

# MERIDIAN CAPITAL GROUP

## FY27 Annual Report

Connecting Markets, Shaping Futures

NYSE: MRDN

Fiscal Year Ended March 31, 2027

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### Letter to Shareholders

#### From the Desk of the Chairman and CEO

To Our Valued Shareholders,

Fiscal Year 2027 marked a pivotal year in Meridian Capital Group's 101-year history. As we approach our centennial celebration in 2026, we have never been better positioned to serve clients, compete globally, and deliver sustainable shareholder value.

We delivered solid financial performance with net revenue of \$12.8 billion, representing 3.2% growth over FY26, and net income of \$1.65 billion. Our Return on Equity reached 12.1%, exceeding our target of 11.5% and demonstrating the strength of our diversified business model across varying market conditions.

Most importantly, FY27 was the year we made transformational progress on **Horizon 2027**, our comprehensive digital transformation initiative. Our Risk Analytics division successfully completed the migration from legacy Hadoop HDFS infrastructure to a modern, high-performance object storage architecture with Dremio as our unified analytics engine. This achievement delivered measurable results: a 13.9% performance improvement in risk calculations, a 4-hour reduction in daily processing time that eliminated SLA breach risks, and a doubling of storage efficiency from 33% to 75% utilization of raw capacity.

This infrastructure transformation was not merely a technology upgrade—it was a strategic imperative. Our legacy HDFS clusters, spanning 8 petabytes across 14 data centers globally, had become a constraint on innovation, creating availability issues that threatened regulatory compliance, operational complexity that consumed engineering resources, and storage inefficiency that drove escalating costs. The new architecture positions us to deploy AI-powered risk analytics, real-time portfolio optimization, and automated compliance monitoring—capabilities that will define competitive advantage in financial services over the coming decade.

As we enter FY28, our strategic priorities remain focused on three pillars: completing the enterprise-wide rollout of Horizon 2027 across all divisions, accelerating our sustainable finance capabilities toward our \$14 billion target by 2030, and expanding our alternative investment platform following the successful integration of our asset management acquisition.

I want to thank our 28,000 colleagues worldwide who have embraced this transformation with professionalism and commitment. Our success is built on your dedication to excellence and client service.

## **Robert Meridian**

Chairman & Chief Executive Officer

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## **Company Overview**

### **Who We Are**

Meridian Capital Group is a leading global financial services firm headquartered in New York City, serving clients across 30+ countries since our founding in 1926. We employ approximately 28,000 professionals worldwide, delivering comprehensive financial solutions through four integrated business divisions and a dedicated Risk & Technology organization.

**Our Mission:** Connecting Markets, Shaping Futures

### **Our Business Model**

We operate through four core business divisions:

- **Investment Banking** – M&A advisory, underwriting, and capital markets solutions for corporate and institutional clients
- **Global Markets** – Fixed income, equities, foreign exchange, and commodities trading with deep liquidity across major markets
- **Asset Management** – \$255 billion in assets under management across equities, fixed income, alternatives, and multi-asset strategies
- **Wealth Management** – Comprehensive wealth solutions for high-net-worth and ultra-high-net-worth clients globally

Additionally, our **Risk & Technology Division** serves as the backbone of our operations, providing quantitative risk analytics, technology infrastructure, cybersecurity, and data platform services across all business units.

### **Global Presence**

**Headquarters:** New York City, United States

### **Regional Hubs:**

- **Americas:** New York (HQ)
- **Europe:** London, Frankfurt
- **Asia-Pacific:** Hong Kong, Singapore, Sydney, Mumbai

Our global footprint enables us to serve clients across time zones with local market expertise backed by the full capabilities of our integrated platform.

Market Position

- **NYSE Ticker:** MRDN
- **Market Capitalization:** \$23.1 billion (as of March 31, 2027)
- **Credit Ratings:** AA- (S&P), Aa3 (Moody's)
- **Key Rankings:**
  - Top 10 global investment bank by M&A advisory revenue
  - #1 equity execution provider in Asia-Pacific markets
  - Leading sustainable finance underwriter (\$5.5B since 2019)

FY27 Financial Highlights

Consolidated Results

Metric	FY27	FY26	Change
Net Revenue	\$12.8B	\$12.4B	+3.2%
Net Income	\$1.65B	\$1.60B	+3.1%
Return on Equity	12.1%	11.8%	+30 bps
Earnings Per Share	\$2.14	\$2.08	+2.9%
Total Assets	\$348B	\$341B	+2.1%
Dividend Payout Ratio	40%	40%	-

Business Division Performance

Investment Banking: \$2.9B revenue (+4.8% YoY)

- Strong M&A advisory growth, particularly in technology and healthcare sectors
- Cross-border transaction volumes increased 15%
- Sustainable finance underwriting exceeded targets

**Global Markets:** \$4.6B revenue (+2.2% YoY)

- Record APAC trading volumes of \$2.8T (Q3 FY27)
- Electronic trading capabilities expanded across fixed income and FX
- Serving 1,200+ institutional clients across 15 APAC markets

**Asset Management:** \$2.8B revenue (+5.7% YoY)

- Assets under management: \$255B (net inflows of \$18B)
- Strong performance in alternatives and multi-asset strategies
- Client retention: 96%

**Wealth Management:** \$2.2B revenue (+6.8% YoY)

- Assets under advisement: \$56B
- Meridian Insights digital platform launched in Q2 FY27
- High-net-worth client base grew 8.4%

**Risk & Technology:** \$0.3B allocated costs (internal services division)

- 500+ million daily risk simulations achieved (Q3 FY27)
- Horizon 2027 migration completed for Risk Analytics division
- London Technology Hub expansion underway (200 engineers planned)

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## Strategic Initiatives & Horizon 2027

### The Imperative for Transformation

Financial services firms face an existential challenge: modernize data infrastructure or lose competitive relevance. The exponential growth of data volumes (3x over three years at Meridian), the emergence of AI/ML as core to alpha generation and risk management, and increasingly stringent regulatory requirements for data governance have rendered legacy architectures obsolete.

