Message from the Chair

"...Meridian exists to help lives grow and this includes the lives of those living in our local communities."

In 2013, we supported hundreds of local projects through donations and sponsorships. We encouraged our employees who volunteered more than 14,000 hours during work and another 40,000 hours during evenings and weekends to improve the communities they live in. We raised money for worthwhile causes such as our 2013 United Way campaign that raised $203,000. All of these activities bring to life Meridian's commitment to improve the communities we live in.

In one of our signature achievements of 2013, these and similar activities have been brought together under Meridian's Commitment to Communities, our new corporate social responsibility strategy approved by the Board.

We are committed to investing at least 4 percent of Meridian's annual pre-tax earnings to make the communities we live in prosperous and resilient. We will also focus our time, energy, and resources in areas where we believe we can make the greatest difference in improving the communities we live in. This includes our leadership and proud support of a strong co-operative sector. For example, in 2013, we joined more than 30 other Ontario credit unions to fund the Ontario Awareness campaign to promote credit unions and the advantages they offer as a viable alternative to publicly traded financial institutions.

The Board continued to lead in other ways. We reinforced our commitment to Board diversity and continuous learning through director development initiatives.

We formed a dedicated Risk Committee of the Board to help maintain high standards of corporate governance by staying at the forefront of emerging issues in the rapidly changing financial services and co-operative sector.

The Board also launched a search for a new President and Chief Executive Officer to replace Sean Jackson, who began a medical leave in September, 2012. Sean recognized that Meridian cannot wait indefinitely for his return and agrees that Meridian needs to move forward with a new leader. It is the desire of both Sean and the Board that he will continue to act in an advisory role to Meridian when he is ready to return in the future.

The Board recognizes and thanks Sean for his tremendous leadership in establishing and growing Meridian, and his contribution to the Canadian credit union system during his 20 years as President and CEO of Meridian and one of our legacy credit unions. The Board will formally recognize Sean at our Annual General Meeting on April 22, 2014 in Barrie.

We also recognize and thank Bill Maurin, Meridian's Chief Financial Officer for his leadership of Meridian as Acting CEO throughout Sean's absence. The Board continues to have full confidence in Bill's leadership during this search period.

On behalf of the Board, I would like to offer a heartfelt thanks to all Meridian employees for their continuing commitment to helping lives grow and improving the communities we live in. Thanks also to you, our Members, for your ongoing trust in Meridian and the co-operative principles we follow. Together, we are building an outstanding financial institution.

Don Ariss
Chair, Board of Directors
When I’m asked what sets Meridian apart from other financial institutions, I always say it’s our singular focus on growing lives and improving the communities we live in. It’s at the centre of everything we do and why we exist—the essence of Our Story.

In 2013, we introduced the first year of our three-year corporate strategy focused on sustainable growth, strengthening our balance sheet by ensuring an adequate return on regulatory capital and a good balance between loan and deposit growth. As a result, assets under management increased to $10 billion in 2013, up $670 million over the previous year, helped by record net sales generated by an expanded wealth management offer.

However, we’re not focused on growth for growth’s sake. Growth is the tangible positive outcome of our efforts to grow the lives of our Members, and our focus on sustainable growth helps to ensure we have the resources to help us deliver on Our Story. The strategy focused our efforts on the following five key areas in 2013:

**Delivering a Differentiated Member Experience**

Because we’re owned by our Members and we exist to help lives grow, it’s critical for us to continuously deliver what our Members (and prospective Members) want and need. Each year an independent firm surveys Members about their Member service experience as part of our Voice of Member program. Last year, we reached out to more than 14,000 Members and the results showed a continued feeling that Meridian has its Members’ backs, and a continued increase in Membership loyalty.

Your insights also helped drive and shape new products and service offerings, including WelcoME, our onboarding program to ensure new Members are fully aware of how Meridian is different and understand the full range of services and advice that we offer. WelcoME reduces the time to open an account by 75%, allowing us to spend more time getting to know our new Members and their financial needs.

**Building the Brand**

We told Our Story to more people than ever before in 2013, through expanded advertising, social media, and public relations campaigns. We also joined credit unions from across Ontario to encourage Ontarians to join the co-operative banking movement. The campaign, which launched in early 2014, is designed to change the perceptions and attitudes Ontarians have towards credit unions, while educating them about the many benefits of this alternative form of banking.

**Expanding Member Access**

We’re proud to have introduced another first to the Canadian financial services market last year. Meridian, in partnership with Central One Credit Union and three Canadian credit unions, launched Deposit Anywhere, a new mobile banking application that makes it easy to deposit a cheque using your smartphone. Members have used the service to make 13,000 deposits since it was introduced last April. We continue to enhance our digital banking offerings, including giving you the ability to purchase GICs and registered products online, etransfer funds on a mobile device, and access cheque images online.

