





Grow refers to the creation of long-term value for an organization's customers, markets, and relationships. It comes in many shapes & sizes and not necessarily growth is always quantitative rather qualitative. Not every growth leads to development and not every development is demonstrated in company's growth. An organization should not stay put at one point for ever. It must either be moving forward or losing ground. Organization must continuously change, evolve and grow.

At Meridian Finance, we believe in continuous and consistent growth. We understand that the only way to avoid falling behind is to keep moving forward. A bold sentence set against a clean background while delivering a strong positive view of the company's key businesses and its impressive business positioning. Special treatment is given to the word "GROWTH" to signal the company's continuous aspirations towards expanding its business reach through its strategy of integrated business approach as well as to seize new opportunities, enhance its product offerings and expand its portfolio.

We seek to constantly think ahead and device our next move in tandem with the directions of the company. We learn from the past, operate in the present and continue to plan for the future with the experience and knowledge gained providing precious insight that will fuel continued sustainable growth.

Meridian Finance embraces a distinctive corporate philosophy that uniquely defines who we are, what we stand for and governs how we operate, within both internal and the external environment. Our philosophy enables us to strive for "**shaping the path to grow**" for excellence in quality and customer satisfaction.



LETTER OF TRANSMITTAL

All Shareholders

Bangladesh Bank

Subject: Annual Report for the year ended on December 31, 2017

Dear Sir(s),

We are delighted to enclose a copy of the Annual Report 2017 together with the Audited Financial Statements including Balance Sheet as at December 31, 2017 and income Statement, Cash Flow Statement for the year ended on December 31, 2017 along with notes thereon of Meridian Finance & Investment Limited for your kind information and record.

Yours Sincerely

Md. Abdul Ahad, FCA

DGM & Company Secretary

Meridian Finance & Investment Limited



NOTICE OF AGM

4th Annual General Meeting

Notice is hereby given that the 4th Annual General Meeting of Meridian Finance & Investment Limited to be held on Saturday, May 05, 2018 at 11.00 pm at Gulshan, Dhaka to transact the following businesses:

AGMA-04-01: To confirm the minutes of 3rd Annual General Meeting held on May 22, 2017.

AGMA-04-02: To approve issuance of 8 crore Ordinary Shares to foreign equity partners @BDT 20.02 per share subject to meeting all due diligence by investors and all regulatory requirements.

AGMA-04-03: To receive, consider and adopt the Directors' Report, Auditors' Report and

Audited Financial Statements for the year ended December 31, 2017.

AGMA-04-04: To approve dividends out of the profits for the year ended December 31, 2017.

AGMA-04-05: To elect the directors who are retiring in terms of the relevant provision of the Articles of Association of the Company.

AGMA-04-06: To appoint Auditors and to fix their remuneration for the year ended December 31, 2018.

AGMA-04-07: To transact any other business with the permission of the Chairman.

Dated, Dhaka April 16, 2018





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Dear Shareholders,

This is my privilege to welcome you all at the 4th Annual General Meeting of Meridian Finance & Investment Limited. It is also my pleasure to present before you the 2017 Annual Report and audited financial statements reflecting the company's performance, economic environment, regulatory issues, and strategic priorities with an outlook for the years ahead.

Economic Environment

Global economy is reasonably upbeat this year as charted by most international organizations. Key indicators like employment, consumer confidence and growth in trade and investment have been on the positive trajectory. This has paved the way for the country like Bangladesh to augment its spending and investment, leading to higher economic growth. Bangladesh economy grew by a record of 7.28% in the FY 2017, thanks to the increased revenue collection, high foreign currency reserves propelled by a spike in export and remittance inflow. And, it continues to show resilience, despite lingering obstacles such as the effects of country-wide flooding, infrastructure deficiencies and sudden and mass influx of Rohingya refugees. On the top of all these, skilled human resources and innovative drive of the techsavvy young entrepreneurs have added fuel to this latest growth in Bangladesh. Most of the mega projects and other development activities will add further value to the on-going vibrant growth process. However, to sustain this growth we must improve overall governance practices in the banking sector, the lifeblood of the economy.

Our Performance

We have demonstrated the right strategy, the right culture and the right geographical footprint to deliver consistent and sustained value for our shareholders. Our performance in 2017 once again is a testimony to that. The year 2017 was an excellent year for Meridian Finance to create its strong foothold in the NBFI fraternity with remarkable growth on its core business operations while setting its backbone and team structure to cater the service needs of its different client base. In the backdrop of low credit appetite, mounting pressure on constant deposit & decreasing lending rate, Meridian Finance demonstrated high resilience in achieving its key performance indicators. The loan portfolio stood as high as BDT 4.59 billion with Zero percentage classified loan ratio. On the other hand, Meridian Finance managed to build a strong deposit portfolio consists of both institutional and individual clients of BDT 3.15 billion. While NBFI industry experienced average spread of 3.36% throughout the year 2017, Meridian Finance was able to maintain average spread of 3.88%. Your Company earned after tax net profit of BDT 110.59 million in 2017, meeting or exceeding all financial and operational objectives. Return on Equity stands at 8.53% at the end of December 31, 2017 jumped from 4.09% in 2016.





Besides impressive results in 2017, we have taken few important steps towards achieving our long term strategic objectives and continued to build our organizational capabilities & competence for the future. This has been only possible due to the strong mandate given to us by our valued shareholders. The performance outlines our strength and capabilities to deliver a sustainable growth ensuring growing returns to our shareholders and stakeholders. We are also committed to ourselves in meeting up our goals and being accountable to our stakeholders for our actions.

Corporate Governance & Transparency

Meridian Finance has always believed that effective Corporate Governance forms the bedrock of Business Excellence in an organization. The importance of this goes beyond mere adherence to rules & regulations. Good governance and sound ethical practices are deeply embedded in our culture. The Company pursue and adhere to best compliance culture and practices. We have significantly strengthened our risk management framework, control procedures and audit processes and set a very high compliance standard for sustainable growth. We operate our business activities at leaner way, in environment friendly and socially sustainable manner in line with the company's vision and mission statement.

The Board of Directors remains committed to ensure highest standard of corporate governance & transparency throughout the organization with the objective of safeguarding the interest of all stakeholders and enhancing the shareholders' value. During the year under review, the Board of Directors had the opportunity to engage with senior management during various Board/Committee meetings. These provided the Board with an opportunity to understand the strength of the Company's leadership and guide them to ensure long-term sustenance of business strategy while keeping in mind customer requirements.

We have established ourselves as one of the most compliant NBFI in the industry and will continue to strengthen our position to remain as a highly-compliant and well-governed financial institution in Bangladesh.

Our Commitment

We are committed to build relationships with the community within which we operate. Meridian Finance is widening its networks in its bid to reaching out to the different segments of customers In this way, we get closer to our customers and are able to identify their needs and serve them better with tailor-made products and services to cater to their requirements. For us, our people are our standard-bearers who interact with our customers closely, convey our image and convince them that we are always ready to cater their needs. This is how we have built mutually rewarding sustainable relationships with all our stakeholders and created value for the society and environment.



The Way Forward

Our success truly portraits that we keep a watchful eye on our business to identify and grab the opportunities as and when they arise, embracing technological change and innovation, and continuing to develop attractive value propositions for our clients. The board also focuses on sustaining resilience by enhancing our brand image and viable performance.

Proposed Dividend

The Board has decided to propose 10% cash dividend to our shareholders for the year 2017. We always give utmost importance to fulfil the needs of the shareholders taking into account the issues like organizational capacity, earnings outlook, regulatory requirements, and prospects to grow the business.

Acknowledgements

I take this opportunity to express my profound gratitude and extend appreciation to our valued shareholders, clients, bankers, depositors, lenders, business partners, regulators, auditor, service providers and other stakeholders for their continued patronage and support and cooperation. My sincere thanks to the Bangladesh Bank, Bangladesh Security Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue, Ministry of Finance and other Government authorities for their support and cooperation. I would like to express gratitude to my colleagues on the board for their constant guidance, supervision and timely decision to address challenges we have faced over the years. I am grateful to our Managing Director & CEO for his dynamic leadership and agility to steer the Company into right direction. I would also like to thank to the employees of Meridian Finance for their dedication and commitment to make the year 2017 a successful one and look forward to make the year 2018 even better in every terms.

It has been my privilege to serve as the Chairman of a Meridian Finance and I am confident that the Board along with the dedicated employees of the company will continuously work together for a better future. We will also keep our eyes open to find new business solutions to play a catalyst in further growth opportunities in the long run.

Thank & Best Regards to All,

Naima Chowdhury Chairman

Dear Shareholders & Stakeholders.

Your company has completed yet another outstanding year and made substantial progress towards achieving its organizational capabilities and reaching out to the customers with strong commitment of service delivery. 2017 was a significant year in Meridian Finance's lifecycle and the company performed exceptionally well in all of its key performance indicators while maintaining a solid growth momentum and quality of portfolio with a firmly embedded "Service First" ethos to make an unique and pleasant experience of its customers.

Economy & Industry Review

Bangladesh secured a phenomenal GDP growth of 7.28 % in FY 2017, the highest ever in the history of the country's economy. The economy grew by 6.3% on an average for more than a decade. Bangladesh's gross national income (GNI) per capita now stands at USD 1,610, well above the USD 1,242-mark, prerequisite for becoming a lower-middle income country from a least developed one. Lower interest rates made borrowing cheaper, and this encouraged spending and investment, leading to higher domestic demand and economic growth. All this helped the economy grow by over 7% for the last two consecutive years. But, challenges might also emerge from rising inflation, subdued exports and remittance, rise in real interest rate due to increased government borrowing, devaluation of BDT and finally massive capital outflow caused by political uncertainty.

As a developing country, Bangladesh has made praiseworthy improvements in terms of financial inclusion and regulatory supervision in the banking sector. The banking sector, which dominates the financial sector in Bangladesh, has continued to struggle due to rising NPLs. Banking sector NPL jumped by 19.1% as of June 2017, on YoY basis, reaching to BDT 741.5 billion. Banks' lending growth has declined to 11.9% in FY17 over 13.6% in FY16, which caused excess liquidity in the market. As a result, spread of Banks and NBFIs remained under pressure through-out the year. Although call money borrowing rate stayed flat in FY17, recently it has started to shoot-up. With rising trend of NPL ratio and low credit growth Banks' & NBFIs Net Profit has slumped by indicators. However, there are challenges that the sector is facing now-increase in bad loans, liquidity shortage and the recent financial scams. These need to be addressed immediately to retain the drive of the economy. Amidst all these challenges, only with prudent regulations, good governance and sound risk management, the banking sector of Bangladesh can transform itself and hasten our journey towards graduation into a developing country.





Business Performance Review

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

As on December 31, 2017 the Total Asset size of the company reached to BDT 5.2 billion, showing a robust growth of 34% compare to immediate last year. The loans & advances of the company stood at BDT 4.6 billion at the yearend registering a hefty growth of 64% over last year with ZERO% NPL. Total deposit of the company reached to BDT 3 billion compare to BDT 2.3 billion in 2016, showing a growth of 30% during the year. Interest Income has grown approx. 2 times to BDT 520 million in 2017 from 2016. Total Operating Income grew by 68% in 2017. The company registered a Net Profit of BDT 111 million in 2017 which is 117% solid growth over 2016. The Net Asset Value (NAV) and Earnings per Share (EPS) of the company stood at BDT 11.26 and BDT 0.92 in 2017 compare to BDT 10.34 and BDT 0.42 respectively in 2016. The ROA & ROE of the company in 2017 was 2.43% and 8.53% respectively compared to 1.12% and 4.20% respectively in last year. The company maintained Capital Adequacy Ratio of 31.18% during 2017 against regulatory requirement of 10%.

Corporate Finance

We have started to provide financing to a large pool of corporate customers in promising sectors instead of few big portfolio customers to diversify and minimize concentration risk. Our Corporate loan book grew to BDT 2.4 billion which is 46% higher than last year. Corporate loan book now holds 52% of our total loan portfolio, down from 61% in the previous year in line with our strategy to reduce it gradually to 20% and less in the coming years. The portfolio comprises of sectoral exposures with Garments & Knitwear (20.50%), Agro Industries (11.88%), Electronics & Electrical Products (11.21%), Trade & Commerce (11.61%), Telecommunication (8.52%), Transport (5.85%), Textile (3.56%), etc.

SME Finance

We created a growth conducive operating environment to increase business volume by deepening focus on SME market which is considered as the key segment. The main thrust was placed to expand the market bandwidth and to broaden the sector mix. To expand the market bandwidth with in SME segment, the company looked at new products that are geared to support new startups. A range of value enhancement were



introduced to broaden the sector mix with in SME segment aimed at mid-level SMEs who wish to take their business in next level. A series of market penetration strategies were initiated to put the services near to the customers. These efforts were successful & paved the way to increase our exposure to various sub-segments.

Our SME Book grew by 61% in 2017 over last year to reach to BDT 1.3 billion, and currently accounts for 30% of total loan book. The loan book is diversified across different sectors with 26.48 % in Trading & 54.62 % in Manufacturing and 18.9 % in Service Sector.

We aim to increase our footsteps in lower ticket size SME business opportunities and reach out to the customers with the help of simplified but risk minimized technology driven process and strong monitoring & follow up team. SME portfolio will be gradually increased to the level of 45% of the Total Loan Portfolio of the company.

Channel Finance

Meridian Finance has grew its Channel Finance business in 2017 successfully and the portfolio reached to BDT 56 million compare to BDT 16 million in 2016. We want to increase this business onboarding good debtors and suppliers of renowned companies.

Consumer Finance

We have doubled our Consumer Book in 2017 compared to previous year. Home Loan portfolio has grown 3 times to BDT 630 million in 2017 from 2016. Car Loan portfolio has also grown more than 1.5 times to BDT 196 million in 2017 than last year. Potential to grow in consumer finance is unlimited and we intend to increase our consumer loan book gradually to the level of at least 35% of our Total Loan portfolio.

Syndicate Finance

Meridian Finance, as lead arranger, managed two syndicate finance deals in 2017. We have also participated in numbers of syndicate finance deals with participating financial institutions during the year. The Syndicate Finance portfolio stood at BDT 107 million at the end of 2017.

Strategic Business Model

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



Spreading Touchpoints

We are increasing our branch touchpoint networks in the potential areas of the country to cater the service to our customers. Meridian has opened up branch in Dhaka, Gazipur, and Bogura. Our plan is to open a branch in Chattogram next year and couple more with the approval of regulators.

Management of NPL

Our intense focus on quality loans has driven the Company to achieve an NPL ratio of ZERO% at the end of 2017. Although the lending portfolio grew at a faster rate during the year, asset quality was successfully maintained, as the overdue virtually remained marginal during the year.

We prioritize cash flow and goodwill of the borrowing companies when approving loans. Our thrust for diversifying our portfolio as well as strengthening our monitoring has remained very much on. And, in the coming days, "No compromise in quality" would be the quiding principle to manage credit portfolio of the Company.

Our People, Our Most Important Asset

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

Service First Policy

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

Technology Platform

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



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

Sustainable Business

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

We remained responsive to the call of the society like before. We have handed over blankets to the cold stricken people of Premjamunar Ghat, Shariakandi upozilla in Bogura district and Rohinga refugees were given blankets in the Ukhiya upozilla, Cox's Bazar district.

Recognitions

We have been independently rated by Alpha Credit Rating Ltd. (Alpha Rating) for the performance year 2016 and 2017. Our assigned ratings are in Long Term: "A" and for Short Term: ST-2. This represents Meridian Finance's adequate capacity to meet financial commitment with satisfactory level of liquidity, internal fund generation and access to alternative sources of funds. Moreover, Financial Institution Department under Ministry of Finance of Bangladesh Government has enlisted & approved Meridian Finance for taking deposits from Government, Semi-Government and Autonomous & Semi-Autonomous Organizations considering our performance ratings.

Looking Forward

The year 2018 is expected to be challenging taking into consideration growing demand of prudent liquidity management, rising forex, revised regulatory framework, and socio political agenda due to upcoming national elections. Various development and policy initiatives taken by the Government are expected to drive the economy to a higher growth trajectory in the years ahead.

In order to be successful in the backdrop of this rapid changing competitive sector, we have prepared ourselves accordingly. Our strategy is to continue the business that we do well. Better management of our exposure through rigorous monitoring & follow ups and diversification of portfolio are our main focus.



Besides many, the key priorities for 2018 are enumerated below:

- O Concerted marketing efforts to acquire low cost deposits
- Exploring opportunities to collaborate with Foreign Equity holders
- Improving the Net Interest Margin (NIM)
- O Managing & Controlling NPL & PAR to ensure Asset Quality
- Taking benefit of the technology platform and to manage business efficiently
- O Shifting focus from Corporate to SME & Consumer Finance
- Open up more touchpoints
- O Hire, develop & retain the critical people

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

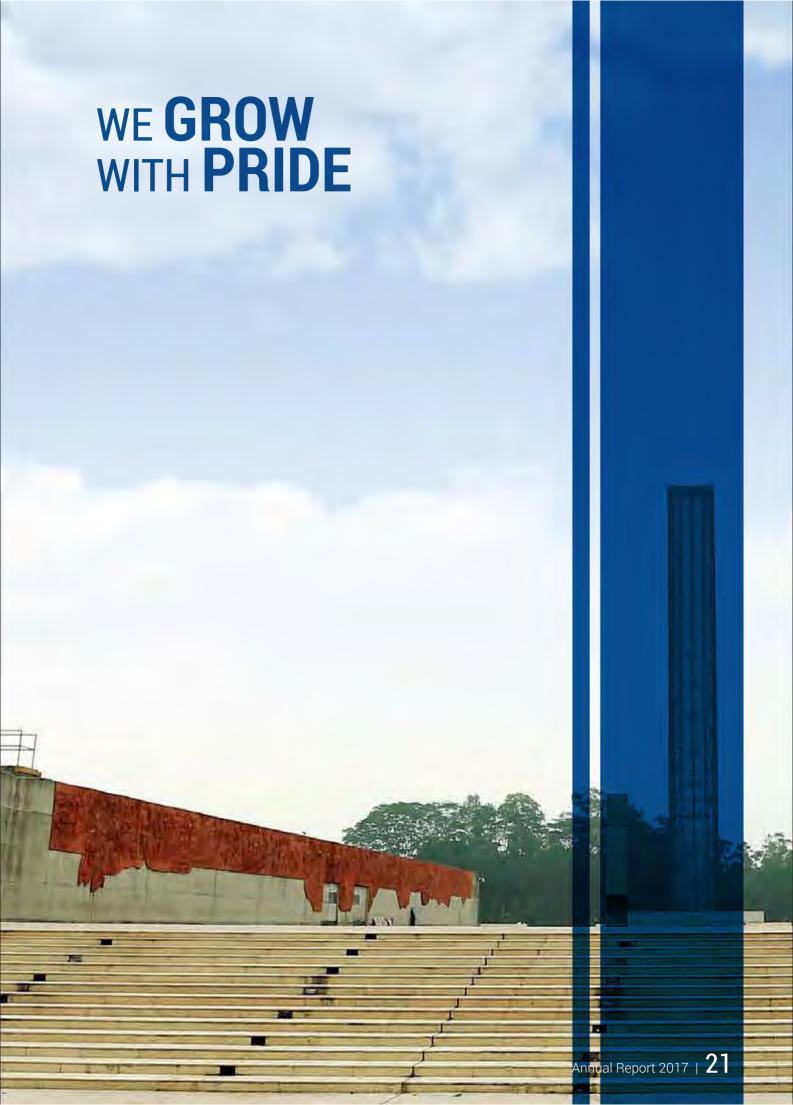
A Note of Thanks

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

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

Irteza A. Khan

Managing Director & CEO



Journey Towards Growth

From the beginning of journey, Meridian Finance headed to a growth conducive operating environment, which is not only enchanting but also sustainable. As a non-banking financial institution Meridian Finance focused on quality growth which has a profound impact on various economic sectors. We Meridian Finance has emerged as a multi-product financial service provider having major focus in SME Financing, Corporate Financing, Consumer Financing, Factoring & Work Order Financing, Corporate Advisory Services and Deposit Products. We provide a high standard of professional and personalized services to its diverse set of client maintaining strict compliance and highest ethical standards.

Strategic Plan to Grow

As I'm saying, growth is our utmost goal. To achieve this goal, we follow the strategy is to build up a well-diversified credit portfolio across different sectors to manage risk prudently. End of the year of 2017, we achieved most significant growth in our portfolio size. We're proud to say that our outstanding loan portfolio reached to BDT 458 crore at the end of the year of 2017, which is 65% more than the previous year.

With the grew at a faster rate of portfolio during the year, as well as we maintained our quality successfully. Also the overdue virtually remained very marginal during the year. Vigorous follow up and monitoring of client's loan account performance paid off in managing Zero Non-Performing Loan (NPL) during the year 2017, which is noteworthy case of the Banking and Non-Banking Financial industry.

We Make difference to Grow

I have to say, there are four most important things which makes the difference among the other Non-Banking Financial Institution's from Meridian Finance. These are:

- 1. Productive Human Resource;
- 2. Risk Management System;
- 3. Robust Business Processes;
- 4. Customer Centric Approach.





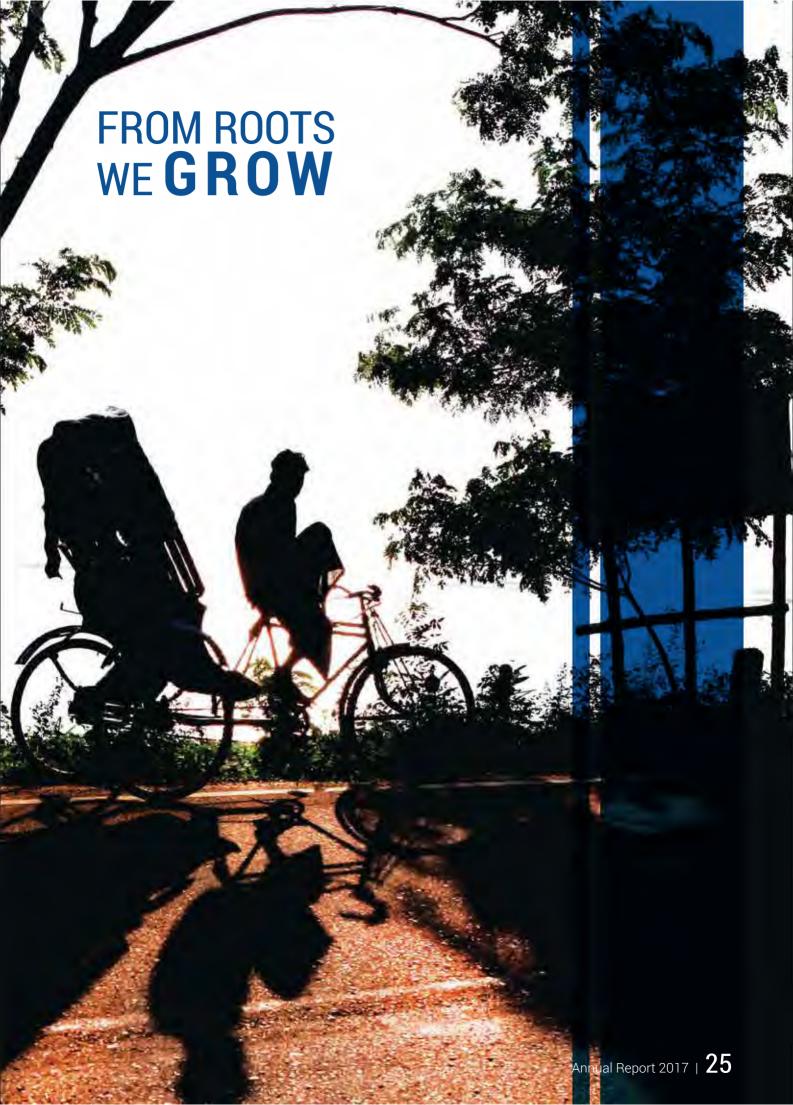
Vision and Mission to Grow

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

Building a lasting foundation for robust growth and a stable financial system requires early action in the face of uncertainty. It will require not only good ideas, hard work and difficult adjustments but also collaboration, cooperation and coordination both internally and nationally. Throughout its history, we Meridian Finance will continue to pursue this core mission.

Md. Abdul Ahad, FCA

Chief Financial Officer



The Corporate Finance Division of Meridian Finance is responsible for providing financial services to the Corporate, Emerging Corporate and Mid Corporate Businesses. Our aim is to organize ourselves around our clients to deliver the best service that is more aligned to their needs. Also to diversify and extend our clientele base to the Mid Corporate segment. The major products of Corporate Finance are: Lease Finance, Term Finance, Short Term Finance, Revolving Finance, Project Finance, Syndicated Finance, Club Finance and Bridge Finance.

Growth in 2017

Corporate Finance is one of the important business vertical focused to meet the requirements of our corporate clients with faster and convenient service experience. The portfolio of corporate finance reached to BDT 4,580 million in 2017 against BDT 2,780 million in 2016 with an impressive 61% YoY growth.

Our major focus area for corporate finance during the year 2017 were cement, food & allied industry, green auto brick, textiles, pharmaceuticals, NGO, automobile industry, auto rice mills, garments etc. Besides, corporate finance we have successfully arranged financing for two Syndicated Finance facilities as Lead Arranger and also participated in two Syndicated Facilities with other financial institutions. Under the Sustainable Finance, we have arranged Green Financing facility in an Auto Brick Industry as Lead Arranger.

Future Steps

The future plan is to focus and grow Mid Corporate clients of promising sectors in line with our ESRM guideline. We want to achieve sustainable growth which will ensure the long term mission and vision of our organization. We will give our full effort to strike a balance and gradually reduce our exposure from big ticket corporate finance to mid and emerging corporate and also to diversify our portfolio maintaining planned risk appetite and exposure. We would also explore the opportunity to increase our footprints to structure products and services to mid and emerging corporate clients with adequate security coverage.

Faruk Jamil

Deputy General Manager Corporate Finance



Micro, Small and Medium sized Enterprises (MSMEs) are the backbone of the economy. Typically, MSMEs are not able to raise money directly in the capital markets and are therefore –with regard to external formal sources –mainly dependent on traditional financial institution for their financing need. Besides Bank, NBFI's play a pivotal role for MSMEs to expand through extending access to short- and medium-term financing. Since inception, Meridian Finance were focused in taking position on profitable SME business and cluster portfolio within Dhaka and thereon expand its horizon gradually outside as well to cater the needs of clients. Our products & services for SMEs are prepared according to the requirements of the clients and we give utmost importance to serve the customer with faster service.

Landmark to Grow

In 2017, we have been successful in growing our SME portfolio book to BDT 1,439 million over BDT 872 million in 2016, sealing a solid growth of 65% YoY. Meridian Finance delivered strong performance in SME outplaying challenges in the sector. Moreover, Meridian Finance was successful onboarding all the available refinancing facilities in MSME sector through executing MOUs with Bangladesh and took the advantage to offer these facilities to its clients. It depicts our keen focus and firm commitment for the growth of SME business which is surely a major contributor for the economic development of Bangladesh.

Growth Strategy Outlook

Meridian Finance growth strategy outlook in SME include but not limited to the following key areas:

- Developing more professional expertise in effective SME client dealing
- O Penetrating in promising SME Clusters and increase more touch points
- O Increase our focus on Monitoring, Evaluation & Reporting of SME clients
- Tie up with the organizations which is engaged in SME development
- Offer more tailor made solutions to SME clients

Tansir Rahman Chowdhury
Asstt. General Manager
Small & Medium Enterprises



Consumer Division has become fastest growing business unit of Meridian Finance which is managing both Retail Asset & Liability products for the organization. Our core asset products are Home Loan, Car Loan & Loan against Deposit. We are also managing diversified Retail deposit products to boost up the funding position for the organization. Thus, consumer division is performing core functions of Meridian Finance which eventually evolve in growing stakeholder's value.

The growing macro-economic outlook of Bangladesh has enabled us to foresee immense opportunity in retail finance. Country's positive GDP growth trend and growing per capita income has changed the lives of many urban as well as rural people. People are spending more with increase in purchasing power. In light of that we propelled our efforts in identifying key prospective areas of retail business in & out of Dhaka.

Customer Friendly Policy

Our retail business portfolio witnessed significant growth in the Y2017 despite facing fierce competition with Banks & NBFIs. This has been possible due to our concentrated retail business model. Our top management includes experienced professionals with more than 17 years in retail business which enabled us to go for the right approach. During the year, we concentrated on some key areas in creating our own unique position in retail finance business—identify new business openings through branch distribution network, deploy appropriate resources, ensure service understanding customer need, process reengineering and most importantly shaping our identity through different Branding initiatives. Part of that Meridian opened its 1st branch at Gazipur and 2nd at Bogura. Our 3nd branch in Chattogram is expected to be operative within 2nd quarter of Y2018.

During the Y2017, home loan portfolio grew by 120% from Y2016. Whereas, Car Loan product continued to grab significant market share during the Y2017 in continuation of Y2016. Car Loan portfolio also grew by 100% in the Y2017. Fastest processing time and superior customer service experience has been the key to success for making this product famous to many of our valued customer. We have already positioned ourselves as provider of extra-ordinary service to our home loan customers with tailor made solutions. Our home loan policy is very much market aligned to serve the customer need to their fullest.

Focus Point

We are strongly focusing on maintaining quality asset portfolio. As a result, we've successfully completed the Y2017 with 'Zero' NPL in overall portfolio including Consumer Division.





We've equally concentrated on building strong deposit portfolio throughout the Y2017 which will continue in Y2018 & onward. There is no alternative way to generate low cost funding facility without building own liability portfolio. To reduce dependency on Treasury, our focus remains on booking individual small ticket deposits and large ticket institutional deposits as well. Our effort to reduce cost of funds through exponential growth in liability portfolio in the Y2018 will be intensified through our competent Liability Sales team.

