2014 Investment Shareholders Update

Dear Shareholder,

As we look back on the first half of 2014, I'm happy to report that Meridian's continued focus on serving and meeting the needs of our Members while increasing the breadth and depth of our product offerings is driving another year of strong growth for Meridian.

In April, we introduced a market-leading mortgage rate of 2.95% on a 5-year mortgage; demonstrating our commitment to having our Members' backs by helping them own their homes sooner while potentially saving them thousands in interest.

This summer, we introduced our Good to Grow high-interest savings account, providing Members with a highly competitive rate with no strings attached. We also launched our new online onboarding process, allowing prospective Members throughout Ontario to purchase a Good to Grow high-interest savings account online via a desktop, tablet or smartphone. To celebrate these product and service advancements, we launched a mass advertising campaign—one of our largest to date—allowing us to tell more Ontarians about our unique brand of co-operative banking.

Our Wealth Management business continues to flourish in the first half of this year. Recently, Investment Executive, Canada's national news publication for financial services industry professionals, highlighted Meridian's Wealth Management offer in its "2014 Report Card on Banks and Credit Unions".

Our focus on providing our Members with superior service and financial advice is evidenced through our above-goal Net Promoter Scores—our measure of Member satisfaction and loyalty. A yearlong mystery shopping program, conducted earlier this year by Toronto-based research firm Surviscor, found Meridian provided the best service among Canadian credit unions.

Our network footprint continues to grow with the recent opening of our Rymal Road branch opening in Hamilton. We will be soon opening new branches in Stoney Creek, Etobicoke and Barrie—allowing us to help grow the lives of more Members.

Through Meridian's Commitment to Communities—Meridian's expression of corporate social responsibility—Meridian will continue to invest our Members' money back into the communities they live in. This commitment will see Meridian invest at least 4% of our pre-tax earnings back into the communities we serve.

This mid-year report will provide you with key information and details about Meridian's financial performance for the first half of 2014. I hope you find the content informative and useful. On behalf of Meridian, I would like to thank you, our valued Members and shareholders, for your continued support and loyalty to Meridian.

Sincerely,

Bill Maurin
President &
Chief Executive Officer

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Your money. Your way. Imagine that.

Financial Performance – A Summary

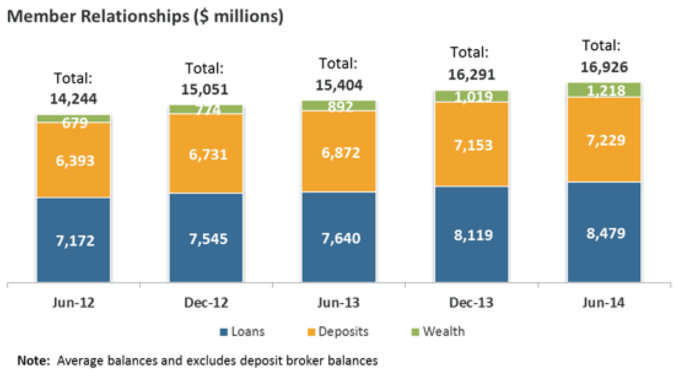
Meridian remains focused on its long-term strategic objective of sustainable growth, which includes strengthening Meridian's capital base through strong earnings. A strong capital base will allow Meridian to make investments that are of value and in the best interest of Members. The intent of these future investments is to maximize the breadth and depth of the products and services offered to existing and future Members. In the first half of 2014, Meridian continued to execute against this objective by achieving pre-tax earnings that were $3.4 million higher than the corresponding period in 2013. However, Meridian's achievements haven't come without challenges. Low interest rates and competition amongst financial institutions to attract deposit and mortgage growth continue to result in financial margin compression. Meridian also faces a decline in revenue from a significant historical source of non-interest income, the CUCO Cooperative investment.