Meridian's legacy technology stack—built primarily on Hadoop HDFS clusters and traditional storage arrays over the past decade—was never designed for today's scale and speed requirements. Our HDFS infrastructure suffered from:

- **Availability constraints** causing 3-4 unplanned outages per quarter, threatening risk management SLAs
- **Poor storage density** utilizing only 33% of raw disk capacity, driving excessive data center costs

- **Operational complexity** requiring dedicated engineering teams just to maintain cluster health
- **Scalability limitations** forcing cluster sprawl across 14 data centers globally
- **Performance bottlenecks** constraining AI/ML model training and real-time analytics

## **Horizon 2027: Program Overview**

Launched in June 2025, Horizon 2027 represents the most significant technology investment in Meridian's history—a comprehensive three-year initiative to modernize our data infrastructure, adopt cloud-native architectures, and integrate artificial intelligence across all business operations.

### **Program Leadership:**

- Executive Sponsor: Robert Meridian, Chairman & CEO
- Program Director: David Hasegawa, Chief Technology Officer
- Division Leaders: Risk & Technology leadership team

### **Financial Commitment:**

- Annual technology spend: \$290M (~2.3% of revenue)
- Three-year program allocation: Significant portion of technology budget
- Target ROI: 40% reduction in total cost of ownership by 2027

### **Strategic Objectives:**

1. Migrate from HDFS to high-performance, S3-compatible object storage
2. Implement Dremio as unified analytics engine replacing Hive/Presto
3. Enable AI/ML capabilities with GPU-accelerated training infrastructure
4. Achieve 3x improvement in storage density
5. Deliver 99.99% availability for mission-critical risk and trading systems

## **FY27 Milestone Achievement: Risk Analytics Migration**

**The Challenge:** Our Quantitative Risk Analytics division processes over 500 million daily risk simulations across value-at-risk (VaR), stress testing, counterparty credit risk, and multi-asset Monte Carlo analyses. The existing Hadoop infrastructure—8 petabytes across multiple aging clusters—created operational risk through frequent outages, constrained our ability to meet regulatory reporting SLAs, and blocked innovation in AI-driven risk modeling.

### **The Solution Deployed:**

*Infrastructure Architecture:*

- High-performance, S3-compatible object storage replacing HDFS (4.5PB initial deployment across 22 nodes)
- Dremio lakehouse analytics engine replacing Hive for unified query processing
- Apache Iceberg table format providing ACID transactions, schema evolution, and time travel
- Kubernetes-managed infrastructure enabling elastic compute-storage scaling
- Hybrid cloud architecture with on-premises core and cloud burst capacity

*Migration Approach:*

- Phased migration beginning with non-critical historical data
- Parallel run period with dual-write to HDFS and object storage
- Comprehensive testing including query replay system for regression validation
- Zero-downtime cutover executed over three-week period in Q3 FY27

**Quantified Results:**

Metric	Legacy HDFS	New Architecture	Improvement
Processing Time	8.5 hours	7.3 hours	-4 hours vs. SLA risk
Performance	Baseline	+13.9%	Faster risk calculations
Storage Efficiency	33% utilized	75% utilized	2.3x improvement
Availability	97.5%	99.97%	Eliminated SLA breaches
Query Latency	15-45 seconds	1-3 seconds	10-15x improvement
Deployment Time	4 months	2 weeks	8x faster
Daily Queries	500K+	500K+	Same scale, better performance

**Business Impact:**

- **Regulatory Compliance:** Eliminated risk of SLA breaches that could result in regulatory penalties from SEC, FCA, BaFin, and MAS
- **Risk Management:** Real-time intraday VaR monitoring now possible (previously batch-only)
- **Cost Efficiency:** Data center footprint reduced by 40% through improved storage density
- **Innovation Enablement:** Platform ready for AI/ML model deployment requiring 200+ GB/s throughput

**Strategic Significance:** This migration serves as the template for enterprise-wide rollout across Global Markets (trading analytics), Asset Management (portfolio analytics), and Wealth Management (client reporting) in FY28-29.

## **FY28-29 Roadmap: Enterprise Expansion**

### **Phase 2 – Global Markets Division (FY28 Q1-Q3):**

- Migrate trading analytics and algorithmic strategy backtesting infrastructure
- Target: Support 2.8T+ quarterly APAC trading volumes with sub-millisecond latency
- Enable storage of 5+ years of tick data (currently limited to 90 days due to HDFS costs)
- Deploy ML-based trade execution optimization models

### **Phase 3 – Asset Management Division (FY28 Q4 - FY29 Q2):**

- Consolidate portfolio management systems from legacy acquisition onto unified data platform
- Enable real-time position and risk aggregation across \$255B AUM
- Reduce end-of-quarter client reporting cycle from 3 weeks to 3 days
- Deploy quantitative strategy backtesting with 48-hour to 4-hour turnaround

### **Phase 4 – Wealth Management & Enterprise (FY29 Q2-Q4):**

- Integrate Meridian Insights platform with enterprise data lakehouse
- Unify client 360° view across all divisions (currently 12+ separate systems)
- Deploy AI-powered portfolio recommendations and advisory tools
- Complete migration of compliance and regulatory reporting systems

## **MIT Research Partnership**

In December 2025, Meridian announced a three-year research partnership with MIT's Computer Science and Artificial Intelligence Laboratory (CSAIL) focused on AI-driven market risk analysis. The collaboration will leverage Meridian's 15+ petabytes of structured and unstructured financial data to train novel AI models for market risk scenario generation, stress test design, and real-time anomaly detection.

