MERIDIAN CREDIT UNION LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2024

Management's Discussion and Analysis

This Management’s Discussion and Analysis (“MD&A”) is presented to enable readers to assess material changes in the financial condition and results of operations of Meridian Credit Union Limited (“Meridian” or the “Credit Union”) for the year ended December 31, 2024, as compared to the prior year. In addition, this MD&A provides a discussion on our capital position and risk management processes. This MD&A should be read in conjunction with the audited Consolidated Financial Statements and Notes for the year ended December 31, 2024, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). This MD&A is as of March 12, 2025.

Unless otherwise indicated, all amounts in this MD&A are expressed in thousands of Canadian dollars.

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CAUTIONS RELATING to FORWARD LOOKING STATEMENTS

This MD&A includes forward-looking statements, which by their very nature require management to make assumptions and involve inherent risks and uncertainties. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate", "may increase", "may impact" and other similar expressions, or future or conditional verbs such as "will", "should", "would" and "could".

A number of important factors, many of which are beyond management's control, could cause actual future results, conditions, actions or events to differ materially from the targets, projections, expectations, estimates or intentions expressed in forward-looking statements. These factors include, but are not limited to, changes in: general economic conditions in Canada, particularly those in Ontario; the residential housing and commercial real estate market; interest rates and currency values; political conditions, both within and outside of Canada, including the impact of trade tariffs and other protectionist measures; consumer spending and indebtedness; legislative or regulatory policies; accounting standards or policies; the financial services industry; the competitive environment; the natural environment and related impact of natural disasters and health-related outbreaks; and Meridian's success in anticipating and managing the risks inherent in these factors. Readers are cautioned that the foregoing list is not exhaustive. Undue reliance should not be placed on forward-looking statements, as actual results may differ materially from expectations. Meridian does not undertake to update any forward-looking statements contained in this MD&A. Meridian does not undertake to update any forward-looking statements except as required by law.

NON-GAAP MEASURES

Meridian is not required to comply with the Canadian Securities Administrators National Instrument 51-102 Continuous Disclosure Obligations and related Staff Notices. Meridian prepares its annual audited consolidated financial statements in accordance with IFRS Accounting Standards, which are generally accepted accounting principles ("GAAP"), and refers to them in this MD&A. In addition, Meridian uses non-GAAP financial measures and ratios within the MD&A, which Meridian believes provides the reader with a better understanding of how management views the Credit Union. Where Meridian has used non-GAAP measures, they have been defined within the report, as they may not be comparable to similar terms used by other organizations.

RECONCILIATION OF NON-GAAP MEASURES

The tables below provide a reconciliation of non-GAAP financial measures to their comparative financial measure in the annual audited consolidated financial statements of the Credit Union for the same period.

Return on Membership Share Equity

The following table reconciles Members' Equity as reported in the consolidated financial statements to Average Membership Share Equity used to calculate Return on Membership Share Equity.

Average Membership Share Equity	2024	2023
Total Members' Equity	$1,808,923	$1,721,816
Less:		
Investment shares	798,850	765,436
Accumulated other comprehensive income (loss)	17,421	(4,674)
	$ 992,652	$ 961,054
Impact of averaging month-end balances	$ (15,799)	$ (22,935)
Average membership share equity	$ 976,853	$ 938,120

Meridian believes that Return on Membership Share Equity, which excludes accumulated other comprehensive income (loss), provides an enhanced understanding of how we view our financial performance.

Return on membership share equity is defined as net income attributable to membership shares as a percentage of average membership share equity. This ratio excludes the capital attributable to investment shares.

RETURN ON MEMBERSHIP SHARE EQUITY	2024	2023
Net income attributable to membership shares, as reported	$ 31,596	$ 47,417
Average total membership share equity	976,853	938,120
Return on membership share equity	3.2%	5.1%

Return on membership share equity was 3.2% as of December 31, 2024, a decline from 5.1% a year earlier. The reduction is largely due to lower net income attributable to membership shares, which was impacted by higher provisions for credit losses ("PCL") and increased dividends in 2024.

Income before Provisions and Taxes

Meridian uses income before provisions and taxes to assess the ability to produce consistent earnings before recognizing credit losses, which can be influenced by external and environmental factors. A reconciliation of income before provisions and taxes to reported results is provided in the following table.

