

# MERIDIAN

Meridian™



2023 Annual Report

Katherine Hadjinian  
Mon Petit Chou  
Member since 2023

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## About this report

Welcome to Meridian Credit Union's 2023 Annual Report. Here we invite you to learn about our approach, plans and performance.

In this report, references to "Meridian," "we" or "our" refer to Meridian Credit Union Limited and may include the operation of Meridian OneCap Credit Corp. and motusbank. Reference to "Meridian OneCap" or "OneCap" in this report refers to Meridian OneCap Credit Corp.

Meridian Credit Union Limited is a separate legal entity from OneCap and motusbank.

All reporting currencies are in Canadian dollars (CAD) unless otherwise stated.

## Digital Content:

[Meet our Executive Leadership Team](#)

[Meet our Board of Directors](#)

[Corporate Governance Practices](#)

[2023 Consolidated Financial Statements](#)

[2023 Management Discussion and Analysis](#)

[Environmental, Social and Governance \(ESG\)](#)





# ABOUT MERIDIAN

Meridian is Ontario's largest and one of Canada's largest credit unions, with more than 80 years of banking history. We help to grow the lives of our more than 378,000 retail and business Members, and as of December 31, 2023, we continue to manage motusbank and our commercial equipment leasing and financing subsidiary, OneCap.

We are a 100% Member-owned financial institution that puts the well-being of our Members first. Our employees take the time to understand our Members' financial goals and aspirations. This allows us to offer solutions that proactively meet their needs.

Our vision is to be recognized as an inclusive, transparent and people-focused financial partner. We focus on long-term interests of Meridian Members and the communities we serve. We are a business that uses its profits in service of our purpose. By doing so, we deepen relationships with existing Members and foster lasting relationships with new ones.







**Alexandra (Alex) Sinclair**  
**Barton Lettuce**  
Member since 2021

## MERIDIAN BY THE NUMBERS

**378,000+**

Members

**100%**

Owned by Our Members

**80+**

Years of Banking History

**\$27.5 billion**

in Assets

**\$4.4 billion**

in Assets Under Management

**\$4.5 million**

Invested in Non-Profit and Community Investment Initiatives 2023

**2,200+**

Employees

**88**

Branch Locations

**15**

Business Banking Centres

**2**

Subsidiaries

All metrics represented in this infographic are for the fiscal year ended December 31, 2023.



# OUR PURPOSE, VISION, AND CORPORATE STRATEGY

In 2023, we launched a new three-year enterprise strategy called “Meridian for Good” to deliver on our purpose of helping our Members achieve their best life and enable our vision to be recognized as an inclusive, transparent, and people-focused financial partner.

Meridian for Good is so much more than a simple catchphrase. It was created as a key expression of our intention, it serves as the foundation of our purpose, and brings our vision to life. It also drives our objectives, provides focus, fuels innovation, and sets the stage for operational growth integrated across all our lines of business.

Meridian for Good builds on momentum in recent years that saw us become Ontario’s largest credit union and helps to ensure that we have a plan for sustainable growth across the enterprise. It leads to “good” outcomes for our Members, employees, and other stakeholders, keeping them at the core of our plans. This strategic direction clarifies how we empower our Members to achieve their best life by helping them:

- Get access to the money and advice they need – all the time
- Plan with us for a better future that’s clean, resilient, and diverse
- Be financially confident so they can conquer the world

By focusing on these three supports for our Members, we lean into our purpose, achieve our vision, and provide the kind of financial services that Canadians deserve. We also align with the reputation we’re establishing as an inclusive, transparent, and people-focused financial partner.

## **Operationally, Meridian for Good is rooted in four main priorities:**

1. Integrate our purpose into everything we do,
2. Grow Business Banking through industry expansion,
3. Deliver fair value to Retail Members, and
4. Incubate planning proposition for all Members.



# MERIDIAN FOR GOOD - STRATEGY ON A PAGE



## A MESSAGE FROM THE CHAIR OF THE BOARD

The past year has been a testament to our resilience, adaptability, and unwavering commitment to our Members and their aspirations. As Chair, I've had the privilege of witnessing the incredible dedication and hard work of our team, led by our CEO Jay-Ann Gilfoy. Together, we have strengthened our alignment with the greater purpose of empowering our Members to achieve their best lives. This alignment has not only guided our actions but has also been the cornerstone of our success.

We embarked on a strategic journey early in the year, approving a new direction that promised to propel us towards our goals. This strategy, centered on clarity, alignment, and empowerment, has enabled us to harness the talent within our organization, driving innovation and excellence. Our commitment to this strategy has been unwavering and has stood the test of time, demonstrating the robustness of our collective vision.

### Navigating challenges with resilience

The complexity of the risks and challenges we faced in 2023 – from economic uncertainties to geopolitical tensions – underscored the importance of vigilant risk management and a steadfast commitment to our Environmental, Social, and Governance (ESG) principles. Our focus on these areas has not only helped us navigate these challenges but has also reinforced our commitment to responsible stewardship and sustainable growth.



### Looking ahead with optimism

As we look forward to 2024 and beyond, we remain acutely aware of the uncertainties that lie ahead. However, our resolve to pursue our mission to be a people-focused, inclusive, and transparent financial partner remains stronger than ever. We will continue to draw on diverse perspectives, embracing curiosity and humility, to navigate the complexities of our environment. Our commitment to diversity and inclusion will further enrich our decision-making processes, ensuring that we remain responsive and adaptable to the needs of our Members and the broader community.

## A Message from the Chair of the Board

To our Members, I want to reiterate our unwavering commitment to being your trusted financial partner. Your success is our success, and we are dedicated to providing the support and solutions you need to navigate your financial journey. We look forward to engaging with you, learning from you, and evolving together.

### Gratitude and anticipation

Lastly, as I approach the end of my term as Chair, I am filled with gratitude for the opportunity to serve this remarkable organization. The journey we have embarked on together has been incredibly rewarding, and I am confident that the foundation we have built is strong and will support the continued success of Meridian for years to come.

Warm regards,



**Karen Farbridge**  
Chair, Board of Directors





## MESSAGE FROM THE PRESIDENT & CEO

As I reflect on my second year as CEO of Meridian, I feel both grateful and optimistic. I am grateful for our people and our Members, who are the heart of this organization, and optimistic about what we will achieve into the future as we continue to bring the Meridian for Good strategy to life.

This past year has not been easy. Turbulent economic conditions – rising interest rates and soaring inflation – have impacted Canadians, and our Members and employees are no exception. Housing availability and affordability continue to be major challenges and food insecurity is at an all-time high across our country. New population growth, the rise of fraud and cyber threats, and the continued fast pace of technology have all put pressure on the ways the financial services ecosystem must respond to customer expectations and market needs.

As an organization, these market conditions have tested our resilience and adaptability, underscoring the importance of our commitment to our core values and purpose as Ontario's largest credit union. Despite these challenges, I remain optimistic and believe that now, more than ever, Meridian is best positioned to help Canadians achieve their best lives.

### A year of resilience

The financial challenges of 2023 were relentless, with market volatility and economic uncertainties impacting our growth and profitability. Despite the best efforts of the Meridian team, all of whom worked diligently to strategically manage costs and recover potential credit losses, our revenue and profitability were impacted, and we finished the year slightly below our budgeted performance but with strong capital and liquidity, both of which are critical to our long-term goals.