Meridian continues to focus on increasing market presence in 2014. A new branch was opened in Hamilton early in the year and three others are scheduled to open later this year in Stoney Creek, Etobicoke, and Barrie. Marketing efforts have expanded, include a diverse range of marketing channels, and have been complemented by an Ontario Credit Union awareness campaign. Meridian also recently acquired the naming rights to an outdoor city centre in downtown Barrie, and the Meridian Centre, a multi-purpose facility in St. Catharines is scheduled to open in Fall 2014. Other significant investments in support of Meridian's strategic objectives include a digital banking strategy to increase Member access and convenience, and technology investments to improve business banking.

Financial Performance – Member Relationships

For the six months ended June 30, 2014

Member relationships represent the sum of Meridian's holdings of Members' deposits, outstanding balances on loans issued to Members, and balances on Members' wealth management investments, which largely consist of mutual funds. Member relationships are a key component of why Meridian exists—which is to grow the lives of our Members. They are also an essential part of Meridian's sustainable growth strategy. Deepening Member relationships enhances Meridian's earnings, which are used to invest in value-added products and services.



Summary

As at June 30, 2014, Member relationships totalled $16.9 billion. Members' average balances increased by 3.9% in the first half of the year, compared to an increase of 2.3% during the same time in 2013. This is the strongest growth experienced over the last three years, and is expected to further strengthen as Meridian's relationship growth is typically stronger in the second half of the year. The key contributors to the improved performance are lending and wealth, while deposit growth slowed relative to the previous year.

Deposits

The average balance on Members' deposits rose by 1.1% in the first six months of 2014, down from growth of 2.1% in 2013. The deposit market continues to be tight, resulting in stiff competition amongst financial institutions to attract limited consumer deposit dollars. Additionally, there has been a shift in Member preference towards wealth products as equity market performance strengthens, thus redirecting some existing deposits to this product line. Deposit growth is anticipated to improve in the second half of the year, fueled by the launch of Meridian's Good to Grow high interest savings account, which is a highly competitive offer, coupled with other strong Retail and Commercial promotional deposit offers.

Lending

Average lending balances grew by 4.4% year-to-date June versus growth of 1.3% experienced in the first half of 2013. This is an impressive performance considering the Ontario housing market remains subdued. Influencing the stronger lending growth was an earlier launch of Meridian's spring mortgage campaign, along with a market leading five-year fixed interest rate. Gains were realized across all of Meridian's mortgage sales channels, including in-branch, mobile, and broker sales. Commercial lending also increased significantly, compared to a net reduction in loan balances during the same period in 2013. Slower Commercial growth was experienced in 2013 as Meridian focused on strengthening the Commercial business model.

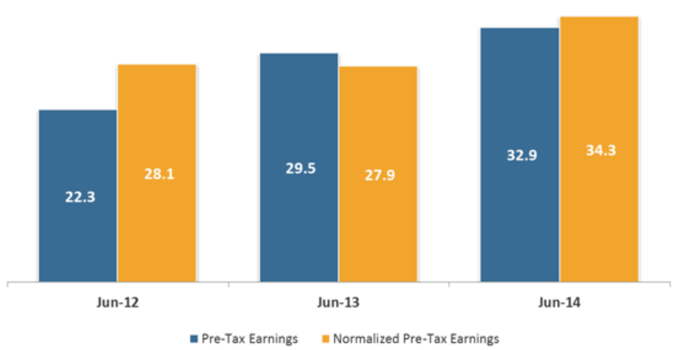
Wealth

Meridian's wealth portfolio continued to expand significantly during the first half of 2014, growing by 19.5%, compared to growth of 15.2% between December 2012 and June 2013. This represents solid growth in both net sales of wealth products and market appreciation of wealth investments. These results demonstrate the value that Meridian's Wealth team brings to Members in helping them realize the best solution to achieve their objectives. A strong wealth management solution is important to Members, and Meridian continues to invest in this area to ensure Member needs will continue to be met in the future. Meridian is currently piloting IIROC licensed Senior Wealth Advisors who are able to offer an expanded suite of wealth products such as bonds, stocks, and exchange traded funds.