INCOME BEFORE PROVISIONS AND TAXES	2024	2023
Net income, as reported	$ 77,724	$ 81,501
Add: Income taxes	4,911	8,716
Add: Provision for (recovery of) credit losses	67,342	30,876
Income before provisions and taxes	$ 149,977	$ 121,093

BUSINESS and ORGANIZATIONAL OVERVIEW

Corporate Structure

Meridian Credit Union Limited is incorporated in Canada under the Credit Unions and Caisses Populaires Act (the “Act”), and its activities are regulated by the Financial Services Regulatory Authority of Ontario (“FSRA”). The Credit Union is a member of Central 1 Credit Union (“Central 1”). The Credit Union is headquartered at 75 Corporate Park Drive in St. Catharines, Ontario.

The Credit Union is primarily involved in the raising of funds and the application of those funds in providing financial services to Members. The Credit Union has 87 branches and 15 business-banking centres across Ontario.

Meridian OneCap Credit Corp. (“OneCap”) is a wholly owned subsidiary that is primarily involved in lease financing that operates throughout Canada. Motus Bank (“motusbank”) is a wholly-owned subsidiary of Meridian Holdco Limited (“Holdco”), which in turn is a wholly-owned subsidiary of the Credit Union. Motus Bank is primarily involved in the raising of funds and the application of those funds in providing financial services to customers. Its business is primarily conducted using an online platform. The activities of Motus Bank are regulated by the Office of the Superintendent of Financial
Institutions ("OSFI").

Business Overview

Retail Banking

Meridian provides a broad range of personal and business financial products and services to its Members, including:

- Canadian and US dollar savings and chequing accounts;
- Canadian and US dollar registered and non-registered demand and term deposit products. Term deposits range from 30 days to 5 years in maturity. Core Registered products include Registered Retirement Savings Plans (“RRSP”), Tax-Free Savings Accounts (“TFSA”) and First Home Savings Accounts (“FHSA”), and
- Lending products including residential mortgages, personal loans, credit cards, and lines of credit.

Business/Commercial Banking

Meridian provides financial products and services to meet the investment and cash management needs of its business Members. Products and services include commercial loans to various business entities, agricultural loans, institutional loans, syndicated loans and equipment financing. A number of cash management solutions are also offered through Meridian, such as online banking platforms for commercial businesses and small businesses, automated funds transfers to provide Members with pre-authorized payments or electronic payroll, and wire transfers to give Members the ability to send and manage payments in any major currency worldwide. Dedicated cash management specialists are available to help implement structured cash management protocols and products with Members. Meridian also offers merchant services and payroll processing services to its business Members through various partnerships.

Meridian is permitted to offer the various Retail and Commercial loans noted, up to limits defined in its lending policies, which are required by regulation to meet a "prudent person" standard. The Board of Directors ("Board") has approved, and management follows, its lending policies in all areas to minimize the risk of loan losses. A variety of loan-related group insurance products are also available to Members for all types of loans.

Wealth Management

Through an arrangement with Aviso Wealth Inc., a wholly owned subsidiary of Aviso Wealth LP and an independent provider of custody, trading and wealth services, Meridian offers various types of investment vehicles. Investments such as Mutual Funds, Exchange Traded Funds ("ETF's") and Company shares are distributed through Aviso Financial Inc., a subsidiary of Aviso Wealth Inc. Qtrade Direct Investing is used for on-line, self-directed investors, and Qtrade Guided Portfolios are an option for Members looking for pre-built digital investment services (i.e. "robo-advised" services).

Registered investment options include registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), tax-free savings account ("TFSAs"), registered education savings plans ("RESPs") and first-time home savings accounts ("FHSA"). With the exception of RESPs, all registered investments are administered, held and trusteed by Meridian as applicable. RESPs are administered and trusteed by Concentra Trust, a wholly owned subsidiary of Concentra Bank.

Equipment Financing

OneCap enables Meridian to diversify its product offering and geography, by providing equipment lease and loan financing solutions and value-added services to the small and mid-size equipment finance market across Canada. Products offered include a variety of loans and leases, as well as floorplan financing. Through its national accounts group, broker network and regional sales force, strong relationships are built with manufacturers, distributors and local dealers of commercial equipment to whom OneCap provides financing programs to help facilitate their sales.