When it comes to other core business operations such as strategic planning, innovative partnerships that align to our strategy, introducing technology and digital tools, improving our operational processes, and team collaboration, the Meridian team exceeded many of the goals we established for 2023.

### Member growth and engagement

One of the things I am most proud of is that despite 2023's challenges, our commitment to Members has never wavered. The 2023 Voice of Member (VoM) relationship net promoter score (NPS) reflected this dedication. Member feedback has been invaluable, highlighting our team's exceptional service and pointing us towards areas for improvement.



Members highlighted customer service, attitude, helpfulness, and knowledge as key reasons to celebrate Meridian. Additionally, the availability of ABMs, our new CRM solution, and chequing account packages offering free e-transfers contributed to a positive Member experience. Of course, the best way to benchmark engagement is to look at Member growth year-over-year. Although economic conditions tempered new deposit growth early in the year, I'm proud to announce that Membership growth also ended the year above target in 2023.

### Brand recognition and awards

In 2023, we celebrated a series of significant achievements that highlighted our deep commitment to our employees, Members, and the broader community. Notably, we proudly announced our commitment to a living wage, underlining our dedication to the financial well-being of our employees. This was complemented by Meridian being honored as one of Hamilton-Niagara's top employers and receiving further recognition in Canada's Top 100 Employers for the Hamilton/Niagara region, both of which underscored our exceptional workplace culture. Our dedication to fostering inclusivity was also celebrated, earning us the Pride Niagara Unity Award and the 2023 Commitment Unity Award. Additionally, our vibrant and engaged work environment was recognized when we were named among the Achievers 50 Most Engaged Workplaces® Awards, marking a year of accolades that collectively affirm our unwavering commitment to excellence and inclusivity.

### Planet and community: A renewed commitment

Our focus on Environmental, Social, and Governance (ESG) initiatives remained steadfast in 2023. The integration of equity-deserving groups including Indigenous, black, 2SLGBTQIA+, women, and newcomers to Canada into our core operations has been a journey of learning and evolution.

We recognize the need to deepen our understanding and enhance our efforts in these areas to continue to support our vision "to be recognized as an inclusive, transparent and people-focused financial partner."

Programs such as Tiny Homes, Kits for a Cause, Period Promise, the Do Some Good platform, and our contributions towards forest fire relief, have all exemplified our dedication to making a tangible difference to our planet and to the communities where we live and work.

### Looking ahead: Adapting and evolving

As we move into 2024, our strategy "Meridian for Good" remains the guiding light across our businesses, the road map for our efforts to deliver value and deepen our commitment to our Members, expand our business banking strategy, and unveil a much-anticipated brand refresh in the coming months.

At this time, I would like to extend a heartfelt thank you to Karen Farbridge for her exceptional leadership as Chair of the Board. Karen's tenure has been marked by wisdom, dedication, and an unwavering commitment to our shared purpose. Thank you, Karen, for everything.

In closing, I also wish to express heartfelt thanks to our Board of Directors, our Members, and, most importantly, our employees. Together, we have laid a strong foundation for the future, and I eagerly anticipate the new heights we will reach in the coming year.

With sincere gratitude and anticipation,



**Jay-Ann Gilfoy**  
President & CEO



# OUR STRATEGIC PLAN – 2023 ACCOMPLISHMENTS

## INTEGRATE OUR PURPOSE INTO EVERYTHING WE DO

Meridian for Good helps ensure that we live the values that exemplify who Meridian is and what we stand for inside and out. Our strategy addresses how we can deploy our capital for good ends, operate in a way that's both profitable and purpose-oriented, and serve all members of society to address a broad spectrum of social and environmental issues consistent with a financial cooperative. Our specific areas of focus here include housing affordability, equity-deserving groups, and the transition to a carbon-neutral economy.

### 2023 accomplishments include:

#### Helping Members get access to the money and advice they need – all the time

- ✓ We launched Retail Purpose Lending Programs, partnering with organizations focused on shared-equity mortgages (Options for Homes, Habitat for Humanity, Trillium Housing, and Métis Nation of Ontario) to help provide affordable homeownership. These programs funded \$21 million in loans.
- ✓ We partnered in the BDC Accelerator Program, an 18-month pilot designed to improve small business access to capital for equity-deserving business owners. This program is expected to be the centerpiece of our equity-deserving initiatives.
- ✓ We provisioned more than 40 loans (valued at ~\$520K) to internationally trained newcomers to Canada through the Foreign Credit Program. We also made enhancements to our New to Canada offer, such as increased eligibility from three years to five years, to better support newcomers.

#### Helping Members and us plan for a better future that's clean, resilient, and diverse

- ✓ We developed environmentally friendly products such as the Green Roof Loan and Green Auto Loan to support home energy retrofitting and electric vehicle investments, enabling Members to make financial decisions that align with their values.
- ✓ We published our 2021 and 2022 ESG Reports and completed baseline measurement of our 2021 Scope 1 and 2 GHG emissions, achieving carbon neutrality by purchasing high-quality Canadian carbon offsets. We also completed our first review of Scope 3 and have plans in motion to address these emissions in 2024. To these ends, we launched several energy audit initiatives to help us reduce emissions.
- ✓ As part of our “Meridian Does Good” social impact program, we acted on several fronts to address housing affordability, financial access and confidence, climate resilience, and community support. A budget of \$4.5 million was invested in these programs over the course of 2023.

#### Helping Members be financially confident so they can conquer the world

- ✓ In 2023, we welcomed ~16,000 new Members and delivered approximately 3,200 goals-based financial plans to Members, helping to increase financial confidence, financial literacy, and preparation for the future.
- ✓ We established a Financial Seminar Series at Fort Erie Friendship Centre to serve as a pilot for future seminars across Ontario.
- ✓ We supported the Canadian Association of Urban Professionals (CAUFP) with a \$5,000 scholarship going to a black, female, single parent working in the community to help build her financial confidence.
- ✓ We developed a new corporate brand platform to be launched in 2024 that will drive brand engagement and increase awareness of Meridian.



## GROW BUSINESS BANKING THROUGH INDUSTRY EXPANSION

Key focus areas here include expanding into new sectors, diversifying our portfolio, and extending our ability to empower financial confidence with flexible solutions. We aim to increase awareness of Meridian to businesses owned by equity-deserving groups such as people of colour, Indigenous people, LGBTQ2S++ and other under-served communities. This will improve access to the capital they need to grow their businesses and achieve their goals.

### 2023 accomplishments include:

- ✓ We finished the year \$146 million ahead of plan in our purpose expansion sectors, with growth experienced in manufacturing, medical buildings, ESG/recycling, and affordable housing.
- ✓ We made organizational changes to create an improved Member experience with streamlined onboarding, enhanced fulfillment, and better day-to-day servicing with greater efficiency and faster response time.
- ✓ We created a Switch for Good Program as an incentive for prospective Members to move banking services over to Meridian. The program covers switching costs of up to \$10,000 for new Commercial Members and up to \$2,500 for new Small Business Members.
- ✓ We launched digital advancements such as digital onboarding and use of e-signatures to further improve the Member experience.