Financial Performance – Pre-Tax Earnings

For the six months ended June 30, 2014

Year-to-Date June Pre-Tax Earnings ($ millions)



Meridian's year-to-date (YTD) June pre-tax earnings totaled $32.9 million, $3.4 million higher than the corresponding period in 2013. Contributing to this performance is an $8.7 million increase in net-interest income over YTD June 2013 results, which is reflective of strong relationship growth since June 2013. A $2.6 million reduction in the provision for credit losses has also contributed due to no significant new Commercial impairments in 2014, an improvement in the overall quality of the Commercial loan portfolio, and recoveries from past Commercial impairments. Offsetting some of the gains in earnings are higher operating expenses ($7.4 million), largely due to a $5.7 million, one-time pension curtailment gain in 2013 which lowered personnel expenses in that year; higher personnel expenses in 2014 to support Meridian's growth and expanded branch network; and higher expenses related to initiatives to support Meridian's strategy. Meridian's YTD June 2014 non-interest income declined by $0.5 million compared to YTD June 2013. Non-interest income was impacted by a $1.8 million decrease in market gains from Meridian's share of the CUCO Cooperative investment, which offset gains in other areas such as mutual fund commissions.

To truly assess Meridian's financial performance from core business operations, earnings have been normalized to exclude one-time gains and other unusual charges and adjustments associated with the amalgamation of Desjardins Credit Union (DCU) in 2011, and changes to defined benefit pension plans. Normalized pre-tax earnings increased to $34.3 million in the first half of 2014, from $27.9 million in the same period of 2013.

Items excluded from normalized earnings include:

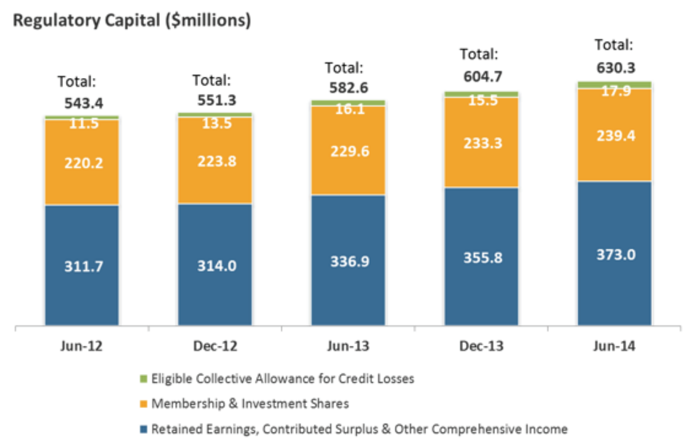
- Integration expenses, including legal and banking system conversion expenses, totalling $3.2 million and $0.1 million YTD June 2012 and 2013 respectively

- Expenses related to the amortization of fair value adjustments recorded as part of the DCU amalgamation of $2.6 million, $2.4 million, and $1.4 million in 2012, 2013, and 2014 respectively
- Pension plan curtailment gain of $5.7 million in 2013

Despite challenges from the low interest rate environment, highly competitive market, and subdued housing market, Meridian has performed extremely well in the first half of the year and is expected to end the year in a strong financial position.

Financial Performance – Regulatory Capital

For the six months ended June 30, 2014



Regulatory capital consists of Tier 1 capital, which is the highest quality capital, and Tier 2 capital, which contributes to the overall strength of a financial institution as a going concern, but is of a lesser quality than Tier 1 capital relative to both permanence and freedom from charges. Meridian's Tier 1 capital is comprised of retained earnings, contributed surplus, and eligible Members' shares. Tier 2 capital consists of eligible Members' investment shares and the eligible portion of the total collective allowance for credit losses.

