Balance Sheet As at 31 December 2023

Particulars	Notes	Amount In Taka	
		31 December 2023	31 December 2022
<b>PROPERTY AND ASSETS</b>			
<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	23,651,520	27,275,586
		<b>23,801,520</b>	<b>27,425,586</b>
<b>Balance with Other Banks and Financial Institutions</b>	4		
Inside Bangladesh		500,901,701	311,146,296
Outside Bangladesh		-	-
		<b>500,901,701</b>	<b>311,146,296</b>
Money at call and short notice	5	<b>307,183,940</b>	<b>307,183,940</b>
<b>Investments</b>	6		
Government securities		-	-
Other investments		167,648,094	199,860,128
		<b>167,648,094</b>	<b>199,860,128</b>
<b>Leases, loans and advances</b>	7		
Loans, cash credit, overdraft and leases etc.		3,222,729,874	3,806,712,981
Bills purchased and discounted		-	-
		<b>3,222,729,874</b>	<b>3,806,712,981</b>
Fixed Assets including Land, Building, Furniture & Fixtures	8	<b>24,769,761</b>	<b>38,649,237</b>
Other assets	9	<b>181,281,800</b>	<b>133,573,642</b>
Non-business assets		-	-
<b>TOTAL PROPERTY AND ASSETS</b>		<b>4,428,316,690</b>	<b>4,824,551,810</b>

## LIABILITIES AND CAPITAL

### Liabilities

Borrowings from other banks, financial institutions and agents

### Deposits & other accounts

Current deposits and other accounts etc.

Bills payable

Savings bank deposits

Term deposits

Bearer certificate of deposits

Other deposits

### Other liabilities

### Total liabilities

### Capital/Shareholders' Equity

Paid up Capital

Statutory reserve

Retained earnings

Notes	Amount In Taka	
	31 December 2023	31 December 2022
10	272,965,556	394,121,637
11	-	-
	-	-
	-	-
11.01	2,285,437,552	2,511,042,623
	-	-
11.02	123,297,249	154,590,052
	2,408,734,801	2,665,632,675
12	1,366,120,926	726,926,080
	4,047,821,283	3,786,680,392
13	1,200,000,000	1,200,000,000
14	71,251,616	71,251,616
15	(890,756,209)	(233,380,198)
	380,495,407	1,037,871,418
	4,428,316,690	4,824,551,810

### TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

The accompanying notes from 1 to 36 are an integral part of these financial statements.

Kazi M Aminul Islam  
Chairman

Mahmud Hasan Khan  
Director

Ms. Shahnaj Kamal  
Director

Quazi Nizam Ahmed  
Managing Director

Md. Ashraf-Ur-Rahman  
Company Secretary

Signed in terms of our separate report of even date

Ajit Kumar Paul FCA  
ICAB's Enrolment No. 908  
Managing Partner  
Pinaki & Company  
Chartered Accountants

Place : Dhaka, Bangladesh

Date: 29/04/2024

DVC: 2404290908AS455186



# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Balance Sheet As at 31 December 2023

Particulars	Notes	Amount In Taka	
		31 December 2023	31 December 2022
<b>OFF-BALANCE SHEET ITEMS</b>			
<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		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting		-	-
Undrawn formal standby facilities, credit lines		-	-
Undisbursed contracted loans and leases		-	-
		-	-
<b>Total off-balance sheet items including contingent liabilities</b>		-	-
<b>Net Asset Value (NAV) per share</b>		<b>3.17</b>	<b>8.65</b>

The accompanying notes from 1 to 36 are an integral part of these financial statements.

Kazi M Aminul Islam

Chairman

Mahmud Hasan Khan

Director

Ms. Shahnaj Kamal

Director

Quazi Nizam Ahmed

Managing Director

Md. Ashraf-Ur-Rahman

Company Secretary

Signed in terms of our separate report of even date

**Ajit Kumar Paul FCA**  
ICAB's Enrolment No. 908  
Managing Partner  
**Pinaki & Company**  
Chartered Accountants

**Place :** Dhaka, Bangladesh  
**Date:** 29/04/2024  
**DVC:** 2404290908AS455186

# Meridian Finance and Investment Limited

## Profit and Loss Account

### For the year ended 31 December 2023

Particulars	Notes	Amounts in Taka	
		01 January 2023 To 31 December 2023	01 January 2022 To 31 December 2022
Interest income	16	238,351,899	323,480,245
Interest on deposits and borrowings etc.	17	230,037,457	238,521,106
<b>Net interest income</b>		<b>8,314,442</b>	<b>84,959,139</b>
Income from investment	18	12,851,917	25,522,820
Commission, exchange and brokerage	19	-	-
Other operating income	20	5,384,198	6,652,136
<b>Total operating income</b>		<b>26,550,558</b>	<b>117,134,096</b>
Salary and allowances	21	80,924,464	89,275,637
Rent, taxes, insurance, electricity etc.	22	3,824,072	4,052,043
Legal and professional fees	23	1,233,392	1,118,496
Postage, stamp, telecommunication etc.	24	1,166,732	1,207,716
Stationery, printing, advertisement etc.	25	966,558	1,406,192
Managing Director's salary and allowance	26	7,291,000	7,466,000
Directors' fees	27	873,889	627,611
Auditors' fees	28	304,750	287,500
Charges on loan losses		-	-
Depreciation and repair of Company's assets	29	16,100,411	20,521,609
Other expenses	30	15,119,799	15,978,257
<b>Total operating expenses</b>		<b>127,805,066</b>	<b>141,941,061</b>
<b>Profit before provision</b>		<b>(101,254,509)</b>	<b>(24,806,965)</b>
<b>Provisions for leases, loans &amp; investments</b>	31		
Provision for leases, loans and advances		507,197,052	177,320,991
Provision for diminution in value of investments		(1,074,957)	14,719,051
Other provisions		47,798,463	39,061,890
		553,920,558	231,101,932
<b>Profit before tax and reserve</b>		<b>(655,175,067)</b>	<b>(255,908,897)</b>
<b>Provision for taxation</b>	32		
Current tax expense/ (income)		2,444,372	4,118,888
Deferred tax expense/ (income)		(243,428)	(5,641,121)
		2,200,945	(1,522,233)
<b>Net profit/(loss) after taxation</b>		<b>(657,376,011)</b>	<b>(254,386,663)</b>

**Appropriations:**  
Statutory reserve  
Retained earnings  
Dividend

Notes	Amount In Taka	
	31 December 2023	31 December 2022
	-	-
	(657,376,011)	(254,386,663)
	-	-
	<b>(657,376,011)</b>	<b>(254,386,663)</b>
	<b>(5.48)</b>	<b>(2.12)</b>

### Earning Per Share (EPS)

The accompanying notes from 1 to 36 are an integral part of these financial statements.



**Kazi M Aminul Islam**  
Chairman



**Mahmud Hasan Khan**  
Director



**Ms. Shahnaj Kamal**  
Director



**Quazi Nizam Ahmed**  
Managing Director



**Md. Ashraf-Ur-Rahman**  
Company Secretary

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



**Ajit Kumar Paul FCA**  
ICAB's Enrolment No. 908  
Managing Partner  
**Pinaki & Company**  
Chartered Accountants

**Place :** Dhaka, Bangladesh  
**Date:** 29/04/2024  
**DVC:** 2404290908AS455186

# MERIDIAN FINANCE AND INVESTMENT LIMITED

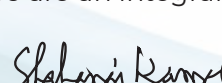
## Cash Flow Statement For the year ended 31 December 2023