## DELIVER FAIR VALUE TO RETAIL MEMBERS

People need to be confident that their financial institution will act in their best interest and treat them fairly. For Meridian, this includes delivering products and services that will help Members achieve their best life. Banking is complex; we need to help people gain financial confidence in the decisions they make – especially people within equity-deserving groups. We do this by actively serving all Members, both existing and prospective, to the best of our ability and offering products and services that help anyone with a dream achieve their goals. Delivering “fair value” means investing in impactful products and services, providing value-add products and services, and becoming more supportive and accessible.

### 2023 accomplishments include:

- ✓ We refreshed several products and services to better serve Members, including our New to Canada offer and service charge package.
- ✓ We invested in employee training and development to reinforce the capabilities needed to service Members and build a high-performance culture.
- ✓ We embraced digital services in a bigger way through three initiatives: digital signatures for mortgages renewals; an introduction to “Walk-Me” helpful hints and tips offered during a lending application; and a digital activation campaign to promote digital features and services.
- ✓ We provided proactive outreach to Members who are variable rate mortgage holders impacted by prime rate increases in 2024.





### INCUBATE PLANNING PROPOSITIONS FOR ALL MEMBERS

“Incubation” involves building a long-term planning proposition for our Retail and Wealth lines of business without diverting efforts from our overall long-term strategy. We know that planning remains important to our Members because current macroeconomic factors have increased financial anxiety and our existing products and services are not effectively closing our Members’ knowledge gap. We’ll address this over the next three years by: developing Member-centered research; focusing on partnerships to develop capabilities and solutions; providing an investment budget; and looking for smaller pilot opportunities in the short-term to test which propositions resonate with Members. Approaching all of this in a Member-centric and agile fashion will let deliver products quickly and meet Member needs.

#### 2023 accomplishments include:

- ✓ Planning proposition incubation work began this year with journey mapping and qualitative research conducted to identify key gaps and opportunities to enhance Member experience. More than 20 solutions were identified and prioritized based on impact for incubation.



Melanie Côté  
Do Good Donuts  
Member since 2021

## OUR STRATEGIC ENABLERS

As we build on our strategy, we will need to develop or acquire the following key capabilities to meet our goals and fulfill our purpose:

### Focusing on integration across business lines

- ✓ We eliminated barriers and simplified processes to enhance collaboration across LOBs and functions, allowing us to be more proactive in meeting Members' needs in a holistic, comprehensive, and efficient manner. This led to increased referral activity, launch of a new Private Wealth team, creation of an end-to-end leveraged loans program allowing Members to leverage their Wealth portfolio for a line of credit, and new affinity packages to better serve complex needs and increase access to capital.
- ✓ Retail and Business Banking teams created new affinity programs for Members associated with Métis Nation of Ontario, Habitat for Humanity, Fort Erie Native Friendship Centre, Niagara College, Verity, and Keller Williams.
- ✓ Wealth and Business Banking teams expanded products and services available to Business Banking Members, establishing the Private Wealth team and launching the leveraged loan program.

### Making data and analytics-enabled improvements to become a digital-first company

- ✓ In an industry undergoing a significant digital transformation, our Members increasingly expect digitization and personalization. Meridian's Member-facing digital improvements steadily rolled out and earned recognition in Surviscor's 2023 report on digital customer experiences.
- ✓ We delivered enhancements to cybersecurity, enabled self-service capabilities, and improved accessibility.
- ✓ We launched our Customer Relationship Management (CRM) platform to manage and track Member interactions and enable more strategic omni-channel servicing.
- ✓ We defined "target member" segments that help identify our greatest opportunities and refine our go-to-market strategy.

### Driving product and service innovation and simplification across products, processes, and technologies

- ✓ We launched our First Home Buyer Savings Account available to both Wealth and Retail Members.
- ✓ We launched our new chequing account service charge packages to provide Members with more choice in meeting their day-to-day banking needs.
- ✓ We integrated ESG / socially responsible investment offerings into our Wealth product suite.
- ✓ We made several improvements to operations in areas including business cases, vendor management, new project management capabilities, change leadership, and our benefits identification and realization framework.



### Making strategic investments in our people

- ✓ We launched “Wellness at Meridian,” a online portal that consolidates information on benefits, policies, and procedures and provides employees and their dependents 24/7 access to valuable resources.
- ✓ We launched our Workforce Diversity Census to better understand the demographic needs of our organization and to inform development of our Diversity, Equity, Inclusion, Belonging, and Reconciliation (DEIBR) strategy.
- ✓ We were named as a top employer in Hamilton-Niagara for our exceptional workplaces.
- ✓ We refreshed internal policies around talent, succession, performance, and workforce skills to better align with the Meridian for Good strategy and maintain a high-performance culture.

### Engaging in strategic partnerships that foster growth

- ✓ With ClearEstate, we added support for Members in digital estate settlement and we are generating estate consultation referrals.
- ✓ With LegalWills.ca and Willful, we empowered Members to complete their will, power of attorney documents, and other estate plans online using guided tools – for a fraction of the cost of visiting a lawyer.
- ✓ With Trushield, we enabled Small Business Members with access to general liability insurance through a digital channel.
- ✓ With CMHC, BDC, and First Nations Bank, we offered improved affordable housing and access to capital.



## OUR STRATEGIC PLAN – THE FUTURE

Looking forward, our plan for 2024 to 2026 reflects the economic environment and the learnings from the first year of our new strategy. Canadian financial institutions faced a difficult year in 2023, filled with headwinds such as higher central bank interest rates, high inflation, slowing of demand, and cautious consumer and business sentiments. Nevertheless, we remain bold in our ambition. We're putting our strategy in action while considering the financial environment with a sharper focus in three key areas: profitable growth, efficiency, and diligent expense management.

In 2024, we'll remain committed to the strategic pillars and enablers outlined in our new strategy. We'll continue to integrate our purpose into everything we do by further developing and enhancing our ESG and Social Impact programs, and we'll continue to make good, sustainable long-term decisions for our Members and community. Initiatives will include publishing annual ESG reporting and disclosures, deepening our ESG mindset among employees, developing and refining greenhouse gas (GHG) disclosures, and maturing our ESG Ambassador Program.

We'll sharpen our focus on products and programs that further our purpose. These efforts will include pilot programs to empower equity-deserving groups such as our BDC Accelerator loan program, Green Roof Loan, Green Auto Loan, Small Business Big Impact Awards, Canada Emergency Business Account Refinance, and OneCap's financing of cleaner equipment. These offerings will increase our transparency to Members and reaffirm our commitment to being an environmentally responsible and inclusive financial partner. This year, we're also excited to launch a refreshed corporate brand platform that will amplify our commitment and showcase the promise that we make to Members and communities.

In Business Banking, we'll maintain a focus on growth within our new purpose sectors and on serving small businesses and entrepreneurs. This will support our goal of aligning with innovative, purpose-led, and growing businesses. Enhancements to our digital capabilities, external marketing, and lead generation will better serve Members by adding value, simplifying processes, and improving access. For instance, stronger integration between OneCap and Meridian Wealth will elevate product offerings and continue our emphasis on flexible and holistic solutions.