Organization's vision envisages the most effective use of our human resources through the optimum enhancement of knowledge, skills, abilities and personal attributes of our employees. Our focus will remain same in the Y2018 to build a sustainable Asset & Liability portfolio, strong relationship with customers and superior customer service experience which eventually create 'Value Proposition' for stakeholders of the organization as a whole.

Afajul Ameen Senior Manager

Consumer Finance





Our Motto to Grow

'Human Resources' is the single most critical resource of any organization which creates the success story of the Company and Meridian Finance is no exception. Our motto is "Reward the Best and be Fair with the Rest". In this regard, we establish and administer the policies related to recruitment, employment, promotion, remuneration benefits, transfers and training opportunities without any regard to age, sex, race, nationality, ethnicity, political belief and religion.

Empowering Employees to Grow

Since 2015, our main objective is to maintain people centric and friendly working environment. We create such an organization that encourages staff to work well together as a team and at the same time, encourage them to be dynamic, innovative and creative. We provide and maintain such healthy workplace and environmental conditions, that permit staff to work with maximum effectiveness. Safety rules and hygiene are strictly observed within the organization.

We always try to provide best practiced employee benefit within the financial sector. We want to empower the employees for their self – development. Job rotation or multi-tasking activities are unique opportunities for junior employees which help to explore their expertise on different sides, like: Corporate, SME or Liability. We acknowledged their exceptional contribution towards the company by providing Spot Award immediately.

Growing Together

At Meridian Finance, we maintain such a friendly environment where all employees are treated respectfully and they are satisfied with high quality of work life. Women are specially empowered irrespective of their positions. Team building activities and brain storming strategic sessions are encouraged. At Meridian Finance, we maintain Zero Tolerance attitude for any type of harassment. In this regard, we follow Speak-Up policy.

We treat all the employees as family members and thus throughout the year different staff engagement and cultural celebration programs carried on like: employee's birthday celebration, gift hampers provide to new parents, New Year or Bengali New Year celebration, Ifter Party, Mother's Day Celebration, Women's Day Celebration etc. For staff bonding, we did Town Hall Meeting.

Scheme to Grow

On 2018, we will focus on e-training for our staff. Being a socially responsible organization, we want to focus on the new generation of our country by providing them proper guideline to shape their own dream. In line with that, we will arrange seminar, workshop on different Universities, where our experienced senior colleagues will share their knowledge to the students, so that they can get a real life scenario of the financial sector, which will help them to step their foot on this sector.

Nafisa Jareen Senior Manager Human Resources



The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking and non-banking institutions. That's why we should always have a keen awareness of the need to identify, measure, monitor and control credit risk as well as to determine that they hold adequate capital against these risks and that they are adequately compensated for risks incurred.

Grow with Credit Risk Management

We Meridian Finance always endeavor to support industrial and economic growth, offers a wide range of financial products to individuals, small & medium enterprises and large corporates. We believe in fulfilling responsibilities towards our stakeholders through responsible and sustainable financing practice. Through our CRM team, we try to add value to our stakeholders by implementing integrated risk management infrastructure which ensures proper risk identification & assessment, and sound risk monitoring and control.

Initiative to Grow

Meridian Finance's opts for healthy and performing portfolio which will grow organically. In our journey to growth, we faced lot of challenges in 2017. Among them, Regulatory implementation of new guidelines by BB, unhealthy competition in the industry regarding interest rate and deposit hunt, high NPL in SME sector, fund diversion & increasing liabilities of customers are worth mentionable. To overcome these new challenges along with our existing framework, we made changes to attain a good portfolio. These changes include building strong Contact Point Verification, developing, reviewing & implementing different policies, guidelines & assessment tools, strengthening our monitoring and control mechanism and creating awareness to our internal resources of the market situation and feedback through trainings and case studies.

Growing Anticipation

We are in a crossroad for a destination, which can be achievable in a fast paced and competitive journey. Therefore, we need to be highly focused, process oriented, market driven and efficient. Ensuring adequate controls over credit risk, in CRM, we believe that there is no traffic on the extra mile and we want to grow with our customers while transcending our portfolio further.

Sabiha Jahan

Asstt. General Manager Credit Risk Management



In Bangladesh the non-bank financial institutions constitute a fast growing segment of the financial system. In this non-banking sector Meridian Finance is one of the emerging financial institution in the country.

How we operate to Grow

At Meridian Finance the administration & operation division is at the core of processing unit at every transaction. I have to say that we may not be dealing directly with the client but we are dealing with all their requirements. That means we play an important role in every successful outcome. Furthermore, we have an important link between the revenue producing divisions and our clients. Moreover, the operations division may not be being performed where the institution makes their profits, but it is certainly, where they can lose them. We link risk management and control processes to help protect the assets and reputation. Although we can't control the external environment, but at Meridian, we know we can control our internal processes and risk framework to proactively manage asset quality, where it reflects in our current portfolio. Our documentation specialists who work closely with the legal departments to help develop standardized documentation for each product.

Next Phase to Grow

In line of our vision "Most flexible & innovative financial service provider", our commitment to customer service excellence forms a solid foundation for the next phase of our transformation through our Core Financial Solutions.

Administration and operation department play as a core role in every non—banking financial institutions, whereas the NBFIs sector works as a catalyst to the economic growth of the country. We Meridian Finance has been contributing towards increasing both the quality and quantity of financial services and thus enhancing financial intermediation to meet the growing needs of investments in the country.

ABM Haideruzzaman

Asstt. General Manager Administration & Operation's



COMPLIANCE DEPARTMEN

Since the inception of Meridian Finance & Investment Limited, the management has focus on to comply with applicable laws & regulation as well as regulatory requirement. Meridian Finance as a financial institute, Bangladesh Bank is the main regulator.

Our Framework to Grow

Internal Control & Compliance Department (ICCD) of Meridian Finance has core responsibility is to comply with such laws and regulation and policy guidelines in forced by Bangladesh Bank. Initially ICCD of Meridian Finance has focused on to prepare applicable policy, manual & guidelines in line with Bangladesh Bank guidelines and match with industry best standard and approval taken from the competent authority accordingly. After that ICCD has taken responsibility is to comply and practice such policy, Manual & Guidelines by the respective department/ unit.

ICCD has another focus on to support Central Compliance Unit (CCU) of Meridian Finance as shadow member to show zero tolerance regarding AML & CFT so that no one can use Meridian Finance's platform for Money laundering and terrorist financing.

With the advice from the Management of Meridian Finance, ICCD has taken another challenge is to prepare Meridian Finance as being schedule PFI regarding entitlement for refinance benefit from Bangladesh Bank by prepare proper documentation and borrower selection.

Besides compliance, now ICCD has focus on another two main objective of Internal Control. These are to increase the effectiveness and efficiency of all the functions and trying to reduce the different types of risk from the business activities.

Policy to Grow

As a control & monitoring department, ICCD will have to focus on to modify and update the policy, Manual & guidelines and monitor accordingly so that all the department/unit follow such manual/policy/guidelines without failure.

We Meridian Finance always trying to protect the interest of the stakeholders and maximize the wealth of shareholder. Without sustainable development it will be very difficult to achieve such goal. ICCD always try to give their best effort to support Meridian Finance to sustainable development across the organization.

Manager

Internal Control & Control

Internal Control & Compliance



ION TECHNOLOGY DEPARTMEN

Information Technology architecture is an integrated framework for acquiring to achieve strategic goals. These technologies are used for the input, storage, processing, communication of information and of course interpretation of data. Information technology includes ancillary equipment, software, firmware and similar procedures, services etc. IT Team closely works with the business unites and other teams internal/external teams to ensure functional, secured as well as smooth operations for our users.

Our Achievements in 2017 to Grow

Core Financial System (CFS): Implementation of the robust & web-based application which will integrate overall activities of Operations, Collection & Monitoring, Treasury, Deposit, Marketing, Central Accounts and other departments with enhanced reporting capabilities, and the ability to create custom reports. Available on-line or in hard copy, these comprehensive reports help keep control of portfolios regardless of the growth rate.

Unified Threat Management (UTM): We have deployed the next generation firewall to protect our organization from outside and inside threat. This device will protect us against known and unknown threats, zero-day exploits, malware, and malicious websites using continuous threat intelligence, dynamic analysis for detection, and automated mitigation to keep network protected from advanced cyber attack.

MFIL Portal: We have developed and implemented the web-based portal, which are managing the published documents, booking of pool cars and verbal communication information in the organization. Detail of MFIL portal is given below:

- Vehicle Booking System
- IP Phone Extension Portal

Cheque Printing System: We have developed and implemented the Cheque Printing System, which will be used to print all kinds of cheques in our organization. Specially, Finance & Accounts and Operations department are using this module.

Attendance Management System: We have also developed the Attendance Management System that is an automated attendance management software, which records the attendance data of users from various devices and generates reports for further action. This system facilitates HR to monitor and manage the attendance policies centrally as well as from multiple locations.

Upcoming Technology thoughts to Grow

Disaster Recovery Site (DRS): We will have deployed our Disaster Recovery Site (DRS) within 3rd quarter of 2018.

Documents Management System (DMS): We will also have introduced Document Management System (DMS). This is the web-based application, which will be used to track, manage and store important documents.





Loan Origination System (LOS): We will also have introduced Loan Origination System (LOS). This will be a web-based application that will be use to maintain the lifecycle starting from receiving a loan application to disbursal of funds (or declining the application). This will help us to execute faster and efficient processing of loans.

Central System Management: A central system to deploy Operating System as well as centralized software distribution point that will help the organization to maintain a baseline and improve user experience. This will also help IT team to better and faster way to deploy updates and check for workstation's health.

MFIL Portal:

- Daily Flash News Portal
- Call Report Portal

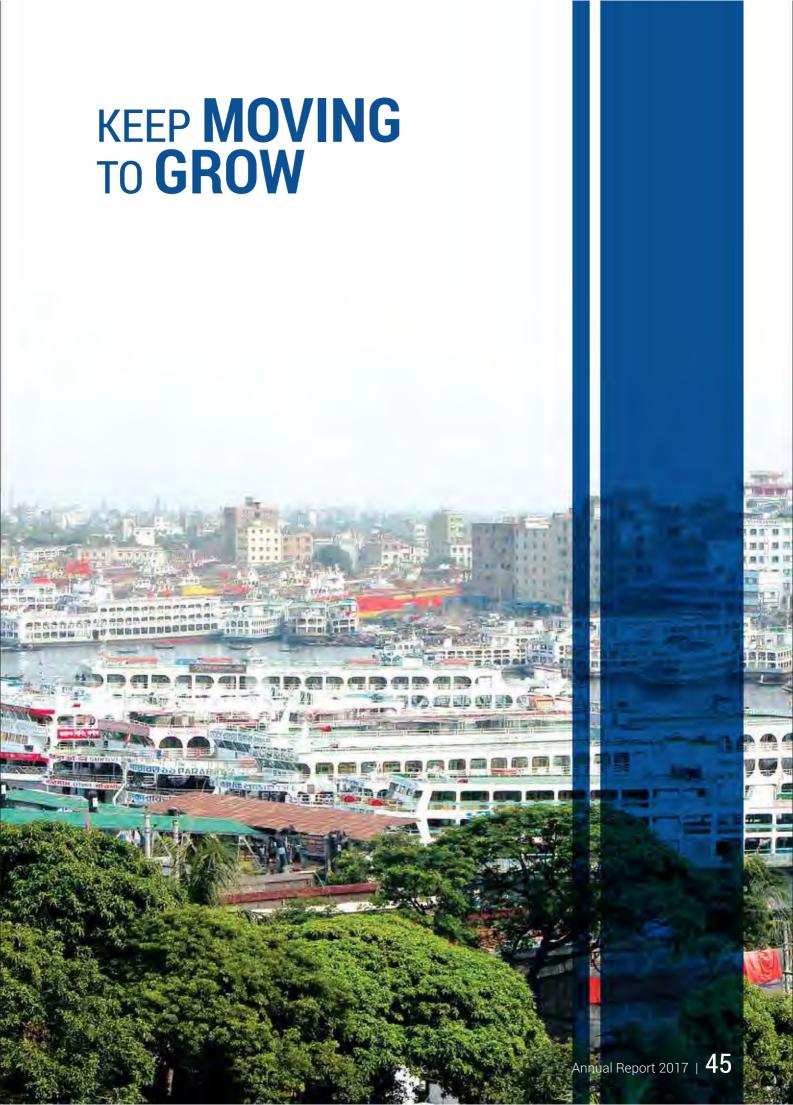
Apart from this, we use licensed software for the following purposes:

- O Intra-company email communication
- Office Suite
- Operation systems
- O System Security

Mohammad Asad Ullah

Manager

IT Department



PEOPLE **POWERED** INSTITUTION





























ABOUT MERIDIAN FINANCE

Meridian Finance & Investment Limited, a new generation Financial Institution, licensed by Bangladesh Bank, commenced its operation in December 2015. Within a short span of time Meridian Finance emerged as a multi-product financial service provider having equal focus in Corporate Financing, Retail Financing, SME Financing & Corporate Advisory Services. In quest of sustainable business, Meridian Finance has been positioning itself to provide enduring value to people, customer, stakeholders and communities.

The Paid-up capital of Meridian Finance is Tk. 1.2 billion with shareholding structure consisting of 79% institutional & 21% individual. The sponsors include renowned conglomerates. The board composed of successful people in their field of work & profession with high level of business acumen and leadership qualities. We have an experienced, dedicated, committed and professional management team driving to enhance stakeholders' value maintaining strong corporate governance, statutory compliance, high ethical standards, progressive working environment and strong commitment to social development.

Meridian Finance looks forward to play a pioneering role in introducing various financial services suiting the changing requirements of the customers, particularly which not in place in the financial market, keeping this in mind we envisage to go out of the box. We are expanding our horizon to place our services in the door steps of the customers to empower them to change their lives.





CODE OF CONDUCT

CODE OF CONDUCT

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

- Act with integrity, competence, dignity and in an ethical manner when dealing with customers, prospects, colleagues, agencies and the public.
- O Act and encourage others to behave in a professional and ethical manner that will reflect positively on the employees, their profession and on Meridian Finance at large.
- O Strive to maintain and improve the competence of all in the business.
- Use reasonable care and exercise independent professional judgement.
- O Not restrain others from performing their professional obligations.
- O Maintain knowledge of and comply with all applicable laws, rules and regulations.
- O Disclose all conflicts of interest.
- Deliver professional services in accordance with Meridian Finance Policies and relevant technical and professional Standards.
- O Respect the confidentiality and privacy of customers and people with whom we do businesses.
- O 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.



ETHICAL PRINCIPLES

Meridian Finance believes that business ethics practices provides a foundation for the stability and sustainable growth of the company, and supports the company's efforts in achieving its stipulated goals. The company therefore encourages all parties to conduct business and perform their duties in accordance with business ethics practices.

- O Conducting business in accordance with the laws and regulations set by the central bank and other regulatory authorities. The Company will not finance in any project, detrimental to the community or country.
- Complying with various standards which are generally acceptable for conducting the business and always refrain from doing aggressive business while extending credit facilities.
- In conducting business, the Company adheres to Bangladesh Bank's instructions while setting interest rates of deposits and loans. It also keeps interest spread (difference between interest rate charged on loans and interest rate paid on deposits) at or below 5% as advised by Bangladesh Bank.
- O The Company offers quality services to its customers with the principles of warm friendship and mutual support. The Company applies only those charges/fees that are disclosed by the schedule of charges of the Company.
- O The Company keeps and safeguards the information of its customers in confidential and not discloses such confidential information to others unless with the consent of the customers or as required by the law.
- To continue and increase CSR activities.



CORPORATE OBJECTIVES

- Focusing on building deep and long-standing relationships with our clients and constantly look to improve the quality of our products and services.
- Building a dynamic & versatile human capital.
- To be market leader in product innovation.
- To be one of the top three financial institutions in Bangladesh in terms of efficiency.
- Establish sustainable growth with a disciplined approach to the management of risks and costs.
- O Ascertain apposite capital and liquidity to sustain our business over the long term.
- O Build a strong diversified product portfolio with high focus on Small & Medium Enterprises.
- Increase contribution to the national exchequer through increasing profitability.
- O Ensure good governance and transparency.
- Focus on greater outreach in the major cities/township of the country.
- O Buttress large corporate house for building beneficiary relationship.
- O Keep enterprise risk under control.
- O Ascertain good asset quality and put much endeavor to sustain it and to keep the slate clean.
- Control costs and ensure efficient expenses management.
- Infusion of technology in daily activities for becoming efficient and competitive.
- O Create a unique brand and promote our services across the country.

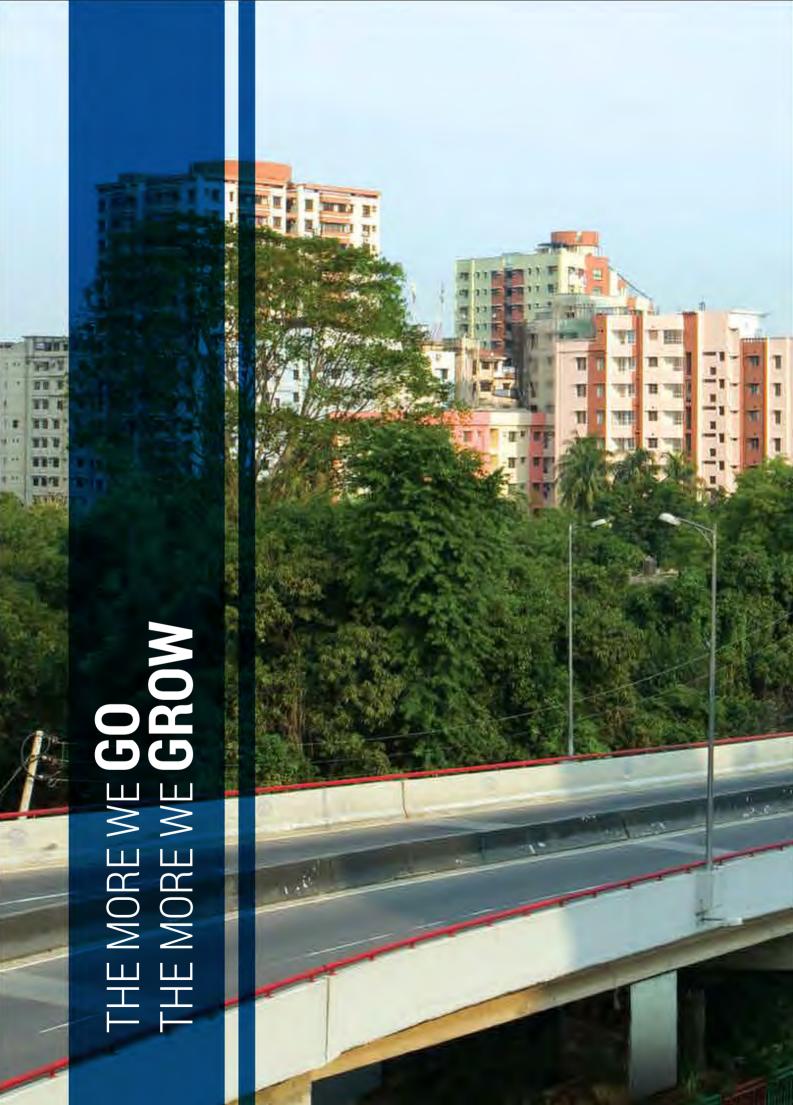


CORPORATE PHILOSOPHY

Constantly anticipate market needs and strive to offer innovative & flexible services that create new value for customers.

CORPORATE CULTURE

Organizational culture is considered as an essential component of business corporations as it has the ability to bind organizational members together. The culture and values of Meridian Finance have been proved as a source of competitive advantage for us. Acting as a key component to establish the relationship between Meridian Finance and its employees and, in turn, between our employees and our customers. Our culture and values also encourage customers and employees to join us and stay with us. Meridian Finance has also been able to improve organizational performance via improving the performance of individual contributors and also recognizes existing talents to fill up the higher vacancies within the organization or place them in the right position, wherein the best use of their abilities can be ensured. Our culture promotes sharing of common goal which ensures harmonious relationship in the working environment.



OUR KEY MILESTONES

2014

15/01/2014

Certificate of Incorporation from

2015

04/06/2015

Licensed as Financial Institution.

2015

19/10/2015

Bangladesh Bank Governor Dr. Atiur Rahman formally inaugurated the operation.

2015

02/12/2015

Signing of First Agreement.

2016

21/04/2016

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

2016

01/06/2016

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

2016

18/07/2016

MoU signing with Bangladesh Bank for refinancing Brick Kiln Efficiency Improvement project.

2016

27/07/2016

MoU signing with Election Commission of Bangladesh for verification of information and national identity.

2016

25/10/2016

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

2017

13/03/2017

Signed Syndication Finance Agreement with Piya Auto Bricks Limited

2017

14/03/2017

1st branch opening at Gazipur.

2017

15/07/2017

Second branch opening at Bogura.

2017

29/11/2017

Closing of Syndicate term loan of BDT 430 Million as a lead arranger for a green auto brick kiln manufacturing company.

2017

31/12/2017

Soft launching of Core Financial Services.



OUR EXTENSIVE RANGE OF **PRODUCTS AND SERVICES**



CORPORATE FINANCE

- Lease Finance
- O Sale & Lease Back
- Preferred Equity Finance
- Syndicated Finance
- O Loan for Commercial Space
- O Real Estate Finance
- Working Capital Finance
- Club Finance
- Bridge Finance



Channel Finance

- Factoring
- Distributor Financing
- Work Order Financing



Consumer Finance

- O Home Loan
- O Car Loan
- Loan against Deposit



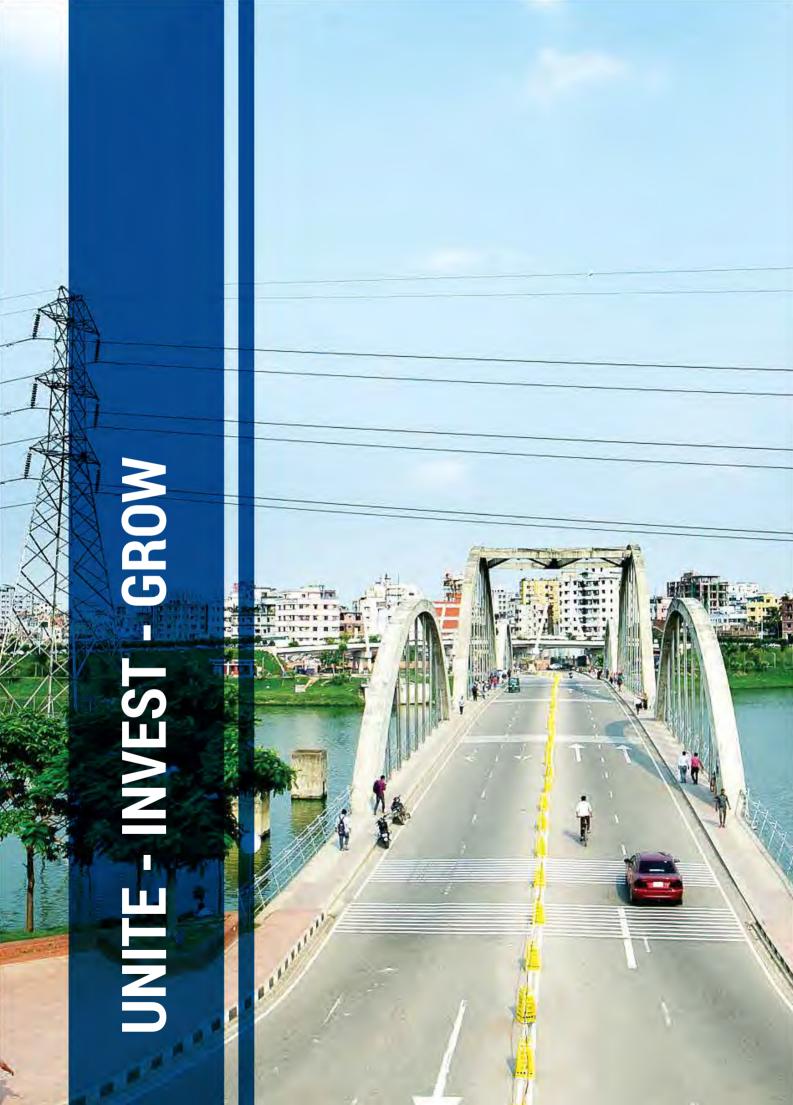
SME Finance

- O Suchana (Women Entrepreneur Loan)
- O Boshoti (Dormitory for RMG workers)
- Agrodut (Unsecured Loan)
- O Duranta (Commercial Vehicle)
- Arjon (Secured Loan)
- Durjoy (Secured Loan)



Investment

- O Term Deposits
- Millionaire Schemes
- O Regular Earner Schemes



SHARE HOLDERS AND SHAREHOLDING STRUCTURE

(as on December 31, 2017)

Shareholder	Nominated Directors	No. of Shares	Percentage
Corporate:			
AG Agro Industries Ltd.	Mr. Shah Md. Shafiqul Ahsan	10,000,000	8.33%
M Rahman Steel Mills Ltd.	Mr. Mizanur Rahman	5,000,000	4.17%
Siam's Superior Limited	Md. Abdul Quader	10,000,000	8.33%
Arunima Apparels Ltd.	Mr. Mahmud Hasan Khan	10,000,000	8.33%
Matrix Sweaters Ltd.	Mr. Animesh Chandra Mazumder	10,000,000	8.33%
Disari Industries (Pvt) Ltd.	Mr. Rezaul Hossain	10,000,000	8.33%
Saima Samira Textile Mills Ltd.	Mrs. Shamima Nargis	10,000,000	8.33%
Omega Sweaters Ltd.	Mr. Golam Mostofa	10,000,000	8.33%
Diganta Sweaters Ltd.	Mrs. Shahnaj Kamal	10,000,000	8.33%
Toma Construction & Co. Ltd.	Ms. Rashnat Tarin Rahman	10,000,000	8.33%
Individual:			
Ms. Naima Chowdhury		5,000,000	4.17%
Mr. Kazi M Aminul Islam		5,000,000	4.17%
Mrs. Ruba Ahmed		10,000,000	8.33%
Mr. Mizanur Rahman		5,000,000	4.17%
TOTAL		120,000,000	100.0%

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TOTAL		120,000,000	100.0%





STRENGTH

- Good Customer Service
- Innovative Products
- Efficient Administration
- Capital Adequacy
- O Transparent & Ethical
- Less Rigidity in Loan Processing
- Skilled & Dynamic Human Resources
- O Best Corporate Culture for Bringing Creativity
- O Invest Money in Human Capital
- Seasoned Management
- Highest Level of Integrity
- O Efficient Asset/Liability Management



WEAKNESS

- O Dependency on interest income as a major revenue source - a limitation of being an NBFI
- O Dependency on term lending in the absence of transactional accounts - a limitation being an NBFI



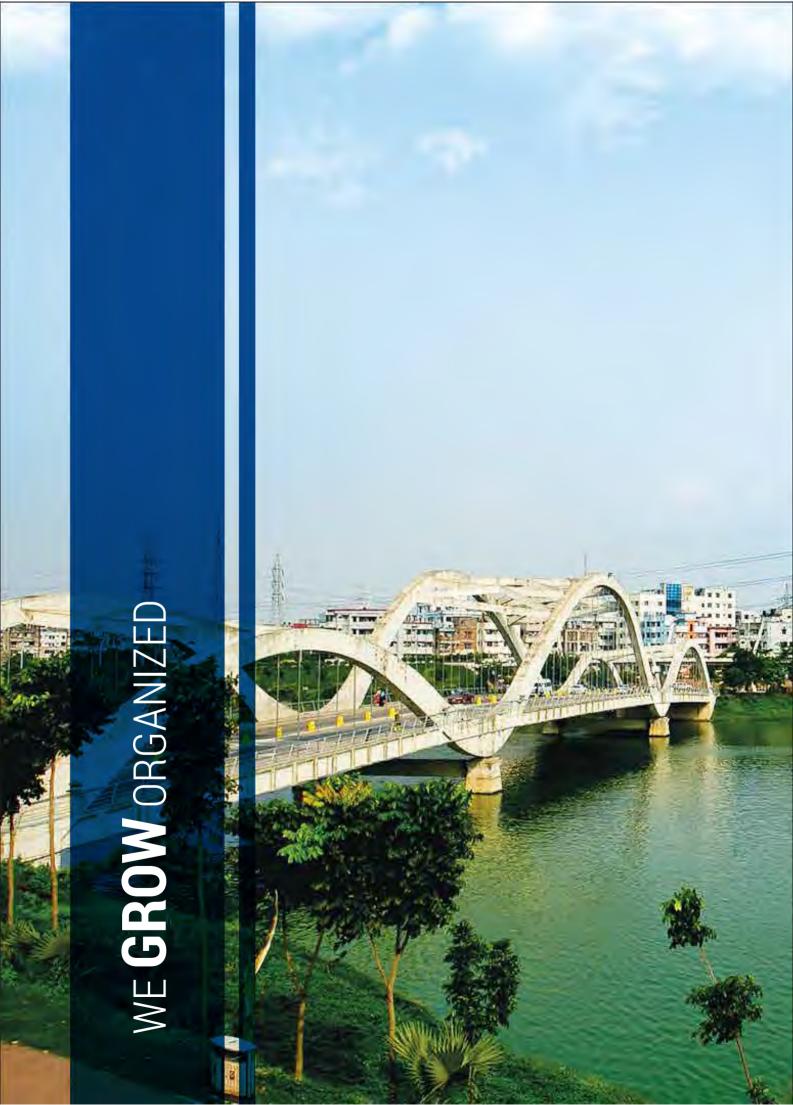
OPPORTUNITIES

- Greater Scope of Financial Inclusion
- Growing local entrepreneurs
- Developing Rural Market
- Use of Modern Technologies
- Consistent GDP Growth



THREATS

- O Intense competition in corporate lending driving commercial banks to focus more on SME and consumer financing
- New industry entrants providing stiff competition



CORPORATE ORGANOGRAM







PROJECTS FINANCED BY **MERIDIAN FINANCE & INVESTMENT LIMITED**





























PHARMACEUTICAL













SOME OF OUR EVENTS AT A GLANCE



BFIU & Meridian Finance conducted daylong training program on Anti-Money Laundering and Terrorist Financing at on 4th November 2017.