SL. No.	Particulars	Amounts in Taka	
		01 January 2023 to 31 December 2023	01 January 2022 to 31 December 2022
<b>A)</b>	<b>Cash flows from operating activities</b>		
	Interest received	195,867,743	285,402,236
	Interest paid	(244,923,264)	(235,997,151)
	Dividend received	12,066,117	16,985,213
	Fees and commission received	5,384,198	6,652,136
	Income from investment	1,260,111	9,856,761
	Cash paid to employees (including directors)	(90,403,766)	(93,007,682)
	Cash paid to suppliers & Others (including office rent)	(22,728,260)	(26,843,365)
	Income taxes paid	(4,944,739)	(5,051,711)
	Paid for other operating activities	(13,102,432)	(15,978,257)
	<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>(161,524,291)</b>	<b>(57,981,819)</b>
	<b>Increase/ (decrease) in operating assets &amp; liabilities</b>		
	Loans and advances to customers	680,873,213	194,572,849
	Other assets	887,726	(1,428,321)
	Deposits from customers	(256,897,874)	(240,670,880)
	Other liabilities	169,635	5,558,598
		<b>425,032,700</b>	<b>(41,967,754)</b>
	<b>Net cash from operating activities</b>	<b>263,508,409</b>	<b>(99,949,574)</b>
<b>B)</b>	<b>Cash flows from investing activities</b>		
	Changes in investment in securities	32,212,034	75,959,029
	Money at call and short notice	-	-
	Purchase of property, plant and equipment	(1,472,777)	(466,877)
	<b>Net cash used in investing activities</b>	<b>30,739,257</b>	<b>75,492,152</b>
<b>C)</b>	<b>Cash flows from financing activities</b>		
	Receipt of Term Loan, OD and REPO	(108,116,327)	(42,906,604)
	Dividend paid	-	-
	<b>Net cash used in financing activities</b>	<b>(108,116,327)</b>	<b>(42,906,604)</b>
<b>D)</b>	<b>Net increase/ (decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>186,131,339</b>	<b>(67,364,027)</b>
<b>E)</b>	<b>Opening cash and cash equivalents</b>	<b>338,571,882</b>	<b>405,935,908</b>
<b>F)</b>	<b>Closing cash and cash equivalents (D+E)*</b>	<b>524,703,221</b>	<b>338,571,882</b>
	<b>* Closing cash and cash equivalents</b>		
	Cash in hand	150,000	150,000
	Balance with Bangladesh Bank and its agent bank(s)	23,651,520	27,275,586
	Balance with other Banks and Financial Institutions	500,901,701	311,146,296
		<b>524,703,221</b>	<b>338,571,882</b>

The accompanying notes from 1 to 36 are an integral part of these financial statements.

  
Kazi M Aminul Islam  
Chairman

  
Mahmud Hasan Khan  
Director

  
Ms. Shahnaaj Kamal  
Director

  
Quazi Nizam Ahmed  
Managing Director

  
Md. Ashraf-Ur-Rahman  
Company Secretary

# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Statement of Changes in Equity

### For the year ended 31 December 2023

Amount in BDT

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as on 01 January 2023	1,200,000,000	71,251,616	(233,380,198)	1,037,871,418
Net profit /(loss) for the year	-	-	(657,376,011)	(657,376,011)
Issue of share capital during the year	-	-	-	-
Appropriation to statutory reserve	-	-	-	-
Cash dividend	-	-	-	-
<b>Balance as on 31 December 2023</b>	<b>1,200,000,000</b>	<b>71,251,616</b>	<b>(890,756,209)</b>	<b>380,495,407</b>

For the year ended 31 December 2022

Amount in BDT

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as on 01 January 2022	1,200,000,000	71,251,616	21,006,465	1,292,258,081
Net profit /(loss) for the year	-	-	(254,386,663)	(254,386,663)
Issue of share capital during the year	-	-	-	-
Appropriation to statutory reserve	-	-	-	-
Cash dividend	-	-	-	-
<b>Balance as on 31 December 2022</b>	<b>1,200,000,000</b>	<b>71,251,616</b>	<b>(233,380,198)</b>	<b>1,037,871,418</b>

The accompanying notes from 1 to 36 are an integral part of these financial statements.

Kazi M Aminul Islam  
Chairman

Mahmud Hasan Khan  
Director

Ms. Shahnaj Kamal  
Director

Quazi Nizam Ahmed  
Managing Director

Md. Ashraf-Ur-Rahman  
Company Secretary



# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Liquidity statement As at 31 December 2023

Amount in BDT

Particulars	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	2,818,945	-	-	-	20,832,575	23,651,520
Balance with banks and financial institutions	500,901,701	-	-	-	-	500,901,701
Money at call and short notice	-	-	-	-	307,183,940	307,183,940
Investments	547,067	1,094,135	38,923,607	94,259,237	32,824,047	167,648,094
Leases, Loans and advances	113,305,249	490,559,388	980,588,420	826,803,023	811,473,794	3,222,729,874
Fixed assets including land, building, furniture and fixtures	-	-	-	24,769,761	-	24,769,761
Other assets	329,856	8,956,315	25,725,143	33,360,371	112,910,115	181,281,800
Non-banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>618,052,818</b>	<b>500,609,838</b>	<b>1,045,237,170</b>	<b>979,192,391</b>	<b>1,285,224,472</b>	<b>4,428,316,690</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents	73,396,907	18,985,318	63,885,153	115,873,310	824,867	272,965,556
Deposits	285,277,644	658,880,135	696,822,201	334,319,296	310,138,276	2,285,437,552
Other accounts	20,000,000	33,034,967	40,497,137	29,765,145	-	123,297,249
Provision and other liabilities	9,926,575	30,817,079	155,644,984	472,535,440	697,196,849	1,366,120,926
<b>Total Liabilities</b>	<b>388,601,126</b>	<b>741,717,500</b>	<b>956,849,475</b>	<b>952,493,191</b>	<b>1,008,159,992</b>	<b>4,047,821,283</b>
<b>Net Liquidity Surplus/(Gap)</b>	<b>229,451,693</b>	<b>(241,107,662)</b>	<b>88,387,695</b>	<b>26,699,200</b>	<b>277,064,480</b>	<b>380,495,407</b>
<b>Net Liquidity Surplus/(Gap) 2022</b>	<b>189,815,297</b>	<b>(38,167,268)</b>	<b>376,425,788</b>	<b>(144,594,781)</b>	<b>654,392,382</b>	<b>1,037,871,418</b>

# MERIDIAN FINANCE AND INVESTMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

## 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 ( now replaced by the Finance Company Act 2023). 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:

Sl. No.	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	043074/2023	2-Sep-15	2023-2024
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, personal 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 Finance Company Act 2023 (previously 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 2023 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 Status of compliance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in accordance with Bangladesh Bank requirements:**

SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/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)	IFRS 9 "Financial Instruments"	<p>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.</p> <p>If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to:</p> <p>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</p> <p>b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).</p>	<p>As per DFIM circular No. 04, dated 26 July 2021, 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.</p> <p>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.</p>	In Financial Statements, as at 31 December 2023, accumulated provision for leases, loans and advances stand at Taka 804.32 million.

SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
2	Recognition of interest income for SMA and classified leases, loans and advances	IFRS 9 "Financial Instruments"	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 2023, in Financial Statements interest suspense account was Taka 275.28 million whereas last year was Taka 190.18. This amount has been shown in other liabilities in note 12.03.
3	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	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. 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.	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 provided detail presentation for statement of cash flows.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.



SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
4	Measurement of deferred tax asset	IAS 12 "Income Taxes"	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 2023, 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	IAS 1 "Presentation of Financial Statements"  IFRS 9 "Financial Instruments" & IFRS 7 "Financial Instruments: Disclosure"	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.  IAS 1 requires separate line item for intangible assets on the face of statement of financial position.  IFRS 9 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.	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.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.

SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
				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. 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.	
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 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.

SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
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 2023 and corresponding year 2022 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 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.

SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/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 2023 and corresponding year 2022 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 2023 and corresponding year 2022 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	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/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 2023 and corresponding year 2022 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 2023 and corresponding year 2022 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 2023;
- b) Profit and loss account for the year ended 31 December 2023;
- c) Cash flow statement for the year ended 31 December 2023;
- d) Statement of changes in equity for the year ended 31 December 2023;
- e) Liquidity statement as at 31 December 2023;
- f) Notes to the financial statements as at and for the year ended 31 December 2023.