Meridian's capital base continues to grow and remains strong, mainly as a result of earnings, one of the highest quality forms of capital. This performance reflects our strategic focus on sustainable growth. Regulatory capital typically is calculated as a percentage of total assets and of risk weighted assets.

- Meridian's Capital Ratio (capital as a percentage of total assets) increased from 6.55% in June 2013 to 6.60% in June 2014. The regulatory minimum requirement is 4%.
- Meridian's Risk Weighted Capital Ratio is also strong and well above the regulatory minimum requirement of 8%. This ratio was 13.28% as at June 2014, compared to 13.20% as at June 2013.

Economic Update

The global economy experienced slower growth in activity, investment, and trade in the first quarter of 2014. Most factors contributing to the slowdown were country specific and thought to be transitory. A rebound in activity is expected for the remainder of the year, resulting in growth of 2.9% in 2014, according to the Bank of Canada's estimates. Over the past few years, the world's economic expansion has been restrained by governments' fiscal consolidation, deleveraging by the private sector, and general uncertainty about future economic policies and prospects. The fiscal drag is diminishing, and household deleveraging, particularly in the U.S., is well advanced, but uncertainty continues to hamper business confidence and restrain business investment.

The U.S. economy contracted in the first quarter, influenced by unique factors such as the expiration of fiscal stimulus measures and severe winter weather. Over the remainder of the year, domestic consumption is expected to increase, driven by an easing of credit conditions, rising household wealth, and improving labour market conditions. Despite the improvements mentioned, some labour market indicators, such as modest wage growth and elevated long-term unemployment, illustrate that there is still considerable slack in the labour market which will contain inflationary pressures. The Federal Open Market

Committee stated that it expects economic conditions may require monetary policy to remain accommodative even after employment and inflation approach target levels.

Similar to the U.S., the unusually cold winter resulted in tempered but positive economic growth in Canada in the first quarter. Additionally, governments are exercising fiscal restraint in order to balance their books and the business sector is limiting its investments. Household indebtedness is improving and the Bank of Canada expects a soft landing in the housing market. The Bank forecasts that the Canadian exchange rate will remain low and that stronger global demand in the second half of the year will lead to increased exports and business investment. The Bank now anticipates that its inflation target will be achieved on a sustained basis in 2016 but this is dependent on the economy reaching full capacity and remaining there. Continued monetary stimulus will be required. An interest rate change is therefore not expected in 2014, and economists anticipate future interest rate hikes to be in tandem with those in the United States. This will prevent upward pressure on the loonie, which would cause exports to falter.

The Ontario economy, which directly impacts Meridian's performance, is supported by strong external demand from the U.S. while domestic demand weakens. Consumers have been the main driver of growth in recent years, boosting GDP by purchasing vehicles and investing in housing, but this is tapering off. Growth in employment is expected to be weak in 2014, and the unemployment rate is projected to remain above 6%, contributing to the slower growth in consumption. High household debt prompted the Bank of Canada and the Ministry of Finance to take action to contain household spending, and, so far, this has successfully reined in the housing market. Early in the year, the harsh winter weather kept home sales muted, but resale activity is expected to build momentum during the remainder of 2014. Overall sales are, however, expected to remain weaker than the prior year, according to forecasts by the Canada Mortgage and Housing Corporation. Fortunately, Meridian's mortgage campaign was launched early with a market leading interest rate, and this resulted in much of the early momentum being captured, thus limiting the impact of delayed purchases. The weaker Canadian dollar and stronger U.S. demand will result in increased exports in 2014. Vehicle production in the first half of the year exceeded that of the prior year, and activities such as this will support Ontario's economic growth for the rest of the year.

Despite the slow domestic growth in Ontario, Meridian has implemented strategies to manage risks and support our long-term sustainable growth objective. These include expanding Member access, increasing Ontarians' awareness of Meridian, and continuing to find innovative ways to meet Member needs.