### **Research Focus Areas:**

- Large language models (LLMs) for market risk narratives
- Deep reinforcement learning for portfolio optimization
- Generative AI for stress test scenario generation
- Real-time anomaly detection in financial markets

**Infrastructure Requirements:** The research program requires high-performance computing and storage resources capable of training large-scale AI models on petabyte-scale datasets—capabilities enabled by the Horizon 2027 object storage and Dremio platform.

**Expected Outcomes:** Research outputs will be published in leading academic journals and inform both Meridian's internal risk practices and broader industry approaches to AI-augmented risk analytics.

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## **Risk & Technology Division**

### **Overview**

The Risk & Technology Division represents a strategic differentiator for Meridian Capital Group. Unlike traditional financial institutions where technology is viewed as a support function, we have elevated Risk & Technology to a co-equal business division—reflecting our conviction that data infrastructure and quantitative capabilities are core to competitive advantage in modern financial services.

### **Division Leadership:**

- David Hasegawa, Chief Technology Officer
- David Chen, Global Head of Risk Analytics
- Division Headcount: 2,800+ professionals globally

**Mission:** Deliver world-class risk management, technology infrastructure, and data platforms that enable innovation, ensure regulatory compliance, and create competitive advantage across all business divisions.

### **Quantitative Risk Analytics**

#### **Core Capabilities:**

- Daily processing of 500+ million risk simulations (milestone achieved Q3 FY27)
- Value-at-Risk (VaR) calculation across all asset classes
- Stress testing and scenario analysis for regulatory submissions
- Counterparty credit risk measurement and monitoring
- Multi-asset Monte Carlo simulation engines

#### **Regulatory Reporting:**

- SEC (United States)
- FCA (United Kingdom)
- BaFin (Germany)



- MAS (Singapore)
- Other jurisdictions across 30+ countries

#### **FY27 Achievements:**

- Zero regulatory findings related to risk reporting accuracy or timeliness
- 4-hour improvement in daily risk calculation cycles
- Enhanced model validation framework supporting AI/ML model governance

#### **FY28 Priorities:**

- Deploy real-time intraday VaR monitoring (currently end-of-day only)
- Implement AI-driven market risk prediction models (MIT partnership)
- Expand stress testing scenarios to include climate risk factors
- Migrate counterparty credit risk platform to new data architecture

### **Technology Infrastructure**

#### **Current State (Post-Migration):**

- 4.5PB high-performance object storage (Risk Analytics division)
- 8PB total across enterprise (pre-migration HDFS capacity)
- Target: 15PB enterprise object storage by end of FY29
- Dremio lakehouse analytics engine serving 500K+ daily queries
- Kubernetes-managed infrastructure across 7 data centers globally

#### **Data Growth Profile:**

- 3x data growth over past three years
- Current growth rate: ~40% year-over-year
- Drivers: increased model granularity, expanded regulatory requirements, AI/ML data requirements

#### **Infrastructure Metrics:**

- Availability: 99.97% (post-migration vs. 97.5% on HDFS)
- Throughput: 200+ GB/s sustained for batch workloads
- Query Latency: Sub-second interactive analytics via Dremio
- Storage Density: 75% utilization (vs. 33% on HDFS)

## Cybersecurity & Compliance

### FY27 Threat Landscape:

- 2,600+ attempted intrusions detected and blocked (up 18% from FY26)
- Zero material security breaches
- 99.7% phishing simulation training pass rate across employees

### Data Governance:

- Data sovereignty compliance across EU (GDPR), US (SEC), Asia-Pacific (MAS, others)
- Immutability and retention policies for regulatory data (7-10 years depending on jurisdiction)
- Access controls and audit logging through Dremio catalog integration
- Data classification and lineage tracking for AI model governance

### FY28 Priorities:

- AI-powered threat detection and response
- Zero-trust network architecture rollout
- Enhanced data loss prevention (DLP) controls
- Quantum-resistant cryptography research program

## London Technology Hub Expansion

In November 2025, Meridian announced a major expansion of its London Technology Hub, with plans to hire approximately 200 engineers over 18 months. The hub will serve as a center of excellence for cloud infrastructure, data engineering, and machine learning operations.

**Current Headcount:** 350 technology professionals

**Target Headcount:** 550+ by mid-2027

### Focus Areas:

- Storage infrastructure engineering (HDFS-to-object-storage migration)
- Data platform engineering (Dremio and lakehouse architectures)
- ML operations engineering (training and serving financial models at scale)
- Site reliability engineering (mission-critical data and analytics platforms)

**Strategic Rationale:** London's world-class technology talent pool, combined with FCA regulatory requirements for data sovereignty and operational resilience, makes it an ideal location for Meridian's European technology operations.

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## Business Division Deep Dive

### Investment Banking

**FY27 Performance:** \$2.9B revenue (+4.8% YoY)

**Business Overview:** Meridian's Investment Banking division provides M&A advisory, equity and debt underwriting, and capital markets solutions to corporate and institutional clients globally. We are recognized for our sector expertise in technology, healthcare, financial institutions, and renewable energy.