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

Bangladesh Bank (the Central 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 DFIM circular No. 04, dated 26 July 2021 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 IFRS 9. At the year end the company has recognized an accumulated general provision of Tk. 92.63 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 IFRS 9. 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.
- 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 by Meridian Finance & Investment Limited from the beginning of 2019. Meridian Finance presents right of use assets in Annexure A and lease liabilities in note-10.01.02 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 2023. 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 home 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 home 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. Fee 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(90), read with the provisions of part - 3 of the Second Schedule of Income Tax Act 2023 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:

<u>Name of Assets</u>	<u>Useful Life (Years)</u>	<u>Rate (%)</u>
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%
Software	2	50.00%

### 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 2 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 2023 as in financial statements for 2022.

## 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 behavioral 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, FID circular No. 03, dated 29 April 2013 and DFIM circular No. 04, dated 26 July 2021.

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
General Provision on:	
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%
Specific Provision on:	
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 2023 on the profit/(loss) 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/installments 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 institutions 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 behavior.

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; and
- c) Ongoing employee training programs.

### **2.32 Comparative figures**

Comparative information has been disclosed in respect of the period ended 31 December 2023 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.

### **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.



# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Notes to the Financial Statements

As at 31 December 2023

Notes No.	Particulars	Amount In Taka	
		31 December 2023	31 December 2022
<b>3.00</b>	<b>Cash</b>		
	<b>In hand (including foreign currencies) (Note-3.01)</b>	150,000	150,000
	Balance with Bangladesh Bank and its agent (including foreign currencies) (Note-3.02)	23,651,520	27,275,586
		<b>23,801,520</b>	<b>27,425,586</b>
<b>3.01</b>	<b>In hand (including foreign currencies)</b>		
	Local currency	150,000	150,000
	Foreign currency	-	-
		<b>150,000</b>	<b>150,000</b>
<b>3.02</b>	<b>Balance with Bangladesh Bank and its agent (including</b>		
	Local currency	23,651,520	27,275,586
	Foreign currency	-	-
		<b>23,651,520</b>	<b>27,275,586</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 the Finance Company Act 2023 (previously it was the Financial Institutions Act, 1993) 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 issued by Bangladesh Bank.

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.

Both the reserves maintained by the Company are given below:



		Amount In Taka	
		31 December 2023	31 December 2022
<b>a) Cash reserve requirement (CRR)</b>			
Required reserve		20,832,575	23,333,833
Actual reserve maintained		26,115,768	26,492,329
<b>Surplus / (deficit)</b>		<b>5,283,193</b>	<b>3,158,496</b>
<b>b) Statutory liquidity reserve (SLR)</b>			
Required reserve (including CRR)		72,635,847	80,606,874
Actual reserve maintained (including CRR)		518,660,324	318,511,234
<b>Surplus / (deficit)</b>		<b>446,024,477</b>	<b>237,904,360</b>
<b>4.00 Balance with Other Banks and Financial Institutions Inside of Bangladesh</b>			
<b><u>Local currency</u></b>			
Non interest bearing current account (Note - 4.01)		1,610,469	955,464
Interest bearing short term deposit account (Note - 4.02)		299,291,232	310,190,832
Fixed deposit receipt (FDR) (Note - 4.03)		200,000,000	-
		<b>500,901,701</b>	<b>311,146,296</b>
<b>4.01 Non interest bearing current account</b>			
BASIC Bank Limited		622,040	1
Mercantile Bank PLC		66,599	21,228
Mutual Trust Bank PLC		921,829	934,235
bKash Limited		-	-
		<b>1,610,469</b>	<b>955,464</b>
<b>4.02 Interest bearing short term deposit account</b>			
Mercantile Bank PLC		2,109,714	594,205
NRB Bank Limited		71,815,711	279,178,120
NRBC Bank PLC		7,559,958	4,308,200
Standard Chartered Bank		18,094,696	10,757,344
BRAC Bank PLC		167,669,339	4,780,134
Prime Bank PLC		5,016,130	-
Shahjalal Islami Bank PLC		27,025,685	10,572,830
		<b>299,291,232</b>	<b>310,190,832</b>
<b>4.03 Fixed deposit receipt (FDR)</b>			
BRAC Bank PLC		100,000,000	-
NRB Bank Limited		47,000,000	-
Commercial Bank of Ceylon PLC		53,000,000	-
		<b>200,000,000</b>	<b>-</b>
<b>4.04 Maturity grouping of balance with other banks and financial institutions</b>			
Up to 1 month		500,901,701	311,146,296
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		-	-
		<b>500,901,701</b>	<b>311,146,296</b>

**5.00 Money at call and short notice**

Short term placement

**6.00 Investments****Government securities****Other investments**

Investment in marketable securities (Note-6.01)

Investment in mutual fund

Investment in preference shares

**6.01 Investment in marketable securities**

Details of marketable securities as at 31 December 2023 are given below:

Amount In Taka		
	31 December 2023	31 December 2022
	307,183,940	307,183,940
	<b>307,183,940</b>	<b>307,183,940</b>
	-	-
	65,648,094	63,860,128
	-	-
	102,000,000	136,000,000
	<b>167,648,094</b>	<b>199,860,128</b>
Business Segments	Cost Price 2023	Market Price 2023
Bank	4,670,548	3,247,578
Cement	8,275,101	5,241,744
Engineering	2,082,758	1,433,414
Financial institutions	15,922,306	9,989,402
Food & allied	5,019,872	3,711,299
Insurance	6,732,744	4,795,403
Pharmaceuticals & chemicals	9,668,030	8,330,000
Telecommunication	12,338,034	8,555,010
Textile	938,700	719,670
	<b>65,648,094</b>	<b>46,023,520</b>
	57,617,915	107,181,200
	1,383,357,086	1,615,128,926
	370,661,913	348,625,010
	<b>1,811,636,914</b>	<b>2,070,935,137</b>
	726,487,150	753,358,906
	7,130,718	23,714,265
	12,046,760	33,968,467
	284,437	264,921
	<b>745,949,065</b>	<b>811,306,559</b>
	74,144,337	100,595,017
	295,986,419	273,447,187
	18,192,212	32,739,980
	276,820,927	517,689,101
	<b>665,143,895</b>	<b>924,471,285</b>
	<b>3,222,729,874</b>	<b>3,806,712,981</b>

**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

		Amount In Taka	
		31 December 2023	31 December 2022
<b>7.01 Maturity wise grouping of leases, loans and advances</b>			
On demand		-	-
Not more than 3 months		603,864,636	455,944,337
More than 03 month to 01 year		980,588,420	1,087,475,608
More than 01 Year to 05 years		826,803,023	1,248,129,141
More than 05 years		811,473,794	1,015,163,895
		<b>3,222,729,874</b>	<b>3,806,712,981</b>
<b>7.02 Classification wise leases, loans and advances</b>			
<b><u>Unclassified</u></b>			
Standard		1,584,961,999	2,125,777,232
Special mention account (SMA)		79,828,954	686,318,965
		<b>1,664,790,953</b>	<b>2,812,096,197</b>
<b><u>Classified</u></b>			
Sub-standard		156,551,452	299,492,722
Doubtful		2,515,878	141,150,925
Bad/loss		1,398,871,592	553,973,137
		<b>1,557,938,922</b>	<b>994,616,784</b>
		<b>3,222,729,874</b>	<b>3,806,712,981</b>
<b>7.03 Leases, loans and advances on the basis of significant concentration</b>			
Trade and Commerce		<b>529,831,927</b>	<b>681,713,783</b>
Industry:		<b>1,723,091,023</b>	<b>1,989,936,871</b>
Garments and Knitwear		246,962,502	307,566,603
Textile		59,220,034	76,084,018
Jute and Jute-Products		15,826,471	19,602,286
Food Production and Processing Industry		211,344,880	343,959,680
Plastic Industry		102,283,270	54,300,524
Leather and Leather-Goods		158,118,908	197,773,047
Iron, Steel and Engineering		31,050,115	25,640,254
Pharmaceuticals and Chemicals		49,159,652	106,954,854
Cement and Allied Industry		445,577,764	417,900,329
Telecommunication and Information Technology		5,075,940	26,420,958
Paper, Printing and Packaging		10,926,197	16,673,846
Glass, Glassware and Ceramic Industry		-	-
Ship Breaking/Manufacturing Industry		182,253,550	168,175,071
Electronics and Electrical Products		91,437,511	156,153,148
Power, Gas, Water and Sanitary Service		-	-
Transport and Aviation		113,854,231	72,732,254
<b>Agriculture</b>		<b>13,846,438</b>	<b>575,150</b>
<b>Housing</b>		<b>748,525,312</b>	<b>779,415,305</b>
<b>Others</b>		<b>207,435,173</b>	<b>355,071,872</b>
A) Merchant Banking		-	-
B) Margin Loan		-	-
C) Others		207,435,173	355,071,872
<b>Total</b>		<b>3,222,729,874</b>	<b>3,806,712,981</b>