Inauguration of 2nd branch in Bogura on July 15, 2017. Honorable Board of Directors, Managing Director & CEO and Business leaders formally inaugurated the branch.



Meridian Finance comes forward with warm blankets to the people of Prem Jamunar Ghat, Sariakandi Upozilla, Bogura.



Meridian Finance handed over blankets and sweaters to the Bangladesh Army Officials (39 ST Battalion) of Ukhiya Upozilla, Cox's Bazar district as per Government arrangement to distribute relief among the Rohinga refugees.



Financial closing of the first syndicated finance deal where Meridian Finance was the mandated lead arranger and BIFFL, IDCOL & UNION CAPITAL participated as partners to build up a tunnel kiln green auto brick project in Mirarsarai Chattogram.



We have organized Town Hall Conference 2017 successfully on November 04, 2017 in Pacific Lake View Hotel & Resort, Gulshan-1, Dhaka.





Baby Gift: As a gesture of friendly corporate environment, the gift hamper was provided from HR department to the proud father of new born baby



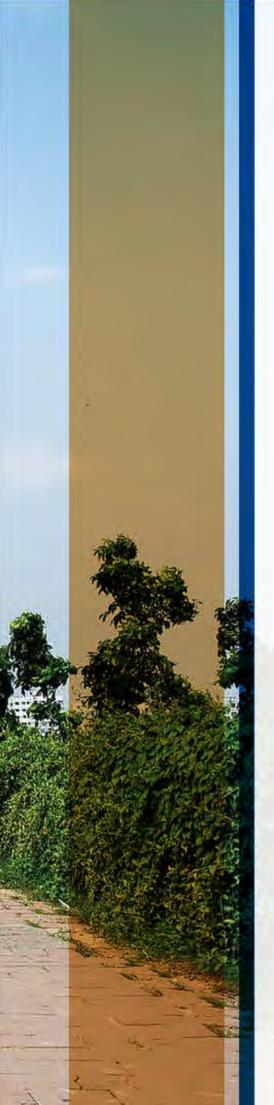
Cricket Match: Employees are enjoying a inter department Cricket Match.



Spot Award: For the outstanding performance employees are receiving SPOT AWARD.







SHAPING STORIES

Everyone has story he or she envisioned, nurtured inside. In the social-economic reality that exist in our country, a very few people dare to take the step towards attaining them, others are afraid to take risks. The company's challenge and promise is to help you shape the stories you cherish, help you get rid of the life you are forced to live in.

The company is here to know your dreams, support you to find your destination, assist you to find the courage to chase those dreams, propel your journey and help you achieve success. Very simply, every human life is precious, so are her/his dreams. Meridian Finance wants you to chase your dream, because, if you do, you will have a story worth telling. Thus, the company is here to shape your stories towards the right course, to shape the stories into reality.

With you, we wish to climb the top, and that journey is the story worth telling. We don't tell your story, we offer you the help so that you can take the decision of your life. We are here to support them find their stories achievable, flourish their potential and finally, change the investment and business scenario for better

The strategic objective of Meridian Finance is to become one of the best performing financial institutions in the country. Believing in ourselves and our mission to promote, support and serve, we seek for your company, as we shall accompany you towards our mutual quest for shaping stories, stories of success. We hope one day we can say, "here we started, thus far we have come, this much we have accomplished, these many stories of success we shaped and still we have long way to go".

Therefore, the philosophical and pragmatic reason and objective of Meridian Finance is no other than: "Shaping Stories".

SHAPING STORY OF MST. NAZMA KHATUN



Meridian Finance strives for "Shaping Stories" of it's clients through various financial services. The endeavors is tailored with the people who believes in creating their own story. Thus helping them in fulfilling their dreams. This time Meridian Finance comes up with the story of Mst. Nazma Khatun who believes in her capabilities and hard work than relying merely on luck. Mst. Nazma Khatun, is the Proprietor of "Kushum Kali Shoes Factory" and "Vinca Shoe Emporium".

Nazma Khatun is a dreamer from a remote village of Rajshahi district. She was married off when she was at her seven grade but her marriage could not stop from dreaming and she passed SSC examination with her two and half year old baby in her lap. She started her career in 2002 at Macca Medical Center as a medical assistant. Besides her job she received training on poultry and dairy from the Youth Development Academy. In 2005, she left her job and started a shoe manufacturing factory with the help of her husband, Md. Mizanur Rahman. At the same time she took a 15 days management training at the state run Bangladesh Small and Cottage Industries Corporation (BSCIC).

In 2010, Nazma established "Kushum Kali Shoe Factory" with the capital of Tk. 20,000/- from her savings, which was her new beginning of creating her own story. With the help of her husband, she made it possible to draw attention of big retailers of Bangladesh through her solid commitment. Kushum Kali Shoe Factory becomes an enlisted supplier of Bata Shoe Company Ltd. since May 16, 2012. Gradually, the proprietorship concern becomes entrusted and enlisted supplier of Bay Emporium, Zeils and Jennys Shoes ltd.

Besides manufacturing, Mst. Nazma Khatun has opened a sales outlet named "KushumKoli" to exhibit & sales her manufactured items located in Badda. Later on, she expanded her business to abroad by opening another outlet in Malaysia under the brand "Vinca Shoe Emporium"; which is in fact her second enterprise under the same business enlisted as 100% export oriented concern in Malaysia.

Nazma Khatun, now, resides in her own apartment. She also have purchased a land measuring 10 decimal and develop her factory. About 130 workers are working at her factory with a production capacity of manufacturing 2,500 pair of shoes per day. She wishes it to be marked as a compliant factory.

Meridian Finance wishes to be as development partner of her journey and is committed in **shaping story of Mst. Nazma Khatun.**

% HALIMA A



Owning a dream home is not a luxury anymore considering ever changing lifestyle of people around us. We are putting our effort for Shaping Stories to materialize dreams of many around us. Meridian Finance has the vision to become the part of creating unbound joy to facilitate young couple like Mr. Asif Mohammad Amin Ullah & Mrs. Halima Akter to buy their apartment with Home Loan product.

Being professional Interior Architects, they are in the business of creating joys for others with their mind blowing creative interior décor ideas. Thus they passionately looked to buy an apartment where they are going to build their dream home. But due to their limitation in arranging full amount from own source they looked for best financial support from best in the business of financial services. Then they looked for our guidance in this regard.

Our experienced retail team understood their requirements and limitations and tried to provide best solutions by fastest processing time with easy documentation. With the customized product proposition and tailor made solution has enabled us to guide them to their destination as many others in the past. We have been able to provide the best solution that fits best to their financial service requirement to buy their dream apartment.

We are committed to become the most innovative & flexible financial service provider in the country. We bear the unbound joys in our heart by fulfilling dream of our valued customers not only with our financial services but keeping a long time relationship as financial consultants in the many years to come.

With our Home Loan product, we always strives for excellence with our commitment, passion, faster processing which eventually makes our valued clients smile.



Meridian Finance, since inception, is committed to promote green projects and convert production and business practices of existing projects to sustainable practices. As a continuation of that initiative, this year, Meridian Finance has taken the lead and arranged syndication finance for "Piya Auto Brick Limited" and took participation in the finance as well.

Brick manufacturing is one of the most hazardous industry in Bangladesh due to its environmentally damaging practices. The traditional fixed chimney kilns (FCKs) emit large quantities of carbon dioxide and other environmental pollutants into the atmosphere each year, causing a harmful impact on health, agricultural yields and climate.

The more energy efficient tunnel kilns will provide far greater positive externalities to the environment and society in terms of (i) the profit from rice cultivation by returning FCK sites to agricultural use, (iii) the coal savings from more energy efficient kilns (to make the same number of bricks), (iv) the clay savings from expected future development of perforated and hollow bricks, (v) the health benefits from reduced carbon dioxide emissions (around 51%) and fine particulate pollution, and (vi) the improved revenues from the production of higher quality bricks.

Based on these considerations, Mr. Delowar Hossain Khan, main sponsor of Piya Auto Brick Limited took up the project even though the project needed higher investment. Mr. Delowar is an established businessman and wanted to do something which will be economically viable and also give something back to the society he belongs. He already had a traditional brick kiln and the new technology in brick manufacturing gave him an idea to fulfil his purpose.

When approached by Mr. Delowar Hossain Khan, Meridian Finance found the common goal of sustainable finance and agreed to take the lead to arrange a syndication finance, as a continuation of its green financing initiative.

"Piya Auto Bricks Limited" is going to be a model project for Bangladesh as it has some unique features which will enhance the productivity and efficiency of the project. This project will use coal based tunnel kiln technology and single layer drying system which is suitable for high moisture content materials along with robotic hands to stack green bricks on the single pallet. In this project, 70% of the coal will be mixed with raw material to attain the desirable quality of finished products (more durable bricks). Also, having an economic zone developed in the vicinity of the project site will create sustainable demand for quality bricks.



Meridian Finance will continue to lay the foundation for a new generation of inclusive economic growth, expand economic opportunity for middle -class families, and ensure that innovative business have the support they need to thrive and grow in the years to come.

"Janani Printers" is one such, for which Meridian Finance opened the doors to fulfill the longing of the entrepreneur by providing necessary support. From the beginning of the career of the owner of "Janani Printers", there was a desire to be an entrepreneur. Though, his early career started with a private job. After some time, in 2013, he started a small business with two of his other friends. At one stage, Meridian Finance finds them. And they found a way to fulfill the wishes of their first life.

Meridian Finance provide them SME Loan auction for doing business, buying sophisticated printing machine and expanding the range of their business. Meridian opened the doors for them to fulfill the longing of the entrepreneur. We've seen over time, the business of "Janani Printers" is running very well.

Now a days, they believes, the printing industry market in Bangladesh is very good. This industry has been able to play a significant role in the development of Bangladesh. Also they believes, if we can maintain the quality of the product, we will be able to contribute to Bangladesh's economy by regularly exporting our products to the foreign country; including India, England.

The quality of the product that "Janani Printers" produce is excellent. Customer satisfaction is the main goal of their business. And this is why, they always provide the best quality product service. So the customers are very happy to use their product.

"Janani Printers" wanted to expand their business. As well as, want to contribute to the development of the country. This is how, Meridian Finance shaping the story of "Janani Printers", by shaping the path to grow.





BUSINESS STRATEGY FOR 2018

We. Meridian Finance, want to march ahead of time. What would be that next prominent strategy for the penetration in the financial landscape of Bangladesh, is well deemed and happening NOW in our territory.

In 2018, we would put high emphasize on the Retail and SME Financial Services to achieve a fragmented portfolio to diversify risk and high yield. Through establishing credit delivery channels, staffing required skill sets, making improved process flow, centralized credit decisions, we will expand our business at high pace.

With the objective of optimizing the Company's funding mix, we would look forward to more diversified sources of fund. ALCO will be more vibrant in 2018 to tap market level opportunities.

We would be upgrading our interface and functionality by using latest technology, systems and tools. This will increase operational efficiency, reduce lead time, faster customer service, enable guick information dissemination to loan and liability clients, save cost.

We believe product diversification is the key to achieve customer satisfaction by meeting the tailor made needs of customers. Innovation would be continuing in the foreseeable future. In 2018, we would try some new products to be launched.

In 2018, more branches will be opened and operational. The Branch will be central hub for adjacent districts. Branch will be the main focal point and one stop service delivery center for business acquisitions, retention and development and for providing customer care and maintaining relationship with all parties.

Cost control will be one of the top strategy for 2018. We would take initiatives to reduce costs to income as minimum as possible. We would achieve this by increasing productivity of employees and reducing discretionary costs.

Continuous monitoring will be done to keep the high rate of recovery. Initiatives will be taken to increase the efficiency level of Recovery & Monitoring team to keep NPL below 1%.

While we engage in doing things we will be maintaining strict compliance and good governance in norms and regulations to ensure long term sustainability of the company. Putting priority in ecological balance of the environment, we plan to grow together with our stakeholders.

We aim to attract and Retain best human resources in all areas by providing industry best compensation package along with other benefits and by creating and nurturing a healthy environment with good corporate culture.





Corporate Governance: The Nucleus of the Company

The Corporate Governance set with the line of Bangladesh Securities Exchange Commission Corporate Governance Guidelines as well as Bangladesh Bank Circular No: DFIM Circular No 07 dated September 25, 2007. It indicates the policies and procedures applied by us to attain certain sets of our objectives, corporate missions and visions with regard to shareholders, employees, customers, suppliers and different regulatory agencies and the community at large.

Role of Corporate Governance:

The role of governance is to maximize shareholders' wealth. Corporate Governance depends on managerial performance as well as a consideration of social responsibility, the socio-cultural environmental dimension of business procedure, legal and ethical practices with a focus on customers and other stakeholders of our organization. We are committed to excellence incorporate governance, transparency and accountability. This is essential for the long term performance and sustainability of our Company, and to protect and enhance the interests of our shareholders and other stakeholders.

Our governance framework plays an integral role in supporting our business and helping us to deliver on our strategy. It provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are managed. It includes a clear framework for decision making and accountability across our business and provides guidance on the standards of behavior we expect from our people. We regularly review our governance arrangements as well as developments in market practice, expectations and regulation to establish good corporate governance in our organization. We have modernized our governance system and implemented the rules as several prudential regulations specifying qualification of a Director and a Chief Executive Officer and most importantly Bangladesh Bank has issued a circular DFIM Circular No. 07 on September 25, 2007 in connection with responsibilities and formation of the Boards of Directors to comply with the existing rules and regulations in line with the Financial Institute Act 1993. We consider good corporate governance.







Naima Chowdhury Chairman

Naima Chowdhury is an Individual Director in the Board of Meridian Finance and Investment Limited. She is a computer software professional, successful woman entrepreneur, independent event manager, and philanthropist.

She worked for Tokyo Tech IT, Canberra as Director. She was actively involved with New Enterprise Intensive Scheme, ACT Canberra and worked as Trainer.

Ms. Naima did her Bachelor (Honors) and Masters from University of Dhaka. Also did her graduate diploma in IT from University of Technology, Sydney and Masters in Information Technology from University of Canberra.



Ruba Ahmed Shareholder Director

Ruba Ahmed is an Individual Director in the Board of Meridian Finance and Investment Limited. She did her Bachelor (Honors) and Master's in Management from University of Dhaka. Ms. Ruba is a successful 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 Athena Gallery of Fine Arts.



Shah Md. Shafiqul Ahsan is the nominated Director of AG Agro Industries Ltd. Mr. Ahsan completed his MBA with Major in HRM. AG Agro Industries Ltd. established in 2010, a sister concern of Ahsan Group, is one of the leading conglomerates in Bangladesh. Since 1986 the group is operating its business in diversified sectors including Readymade Garments (RMG), Trading, Manufacturing, Export & Import, Engineering & Construction, Agro Business, Project Management, Investment, Housing and Real-Estate sector.



Md. Mizanur Rahman Nominated Director

Md. Mizanur Rahman is the nominated Director of M. Rahman Steel Mills Ltd. in the Board of Meridian Finance and Investment Limited. He is also the Director of Ratanpur Steel Re-Rolling Mills Limited. Mr. Md. Mizanur Rahman, a graduate having business experience and knowledge on cutting edge technology in the steel industry, is looking after the present business operation of Ratanpur Group.



Md. Abdul Quader is the nominated Director of Siams Superior Limited in the Board of Meridian Finance & Investment Limited. Siam's Superior is the sister concern of Habib Group, one of the top conglomerate, with strong foothold in diversified businesses in cement, steel, textiles, fertilizers, paper, yarn, apparel, aviation, power generation and Financial Services.



Mahmud Hasan Khan Nominated Director

Mahmud Hasan Khan is the Managing Director of Rising Group and nominated Director of Arunima Apparels Ltd. in the Board of Meridian Finance and Investment Ltd. Mr. Khan has 20 years of vast experience in RMG & Textile industry. He did his M.S.S. and B.S.S. from University of Dhaka. He is the Vice president of BGMEA, also was the Director of BGMEA (Year 2013 - 2015) and former Vice President of BGMEA (Year 2007 - 2009). He received National Export Trophy Bronze for Rising Apparels Ltd. on 2003-2004.



Animesh Chandra Mazumder is the nominated Director of Matrix Sweaters Limited in the Board of Meridian Finance & Investment Limited. Mr. Mazumder, an M.Com. in Accounting, is a Global Organic Textile Standard (GOTS) Certified from Germany and also Certified from WOOLMARK. Matrix Sweaters Limited (MSL) is one of the biggest 100% export oriented sweater manufacturing company, operating under the flagship of Labib Group.



Shahnaj KamalNominated Director

Shahnaj Kamal is the nominated Director of Diganta Sweaters Ltd. in the Board of Meridian Finance and Investment Ltd. She is the Director of Cosmos Sweaters Ltd., Sweaters Zone Ltd., and Diganta Packaging & Accessories Ltd. She is a graduate with vast experience in RMG sector.



Md. Rezaul Hossain Nominated Director

Md. Rezaul Hossain is the nominated Director of Disari Industries (Pvt.) Ltd in the Board of Meridian Finance & Investment Limited. Disari Industries (Pvt.) Ltd., established on 1998, is a concern of Gold Star Group. This renowned Group 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. After completing his graduation, Mr. Md. Rezaul Hossain started his career as the Managing Director of Goldstar Fashions Ltd. in 1992.



Rashnat Tarin Rahman Nominated Director

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 flagship 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. She obtained her Master's in Medical Science (MBBS) from Noakhali Medical College.



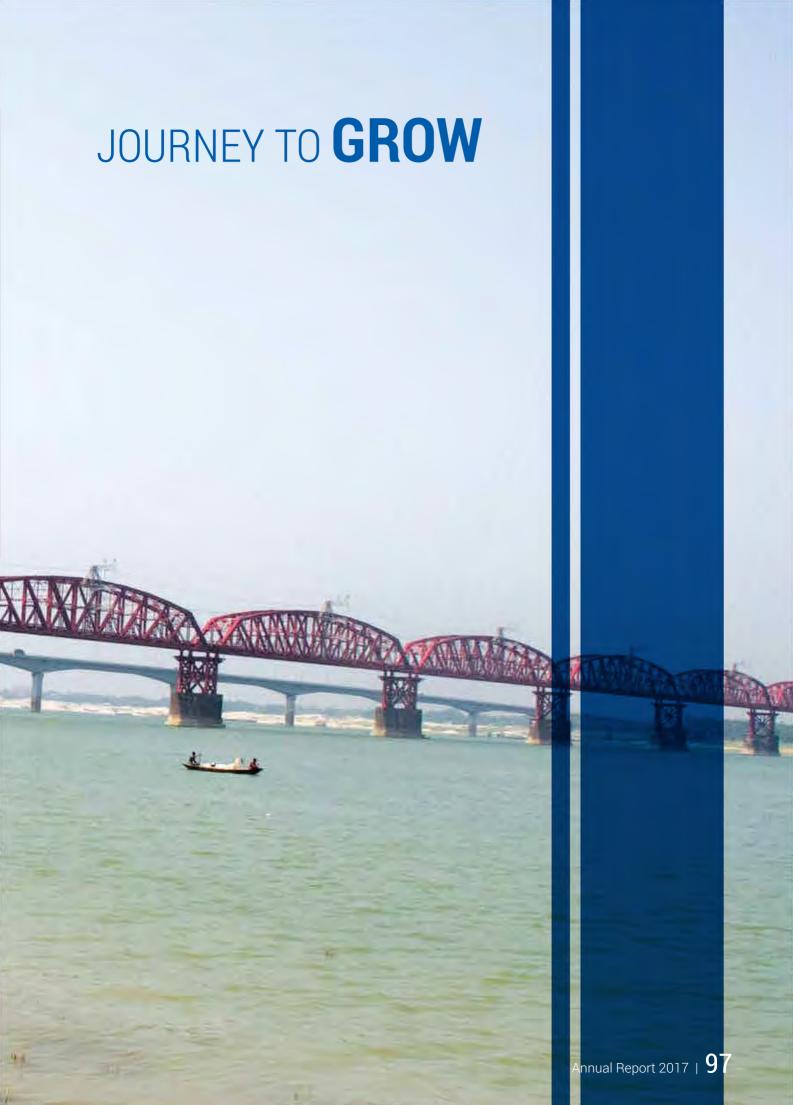
Shamima Nargis

Shamima Nargis is the nominated Director of Saima Samira Textile Mills Ltd. in the Board of Meridian Finance & Investment Ltd. Saima Samira Textile Mills Ltd. is one of the concern of Saad Musa Group. This renowned group is one of the leading manufacturers of Fabrics, Home Textile, Woven and Knit products in Bangladesh. It is a vertically integrated group starting from Spinning, Weaving, Dyeing, Printing to Finishing. Established in 1982, Saad Musa Group is now a composite solution for raw cotton processing to final end products.



Golam Mostofa Nominated Director

Golam Mostofa is the Managing Director of Omega Sweaters Ltd. and nominated Director of Omega Sweaters Ltd in the Board of Meridian Finance & Investment Limited. Omega Sweaters Ltd. a member of BGMEA, was established in 2000 as a 100% export oriented sweater manufacturer. Mr. Mostofa started Garments Trading Business since 1991. Later on he started Garments Manufacturing Business from 2002. He completed his Master's of Social Science (Sociology) from University of Dhaka.



DIRECTORS' REPORT TO THE SHAREHOLDERS OF MERIDIAN FINANCE

Dear Shareholders,

The Board of Directors of Meridian Finance & Investment Limited cordially welcome you in the 4th Annual General Meeting of the Company.

On behalf of the Board of Meridian Finance, I have the pleasure in presenting the Director's Report on the operational and financial activities of your Company, audited financial statements for the year ended 31st December 2017; the auditor's report together with company's performance which includes reports on business strategy review, risk management, corporate governance, financial and operational highlights for your consideration, approval and adoption. This report has been prepared in accordance with Section 184 of the Companies Act 1994, Financial Institutions Act 1993 and the guidelines issued by Bangladesh bank and other relevant regulatory authorities. The Financial Statements were reviewed and approved by the Board of Directors on 22 March 2018.

Economic Outlook

2017 has been a tumultuous year marked by natural disasters, geopolitical tensions, and deep political divisions in many countries. Nevertheless, on the economic front 2017 ended on a high note, with GDP continuing to accelerate over much of the world in the broadest cyclical upswing since the start of the decade. In 2017 the growth was 3.7% which was stuck at around 3.2% to 3.4% growth cycle for quite a long period. The forecast says the growth will be 3.8% to 3.9% in the year 2018. Emerging markets & developing economies are expected to grow at 4.6%, while advanced economies are expected to grow at 2.2%. Financial conditions remain buoyant across the world, and financial markets seem to be expecting little turbulence going forward, even as the Federal Reserve continues its monetary normalization process and the European Central Bank inches up to its own.

The Bangladesh economy has been able to maintain sustained economic growth. The economy grew at a rate of 7.28% in FY2016-17, satisfactorily up from 7.11 percent growth in FY2015-16. The per capita national income reached US\$1,610 in FY2016-17, up by US\$145 a year earlier. Continuing the declining trend since FY2013-14 year-on-year inflation in FY2016-17 slid down to 5.44 percent from 5.92 percent in FY2015-16. However, at the end of December 2017, inflation has increased to 5.7% due to price hike in food due to sudden and lengthy flood. The political situation also remains stable, with the internal security situation greatly improving after the 2016 Dhaka



terrorist attack as a result of sustained police operations dismantling terrorist cells throughout the country. The government has set a GDP growth target of 7.40% for the 2018 fiscal year, which is achievable given the stable political climate, investments in power and transport infrastructure and the high private sector credit growth rates. Given current trends, GDP growth is likely to cross 8% in a few years.

The money market was so liquid throughout the year. At the end of December 2017, surplus liquidity was BDT 86,697 crore out of which private bank got surplus liquidity of BDT 18,358 crore.

Interest rate on deposits in Banks has been reduced by 31 basis point from 5.22% to 4.91% and interest rate on lending has been decreased by 58 basis points from 9.93% to 9.35% (spread stands at 4.44% decreased from 4.71% by 1 year). However, NBFI sector was much affected than banking sector for reducing spread: spread for NBFI sector has been decreased by 92 basis points from 3.85% to 2.93%.

Although the banking system had surplus liquidity throughout the year, liquidity mismatch in private banks and NBFIs were observed in the month of December 2017 which may be continued or tighten further in the year 2018. The reason for such liquidity mismatch in private banking sector is due to high credit growth (18.1 percent at the end of December, up from the central bank's target of 16.2 percent for the July-December period). 2018 will be a challenging year for the Economy had this liquidity situation continues and/or the political stability hampered in light of upcoming election in 2018.

Meridian Finance's Performance Snapshot

The year 2017 was an excellent year for Meridian Finance to create its strong foothold in the NBFI fraternity with remarkable growth on its core business operations while setting its backbone and team structure to cater the service needs of its different client base. In the backdrop of low credit appetite, mounting pressure on constant deposit & decreasing lending rate, Meridian Finance demonstrated high resilience in achieving its key performance indicators. The loan portfolio stood as high as BDT 4.59 billion with Zero percentage classified loan ratio. On the other hand, Meridian Finance managed to build a strong deposit portfolio consists of both institutional and individual clients of BDT 3.15 billion. While NBFI industry experienced average spread of 3.36% throughout the year 2017, Meridian Finance was able to maintain average spread of 3.88%.

Your Company earned after tax net profit of BDT 110.59 million in 2017, meeting or exceeding all financial and operational objectives. Return on Equity stands at 8.53% at the end of December 31, 2017 jumped from 4.09% in 2016. The performance outlines our strength and capabilities to deliver a sustainable growth ensuring growing returns to our shareholders and stakeholders.



Business & Operational Activities

Meridian Finance has emerged as a multi-product financial service provider having major focus in SME Financing, Corporate Financing, Consumer Financing, Factoring & Work Order Financing, Corporate Advisory Services and Deposit products. It provides a high standard of professional and personalized services to its diverse set of client maintaining strict compliance and highest ethical standards. The Company's strategy is to build up a well-diversified credit portfolio across different sectors to manage risk prudently. As of 2017, the credit portfolio represents of 52% Term Loan, 3% Lease Finance, 31% SME Finance and 14% Consumer Finance respectively. New disbursement for the year 2017 was about BDT 3.27 billion (BDT 3.26 billion in 2016).

Performance Highlights

Meridian Finance focused on quality growth which has a profound impact on the lives of its clients. Thereby we consider us more than a financial institution that is keeping its strong blueprints in building the nation and taking part in the financial activities for the development. Our objective is to help our clients to shape their success stories as a trusted partner. As our clients focus on realizing their aspirations, we become an integral part in Shaping Stories of their achievement and success. During the year 2017, the Company focused on to create meaningful new relationships with its different segment of clients and successfully pulled clients to its portfolio and positioned itself in the NBFI fraternity.

Stiff competition among Banks and FIs were seen during the year especially due to high liquidity and offshore bank borrowings of large corporate bodies. Meridian Finance made best effort to capture reasonable pie of business especially from the emerging corporate clients. The result of our strategy was that despite of challenges our corporate loan book increased the most among all other divisions at about 52% to BDT 2.52 billion. NBFI Sector has very limited scope of fee based business. We have established our Structure Finance Division with reasonable expertise to go for arranging syndicated funding for corporate houses & was able to receive positive response from clients. Our structured finance wing, which is a part of the corporate division, successfully struck a syndication finance deal to raise BDT 1 billion as the lead arranger to establish a state of the art aluminum and cable manufacturing factory in Gazipur. In another syndication deal, our structure finance team on boarded and closed the mandate to raise BDT 430 million to establish a Green Tunnel Kiln Auto Brick manufacturing factory in Mirrersorai Chattogram.



Meridian Finance created a growth conducive operating environment to increase business volume by deepening focus on SME market which is considered as the key segment. The main thrust was placed to expand the market bandwidth and to broaden the sector mix. To expand the market bandwidth with in SME segment, the company looked at new products that are geared to support new startups. A range of value enhancement were introduced to broaden the sector mix with in SME segment aimed at mid-level SMEs who wish to take their business in next level. A series of market penetration strategies were initiated to put the services near to the customers. These efforts were successful & paved the way to increase our exposure to various sub-segments. Outstanding SME loan portfolio reached to BDT 1.43 billion at the end of the year 2017 grew by 64% from 0.88 billion in 2016, which is 32% of the loan portfolio covering different cluster of industries.

Consumer Loan business like home loans & car loans is fiercely competitive. To ride in the race we focused to provide value to clients through better service, standard documentation and quick approval & disbursement followed by advisory assistance. Consumer Loan appears to be very competitive as far as the rate is concern. Despite many challenges, we have recorded our consumer loan portfolio especially with Home & Car loan at BDT 577 million from 254 in 2016 (a growth of 127%).

Funding

Credit Lines from Commercial Bank are conventional source of funding for the newly established NBFI but we have initiated a number of steps during the year to create visibility & promote Meridian Finance as a licensed deposit taking NBFI. Our treasury team demonstrated outstanding performance in managing liquidity and keeping the cost of fund low. Continued emphasis was placed to onboard available all the refinancing schemes offered by Bangladesh Bank, call money borrowing & lending and to get cheaper sources of deposits from Individual and Institutions. The company was successful in attaining the desired objective, denoted by 86% of the borrowing mix was booked though deposit (BDT 3.15 billion). Meanwhile, the company also used Call Money Market, Overdraft Facilities, and Short Term Facilities from Bank & NBFI & limited term loan from commercial bank for further support of its funding requirement. Consequently, the Company could maintain its average cost of fund to the level of 8.04% during the year (8.25%) in 2016).



Asset Quality

Although the lending portfolio grew at a faster rate during the year, asset quality was successfully maintained, as the overdue virtually remained very marginal during the year. Vigorous follow up and monitoring of client's loan account performance paid off in managing Zero NPL during the year 2017.