Motus Bank

Motus Bank is a Canadian Schedule I bank whose business is primarily conducted using an online platform. Motus Bank offers chequing and savings accounts, term deposits, residential mortgages and personal loans and lines of credit.

As of December 31, 2024, Management had committed to a plan to wind up the bank. This plan includes the intention to sell Ontario-based loans to its ultimate parent, Meridian Credit Union. Loans based outside of Ontario are expected to be sold to a third party. As such, the portion of Motus Bank's loans made to borrowers outside Ontario has been presented as held for sale in the annual audited consolidated financial statements. Motus Bank also has mortgage securitization liabilities that are directly associated with loans classified as held for sale. As such, these liabilities have been reclassified to liabilities directly associated with assets held for sale. For additional details on the wind-up on Motus Bank, refer to the 2024 annual consolidated audited financial statements.

Corporate Strategy

Under the "Meridian for Good" strategy Meridian believes it has a plan for sustainable growth across the enterprise. Meridian is two years into this three-year strategy. This strategic direction helps define how Meridian pursues its purpose of helping its Members achieve their best life and attains its vision of being recognized as an inclusive, transparent, and people focused financial partner. To support the execution of the Meridian for Good strategy, Meridian has identified four strategic 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 financial planning options for all Members.

Environmental, Social and Governance Strategy

To review Meridian's approach to Environment, Social and Governance ("ESG") refer to the 2024 Annual Report. This report includes Meridian's ESG priorities, processes and ESG scorecard performance metrics. Meridian creates financial solutions that support the transition to a green and sustainable economy and is committed to building a healthier environment by improving our environmental impact in the communities where we work and live.

Corporate Governance

The responsibility of Meridian's Board is to act honestly, in good faith and in the best interests of the Credit Union.

The Board endeavours to protect and enhance Meridian's assets and ensure that Meridian has a clear strategic direction and strong culture. It is further responsible for overseeing Management to satisfy itself that Meridian's operations are managed in a sound and prudent manner, thereby assuring Members that all statutory and regulatory requirements are met. In accordance with Meridian's By-laws, the Board is currently comprised of 12 Directors, all of whom are independent and represent a broad range of skills, experience, and backgrounds. The Board has delegated the oversight for monitoring adherence to its policies to five Committees:

- Audit and Finance Committee
- Governance Committee
- Risk Committee
- Human Resources Committee
- Nomination Committee

Some of the Board's key accountabilities include oversight of business operations, capital and risk management, monitoring financial performance and ensuring that Meridian has the resources, capability and culture to direct itself on an enterprise-wide basis. Additional discussion on Board oversight is included in the Capital and Risk Management sections of this report. Further details on Board governance can be found in the Our Governance section of Meridian's 2024 Annual Report.

CONSOLIDATED FINANCIAL RESULTS

Financial Highlights

FINANCIAL HIGHLIGHTS - 5 YEAR SUMMARY ($ thousands, except ratios)	2024	2023	2022	2021	2020
Results from Operations					
Total revenue	$ 538,823	$ 509,907	$ 574,589	$ 523,393	$ 430,248
Non-interest expenses	388,846	388,814	353,047	324,820	289,255
Income before provisions and taxes	149,977	121,093	221,542	198,573	140,993
Provision for (recovery of) credit losses	67,342	30,876	(2,867)	(19,847)	73,792
Income taxes	4,911	8,716	41,830	33,573	6,820
Net income	77,724	81,501	182,579	184,847	60,381
Investment share dividends	46,128	34,084	27,285	24,354	23,807
Net income attributable to Membership shares	31,596	47,417	155,294	160,493	36,574
Performance Measures					
Return on Membership share equity	3.2%	5.1%	18.5%	23.6%	7.0%
Net interest margin	1.62%	1.55%	1.78%	1.78%	1.64%
Efficiency ratio	72.2%	76.3%	61.4%	62.1%	67.2%
Credit Quality					
Gross impaired loans as % of total loans	0.91%	0.94%	0.37%	0.48%	0.62%
Allowance for credit losses as % of total loans	0.55%	0.42%	0.34%	0.42%	0.61%
Provision for credit losses as % of total loans	0.29%	0.13%	-0.01%	-0.10%	0.39%
Financial Position					
Loans, net of allowance	$ 23,094,654	$ 23,739,326	$ 22,469,108	$ 20,618,000	$ 19,010,049
Total assets	26,649,473	27,543,687	26,155,667	24,119,603	23,052,787
Deposits	18,937,669	19,662,503	18,526,220	16,896,177	15,778,023
Securitization liabilities	4,892,793	5,404,035	5,356,987	5,095,425	5,313,792
Assets under administration (1)	5,014,746	4,413,426	3,891,009	4,178,271	3,408,569
Equity					
Investment share equity	$ 798,850	$ 765,825	$ 638,249	$ 620,453	$ 599,882
Membership share equity	1,010,073	955,991	901,636	749,648	564,443
Total equity	1,808,923	1,721,816	1,539,885	1,370,101	1,164,325
Regulatory Capital Ratios					
Tier 1 capital ratio (2)	11.7%	11.1%	9.5%	10.9%	NA
Total supervisory capital ratio	14.2%	13.3%	12.1%	13.6%	13.5%
Leverage ratio	7.4%	6.7%	6.3%	6.9%	6.3%