		Amount In Taka	
		31 December 2023	31 December 2022
<b>7.04</b>	<b>Leases, loans and advances- geographical location wise</b>		
	Dhaka	2,178,577,839	2,637,929,077
	Chattogram	338,888,885	317,878,110
	Khulna	279,568,541	279,651,839
	Rangpur	32,665,313	168,511,193
	Rajshahi	393,029,297	402,742,762
		<b>3,222,729,874</b>	<b>3,806,712,981</b>
<b>7.05</b>	<b>Particulars of leases, loans and advances</b>		
	i) Leases, loans and advances considered good in respect of which the Company is fully secured	673,137,685	761,960,570
	ii) Leases, loans and advances considered good in respect of which the Company is partially secured	1,921,792,734	2,211,801,514
	iii) Leases, loans and advances considered good against which the Company holds no security other than the debtors' personal guarantee	627,515,017	832,685,977
	iv) Leases, loans and advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	-	-
	v) Classified Leases, loans and advances against which no provision has been made	-	-
	vi) Leases, loans and advances due by Directors, Officers of the Company or any of them either separately or jointly with any other persons	284,437	264,921
	vii) Leases, loans and advances due from Companies or firms in which the Directors have interest as Directors, Partners or managing agents Companies, as members.	-	-
	viii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Company or any of them either separately or jointly with any other	-	-
	ix) Maximum total amount of advances, including temporary advances granted during the year to the Companies or firms in which the Directors have interest as Directors, Partners or Managing agents or in the case of private Companies, as members.	-	-
	x) Due from other Bank and Financial Institution companies	-	-
		<b>3,222,729,874</b>	<b>3,806,712,981</b>
	<b>xi) Information in respect of classified loans, advances and leases:</b>		
	a) Classified lease, loans and advances on which interest has not been charged	1,557,938,922	994,616,784
	b) Increase/(decrease) of specific provision against classified lease/loan	523,535,428	110,971,316
	c) Amount of loan written-off	39,865,933	39,865,933



		Amount In Taka	
		31 December 2023	31 December 2022
d) Amount realised against loan previously written-off		-	-
e) Provision kept against loans classified as bad/loss on the date of preparing the balance sheet		683,034,449	155,086,547
f) Interest credited to Interest Suspense account		109,027,929	727,548
<b>xii) Written off lease, loans and advances</b>			
Opening Balance		39,865,933	7,922,334
Written off during the year		-	31,943,599
Received off during the year		-	-
Balance of written off loans and advances yet to be recovered		<b>39,865,933</b>	<b>39,865,933</b>
The amount of written-off leases, loans and advances for which law suits have been filed		39,865,933	39,865,933
<b>8.00 Fixed assets including land, building, furniture and fixtures</b>			
Furniture & fixture		200,067	722,842
Office decoration		829,045	2,561,155
Office equipment		138,968	358,156
IT equipment's		1,717,319	1,367,213
Motor vehicle		-	-
Systems & software		71,499	-
Software		-	-
Right of use of assets		21,812,862	33,639,871
		<b>24,769,761</b>	<b>38,649,237</b>
[Details are Shown in Annexure A]			
<b>9.00 Other assets</b>			
<b><u>Non income generating assets</u></b>			
Advances, deposits and prepayments (Note-9.01)		61,052,923	56,406,968
Deferred tax asset (Note-9.02)		11,732,378	11,488,950
<b><u>Income generating assets</u></b>			
Interest and other receivables (Note-9.03)		107,334,099	64,849,943
Receivable with securities (Note-9.04)		1,162,401	827,781
		<b>181,281,800</b>	<b>133,573,642</b>
<b>9.01 Advances, deposits and prepayments</b>			
Advance office rent		731,498	1,332,411
Advance to suppliers & others		37,750	261,180
Advance Income Tax (Note-9.01.01)		47,913,352	42,968,613
Security deposit		3,016,250	3,016,250
Dividend receivable		1,755,468	2,229,779
Sundry receivable		42,067	1,950,652
Receivable from client		4,336,687	2,826,104
Advance for IPO investment		680,000	-
Advance to Insurance Company		111,927	170,113
Receivable from others		2,427,924	1,651,866
		<b>61,052,923</b>	<b>56,406,968</b>
<b>9.01.01 Advance income tax</b>			
Opening balance		42,968,613	37,916,902
Addition during the year		4,944,739	5,051,711
		<b>47,913,352</b>	<b>42,968,613</b>



Adjusted during the year

Amount In Taka	
31 December 2023	31 December 2022
-	-
47,913,352	42,968,613

\*Advance income tax represents the amount of income tax deducted at source (TDS) on the interest of bank balance, FDR, dividend income and paid to tax office in four installments.

## 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
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### Deferred tax asset is arrived at as follows:

Fixed assets net of depreciation as on 31 December 2023

Furniture and fixture	200,067	4,181,569	3,981,502
Office decoration	829,045	13,743,314	12,914,269
Office equipment	138,968	3,635,818	3,496,850
IT equipment's	1,717,319	3,253,384	1,536,065
Motor vehicle	-	1,614,276	1,614,276
Systems & software	71,499	180,334	108,835
Software	-	471,209	471,209

<b>Taxable temporary difference (A)</b>	<b>2,956,898</b>	<b>27,079,905</b>	<b>24,123,006</b>
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Lease liability			27,020,800
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Right of use of assets			(21,812,862)
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<b>Taxable temporary difference (B)</b>			<b>29,330,944</b>
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Deferred tax asset as at 31 December 2023 @ 40%			11,732,378
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Deferred tax asset as at 31 December 2022 @ 40%			11,488,950
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## 9.03 Interest and other receivables

Interest receivables - fixed deposit receipt	3,552,858	-
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Interest receivables - short term placement & others	103,781,241	64,849,943
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<b>107,334,099</b>	<b>64,849,943</b>
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## 9.04 Receivable with securities

Receivable with IDLC Securities Limited	1,045,742	710,223
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Receivable with LankaBangla Securities Limited	115,813	116,263
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Receivable with NRBC Bank Securities Limited	845	1,295
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<b>1,162,401</b>	<b>827,781</b>
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## 10.00 Borrowings from other banks and financial institutions

Inside Bangladesh (Note-10.01)	272,965,556	394,121,637
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Outside Bangladesh	-	-
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<b>272,965,556</b>	<b>394,121,637</b>
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## 10.01 Inside Bangladesh