### Key Metrics:

- 289 deals closed in FY27 (up from 247 in FY26)
- \$195B total transaction value advised
- 14% market share in cross-border Asia-Pacific M&A
- \$1.2B in sustainable finance underwriting (green bonds, sustainability-linked loans)

### Strategic Priorities FY28:

- **Cross-Border M&A:** Leverage our unique East-West connectivity for clients expanding internationally
- **Technology Sector:** Build specialized capabilities in AI/ML, cybersecurity, and fintech
- **Sustainable Finance:** Expand green bond underwriting toward \$14B target by 2030
- **Digital Dealmaking:** Deploy AI tools to accelerate due diligence and valuation modeling

### Technology Needs & Horizon 2027 Impact:

- **Deal Intelligence Platform:** Centralized repository of precedent transactions, valuation models, and market data accessible via Dremio analytics engine
- **NLP for Due Diligence:** Natural language processing to extract insights from company filings, earnings calls, and industry reports (requires high-performance object storage for training data)
- **Pitch Book Automation:** Reduce 60+ hour pitch book creation time by 40% through automated data gathering from enterprise lakehouse
- **Competitive Intelligence:** Unified view of market transactions, competitor activity, and client relationships

### Current Pain Points:

- Deal teams recreate analysis for similar transactions due to lack of searchable precedent database

- Pitch book creation heavily manual with 30% of time spent on data gathering
- Competitive intelligence scattered across email, file shares, and individual workstations
- Limited ability to analyze cross-border transaction trends due to fragmented data sources

## **Global Markets**

**FY27 Performance:** \$4.6B revenue (+2.2% YoY)

**Business Overview:** Meridian's Global Markets division provides sales and trading services in fixed income, equities, foreign exchange, and commodities for institutional investors globally. We are the #1 equity execution provider in Asia-Pacific markets.

### **Key Metrics:**

- \$12B average daily trading volume across all products
- \$2.8T notional volumes in APAC (Q3 FY27 record)
- 1,200+ institutional clients across 15 APAC markets
- 420 basis points average spread capture on client trades

### **Geographic Breakdown:**

- Asia-Pacific: 48% of revenues
- Americas: 32% of revenues
- EMEA: 20% of revenues

### **Strategic Priorities FY28:**

- **Algorithmic Trading:** Expand systematic trading to capture 35% of flow (currently 22%)
- **Electronic Bond Trading:** Migrate 70% of fixed income trading to electronic platforms (currently 45%)
- **Data Monetization:** Launch data-as-a-service products leveraging unique APAC market datasets
- **Crypto and Digital Assets:** Expand regulated digital asset trading capabilities

### **Technology Needs & Horizon 2027 Impact:**

- **Tick Data Storage:** Store and query 5+ years of market data (currently limited to 90 days due to HDFS storage costs)—requires petabyte-scale object storage
- **Real-Time Risk:** Millisecond-latency position aggregation and risk limit monitoring
- **Algorithmic Strategy Development:** GPU-accelerated backtesting infrastructure reducing 48-hour cycles to 4 hours

- **Market Data Analytics:** ML models for trade execution optimization requiring fast access to historical tick data via Dremio

### **Current Pain Points:**

- Trading infrastructure fragmented across asset classes (equities, FX, commodities on different tech stacks)
- Real-time risk limits constrained by slow position aggregation across legacy systems
- Unable to replay historical market conditions for strategy optimization due to storage limitations
- Quantitative strategies require 48-hour backtesting cycles, limiting iteration speed

### **Asset Management**

**FY27 Performance:** \$2.8B revenue (+5.7% YoY)

**Business Overview:** Meridian Asset Management provides investment solutions across equities, fixed income, alternatives, and multi-asset strategies for institutional and retail clients globally. We manage \$255 billion in assets across active and passive strategies.

### **Key Metrics:**

- \$255B assets under management
- \$18B net inflows in FY27
- 96% client retention rate
- 52% of strategies in top-quartile performance (3-year basis)

### **Investment Capabilities:**

- Equities: \$98B (38% of AUM) – global, regional, and sector-focused strategies
- Fixed Income: \$89B (35% of AUM) – government, credit, and emerging market debt
- Alternatives: \$42B (16% of AUM) – private equity, hedge funds, real assets
- Multi-Asset: \$26B (10% of AUM) – balanced and target-date strategies

### **Strategic Priorities FY28:**

- **Performance:** Achieve top-quartile performance in 65% of strategies (currently 52%)
- **ESG Leadership:** Launch climate-focused equity and fixed income strategies targeting \$20B AUM
- **Alternative Investments:** Expand private credit and infrastructure investing capabilities
- **Quantitative Strategies:** Enhance systematic and factor-based investment approaches

## **Technology Needs & Horizon 2027 Impact:**

- **Unified Data Platform:** Consolidate portfolio management systems from legacy systems onto Dremio lakehouse
- **Real-Time Risk:** Position and risk aggregation across \$255B AUM in real-time (currently end-of-day)
- **Quantitative Backtesting:** High-performance infrastructure reducing strategy development cycles from weeks to days
- **Client Reporting:** Reduce end-of-quarter reporting cycle from 3 weeks to 3 days through automated data pipelines

## **Current Pain Points:**

- Multiple data platforms creating inefficiencies in portfolio management and reporting
- Quantitative strategies constrained by slow backtesting (48-hour turnaround limits strategy development)
- Client reporting across multiple systems takes 3 weeks at quarter-end
- Limited ability to perform real-time factor analysis across entire AUM

## **Wealth Management**

**FY27 Performance:** \$2.2B revenue (+6.8% YoY)

**Business Overview:** Meridian Wealth Management provides comprehensive financial planning, investment management, and advisory services to high-net-worth and ultra-high-net-worth clients globally. We serve clients through 85+ offices across major financial centers.