(1) Assets under administration includes Wealth assets that are off-balance sheet.

(2) Tier 1 capital ratio calculation was revised by FSRA in 2021.

- Income before provisions and taxes was $150 million, $28.9 million or 23.9% higher than 2023.
- Total revenue increased by $28.9 million over 2023, largely due to margin expansion.
- The Efficiency ratio improved year over year due to higher revenues while non-interest expenses were prudently managed and were relatively unchanged year over year.
- Meridian's Provision for Credit Losses ("PCL") increased $36.5 million versus 2023, largely driven by an economic downturn in the transportation sector and its impact on the equipment financing business.
- Loans declined by $0.6 billion over 2023, driven mainly by decreases in Residential mortgages, partially offset by growth in Commercial mortgages and loans, and Equipment financing.
- Deposits decreased by $0.7 billion compared to the prior year mainly in personal deposits.
- Tier 1 and Total Supervisory Capital ratios improved over last year with increases to retained earnings, accumulated other comprehensive income and issuance of an additional $25 million subordinated debentures in 2024.

Fiscal 2024 Financial Performance Overview

In 2022, the Bank of Canada ("BOC") began raising rates to combat high inflation, with the overnight rate reaching 5.00% by the end of 2023. Higher rates led to decreased housing affordability, a weakened housing market and negatively impacted overall economic growth and unemployment. By mid-2024, inflation aligned with BOC's target range, and rates fell to 3.25% by end of year, 175 basis points lower than 2023. Meridian's 2024 financial performance was influenced by these external factors.

Meridian refocused on a better balance of improving net interest margin while accepting some decline in volume generated to achieve better overall profitability and enhance capital ratios. Meridian held non-interest expenses more or less flat to 2023, primarily through active management of vacant positions. Unfortunately, PCL increased significantly, particularly on leases for long-haul trucks, reflecting a post-COVID slow-down in shipment of goods and subsequent decline in demand for haulage.

Despite these challenges, income before provisions and taxes was $150 million, $28.9 million or 23.9% higher than 2023. Total revenues of $538.8 million increased by $28.9 million while total non-interest expenses were relatively unchanged. Net income of $77.7 million in 2024 was $3.8 million lower than 2023 mainly due to higher PCL.

The return on membership share equity declined from 5.1% in 2023 to 3.2% in 2024 mainly due to lower net income and increased dividends on investment shares.

Meridian's total revenue increased $28.9 million over 2023 mainly due to improved net interest margins which increased 7 basis points year over year. Total revenue was $538.8 million for 2024, a 5.7% increase over 2023. This increase was primarily driven by the benefit of higher yields earned on assets which surpassed the higher rates paid on deposits. PCL ended the year at $67.3 million, $36.5 million higher than 2023 mostly related to higher provisions in the equipment financing business.

Non-interest expenses were $388.8 million, unchanged from 2023. Salaries and benefits declined as a result of lower performance-based compensation and workforce management. Other operating expenses were slightly higher due to both increased marketing expenses related to our new “Around here, banking is different” brand launch and investment in core systems software to support our business.

Total assets contracted by $0.9 billion or 3% to $26.6 billion at the end of 2024, driven largely by a contraction in Residential mortgages, partially offset by growth in Commercial lending and Equipment financing. Off-balance sheet Wealth Management assets increased by $0.6 billion to $5.0 billion due mainly to market appreciation. Meridian’s deposit portfolio declined by $0.7 billion or 4% to $18.9 billion, while our loan portfolio, net of allowance also decreased by $0.6 billion or 3% to $23.1 billion in 2024.