Secured by FDR

Bank overdraft - Woori Bank	(11,849)	(12,537)
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		Amount In Taka	
		31 December 2023	31 December 2022
<b>Unsecured</b>			
Short term loan		22,000,000	28,000,000
Long term loan (Note-10.01.01)		159,256,604	250,973,620
Call loan- Sonali Bank Limited		64,700,000	75,100,000
Lease liability (Note-10.01.02)		27,020,800	40,060,554
		<b>272,965,556</b>	<b>394,121,637</b>
<b>10.01.01 Long term loan</b>			
<b>From Bangladesh Bank and its agents Bank</b>			
Bangladesh Bank (under Re-Finance)- Agriculture		4,037,425	14,287,375
Bangladesh Bank (under Re-Finance)- Auto Bricks		102,159,179	125,382,251
Bangladesh Bank (under Re-Finance)- SMEDP2		-	4,270,200
Bangladesh Bank (under Re-Finance)- (COVID- 19)		38,400,000	44,000,000
Bangladesh Bank (under Re-Finance) Women		14,660,000	37,992,500
		<b>159,256,604</b>	<b>225,932,326</b>
<b>From other than Bangladesh Bank and its agents Bank</b>			
BASIC Bank Limited		-	25,041,294
		-	<b>25,041,294</b>
		<b>159,256,604</b>	<b>250,973,620</b>
<b>10.01.02 Lease Liability</b>			
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.			
<b>10.02 Maturity grouping of borrowings from other banks, financial institutions &amp; agents</b>			
Payable on demand		64,700,000	75,100,000
Up to 1 month		8,696,907	11,628,830
Over 1 months but within 3 month		18,985,318	45,462,050
Over 3 months but within 1 year		63,885,153	87,310,252
Over 1 year but within 5 years		115,873,310	116,413,670
Over 5 years		824,867	58,206,835
		<b>272,965,556</b>	<b>394,121,637</b>
<b>11.00 Deposits and other accounts</b>			
Term deposits (Note-11.01)		2,285,437,552	2,511,042,623
Other deposits (Note-11.02)		123,297,249	154,590,052
		<b>2,408,734,801</b>	<b>2,665,632,675</b>
<b>11.01 Term deposits</b>			
Short term deposit (Note-11.01.01)		1,826,025,984	2,020,022,068
Long term deposit (Note-11.01.02)		5,435,700	600,000
Double money deposit (Note-11.01.03)		143,683,805	189,416,646
Triple money deposit - individual		40,202,908	37,258,269
Monthly earner deposit - individual		112,718,693	112,182,880
Quarterly earner deposit		77,500,000	80,250,000
Millionaire scheme (Note-11.01.04)		28,636,060	23,438,360
Insured millionaire scheme - individual		23,913,418	21,784,380
Deposit pension scheme - individual		21,723,420	15,661,450
Insured deposit pension scheme - individual		5,597,563	10,428,570
		<b>2,285,437,552</b>	<b>2,511,042,623</b>

		Amount In Taka	
		31 December 2023	31 December 2022
<b>11.01.01 Short term deposit</b>			
Short term deposit - Bank & NBFi		1,067,000,000	1,151,000,000
Short term deposit - corporate		267,878,509	338,690,640
Short term deposit - individual		491,147,476	530,331,428
		<b>1,826,025,984</b>	<b>2,020,022,068</b>
<b>11.01.02 Long term deposit</b>			
Long term deposit - corporate		-	-
Long term deposit - individual		5,435,700	600,000
		<b>5,435,700</b>	<b>600,000</b>
<b>11.01.03 Double money deposit</b>			
Double money deposit - corporate		9,799,886	46,647,369
Double money deposit - individual		133,883,919	142,769,276
		<b>143,683,805</b>	<b>189,416,646</b>
<b>11.01.04 Millionaire scheme</b>			
Millionaire scheme - corporate		-	379,118
Millionaire scheme - individual		28,636,060	23,059,242
		<b>28,636,060</b>	<b>23,438,360</b>
<b>11.02 Other deposits</b>			
Interest bearing security deposit (Note-11.02.01)		88,903,922	107,173,922
Non-interest bearing security deposit (Note-11.02.02)		34,393,327	47,416,130
		<b>123,297,249</b>	<b>154,590,052</b>
<b>11.02.01 Interest Bearing Security Deposit</b>			
Lease deposit, SMALL		650,000	650,000
Loan deposit, SMALL		7,649,795	7,649,795
Loan deposit, MID		8,500,000	8,500,000
Loan deposit, Corporate		3,037,137	3,037,137
Cash deposit		69,066,990	87,336,990
		<b>88,903,922</b>	<b>107,173,922</b>
<b>11.02.02 Non-interest bearing security deposit</b>			
Lease deposit, SMALL		3,257,869	3,829,980
Loan deposit, SMALL		330,290	433,496
Lease deposit, MID		3,481,173	3,351,945
Loan deposit, MID		4,638,434	7,148,893
Lease deposit, Corporate		2,626,915	4,968,504
Loan deposit, Corporate		19,778,481	26,630,659
Car lease deposit		219,482	991,970
House Finance Deposit		60,683	60,683
		<b>34,393,327</b>	<b>47,416,130</b>
<b>11.03 Group-wise break -up of term deposits</b>			
Bank & FI		1,067,000,000	1,151,000,000
Insurance		14,675,348	69,916,663
Other institutions		284,200,910	353,850,863
Individuals		919,561,294	936,275,097
		<b>2,285,437,552</b>	<b>2,511,042,623</b>

		Amount In Taka	
		31 December 2023	31 December 2022
<b>11.04 Maturity analysis of Term deposits</b>			
Payable on demand	-	-	
Up to 1 month	285,277,644	125,552,131	
Over 1 month but within 3 month	658,880,135	251,104,262	
Over 3 months but within 1 year	696,822,201	753,312,787	
Over 1 year but within 5 years	334,319,296	1,129,969,180	
Over 5 years	310,138,276	251,104,262	
	<b>2,285,437,552</b>	<b>2,511,042,623</b>	
<b>12.00 Other liabilities</b>			
Withholding tax payable	4,732,836	3,179,523	
Withholding VAT payable	347,727	319,746	
Excise duty	768,350	427,900	
Interest payable- (Note - 12.01)	54,674,323	69,560,130	
Audit fee payable	287,500	287,500	
Payable to suppliers	594,159	470,651	
Payable for insurance	156,336	170,948	
Gratuity fund payable	8,078,333	9,392,747	
Leave Encashment Payable	2,861,014	1,914,744	
Payable to Employee	281,998	398,435	
Sundry creditors	1,708,229	1,721,502	
Other payable	27,162,318	16,084,036	
Provision for current tax (12.02)	20,839,822	18,395,449	
Interest suspense account (Note-12.03)	275,279,793	190,175,141	
Provision for doubtful accounts and future losses (Note-12.04)	968,348,189	414,427,630	
	<b>1,366,120,926</b>	<b>726,926,080</b>	
<b>12.01 Interest payable</b>			
Short term deposit (Note-12.01.01)	35,500,208	46,159,965	
Long term deposit (Note-12.01.02)	213,106	3,500	
Double money deposit (Note-12.01.03)	9,333,371	12,648,010	
Monthly earner deposit - individual	383,504	358,783	
Quarterly earner deposit	679,689	628,721	
Triple money deposit - individual	1,425,576	2,659,812	
Millionaire scheme (Note-12.01.04)	163,886	155,427	
Insured millionaire scheme - individual	84,275	71,852	
Deposit pension scheme - individual	114,197	119,804	
Unsecured borrowing (Note-12.01.05)	1,968,482	2,333,784	
Interest bearing cash deposit	4,808,030	4,420,471	
	<b>54,674,323</b>	<b>69,560,130</b>	
<b>12.01.01 Short term deposit</b>			
Short term deposit - Bank & NBF	9,645,329	15,384,694	
Short term deposit - corporate	8,947,902	10,367,310	
Short term deposit - individual	16,906,976	20,407,961	
	<b>35,500,208</b>	<b>46,159,965</b>	
<b>12.01.02 Long term deposit</b>			
Long term deposit - corporate	-	-	
Long term deposit - individual	213,106	3,500	
	<b>213,106</b>	<b>3,500</b>	



**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 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**

Opening balance  
Add: Transferred to interest suspense account during the year  
Less: Debited from interest suspense account during the year  
Less: Written off during the year

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

General provision (Note-12.04(i))  
Special general provision for COVID-19  
Specific provision (Note-12.04(ii))\*

Provision for diminutions in value of investments  
Other provisions

Amount In Taka	
31 December 2023	31 December 2022
200,081	4,360,934
9,133,290	8,287,076
<b>9,333,371</b>	<b>12,648,010</b>
-	5,717
163,886	149,710
<b>163,886</b>	<b>155,427</b>
129,400	78,229
48,889	63,333
1,790,193	2,192,221
<b>1,968,482</b>	<b>2,333,784</b>
18,395,449	14,276,561
2,444,372	4,118,888
<b>20,839,822</b>	<b>18,395,449</b>
-	-
<b>20,839,822</b>	<b>18,395,449</b>
190,175,141	94,603,995
109,027,929	108,296,430
(23,923,277)	(727,548)
-	(11,997,736)
<b>275,279,793</b>	<b>190,175,141</b>
82,764,782	98,803,177
9,860,459	10,160,440
711,697,806	188,162,378
<b>804,323,046</b>	<b>297,125,994</b>
19,624,574	20,699,529
144,400,569	96,602,106
<b>968,348,189</b>	<b>414,427,630</b>