Key Financial Performance

Meridian Finance's Net Interest Income and Operating Income witnessed a significant growth during the year and reached to BDT 249 million and BDT 310 million respectively from 169 million and 184 million respectively in 2016 resulting a growth in topline of 47% & 69% respectively. Investment income during the year was BDT 49.3 million whereas Fee Income was BDT 12.15 million which also observed hefty amount of growth.

To increase our reach out to clients, we have opened two branch offices. The first one is at Gazipur and another one is the Bogura. Cost to income ratio of the Company during the year was 39.5% reduced from 42.9% in 2016. In the coming years, the cost to income ratio will be declined gradually in line with the increase quantum of business. Profit before provision of the Company was BDT 188 million grew by 78%. There were no specific provision during the year other than the general provision of BDT 17.9 million. Meridian Finance witnessed profit before tax and reserve of BDT 170 million and Net Profit of BDT 110.6 million respectively for the year ended 2017 resulting a tremendous growth of 118% in bottom-line. The EPS stood at BDT 0.92 from 0.42 in 2016. Overall performance of the Company during the year 2017 was satisfactory and showed good prospects ahead to achieve better results.

Human Resources Management

We have been quite successful in attracting talents during the year and made a blended mix of quality human capital with dynamism, agility and experience. Our talents has built up the foundations and confidence for organic growth as we continue to proceed ahead to embark upon new challenges. MFIL strongly believes that its human resources are its most precious assets and recognizes them as building blocks for the Company to perform sustainably. MFIL continues to develop and implement proper human resource policies to motivate its employees and ensures their optimum contribution towards the achievement of common goals. As our resources represent a significant competitive edge, the Company continues its policy of recruiting the best professionals and implementing diverse training and motivational programs to develop and retain high-quality, performance-oriented personnel. Our strategy is to reward the best and be fair to the rest.



Meridian Finance's Contribution to the Society

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

Risk Management & Control Environment

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

- O A culture of risks integrated throughout the organization. It embraces a series of attitudes, values, skills and ways of acting toward risks that are integrated into all processes, including taking decisions on change management and strategic and business planning.
- Independence of the risk function, covering all risks and providing an adequate separation between the risk generating units and those responsible for its control and supervision, and having the sufficient authority and direct access to the management and governance bodies which are responsible for setting and supervising the risk strategy and policies.
- O Comprehensive approach to all risks as the objective for adequate management and control of them, including risks directly as well as indirectly originated but which can affect it. It is vital to have the capacity to draw up an all comprehensive view of the risks assumed, understand the relations between them and facilitate their overall assessment, without detriment to the differences of nature, degree of evolution and real possibilities of management and control of each type of risk, adapting the organization, processes, reports and tools to the features of each one.



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

- O Credit Evaluation Committee (CEC);
- O Credit Risk Management Committee (CRM),
- O Asset & Liability Management Committee (ALCO);
- Central Compliance Unit (CCU)
- Risk Management Forum;
- Internal Control Committee;
- O HR & Compensation Committee;
- O Corporate Governance Committee;
- Integrity Committee;
- O Risk Analysis Unit;
- Meridian Finance's Ladies Forum;
- O Anti-Money Laundering & ICT Committee.

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

Statutory Payments

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

Capital Expenditure

Meridian Finance incurred BDT 19.72 million as capital expenditure mainly for interior decoration and renovation of its branches, furniture & fixtures, office equipment, IT equipment and software. The details of capital expenditure are shown under the head Property, Plant and Equipment Schedule in the Notes to the Financial Statements.

Going Concern

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



Details about going concern assessment of Meridain Finance is presented in Assessment report on the Going Concern Status of Meridian Finance later in this report.

Corporate and Financial Reporting Framework

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

Directors Meeting and Remuneration

During the year 7 Board Meetings were held. All meeting fulfilled the quorum of 5 directors. On an average, in each meeting 8 directors were present. The Board has two sub-committee: Executive Committee (5 meetings held in 2017) and Audit Committee (4 meetings held in 2017).

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

Appointment / Re-appointment of Directors

As per Article no. 79 of Schedule I of Companies Act 1994 and also as per Article No. 92 of Articles of Associations of Meridian Finance & Investment Limited, at the first Ordinary Meeting of the Company, the whole of the Directors shall retire from office and at the ordinary Meeting in every subsequent year, one third of the Directors representing sponsor shareholders inclusive of co-opted directors for the time being and, one third of the Directors from public subscribers. if their number is not three or a multiple of three, then the number nearest to one third shall retire from office.

Furthermore, Article 93 of Articles of MFIL also states that the Directors to retire in every year shall be those who have longest in office since their election, but as between persons who become Directors on the same day those to Retire shall (unless they otherwise agree among themselves) be determined by a lottery. A retiring director shall be eligible for re-election.

Mr. Mahmud Hasan Khan, Mr. Rezaul Hossain, Mr. Golam Mostofa and Ms. Rashnat Tarin Rahman will be retired in 4th Annual General Meeting and they seek reappointment.

Status of Compliance & Corporate Governance

Details are given in the next section of the report in Statement of Directors' Responsibility for Corporate Governance.



Statutory Auditors

The Board in its 22nd meeting held on March 22, 2018 recommended the shareholders to appoint A. Qasem & Co., Chartered Accountants as the Auditors of Meridian Finance for the year ended December 31, 2018 with a fee of BDT 150,000. Plus VAT. Meridian Finance has also taken prior approval from Bangladesh Bank to appoint A. Qasem & Co., Chartered Accountants, until completion of conclusion of the 5th AGM.

As far as the Directors are aware, the Auditors do not have any relationship with or interest with the Company that in their judgments, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Bangladesh, applicable on the date of this report.

The Auditors, A. Qasem & Co., Chartered Accountants have expressed their willingness to conduct audit of the Company. They come up for appointment at the Annual General Meeting, with the recommendation of the Board Audit Committee and the Board of Directors. In accordance with the Companies Act, a resolution proposing the appointment of A. Qasem & Co., Chartered Accountants, as Auditors is being proposed at the Annual General Meeting.

Internal Control System

The Directors of the Company have taken reasonable steps open to them to safeguard the assets of the Company and to prevent and detect frauds and any other irregularities. For this purpose, the Directors have instituted effective and comprehensive systems of internal controls for identifying, recording, evaluating and managing the risks faced by the Company throughout the year and it is being regularly reviewed by the Board of Directors. This comprises internal reviews, internal audit and the whole system of financial and other controls required to carry on the operations in an orderly manner, safeguard the assets, prevent and detect frauds and other irregularities and secure, as far as practicable, the accuracy and reliability of the records.

Dividend

Considering the overall environment of financial market, current financial strength of the Company and meeting shareholders' expectations, the Directors recommended that dividend of BDT 1.00 per share to be paid for the year ended 31 December 2017. This will be paid by BDT 1.00 per share in cash form.



The dividend is subject to approval of the shareholders at the Annual General Meeting. The Board was satisfied that LBFL would meet the solvency test immediately after the proposed dividend, which will be paid in 2017.

Acknowledgements

The Board of Directors would take this opportunity to express their profound gratitude and extend appreciation to our values shareholders, clients, bankers, depositors, lenders, business partners, regulators, service providers and other stakeholders for their continued patronage and support and cooperation. The Board offers it's sincere thanks to the Bangladesh Bank, Bangladesh Security Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue, Ministry of Finance and other Government authorities for their support and cooperation. I would also like to thank to the employees of Meridian Finance for their dedication and commitment to make the year 2017 a successful one and look forward to make the year 2018 even better in every terms.

For and on behalf of the Board of Directors.

Naima Chowdhury Chairman

Responsibility for Financial Reporting

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

In preparing financial statement, the Board of Directors ensures the followings:

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

The considerations set out above are also required to be addressed by the Directors in preparing the financial statements. The Board of Directors confirms that the International Financial Reporting Standard (IFRS) which are adopted by the Institute of Chartered Accountants of Bangladesh have been followed meticulously subject to any material departure due to compliance with Bangladesh Bank being disclosed and explained in the notes to the financial statements. It ensures that the financial statements comply with the sufficient requirement of Companies Act 1994, Securities Exchange Rules 1987, Financial Institution Act 1993 and Listing Regulations of Dhaka Stock Exchange Limited and Chattogram Stock Exchange Limited.

Responsibility for Corporate Governance and Internal Control

The Board ensures key decision making and execution within a clear governance framework. A primary task is the governance and oversight of business models which sets out consistent delivery of stakeholder value in an uncertain and challenging environment.

The Board of Directors is also responsible for proper establishment and maintenance of an effective internal control system that safeguards shareholders' investments and assets of the company through prevention and detection of fraud and irregularities. The Board ensures that statutory and regulatory requirements are met, and responds to changes in the Company's internal and external environment and conditions. The Board is responsible for ensuring that an adequate and effective internal control system exists in the organization and that all members of the top management of the Company are maintaining and monitoring the performance of that system. Moreover, Audit Committee of Board guarterly reviews the internal control systems and the significant findings. They must ensure that the system operates as intended and is modified appropriately when situations dictate. The Board and management must make sure that the Company's information systems produce pertinent and timely information in a form that enables employees, auditors, regulators, shareholders etc. to get the required data and information.



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

- Asset size
- O Organization and ownership characteristics
- Business activities
- Operational complexity
- Risk profile
- Methods of processing data
- Legal and regulatory requirements

The Board of Directors ensures that management properly considers the risks and control issues of emerging technologies, enhanced information systems, and accounting. These issues include: more users with access to information systems; less segregated duties; a shift from paper to electronic audit trails; a lack of standards and controls for end-user systems; and, more complex contingency planning and recovery planning for information systems.

From the above it can be said that: the Board undertakes the overall responsibility of setting acceptable level of risk, ensuring that the senior management committee takes necessary steps to identify, measure, monitor and control these risks, establishing broad business strategy, significant policies and understanding significant risks of the Company.

Through establishment of an 'Audit Committee' of the Board and Internal Control Department, the Board of Directors monitors the effectiveness of internal control system. The internal as well as external audit reports are sent to the Board Audit Committee without any intervention of the management and the Board ensures that the management takes immediate and necessary actions as per the recommendations.

The Board holds periodic review meetings with the senior management to discuss the effectiveness of the internal control system of the Company and ensures that the management has taken appropriate actions as per the recommendations of the auditors and/ or inspectors.

Responsibility Statement of CEO and CFO

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

Responsibilities of the CEO

CEO is the leader of an organization who by his knowledge and wisdom, innovative ideas and charismatic leadership can able to take a Company from the scratch to the market leader. CEO 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. CEO 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 CEO are as follows:

- 1. To lead, in conjunction with the Board, the development, implementation, and monitoring of the Company's vision, plans and strategies.
- 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 CFO

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

More specifically, the responsibilities of the CFO are as follows:

- 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 CEO and CFO of the Company have discharged their responsibilities with due care by taking into account the EEE (Economy, Effectiveness and Efficiency).





Risk Management & Control Environment

Strong risk management capabilities are vital to the success of a well-managed financial institution. The Risk Management function is the central resource for driving such capabilities in Meridian Finance, and complements the risk and control activities of other functions including Internal Audit & Compliance. The key components of Meridian Finance risk management approach are: strong risk governance; robust and comprehensive processes to identify, measure, monitor, control and report risks; sound assessments of capital adequacy relative to risks; and a rigorous system of internal control reviews involving internal and external auditors.

Risk Types

In Meridian Finance, 'risk' is the potential of creating loss for the company as well as for its stakeholders. Such loss is not necessarily quantifiable. A wrong doing does not necessarily make an instant effect on organizational reputation and financial picture. Sometimes an error affects the financials of more than the year of occurrence. Thus, risks are diverse in term of its effect. Risks are also diversified in term of their source. A loss may occur due to poor selection of borrower. A loss might be caused by the absence of strong collection force. Thus, Meridian Finance runs the risk of creating diversified losses for itself or for its stakeholders during its day-to-day operations.

Credit risk: Credit risk is the potential for loss arising from the failure of a client, its counter-party or related parties to meet their contractual obligations. Such loss can have impact on the financial profitability of the organization as well as the community and stakeholders of Meridian Finance. In Meridian Finance, credit risk may arise on account of the following:

- Default risk
- Credit concentration risk
- Recovery risk
- Counter-party risk
- Related-party risk
- Environmental risk

Market risk: Market risk is the risk of loss arising from changes in market variables such as interest rates, security prices, equity index levels, exchange rates, commodity prices and general credit spreads. For ease of management and in keeping with regulatory requirements, market risk of Meridian Finance is further categorized into interest rate risk and equity risk.

Liquidity and funding risk: Liquidity risk is the risk of being unable to meet our payment obligations on maturity, due to liquidity crisis. Risk of loss caused by the failure to borrow funds from the market at an acceptable price to fund actual or proposed commitments is recognized as funding risk.



Operational risk: Operational risk comprises of risk of loss inherent in day to day operation of the organization and caused by inadequate or inappropriate internal processes, inadequate or inappropriate systems, absence of right people at right place, mistakes of people whether such mistakes are deliberate, accidental or natural and by any other external reason. The following diagram presents operational risk of Meridian Finance in a simple manner:

People Risk – The risk of loss intentionally or unintentionally caused by an employee, for example an error or a misdeed, or involving employees such as disputes.

System Risk - The risk of loss caused by piracy, theft, failure, breakdown or disruption in technology, data or information.

Process Risk – The risk related to execution & maintenance of transactions and the various aspects of running a business.

External Risk - The risk of loss on account of damage to physical property or assets from natural or unnatural. This category includes the risk presented by actions of external parties such as the perpetration of fraud or in the case of the regulators the execution of change that would alter the Company's ability to continue operating in certain markets.

Risk Management in Meridian Finance

We believe that sound risk management is essential to ensuring success in our risk-taking activities. Our philosophy is to ensure risks and returns remain consistent with our established risk appetite. To achieve this, we regularly refine our risk management approaches to ensure we thoroughly understand the risks we are taking to identify any emerging portfolio threats at an early stage, and to develop timely and appropriate risk-response strategies. The key elements of enterprise-wide risk management strategy are:

Risk appetite – The Board of Directors approves the Company's risk appetite, and risks are managed in alignment with the risk appetite. Risk-taking decisions must be consistent with strategic business goals and returns should compensate for the risk taken.

Risk frameworks - The Company's risk management frameworks for all risk types are documented, comprehensive, and consistent.

Holistic risk management - Risks are managed holistically, with a view to understand the potential interactions among risk types.

Qualitative and quantitative evaluations – Risks are evaluated both qualitatively and with appropriate quantitative analyses and robust stress testing. Risk models are regularly reviewed to ensure they are appropriate and effective. The Board of Directors and senior management provide the direction to the Company's effective risk management that emphasizes well-considered risk-taking and proactive risk management. This is reinforced with appropriate risk



management staff, ongoing investments in risk systems, regular review and enhancement of risk management policies and procedures for consistent application, overlaid with a strong internal control environment throughout the Group. Accountability for managing risks is jointly owned among customer-facing and product business units, dedicated functional risk management units, as well as other support units such as Operations and Technology. Internal Audit also provides independent assurance that the Company's risk management system, control and governance processes are adequate and effective. Rigorous portfolio management tools such as stress testing and scenario analyses identify possible events or market conditions that could adversely affect the Company. These results are taken into account in the Company's capital adequacy assessment.

Risk Governance and Organization

The Board of Directors establishes the Company's risk appetite and risk principles. The Board Audit Committee is the principal Board committee that oversees the Company's risk management. It reviews and approves the Company's overall risk management philosophy; risk management frameworks, major risk policies, and risk models. The Board Audit Committee also oversees the establishment and operation of the risk management systems, and receives regular reviews as to their effectiveness. The Company's various risk exposures, risk profiles, risk concentrations, and trends are regularly reported to the Board of Directors and senior management for discussion and appropriate action.

The Board Audit Committee is supported by Risk Management Division, which has functional responsibility on a day-to-day basis for providing independent risk control and managing credit, market, operational, liquidity, and other key risks. Within the division, risk officers are dedicated to establishing Company-wide policies, risk measurement and methodology, as well as monitoring the Company's risk profiles and portfolio concentrations.

The Company's risk management and reporting systems are designed to ensure that risks are comprehensively captured in order to support well-considered decision making, and that the relevant risk information is effectively conveyed to the appropriate senior management executives for those risks to be addressed and risk response strategies to be formulated. To ensure the objectivity of the risk management functions, compensation of risk officers is determined independently of other business areas and is reviewed regularly to ensure compensation remains competitive with market levels. Credit officers are involved in transaction approvals, and personal approval authority limits are set based on the relevant experience of the officers and portfolio coverage. Representatives from the division also provide expertise during the design and approval process for new products offered by the Group. This ensures that new or emerging risks from new products are adequately identified, measured, and managed within existing risk systems and processes.



Risk Management Forum in Meridian Finance

Risk Management Forum (RMF) and Risk Analysis Unit (RAU) of Meridian Finance & Investment Ltd. has been established incompliance with the Bangladesh Bank's DFIM Circular No. 01 of 07 April, 2013. Risk Management Forum is headed by the Managing Director of the Company and Chief Risk Officer is the Secretary, all the business and operational heads are the members of the RMF. The main responsibility of the Risk Management Forum is includes the following:

- The Risk Management Forum members will parameterize the Internal Environment of the Company including risk appetite, integrity and ethical values and the environment in which it is operated.
- O The MANCOM must form the Objectives so that they can identify potential events affecting the achievement unenthusiastically and consistent with its risk appetite.
- The management will identify the internal and external events affecting company's achievement and distinguish between risks and opportunities.
- O It is the management responsibility to assess and measure the potential risks.
- The management selects risk responses-avoiding, accepting, reducing or sharing risk-- developing a set of actions to align risks with the company's risk tolerances and risk appetite.
- O The management will take policies and procedures and implement it to help ensure the risk responses are effectively carried out.
- The managerial authority will identify generate and communicate the relevant information in a form and time-frame that enable people to carry out their responsibilities.
- The entirety of enterprise risk management will be monitored and it will be accomplished through ongoing management activities.
- Ensure roles and responsibilities are agreed and clearly understood by all management levels.
- O Ensure all staff, in business and support functions is aware of their responsibilities for company's overall Risk management.
- O Ensure there are structured processes at each department level to report control failures to designated individuals and escalate material issues to RME.
- O Establish workable Business Continuity Plans (including Disaster Recovery and Crisis Management procedures) to minimize the impact of unplanned events on business operations and customer service.



Credit risk measurement in general

Ongoing active monitoring and management of credit risk positions: CRM's research team regularly reviews market conditions and our exposure to various industrial sub-sectors. Thus, we aim to proactively identify Counter-parties that highlight the likelihood of problems well in advance in order to effectively manage credit exposure and maximize recovery. Also, collection team and relationship manager provide negative feedback of business condition and payment status of a particular client via early warning report. Ongoing active monitoring and management of credit risk positions is an integral part of our credit risk management activities.

Stress testing

Meridian Finance embraces stress- testing guidelines issued by the Bangladesh Bank. These guidelines were revised for NBFIs in June 2012, with subsequent amendment thereon, after a thorough analysis of situational requirements and future perspectives. Stress-testing quantifies exposures to plausible, yet extreme and unusual market movements and enables us to identify, understand and manage our potential vulnerabilities and risk concentrations. Meridian Finance deploys regular stress-tests to calculate credit exposures, including potential concentrations that would result from applying shocks to credit risk factors (interest rates and equity prices for instance). These shocks include a wide range of moderate and extreme market movements. Stress tests are regularly conducted jointly with the firm's market and liquidity risk functions and are reported quarterly to the Bangladesh Bank. The suggested recommendations from the test are in implementation and are modified and monitored regularly and thoroughly.

Risk mitigation methodology

Meridian Finance employs various credit risk mitigation techniques to organize credit exposure and reduce losses. These techniques are used consistently and reviewed periodically to meet operational management risk associated with their legal, practical and timely enforcement. A key focus of Meridian Finance credit risk management approach is to avoid undue concentrations in the credit portfolio whether in terms of counter-party, groups, sectors or products. The Company's portfolio management supports a comprehensive assessment of concentrations within its credit risk portfolio for provision of subsequent risk-mitigating actions and diversification across geographical boundaries, sectors, borrower groups and products. The analysis is also used to determine strategies for both portfolio and individual counterparties within the portfolio based on their risk/ reward profile and potential. The usage and approach to credit risk mitigation varies by product type, customer and business strategy. Mitigation techniques used include:

SI	Туре	Purpose	Procedure
1	Direct Assessment through Risk Audit	To facilitate risk assessment and Risk Reporting Escalation	 a. Risk Reporting & Monitoring team under Risk Management Department will do overall risk assessment on a regular basis throughout the company. (To Business & Functional units). b. Risk Audit Plan to be initiated & conduct accordingly on a periodical basis. Risk Audit reports should be sent separately to Board Audit Committee.
2	Leading Key Risk Indica- tors (LKIR)/ Key Risk Indi- cators (KRIs)	Determine key risk indicators areas identified for the business / Risk Management Function unit. KRIs should be reviewed quarterly and trends assessed to identify potential risks for the unit.	 a. Risk Management Department and designated Risk Management wings (CRM, MRM, and TRM & ORM) shall jointly develop the KRIs & LKRIs. b. However, all KRIs & LKRIs shall be managed by Risk Management Department.
3	Potential Loss / Risk Reports	Collect/Identify & Analyze potential risk issues and submits periodical reports to Risk Management Forum.	 a. CRM, MRM, TRM & ORM teams shall provide all potential loss / Risk reports to RMF on a monthly basis. b. Risk Reporting & Monitoring team shall analyze, maintain risk database & provide summary reports to RMF
4	Incident Reports	Report to ensure that critical incidents are reported to senior management and ensure appropriate action is taken quickly on issues which can affect company as a whole.	a. CRM, MRM, TRM & ORM teams shall provide all potential loss / Risk reports to RMF on a monthly basis.b. Risk Reporting & Monitoring team shall analyze, maintain risk database & provide summary reports to RMF.
5	Issue Raised by Mail	General staffs / designated employees who shall hold the Risk Management position should raise significant risk issues of their area. Risk Management Department shall monitor all risk issues and ensure that adequate remedial action is taken where necessary.	 a. CRM, MRM, TRM & ORM teams shall provide all potential loss / Risk reports to RMF on a monthly basis. b. Risk Reporting & Monitoring team shall analyze, maintain risk database & provide summary reports to RMF.
6	Internal Audit Reports / Ad- verse Com- ments	All Internal & External Audit Reports to be reviewed for identifying repetitive /adverse by the Audit Comments. RMF Should be aware of repeated to the Audit Comments & root causes of poor control measures in different areas of the company.	a. Risk Reporting & Monitoring wing of Risk Management monthly basis & develop risk management papers by coordinating with CRM, MRM, TRM & ORM.
7	External Audit Reports/BB Reports	External Audit Reports /BB Audit Reports shall be summarized & all vital findings to be presented with recommendations to the RMF.	Enterprise Risk Management & Reporting wing of Risk Management Department to perform root cause analysis on a monthly basis & develop risk management papers by coordinating with CRM, MRM,TRM & ORM.
8	Risk Manage- ment Papers/ Research Pa- pers	Risk Management Department to publish Research Paper according to the Bangladesh Bank guidelines.	a. Risk Management Department to ensure effective & efficient risk disclosure for the company. Initiate Risk Management Research Paper / Concept Paper in cooperation with the other risk management partners.



Motivated and engaged employees

Meridian Finance & Investment Ltd. has a diverse group of motivated and engaged employees. From experience it knows that if employees are properly empowered, they become more engaged and go the extra miles to fulfil the organization's ambition. Engaged employees are likely to take more responsibility and embrace accountability which helps to achieve the sustainability strategies. Meridian Finance has positioned itself with a performance driven rewarding work culture; where employees are treated with respect and receive plenty of development opportunities. Meridian Finance has a special focus on:

- Ensuring a balanced diversity
- O Protecting human rights Promoting human capital development
- O Ensuring work place health and safety Providing competitive compensation and benefits
- O Promoting a performance centric culture
- Protecting human rights
- Ensuring workplace health and safety
- Ensuring equal opportunity

All the people related issues in Prime Bank are governed by the well-defined policies and procedures which are duly reviewed by the Management time to time.

The right people in the right place at the right time

While the goal is to provide the best candidate for the Company's needs, it is also important that we place people in the right positions at the right time. This requires us to emphasize on the efficiency of our hiring and staffing processes even as we continue to look for ways to create efficiencies in our hiring methodologies. We also recognize the need to use further analyticsin our recruitment efforts to enable us to understand our workforce needs, levels and the effectiveness of our recruitment strategies. The purpose of Meridian Finance merit-based recruitment and selection process is to ensure that vacancies are filled by the most competent incumbents. It provides equal employment opportunities to all applicants without any bias torace, religion, gender, age, disability or any other criteria permissible by the statutory laws of the country. Recruitment and selection is based solely on job-related criteria. The recruitment and selection process is consistently applied and promotes fairness, diversity and transparency. The process complies with all state laws, regulations and policies.

Our Human Resource Department (HRD) mission

Meridian Finance HRD is committed to work strategically with diverse business segments in identifying and responding to the evolving business needs. As a strategic business partner, it's HRD creates a work environment that thrives on diversity, high individual and productivity performance, organizational and continuous improvement and exceptional customer service.



Diversity in Workplace

Meridian Finance believes that diverse, heterogeneous teams generate greater creativity, innovation and business development. An inclusive culture maintains and drives workforce diversity by fostering the exchange of ideas and collaboration among individuals and across groups. To speak simply, our constant success depends in part on maintaining a plurality of perspectives. We practice equal employment opportunity; for competent candidates regardless of their gender, age, localityor ethnicity. While recruiting fresh graduates, it sources the pool from different recognized public and private universities; with a view to creating a diverse work force. Besides, our ratio of male and female employees has been increasing over the time. In Meridian Finance, the employee development plan is based on proper training need assessment. The Financial Institution sector is complex and diverse with evolving nature of threats and the risks. So, the training module is updated time to time foremployees of Meridian Finance in the changing context of financial market.

Promotion

Promotion opportunities are the life-blood of staffing and retention. Without the proper use of incentives and coaching, employees are likely to refrain from maintaining relationships with a business for an extended period of time. Competitor stake the best talent from other companies by offering individuals enhanced pay and benefits. Promotions and bonuses to the personnel help in ensuring that they do not feel the need to leave their employers. In Meridian Finance, promotions signify our management's commitment to recognize and reward outstanding performers. It motivates employees to aspire for advancement opportunities within the Company. It also contributes to employee satisfaction and retention. Employee promotion is made by examining all factors necessary to determine the best qualifications and capabilities to fill the position.

- O Growth in the role dimension and complexity
- Vintage
- Individual performance track record
- O Employees are considered for promotion based on these criteria's
- Attitude and behavior
- Market liquidity

Grievance management and counseling

Meridian Finance focuses on providing a prompt and impartial resolution to grievances brought forward by employees basedon any kind of discrimination and deprivation. Meridian Finance seeks to establish an environment of equal employment where advancement and appreciation are solely on the basis of merit, talent and competency. If an employee experiences a situation which is not in alignment with the core values of the Company, he/ she is at liberty to bring this to the notice of the management through the mandate of this policy. Employees are assured that their complaints will be addressed without delay and judiciously by the management. On the other hand, employees are motivated through proper counselling and encouraged to have a healthy conversation should any grievances arise.



Learning & Development

In Meridian Finance, Human Resources Department (HRD) regularly undertakes effectively designed training program stargeting the right group of employees through proper training need assessment. Meridian Finance believes that continuous efforts should be given so that employees acquire and develop the right set of skills required to face the challenge of everchanging market. In Meridian Finance, the employee development plan is based on proper training need assessment. The Financial Institution sector is complex and diverse with evolving nature of threats and the risks. So, the training module is updated time to time for employees of Meridian Finance in the changing context of financial market.

Succession planning

Meridian Finance's management possesses succession plans to provide leadership continuity and avoid extended and costly vacancies in key positions, recognizing that changes in management are inevitable. Our succession plan is designed toidentify and prepare candidates for high-level management positions that become vacant due to retirement, resignation, deathor new business opportunities. It is Meridian Finance's policy to assess the leadership needs of the Company in a way that ensures the selection of qualified leaders which matches its mission and goals.

Compensation & Benefits

To maintain the market competitiveness, the compensation and benefits of Meridian Finance are regularly reviewed through market and peer group study. The well-crafted total rewards help Meridian Finance to attract, motivate and retain talent. In Meridian Finance, the Board of Directors is not eligible for any compensation.

They are paid honorarium for attending meetings only. On the other hand, all employees are paid competitive remuneration package. The remuneration policy of Meridian Finance does not allow any discrimination between male and female employees. In addition, employees are paid bonus based on yearly business performance. In addition to monthly competitive base pay and a good number of allowances (e.g., House Rent allowance, Medical allowance, Conveyance allowance etc.). It has variety of market competitive benefits schemes designed to motivate the employees. The various cash and non-cash benefits include:

- O Car allowance for all Executive level employees
- O Leave fair assistance allowance
- Medical treatment allowance
- Maternity benefits
- Mobile phone allowance
- Travel allowance \circ
- Festival bonus
- Annual leave
- Maternity leave



Meridian Finance also provides long-term as well as retirement benefits to employees:

- Leave encashment
- Provident fund
- Gratuity benefit

Performance Management Program

Meridian Finance has a comprehensive performance management program that evaluates employees' yearly performance against business targets at the year-end. In addition, their functional and leadership competencies are also rated by the line management. This appraisal process also identifies the competency gap and training needs of employees. All employee (except employees under probation or training) of the Bank undergo annual performance appraisal process. The processensures that clear feedback on improvement points (performance and professional capabilities) is provided to employees by their Managers to promote employees' long-term career development and improved contribution to organizational performance. All regular employees undergo the annual performance and career development review.