## **Key Metrics:**

- \$56B in assets under advisement
- 8,400+ high-net-worth clients
- 450 financial advisors globally
- Net new asset growth: \$4.8B in FY27

## **Client Segmentation:**

- Ultra-high-net-worth (\$50M+): 15% of clients, 52% of AUA
- High-net-worth (\$5M-\$50M): 35% of clients, 38% of AUA
- Emerging affluent (\$1M-\$5M): 50% of clients, 10% of AUA

## **Strategic Priorities FY28:**

- **Digital Advisory:** Expand Meridian Insights platform to Singapore and Hong Kong (launched in NY, London, Frankfurt in Q2 FY27)
- **Alternative Products:** Increase alternative investment allocations for qualified clients
- **Next-Gen Planning:** Develop wealth transfer and multi-generational planning services
- **Advisor Productivity:** Leverage AI to reduce advisor prep time by 40%

#### Technology Needs & Horizon 2027 Impact:

- **Meridian Insights Platform:** AI-powered portfolio analytics, risk assessments, and investment recommendations
- **Unified Client View:** Single view of client holdings across banking, investment, and advisory relationships (currently 12+ separate systems)
- **NLP for Research:** Natural language processing to surface insights from earnings calls and research reports
- **Predictive Analytics:** ML models to identify client life events (retirement, inheritance) for proactive engagement

#### Current Pain Points:

- Client data scattered across 12 systems; advisors lack unified view of relationships
- Portfolio analytics require manual data gathering from multiple sources
- Limited personalization at scale for emerging affluent segment
- Difficulty demonstrating value-add beyond market returns to fee-sensitive clients

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## Sustainability & ESG

### Our Commitment

Meridian Capital Group recognizes the critical role we play in financing the transition to a sustainable economy. We are committed to mobilizing **\$14 billion in sustainable financing by 2030** to support climate action, social progress, and responsible governance.

Since establishing our sustainable finance practice in 2019, we have underwritten over **\$5.5 billion** in green bonds, social bonds, sustainability-linked loans, and transition financing. Our Green Bond Framework, aligned with ICMA Green Bond Principles, provides a transparent structure for channeling capital toward eligible environmental projects.

**Governance:** Our sustainability strategy is overseen by a Board-level Sustainability Committee and guided by international frameworks including:

- Task Force on Climate-related Financial Disclosures (TCFD)
- UN Principles for Responsible Investment (PRI)
- UN Global Compact
- International Capital Market Association (ICMA) Green Bond Principles

## **ESG Pillars & Targets**

### **Climate & Environment**

**Carbon Neutrality Target:** Achieve net-zero emissions for own operations (Scope 1 & 2) by 2030

#### **FY27 Progress:**

- Scope 1 & 2 emissions reduced 45% since 2019 baseline
- 68% renewable energy across global operations
- TCFD-aligned climate risk disclosures published across all divisions
- Phased reduction plan for thermal coal project financing (complete exit by 2030)

#### **Technology & Innovation:**

- Real-time environmental telemetry across all data centers tracking energy, water, and carbon metrics
- AI-powered ESG scoring engine analyzing 10,000+ companies for portfolio sustainability alignment
- Satellite and IoT-based environmental monitoring for financed asset climate risk assessment

#### **Data Center Sustainability** (Horizon 2027 Impact):

- Migration to high-density object storage reducing data center footprint by 40%
- Power consumption reduction: 35% through infrastructure consolidation
- Water usage reduction: 28% through elimination of legacy HDFS cooling requirements
- E-waste reduction: Longer hardware refresh cycles due to improved storage density

### **Social Responsibility**

#### **Diversity & Inclusion:**

- 30% women in senior management by 2027 (currently 27%)
- Diverse slate hiring for all open positions



- Unconscious bias training for all managers (100% completion in FY27)
- Employee resource groups (ERGs) in 15 countries

#### **Community Investment:**

- \$38M in community investment in FY27 (exceeding \$35M annual target)
- Financial literacy programs reaching 520,000+ participants annually
- Pro bono advisory services for non-profit organizations
- Employee volunteer program: 45,000+ hours contributed in FY27

#### **Employee Well-Being:**

- Comprehensive health and wellness programs globally
- Mental health support and counseling services
- Professional development: \$2,800 average per employee in training
- Flexible work arrangements post-COVID

#### **AI Ethics & Responsible Technology:**

- AI ethics governance framework ensuring responsible deployment of machine learning models
- Algorithm bias testing for client-facing AI applications (Meridian Insights platform)
- Data privacy by design in all technology initiatives
- Transparency in AI-driven investment recommendations

#### **Governance**

##### **Board Structure:**

- 12 board members (7 independent directors)
- Separate Chairman and CEO roles (Robert Meridian serves as both, but Board reviewing structure)
- Board-level Sustainability Committee established FY26
- Average board tenure: 6.8 years

##### **Executive Compensation:**

- 15% of executive incentive compensation linked to ESG performance metrics
- Metrics include: sustainable finance volumes, diversity targets, carbon reduction, technology transformation milestones

## **Compliance & Ethics:**

- Comprehensive code of conduct training (100% employee completion annually)
- Anonymous whistleblower hotline operated by third party
- Zero tolerance policy for bribery, corruption, and market manipulation
- Regular compliance audits across all divisions and geographies

## **Green Bond Framework**

Meridian Capital Group's Green Bond Framework, updated in August 2025, establishes a transparent and rigorous structure for issuing green bonds to finance projects that contribute to environmental sustainability.