\*There is a provision shortfall against lease, loans & advances for Taka 6.82 crore for the year ended 31 December 2023. Meridian Finance has obtained permission from Bangladesh Bank vide letter no. DFIM(C)1054/59/2022-1311 dated May 10, 2022 for adjustment of provision shortfall Taka 17.04 crore within five (05) years started from 2021. Details are as follows:

**Provision shortfall against lease, loans & advances:**

Opening Balance	102,240,000	136,320,000
Less: Adjustment during the year (12.04 (ii))	34,080,000	34,080,000
Closing balance	<b>68,160,000</b>	<b>102,240,000</b>



		Amount In Taka	
		31 December 2023	31 December 2022
<b>12.04 (i) Product wise break up of general provision</b>			
Corporate finance (12.04.01)	42,100,336	80,833,041	
Consumer finance (12.04.02)	8,514,181	15,464,326	
SME finance (12.04.03)	32,150,265	2,505,810	
	<b>82,764,782</b>	<b>98,803,177</b>	
<b>12.04.01 Corporate finance</b>			
Lease finance	571,048	1,227,360	
Loan finance	41,529,287	69,734,449	
Syndicated loan finance	-	9,871,232	
	<b>42,100,336</b>	<b>80,833,041</b>	
<b>12.04.02 Consumer finance</b>			
House finance	8,327,134	14,867,141	
Car lease	63,734	254,859	
Loan against deposit	120,468	339,677	
Personal loan - employee	2,844	2,649	
	<b>8,514,181</b>	<b>15,464,326</b>	
<b>12.04.03 SME finance</b>			
Lease finance, SMALL	60,189	911,837	
Loan finance, SMALL	1,202,335	825,906	
Lease finance, MID	45,481	81,850	
Loan finance, MID	30,842,260	686,216	
	<b>32,150,265</b>	<b>2,505,810</b>	
<b>12.04 (ii) Specific provision</b>			
Opening balance	188,162,378	97,136,923	
Less: Fully provided debt written off during the year	-	(19,945,862)	
Add: Amount realised from written off clients	-	-	
Add: Addition during the year	489,455,428	76,891,316	
Add: Adjustment of provision shortfall	34,080,000	34,080,000	
Closing balance	<b>711,697,806</b>	<b>188,162,378</b>	
<b>13.00 Share capital</b>			
Authorized			
200,000,000 ordinary shares of BDT 10 each	<b>2,000,000,000</b>	<b>2,000,000,000</b>	
<b>Issued, subscribed and paid up</b>			
120,000,000 ordinary shares of BDT 10 each	<b>1,200,000,000</b>	<b>1,200,000,000</b>	

Details of shares holding position are as under:

**Sponsor Shareholders:**

	Percentage (%)	No. of Shares		
<b>A. Individual Sponsors</b>				
Mr. Kazi M. Aminul Islam	4.167	5,000,000	50,000,000	50,000,000
Ms. Naima Chowdhury	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
Arjish Habib	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>29.17</b>	<b>35,000,000</b>	<b>350,000,000</b>	<b>350,000,000</b>

	Percentage (%)	No. of Shares	Amount In Taka	
			31 December 2023	31 December 2022
<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
Rising Fashions 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
	70.83	85,000,000	850,000,000	850,000,000
<b>Total Shareholdings</b>	100.00	120,000,000	1,200,000,000	1,200,000,000

### 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 short eligible capital of the company at the close of business on 31 December 2023 were Taka 68.77 crore.

	Amount In Taka	
	31 December 2023	31 December 2022
<b>Core capital ( Tier-I)</b>		
Paid-up capital (Note-13)	1,200,000,000	1,200,000,000
Share premium	-	-
Statutory reserves (Note-14)	71,251,616	71,251,616
General reserves	-	-
Dividend equalization reserves	-	-
Retained earnings (Note-15)	(890,756,209)	(233,380,198)
Non-controlling interest	-	-
Provision shortfall	(68,160,000)	(102,240,000)
Sub-Total	<b>312,335,407</b>	<b>935,631,418</b>
<b>Supplementary capital (Tier -II)</b>		
General provision (Provision up to specified limit on unclassified loans and Off Balance Sheet exposure)	29,678,171	98,803,177
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)	-	-
Sub-Total	<b>29,678,171</b>	<b>98,803,177</b>
<b>A) Total eligible capital</b>	<b>342,013,578</b>	<b>1,034,434,595</b>
<b>Total assets including off -balance sheet exposures</b>	<b>4,428,316,690</b>	<b>4,824,551,810</b>

		Amount In Taka	
		31 December 2023	31 December 2022
<b>B) Total risk weighted assets</b>		2,375,645,941	3,418,270,317
<b>C) Required capital based on risk weighted assets (10% on B)</b>		237,564,594	341,827,032
<b>D) Surplus (A-C)</b>		104,448,984	692,607,563
<b>E) Capital adequacy ratio (%)</b>		14.40%	30.26%
<b>F) Core capital to RWA (%)</b>		13.15%	27.37%
<b>G) Supplementary capital to RWA (%)</b>		1.25%	2.89%
<b>14.00 Statutory reserve</b>			
Opening balance		71,251,616	71,251,616
Add: Transferred from profit		-	-
Closing balance		<b>71,251,616</b>	<b>71,251,616</b>
<b>15.00 Retained earnings</b>			
Opening balance		(233,380,198)	21,006,465
Add: profit/(loss) for the period		(657,376,011)	(254,386,663)
Less: appropriation to statutory reserve		-	-
Less: cash dividend		-	-
Closing balance		<b>(890,756,209)</b>	<b>(233,380,198)</b>
<b>16.00 Interest income</b>			
<b><u>Corporate finance</u></b>			
Lease finance		1,553,524	18,862,346
Loan finance		59,282,861	154,794,792
Syndicated loan finance		-	2,655,360
		<b>60,836,385</b>	<b>176,312,498</b>
<b><u>Consumer finance</u></b>			
House finance		62,982,044	60,199,812
Car lease		1,241,786	3,736,999
Loan against deposit		1,942,778	2,659,648
Personal loan - employee		29,928	19,897
		<b>66,196,536</b>	<b>66,616,356</b>
<b><u>SME finance</u></b>			
Lease finance, SMALL		763,348	9,435,125
Loan finance, SMALL		17,055,410	19,638,681
Lease finance, MID		2,630,961	4,303,959
Loan finance, MID		36,508,691	1,999,362
		<b>56,958,409</b>	<b>31,378,402</b>
<b><u>Treasury</u></b>			
Fixed deposit accounts		5,576,414	-
Short notice deposit accounts		9,852,857	10,241,691
Short term placement		38,931,298	38,931,298
		<b>54,360,569</b>	<b>49,172,989</b>
<b>Total</b>		<b>238,351,899</b>	<b>323,480,245</b>