Work-life Balance

Meridian Finance wants it employees to balance the work and personal life and has organization wide practices and policies that actively support employees to achieve success at both work and home. Management is also open and shows flexibility in regard to a balanced work-life. In Meridian Finance, employees are entitled to sufficient annual leave and sick leave with pay. To enjoy vacation with family, it provides Leave Fare Assistance Allowance to employees. All female employees are eligible for Maternity Leave (Parental Leave) with pay for a period of six months.

Culture

Culture plays a vital role to create a high performance environment that supports sustainability strategy implementation. Meridian Finance carefully develops, shapes and impacts organizational culture by: practicing values appropriate for the bank; defining working relationship and communication pattern between superior and subordinates; governing rules and regulations which control employees' behavior; promoting a strong employer brand through which employees identify with the organization; maintaining effective reward system that affects employees loyalty and empowering employees to demonstrate their innovativeness not only to be competitive in the market but also to achieve a sustainable growth.



Healthy and Safe Work Environment

In Meridian Finance, the physical, mental and social well-being of employees always get priority. Healthy, productive andmotivated employees are the foundation of a successful organization. It helps employees to assume responsibility for their own personal behavior in health-related matters, and support health-promoting general conditions within the Company. We continuously focus on improving health and safety of employees that includes proper work place design and decoration of head office and branches, maintaining the cleanliness at work space, holding awareness session related to physical and psychosocial well-being, email communication on various health and safety related topics, sending alerts to employees on emergency situations, arranging fire drill sessions, financial support for medical care etc. Because of the nature of operations, Meridian Finance employees are not usually exposed to work-related injury, occupational diseases or fatality. Yet, it remains cautious so as not to create any hazardous work condition.

Decent Workplace

Meridian Finance has a decent work environment where employees can work with dignity, have the freedom to express opinions, can participate in the decision making process that affect their lives, and receive equal treatment and opportunity. It is committed to ensure the best practices in compliance with the labor code of the country. Meridian Finance Management believes that the business can grow favorably if the organization enables employees through creating and maintaining a decent workplace. In Meridian Finance, employees have the right to exercise freedom of association or collective bargaining following the legal procedure of country laws. However, employees have never formed or wanted to form any collective bargaining agency. It follows non-discriminatory approach in all HR policies and practices. The salary of an employee is determined based on his/her competency, experience and performance. Employees have the right to resign from their employment serving proper notice period and following the internal procedures. Ensuring a decent workplace also encompasses Meridian Finance investment decisions as well as agreements with the suppliers and contractors.



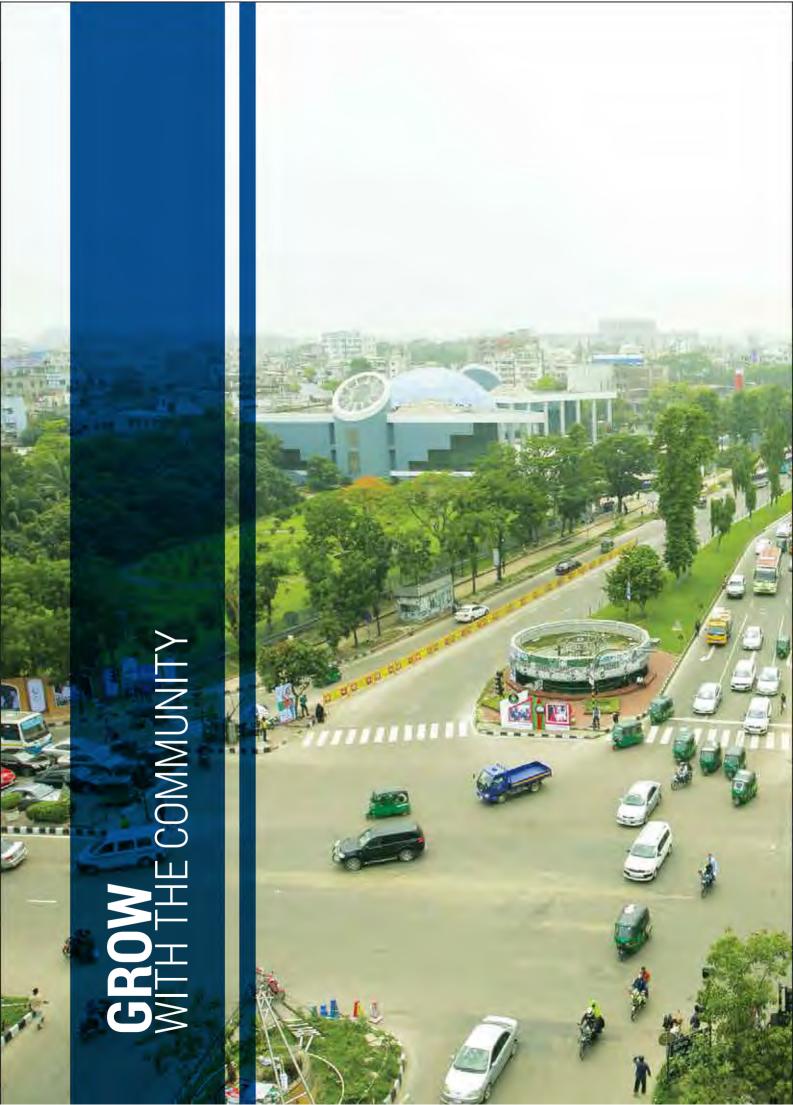


GREEN BANKING

Green Banking is to provide innovative green products to support the activities that are not harmful to environment and help to conserve the environment. It aims to use the resources of a non-bank financial institution (NBFI) with responsibility avoiding spoilage and giving priority to environment and society. Green banking saves costs, minimizes the risk, enhance banks reputations and contribute to the common good of environmental sustainability. It serves both the commercial objective of a NBFI as well as its corporate social responsibility. Meridian Finance has initiated a Green Banking unit and aiming to turn it as 'Green Meridian Finance'. A lot of measures have been adopted including green financing creating awareness among the employees for efficient use of water, electricity and paper, giving preference to eco-friendly while financing and reuse of equipment. Meridian Finance concentrates on environment by Projects in the field of renewable energy (wind energy, solar energy & hydro-electric projects), technology that reduces carbon emission like auto brick field, organic agriculture across the entire value chain including health food shops and environment technology such as recycling companies and nature conservation projects.

From this point of view, Meridian finance has made a Green Strategic Planning with a set of achievable targets to do the following activities related to Green Banking:

- O As per Bangladesh Bank's directives on Green Banking, Meridian Finance has taken necessary initiatives to implement the Green Banking Policy.
- O Meridian Finance has already circulated a detailed "Green Office Guide" to strengthen the green practices through the firm. It will continuously monitor the meticulous compliance of green practices in internal operations & environment of the firm and thus it can protect the environment.
- Encouraging "Going Green" through financing in eco-friendly projects, such as: adoption of renewable energy and/or energy efficient technology, supply of clean water, establishment of effluent and/or waste water treatment plant, solid and hazardous waste disposal plant, bio-gas plant, bio-fertilizer plant, improved brick kiln projects etc. at lower interest and utmost care.
- Designing and introducing more innovative Green Products in the near future highlighting eco-benefit from green products and adding value to the existing products by inserting environmental features.
- O Checking necessary environmental due diligence factors before lending a loan/investment and reducing of extending loans to certain environmentally harmful projects.
- Introducing new technology in operations that would not only benefit the customers but also increase the productivity of the employees.
- Introducing Video/Audio Conference in lieu of physical travel/visit.
- Meridian Finance will provide more monetary support, relief and loans at lower interest rate etc. in the natural disaster areas by which the victims will survive in the newer environment.
- Organizing rigorous Training/Workshop on Green Banking issues to educate the employees and that will continue for the coming days.
- O Arranging more seminars and symposiums to make our clients conscious regarding environmental issues as well as to introduce our Green Products.





As a responsible corporate body, we have adopted CSR practices in a formal, structured manner in line with our organizational vision to help the disadvantaged population of our country by taking socially responsible initiatives.



The "social contract" between the corporation and the community is critically important for Meridian Finance. CSR is ingrained in our corporate culture and it is a part and parcel of what we do. Meridian finance has incorporated CSR activities into its core strategic business planning and translated it into action across different areas and community of the country. It has organized its CSR activities around three main areas:

Education

Expanding literacy and development of education is the fundamental urgency to go for a prosperous Bangladesh. We always consider education to be the strongest apparatus for the sustainable development of our country. We also believe that education is to be always aligned with creative and resourceful activities like debates, art competitions, science fairs etc. Accordingly we always put emphasis on extra-curriculum activities apart from conventional education. Our activities in educational sector include:

Initiatives to enhance the capability of extra-curriculum involvement of school-college-university students.

- 1. Scholarship for poor and brilliant students.
- 2. Financial support for education for underprivileged children.
- 3. Extensive literacy programs.
- 4. Educate the next generation of consumers in our markets on how to save, spend, borrow and manage money wisely.
- 5. Donation to Educational Institutions for educational development purpose.
- 6. Initiatives on debate programs, knowledge-enhancement seminars, career fairs, art competitions, essay writing competitions, educational fairs, science fairs, donation to student re-unions etc.

Environment

Global warming and environmental degradation is now a burning issue all across the world. Though not responsible that much, yet Bangladesh is a major victim of this environmental degradation. To fight against this menace, we have to look forward towards a green atmosphere along with creating mass attention. Meridian Finance has always been a strong stakeholder to participate in activities to protect our environment. A pollution-free and sustainable environment is absolutely necessary for the continuation of human race on earth. But our negligence towards environment is clearly apparent in the continuous degrading of environment. Thus awareness raising campaign is very significant in relation to environment. At the same time strengthening community mechanism is also needed to enhance the local capacity to fight



against environmental degradation. It believes that it's high time to take effective measures for sound environment through proper mitigation and adaptation process. Initiatives/Donation to activities to protect climate/environment. Our activities in this sector include:

- O Create awareness regarding climate change and environmental degradation (tree plantation, seminars on ecological balance, disaster management initiative/ support etc).
- Efforts to go towards a greener atmosphere.
- O Drawing attention to general & specifific problems of our environment and also to educate common people on such issues.
- Initiatives towards Less Fuel consumption and energy saving.

Health

Health hazards are very common in a country like ours; sometimes in contagious, sometimes in non-contagious and sometimes in epidemic form. We are in high need to develop more hospitals and medical colleges where destitute will get easy access. Moreover, it's also important to patronize non - profit NGOs to work in this sector. Whatever the form is, Meridian Finance is determined to help build up a healthy Bangladesh. Over the years Meridian Finance contributed to different projects for improvement of health sector in Bangladesh. Some of these are improvement in medical education, survival and healthy development of children, health and wellbeing of women, disability reduction and the adoption and maintenance of healthy lifestyles etc. Our activities in Health Sector include:

- Financial Assistance to poor and destitute for their health issues.
- Donation to Non-Profififit organizations for working on child health, disability, underprivileged children etc.
- O Donation to Non-Profit organizations who give free treatment to the destitute.
- O Social awareness during outbreak of Epidemic, plague or other severe contagious diseases.
- Awareness on survival and healthy development of children.
- Initiatives to create awareness about health and wellbeing of women.
- O Public awareness on maintenance of healthy lifestyles etc.
- Donating to different health-care institutions.





ASSESSMENT REPORT ON THE GOING CONCERN STATUS **OF MERIDIAN FINANCE**

Going concern is a fundamental accounting concept that underlies the preparation of financial statements of companies. Under the going Concern concept, it is assumed that a Company will continue in operation and that there is neither the intent nor the need to either liquidate it or to cease trading. going concern purpose of this statement is bring together the to requirements of Company law, accounting standards. The management of Meridian Finance has made this assessment based on the accounting period ended on or after December 31, 2017. The management's assessment of whether the Company is a going concern involves making appropriate inquiries including review of budgets and future outcome of inherent risks involved in the business. Considering the following major indicators. Meridian **Finance** management has reached the conclusion that the financial statement for the year 2017 is prepared based on going concern assumption:



Financial Indications

Fixed term debt with realistic renewal or repayment. At the close of financial year 2017, total borrowing from other banks and financial institutions was Taka 238.55 million. Based on our past experience, it can be said that there is every possibility that a major part of the debt would be renewed further or can be repaid from our existing cash flow. Less reliance on short-term borrowing. At the end of 2017, total short-term borrowings were Taka 256.14 million, representing 51% of total borrowings. Continuous financial support by lenders/depositors. The Company enjoys a good track record and reputation in the settlement of its obligation with its lenders/ depositors. The Company was able to increase the level of confidence of depositors, which resulted in a significant increase in total deposits in 2017.

Positive key financial ratios

The Company's financial ratios indicate sound financial strength and prospects and are evident from financial highlights given in this Annual Report.

Credibility in payment of obligations

Meridian Finance has strong credibility in terms of payment of its obligations to lenders. The Company is particular in fulfilling the terms of loan agreements and has never defaulted, even in terms of convenience.

Increasing trend of investment portfolio and performance growth

Meridian Finance has reported excellent growth in its operating performance. The Company's investment in long term finance, short-term finance, real estate finance and car loans stood out excellent performance as a new company in 2017.

Strengthening of Human Capital

During the year 2017, the Company has recruited many new employees which resulted in a massive increase in human.

Corporate environment and employee satisfaction

There exists a healthy corporate environment in the Company. This is reflected in our Statement of Corporate Governance.

Maintenance of Capital Adequacy Ratio (CAR)

As per the DFIM Circular Number 14, dated December 28, 2011 of the Bangladesh Bank prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions has come into force from January 01, 2012. As per the guidelines, Financial Institutions (FIs) are required to maintain a minimum CAR @ 10%. CAR of Meridian Finance at the end of 2017 is 31.18% which is significantly higher than the requirement.



Strong CAMEL rating

CAMEL rating is used by the Bangladesh Bank as a tool for evaluating the strength and performance of a non-banking financial institution. The composite rating adjudged by the Bangladesh Bank signifies satisfactory performance of Meridian Finance. The report contained no adverse material observations of the Bangladesh Bank on the activities of the Company.

Changes in government policy

The management anticipates no significant changes in legislation or government policy, which may materially affect the business of the Company.

Monitoring compliance

Compliance with our Code of Conduct and Ethics is embedded in our employment contracts, recruitment and performance management activities. We have set explicit targets for compliance, commencing at executive management level. All employees are required to comply with our Code of Conduct and Ethics and report conduct that may be in breach of the law, the Code or policy. Advice on Meridian Finance policies, practices and management systems is available via our Human Resources department. Any employee, contractor or consultant can confidentially report concerns about conduct, practices or issues to our HR department. To help our employees in applying the principles of our Code of Conduct and Ethics and the Conduct and Ethics Policy Framework, we have developed a training course regularly for the newly appointed employees. Case studies are provided to assist staff in translating the Code and related policies into real-life situations. All employees are required to complete this training course each year. Declarations within the course require each employee to confirm whether they understand the Code's principles, have complied with them over the previous 12 months and agree to comply with them in the future. Compliance is a Key Result Area examined as part of our Performance Management Process and failure to complete required compliance training can be a factor in determining the employee's entitlement to performance based remuneration and could lead to termination of employment in serious cases. Additionally, employees are required to undertake issue specific training for topics such as anti-money laundering and combating terrorist financing, fraud, corruption and privacy. Our 'HR Manual' and 'Employee Handbook' covers our Code of Conduct and Ethics, standards and behaviors, and important policies and procedures such as our Anti-Bribery Policy and Fraud and Corruption Policy.





BUSINESS SEGMENT REVIEW

providing additional alternative financial services, NBFIs have already gained considerable popularity both in developed and developing countries. It is important to view NBFIs as a catalyst for economic growth and to provide necessary support for their development. Given appropriate support, NBFIs will be able to play a more significant role in the economic development of the country.

SME Finance Department of Meridian Finance is a priority business segment for the Company. Sound business strategies, focused customer acquisition efforts, high-quality service and a superior risk adjusted appetite enabled SME portfolio to grow at a faster rate. As a result, SME portfolio stands 31% of total portfolio. We aim to take it to 35% at the end of 2018. Significant investments in human resources and infrastructure – the two most critical building blocks – have resulted in the creation of a robust structure that will facilitate sustainable growth, going forward.

Core Developments

The year 2017 witnessed a host of new products and services added to the SME basket. Thereafter, a comprehensive solution for women entrepreneurs under Meridian Finance "Suchona" was launched in 2016. Along with subsidized financial products, women entrepreneurs are also offered various non-financial value-added services including business facilitation services that help them obtain/renew all kinds of regulatory documents.

Business trends that are driving our business

Flexibility and quick turnaround time: Thanks to the rich experience accumulated over years by our experienced team, we are familiar with almost all kinds of SME businesses that operate in the economy. Our products are tailor-made to cater to all kinds of business models and requirement and are able to disburse an unsecured loan within five working days.

Customer centricity: SME entrepreneurs are at the Centre of every decision made and our strategies are aligned such that our customers receive the best possible experience. Towards this end, we have introduced business facilitation services in our aim of becoming partners in growth and not just financiers. We strongly believe that going beyond just providing funds can indeed help us reach world class levels. Currently, we assist our clients in obtaining/renewing all kinds of regulatory documents, along with providing training on a wide range of subjects such as digital marketing and book keeping, among others.

Strategic positioning of business Centre: Being a new company, we are expanding our business throughout the whole country.

Careful appraisal and proactive monitoring: Seasoned credit analysts with an eye for detail have helped us reach a sustainable, quality portfolio. Concurrently, dedicated teams actively communicate with clients on an ongoing basis to ensure the detection of early warning signals.



Risks impacting our business and their mitigation strategies

We will focus on strengthening our relationships and exploring newer avenues for financing.

Our HR policies and corporate culture is highly appreciated by our employees and we always endeavor to keep them motivated and happy. We regularly tweak our organizational structure to accommodate new leaders within the division and reward the best performers.

We depend significantly on the various refinancing schemes offered by the central bank and other international organizations. It is hence imperative for us to ensure that we operate smoothly even in the absence of such schemes.

A larger number of banks and NBFIs are turning their attention towards the SME segment, realizing its importance and growth potential. To remain competitive, we are continuously embracing innovation in terms of products, processes and distribution networks.

As the SME loan portfolio grows bigger, exposure to operational risks increase. In consultation with our operations and compliance teams, our processes are continuously reviewed and altered to ensure zero leakages.

Consumer Finance department of Meridian Finance is one of the key drivers of sustainability. The division's two-pronged functions include funds mobilization for the company as per requirements and grow the asset business sustainably.

Core developments

The Consumer division offers term deposit products to cater to the needs of various individuals as well as institutions. It also offers consumer loans to its targeted customer segments. The division has been able to consistently grow its home and car loan portfolios due to its sound business strategy, faster loan processing time and other unique selling propositions.

Macro developments that are driving our business

Quick turnaround time (TAT) with seamless processes: We have oriented our business towards ensuring rapid turnaround time by embracing seamless processes starting from loan initiation to sanction to disbursement, which enables us to take decisions and provide service delivery faster in our overall intent of building a strong pool of satisfied customers.

Transparency: We value long-term relationships with our customers and always keep our product pricing, terms conditions and documentation transparent. These values are helping us strengthen customer confidence and acquire the prospect of earning repeat business.

Strong resource base: Our focused, passionate and customer-centric teams with in-depth industry knowledge has enabled us to grow and manage our business successfully even in tough market cycles.

Wide product range: We possess a dynamic product suite that enables us to cater to various retail customers both in terms of deposits as well as loan products. This expansive bouquet allows us to cater to a wide cross-section of customers and meet their aspirations.

Risks impacting our business and their mitigation strategies

Though the country's real estate sector is one of the anchors of economic development and citizen wellbeing, the industry has been suffering due to a sharp drop in sales over the last few years. However, Meridian Finance remains a front-line player in the market and is well positioned to capitalize on any upsurge in the market, signs of which has been seen recently.

In recent years, competitive pressures have increased manifold, especially in the retail lending business and several banks and financial institutions have entered the market by offering unusual low rate. We remain committed to overcome these challenges through concentrating on our key strengths of fast Turn Around Time (TAT) and superior service level.

Corporate Finance Department of Meridian Finance has made significant inroads into the confederation of local corporate conglomerates, large corporate houses and multinationals. This was made possible by our integrated relationship management approach, strong customer orientation, innovative product offerings and superior service delivery. Progressively, the division has also widened its geographical coverage, deepening its niche market comprising established corporate houses and upcoming enterprises. In parallel, the division also diversified its product basket to cater to specific customer funding requirements comprising, but not limited to:

- Establishment of Greenfield projects
- Capacity augmentation programs
- Commercial space acquisition
- Meeting seasonal demand through working capital

Our wide array of products includes simple lease finance, term loans, working capital finance (with suitable tenor), asset finance, project finance, green finance under Bangladesh Bank schemes and participation in syndication arrangements, among others. The robust infrastructure and resources that we have created helped our operations remain relatively insulated from economic headwinds and even domestic unrest. Resultantly, our division posted positive growth during the year under review. In the backdrop of our focus on sustainable growth is embedded our integrated relationship approach, deep understanding of business dynamics and customer risk profile and the growth aspirations of our clients. Our expertise and innovative solutions to partner our customers in their journey is supported by several USPs including:

- Faster service
- Customized solutions
- Competitive rates
- In-depth industry knowledge
- Transparency
- Trust and credibility

Key business risks

Political risk: Amidst the political turmoil and changes in Government policies, regular business and new projects face several challenges. As part of its mitigation measure, the corporate division continuously monitors the external environment to take proactive measures to protect its operations.

Business risks: In the realm of excessively liquid money markets and downward pressure on interest rates, the sustenance of a competitive rate remains a challenge for NBFIs. However, the corporate division manages an efficient and well-balanced portfolio by providing both short and long-term credit.

Credit risks: The division's integrated relationship management team coupled with a strong credit risk management department and effective credit analysis helps in the prudent selection of clients which ensure continued growth and profitability and preservation of the credit portfolio quality.

Operational risks: The division's robust reporting hierarchy helps in proper supervision and enables the staff to understand and perform their tasks timely and accurately.

The Structured Finance Department (SFD) is a specialized business unit of Meridian finance and it was established with a purpose to facilitate syndication arrangements, arranging onshore as well as offshore financing, agency and trusteeship services and corporate advisory services. The department commenced operations through loan syndication in the year 2016 to meet the increasing demands for large industrial and environment friendly project financing. The department also provides corporate advisory services depending on the needs of the customers.

Key Business Trends - A Story of Opportunity in Bangladesh

Bangladesh has proven to be resilient with a growth of around 6% per annum over the last 5 years even though it has been facing unbalanced political situation. However, being an emerging economy, Bangladesh is continuing on its growth path and hence, industrial and large project financing has become one of the key drivers of this transition.

Bottlenecks created due to the several challenges have resulted in a negative impact on various projects undertaken by the public sector, thereby indirectly affecting the private sector as well. It is imperative that economic conditions contribute positively to the overall infrastructure development of the country.

With the development of the country in recent decades, the demand for large infrastructure projects (transportation, communication, water & energy, etc.) is increasing rapidly. The structured finance team realizes that large-scale financing is required for such projects, thereby providing opportunities for business. The Public-Private Partnership (PPP) projects also play a vital role in the demand for syndicated financing of large infrastructure projects.

High liquidity supports project financing and results in increasing investments in large projects. Liquidity is an important factor for the department for booking deals that result in successful fund arrangements.

With a growing economy, institutions require corporate advisory services and providing the required services has been the added source of business development for the department. The department's various services include preparation of feasibility studies, business plans, mergers & acquisitions, valuations, among others. These services not only expands growth opportunities but also opens up a fee income/earning possibility.



Key Risks and Mitigation Measures Impacting the Business

Changes in Government Policies: Major changes in government policies create an adverse effect on businesses. Due to changes in the political situation, different projects face difficulties during implementation and operation. In addition, changes in tax and duty structures impact businesses that indirectly affect the business of the department. As a part of the mitigation measure, the SFD team continuously monitors the trends in government policies and works together with large corporate houses to better assess the situation and find appropriate mitigation measures.

Lack of Availability of Required Infrastructure: Unavailability of proper infrastructure hampers business growth. As a mitigation measure, the department actively engages in due diligence to ensure the availability of the required infrastructure well before undertaking the fund arrangement process for such projects.

Selection of Equipment Suppliers: Most projects face implementation challenges on account of inappropriate selection of equipment suppliers. To mitigate this risk, the department engages an independent engineer/ consultant for projects. Hence, the department ensures constant project monitoring and provides a third eye perspective to lenders through the independent engineer/ consultant.

MERIDIAN FINANCE & INVESTMENT LIMITED DISCLOSURE UNDER PILLAR III ON CAPITAL ADEQUACY AND MARKET DISCIPLINE

As on December 31, 2017

Significance of Capital Adequacy

Capital is the foundation of any business. In a Financial Institution, capital is a prime factor to consider when assessing the safety and soundness. It acts as a cushion in case the value of the bank's assets decline and liability rises. Maintaining a minimum capital level is of paramount importance for a Financial Institution so that adequate protection against risk can be ensured. A strong Capital Management Policy protects an organization by identifying and mitigating risks, as well as establishes a base of confidence by depositors, creditors, and other stakeholders.

Capital Adequacy gives a view on a Financial Institution's financial strength and stability. Adequate capital provides assurance to the stakeholders on the company's ability to provide consistent services.

Capital Adequacy is a basis for measurement of the amount of capital that the fineeds to hold to ensure that no excess leverage is taken that would lead to insolvency. Capital Adequacy is best expressed as the Capital Adequacy Ratio (CAR), also known as Capital to Risk Weighted Assets Ratio. CAR is a measure of a Fl's core capital expressed as a percentage of its risk weighted asset. The objective of CAR is built around the Market Discipline, whereby depositors' get a standardized measurement on the extent to which their wealth is exposed to risk, and thereby establish confidence on the Financial Institution's operations. The CAR measurement is also directed towards making a Fl's capital more risk sensitive and shock absorbent.

Basel II guidelines are formed on three features as follows:

- (1) Minimum capital requirements to be maintained by a bank against credit, market, and operational risks.
- (2) Process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan.
- (3) Framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system. This forms the basis of Market Discipline.

The three tiers of regulatory capital are as follows: Tier 1 Capital, Supplementary Capital, and Tier 3.

O Tier 1 Capital, also called the 'Core Capital', is the core measure of a bank's financial strength from a regulator's point of view. Banks have to maintain at least 50% of required capital as Tier 1 capital.



- O Tier 2 Capital is called the 'Supplementary Capital' and represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank.
- O Tier 3 Capital is called the 'Additional Supplementary Capital' and consists of short-term subordinated debt. This capital base is solely for the purpose of meeting a proportion of capital requirements for market risk.

The computation of the three capital grades are subject to the following conditions:

- (1) Tier 2 Capital amount will be limited to 100% of the amount of Tier 1 Capital.
- (2) 50% of revaluation reserves for fixed assets and securities, and 10% of revaluation reserves for equity instruments are eligible for Tier 2 Capital.
- (3) Subordinated debt shall be limited to a maximum of 30% of the amount of Tier 1 capital.
- (4) A minimum of around 28.5% of market risk needs to be supported by the Tier 1 capital. Market risk must be supported by Tier 3 capital up to a maximum of 250% of Tier 1 capital, available after meeting the necessary credit risk capital requirement.

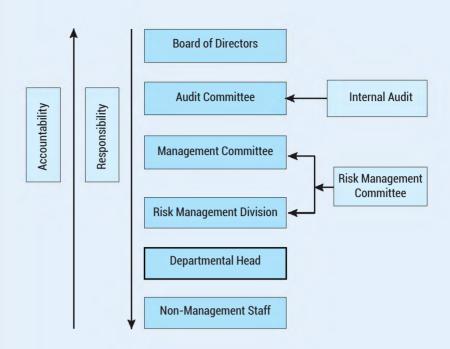
Common capital ratios as per the regulatory requirements are as follows:

Capital Ratios	Statutory Limits
= Core Capital Core Capital Ratio Risk-adjusted assets	>= 5%
Total capital (Core and = Total Capital (Core + Supplementary) Supplementary Capital) Ratio Risk-adjusted assets	>= 10%

Effective risk management is considered as a central part of the financial and operational management of any company, whereby company sustainability and consistent profit generation are ensured. Only by adopting and strengthening risk management measures can the company deal with the complex and dynamic business environment.

Group Risks are managed on an integrated basis. Risk management is incorporated in the Group decision making with regards to strategic planning. The diagram below illustrates this concept.





The risks which form the basis for effective risk management are: credit, market, operational, and liquidity risks.

O Credit Risk is a risk that the FI will not be able to recover the money it has owed. It occurs due to failure of the counterparty to meet its obligations to pay the company in accordance with the agreed terms. The risk depends on the financial strength of the party owing to the bank as well as market factors that affect the value of assets used as lien against the loan.

Credit risk calculation recognizes and adjusts for two factors:

- On Balance Sheet credit exposures refer to the credit risks that the various assets in the balance sheet are exposed to.
 These assets are weighted according to the degree of the risks exposed.
- Off Balance Sheet credit exposures refer to the credit risks on the credit equivalent amounts of the various off balance sheet items.
- O Market Risk is the potential for loss in earnings or in economic value of the FI's asset portfolio due to adverse changes in financial market rates or prices. The preferred approach to calculating this risk is VaR (Value at Risk).
- Operational Risk is the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses. The risk can be deliberate, accidental or natural. The FI's objective is to minimize the operational risk exposure within a framework of policies and procedures.



O Liquidity Risk is the potential risk of failure to meet all the financial obligations of the FI as they fall due, resulting from insufficient liquid financial resources.

Risk Weighted Assets (RWA) is a Financial Institution's assets or off-balance-sheet exposures, weighted according to risk. By adjusting the amount of each asset for an estimate of how risky it is, a rough measurement of the company's financial stability can be determined.

Capital Adequacy Details of Meridian Finance & Investment Limited (Meridian Finance)

Capital Adequacy

At Meridian Finance, Capital Management Policy sets out the principles and guidelines for effective and prudent capital planning, usage, and management. The policy delineates the minimum criteria for ensuring that adequate capital is met and effective management is performed. Capital Adequacy is explicitly followed in adherence to the statutory compliance and regulatory requirements of Basel II guidelines, affected by Bangladesh Bank from 1st January 2010. The guidelines are prudently followed to safeguard the Meridian Finance ability to continue as a going concern, by establishing a strong capital base, and to maintain high credit rating as well as the confidence of the investors and creditors.