We’ve also expanded our team of mobile mortgage specialists who are available to visit Members and prospective Members when and where they want to arrange
mortgages. And we’ve improved access for small business owners by rolling out a new small business banking model across our network, along with new product offers and small business banking specialists.

Creating an ownership culture
Building and maintaining a highly engaged culture, where employees take ownership of their actions and keep our Members at the centre of everything we do, is critical to our success. We continue to invest in training and development programs that embed ownership into Meridian’s culture, develop our employees’ strengths, and reward innovation. Last year our efforts were recognized with The Achievers 50 Most Engaged Workplaces in Canada. This annual award recognizes top employers who display leadership and innovation in engaging their workplaces.

Technology and Information Management
We continue to invest in technology that enables ongoing improvements in Member service and access.

We have another busy year planned at Meridian in 2014. We’ll continue our focus on helping lives grow by delivering the products and services that make a difference in our Members’ lives.

On behalf of all Meridian employees, thank you for your ongoing support and Membership in Meridian.

Bill Maurin
Acting Chief Executive Officer
Chief Financial Officer
Meridian’s Commitment to Communities

One of the many ways we help lives grow is through our Commitment to Communities, which brings together the many activities in which Meridian and our employees are involved, to make the communities we live in prosperous and resilient.

As part of our commitment, we will invest at least 4% of our pre-tax earnings in money, time, and talent in Meridian communities, following international standard London Benchmarking Group guidelines. In 2014, this investment will total $1.9 million.

We will also focus our efforts in five areas where we believe we can make the most significant difference, specifically:

1. Improve financial literacy with a special focus on local entrepreneurs who will create jobs and future opportunities. We are currently working with MaRS (Medical and Research Sciences), the Toronto-based research facility and business incubator, on research that will involve local Ontario research and innovation centres across the province, including the communities we live in.

2. Invest in local organizations, businesses, and activities that make our communities strong. In addition to donations and sponsorships of local organizations, we advise, support, and make investments in businesses in our community every day through our small business program and seven Commercial Business Centres across the province.

3. Support our employees, ensuring that they lead healthy, safe, and balanced lives; benefit from and take ownership of our success; and are supported in donating their time, skills, and resources to their community. Employees currently receive three paid days off every year to take as wellness days or volunteer for organizations that they support. New initiatives will be launched in 2014 that will help employees leverage their support and volunteer activities to benefit local not-for-profit organizations.

4. Create a healthier environment by improving our environmental impact in the community. We have launched an in-depth review of our environmental footprint to establish a baseline against which we can measure our progress in achieving this goal.

5. Support a strong co-operative sector. In 2013, we worked with other credit unions in Canada to develop Deposit Anywhere, which allows Members to use their smartphones to deposit a cheque by emailing a photo of it. Credit unions broke new ground with this service, becoming the first financial institutions in Canada to offer it, and a number of banks have since followed suit. We also joined more than 30 other credit unions in Ontario in funding a major advertising and public relations campaign to raise awareness of the benefits of co-operative banking.

Our Commitment to Communities is local. Decisions on organizations and activities to support are made by or with the input of branch managers and employees in the communities we live in.

It is based on the co-operative values and beliefs our Members and employees share. Through it, we help build prosperous, resilient communities where Ontarians can grow their lives.
Our Commitment to Communities in Action

A boost to the economy of the Niagara Region

In 2013, we provided a $5.26 million, 25-year commitment to an arena that will become the new home of the Niagara Ice Dogs. Named the Meridian Centre, it will become a focal point for community activity; attracting visitors, new businesses, and investment that will help revitalize the city’s downtown core and boost the economy of the entire Niagara region.

CYL Summer Camp

Twelve young Members had the chance to spend a week last summer at one of the Ontario Co-operative Association’s Co-operative Young Leaders camps. The camps bring young adults between the ages of 14 and 18, from across Ontario, together, to learn about and practice communication and co-operative leadership skills.

A million-dollar milestone for United Way

Every October, a year-long planning effort by an employee-led organizing committee culminates in a month-long campaign to raise money for the United Way. In 2013, our 1,300 employees raised $203,000 through a variety of activities in every branch and both corporate offices. In the process, they pushed Meridian past a corporate milestone that we’re all proud of—we have now raised more than $1 million for the United Way since we first opened our doors in 2005.

Aid for the Philippines

When Typhoon Haiyan hit the Philippines in 2013, bringing widespread flooding, landslides, and the destruction of thousands of homes, Meridian helped come to the rescue with a $10,000 donation to the Canadian Red Cross.