**Framework Alignment:** ICMA Green Bond Principles 2024

### **Eligible Green Categories:**

- Renewable Energy (solar, wind, hydroelectric)
- Energy Efficiency (building retrofits, smart grids)
- Clean Transportation (electric vehicles, rail, hydrogen)
- Sustainable Water Management (water treatment, conservation)
- Green Buildings (LEED/BREEAM certified construction)
- Pollution Prevention & Control

### **Governance & Reporting:**

- All proceeds tracked in segregated accounts
- Annual impact reporting including environmental metrics
- Third-party verification of eligible projects
- Quarterly disclosure to investors

**FY27 Achievement:** \$1.2B in green bond underwriting, supporting renewable energy projects with estimated lifetime carbon reduction of 2.8M metric tons CO2 equivalent.

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## **Competitive Landscape & Market Position**

### **Our Competitive Advantages**

**East-West Connectivity:** As one of the few truly global investment banks with deep roots in both Western and Asian markets, Meridian provides unique cross-border capabilities. Our #1 position in APAC equity execution

and growing M&A advisory share demonstrates this advantage.

**Technology Leadership:** The successful completion of our Risk Analytics infrastructure migration positions us ahead of many competitors who remain constrained by legacy Hadoop architectures. Our Horizon 2027 program creates a foundation for AI/ML innovation that will drive competitive advantage across all divisions.

**Integrated Platform:** Unlike boutique investment banks or single-line businesses, our integrated platform across investment banking, global markets, asset management, and wealth management enables comprehensive client solutions and revenue diversification.

**Risk Management Excellence:** Our Quantitative Risk Analytics capabilities, processing 500M+ daily simulations with 99.97% availability, provide superior risk-adjusted returns and regulatory compliance compared to peers.

### **Competitive Threats**

**Global Investment Banks** (Goldman Sachs, Morgan Stanley, JPMorgan Chase):

- Superior technology budgets (\$4-6B annually vs. our \$290M)
- Larger balance sheets enabling more aggressive principal investing
- Stronger brand recognition in certain markets (particularly Americas)

**Cloud-Native Fintechs** (Robinhood, Wealthfront, Betterment):

- Built on modern cloud infrastructure from inception
- 40-50% lower cost structures enabling fee compression
- Superior digital user experiences, particularly for younger clients

**BigTech Encroachment** (Amazon, Google, Apple):

- Entering financial services with payment and lending products
- Massive data advantages and AI/ML capabilities
- Nearly unlimited capital for loss-leading market entry

**Regional Specialists:**

- Asia: DBS, CITIC Securities with deep local relationships
- Europe: Deutsche Bank, BNP Paribas with regulatory advantages
- Middle East: Sovereign wealth fund competition for deals

## Market Trends Shaping Our Strategy

**AI/ML Revolution:** Firms with superior data infrastructure and AI capabilities will capture alpha generation, operational efficiency, and risk management advantages. Horizon 2027 positions us to compete.

**Regulatory Intensity:** SEC proposed AI model governance rules, GDPR enforcement, and expanding ESG disclosure requirements mandate modern data architecture with lineage, auditability, and immutability.

**Client Expectations:** Both retail and institutional clients demand real-time insights, digital-first experiences, and personalized recommendations powered by AI—capabilities enabled by our data platform transformation.

**Sustainable Finance:** The transition to net-zero economy represents a multi-trillion-dollar financing opportunity. Our \$14B sustainable finance target by 2030 positions us to capture share.

**Alternative Investments:** Shift from public to private markets (private equity, private credit, infrastructure) requires sophisticated data analytics and reporting—areas where our technology investments create competitive advantage.

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## Organization & Leadership

### Executive Leadership Team

**Robert Meridian** – Chairman & Chief Executive Officer

- Joined Meridian 1998, CEO since 2019
- Previously Head of Investment Banking (2012-2019)
- MBA Harvard Business School, BA Economics Princeton

**Sarah Whitfield** – Chief Financial Officer

- Joined Meridian 2015, CFO since 2021
- Previously Deputy CFO and Head of Strategic Finance
- CPA, MBA Wharton, BS Accounting University of Michigan

**David Hasegawa** – Chief Technology Officer

- Joined Meridian 2018, CTO since 2020
- Previously VP Engineering at Google Cloud
- PhD Computer Science MIT, BS Computer Science Stanford

**James Morgan** – Global Head of Markets

- Joined Meridian 2005, current role since 2020
- Previously Head of APAC Markets (2015-2020)
- MBA INSEAD, BA Mathematics Cambridge University

**Michael Sato** – Head of Wealth Management

- Joined Meridian 2010, current role since 2022
- Previously Regional Head, Asia-Pacific Wealth Management
- CFA, MBA Columbia, BA Economics Yale

**David Chen** – Global Head of Risk Analytics

- Joined Meridian 2008, current role since 2019
- Previously Head of Quantitative Risk, Americas
- PhD Financial Engineering Columbia, MS Mathematics MIT

**Dr. Eleanor Martinez** – Chief Risk Officer

- Joined Meridian 2019
- Previously Chief Risk Officer at Deutsche Bank Americas
- PhD Economics Stanford, BA Economics UC Berkeley

**Thomas Williamson** – Head of Investment Banking

- Joined Meridian 2002, current role since 2021
- Previously Head of Technology, Media, Telecom Investment Banking
- MBA Harvard, BA History Yale

**Priya Kapoor** – Chief Compliance Officer

- Joined Meridian 2016
- Previously Associate Director at SEC Division of Enforcement
- JD Georgetown Law, BA Political Science Brown

**Dr. Rachel Foster** – Head of Asset Management

- Joined Meridian 2014, current role since 2023
- Previously CIO for Multi-Asset Strategies
- PhD Finance London Business School, MSc Economics LSE