Capital

Meridian’s Tier 1 Capital Ratio and Total Supervisory Capital Ratio increased to 11.7% and 14.2%, respectively, as at December 31, 2024 versus 11.1% and 13.3%, respectively, at December 31, 2023, due to an increase in retained earnings, accumulated other comprehensive income, dividend reinvestment in shares, and subordinated debt. These ratios remain well above the minimum regulatory requirements of 9.0% and 10.5%, respectively, and within Meridian’s own risk appetite target ranges. The setting and monitoring of our risk appetite ranges are discussed in more detail in the Risk Management section. The Leverage Ratio increased to 7.4% at December 31, 2024 (6.7% in 2023), and the rate is well above the regulatory minimum of 3.0%.

All regulatory ratios remain well within our risk appetite target ranges and exceeded regulatory minimums.

A key indicator of financial soundness is the strength of our capital base, which consists mainly of Member capital accounts and retained earnings. A strong capital position allows us to absorb shocks stemming from economic downturns and market risk, invest in activities and ventures that add value to our Members, and protect Members’ interests. We continue to focus on maintaining sound capital ratios and building our capital base organically through retained earnings growth, while minimizing redemptions of our Class A investment shares.

Liquidity

Meridian’s non-consolidated liquid asset ratio was 13.3% as at December 31, 2024 versus 15.3% as at December 31, 2023. Last year’s higher ratio reflected the decision to build liquidity given the uncertain economic environment and while the ratio declined this year, it remains well above both management and policy limits.

Fiscal 2024 Financial Performance Review

For the year ended December 31, 2024 with comparative figures for 2023 ($ thousands)	2024	2023	Change from 2023	
NET INTEREST INCOME	$ 438,333	$ 415,251	$ 23,082	5.6%
NON-INTEREST INCOME				
Fee and other income	94,352	93,326	1,026	1.1%
Net gain on financial instruments	6,138	1,330	4,808	361.5%
TOTAL REVENUE	538,823	509,907	28,916	5.7%
	471,481	479,031	(7,550)	-1.6%
NON-INTEREST EXPENSES	388,846	388,814	32	0.0%
Income before provisions and taxes	149,977	121,093	28,884	23.9%
Provision for credit losses	67,342	30,876	36,466	118.1%
Income taxes	4,911	8,716	(3,805)	-43.7%
NET INCOME	77,724	81,501	(3,777)	-4.6%
Investment share dividends	46,128	34,084	12,044	35.3%
NET INCOME ATTRIBUTABLE TO MEMBERSHIP SHARES	$ 31,596	$ 47,417	$ (15,821)	-33.4%

Total Revenue

Total revenue, which comprises net interest income and non-interest income before PCL, increased $28.9 million to $538.8 million in 2024.

Net Interest Income

Net interest income includes interest income on assets such as loans, securities and equipment financing less interest expense paid on liabilities such as deposits and wholesale funding. For the year, net interest income was $438.3 million, an increase of $23.1 million or 6% over 2023. Interest income on assets increased $94.4 million, while interest expense on liabilities increased $71.2 million.

NET INTEREST INCOME

($ thousands)