In previous years, Meridian has helped people deal with disasters by contributing to the Goderich Disaster Relief Fund to aid residents in their recovery after the 2011 tornado that devastated that community, and to the Canadian Red Cross to help relief efforts following the 2011 earthquake and tsunami in Japan, and the 2010 earthquake in Haiti.
Corporate Highlights

New Products & Services

New small business services

Meridian introduced a new Small Business Banking offer, including a full package of financial products and services designed to meet the specific needs of over 15,000 small business Members whom we serve today. This includes a variety of new operating account packages, including Meridian’s Prosper Plus package—providing a flat monthly fee for all-inclusive business and personal banking, reducing costs, and providing an additional level of certainty for small business owners. Small business advisors are being located in all Meridian branches to provide advice and service to small business owners.

Meridian has also partnered with Chase Paymentech, an industry leader, to provide our Business Members with credit and debit processing capabilities.

Deposit Anywhere

Meridian worked with other large credit unions across Canada to break new ground with Deposit Anywhere, a service that allows Members to deposit a cheque with their smartphones by simply taking and emailing a picture of it. Credit unions became the first financial institutions in Canada to offer the service. Meridian Members have used the service more than 13,000 times since it was introduced last April.
Corporate Highlights

New Products & Services (continued)

A security guarantee for online banking

Use of Meridian’s online banking services increased by as much as 50 percent in 2013, with mobile banking apps among the fastest growing digital services. One of the barriers to adopting online banking is a concern about security. To help address the issue, we launched the Meridian 100% Online Security Guarantee. As long as Members follow a few straightforward steps like protecting their password and logging out of their session, Meridian will completely reimburse any unauthorized transactions. It’s one of the ways that Meridian always has our Members’ backs.

Listening to our Members

Our Net Promoter surveys, in which Members are asked if they would recommend Meridian to a friend, have been consistently among the highest of any organization in North America since the program was introduced in 2007.

The Voice of Member program was launched to close the loop on our Net Promoter survey. Our branch employees now call every Member who participates in the Net Promoter survey to follow up, thank them for their participation and loyalty, and to address any issues or concerns directly. In 2013, the first full year of the program, we called 14,300 Members. This year, our goal is to contact 18,000 Members.
Financial Highlights

*Meridian continues to grow sustainably* with improved earnings that contribute to a stronger capital position and increase our ability to meet Members’ needs.

**Operating Results**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>174</td>
<td>179</td>
</tr>
<tr>
<td>Provision for Credit Losses</td>
<td>34</td>
<td>7</td>
</tr>
<tr>
<td>Non-Interest Income</td>
<td>43</td>
<td>40</td>
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<tr>
<td>Non-Interest Expense</td>
<td>25</td>
<td>59</td>
</tr>
<tr>
<td>Pre-tax Earnings</td>
<td>59</td>
<td>57</td>
</tr>
<tr>
<td>Normalized Pre-tax Earnings**</td>
<td>35</td>
<td>35</td>
</tr>
</tbody>
</table>

*Includes share of profits from investments in associates and joint venture.

**Total Relationships**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealth</td>
<td>15.5</td>
<td>16.5</td>
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<tr>
<td>Deposits</td>
<td>0.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Lending</td>
<td>7.2</td>
<td>7.4</td>
</tr>
<tr>
<td></td>
<td>7.5</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Pre-tax earnings rose to $59.4 million.

Net interest income grew steadily while provision for loan losses fell substantially.

Improved expense management and extraordinary items resulted in a decline in operating expenses.

Total relationships with Members grew to $16.5 billion.

Record Retail relationship growth was achieved with lending concentrated in mortgages and deposit growth in term products.

Wealth product balances also increased at a record rate.

**Performance Ratios**

<table>
<thead>
<tr>
<th></th>
<th>Minimum Regulatory Required</th>
<th>Minimum Board Policy</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Ratio</td>
<td>4.0%</td>
<td>6.0%</td>
<td>6.6%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Risk Weighted Capital</td>
<td>8.0%</td>
<td>9.0%</td>
<td>13.4%</td>
<td>12.7%</td>
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<tr>
<td>Liquidity Ratio</td>
<td>N/A</td>
<td>7.75%</td>
<td>11.1%</td>
<td>13.9%</td>
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<tr>
<td>Return on Average Equity</td>
<td>N/A</td>
<td>7.75%</td>
<td>11.1%</td>
<td>13.9%</td>
</tr>
<tr>
<td>Annual Dividend Payments</td>
<td>N/A</td>
<td>N/A</td>
<td>$10.8MM</td>
<td>$10.3MM</td>
</tr>
</tbody>
</table>

N/A - not applicable; MM - millions

Our capital position strengthened.

Liquidity remained strong and our return on Members' equity increased due to improved earnings, which also contributed to our stronger capital position.

Meridian has declared and paid a dividend on each series of shares since inception.