## **Board of Directors**

**12 Members:** 7 independent directors, 5 management/affiliated directors

### **Key Committees:**

- Audit Committee (all independent)
- Compensation Committee (all independent)
- Risk Committee (majority independent)
- Sustainability Committee (established FY26, majority independent)
- Nominating & Governance Committee (all independent)

### **Board Expertise:**

- 4 members with deep technology/data infrastructure expertise (added/expanded FY25-26)
- 3 members with asset management experience
- 2 members with regulatory/government experience
- 2 members with international markets expertise
- 5 members with CEO/CFO experience at public companies

### **Diversity:**

- 33% women (4 of 12 directors)
- 25% ethnically diverse (3 of 12 directors)
- Target: 40% women and 30% ethnically diverse by 2028

## **Organizational Structure**

Meridian operates through a matrix organization balancing business divisions (Investment Banking, Global Markets, Asset Management, Wealth Management) with functional divisions (Risk & Technology, Finance, Compliance, Human Resources) and geographic regions (Americas, EMEA, APAC).

### **Key Organizational Changes in FY27:**

- Risk & Technology elevated to co-equal business division (previously IT support function)
  - Enterprise Data Platform team created under CTO (45 FTE initially, scaling to 120 by FY29)
  - Sustainability Office established reporting directly to CEO
  - London Technology Hub designated as center of excellence for cloud and data engineering
-

## Risk Factors & Challenges

### Market & Economic Risks

**Interest Rate Volatility:** Rising and volatile interest rates compressed trading margins by 9% in FY27 and reduced fixed income underwriting volumes. Further rate increases could pressure profitability.

**Geopolitical Tensions:** US-China trade tensions, Russia-Ukraine conflict, and Middle East instability reduced cross-border M&A activity by 8% in FY27. Escalation could further impact deal flow.

**Recession Concerns:** Economic slowdown in US and Europe could impact client trading activity, reduce M&A volumes, and pressure asset valuations in our Asset Management business.

**Market Volatility:** While short-term volatility can benefit trading revenues, sustained market stress could lead to client risk aversion and redemptions in Asset Management.

### Technology & Operational Risks

**Cybersecurity Threats:** Detected 2,600+ attempted intrusions in FY27 (+18% YoY). Ransomware, phishing, and state-sponsored attacks pose ongoing risks to operations and reputation.

**Horizon 2027 Execution Risk:** While Risk Analytics migration succeeded, enterprise-wide rollout across four divisions over two years involves significant execution risk. Delays or issues could impact business operations.

**Talent Shortage:** Acute shortage of AI/ML engineers, data platform architects, and SREs creates recruitment challenges. We currently have 34 open critical technology positions.

**Legacy System Complexity:** Despite progress, significant legacy infrastructure remains in production. Integration challenges between old and new systems create operational risk.

**Third-Party Vendor Risk:** Dependence on technology vendors (cloud providers, software platforms, data services) creates concentration risk. Vendor outages or security breaches could impact operations.

### Regulatory & Compliance Risks

**Data Localization:** Increasing requirements for data to remain in specific jurisdictions (EU, China, Russia) add infrastructure complexity and costs to Horizon 2027 program.

**AI/ML Governance:** SEC proposed rules on AI model explainability, bias testing, and governance could require significant compliance investment and slow AI deployment.

**Capital Requirements:** Basel III endgame rules and other capital requirement changes could constrain balance sheet flexibility and impact ROE.

**ESG Disclosure:** Expanding climate risk disclosure requirements (SEC climate rule, EU taxonomy) require extensive data collection and reporting capabilities.

**Digital Asset Regulation:** Unclear and evolving regulatory framework for cryptocurrency and digital assets creates compliance uncertainty.

## **Competitive Risks**

**Technology Investment Gap:** Global competitors (Goldman, JPMorgan) invest \$4-6B annually in technology vs. our \$290M. This gap could widen over time despite Horizon 2027 efficiency gains.

**Fee Compression:** Fintech competition and passive investment growth pressure management fees in Wealth Management and Asset Management divisions.

**Talent Retention:** BigTech firms (Google, Amazon, Meta) offer higher compensation for technology talent, creating retention risk during Horizon 2027 execution.

**Market Share Pressure:** In some product areas (US equity underwriting, retail wealth management), we face market share pressure from larger competitors.

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## **FY28-30 Strategic Goals & Outlook**

### **Financial Targets**

#### **FY30 Targets:**

- Net Revenue: \$14.5B (4.2% CAGR from FY27)
- Net Income: \$2.0B (6.5% CAGR from FY27)
- Return on Equity: Achieve sustainable 13%+ by FY30
- Cost-to-Income Ratio: Reduce from 74% to 69% through operational efficiency
- Dividend Payout: Maintain 40% payout ratio while investing in growth

### **Strategic Priorities**

#### **1. Complete Horizon 2027 Enterprise Transformation**

- FY28: Global Markets and Asset Management migration
- FY29: Wealth Management and Enterprise rollout
- Target: 40% TCO reduction, 3x storage density improvement, 99.99% availability

#### **2. Accelerate Sustainable Finance**

- Target: \$14B in sustainable financing by 2030 (currently \$5.5B cumulative)
- FY28-30: Average \$2.8B annually in green bonds, sustainability-linked loans, and transition financing



- Expand climate risk analytics capabilities using AI/ML models

### **3. Expand Alternative Investment Platform**

- Grow alternatives AUM from \$42B to \$75B by FY30
- Focus on private credit, infrastructure, and real assets
- Leverage technology platform for superior reporting and transparency