In year ahead, we'll identify new ways to increase efficiency and reduce time and effort, then reinvest those efficiencies to deliver fair value to retail Members. There'll be stronger efforts to align our resources and investments in support of equity-deserving groups, newcomers, and business owners, as we strive to become even more supportive and accessible. Our efforts to retain and grow the Membership by aligning products, programs, and partnerships will come to bear in part through our the corporate brand refresh, which will help draw new Members to Meridian.

Lastly, in keeping with our identified strategic enablers, we'll continue with cross-functional integration and strengthen our data and analytics capabilities, improving the Member experience with enhanced products and services. We'll heighten efforts to leverage technology and empower our people by increasing artificial intelligence (AI) capabilities. We'll also be intentional in our talent development to help ensure that our employees have the skills needed to create new partnerships that benefit our Members and, most important of all, to deliver on the Meridian For Good promise.





# ADDING VALUE THROUGH ESG<sup>1</sup>

All of our stakeholders bring something to the table that matters to Meridian. Our success depends upon their contributions, and, in return, we are committed – through our strategy, corporate programs and ESG commitments, and investments and financial services – to creating shared value for our stakeholders.

## Employees

Employees bring the benefit of their diverse perspectives, fresh ideas, skills and talent.

**Value created:**  
**\$243 million** paid to employees in salaries and benefits; **73%** overall employee experience score

## Suppliers

Suppliers bring us their expertise and services, allowing us to conduct our day-to-day business.

**Value created:**  
**1,250+** suppliers included in Meridian's supply chain

## Members

Meridian is 100% owned by our Members. Our Members are our business; they bring us opportunities and investments that help us grow as an organization.

**Value created:**  
**\$548.6 million** of authorized loan facilities for 3,004 small businesses; assisted 42,205 Members with home ownership by providing **\$13 billion** in mortgages; **\$309 million** invested by our Members in mutual funds with a responsible investing focus; **80%** of Members agree that Meridian makes a difference in their overall financial wellness

## Community

Our communities give us a place to call home. They offer diversity, engagement, relationships and places where we can contribute and flourish. We engage with equity-deserving communities that bring opportunities for business and personal banking relationships and open doors to new ideas and initiatives for us to participate in and grow.

**Value created:**  
**\$4.5 million** total community investment;  
**\$2.7 million** total corporate sponsorship spend;  
**\$1.2 million** committed to Raven Indigenous Impact Fund II LP

## Environment

Sustainable environmental practices will ensure our continued ability to live and work at home.

**Value created:**  
**\$327 million** total assets under management (AUM) of green, sustainable and sustainability-linked products

<sup>1</sup> All metrics represented in this infographic are for the fiscal year ended December 31, 2023.



# CORPORATE GOVERNANCE REPORT

Meridian’s 12-member Board of Directors is the organization’s top governance body and is committed to the highest standards of corporate governance, as evident in our stewardship to Members, employees, communities and stakeholders. Meridian’s Board believes this is essential for continued success and maintaining trust from Meridian’s Members. Every Director is responsible for exercising independent judgment with honesty and integrity. To learn more about Meridian’s governance practices, [click here](#).

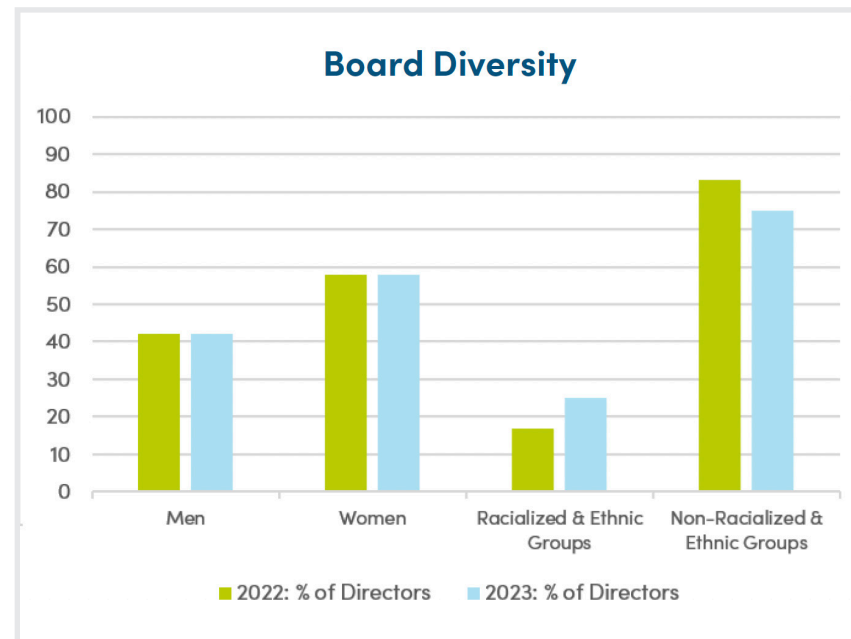
## BOARD CODE OF CONDUCT

Meridian’s Board has adopted a Code of Conduct and Conflict of Interest Policy that outlines the duties and obligations of Directors. Directors complete ethics training on an annual basis and commit to respect and abide by the Board policies at all times.

## BOARD DIVERSITY REPORT

Meridian’s Board has adopted a Statement of Intent which states that Meridian recognizes and embraces the benefits of diversity, equity, inclusivity, belonging, and reconciliation (“DEIBR”) in Board members. We believe that a truly diverse Board includes and makes good use of differences in the skills, regional and industry experience, background, age, race, gender identity, racial or ethnic identity, Indigenous status, abilities, sexual orientations, cultures, and other attributes of Directors. Meridian considers diversity of thought, experience, and background equally important. The best qualified candidates will be recommended for election to Meridian’s Board taking into account the broad diversity required to represent Ontario’s population.

In 2023, 58% of the Board are women (no change from 2022). The Board seeks to achieve and maintain diversity in membership of the Board and will consider diversity in its nomination and selection process.



## DIRECTOR COMPENSATION

The Board of Directors has adopted a Board Compensation Policy that outlines the philosophy and structure of Director compensation. The Human Resources Committee (HRC) is responsible for this Policy. Meridian recognizes the significance of the accountabilities and responsibilities associated with the governance of Meridian, in light of its size, complexity, and risk profile, as well as the contributions by its Board of Directors. Meridian strives to provide Director compensation that is competitive and reasonable in comparison with its peer group determined by an independent advisor.

Meridian reviews director compensation usually every two years to ensure it remains competitive with businesses of comparable nature, size, and complexity within the Canadian financial industry, while also being aligned to Meridian’s long-term strategy, sustainability, and business objectives.

The Human Resources Committee will generally engage an independent third-party consultant to complete a review. The third-party review is a robust process; its scope is approved by the HRC and it includes an independent market survey and compares Meridian’s Director compensation against other Canadian credit unions as well as organizations of comparable size and complexity within the Canadian financial services industry.

### All-In Fee Structure

Meridian uses an all-in fee structure to compensate Directors for time spent on Meridian business. This single fee is intended to recognize the skill, knowledge, level of responsibility, size of the organization, time commitment involved, and expertise that Directors bring to Meridian. It also recognizes the time required of Directors in fulfilling their responsibilities, including but not limited to travelling, preparing for and attending meetings, attending education sessions, assembling information, and attending and participating in community activities, annual general meeting, and other credit union functions as required.