At Meridian Finance, capital planning is done in alignment with the company's risk appetite and profile. Capital goals are set to incorporate both normal and stressful business conditions. As such, the goals take into considerations current and future regulatory requirements and economic conditions, and the expectations of stakeholders.

Capital targets accommodate forward looking viewpoints on economic outlook, company's current financial condition, and future uncertainties inherent in capital planning.

In line with this objective, capital base is set at a level (0.5% to 1%) higher than the regulatory requirement, while capital target will be 1% to 2% higher than the minimum CAR. This ensures full compliance as well as a buffer against capital loss during stressful situations.

The company emphasizes on strong capital management through the followings:

- O Oblige to regulatory requirements of capital base maintenance.
- O Supply and demand forecast of capital to support business strategy and continuity.
- O Incorporate rolling capital plan covering a time horizon of two to three years.
- O Internal Controls and Governance to manage company's risk, performance and capital.



Capital strategies are periodically reviewed to ensure that strong governance and process framework are in place for effective risk management. Material capital risk is assessed periodically which supports the company's internal capital adequacy requirements.

The scope of application of such guidelines applies to 'Solo' basis.

 'Solo Basis' refers to all position of the FI and its local and overseas branches/offices.

The guidelines apply only 'Solo' basis.

Breakdown of each category of eligible capital is given below.

Core Capital of Meridian Finance is as follows:

Figures in BDT Million

Particulars	Solo	
, artiouraro	2017	2016
Fully paid-up capital/capital lien with BB	1,200.00	1,200.00
Statutory reserve	30.25	8.13
Non-repayable share premium account	-	- 1
General reserve	-	-
Retained Earnings	120.99	32.52
Minority interest in subsidiaries	-	-
Non-cumulative irredeemable preference shares	-	-
Dividend equalization account	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Less Shortfall in provisions required against		
investment in shares	-	-
Total	1,351.24	1,240.65

Supplementary Capital of Meridian Finance is as follows:

Figures in BDT Million

Particulars	Solo	
	2017	2016
General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	38.44	21.43
50% of Asset Revaluation Reserve	-	-
50% of Securities Revaluation Reserve	-	-
All other Preference Shares	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Total	38.44	21.43

Meridian Finance does not have any Additional Supplementary Capital.



Risk Management

At Meridian Finance, disciplined risk management is considered as the key to organizational success. With that objective in mind, strong management structure and risk management system, along with robust policies, are developed to allow the company to manage the internal and external, and regulatory environments. A robust risk management framework is built to effectively cover the necessary requirements of managing risk. Establishment and oversight of the Company's risk management framework lies with the Company's Board of Directors. The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk control standards, and to monitor the risks and adhere to defined policies. Protocols and responsibilities are clearly delineated such that decision making with regards to risk management are taken positively. Meridian Finance contemplate on having the industry practices of identifying, measuring and controlling risks. The Risk management policies and systems are reviewed regularly to reflect changes in market conditions and operations. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

By implementing rigorous risk management policy, risk adjusted returns are maximized, while ensuring that the company remains within its desired risk appetite. Emphasis is given on establishing a risk management culture which takes into account the underlying assertions:

- O Risk considered must be in line with the company's goals, and also must support the company's risk appetite.
- O Responsibility of identifying and taking risks within the organization lies with every employee. The company carries the overall responsibility of ensuring that the risk-taking within the organization is disciplined and focused.
- O Accountability is ensured by taking risk agreed by the respective company authorities and also assuring that the risks taken are transparent, controlled, reported and falls within the appropriate infrastructure and resource.
- O Future risk emergence is identified and necessary steps taken to anticipate its impacts.
- O Effective Risk Management Policy and Controls are founded to use the risk as a competitive advantage.
- O Continuous improvement of the risk management approaches and methodologies to enhance current risk policies.



- O Analyze and establish any new or improved policy to strengthen the company's risk management position.
- Ensuring consistent statutory compliance with regards to capital adequacy and risk management.

In accordance with the Basel II guidelines, Meridian Finance takes precautionary methods against credit, market, operational, and liquidity risks.

Credit Risk is effectively measured and managed through a framework of policies and procedures. All credit exposures undergo proper approving authority as a mean of effective management of counterparty credit risk. A defined structure is established for delegation of credit approval authority and for monitoring compliance with appetite.

Proper due diligence is applied to review the credit applications. Defined processes and procedures are used to support credit underwriting activities at levels of the business. As a part of proper underwriting standards, appropriate valuations of collaterals are done for secured credits.

A counterparty is also required to have an approved limit in place, prior to drawdown of funds. Every credit party is subject to credit rating, and the rating is actively monitored as a part of effective credit risk management. Account level activity along with limit utilization monitoring is set as a part of risk trigger mechanisms. This helps to identify early alert situations based on which the company can take proper actions. Potential problem accounts are identified, investigated, controlled and monitored.

Past dues and impaired exposures are defined in accordance with the relevant Bangladesh Bank regulations. Specific and general provisions are computed periodically in accordance with the Bangladesh Bank regulations. The Company writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when the Company Credit determines that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Figures in BDT Million

Particulars Particulars	Solo	
	2017	2016
Cash and Cash Equivalents	0.12	0.15
Claims on Bangladesh Govt. and Bangladesh Bank	28.83	23.24
Claims on NBFIs and Banks	179.20	953.60
Claims on Corporate	2,412.25	1,553.05
Claims categorized as retail portfolio &		
Small Enterprise	1,413.40	820.40
Consumer finance	196.06	116.36
Claims fully secured by residential property	380.08	137.69
Claims fully secured by commercial real estate	74.86	91.94
Past Due Claims	- 1	-
All other assets	137.70	96.72
Total	4,822.50	3,793.15

Figures in BDT Million

Particulars	Solo	
	2017	2016
Gross Non Performing Loans (NPLs)	-	-
Non Performing Loans (NPLs) to outstanding loan and advance	-	
Movement of Non Performing Loans (NPLs)		
Opening balance	-	-
Add/Less Net movement during the year	-	-
Closing Balance of Non Performing Loans (NPLs)	-	-
Movement of specific provision for (NPLs)		
Opening balance of Specific Provision	-	- 1
Less Written off during the year	-	-
Recovers during the period		-
Add Provision made during the period	-	- 1
Closing Balance of specific provision for (NPAs)	-	- 1

Market Risk management is set as per the parameters defined in the policy. The objective of the Company's market risk management is to manage and control market risk exposures set within the acceptable parameters, thereby ensuring solvency while optimizing the Company's risk return strategy.

Sufficient oversight and reporting are conducted for management of market risk profile. Overall authority for market risk rests with the ALCO. Setting market liquidity as the primary factor for determining the level of limits for portfolio trading, ALCO provides limits for each type of risk in aggregate and for individual portfolios.





The table below gives details of Market Risk for 2017 and 2016:

Figures in BDT Million

Particulars	Solo	
	2017	2016
Interest rate risk	-	-
Equity position risk	59.94	6.52
Foreign exchange risk	-	-
Commodity risk	-	-
Total	59.94	6.52

Operational Risk framework is designed to ensure operational risk identification, assessment, control and monitoring at business and group level. Management of operational risks is an integral part of the roles played by business and the functional teams.

The Risk Management Division oversees whether the operational risk exposures fall within the policy. Defined standards of measurement are also outlined which plays one of the critical roles of ensuring that the risks are managed within the acceptable tolerance limits. The policies and standards are also reviewed periodically to keep the framework updated.

The types of events that could result in material operational risk loss or business disruptions are as follows:

- Internal and external fraud
- Damage to physical assets
- O Business process disruptions and system failures
- D Failure in service executions and deliveries, as well as process management

Liquid Risk is managed by the ALCO team within the pre-defined liquidity limits set by and in compliance with the policies and regulatory requirements. The Treasury division oversees the implementation of policies and other controls relating to liquidity risks while managing the liquidity position of the company on a day to day basis.

RWA figure is calculated on the basis of credit, market, and operational risks. Total RWA is determined by first multiplying the amount of capital charge for market risk and operational risk with the reciprocal of the minimum CAR. The resulting figure is added to the sum of the Risk Weighted Assets for credit risk.



Particulars	Solo	
	2017	2016
Credit Risk		
1. On Balance Sheet	3,618.87	2,890.07
2. Off Balance Sheet	-	-
Market Risk	599.40	65.16
Operational Risk	238.73	151.77
Total RWA	4,457.00	3,107.00

Based on the data derived, the Capital Adequacy Ratio (CAR) is calculated. Meridian Finance follows the standard CAR measurement method.

Core Capital + Supplementary Capital Capital Adequacy Ratio (CAR) = **Risk Weighted Assets**

Figures (except percentage) in BDT Million

Particulars	Solo	
	2017	2016
Core Capital	1,351.24	1,240.65
Supplementary Capital	38.44	21.43
Total Eligible Capital	1,389.68	1,262.07
Risk Weighted Asset (RWA)	4,457.00	3,107.00
Capital Adequacy Ratio (CAR)	31.18%	40.62%
Core Capital to RWA	30.32%	39.93%
Supplementary Capital to RWA	0.86%	0.69%
Minimum Capital Requirement (Higher of 10% of RWA or 100 crore)	1,000	1,000
Excess Capital over Regulatory Requirement	389.68	262.07

The CAR figure of Meridian Finance & Investment Limited can be seen to be comfortably above the Bangladesh Bank's CAR requirement of 10%. This is in line with the institution's approach to being compliant, establish investors' confidence, and demonstrate company stability.







CORE FINANCIAL HIGHLIGHTS, 2017

46.56%

Gross Profit Ratio

32.35%

Operating Profit

39.54%

Cost to Income Ratio

2.52%

Return on Capital Employed

31.18%

Capital Adequacy Ratio

1.01(TIMES)

Current Ratio

0%

Non-performing Loan to Total

91.71%

Loan to Fund Ratio

2.87(TIMES)

Debt to Equity Ratio

1.69(TIMES)

Financial Expense Coverage Ratio

8.53%

Return on Equity (ROE)

2.43%

Return on Asset (ROA)

HORIZONTAL ANALYSIS

For the last 2 years Statement of Comprehensive Income

	2017	2016
Operating Income		
Net interest	147%	100%
Interest income	190%	100%
Less: Interest expenses on deposits & borrowings	259%	100%
Income from investment	1914%	100%
Commission, exchange and brokerage income	0%	0%
Other operational income	99%	100%
Total operating income	169%	100%
Operating Expenses		
Salary and allowances	138%	100%
Rent, taxes, insurance, electricity etc.	133%	100%
Legal and professional fees	652%	100%
Postage, stamp, telecommunication etc.	153%	100%
Stationery, printing, advertisement	205%	100%
Managing director's salary and allowance	560%	100%
Director fees and expenses	87%	100%
Audit fees	247%	100%
Changes on loan losses	0%	0%
Repairs, maintenance and depreciation	217%	100%
Other expenses	177%	100%
Total operating expenses	155%	100%
Net Operating Income	178%	100%
Provisions for loans / investments	92%	100%
Provisions for leases and loans	92%	100%
Provision for margin loan		
Provision for diminution in value of investments	0%	0%
General provision for other assets		
Profit before tax and reserve	198%	100%
	169%	100%
Provision for tax made during the year	207%	100%
Deferred tax expense or (Income)	-25%	100%
Net profit after tax	218%	100%
Earnings Per Share (EPS)	218%	100%

HORIZONTAL ANALYSIS

For the last 2 years Statement of Financial Position

	2017	2016
PROPERTY AND ASSETS		
Cash	124%	100%
Cash in hand	80%	100%
Balance with Bangladesh Bank	124%	100%
Bulance with Bungladesh Bunk	12470	100%
Balance with other banks and financial institutions	97%	100%
Inside Bangladesh	97%	100%
Outside Bangladesh		
Money at call and short notice		
Investment	918%	100%
Government securities	0%	0%
Other investments	918%	100%
Leases, loans and advances	165%	100%
Lease portfolio, term finance, short term loan, etc.		
Fixed assets including land, building, furniture and fixtures	145%	100%
Other assets	140%	100%
TOTAL PROPERTY AND ASSETS	134%	100%
LIABILITY AND SHAREHOLDERS' EQUITY		
Liabilities	144%	100%
Borrowings from Bangladesh Bank, other banks and financial		
institutions	304%	100%
Term deposits	133%	100%
Other liabilities	198%	100%
TOTAL LIABILITIES	146%	100%
Shareholders' Equity	109%	100%
Paid up capital	100%	100%
Statutory reserve	372%	100%
Retained earnings	372%	100%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	134%	100%
TOTAL LIADILITIES AND SHAREHOLDERS EQUITY	137/0	100%

VERTICAL ANALYSIS

For the last 2 years Statement of Comprehensive Income

	2017	2016
Operating Income		
Net interest	42.81%	58.59%
Interest income	89.44%	94.86%
Less: Interest expenses on deposits & borrowings	46.63%	36.27%
Income from investment	8.47%	0.89%
Commission, exchange and brokerage income	0.00%	0.00%
Other operational income	2.09%	4.25%
Total operating income	53.37%	63.73%
Total operating moonie	33.31 %	03.13%
Operating Expenses		
Salary and allowances	10.42%	15.16%
Rent, taxes, insurance, electricity etc.	3.44%	5.20%
Legal and professional fees	0.16%	0.05%
Postage, stamp, telecommunication etc.	0.26%	0.34%
Stationery, printing, advertisement	0.67%	0.65%
Managing director's salary and allowance	1.16%	0.42%
Director fees and expenses	0.12%	0.28%
Audit fees	0.02%	0.02%
Changes on loan losses	0.00%	0.00%
Repairs, maintenance and depreciation	1.47%	1.37%
Other expenses	3.38%	3.84%
Total operating expenses	21.10%	27.32%
Net Operating Income	32.27%	36.41%
Provisions for loans / investments	3.09%	6.75%
Provisions for leases and loans	3.09%	6.75%
Provision for margin loan	0.00%	0.00%
Provision for diminution in value of investments	0.00%	0.00%
General provision for other assets	0.00%	0.00%
Profit before tax and reserve	29.19%	29.66%
TOTAL SCIOLA CATA CITAL TOSCIAC	25.15%	23.00%
	10.17%	12.12%
Provision for tax made during the year	10.42%	10.14%
Deferred tax expense or (Income)	-0.25%	1.98%
Net profit after tax	19.01%	17.54%

VERTICAL ANALYSIS For the last 2 years Statement of Financial Position

	2017	2016
PROPERTY AND ASSETS		
Cash	0.55%	0.60%
Cash in hand	0.00%	0.00%
Balance with Bangladesh Bank	0.55%	0.60%
Balance with other banks and financial institutions	2.85%	3.95%
Inside Bangladesh Outside Bangladesh	2.85% 0.00%	3.95% 0.00%
Outside Bangladesn	0.00%	0.00%
Money at call and short notice	0.57%	20.56%
Investment	5.64%	0.83%
Government securities	0.00%	0.00%
Other investments	5.64%	0.83%
Leases, loans and advances	87.75%	71.57%
Lease portfolio, term finance, short term loan, etc.	0	
Fixed assets including land, building, furniture and fixtures	0.76%	0.70%
Other assets	1.87%	1.79%
TOTAL PROPERTY AND ASSETS	100.00%	100.00%
LIABILITY AND SHAREHOLDERS' EQUITY		
Liabilities	69.84%	65.19%
Borrowings from Bangladesh Bank, other banks and financial	9.61%	4.25%
institutions Term deposits	60.22%	60.94%
remi deposite	00.22.0	00.51%
Other liabilities	4.32%	2.93%
	74.160	60.110
TOTAL LIABILITIES	74.16%	68.11%
Shareholders' Equity	25.84%	31.89%
Paid up capital	22.95%	30.84%
Share premium	0.58%	0.21%
Statutory reserve	2.31%	0.84%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	100%	100%

Financial Highlights Meridian Finance & Investment Limited

All figures in BDT million except (%)

				All rigures in DDT million exc	
Financial Position	2017	2016	2015	Growth of 2017 over 2016	3 Year CAGR (%)/Average*
Total Assets	5,229	3,891	1,224	34.38%	106.68%
Total Liabilities	3,877	2,650	34	46.32%	974.24%
Business Disbursement	3,020	3,030	192	-0.33%	296.60%
Property Plant and Equipment	40	27	18	46.48%	50.33%
Term Deposits	3,149	2,371	26	32.81%	1011.23%
Loan & Lease Portfolio	4,588	2,785	192	64.74%	388.83%
Total Earning Assets	5,062	3,770	1,172	34.27%	107.82%
Operational Performance					
Operating Revenue	582	289	18	101.38%	468.62%
Operating Expenses	123	79	26	55.35%	119.38%
Financial Expenses	271	105	67	158.10%	101.12%
Net Profit Before Tax	170	86	(10)	97.67%	312.31%
Net Profit After Tax	111	51	(5)	116.84%	370.30%
EBIT	441	191	57	130.89%	178.15%
Financial Ratios					
Gross Profit Ratio	46.56%	36.33%		10.23%	
Operating Profit Ratio	32.35%	36.33%		-3.98%	
Return on Capital Employed	10.05%	7.65%		2.39%	
Capital Adequacy Ratio	31.18%	40.63%	191.88%	-9.45%	
Gross Non performing assets to gross advances/Non performing loans (assets) to total loans (assets)	0.0%	0.0%	0.0%	0.00%	
Cost to Income Ratio	39.46%	42.93%		-3.47%	
Debt Equity Ratio	2.70	2.04		0.66	
Financial Expense Coverage Ratio	1.69	2.00		(0.31)	
Return on Equity (%)	8.53%	4.20%		0.04	
Return on Assets (%)	2.43%	1.12%		0.01	
Equity Parameters					
Authorized Capital	2,000	2,000	2,000	0.00%	
Paid-up Capital	1,200	1,200	1,200	0.00%	
Shareholders' Equity	1,351	1,241	1,190	8.91%	
No. of Share Outstanding	120	120	120	0.00%	
Net Asset Value (NAV) Per Share	11.26	10.34	9.92	8.91%	
Earnings Per Share (EPS)	0.92	0.43	(0.04)	116.84%	
Dividend Payment (C-cash & B-bonus)	10% Cash	0%	0%		
Dividend Payout Ratio (%)	109%	0.00%	0.00%		
Dividend Coverage (Times)	0.92	-			
Dividend Yield (%)	10.00%				
Profit Per Employee (mn)	1.38	1.02	(0.19)	35.53%	
Credit Ratings Long Term	А	А			
Short Term	ST-2	ST-2			



Total assets have grown by 34% in a year due to Company's relentless effort to disburse quality loans.



Net Profit was increased in 2017 in comparison to 2016 as Company was able to reduce its interest expenses and increase earnings from capital market investment.



Operating revenue is being continually growing due to Company's rapid expansion in the money market by covering more geographical areas.



Operating margin was slightly reduced in 2017 in comparison to 2016 as operating expenses were significantly increased in the year due to Company's rapid expansion.



Return on equity was increased in 2017 due to Company's relentless effort on the efficient uses of Shareholders' fund by maintaing quality loan growth, administrating expenses and strengthening recovery and collections.



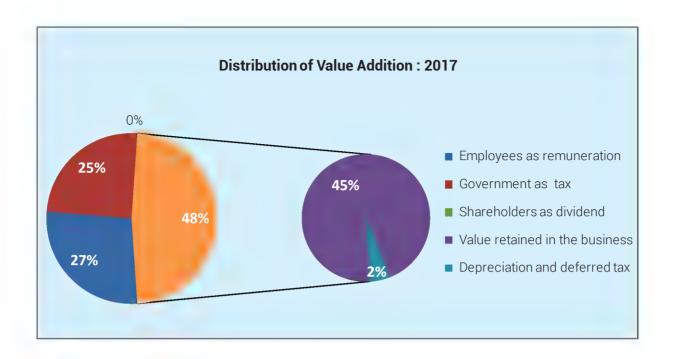
EPS increases in 2017 due to Company's relentless effort to maintain quality loan growth, administrating expenses and strengthening recovery and collections.

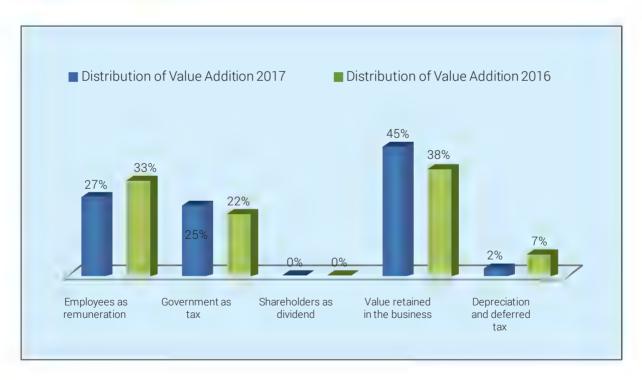
Value Added Statement

For the year ended 31 December 2017

The value added statement represents the value created by Meridian Finance through operational activities and shows how it was distributed among major stakeholders of the Company (Shareholders, Government & Employees) to meet certain obligations. A portion of added value has also been retained in the company for future investment and expansion.

	2017 BDT Mn	%	2016 BDT Mn	%
Value added				
Operating revenue	582		289	
Cost of borrowing	(271)		(105)	
Provisions	(18)		(20)	
Operating expenses excluding staff cost and depreciation	(48)		(30)	
Available for distribution	245		135	
Distribution of value addition				
Employees as remuneration	67	27%	45	33%
Government	61	25%	29	22%
Shareholders as dividend		0%	-	0%
	128	52%	74	55%
Retained for expansion and future growth				
Value retained in the business	111	45%	51	38%
Deferred tax	(1)	-1%	6	4%
Depreciation	7	3%	4	3%
Amount distributed	245	100%	135	100%
Number of employees at the end of the year	80		50	
Value created per employee (Mn BDT)	3.06	_ :	2.69	-
Number of shares (Mn)	120		120	
Value created per share (BDT)	0.03	_ :	0.02	









Independent Auditors' Report & Audited Financial Statements Meridian Finance and Investment Limited
As at & for the year ended
December 31, 2017

Independent Auditors' Report to the Shareholders of Meridian Finance and Investment Limited

We have audited the accompanying financial statements of Meridian Finance and Investment Limited ("the Company") which comprise the balance sheet as at December 31, 2017 and the profit & loss account, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in notes, the Financial Institutions Act, 1993, the Rules and Regulations issued by Bangladesh Bank, the Companies Act, 1994 and other applicable Laws and Regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements of the company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements of the company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the company. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements of the company, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements of the company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Company give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in notes and comply with the Financial Institutions Act, 1993, the Rules and Regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable Laws and Regulations.

We also report that:

(a) we have obtained all the information and explanation which to the best of our knowledge and belief
were necessary for the purpose of our audit and made due verification thereof and found
satisfactory;

- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received:
- (c) the balance sheet and profit and loss account of the Company together with annexed notes from 1 to 36 dealt with by the report are in agreement with the books of account and returns;
- (d) the expenditure incurred was for the purposes of the Company's business;
- (e) the financial statements of Company have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standards as explained in notes as well as with related guidance, circulars issued by Bangladesh Bank to the extent applicable to the company;
- (f) adequate provisions have been made for loans, leases, advances 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 records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (h) the information and explanation required by us have been received and found satisfactory;
- (i) the company has complied with relevant laws pertaining to capital and reserves and found satisfactory;
- (j) we have reviewed over 80% of the risk weighted assets of the Company during the course of our audit and we have spent around 228 person hours for the audit of books and accounts of the Company;
- (k) the internal control and the compliance of the company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed appropriately;
- (I) 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;
- (m) the Company has complied with relevant laws pertaining to capital, reserves and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (n) taxes and other duties collected and deposited to Government Treasury by the Company as per Government instructions found satisfactory; and
- (o) all other issues which are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka

Dated: March 22, 2018

Chartered Accountants

Balance Sheet
As at December 31, 2017

	Notes	Amount	in BDT
	Notes	2017	2016
PROPERTY AND ASSETS			
Cash	3	28,951,966	23,388,880
In hand (including foreign currencies)	3.01	120,000	150,000
Balance with Bangladesh Bank and its agent (including foreign currencies)	3.02	28,831,966	23,238,880
Balance with other Banks and Financial Institutions	4	149,197,343	153,602,315
Inside Bangladesh		149,197,343	153,602,315
Outside Bangladesh		-	-
Money at call and short notice	5	30,000,000	800,000,000
Investments	6	295,116,561	32,159,716
Government		-	-
Others		295,116,561	32,159,716
Leases, loans and advances	7	4,588,069,092	2,784,875,208
Loans, cash credit, overdraft and leases etc.		4,588,069,092	2,784,875,208
Bills purchased and discounted		-	-
Fixed Assets including land, building, furniture & fixtures	8	39,548,881	27,241,908
Other assets	9	97,693,608	69,684,372
Non-business assets		-	-
TOTAL ASSETS		5,228,577,451	3,890,952,399
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	502,703,616	165,372,760
Deposits & other accounts	11	3,148,817,888	2,371,090,766
Current deposits and other accounts etc.		-	-
Bills payable		-	-
Saving bank deposit	11.01	2.046.240.612	- 2,303,045,086
Term deposits Bearer certificate of deposits	11.01	3,046,249,613	2,303,045,066
Other deposits	11.02	102,568,275	68,045,680
Other liabilities	12	225,818,107	113,842,781
Total liabilities		3,877,339,611	2,650,306,307
Capital/Shareholders' Equity		1,351,237,841	1,240,646,092
Paid-up Capital	13	1,200,000,000	1,200,000,000
Statutory reserve	14	30,247,568	8,129,218
Retained earnings	15	120,990,272	32,516,874
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,228,577,451	3,890,952,399
Net Asset Value (NAV) per share		11.26	10.34

Balance Sheet

As at December 31, 2017

Not	tos	Amount	in BDT
Not	160	2017	2016
OFF-BALANCE SHEET ITEMS			
Contingent liabilities		-	-
Acceptances and endorsements		-	-
Letter of guarantee		-	-
Irrevocable letters of credit		-	-
Bill for collection		-	-
Other contingent liabilities	L	-	-
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments	L	-	-
Total Off-Balance Sheet Items including Contingent Liabilities		-	-

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

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

Place: Dhaka

Dated: March 22, 2018

Chartered Accountants

Profit and Loss AccountFor the year ended December 31, 2017

	Notes	Amount	in BDT
	Notes	2017	2016
Interest income	16	520,191,669	274,144,048
Interest on deposits and borrowings etc.	17	271,183,307	104,816,206
Net interest income		249,008,361	169,327,842
Income from investment	18	49,267,973	2,574,329
Commission, Exchange and Brokerage	19	-	-
Other operating income	20	12,151,356	12,286,376
Total Operating Income		310,427,691	184,188,548
Salary and allowances	21	60,623,379	43,808,758
Rent, taxes, insurance, electricity etc.	22	20,010,805	15,028,689
Legal and professional fees	23	945,203	144,899
Postage, stamp, telecommunication etc.	24	1,499,563	981,670
Stationery, printing, advertisement etc.	25	3,867,926	1,890,675
Managing director's salary and allowance	26	6,729,032	1,202,419
Directors' fees	27	702,778	806,597
Auditors' fees	28	127,778	51,750
Charges on loan losses		-	-
Depreciation and repair of Company's assets	29	8,556,750	3,951,530
Other expenses	30	19,666,879	11,094,263
Total Operating Expenses		122,730,093	78,961,250
Profit before provision		187,697,598	105,227,298
Provisions for loans / investments	31	17,948,785	19,510,675
General Provision		17,948,785	19,510,675
Specific provision		-	-
Provision for diminution in value of investments		-	-
Other provisions		-	-
Profit before tax and reserve		169,748,813	85,716,623
Provision for taxation	32	59,157,064	35,027,017
Current tax		60,608,382	29,299,443
Deferred tax		(1,451,318)	5,727,574
Net Profit/(Loss) after taxation		110,591,749	50,689,606
Appropriations:			
Statutory reserve		22,118,350	8,129,218
Retained earnings		88,473,399	42,560,388
Dividend		-	-
		110,591,749	50,689,606
Earning Per Share (EPS)		0.92	0.42

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

Managing Director & CEO

Company Secretary

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

Place: Dhaka

Dated: March 22, 2018

Chartered Accountants

Statement of Changes in EquityFor the year ended December 31, 2017

Amount in BDT

Particulars	Share Capital	Statutory Reserve	Retained Earnings	Total
Balance as on January 01, 2017	1,200,000,000	8,129,218	32,516,874	1,240,646,092
Net Profit /(Loss) for the year	-	-	110,591,749	110,591,749
Issue of share capital during the year	-	-	-	-
Appropriation to statutory reserve	-	22,118,350	(22,118,350)	-
Balance as on December 31, 2017	1,200,000,000	30,247,568	120,990,272	1,351,237,841

For the year ended December 31, 2016

Amount in BDT

Particulars	Share Capital	Statutory Reserve	Retained Earnings	Total
Balance as on January 01, 2016	1,200,000,000	-	(10,043,514)	1,189,956,486
Net Profit /(Loss) for the year	-	-	50,689,606	50,689,606
Issue of share capital during the year	-	-	-	-
Appropriation to statutory reserve	-	8,129,218	(8,129,218)	-
Balance as on December 31, 2016	1,200,000,000	8,129,218	32,516,874	1,240,646,092

Chairman

Director

Managing Director & CEO

Company Secretary

Statement of Cash Flows For the year ended December 31, 2017

		Amount	in BDT
		2017	2016
A)	Cash flows from operating activities		
,	Interest received	521,334,169	285,782,385
	Interest paid	(244,527,317)	(51,655,412)
	Dividend received	11,541,022	163,060
	Fees and commission received	12,151,356	12,286,376
	Income from investment	32,856,366	2,411,269
	Cash paid to employees (including directors)	(67,052,419)	(43,370,071)
	Cash paid to suppliers & Others	(25,467,264)	(17,238,190)
	Income taxes paid	(45,064,898)	(23,676,722)
	Received from other operating activities	-	-
	Paid for other operating activities	(19,666,879)	(11,094,263)
	Cash generated from operating activities before changes in	(13,000,013)	(11,031,200)
	operating assets and liabilities	176,104,136	152 600 422
	operating assets and nabilities	170,104,130	153,608,432
	Increase/ (decrease) in operating assets & liabilities		
	Loans and advances to customers	(1,799,596,643)	(2,593,103,547)
	Other assets	22,275,454	(31,320,049)
	Deposits from customers	777,727,122	2,345,578,291
	Other liabilities	-	-
		(999,594,067)	(278,845,305)
		(222 422 221)	(105.006.070)
	Net Cash from Operating Activities	(823,489,931)	(125,236,873)
B)	Cash flows from investing activities		
	Changes in investment in securities	(262,956,845)	(32,159,716)
	Money at call and short notice	770,000,000	(800,000,000)
	Net proceeds/(payments) for sale/ purchase of Treasury bills	-	-
	Purchase of property, plant and equipment	(19,725,965)	(13,375,083)
	Sales proceeds of fixed assets	-	-
	Investment in subsidiaries	-	-
	Net Cash used in Investing Activities	487,317,190	(845,534,799)
C)	Cash flows from financing activities		
٥,	Drawdown of Term Loan, OD and REPO	337,330,856	165,372,760
	Issuance of ordinary share	-	100,512,100
		227 220 056	165 272 760
	Net Cash used in Financing Activities	337,330,856	165,372,760
D)	Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	1,158,114	(805,398,912)
E)	Opening cash and cash-equivalents	176,991,195	982,390,108
F)	Closing cash and cash-equivalents (D+E)*	178,149,310	176,991,195
	* Closing cash and cash-equivalents		
	Cash in hand	120,000	150,000
	Balance with Bangladesh Bank and its agent bank(s)	28,831,966	23,238,880
	Balance with other Banks and Financial Institutions	149,197,343	153,602,315
	Total:		
	i Otal.	178,149,310	176,991,195

Managing Director & CEO

Company Secretary

MERIDIAN FINANCE AND INVESTMENT LIMITED Liquidity Statement For the year ended December 31, 2017

Amount in BDT

					C .	
Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
Assets Cash in hand (including foreign currencies)	120,000	ı	ı	1	,	120,000
Balance with Bangladesh Bank and its agent (including foreign currencies)					28,831,966	28,831,966
Balance with banks and financial institutions	558,446	13,638,898	135,000,000		1	149,197,343
Money at call and short notice	30,000,000	ı	1	1	ı	30,000,000
Investments	81,521,420	23,984,789	55,064,901	134,545,451	1	295,116,561
Lease, loans and advances	17,586,678	1,035,173,355	464,566,812	2,466,059,846	604,682,401	4,588,069,092
Fixed assets including land, building, furniture and fixtures	1	1	3,345,935	15,168,144	21,034,802	39,548,881
Other assets	12,944,194	52,142,021	3,661,338	28,946,055	1	809'869'26
Non-banking assets	ı	1	ı	1		
Total Assets	142,730,737	1,124,939,063	661,638,987	2,644,719,496	654,549,169	5,228,577,451
Liabilities Borrowing from other banks, financial institutions and agents	29,560,152	127,275,509	145,058,877	200,809,078	1	502,703,616
Deposits	97,450,241	996,892,983	382,722,619	1,512,966,720	56,217,050	3,046,249,613
Other accounts	1	1	1	•	1,351,237,841	1,351,237,841
Provision and other liabilities	14,270,361	13,255,320	105,298,231	89,377,302	106,090,964	328,292,178
Total Liabilities	141,280,754	1,137,423,811	633,079,728	1,803,153,100	1,513,545,854	5,228,483,247
Net Liquidity Surplus/(Gap)	1,449,983	(12,484,749)	28,559,259	841,566,396	(858,996,685)	94,204

Chairman

Managing Director & CEO

Company Secretary

Notes to the Financial Statements

As at and for the year ended December 31, 2017

1. Legal status and nature of the company

1.1 Domicile, legal form and country of operation

Meridian Finance and Investment Ltd. (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 (RJSC) 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 Ltd.". It started commercial operations since December 2015 after obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. The registered address of the company is situated at Silver Tower (Level-6), 52 Gulshan Avenue, Gulshan-1, Dhaka-1212, Bangladesh.