### **4. Build AI-First Organization**

- Deploy AI/ML capabilities in 80% of business processes by FY30
- Launch MIT research partnership outputs in production risk systems
- Expand Meridian Insights AI advisory platform globally
- Implement AI-powered trade execution optimization in Global Markets

### **5. Enhance Client Experience**

- Achieve Net Promoter Score of 55+ by FY30 (currently 42)
- Unified client 360° view across all divisions (eliminate data silos)
- Expand digital engagement capabilities for retail and institutional clients
- Real-time portfolio analytics and reporting

## **Talent & Culture**

### **Hiring Targets:**

- 200+ engineers for London Technology Hub (underway)
- 120+ data platform specialists for Enterprise Data Platform team
- 80+ AI/ML scientists and engineers across divisions
- 50+ sustainable finance specialists

### **Culture Transformation:**

- Shift from technology as cost center to technology as strategic differentiator
- Data-driven decision-making at all levels
- Embrace fail-fast experimentation in AI/ML development
- Cross-functional collaboration between business and technology

## Capital Allocation

### Investment Priorities (FY28-30):

- Technology Modernization: \$870M (3-year Horizon 2027 allocation)
- Sustainable Finance Capabilities: \$120M
- Talent Acquisition & Development: \$185M
- Strategic Acquisitions: Opportunistic (Asset Management bolt-ons, technology)

### Shareholder Returns:

- Maintain 40% dividend payout ratio
  - Opportunistic share buybacks when stock trades below intrinsic value
  - Target: Total shareholder return (dividends + capital appreciation) of 12-15% annually
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## Horizon 2027: The Path Ahead

As we look toward the completion of Horizon 2027, Meridian Capital Group stands at an inflection point. The successful migration of our Risk Analytics division from legacy Hadoop infrastructure to modern object storage with Dremio analytics validates both our technical approach and organizational execution capability.

But the journey is far from complete. Over the next two years, we must execute enterprise-wide rollout across Global Markets, Asset Management, and Wealth Management—each with unique requirements, constraints, and stakeholder considerations. The prize is substantial: a unified data platform enabling AI-driven innovation, regulatory compliance, operational efficiency, and client experience that will define competitive advantage for the next decade.

### What Success Looks Like (FY29)

#### For Risk Management:

- Real-time intraday VaR monitoring replacing batch calculations
- AI-driven market risk prediction anticipating dislocations before they occur (MIT partnership)
- 99.99% availability ensuring zero regulatory findings
- Sub-second query performance enabling interactive risk analytics

#### For Global Markets:

- 5+ years of tick data accessible for algorithmic strategy development
- GPU-accelerated backtesting reducing development cycles from days to hours

- ML-powered trade execution optimization improving client outcomes
- Unified market data platform eliminating fragmented tech stacks

#### **For Asset Management:**

- Real-time position and risk aggregation across \$255B+ AUM
- Client reporting cycles reduced from 3 weeks to 3 days
- Quantitative backtesting infrastructure enabling rapid strategy iteration
- Superior performance through data-driven insights

#### **For Wealth Management:**

- Meridian Insights AI platform serving clients globally
- Unified client 360° view eliminating data silos
- 40% reduction in advisor prep time through automation
- Personalized recommendations at scale for emerging affluent segment

#### **For the Enterprise:**

- 15PB unified object storage with 75%+ density utilization
- 40% reduction in total cost of ownership vs. legacy infrastructure
- Foundation for next-generation AI applications across all divisions
- Data governance, lineage, and compliance exceeding regulatory requirements

#### **Critical Success Factors**

**Technical Execution:** Maintaining discipline around architecture standards, migration methodologies, and testing protocols while executing at enterprise scale.

**Change Management:** Ensuring business users embrace new platforms and workflows. Training, communication, and demonstrating value are critical.

**Talent:** Attracting and retaining world-class engineers, data scientists, and architects in competitive labor market.

**Vendor Partnerships:** Selecting and managing relationships with technology vendors who can scale with our ambitions.

**Business Continuity:** Executing zero-downtime migrations while maintaining 99.99% availability for mission-critical systems.

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## **Closing Thoughts**

Fiscal Year 2027 will be remembered as the year Meridian Capital Group transformed from a technology follower to a technology leader in financial services. The completion of our Risk Analytics infrastructure migration demonstrated that large-scale, mission-critical transformation is possible—with disciplined execution, strong leadership support, and world-class talent.

As we enter the final two years of Horizon 2027, the path is clear but challenging. We must balance the urgency of competitive threats with the discipline required for sound architecture. We must invest boldly while maintaining fiscal discipline and shareholder returns. We must transform our culture to embrace data and AI while preserving the client relationships and risk management discipline that have defined Meridian for 101 years.

The financial services industry is at an inflection point. Firms that treat data as their most strategic asset—making it accessible, trusted, and actionable across the enterprise—will define the winners of the next decade. With Horizon 2027, we are positioning Meridian Capital Group to lead in the AI-driven future of finance.

We thank our shareholders for their continued confidence, our clients for their partnership, and our 28,000 colleagues worldwide for their commitment to excellence.

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### **Important Disclosures**

This annual report contains forward-looking statements regarding Meridian Capital Group's future performance, strategic initiatives, and financial targets. Actual results may differ materially due to market conditions, regulatory changes, competitive dynamics, execution risks, and other factors. Please refer to our Form 10-K filed with the SEC for comprehensive risk factor disclosures.

Past performance is not indicative of future results. Investment products are not FDIC insured, may lose value, and are not bank guaranteed.

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*Connecting Markets, Shaping Futures*