The following principles pertain to the setting of the all-in fee:

- i. Use of benchmarking against organizations of comparable size and complexity within the Canadian financial industry
- ii. Reflective of competitiveness based on available market information from survey sources

Where extraordinary circumstances result in additional meetings beyond the typical number, the Board has discretion to provide a pre-determined additional fee which is fair, competitive, and reasonable for the additional meetings.

The Board Chair and Committee Chairs receive additional all-in fees which reflect the increased responsibility and time commitment placed on them.







**The following table represents the specific remuneration for Directors for 2023:**

<b><u>POSITION</u></b>	<b><u>ALL-IN FEE</u></b>
Board Member	\$65,000
<b><u>ADDITIONAL FEE FOR CHAIR ROLES</u></b>	
Board Chair	\$61,000
Audit & Finance Committee Chair	\$15,000
Governance Committee Chair	\$10,000
Human Resources Committee Chair	\$10,000
Nominating Committee Chair	\$10,000
Risk Committee Chair	\$15,000



## MERIDIAN'S BOARD OF DIRECTORS

The following individuals are members of the 2023–2024 Meridian Board of Directors. The average tenure on Meridian's Board is 5 years.

	<p><b>Karen Farbridge - PhD, C.Dir, GCB.D</b> Board Chair Director since: 2015 Term expiry: 2024</p>	<p>Board Committee membership: GC and HRC, ex officio for AFC and RC Board &amp; Committee meeting attendance: 100% 2023 remuneration: \$123,500<sup>2</sup> Karen Farbridge also serves as the Motus Bank Board Chair as an independent director (2023 remuneration \$46,500)<sup>3</sup></p>
	<p><b>Upkar Arora - FCPA, FCA, ICD.D</b> Director since: 2023 Term expiry: 2026</p>	<p>Board Committee membership: AFC and GC Board &amp; Committee meeting attendance: 100% 2023 remuneration: \$43,333<sup>2</sup></p>
	<p><b>Jacqueline Beaurivage - ICD.D, CMC, GCB.D</b> Human Resources Committee Chair (effective of May 2023) Director since: 2020 Term expiry: 2026</p>	<p>Board Committee membership: AFC and HRC Board &amp; Committee meeting attendance: 100% 2023 remuneration: \$75,167<sup>2</sup></p>
	<p><b>Ian Cunningham - ICD.D</b> Nominating Committee Chair (until April 2023) Director since: 2020 Term expiry: 2024</p>	<p>Board Committee membership: HRC and RC Board &amp; Committee meeting attendance: 100% 2023 remuneration: \$71,333<sup>2</sup> Ian Cunningham also serves as an independent director on the Motus Bank Board (2023 remuneration \$25,000)<sup>3</sup></p>
	<p><b>Larry Doran - P.Eng, LLM, MBA, ICD.D</b> Director since: 2014 Term expiry: 2026</p>	<p>Board Committee membership: NC and RC Board &amp; Committee meeting attendance: 100% 2023 remuneration: \$67,000<sup>2</sup></p>
	<p><b>Stacey Grant-Thompson - MBA, ICD.D</b> Director since: 2022 Term expiry: 2025</p>	<p>Board Committee membership: GC and RC Board &amp; Committee meeting attendance: 93% 2023 remuneration: \$67,000<sup>2</sup> Stacey Grant-Thompson also serves as an independent director on the Motus Bank Board (2023 remuneration \$12,500)<sup>3</sup></p>





**Lianne Hannaway – CPA, CA**  
 Nominating Committee Chair  
 (effective of May 2023)  
 Director since: 2022  
 Term expiry: 2025

Board Committee membership: AFC and NC  
 Board & Committee meeting attendance: 100%  
 2023 remuneration: \$74,667<sup>2</sup>



**Gail Harding – K.C., ICD.D, GCB.D**  
 Risk Committee Chair  
 (until April 2023)  
 Director since: 2019  
 Term expiry: 2025

Board Committee membership: NC and RC  
 Board & Committee meeting attendance: 100%  
 2023 remuneration: \$74,200<sup>2</sup>



**Suanne Nielsen – C.Dir, CHRE, PCC, FLMI**  
 Governance Committee Chair  
 (effective May 2023)  
 Director since: 2021  
 Term expiry: 2024

Board Committee membership: GC and HRC  
 Board & Committee meeting attendance: 100%  
 2023 remuneration: \$75,167<sup>2</sup>



**Hari Panday – FCPA, FCGA, ICD.D, NACD.DC**  
 Governance Committee Chair  
 (until April 2023)  
 Risk Committee Chair  
 (effective May 2023)  
 Director since: 2020  
 Term expiry: 2026

Board Committee membership: AFC and RC  
 Board & Committee meeting attendance: 93%  
 2023 remuneration: \$80,333<sup>2</sup>



**Tamara Paton – CFA, C.Dir**  
 Human Resources Committee Chair  
 (until April 2023)  
 Director since: 2013  
 Term expiry: 2025

Board Committee membership: HRC and NC  
 Board & Committee meeting attendance: 100%  
 2023 remuneration: \$71,833<sup>2</sup>  
 Tamara Paton also serves as an independent director on the Motus Bank Board  
 (2023 remuneration \$25,000)<sup>3</sup>



**Bruce West – FCPA, FCA, C.Dir**  
 Audit & Finance Committee Chair  
 Director since: 2018  
 Term expiry: 2024

Board Committee membership: AFC and GC  
 Board & Committee meeting attendance: 100%  
 2023 remuneration: \$83,500<sup>2</sup>

<sup>1</sup> Board Committees: AFC = Audit & Finance Committee; GC = Governance Committee; HRC = Human Resources Committee; NC = Nominating Committee; RC = Risk Committee

<sup>2</sup> Total remuneration including annual retainer and where applicable, additional chair fee and/or additional meetings fee.

<sup>3</sup> Denotes only Motus Bank compensation including annual retainer and where applicable additional chair fee.



## EXECUTIVE COMPENSATION

### Compensation Philosophy

In 2023, Meridian's Board of Directors approved a new Compensation Philosophy to enable the organization to recruit, motivate, and retain a skilled and capable workforce required to achieve our vision of being an inclusive, transparent, and people-focused financial partner, and to successfully execute of our strategy. Meridian's approach to compensation plans and programs is aligned with our mission and values and balances the interests of key stakeholders (i.e., members, employees, regulators, and our communities), while remaining market competitive.

Meridian's Compensation Philosophy supports a holistic approach to establishing Total Rewards and informs the Compensation Principles that underpin our employee offerings. Our compensation plans and programs ensure leaders and employees at Meridian act in good faith, with integrity and care throughout- and beyond- our organization.

Our Total Rewards programs at Meridian will:

- a. Attract, retain, and engage high-performing employees with diverse skillsets and experiences by offering market competitive Total Rewards programs (including compensation and benefits such as pension, paid time-off, etc.)
- b. Provide Total Rewards that are free of bias and discrimination and align with our cooperative principles and values, ensuring employees performing work of equal value are compensated equitably without gender or diversity related bias. We are committed to being a Living Wage Employer, and place importance on the financial well-being of our employees.
- c. Ensure compensation plans and programs are aligned with prudent risk management and discourage excessive risk taking through appropriate plan design and governance.
- d. Promote a pay-for-performance culture that appropriately rewards exceptional performance. Corporate and individual performance goals are measurable and motivating, while incentivizing strong performance and ensuring Meridian remains commercially viable, financially strong, and sustainable. Executives will have a significant proportion of compensation tied to short- and long-term business results.
- e. Be governed by strong oversight and accountability.