		Amount In Taka	
		31 December 2023	31 December 2022
<b>17.00</b>	<b>Interest expenses on deposits and borrowings</b>		
	Interest on term deposit (Note-17.01)	206,177,466	210,650,437
	Interest bearing security deposit	4,466,640	3,380,935
	Unsecured borrowing (Note- 17.02)	16,177,098	20,114,702
	Interest on right of use of asset	3,216,252	4,375,032
	<b>Total</b>	<b>230,037,457</b>	<b>238,521,106</b>
<b>17.01</b>	<b>Interest on term deposit</b>		
	Short term deposit (Note-17.01.01)	163,379,470	166,503,192
	Long term deposit (Note-17.01.02)	251,606	3,500
	Monthly earner deposit - Individual	9,105,100	7,553,458
	Quarterly earner deposit	6,615,153	5,997,989
	Double money deposit (Note-17.01.03)	17,607,205	19,978,977
	Triple money deposit - Individual	2,772,003	5,165,686
	Millionaire scheme (Note-17.01.04)	2,294,416	1,571,473
	Insured millionaire scheme - Individual	2,110,894	1,974,164
	Deposit pension scheme-Individual	1,676,940	949,226
	Insured deposit pension scheme-Individual	364,679	952,773
	<b>Total</b>	<b>206,177,466</b>	<b>210,650,437</b>
<b>17.01.01</b>	<b>Short term deposit</b>		
	Short term deposit - Bank & NBFIs	97,085,663	95,462,876
	Short term deposit - Corporate	24,664,548	31,834,794
	Short term deposit - Individual	41,629,259	39,205,522
	<b>Total</b>	<b>163,379,470</b>	<b>166,503,192</b>
<b>17.01.02</b>	<b>Long term deposit</b>		
	Long term deposit - Corporate	-	-
	Long term deposit - Individual	251,606	3,500
	<b>Total</b>	<b>251,606</b>	<b>3,500</b>
<b>17.01.03</b>	<b>Double money deposit</b>		
	Double money deposit - Corporate	1,171,865	7,157,001
	Double money deposit - Individual	16,435,339	12,821,976
	<b>Total</b>	<b>17,607,205</b>	<b>19,978,977</b>
<b>17.01.04</b>	<b>Millionaire scheme</b>		
	Millionaire scheme - Corporate	26,365	81,294
	Millionaire scheme - Individual	2,268,051	1,490,179
	<b>Total</b>	<b>2,294,416</b>	<b>1,571,473</b>



		Amount In Taka	
		31 December 2023	31 December 2022
<b>17.02</b>	<b>Unsecured borrowing</b>		
	Call borrowing	5,428,754	4,578,856
	Unsecured short term borrowing	2,068,069	2,870,889
	Bangladesh Bank refinancing	7,974,482	9,106,626
	Long term loan	705,793	3,558,332
	<b>Total</b>	<b>16,177,098</b>	<b>20,114,702</b>
<b>18.00</b>	<b>Income from investment</b>		
	Capital gain on sale of marketable securities	1,260,111	9,856,761
	Dividend income (Note-18.01)	11,591,806	15,666,060
	<b>Total</b>	<b>12,851,917</b>	<b>25,522,820</b>
<b>18.01</b>	<b>Dividend income</b>		
	Dividend income - Marketable securities	1,241,279	1,767,751
	Dividend income - Preference share	10,350,527	13,898,309
	<b>Total</b>	<b>11,591,806</b>	<b>15,666,060</b>
<b>19.00</b>	<b>Commission, exchange and brokerage income</b>	-	-
<b>20.00</b>	<b>Other operational income</b>		
	Fees and documentations (Note-20.01)	4,091,887	6,333,177
	Income against forfeited A/C of provident fund	1,196,329	31,631
	Miscellaneous income	95,982	287,329
	<b>Total</b>	<b>5,384,198</b>	<b>6,652,136</b>
<b>20.01</b>	<b>Fees and documentations</b>		
	<b><u>Corporate finance</u></b>		
	Lease finance	119,691	55,225
	Loan finance	956,082	849,030
		<b>1,075,772</b>	<b>904,255</b>
	<b><u>Consumer finance</u></b>		
	House finance	1,683,031	4,150,744
	Car lease	59,388	57,569
	Personal loan	-	2,073
		<b>1,742,419</b>	<b>4,210,386</b>
	<b><u>SME finance</u></b>		
	Lease finance, SMALL	28,179	100,958
	Loan finance, SMALL	947,444	723,006
	Lease finance, MID	37,239	27,413
	Loan finance, MID	260,834	367,158
		<b>1,273,696</b>	<b>1,218,536</b>
	<b>Total</b>	<b>4,091,887</b>	<b>6,333,177</b>



		Amount In Taka	
		31 December 2023	31 December 2022
<b>21.00</b>	<b>Salary and allowances</b>		
	Salary and allowances	70,131,181	71,296,303
	Provident fund contribution	3,035,692	3,056,398
	Gratuity fund	231,936	6,525,294
	Leave Encashment	1,445,748	2,520,263
	Festival bonus	6,079,907	5,877,379
	<b>Total</b>	<b>80,924,464</b>	<b>89,275,637</b>
<b>22.00</b>	<b>Rent, taxes, insurance, electricity etc.</b>		
	Office rent	-	-
	Insurance	21,283	33,335
	Utilities	3,802,789	4,018,708
	<b>Total</b>	<b>3,824,072</b>	<b>4,052,043</b>
<b>23.00</b>	<b>Legal and professional fees</b>	<b>1,233,392</b>	<b>1,118,496</b>
<b>24.00</b>	<b>Postage, stamp, telecommunication etc.</b>		
	Postage and courier	47,450	44,934
	Stamp charges	1,285	1,635
	Telephone bill	1,117,997	1,161,147
	<b>Total</b>	<b>1,166,732</b>	<b>1,207,716</b>
<b>25.00</b>	<b>Stationery, printing, advertisement</b>		
	Printing and stationery	844,658	939,738
	Advertisement	121,900	466,454
	<b>Total</b>	<b>966,558</b>	<b>1,406,192</b>
<b>26.00</b>	<b>Managing Director's salary and allowance</b>		
	Basic salary	3,000,000	3,000,000
	Allowances	3,666,000	3,666,000
	Bonus	500,000	500,000
	Provident fund contribution	125,000	300,000
	<b>Total</b>	<b>7,291,000</b>	<b>7,466,000</b>
<b>27.00</b>	<b>Directors' fees</b>	<b>873,889</b>	<b>627,611</b>
<b>28.00</b>	<b>Auditors' fees</b>	<b>304,750</b>	<b>287,500</b>
<b>29.00</b>	<b>Depreciation and repair of Company's assets</b>		
	Repairs and maintenance	877,680	335,675
	Depreciation & amortization	15,222,731	20,185,934
	<b>Total</b>	<b>16,100,411</b>	<b>20,521,609</b>

		Amount In Taka	
		31 December 2023	31 December 2022
30.00	Other expenses		
	Training	113,696	148,674
	Renewal & registration fees	767,381	731,016
	Employee engagement program	238,237	292,568
	Conveyance	1,050,023	1,086,009
	Travelling	1,748,855	1,543,198
	Business development expense	308,171	360,867
	Business documentation expense	-	88,400
	Internet and e-mail	577,283	669,200
	Computer accessories	164,601	116,441
	Fuel expense	501,389	386,849
	Vehicle maintenance/Registration	3,669,318	3,373,299
	Office maintenance	2,512,890	2,401,312
	Entertainment	253,642	296,032
	Bank charges	120,145	129,948
	CSR expense	-	210,000
	Excise duty	222,150	119,150
	CDBL & CIB fee	6,067	5,988
	Branding	120,450	442,672
	Security guard services	1,193,640	1,100,520
	Recruitment expenses	31,545	36,000
	NID verification fee	24,155	6,562
	Marketing expense	1,254,854	2,365,030
	Meeting expense	69,449	61,476
	Books and periodicals	4,440	7,045
	AGM expenses	45,358	-
	Loss on disposal of fixed assets	122,060	-
	<b>Total</b>	<b>15,119,799</b>	<b>15,978,257</b>
31.00	Provisions for leases, loans & investments		
	<b>Provision for leases, loans and advances</b>	507,197,052	177,320,991
	General provision	(16,038,395)	66,349,675
	Special general provision for COVID-19	(299,981)	-
	Specific provision	523,535,428	110,971,316
	<b>Provision for diminution in value of investments</b>	<b>(1,074,957)</b>	<b>14,719,051</b>
	<b>Other provisions</b>	<b>47,798,463</b>	<b>39,061,890</b>
	<b>Total</b>	<b>553,920,558</b>	<b>231,101,932</b>
32.00	Provision for taxation		
	Current tax expense/ (income) (Note-32.01)	2,444,372	4,118,888
	Deferred tax expense/ (income) (Note - 32.02)	(243,428)	(5,641,121)
	<b>Total</b>	<b>2,200,945</b>	<b>(1,522,233)</b>
32.01	Current tax expense/ (income)		
	Current tax expense/ (income) for the year	2,444,372	4,118,888
	Revised tax expense/ (income) for previous year (Note - 32.01.01)	-	-
	<b>Total</b>	<b>2,444,372</b>	<b>4,118,888</b>

Amount In Taka	
31 December 2023	31 December 2022

### 32.01.01 Revised tax expense/ (income) of previous years

Tax provisions made	-	-
Assessed tax	-	-
Revised tax expense/ (income)	-	-

### 32.02 Deferred tax expense / (income)

Particulars	31-Dec-23	31-Dec-22	Tax Expense/ (Income)
Deferred tax liability	-	-	-
Deferred tax assets	11,732,378	11,488,950	(243,428)
Deferred tax expense/ (income)			(243,428)

## 33.00 Related party transactions

The Company has entered into transaction with related entities in normal course of business that fall within the definition of related party as per International Accounting Standard (IAS) 24: "Related Party Disclosures." Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customers of similar credentials and do not involve more than a normal risk.