	2024				2023			
	Average Balance	Mix	Interest	Interest Rate	Average Balance	Mix	Interest	Interest Rate
Cash and interest-bearing deposits	$ 763,056	2.8%	$ 39,277	5.15%	$ 1,252,802	4.7%	$ 42,271	3.37%
Debt securities	2,382,678	8.8%	84,795	3.56%	2,041,644	7.6%	71,132	3.48%
Residential mortgages	12,857,741	47.5%	477,966	3.72%	12,832,499	47.8%	426,459	3.32%
Personal loans	1,431,618	5.3%	105,208	7.35%	1,406,398	5.2%	104,824	7.45%
Commercial mortgages and loans	7,394,264	27.3%	527,041	7.13%	7,243,478	27.0%	509,802	7.04%
Equipment financing	1,733,367	6.4%	116,182	6.70%	1,621,842	6.0%	101,700	6.27%
Other assets	533,857	2.0%	-	0.00%	451,017	1.7%	4	0.00%
Total assets / interest income	27,096,580	100.0%	1,350,469	4.98%	26,849,680	100.0%	1,256,192	4.68%
Demand deposits	7,021,605	25.9%	125,363	1.79%	7,718,945	28.7%	135,034	1.75%
Term deposits	8,236,177	30.4%	399,248	4.85%	7,635,585	28.4%	355,540	4.66%
Registered plans	4,042,305	14.9%	166,208	4.11%	4,145,953	15.4%	144,498	3.49%
Securitization liabilities	5,148,414	19.0%	187,002	3.63%	5,380,511	20.0%	168,495	3.13%
Funding facilities and subordinated debt	489,283	1.8%	32,154	6.57%	477,088	1.8%	35,386	7.42%
Other liabilities	393,428	1.5%	2,161	0.55%	(139,253)	-0.5%	1,988	-1.43%
Total liabilities / interest expense	25,331,210	93.5%	912,136	3.60%	25,218,829	93.9%	840,941	3.33%
Members' equity	1,765,370	6.5%	-	0.00%	1,630,851	6.1%	-	0.00%
Total liabilities and Members' equity	27,096,580	100.0%	$ 912,136	3.37%	26,849,680	100.0%	840,941	3.13%
Total assets / net interest income	$ 27,096,580		$ 438,333	1.62%	$ 26,849,680		$ 415,251	1.55%

Net interest margin is the ratio of net interest income to average total assets, expressed as a percentage. In 2024, net interest margin was 1.62%, which was an increase of 7 basis points from 2023. Net interest margin increased as higher yields earned on assets surpassed the higher deposit rates paid.

Meridian's average total assets increased $0.2 billion or 1% in 2024, from loan growth in equipment financing, business loans and mortgages.

Average loan balance growth increased $0.4 billion or 2% in 2024, and the interest revenue associated with these loans grew by 7%. Both the Retail and Commercial businesses and Equipment Financing contributed to lending and loan revenue growth in 2024.

Meridian's average asset growth was funded by a combination of core funds, driven by organic growth and inorganic funding through brokers. Growth in average deposit balances was $0.2 billion or 1.0% in 2024.

Non-Interest Income

NON-INTEREST INCOME

($ thousands)	**2024**	2023	Change from 2023	
Wealth management revenue	**$ 33,132**	$ 30,692	$ 2,440	7.9%
Account service fees	**23,957**	21,626	2,331	10.8%
Loan and lease servicing fees	**16,932**	17,962	(1,030)	-5.7%
Foreign exchange	**4,001**	9,042	(5,041)	-55.8%
Credit card services	**6,183**	5,370	813	15.1%
Insurance commissions	**5,123**	3,894	1,229	31.6%
Other	**5,024**	4,740	284	6.0%
Total fee & other income	**94,352**	93,326	1,026	1.1%
Realized gain on financial instruments	**24,484**	21,130	3,354	15.9%
Unrealized loss on financial instruments	**(18,346)**	(19,800)	1,454	-7.3%
Net gain on financial instruments	**6,138**	1,330	4,808	361.5%
Total non-interest income	**$100,490**	$ 94,656	$ 5,834	6.2%

Total non-interest income increased by $5.8 million or 6.2% to $100.5 million in 2024. The increase was primarily a result of a $4.8 million net increase in the gain on financial instruments.

Total fee and other income of $94.4 million in 2024 increased $1.0 million or 1.1% year over year.

Growth during the year was experienced across various categories. Wealth management revenue increased $2.4 million year-over-year or 7.9% to $33.1 million primarily due to market appreciation. Account service fees grew by $2.3 million to $24.0 million primarily due to the full year impact of the refresh to service charge packages completed in the prior year. Insurance commissions increased by $1.2 million to $5.1 million as the prior year was negatively impacted by a transition to a new insurance provider. Credit card services increased by $0.8 million or 15.1% to $6.2 million due to cardholder growth and increased customer activity.

While there was growth in some fee categories, there were some declines in others. Loan and lease servicing fees, declined by $1.0 million due to lower portfolio growth. Foreign exchange income was negatively impacted by fewer foreign currency transactions resulting from a lower Canadian dollar.