## Governance Process

The Board of Directors' Human Resources Committee is responsible for reviewing and assessing the CEO's performance objectives and evaluating the CEO's performance against those objectives annually and recommending same to the Board. The CEO's performance objectives are aligned with Meridian's strategic imperatives. Emphasis is placed on the appropriate balance to incentivize achievement of both short- and long-term objectives while ensuring Meridian's long-term success.

Each year, Meridian's Board approves the design, metrics, targets, and performance ranges for Meridian's Short-Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP), the final multipliers for the purpose of STIP and LTIP payments and the annual compensation payments to the CEO. Meridian's HRC assists the Board in executing these responsibilities.

Meridian's HRC is responsible for overseeing and recommending to the Board the annual compensation payments to the CEO and ensuring that the compensation practices relating to senior management are consistent with Meridian's Compensation Philosophy and Principles. The HRC engages an independent external advisor for advice, guidance, and best practices related to Executive Compensation. In 2023, Mercer Canada was engaged to conduct a review and analysis of Meridian's CEO and Senior Management Compensation program.

The third-party review involves assessing and recommending the peer comparator group on an annual basis and using this group to inform the design of the CEO and senior management total rewards offering. For 2023, the peer group consisted of a blend of large Canadian Credit Unions, mid and large sized Financial Institutions.

The Board approves the design and amount of CEO total compensation and the design of Senior Management Compensation based upon recommendations from Meridian's HRC.

The CEO reports annually to the HRC regarding the performance of direct report Senior Management and corresponding compensation adjustments.

## Short-Term and Long-Term Incentive (STIP/LTIP)

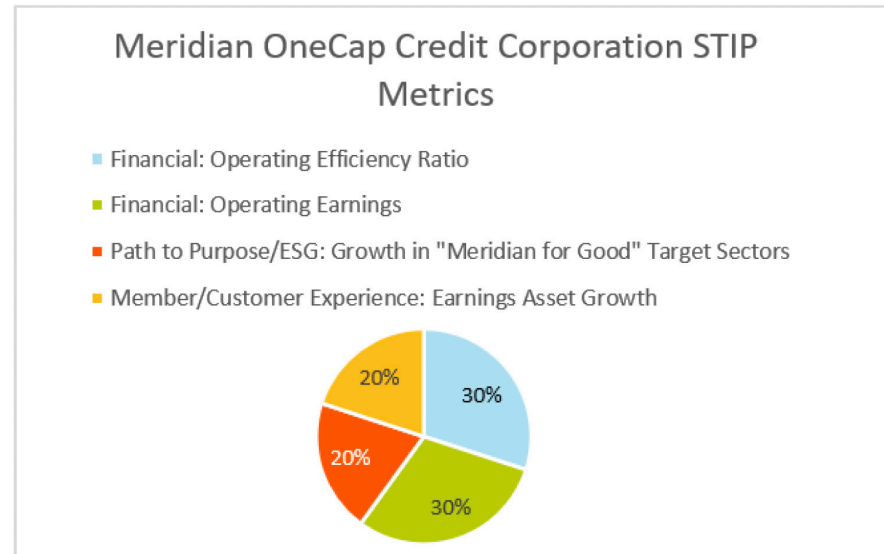
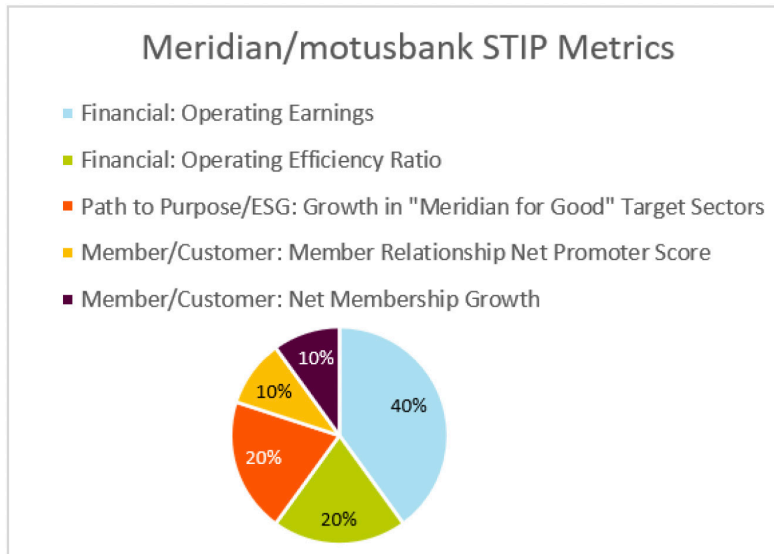
Meridian's HRC annually reviews and recommends Board approval of the STIP and LTIP design, metrics, targets, and performance ranges. STIP payments are linked to measurable shared corporate performance targets and individual performance, and LTIP payments are linked to the long-term business strategy.



The following are key components of the STIP:

- Cash based program to reward plan participants based on short-term performance.
- Expressed as a percentage of base salary that varies by level.
- Comprised of three key components:
  1. Target award percentage (% of eligible earnings)
  2. Corporate Performance Score: Payout can vary from 75% - 150%
  3. Individual Multiplier: Payout can vary from 50% - 150%

The Board approved the following 2023 STIP metrics and weightings:



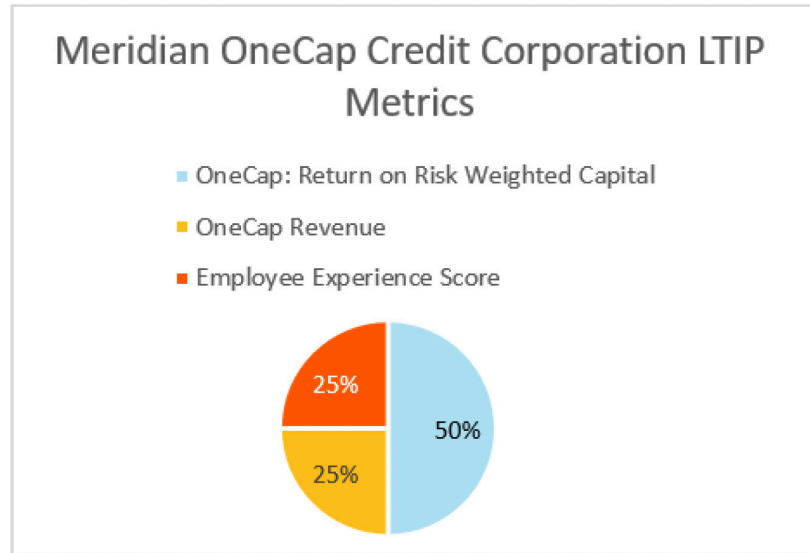
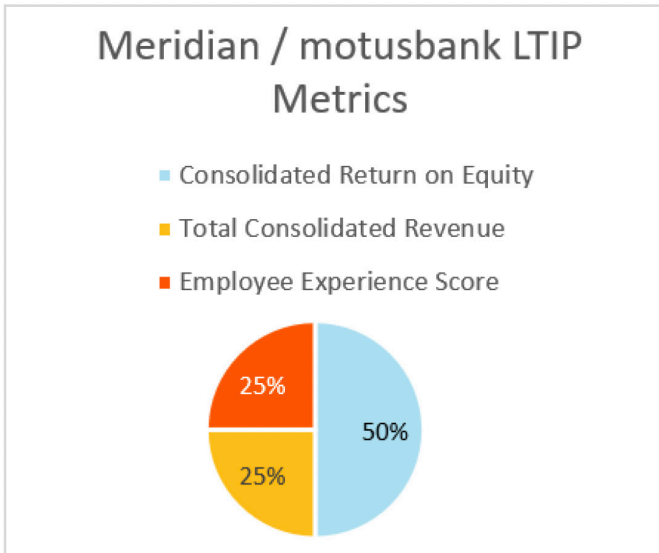