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 2023	Addition during the year	Adjustment during the year	Balance as at 31 Dec 2023
1	Disari Industries (Pvt) Ltd.	Term deposit	Shareholder	7,000,000	16,350,333	-	23,350,333
2	Omega Sweaters Ltd.	Term deposit	Shareholder	11,793,386	731,190	-	12,524,576
3	Toma Construction & Co. Ltd.	Term deposit	Shareholder	27,883,614	1,338,147	5,000,000	24,221,761
4	Kazi M Aminul Islam	Term deposit	Chairman	9,766,396	707,038	-	10,473,435
5	Naima Chowdhury	Term deposit	Shareholder	13,009,636	922,380	-	13,932,016
6	Farzana Hossain	Term deposit	Director	-	17,279,254	-	17,279,254
7	Rezaul Hossain	Term deposit	Director Concern	1,400,000	96,066		1,496,066
8	Sumi Apparels (Pvt.) Ltd.	Term deposit	Director Concern		12,975,000		12,975,000
9	Tanfin Hossain	Term deposit	Director Concern	6,534,650	475,931		7,010,581
10	Meridian Finance & Investment Limited Employees' Provident Fund	Term deposit	PF Fund of Meridian Finance & Investment Limited	9,898,599	8,935,199	5,173,390	13,660,409
Total				87,286,281	59,810,539	10,173,390	136,923,431

## 34.00 Employees' details

No. of employee received BDT 10,000 per month	-	-
No. of employee received more than BDT 10,000 per month	100	108
	<u>100</u>	<u>108</u>

## 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. Golam Mostofa	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
29th Meeting	28 March 2023
30th Meeting	19 June 2023
31st Meeting	07 September 2023
32nd Meeting	26 September 2023
33rd Meeting	21 December 2023

## 36.00 Events after the Reporting Period

A) The board of directors in its 93rd Meeting held on 29 April 2024 approved the financial statements and authorized the same for issue.

B) The board of directors in its 93rd Meeting held on 29 April 2024 recommended no dividend based on financial performance for the year ended 31 December 2023. This will be considered for approval by the shareholders at the 10th Annual General Meeting (AGM).

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

Kazi M Aminul Islam  
Chairman

Mahmud Hasan Khan  
Director

Ms. Shahnaj Kamal  
Director

Quazi Nizam Ahmed  
Managing Director

Md. Ashraf-Ur-Rahman  
Company Secretary



# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Schedule of Fixed Assets including land, building, furniture and fixtures As at December 2023

Annexure-A  
Amount in BDT

Particulars	COST			DEPRECIATION					Written down value as at 31.12.2023	
	Balance as at 01.01.2023	Addition during the year	Adjustment / (disposal) the year	Balance as at 31.12.2023	Rate (%)	Balance as at 01.01.2023	Charged during the year	Adjustment / (disposal) the year		Balance as at 31.12.2023
<b>Freehold assets</b>										
Furniture & fixture	8,008,916	42,268	-	8,051,184	16.67	7,286,073	565,043	-	7,851,117	200,067
Office decoration	23,923,773	90,300	(748,683)	23,265,390	16.67	21,362,618	1,692,891	(619,164)	22,436,345	829,045
Office equipment	3,871,836	16,513	-	3,888,349	20.00	3,513,680	235,701	-	3,749,381	138,968
IT equipment's	12,066,191	1,217,479	(90,590)	13,193,080	20.00	10,698,978	867,370	(90,586)	11,475,761	1,717,319
Motor vehicle	6,943,000	-	(159,000)	6,784,000	20.00	6,943,000	-	(159,000)	6,784,000	-
	<b>54,813,715</b>	<b>1,366,561</b>	<b>(998,273)</b>	<b>55,182,003</b>		<b>49,804,349</b>	<b>3,361,005</b>	<b>(868,750)</b>	<b>52,296,604</b>	<b>2,885,399</b>
<b>Intangible assets</b>										
Systems & software	1,089,023	106,216	-	1,195,239	20.00	1,089,023	34,717	-	1,123,740	71,499
Software	6,163,845	-	-	6,163,845	50.00	6,163,845	-	-	6,163,845	-
	<b>7,252,868</b>	<b>106,216</b>	<b>-</b>	<b>7,359,084</b>		<b>7,252,868</b>	<b>34,717</b>	<b>-</b>	<b>7,287,585</b>	<b>71,499</b>
<b>Lease hold assets</b>										
Right of use of assets	65,902,071	-	-	65,902,071	-	32,262,200	11,827,009	-	44,089,209	21,812,862
<b>Total as at 31 December 2023</b>	<b>127,968,654</b>	<b>1,472,777</b>	<b>(998,273)</b>	<b>128,443,158</b>		<b>89,319,417</b>	<b>15,222,731</b>	<b>(868,750)</b>	<b>103,673,398</b>	<b>24,769,761</b>
<b>Total as at 31 December 2022</b>										
	<b>130,804,924</b>	<b>466,877</b>	<b>3,303,147</b>	<b>127,968,654</b>		<b>72,393,254</b>	<b>20,185,934</b>	<b>3,259,771</b>	<b>89,319,417</b>	<b>38,649,237</b>



# MERIDIAN FINANCE AND INVESTMENT LIMITED

## Financial highlights As at 31 December 2023

Annexure-B

Amount in BDT (mn)

Sl No.	Key Indicators	2023	2022
1	Paid-up capital	1,200.00	1,200.00
2	Total eligible capital	342.01	1,034.43
3	Capital surplus	104.45	692.61
4	Total assets	4,428.32	4,824.55
5	Total deposits	2,408.73	2,665.63
6	Total loans, advances and leases	3,222.73	3,806.71
7	Total contingent liabilities and commitments	-	-
8	Credit deposit ratio	1.34	1.43
9	Percentage of classified loans against total loan & advance	48.34%	26.13%
10	Profit after tax and provision	(657.38)	(254.39)
11	Amount of classified loans during current year	1,557.94	994.62
12	Provisions kept against classified loans	711.70	188.16
13	Provision surplus/(shortfall) against classified loan	(68.16)	(102.24)
14	Cost of fund	7.95%	7.56%
15	Interest earnings assets	4,131.36	4,560.24
16	Non-interest earnings assets	296.96	264.31
17	Return on investment (ROI)	-192.21%	-24.59%
18	Return on assets (ROA)	-14.84%	-5.27%
19	Income from investment	12.85	25.52
20	Earnings Per Share (EPS)	(5.48)	(2.12)
21	Market price per share	N/A	N/A
22	Price Earnings (P/E) ratio	N/A	N/A

## MOMENTS & MEMORIES

### 5<sup>th</sup> Year of Working Celebration Program





## New Year



## Victory Day (16<sup>th</sup> December)





## Eid Reunion & Pohela Boishakh







## Meridian Finance Limited

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Fax: +88 02 8837820-21  
[www.meridianfinancebd.com](http://www.meridianfinancebd.com)

### Branch Offices



#### Principal Branch

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