Most of the non-interest income increase was a result of $4.8 million in higher net gains on financial instruments versus 2023. Net gains on financial instruments relate primarily to fair value adjustments on derivative instruments where hedge accounting is not achieved and will fluctuate with changes in interest rates. Derivatives are used to hedge the Credit Union’s net interest income, and although they are considered effective economic hedges, some do not qualify for hedge accounting treatment. This can create a mismatch between the economic impact of the derivative and when it affects reported earnings.

Non-interest income is affected by fluctuations in capital markets beyond normal operating activities. As necessary, Meridian undertakes hedging activities, which may include the transacting of derivative instruments to protect Meridian and its Members from changes in external market conditions. These hedging activities, in turn, generate their own net interest income or loss, countering the impact on the underlying instrument.

Non-Interest Expenses and Efficiency Ratio

NON-INTEREST EXPENSES				
($ thousands)	2024	2023	Change from 2023	
Salaries	170,563	167,537	3,026	1.8%
Benefits	46,246	47,022	(776)	-1.7%
Variable Incentive	21,040	28,328	(7,288)	-25.7%
Salaries and employee benefits	$237,849	$ 242,887	$ (5,038)	-2.1%
Administration	28,223	31,255	(3,032)	-9.7%
Technology	24,471	21,738	2,733	12.6%
Transaction services	21,925	20,602	1,323	6.4%
Occupancy	9,958	10,024	(66)	-0.7%
Deposit insurance	15,718	15,264	454	3.0%
Marketing	14,281	9,745	4,536	46.5%
Depreciation	16,675	16,860	(185)	-1.1%
Amortization	3,887	4,510	(623)	-13.8%
Community and social impact	3,287	4,485	(1,198)	-26.7%
Other expenses	12,572	11,444	1,128	9.9%
Total non-interest expenses	$388,846	$ 388,814	$ 32	0.0%
Efficiency Ratio	72.2%	76.3%		4.1%

Non-interest expenses were $388.8 million in 2024, unchanged from 2023. Lower salaries and employee benefits were offset by increases in various other categories.

Salaries and employee benefits expenses, which include incentive compensation, declined $5.0 million or 2.1% versus last year. Salaries and benefits excluding variable incentive costs increased year over year mainly due to annual merit increases and Meridian's continued commitment to being a Living Wage employer. Performance-based commission expenses and variable incentive declined as a result of lower earnings performance in 2024.

Administration costs decreased $3.0 million to $28.2 million largely due to lower discretionary and professional services expenses.

Technology expenses increased by $2.7 million to $24.5 million. The renewal of certain enterprise and support agreements contributed to a majority of the increase. Additionally, strategic investments were made in new platforms for Retail Lending and Finance, and infrastructure network capabilities were upgraded for added reliability and resiliency. Information security solutions were also enhanced to continue to keep our Members' data and organizational assets secure.

Transaction services increased by $1.3 million to $21.9 million due to higher clearing costs and ABM expenses.

Marketing expenses increased by $4.5 million to $14.3 million in 2024. The increase was primarily related to the launch and promotion of our new brand to reach new target audiences.

This is part of a 3-year strategy that will continue to raise Meridian's awareness among new segments and grow our Member base.

Meridian has continued its longstanding commitment to the communities we serve through our Community and Social Impact initiatives. This year saw continued focus on investing back into our Member communities, with $3.3 million in funding. The total investment in programs and sponsorship does not reflect additional contributions in the form of "in kind" services. These programs build our brand by making a bold community impact while engaging and empowering our employees, current and future Members.

Meridian's investment in strategic initiatives was $6.8 million in 2024. The focus of 2024 initiatives were mainly on the enhancement of our lending processes and technology, brand refresh, and various other innovative product and service designs that enable a differentiated Member experience. These expenses are reported across various expense categories.

Efficiency Ratio

The efficiency ratio is a measure of productivity and is calculated as total non-interest expense divided by total revenues, not including loan loss provisioning. A lower efficiency ratio is typically considered more favorable.

The combination of higher revenues coupled with relatively flat expense growth contributed to an improvement in the efficiency ratio from 76.3% in 2023 to 72.2% in 2024.