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

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	03-049244	2-Sep-15	2017-18
6	VAT Identification Number	18141129850	30-Nov-15	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, Channel Finance, Home Loan, Hire Purchase, SME, Car Lease, Personal Loan, Factoring, Syndication Finance, Loan Against Deposit etc.

2. Basis for preparation and significant accounting policies

2.01 Statement of compliance

The financial statements of Meridian Finance have been prepared on a going concern basis following accrual basis of accounting except for cash flows statement as per DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Markets of Bangladesh Bank with reference to the provisions of First Schedule of Bank Company Act 1991 and Bangladesh Bank's other circulars and guidelines or directives and in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Financial Institutions Act 1993.

In several cases, the laws, circulars, guidelines or directives of Bangladesh Bank differ from those of financial reporting standards as promulgated by International Accounting Standards Body (IASB) and as adopted by national standard setter, i.e., The Institute of Chartered Accountants of Bangladesh (ICAB), the requirements of Bangladesh Bank prevails and these financial statements have been prepared by departing from those requirements of BFRSs with a view to comply with the regulatory requirements.

The requirements of accounting standards as per BFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in note - 2.03

However, these departures with BFRSs have been made by following all of the relevant provisions of BAS 1 and detail disclosures are given in note - 2.03 by following the provision of Para 20 of BAS 1.

2.02 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 (DFIM) 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.

2.03 Disclosure of departure from few requirements of BFRS due to mandatory compliance of Bangladesh Bank's requirements.

SL. Nature of Departure	Title of BFRS	Treatment of BFRS	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)	BAS 39 "Financial Instruments: Recognition and Measurement"	"An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall measure the amount of the loss as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account.	As per FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.	In Financial Statements, as at 31 December 2017, accumulated provision for leases, loans and advances stand at Taka 39.38 million.

SL.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
2	Recognition of interest income for SMA and classified lease, loans and advances	BAS 39 "Financial Instruments: Recognition and Measurement"	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	As at 31 December 2017, in Financial Statements interest suspense account was Taka 4.31 million whereas last year was nil. This amount has been shown in other liabilities in note 12.
3	Recognition of interest income for SMA and classified lease, loans and advances	BAS 39 "Financial Instruments: Recognition and Measurement"	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	As at 31 December 2017, in Financial Statements interest suspense account was Taka 4.31 million whereas last year was nil. This amount has been shown in other liabilities in note 12.
4	Presentation of cash and cash equivalent	BAS 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 2017 and corresponding year 2016 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.

SL.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
5	Measurement of deferred tax asset	BAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against lease, loans and advances.	During this year 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.
6	Presentation and disclosure of Financial Statements and Financial Instruments	BAS 1 "Presentation of Financial Statements" BAS 32 "Financial Instruments: Presentation" BFRS 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. BAS 1 requires separate line item for intangible assets on the face of statement of financial position. BAS 32 and BFRS 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. 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 BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.	Financial Statements for 2017 and corresponding year 2016 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.

SL.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
7	Preparation of "Statement of Cash Flows"	BAS 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 2017 and corresponding year 2016 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
8	Current/Non-cur rent distinction	BAS-1 "Presentation of Financial Statement"	As per Para 60 of BAS-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 2017 and corresponding year 2016 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.
9	Off-balance sheet items	BAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any BFRS; 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 2017 and corresponding year 2016 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 but there is a disclosure in the financial statements

SL.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
10	Impairment of Margin Loan (Loans and receivables	BAS-39 "Financial instruments: Recognition and measurement"	Measurement after initial recognition at amortized cost and recording of changes through profit and loss.	As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/CMRRCD/2009-193/196 dated 28 December 2016, provisions for the year 2016 on impairment of principal portion of margin loan may be kept at 20% on each quarter for the five quarters starting from December 2016.	There is no such impact for this.
11	Complete set of financial statements	BAS 1 "Presentation of Financial Statements"	As per BAS 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) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Financial Statements for 2017 and corresponding year 2016 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.
12	Intangible asset	BAS 1 "Presentation of Financial Statements"	As per BAS 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.	Financial Statements for 2017 and corresponding year 2016 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.

SL.	Nature of Departure	Title of BFRS	Treatment of BFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
Ĭ				We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.	There is no financial impact for this departure in the financial statements.
13	Other comprehensive income	BAS 1 "Presentation of Financial Statements"	As per BAS 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 2017 and corresponding year 2016 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.
14	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 2017 and corresponding year 2016 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.

2.04 **Components of the financial statements**

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

- a) Balance sheet as at December 31, 2017;
- b) Profit and loss account for the year ended December 31, 2017;
- c) Statement of Changes in Equity for the year ended December 31, 2017;
- d) Statement of Cash Flows for the year ended December 31, 2017;
- e) Liquidity Statement for the year ended December 31, 2017;
- f) Notes to the Financial Statements for the year ended December 31, 2017.

2.05 Disclosure of departure from few requirements of BFRS due to mandatory compliance of **Bangladesh Bank's requirements**

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

- 2.05.01 As per FID circular No. 08, dated 03 August 2002 and FID circular No. 03, dated 03 May 2006 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 BAS 39. At the year end the company has recognized an accumulated general provision of Tk. 39.38 million in balance sheet under liabilities.
- 2.05.02 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.
- 2.05.03 As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.
- 2.05.04 As per BAS 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 BAS.

2.06 Presentation and functional currency and level of precision

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

2.07 Use of estimates and judgments

"The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRSs) 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 Bangladesh Accounting Standard (BAS)-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 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.

2.08 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.

2.09 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.

2.10 Directors' responsibility statement

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

2.11 Cash flows Statement

The statement of cash flows is prepared using the direct method as stipulated in Bangladesh Accounting Standard (BAS) 7 "Cash Flow Statements", and in accordance with the instruction of Bangladesh Bank.

2.12 Books of account

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

2.13 Branch accounting

The Company has two branches, with no overseas branches as on 31 December 2017. Accounts of the branches are maintained at the head office from which these accounts are drawn up.

2.14 **Revenue recognition**

As per BAS 18, "Revenue" is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

2.14.01 Interest income on lease, loans and advances

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

2.14.02 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 on is credited to income at the time of effecting the transactions.

2.14.03 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.

2.15 **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.

2.15.01 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.

2.16 **Employees' benefit obligation**

2.16.01 Provident fund

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

2.17 Recognition of fixed assets

2.17.01 Assets acquired under own finance

These are recognized initially at cost and subsequently at cost less accumulated depreciation in compliance with the BAS-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.

2.17.02 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:

Useful Life (Years)	Rate (%)
6	16.67%
6	16.67%
5	20.00%
5	20.00%
5	20.00%
	6 6 5 5

2.17.03 Intangible Assets

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

2.17.04 Amortization

Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values at the following rates starting from the date of acquisition of assets:

Name of Assets	Useful Life (Years)	Rate (%)
Systems & Software	5	20.00%

2.18 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.

2.19 Contingent asset and contingent liability

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.

2.20 Consistency

In accordance with the BFRSs framework for the presentation of financial statements together with BAS 1 and BAS 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 BAS-8. We, however, have applied the same accounting and valuation principles in 2017 as in financial statements for 2016.

2.21 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
- q) Deposits and other accounts are on the basis of their maturity period and behavioural past
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.

2.22 **Borrowing costs**

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

2.23 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.

2.24 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, and FID Circular No. 06, dated 20 August 2006. 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%

2.25 Corporate Tax

a. Current tax

Provision for current income tax is normally made as prescribed in Finance Act 2017 on the profit made by the Company considering major taxable allowances and disallowances and the same is understated or overstated to that extent. Any shortfall or excess provision will be duly adjusted after final assessment.

b. Deferred tax

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

2.26 Term deposits and other deposits accounts

2.26.01 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.

2.26.02 Other deposits

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

2.27 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 BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.28 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.

2.29 Financial risk management

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

Credit Risk

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

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

Liquidity Risk

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

Market Risk

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

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

Operational Risk

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

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

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

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

Money Laundering and Terrorist Financing Risk

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

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

2.30 Comparative figures

Comparative information has been disclosed in respect of the period ended 31 December 2017 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Figures of the period 2016 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

2.31 General Notes

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

3. Cash in hand

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

3.01 In hand (including foreign currencies)

Local Currency Foreign Currency

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

Local Currency Foreign Currency

Amount in BDT			
2017	2016		
120,000	150,000		
28,831,966	23,238,880		
28,951,966	23,388,880		
120,000 -	150,000 -		
120,000	150,000		
28,831,966 -	23,238,880 -		
28,831,966	23,238,880		

3.03 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with Financial Institutions Act, 1993 & Financial Institutions Regulations, 1994 and FID Circular No. 06 dated November 06, 2003, FID Circular No. 02 dated November 10, 2004 and FID Circular No. 01 dated January 12, 2017.

Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% 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 2.5% 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.

		Amount	in BDT
		2017	2016
a)	Cash Reserve Requirement (CRR)		
	Required reserve	27,748,092	22,896,668
	Actual reserve maintained	28,584,598	23,432,309
	Surplus / (deficit)	836,506	535,641
b)	Statutory Liquidity Reserve (SLR)		
	Required reserve (including CRR)	63,708,831	50,001,979
	Actual reserve maintained (including CRR)	164,669,258	179,779,067
	Surplus / (deficit)	100,960,427	129,777,088
4.	Balance with other Banks and Financial Institutions		
	Inside of Bangladesh		
	Local Currency		
	Non interest bearing current deposit account (Note - 4.01)	558,446	510,224
	Interest bearing short term deposit account (Note - 4.02)	13,638,898	3,092,091
	Fixed deposit account (Note - 4.03)	135,000,000	150,000,000
		149,197,343	153,602,315
4.01	Non interest bearing current deposit account		
	BASIC Bank Limited (A/C # 2210-01-0005718)	1,252	-
	Mercantile Bank Limited (A/C # 112911115835276)	47,000	508,896
	Midland Bank Limited (A/C # 0011-1050001475)	179	1,329
	Mutual Trust Bank Limited (A/C # 0057-0210004013)	510,015	-
		558,446	510,224
4.02	Interest bearing short term deposit account		
	Mercantile Bank Limited (A/C # 112913115835333)	4,499,607	2,495,357
	NRB Bank Limited (A/C # 1021030038238)	6,239,388	135,212
	NRB Commercial Bank Limited (A/C # 0102 36000000029)	2,899,903	461,522
		13,638,898	3,092,091

	Amount	In BDT
A 00 Final density assume	2017	2016
4.03 Fixed deposit account		150,000,000
NRB Commercial Bank Limited		150,000,000
NRB Global Bank Limited	135,000,000	-
	135,000,000	150,000,000
4.04 Maturity grouping of balance with other banks and financial		
institutions		
Up to 1 month	558,446	510,224
Over 1 month but not more than 3 months	13,638,898	3,092,091
Over 3 months but not more than 6 months	-	-
Over 6 months but not more than 1 year	135,000,000	150,000,000
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	149,197,343	153,602,315
5. Money at call and short notice		
Short term placement	30,000,000	800,000,000
	30,000,000	800,000,000
6. Investment		
Government	-	-
Other		
Investment in marketable securities (Note-6.01)	110,659,110	32,159,716
Investment in Mutual Fund	9,912,000	-
Investment in preference shares	174,545,451	-
	295,116,561	32,159,716
	295,116,561	32,159,716

6.01 Investment in marketable securities

Details of marketable securities are given below:

Business Segments	No. of Shares	Cost Price	Market Price
Bank	407,697	17,559,234	17,704,563
Financial Institutions	166,700	14,754,374	15,003,860
Cement	121,600	19,491,157	19,062,500
Pharmaceuticals & Chemicals	144,976	24,909,569	26,467,341
Engineering	238,975	5,007,988	5,091,315
Food & Allied	15,800	4,374,224	4,555,140
Fuel & Power	22,800	3,039,580	2,647,080
IT Sector	52,582	2,520,453	5,137,261
Tannery	5,550	1,992,553	1,823,730
Textile	71,250	3,128,704	1,389,375
Travel & Leisure	35,000	2,074,275	1,988,000
Telecommunication	45,000	11,807,000	11,993,500
		110,659,110	112,863,666

		Amount	in BDT
_		2017	2016
7.	Leases, loans and advances		
	Corporate Finance Lease Finance	126,050,730	70.250.000
	Loan Finance	2,284,982,272	70,250,098 1,583,935,064
	Syndicated Loan Finance	107,424,339	1,303,933,004
	Syndicated Edan i mande		1.654.105.160
		2,518,457,341	1,654,185,162
	Consumer Finance		
	House Finance	380,319,791	137,839,269
	Car Lease	196,421,993	116,359,084
	Loan Against Deposit	53,485,952	-
	Personal Loan - Employee	454,129	-
		630,681,866	254,198,353
	SME Finance		
	Lease Finance, SMALL	158,136,147	62,646,645
	Loan Finance, SMALL	541,922,674	183,676,888
	Lease Finance, MID	92,130,168	903,738
	Loan Finance, MID	590,314,909	613,320,086
	Loan i mance, wild		
		1,382,503,898	860,547,356
	Channel Finance		
	Factoring	51,935,738	11,117,193
	Work Order Financing	1,747,620	4,827,143
	Distributor Financing	2,742,629	-
		56,425,987	15,944,336
		4,588,069,092	2,784,875,208
7.01	Maturity Wise Grouping		
1.01	On Demand	_	_
	Not more than 3 months	52,760,033	15,000,000
	More than 03 Month to 01 Years	464,566,812	294,860,928
	More than 01 Year to 05 Years	3,466,059,846	1,588,005,425
	More than 05 Years	604,682,401	887,008,855
		4,588,069,092	2,784,875,208
7.02	Classification wise leases, loans and advances/investments		
1.02	Unclassified		
	Standard	4,517,159,593	2,784,875,208
	Special Mention Accounts (SMA)	70,909,499	-
		4,588,069,092	2,784,875,208
	Classified		
	Sub-standard	-	-
	Doubtful	-	-
	Bad/loss	-	-
		-	-
		4,588,069,092	2,784,875,208

			Amount	in BDT
			2017	2016
3		s, advances and leases on the basis of significant		
		entration		
		Loans, advances and leases to the institutions in which Directors have interest		
		Loans, advances and leases to Chief Executive and other	-	-
	,	senior executives		_
		Loans, advances and leases to customer groups:		
) House finance	380,319,791	137,839,269
		i) Car Loan	196,421,993	116,359,084
		ii) Personal Ioan	-	-
	i	v) Loan Against deposits (LAD)	53,485,952	-
	١	y) Small and medium enterprises	1,375,389,225	860,438,999
	١	vi) Special program loan (BB refinancing scheme)	7,114,673	108,357
	١	vii) Staff loan	454,129	-
	١	iii) Industrial Loans, advances and leases	2,411,033,002	1,654,185,162
	i	x) Other loans and advances	163,850,326	15,944,336
			4,588,069,092	2,784,875,208
	d) I	Details of Industrial loans, advances and leases		
		1) Trade and Commerce	660,949,786	405,403,301
		2) Industries		
		i) Garments and Knitwear	539,291,909	424,061,864
		ii) Textile	239,345,058	142,636,184
		iii) Jute and Jute -products	38,272,449	48,895,145
		iv) Food Production and Processing industry	202,290,591	2,312,209
		v) Plastic Industry	50,786,131	67,264,603
		vi) Leather and Leather Goods	104,631,552	252,535,691
		vii) Iron, Steel and Engineering	26,050,650	26,042,081
		viii) Pharmaceuticals and Chemicals	90,098,124	87,870,682
		ix) Cement and Allied Industry	46,250,724	-
		x) Telecommunication and IT	289,302,917	301,072,276
		xi) Paper, printing and Packaging	35,390,985	25,095,547
		xii) Glass, Glassware and Ceramic Industry	-	-
		xiii) Ship Manufacturing Industry	-	-
		xiv) Electronics and Electrical Products	272,902,794	-
		xv) Power, Gas, water and Sanitary Service	_	_
		xvi) Transport and Aviation	244,831,865	168,104,189
		B) Agriculture	587,934,700	403,426,803
		4) House Finance	533,960,029	229,776,338
		5) Others	_	_
		Loan to Subsidiaries Companies	_	_
		Others	625,778,826	200,378,297
			4,588,069,092	2,784,875,208

7.04 Loans, advances and leases-geographical location wise

Dhaka

Chittagong

Khulna

Rangpur

Rajshahi

Sherpur

Sylhet

7.05 Particulars of loans, advances and leases

- Loans, advances and leases considered good in respect of which the Bank/ FI is fully secured.
- Loans, advances and leases considered good for which the Bank/FI holds no other security than the debtor's personal security.
- iii) Loans, advances and leases considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.
- iv) Loan adversely classified; for which no provision is created.
- v) Loans, advances and leases due by directors or officers of the Bank/FI or any of them either jointly or separately with any other persons.
- vi) Loans, advances and leases due by companies and firms in which the directors of the Bank/FI have interests as directors, partners or managing agent or in case of private companies as members.
- vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors and managers or officers of the Bank/FI or any of them either severally or jointly with any other persons.
- viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank/ FI have interests as directors, partners or managing agents or, in case of private companies as members.
- ix) Due from other Bank and Financial Institution companies
- Information in respect of classified loans, advances and leases:

Amount in BDT				
2017	2016			
3,692,214,725 179,378,394 226,955,097 358,228,766 110,048,153 15,122,986 6,120,970	1,921,563,893 473,428,785 83,546,256 306,336,273 - -			
4,588,069,092	2,784,875,208			
1,948,350,270 690,995,556 1,945,656,296	926,461,038 962,283,262 896,130,908			
3,066,970				

		Amoun	t in BDT
		2017	2016
	a) Classified loans, advances and leases for which interest/		
	profit not credited to income		
	b) Amount of provision kept against loans classified as		
	bad/loss as at the Balance Sheet date		
	c) Amount of interest credited to the interest suspense		
	account xi) Cumulative amount of written off loans, advances		
	and leases:		
	Opening Balance		
	Amount written off during the year		
	Amount received off during the year		
	Balance of written off loans and advances yet to be recovered		
	The amount of written off loans, advances and leases for		
	which law suits have been filed	4,588,069,092	2,784,875,208
0	Fixed Access including Land Duilding Franking and Finking		
8.	Fixed Assets including Land, Building, Furniture and Fixtures		
	Freehold assets (Note-8.01)	35,725,865	26,829,926
	Intangible assets (Note-8.02)	3,823,016	411,982
		39,548,881	27,241,908
	Details are given in Annexure-A		
8.01	Freehold assets		
	A. Cost		
	Opening Balance	30,908,027	17,989,418
	Add : Addition/(Disposal) during the period	16,194,682	12,918,608
		47,102,709	30,908,027
	Less: Sales/ adjustment during the period	66,142	-
		47,036,568	30,908,027
	B. Accumulated depreciation		
	Opening Balance	4,078,101	470,781
	Add: Charged during the period	7,239,338	3,607,320
	Lanca Adir akan sakada ali ali saka sa sai ad	11,317,439	4,078,101
	Less: Adjustment during the period	6,737	4,078,101
	C. Written down value (A-B)	35,725,865	26,829,926
			20,023,320
8.02	Intangible assets		
	IT Software (Note-8.02.01)	477,081	411,982
	WIP-Software	3,345,935	411 000
		3,823,016	411,982
8.02.01	IT Software		
	A. Cost		
	Opening Balance	456,475	-
	Add: Acquisition during the period	185,348	456,475
	Less: Adjustment during the period	641,823	456,475
	2000. Aujustitient during the period	641,823	456,475
		041,823	450,475

			Amount	in BDT
			2017	2016
	B.	Accumulated depreciation		
		Opening Balance	44,493	-
		Less: Amortized during the period	120,249	44,493
			164,742	44,493
		Less: Adjustment during the period	-	-
			164,742	44,493
	C.	Written down value (A-B)	477,081	411,982
9.	Oth	her assets		
	No	n income generating assets		
	Adv	vances, deposits and prepayments (Note-9.01)	91,088,076	65,345,076
	Def	ferred Tax Asset (Note-9.02)	1,341,338	633,463
	Inc	come generating assets		
	Inte	erest and other receivables (Note-9.03)	2,320,000	3,462,500
	Red	ceivable with Securities (Note-9.04)	2,944,194	243,333
			97,693,608	69,684,372
9.01	Ad	vances, Deposits and Prepayments		
	Adv	vance office rent	7,192,174	9,003,454
	Adv	vance to suppliers & others	2,997,200	29,000
	Adv	vance for IPO investment	-	30,000,000
	Adv	vance Income Tax	69,016,870	23,951,972
	Sec	curity deposit	4,240,650	2,360,650
	Pre	epayment for Stamp Expense	200,000	-
	Div	vidend Receivable	4,870,585	-
	Sur	ndry receivable	783,831	-
	Red	ceivable from Client	1,786,766	-
			91,088,076	65,345,076

^{**}Advance income tax represents the amount of income tax deducted at source (TDS) by different financial institutions on the interest on bank balances & TDR of Meridian Finance & Investment Limited, dividend income and paid to Deputy Commissioner of Taxes in four equal instalment U/S-64 of Income Tax Ordinance 1984.

Amount in BDT			
2017	2016		

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 Bangladesh Accounting Standard (BAS)-12: Income Taxes.