The following are key components of the LTIP:

- Cash-based program to reward the CEO and Senior Management based on sustainable value created for Meridian over the long-term
- 3-year performance-based vesting
- Grants based on a target percentage of base salary
- Payout can vary from 50% to 150% of grant value

The Board approved the following metrics and weightings for the 2023-2025 LTIP grant:

An annual review of STIP and LTIP results is undertaken by Meridian’s external auditors. Meridian’s Internal Audit Services department performs a validation of the data used in each STIP and LTIP metric’s year-end calculation and recalculates the final Corporate Multipliers for both plans. A formal confirmation of the results are provided to the HRC and the Board as input into their approval of the final STIP and LTIP multipliers used to calculate incentive plan payouts. There is also a review completed by an Incentive Plan Risk Assessment Committee comprised of the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Chief People & Culture Officer to ensure the incentive plan metrics did not incent inappropriate risk-taking behaviors and that the plans are aligned with Meridian’s risk appetite and prudent risk taking.



**Pension**

Meridian has a Defined Contribution (DC) Pension Plan. Meridian contributes an amount equal to 10% of earnings for the CEO and eligible Senior Management, who join the Plan immediately upon hire.

A Supplementary Employee Retirement Plan (SERP) is available to eligible Senior Management when DC pension contributions exceed tax limits. SERP “contributions” are determined in the same amount as the DC Pension Plan and are 10% of base salary for Senior Management.

**Executive Flexible Cash Program (EFCP)**

The purpose of the EFCP program is to acknowledge that executives, because of their position and visible company and community roles, have different responsibilities than other employees. The Flexible Cash program is provided to employees at the Vice President level and above and allows for an additional component of cash compensation outside of base salary.

**Benefits**

Meridian provides benefits and wellbeing programs, including staff rates on loans and mortgages, based on credit eligibility. CEO and Senior Management benefits also include an annual health assessment.

**2023 Executive Compensation**

For the fiscal year ending December 31, 2023, the CEO compensation was as follows:

<u>CATEGORY</u>	<u>AMOUNT</u>
Base Salary	\$ 570,000
Short Term Incentive	\$ 400,400
Long Term Incentive	\$ 562,500
<b>TOTAL</b>	<b>\$1,532,900</b>

For the fiscal year ending December 31, 2023, the aggregate compensation of the CEO’s direct reports were as follows:

<u>CATEGORY</u>	<u>AMOUNT</u>
Base Salary	\$2,350,363
Short Term Incentive	\$1,093,333
Long Term Incentive	\$ 854,459
<b>TOTAL</b>	<b>\$4,298,156</b>



**YOU MAY CONTACT THE BOARD THROUGH OUR GOVERNANCE OFFICE BY WRITING TO:**

**Email:**

[Board.ofDirectors@MeridianCU.ca](mailto:Board.ofDirectors@MeridianCU.ca)

**Mail:**

Meridian Credit Union  
c/o Corporate Secretary  
3280 Bloor Street West  
Centre Tower, 7th Floor  
Toronto, ON M8X 2X3

**FOR FURTHER INFORMATION ABOUT MERIDIAN'S BOARD, PLEASE VISIT:**

[Board of Directors | Meridian Credit Union \(meridiancu.ca\)](https://www.meridiancu.ca/BoardofDirectors)

To learn more about Meridian's governance practices, [click here](#).

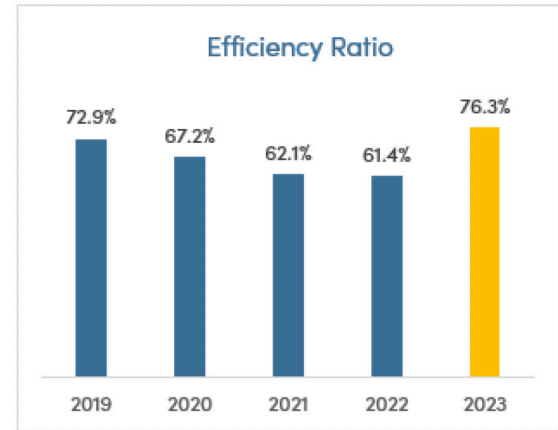
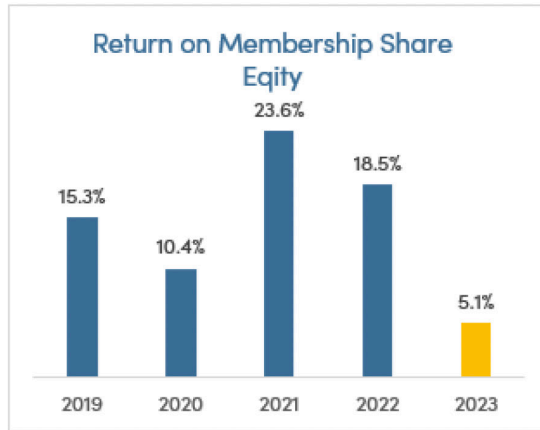
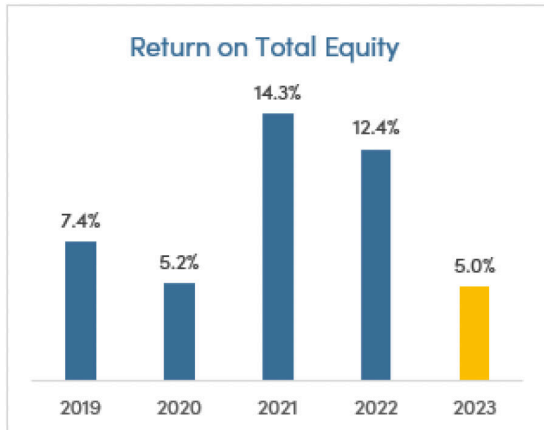
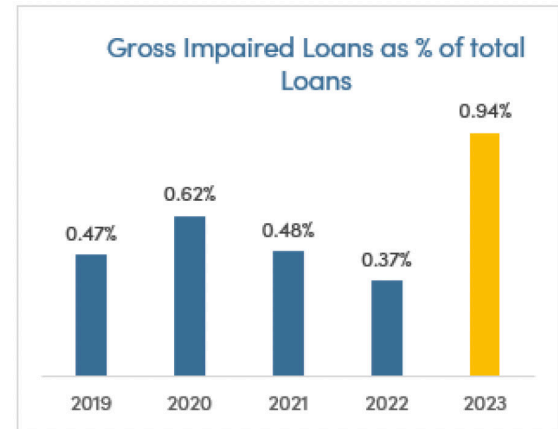
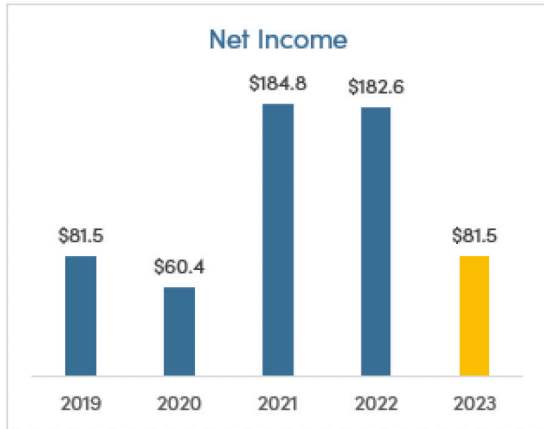
**ADDITIONAL REFERENCES:**

Meridian Credit Union By-law No. 1:  
<https://www.meridiancu.ca/MeridianCreditUnion/media/Meridian-Credit-Union/pdfs/Meridian-Credit-Union-By-law-No-1.pdf>

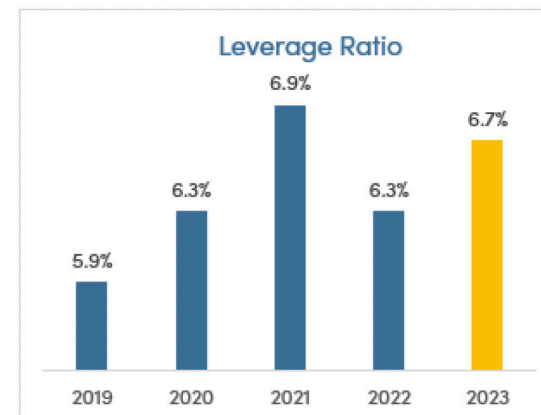
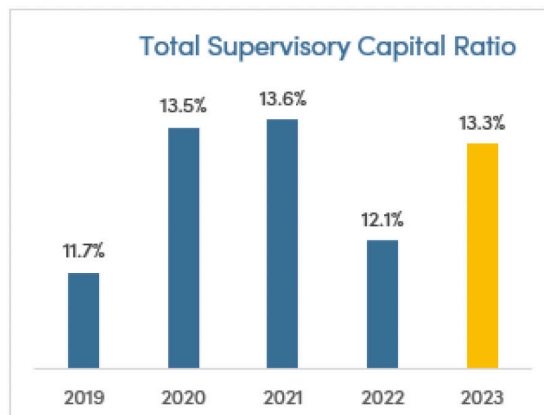
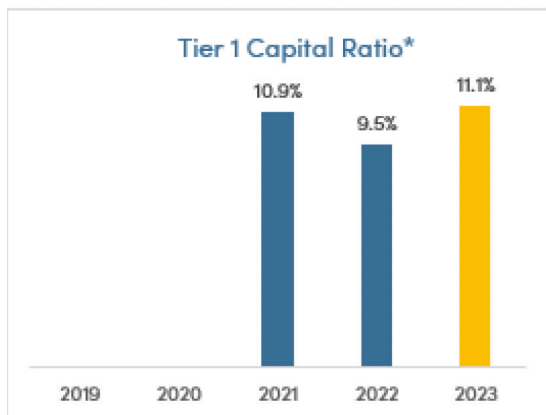


**Oluseyi Smith**  
**Racing to Zero**  
Member since 2022

# 2023 FINANCIAL HIGHLIGHTS







\*Tier 1 Capital Ratio came into effect in 2021

INVESTMENT SHARE DIVIDENDS		DIVIDEND RATE - HISTORICAL				
Series	Payment Date	2019	2020	2021	2022	2023
50th Anniversary	January 2	4.00%	4.00%	4.00%	4.11%	6.94%
Series 96	September 26	4.00%	4.00%	4.00%	4.00%	4.00%
Series 98	January 2	4.00%	4.00%	4.00%	5.25%	6.50%
Series 01	December 12	4.00%	4.00%	4.00%	5.25%	6.50%
Series 09	January 2	3.90%	4.00%	4.00%	5.25%	6.50%
Series 15	January 2	4.00%	4.00%	4.00%	5.25%	6.50%
Series 17	January 2	4.25%	4.25%	4.25%	5.25%	6.50%





**MERIDIAN CREDIT UNION LIMITED**  
**CONDENSED BALANCE SHEET**

As at December 31 (thousands of Canadian dollars)	2023	2022
<b>ASSETS</b>		
Cash and deposits	991,797	1,513,807
Debt securities	2,380,917	1,702,370
Loans	23,838,816	22,546,512
Allowance for credit losses	(99,490)	(77,404)
	23,739,326	22,469,108
Other assets	431,647	470,382
<b>Total assets</b>	<b>\$ 27,543,687</b>	<b>26,155,667</b>
<b>LIABILITIES</b>		
Deposits	19,662,503	18,526,220
Securitization liabilities	5,404,035	5,356,987
Funding facilities	301,580	301,325
Subordinated debt	175,690	175,581
Other liabilities	278,063	255,669
<b>Total liabilities</b>	<b>25,821,871</b>	<b>24,615,782</b>
<b>MEMBERS' EQUITY</b>		
Investment Shareholders' equity	765,436	637,867
Membership Shareholders' equity	956,380	902,018
<b>Total Members' equity</b>	<b>1,721,816</b>	<b>1,539,885</b>
<b>Total liabilities and Members' equity</b>	<b>\$ 27,543,687</b>	<b>26,155,667</b>



**MERIDIAN CREDIT UNION LIMITED  
CONDENSED INCOME STATEMENT**

For the year ended December 31 (thousands of Canadian dollars)	2023	2022
<b>NET INTEREST INCOME</b>	415,251	450,639
Fee and other income	93,326	92,832
Net gain on financial instruments	1,330	31,117
<b>TOTAL REVENUE</b>	509,907	574,588
Provision for (recovery of) credit losses	30,876	(2,867)
	479,031	577,455
<b>NON-INTEREST EXPENSES</b>		
Salaries and employee benefits	242,887	214,972
Administration and other	145,927	138,075
	388,814	353,047
<b>Income before income taxes</b>	90,217	224,408
<b>Income taxes</b>	8,716	41,830
<b>NET INCOME</b>	81,501	182,578
Investment share dividends	34,084	27,285
<b>NET INCOME ATTRIBUTABLE TO MEMBERSHIP SHARES</b>	\$ 47,417	155,293

Note:

The condensed balance sheet and income statement are derived from the audited Consolidated Financial Statements as at and for the year ended December 31, 2023.

Those audited Consolidated Financial Statements and associated Management's Discussion and Analysis are available on Meridian's website (<https://www.meridiancu.ca>): [2023 Consolidated Financial Statements](#)





## **Meridian Credit Union Limited – Corporate Offices**

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