Accounting Base Carrying Amount	Tax Base Carrying Amount	(Taxable)/ Deductible temporary difference
ook or 2017		
		142,29
15,525,384	15,914,979	389,59
4,439,725	4,528,975	89,24
6,220,419	4,460,473	(1,759,947
4,030,918	2,661,760	(1,369,158
35,725,865	33,217,897	(2,507,968
35,725,865	33,217,897	(2,507,968
35,725,865	33,217,897	
	33,217,897	(1,065,887
2.5%	33,217,897	(1,065,887
2.5%	33,217,897	(1,065,887
2.5%	33,217,897	(1,065,887 (1,809,328 3,156,09
2.5%	33,217,897	(1,065,887 (1,809,328 3,156,09 3,156,09
2.5%	33,217,897	(2,507,968 (1,065,887 (1,809,328 3,156,09 3,156,09 1,341,33 633,46
	Carrying Amount mber 2017 5,509,418 15,525,384 4,439,725 6,220,419	Carrying Amount Carrying Amount 5,509,418 5,651,710 15,525,384 15,914,979 4,439,725 4,528,975 6,220,419 4,460,473

			Tax Expense/ (Income)
Deferred Tax Liability	(1,065,887)	(1,809,328)	(743,442)
Deferred Tax Assets	1,341,338	633,463	(707,876)
Deferred Tax Expense/ (Income)		1	(1,451,318)
Interest and other receivables			
Interest receivables-Fixed Deposit		2,280,000	2,187,500
Interest receivables-Short Term Placement		40,000	1,275,000
		2,320,000	3,462,500
Receivable with Securities			
Receivable with IDLC Securities Ltd.		2,552,701	243,333
Receivable with Shanta Securities Ltd.		16,251	-
Receivable with LankaBangla Securities Ltd.		83,122	-
Receivable with NRBC Bank Securities Ltd.		292,120	-
	_	2,944,194	243,333
	Deferred Tax Expense/ (Income) Interest and other receivables Interest receivables-Fixed Deposit Interest receivables-Short Term Placement Receivable with Securities Receivable with IDLC Securities Ltd. Receivable with Shanta Securities Ltd. Receivable with LankaBangla Securities Ltd.	Deferred Tax Assets 1,341,338 Deferred Tax Expense/ (Income) Interest and other receivables Interest receivables-Fixed Deposit Interest receivables-Short Term Placement Receivable with Securities Receivable with IDLC Securities Ltd. Receivable with Shanta Securities Ltd. Receivable with LankaBangla Securities Ltd.	Deferred Tax Assets 1,341,338 633,463 Deferred Tax Expense/ (Income) Interest and other receivables Interest receivables-Fixed Deposit 2,280,000 Interest receivables-Short Term Placement 40,000 Receivable with Securities Receivable with IDLC Securities Ltd. 2,552,701 Receivable with Shanta Securities Ltd. 16,251 Receivable with LankaBangla Securities Ltd. 83,122 Receivable with NRBC Bank Securities Ltd. 292,120

		Amount	in BDT
		2017	2016
10.	Borrowings from Bangladesh bank, other banks and		
	financial institutions		
	Inside Bangladesh (Note-10.01)	502,703,616	165,372,760
	Outside Bangladesh	-	-
		502,703,616	165,372,760
10.01	Inside Bangladesh		
10.01	Secured		
	Bank Overdraft (Note-10.01.01)	116,143,915	61,638,796
	Unsecured		
	Bank Overdraft - Midland Bank Limited	80,568	4,797
	Long term loan (Note-10.01.02)	246,479,132	103,729,167
	Call Loan (Note-10.01.03)	140,000,000	-
	Total Borrowing	502,703,616	165,372,760
10.01.0	Bank Overdraft		
	Secured by FDR		
	Woori Bank	116,143,915	61,638,796
		116,143,915	61,638,796
10.01.0	2 Long term loan		
	From Bangladesh Bank and its agents Bank		
	Bangladesh Bank (under Re-Finance)- New Entrepreneur	2,645,833	3,729,167
	Bangladesh Bank (under Re-Finance)- Woman	5,287,500	-
		7,933,333	3,729,167
	From other than Bangladesh Bank and its agents Bank		
	Midland Bank Limited	85,458,299	100,000,000
	BASIC Bank Limited	153,087,500	-
		238,545,799	100,000,000
		246,479,132	103,729,167
10.01.0	3 Call Loan		
	Sonali Bank Limited	90,000,000	-
	Agrani Bank Limited	50,000,000	-
		140,000,000	-
10.02	Maturity grouping of borrowings from other banks, financial		
	institutions & agents		
	Payable on demand	140,000,000	-
	Up to 1 month	126,604,675	61,643,593
	Over 1 months but within 3 months	670,833	4,185,546
	Over 3 months but within 1 year	34,619,029	4,283,414
	Over 1 year but within 5 years	200,809,078	8,870,279
	Over 5 years	-	86,389,927
		502,703,616	165,372,760

		Amount	in BDT
11.00	Democite and other accounts	2017	2016
11.00	Deposits and other accounts Term deposits (Note-11.01)	3,046,249,613	2,303,045,086
	Other deposits (Note-11.02)	102,568,275	68,045,680
	other deposits (Note 11.02)	3,148,817,888	2,371,090,766
11.01	Term deposits	3,140,017,000	2,311,090,100
	Short Term Deposit (Note-11.01.01)	2,895,343,818	2,264,120,811
	Long Term Deposit (Note-11.01.02)	63,622,025	2,936,275
	Double Money Deposit (Note-11.01.03)	36,200,000	26,950,000
	Triple Money Deposit - Individual	20,000,000	5,000,000
	Monthly Earner Deposit-Individual	21,580,000	3,000,000
	Quarterly Earner Deposit-Individual	8,600,000	1,000,000
	Millionaire Scheme - Individual	422,770	-
	Deposit Pension Scheme-Individual	481,000	38,000
11 01 0	1 Short Term Deposit	3,046,249,613	2,303,045,086
11.01.0	Short Term Deposit - Bank & NBFI	2,129,700,000	1,350,000,000
	Short Term Deposit - Corporate	649,209,869	778,121,643
	Short Term Deposit - Individual	116,433,949	135,999,168
	'	2,895,343,818	2,264,120,811
11.01.0	2 Long Term Deposit		2,201,120,011
	Long Term Deposit - Corporate	8,500,000	-
	Long Term Deposit - Individual	55,122,025	2,936,275
		63,622,025	2,936,275
11.01.0	3 Double Money Deposit		
	Double Money Deposit - Corporate	20,000,000	20,000,000
	Double Money Deposit - Individual	16,200,000	6,950,000
		36,200,000	26,950,000
11.02	Other deposits		
	Interest Bearing Security Deposit (Note-11.02.01)	61,250,000	35,625,000
	Non-Interest Bearing Security Deposit (Note-11.02.02)	41,318,275	32,420,680
11.00.0		102,568,275	68,045,680
11.02.0	Interest Bearing Security Deposit Lease Deposit, SMALL	650,000	650,000
	Loan Deposit, SMALL	650,000 39,600,000	18,375,000
	Loan Deposit, MID	19,500,000	16,600,000
	Loan Deposit, Corporate	1,500,000	-
	ipar garages	61,250,000	35,625,000
11.02.0	2 Non-Interest Bearing Security Deposit	01,230,000	
	Lease Deposit, SMALL	2,734,848	936,120
	Loan Deposit, SMALL	4,555,578	3,637,768
	Lease Deposit, MID	2,066,512	41,107
	Loan Deposit, MID	11,479,571	11,029,612
	Lease Deposit, Corporate	3,353,158	1,655,706
	Loan Deposit, Corporate	16,726,400	14,967,295
	House Finance Deposit	244,000	153,072
	Car Lease Deposit	158,208	-
		41,318,275	32,420,680

		Amount	in BDT
		2017	2016
11.03	Group-wise break -up of term deposits		
	Government	-	1 050 000 000
	Bank	2,129,700,000	1,350,000,000
	Insurance	33,050,625	149,000,000
	Other Institutions	644,659,243	649,121,643
	Individuals	238,839,745	154,923,443
		3,046,249,613	2,303,045,086
11.04	Maturity analysis of Term deposits		
	Payable on demand	-	-
	Up to 1 month	597,450,241	572,825,041
	Over 1 months but within 6 months	1,996,892,983	1,284,618,347
	Over 6 months but within 1 year	382,722,619	407,077,423
	Over 1 year but within 5 years	12,966,720	6,574,275
	Over 5 year but within 10 years	56,217,050	26,950,000
	Over 10 years	-	5,000,000
		3,046,249,613	2,303,045,086
12.	Other liabilities		
	Withholding Tax payable	3,053,735	1,681,533
	Withholding VAT payable	884,396	557,943
	Excise Duty	332,230	143,750
	Interest payable- (Note-12.01)	79,883,736	53,227,746
	Audit fee payable	115,000	51,750
	Salary Payable	326,657	-
	Payable for Assignment Cheque	92,478	92,478
	Payable to Zenith Investment Ltd.	350,385	-
	Payable to suppliers	2,638,136	2,166,617
	Payable for Insurance-SME	7,445	
	Provident Fund Payable	-	1,037,478
	Gratuity Fund Payable	3,156,090	1,442,500
	Other Payable	-	155,415
	Sundry creditors	258,397	694,806
	Provision for current tax	89,961,302	29,352,921
	Deferred Tax liability Interest Suspense Account (Note-12.02)	1,065,887	1,809,328
	Provision for doubtful accounts and future losses (Note-12.03)	4,314,931 39,377,302	- 21,428,517
	1 Tovision for doubtful accounts and future losses (Note 12.00)		
		225,818,107	113,842,781
12.01	Interest payable	67.1.40.400	40.001.016
	Short Term Deposit (Note-12.01.01)	67,149,439	48,081,216
	Long Term Deposit (Note-12.01.02)	2,510,452	116,480
	Double Money Deposit (Note-12.01.03)	5,087,759	1,341,283
	Monthly Earner Deposit - Individual	96,002	9,288
	Quarterly Earner Deposit - Individual	62,155	11,308
	Triple Money Deposit - Individual Millionaire Scheme - Individual	1,241,652	468,172
	Deposit Pension Scheme-Individual	5,555	4120
	Interest bearing security deposit (Note-12.01.04)	18,667 3,610,887	4,130 1,366,375
	Unsecured Borrowing (Note-12.01.05)	101,168	1,829,494
	5.15554164 5611611111g (110to 12.01.00)	79,883,736	
		19,003,130	53,227,746

	Amount i	n BDT
	2017	2016
12.01.01 Short Term Deposit		_
Short Term Deposit - Bank & NBFI	40,348,935	14,682,639
Short Term Deposit - Corporate	20,160,747	26,008,188
Short Term Deposit - Individual	6,639,757	7,390,389
	67,149,439	48,081,216
2.01.02 Long Term Deposit		
Long Term Deposit - Corporate	56,194	-
Long Term Deposit - Individual	2,454,258	116,480
	2,510,452	116,480
2.01.03 Double Money Deposit		
Double Money Deposit - Corporate	3,432,031	1,062,500
Double Money Deposit - Individual	1,655,727	278,783
	5,087,759	1,341,283
2.01.04 Interest bearing security deposit		
Lease Deposit, SMALL	60,125	27,625
Loan Deposit, SMALL	2,032,034	529,253
Loan Deposit, MID	1,470,603	809,497
Loan Deposit, Corporate	48,125	-
	3,610,887	1,366,375
2.01.05 Unsecured Borrowing		
Call Borrowing	70,000	-
Bangladesh Bank Refinancing	31,168	23,938
Unsecured Long Term Loan	-	1,805,556
	101,168	1,829,494
2.02 Interest Suspense Account		
Corporate Finance	2,981,367	-
Consumer Finance	1,305	-
SME Finance	1,326,566	-
Channel Finance	5,693	-
	4,314,931	-
2.03 Provision for doubtful accounts and future losses		
General Provisions		
Corporate Finance (12.03.01)	25,683,567	16,541,852
Consumer Finance (12.03.02)	6,550,297	2,541,984
SME Finance (12.03.03) Channel Finance (12.03.04)	6,737,466 405,971	2,304,821 39,861
Ghanner mance (12.00.04)	39,377,302	21,428,517
2.02.01 Cornerate Finance	33,311,302	21,420,011
2.03.01 Corporate Finance Lease Finance	1 260 507	700 F01
Lease Finance Loan Finance	1,260,507 23,348,817	702,501 15,839,351
Syndicated Loan Finance	1,074,243	10,009,001
Syndicated Edan'i marioc		16 541 050
	25,683,567	16,541,852

			Amount	in BDT
			2017	2016
12.03.02 Consumer Finance				
House Finance			3,835,714	1,378,393
Car Lease			2,139,473	1,163,591
Loan Against Deposit			558,069	-
Personal Loan-Employee			17,041	
reisonal Loan-Employee				
			6,550,297	2,541,984
12.03.03 SME Finance				
Lease Finance, SMALL			670,473	307,457
Loan Finance, SMALL			1,952,795	461,805
Lease Finance, MID			242,825	2,259
Loan Finance, MID			3,871,373	1,533,300
Edult maride, wild				
			6,737,466	2,304,821
12.03.04 Channel Finance				
Factoring			129,839	27,793
Distributor Financing			138,921	-
Work Order Financing			137,211	12,068
-			405,971	39,861
			405,971	39,001
13. Share Capital				
Authorized				
200,000,000 ordinary shares of	BDT 10/- eac	h	2,000,000,000	2,000,000,000
Issued, subscribed and paid up				
120,000,000 ordinary shares of	BDT 10/- eac	h	1,200,000,000	1,200,000,000
Details of shares holding position	n are as unde	er:		
Sponsor Shareholders:				
Perce	entage (%)	No. of Shares		
A. Individual Sponsors				
Ms. Naima Chowdhury	4.167	5,000,000	50,000,000	-
Mr. K.M. Aminul Islam	4.167	5,000,000	50,000,000	100,000,000
Ms. Ruba Ahmed	8.333	10,000,000	100,000,000	100,000,000
Mr. Mizanur Rahman —	4.167	5,000,000	50,000,000	50,000,000
_	20.83	25,000,000	250,000,000	250,000,000
B. Institutional Sponsors				
AG Agro Industries Ltd.	8.333	10,000,000	100,000,000	100,000,000
M Rahman Steel Mills Ltd.	4.167	5,000,000	50,000,000	50,000,000
Siam's Superior Ltd.	8.333	10,000,000	100,000,000	100,000,000
Arunima Apparels Ltd.	8.333	10,000,000	100,000,000	100,000,000
Matrix Sweaters Ltd. Diganta Sweaters Ltd.	8.333 8.333	10,000,000 10,000,000	100,000,000	100,000,000 100,000,000
Diganta Sweaters Ltd. 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
_	79.17	95,000,000	950,000,000	950,000,000
Total Shareholdings	100.00	120,000,000	1,200,000,000	1,200,000,000

n BDT
2016

13.01 Capital Adequacy Ratio (CAR)

14.

15.

As per section 4(GHA) of the Financial Institution Rule 1994 and subsequently updated vide DFIM Circular No. 5, dated July 24, 2011, the minimum paid up capital of the Financial Institution (FI) shall be Taka 100 crore; Provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined by the Bangladesh Bank under the Risk-Based Assets of the company. The surplus eligible capital of the company at the close of business on 31 December 2017 were Taka 39 crore.

Core Capital (Tier-1) / Shareholders' Equity		
Paid-up capital (Note-13)	1,200,000,000	1,200,000,000
Share premium	-	-
Statutory reserves (Note-14)	30,247,568	8,129,218
General reserves	-	-
Dividend equalization reserves	-	-
Retained earnings (Note-15)	120,990,272	32,516,874
Non-controlling interest	-	-
Sub-Total Sub-Total	1,351,237,841	1,240,646,092
Supplementary Capital (Tier -II)		
General Provision (Unclassified loans up to specified limit +		
SMA + Off Balance Sheet exposure)	38,442,814	21,428,517
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	38,442,814	21,428,517
07.10 7.1	1 000 000 055	1000074600
A) Total Capital	1,389,680,655	1,262,074,609
Total assets including off-balance sheet exposures	5,228,577,451	3,890,952,399
D) Total viola weighted coosts	4.457.004.406	2.106.000.000
B) Total risk weighted assets	4,457,004,406	3,106,999,999
C) Required capital based on risk weighted assets (10% on B) D) Surplus (A-C)	445,700,441 943,980,214	310,700,000 951,374,609
E) Capital Adequacy Ratio (%)	31.18%	40.62%
F) Core Capital to RWA (%)	30.32%	39.93%
G) Supplementary Capital to RWA (%)	0.86%	0.69%
Statutory reserve		
Opening balance	8,129,218	-
Add: Transferred from profit	22,118,350	8,129,218
Closing balance	30,247,568	8,129,218
Retained earnings		
Opening balance	32,516,874	(10,043,514)
Add: Profit/(loss) for the period	110,591,749	50,689,606
Less: Appropriation to statutory reserve	22,118,350	8,129,218
Closing balance	120,990,272	32,516,874

		Amount in BDT	
16.	Interest income	2017	2016
10.			
	Corporate Finance Lease Finance	15,262,853	4,403,126
	Loan Finance	228,566,449	98,069,012
	Syndicated Loan Finance	7,424,339	90,009,012
	Syndicated Loan Finance	251,253,642	102,472,138
	Consumer Finance	201,200,042	102,412,100
	House Finance	29,971,293	11,102,774
	Car Lease	19,742,138	6,799,544
	Loan Against Deposit	4,528,146	76,250.00
	Personal Loan - Employee	27,373	-
	, .,	54,268,950	17,978,568
	SME Finance		
	Lease Finance, SMALL	11,895,145	2,650,724
	Loan Finance, SMALL	46,959,782	13,986,013
	Lease Finance, MID	8,354,631	135,915
	Loan Finance, MID	83,733,994	41,145,297
		150,943,551	57,917,949
	Channel Finance		
	Factoring	3,568,654	2,715,190
	Distributor Financing	337,262	-
	Work Order Financing	427,308	1,583,296
		4,333,223	4,298,485
	Treasury		
	Fixed deposit accounts	11,498,750	36,603,276
	Short notice deposit accounts	505,677	2,064,452
	Short term placement	47,387,875	52,809,181
		59,392,302	91,476,908
		520,191,669	274,144,048
17.	Interest expenses on deposits and borrowings		
	Interest on term deposit (Note-17.01)	237,167,692	100,826,281
	Interest bearing security deposit	2,688,604	1,415,806
	Secured Bank Overdraft	4,985,427	328,941
	Unsecured Borrowing (Note- 17.02)	26,341,584	2,245,178
		271,183,307	104,816,206
17.01	Interest on term deposit		
	Short Term Deposit (Note-17.01.01)	228,944,370	98,546,560
	Long Term Deposit (Note-17.01.02)	2,393,972	116,480
	Monthly Earner Deposit - Individual	831,305	268,958
	Quarterly Earner Deposit - Individual	421,679	80,698
	Double Money Deposit (Note-17.01.03)	3,782,188	1,341,283
	Triple Money Deposit - Individual	773,480	468,172
	Millionaire Scheme - Individual Deposit Pension Scheme-Individual	5,555 15,144	- 4,130
	Deposit i chsion ocheme individual		100,826,281
		237,167,692	100,828,281

		Amount i	n BDT
17.01.0	1 Short Term Deposit	2017	2016
17.01.0	Short Term Deposit - Bank & NBFI	169,562,381	53,154,861
	Short Term Deposit - Corporate	47,913,849	36,942,374
	Short Term Deposit - Individual	11,468,139	8,449,325
	·	228,944,370	98,546,560
17 01 0	2 Long Term Deposit		
11.01.0	Long Term Deposit - Corporate	56,194	_
	Long Term Deposit - Individual	2,337,778	116,480
	3 3 1 1	2,393,972	116,480
17.01.0	2 Davida Manay Danasit	2,030,312	110,400
17.01.0	3 Double Money Deposit Double Money Deposit - Corporate	2,369,531	1,062,500
	Double Money Deposit - Corporate Double Money Deposit - Individual	1,412,656	278,783
	bouble Moriey Deposit Marviadar		
		3,782,188	1,341,283
17.02	Unsecured Borrowing	5 4 0 7 7 7 7 0	100750
	Call Borrowing	5,187,778	163,750
	Unsecured Short Term Borrowing	7,426,181	70,000
	Bangladesh Bank Refinancing Long Term Loan	383,064 12,349,095	73,938 1,805,556
	Unsecured Bank Overdraft	995,467	201,934
	onocoured bank overdrait	26,341,584	
		20,341,384	2,245,178
18.	Income from investment	00.056.066	0.411.000
	Capital gain on sale of marketable securities	32,856,366	2,411,269
	Dividend Income (Note-18.01)	16,411,607	163,060
		49,267,973	2,574,329
18.01	Dividend Income		
	Dividend Income - Marketable securities	3,671,117	163,060
		40740400	100,000
	Dividend Income - Preference Share	12,740,490	-
	Dividend Income - Preference Share	12,740,490 16,411,607	163,060
19.	Dividend Income - Preference Share Commission, Exchange and Brokerage Income		-
	Commission, Exchange and Brokerage Income		-
19. 20.		16,411,607	163,060
	Commission, Exchange and Brokerage Income Other operational income		-
	Commission, Exchange and Brokerage Income Other operational income Fees and documentations (Note-20.01)	16,411,607 - 12,151,356	- 163,060 - 12,281,053 5,323
20.	Commission, Exchange and Brokerage Income Other operational income Fees and documentations (Note-20.01) Miscellaneous Income	16,411,607	- 163,060 - 12,281,053
	Commission, Exchange and Brokerage Income Other operational income Fees and documentations (Note-20.01) Miscellaneous Income Fees and documentations	16,411,607 - 12,151,356	- 163,060 - 12,281,053 5,323
20.	Commission, Exchange and Brokerage Income Other operational income Fees and documentations (Note-20.01) Miscellaneous Income Fees and documentations Corporate finance	16,411,607 - 12,151,356 - 12,151,356	163,060 - 12,281,053 5,323 12,286,376
20.	Commission, Exchange and Brokerage Income Other operational income Fees and documentations (Note-20.01) Miscellaneous Income Fees and documentations Corporate finance Lease Finance	16,411,607 - 12,151,356 - 12,151,356	163,060 - 12,281,053 5,323 12,286,376 430,074
20.	Commission, Exchange and Brokerage Income Other operational income Fees and documentations (Note-20.01) Miscellaneous Income Fees and documentations Corporate finance Lease Finance Loan Finance	16,411,607 - 12,151,356 - 12,151,356 173,370 1,863,066	163,060 - 12,281,053 5,323 12,286,376 430,074 3,476,982
20.	Commission, Exchange and Brokerage Income Other operational income Fees and documentations (Note-20.01) Miscellaneous Income Fees and documentations Corporate finance Lease Finance	16,411,607 - 12,151,356 - 12,151,356	163,060 - 12,281,053 5,323 12,286,376 430,074

		Amount	in BDT
		2017	2016
	Consumer Finance		
	House Finance	2,415,727	986,976
	Car lease	717,370	731,757
	Loan against Deposit	900	900
	Personal Loan	3,483	-
		3,137,479	1,719,633
	SME Finance		
	Lease Finance, SMALL	690,881	381,397
	Loan Finance, SMALL	2,793,813	1,743,594
	Lease Finance, MID	374,449	9,672
	Loan Finance, MID	862,978	2,029,265
		4,722,121	4,163,927
	Channel Finance		
	Factoring	182,387	112,176
	Work Order Financing	50,000	
	Distributor Financing	53,913	178,261
		286,300	290,437
		12,151,356	12,281,053
21.	Salary and allowances		
	Salary and allowances	51,153,640	37,363,948
	Provident fund contribution	2,312,659	1,860,310
	Gratuity fund	2,256,200	1,490,500
	Festival bonus	4,900,880	3,094,000
		60,623,379	43,808,758
22.	Rent, taxes, insurance, electricity etc.		<u> </u>
22.	Office rent	17,392,800	13,654,801
	Insurance	147,359	23,590
	Utilities	2,470,647	1,350,298
		20,010,805	15,028,689
		20,010,000	10,020,003
23.	Legal and professional fees	945,203	144,899
		943,203	144,655
24.	Postage, stamps, telecommunication etc. Postage and courier	07.457	458,244
		97,457 494,100	458,244
	Stamp charges Telephone bill	908,006	523,426
	тетернопе він		
		1,499,563	981,670
25.	Stationery, printing, advertisement etc.		
	Printing and stationery	1,942,926	796,322
	Advertisement	1,925,000	1,094,354
		3,867,926	1,890,675

		Amount in BDT	
		2017	2016
26.	Managing director's salary and allowances		
	Basic Salary	3,127,742	598,002
	Allowances	3,161,290	604,417
	Bonus	340,000	-
	Provident fund contribution	100,000	-
		6,729,032	1,202,419
27.	Directors' fees	702,778	806,597
28.	Auditors' fees	127,778	51,750
29.	Depreciation and repair of Company's assets		
	Repairs and maintenance	1,203,899	299,717
	Software maintenance	-	-
	Depreciation & Amortization	7,352,851	3,651,813
		8,556,750	3,951,530
30.	Other expenses		
00.	Training	904,088	317,739
	Renewal & Registration fees	826,507	1,210,261
	Employee Engagement Program	387,682	246,336
	Conveyance	934,318	643,917
	Travelling	777,441	627,283
	Business Development expense	2,250,922	837,700
	Business Documentation expense	138,213	-
	Internet and e-mail	508,252	233,088
	Computer accessories	198,454	184,694
	Fuel expense	996,342	689,310
	Vehicle maintenance/Registration	5,349,798	2,870,890
	Office maintenance	2,595,133	1,263,552
	Entertainment	300,060	174,410
	Bank charges	94,874	66,289
	CIB Charge	162,150	77,050
	Donation & Subscriptions		72,381
	CSR expense	280,920	, -
	Excise duty	245,650	382,500
	CDBL fee	89,260	6,720
	Branding	150,000	· -
	Security Guard Services	1,888,645	744,211
	Recruitment expenses	48,032	26,648
	Verification fee (Note-30.01)	12,033	190,805
	Marketing expense	266,650	77,875
	Meeting expense	261,457	150,604
20.01	Mulfinedian for	19,666,879	11,094,263
30.01	Verification fee	0.070	100.005
	Contact point verification fee NID verification fee	8,372	190,805
	NID verification fee	3,661 12,033	190,805
31.	Provisions for loans / investments	12,033	190,003
	General provision	17,948,785	19,510,675
	Specific provision	-	-
		17,948,785	19,510,675

32. **Provision for taxation**

Current tax expense Deferred tax expense/ (income)

Amount in BDT	
2017	2016
60,608,382	29,299,443 5,727,574
59,157,064	35,027,017

33. **Related party transactions**

Details of transactions with related parties and balances with them as at 31 December, 2017 were as

SI No.	Name of the Related Party	Transaction nature	Balance as at 01 Jan 2017	Addition	Adjustment	Balance as at 31 Dec 2017
1	Arunima Apparels Ltd	Term deposit	15,000,000		15,000,000	
2	Cassiopea Apparels Ltd	Term deposit	92,658,432	34,756,635	-	127,415,067
3	Cassiopea Clothing Ltd	Term deposit	10,000,000	10,741,000	-	20,741,000
4	Cassiopea Fashion Ltd	Term deposit	65,529,602	32,290,454	-	97,820,056
5	Sabarang Fashions Ltd	Term deposit	25,000,000	-	25,000,000	-
6	Cosmos Sweaters Ltd.	Term deposit	-	90,000,000	-	90,000,000
7	Diganta Packaging & Accessories Ltd.	Term deposit	-	50,000,000	-	50,000,000
8	Diganta Sweaters Ltd.	Term deposit	-	100,000,000	-	100,000,000
9	Sweaters Zone Ltd.	Term deposit	-	86,000,000	-	86,000,000
		Total	208,188,034	403,788,088	40,000,000	571,976,122
Em	ployees' details					

34.

No. of employee received BDT 3,000 per month No. of employee received more than BDT 3,000 per month

80	50
80	50
-	-

35. Disclosure of audit committee

A. Particulars of audit committee

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

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

Name	Status at the Company	Status at the Committee
Ms. Shahnaj Kamal	Director (Representative of Diganta Sweaters Ltd.)	Chairman
Mr. Mahmud Hasan Khan	Director (Representative of Arunima Apparels Ltd)	Member
Mr. Golam Mostofa	Director (Representative of Omega Sweaters Ltd.)	Member
Ms. Rashnat Tarin	Director (Representative of Toma Construction 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
5 th Meeting	March 13, 2017
6 th Meeting	June 13, 2017
7 th Meeting	November 13, 2017
8 th Meeting	December 18, 2017

36.00 Event after the reporting period

- **A)** The board of directors in its meeting held on March 22, 2018 has approved the financial statements and authorized the same for issue.
- **B)** The Board of Director in its 22th Meeting held on March 22, 2018 has recommended to the shareholders @10% of Cash Dividend for the year ended 31 December 2017.
- **C)** No other adjusting event had occurred till date of signing the financial statements which recognize adjustment under **BAS -10** "Events after Reporting Period".

Chairman

Director

Managing Director & CEO

Company Secretary

Place: Dhaka

Dated: March 22, 2018

MERIDIAN FINANCE AND INVESTMENT LIMITED

Schedule of Fixed Assets including land, building, furniture and fixtures

As at December 31, 2017

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		S	Cost				Depreciation	ion		Written
Particulars	Balance as at 01.01.2017	Addition during the year	Adjustment / (Disposal) the year	Balance as at 31.12.2017	Rate (%)	Balance as at 01.01.2017	Charged during the year	Adjustment / (Disposal) the year	Balance as at 31.12.2017	down value as at 31.12.2017
Freehold assets										
Furniture & Fixture	3,932,904	2,942,825	-	6,875,730	16.67	456,872	909,440	-	1,366,312	5,509,418
Office Decoration	11,433,768	8,024,611	66,142	19,392,237	16.67	1,251,162	2,622,428	6,737	3,866,854	15,525,384
Office Equipment	3,573,543	1,830,724	ı	5,404,267	20.00	27,568	906,973	ı	964,541	4,439,725
IT Equipments	5,024,811	3,396,523	ı	8,421,334	20.00	789,017	1,411,897	ı	2,200,914	6,220,419
Motor Vehicle	6,943,000	_	1	6,943,000	20.00	1,523,482	1,388,600	1	2,912,082	4,030,918
	30,908,027	16,194,682	66,142	47,036,568		4,078,101	7,239,338	6,737	11,310,702	35,725,865
Intangible Assets										
Systems & Software WIP-Software	456,475	185,348 3,345,935	1 1	641,823 3,345,935	20.00	44,493	120,249	1 1	164,742	477,08 <mark>1</mark> 3,345,93 5
Total as at December 31, 2017 31,364,502 19,725,965	31,364,502	19,725,965	66,142	66,142 51,024,325		4,122,594 7,359,587	7,359,587	6,737	11,475,444	39,548,881
Total as at December 31, 2016	17,989,418 13,375,083	13,375,083		31,364,502		470,781	3,651,813		4,122,594	27,241,908

MERIDIAN FINANCE AND INVESTMENT LIMITED Financial Highlights

As at December 31, 2017

Amount in BDT (mn)

SI No.	Key Indicators	2017	2016
1	Paid-up capital	1,200.00	1,200.00
2	Total capital	1,351.24	1,240.65
3	Capital surplus	970.83	951.37
4	Total assets	5,228.58	3,890.95
5	Total term deposits	3,046.25	2,303.05
6	Total loans, advances and leases	4,588.07	2,784.88
7	Total contingent liabilities and commitments	-	- 1
8	Credit deposit ratio	1.51	1.21
9	Percentage of classified loans against total loan & advance	-	-
10	Profit after tax and provision	110.59	50.69
11	Amount of classified loans during current year	-	-
12	Provisions kept against classified loans	-	-
13	Provision surplus against classified loan	-	-
14	Cost of fund	8.28%	7.69%
15	Interest earnings assets	4,767.27	3,738.48
16	Non-interest earnings assets	461.31	152.47
17	Return on investment (ROI)	8.18%	4.09%
18	Return on assets (ROA)	2.12%	1.30%
19	Income from investment	49.27	2.57
20	Earnings per share (EPS)	0.92	0.42
21	Net income per share	2.08	1.41
22	Market price per share	-	-
23	Price Earnings (P/E) ratio	-	-

Note

Note

MERIDIAN FINANCE AND INVESTMENT LIMITED

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

Affix revenue stamp of Tk. 20.00

Proxy Form

I		
of		being a member of
Meridian Finance & Investment Limited h	ere by appoint Mr. / Ms	of
		failing (him / her)
	of	
as m	ny proxy to attend and vote for me and on my beha	alf at the third Annual
General Meeting of the company to be he	eld on 2018 at 5:00 pm and at any ad	journment thereof.
Signed this	day of	2017
Detail of proxy	Detail of mem	ıber
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 third Annual General Meeting of Meridian Finance & Investment Limited on -- 2018 at 5:00 pm at -----, Dhaka, Bangladesh.



MERIDIAN FINANCE AND INVESTMENT LIMITED OUR BRANCHES

Corporate Head Office

Silver Tower (Level-6)
52 Gulshan Avenue, Gulshan-1, Dhaka-1212
Tel: +88 09613 445566, +88 02 8837820-21, +88 01788 888418
Fax: +88 02 8837822
Email: info@meridianfinancebd.com

Corporate Head Office Extension

Mehanaz Mansur Tower (Level-1) House-11/A, Road-130, Gulshan-1, Dhaka-1212 Tel: +88 09613 445566, +88 02 8837820-21, +88 01788 888418 Fax: +88 02 8837822 Email: info@meridianfinancebd.com

Gazipur Branch

MAS Square (3rd floor)
Outpara Chandona Chourasta, Gazipur
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Fax: +88 02 8837822
Email: info@meridianfinancebd.com

Bogura Branch

Sumon Complex (2nd floor)
House # 141, Sherpur Road, Bogura
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Email: info@meridianfinancebd.com

Chattogram Branch

House # 96 (3rd Floor)
Agrabad C/A, Agrabad, Chattogram
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Fax: +88 02 8837822
Email: info@meridianfinancebd.com





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MERIDIAN FINANCE AND INVESTMENT LIMITED

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