Fiscal 2024 Financial Condition Review

Select Balance Sheet Information

($ thousands)	2024	2023	Change from 2023	
Cash and deposits	$ 534,314	$ 991,797	$ (457,483)	-46.1%
Debt securities	2,384,438	2,380,917	3,521	0.1%
Loans, net of allowance	23,094,654	23,739,326	(644,672)	-2.7%
Total assets	26,649,473	27,543,687	(894,214)	-3.2%
Deposits	18,937,669	19,662,503	(724,834)	-3.7%
Securitization liabilities	4,892,793	5,404,035	(511,242)	-9.5%
Funding facilities	300,020	301,580	(1,560)	-0.5%

Total Cash and Debt Securities

($ thousands)	2024	2023	Change from 2023	
Cash and deposits				
Cash on hand	$ 19,021	$ 19,185	$ (164)	-0.9%
Restricted funds	29,412	17,285	12,127	70.2%
	48,433	36,470	11,963	32.8%
Demand deposits with financial institutions	485,881	955,327	(469,446)	-49.1%
	534,314	991,797	(457,483)	-46.1%
Debt securities				
Government issued or guaranteed securities	2,048,397	1,595,341	453,056	28.4%
Non-government securities	298,939	185,838	113,101	60.9%
Term deposits with other financial institutions	35,050	102,150	(67,100)	-65.7%
Reverse repurchase agreements	-	492,527	(492,527)	-100.0%
Other debt securities	1,041	1,000	41	4.1%
Accrued interest	1,011	4,061	(3,050)	-75.1%
	2,384,438	2,380,917	3,521	0.1%
Total cash and debt securities	$2,918,752	$3,372,714	$(453,962)	-13.5%

The reduction in cash balances to $534 million ($992 million in 2023) was a concerted effort to secure fixed rate investments in a declining interest rate environment. The overall decline in total cash and debt securities by $454 million reflects a stabilization of excess liquidity utilized to fund Member loans and deposit maturities.

Loans, Net of Allowance

($ thousands)	2024	Mix	2023	Mix	Change from 2023	
Personal						
Residential mortgages	$ 12,486,245	54.1%	$ 13,229,237	55.7%	$ (742,992)	-5.6%
Personal loans	1,423,185	6.2%	1,440,051	6.1%	(16,866)	-1.2%
	13,909,430	60.2%	14,669,288	61.8%	(759,858)	-5.2%
Commercial						
Commercial mortgages	6,455,349	28.0%	6,522,149	27.5%	(66,800)	-1.0%
Commercial loans	977,542	4.2%	833,489	3.5%	144,053	17.3%
Equipment financing	1,752,334	7.6%	1,714,400	7.2%	37,934	2.2%
	9,185,224	39.8%	9,070,038	38.2%	115,186	1.3%
Total loans, net of allowance	$ 23,094,654	100.0%	$ 23,739,326	100.0%	$ (644,672)	-2.7%

Personal Mortgages and Loans

($ thousands)		2024	Mix		2023	Mix		Change from 2023	
Residential mortgages									
Insured	$	4,486,251	32.2%	$	4,965,722	33.8%	$	(479,471)	-9.7%
Uninsured		7,592,427	54.5%		7,719,265	52.6%		(126,838)	-1.6%
Other uninsured		409,062	2.9%		545,200	3.7%		(136,138)	-25.0%
Total Residential mortgages		12,487,740	89.7%		13,230,187	90.1%		(742,447)	-5.6%
Personal loans		1,433,576	10.3%		1,450,730	9.9%		(17,154)	-1.2%
Total personal mortgages and loans (1)	$	13,921,316	100.0%	$	14,680,917	100.0%	$	(759,601)	-5.2%

In 2024, the geographic distribution of residential mortgages and personal loans in the Greater Toronto Area ("GTA") was 33.3% (34.7% in 2023) versus 66.7% (65.3% in 2023) outside of the GTA.

Commercial Mortgages and Loans

($ thousands)		2024	Mix		2023	Mix		Change from 2023	
Commercial Mortgages									
Income producing real estate	$	4,017,274	53.5%	$	3,938,421	53.1%	$	78,853	2.0%
Land, development and construction		2,103,734	28.0%		2,216,624	29.9%		(112,890)	-5.1%
Other		393,467	5.2%		420,161	5.7%		(26,694)	-6.4%
		6,514,475	86.8%		6,575,206	88.7%		(60,731)	-0.9%
Commercial Loans		987,580	13.2%		839,925	11.3%		147,655	17.6%
Total commerical and small business exposure (1)	$	7,502,055	100.0%	$	7,415,131	100.0%	$	86,924	1.2%

(1) Total commercial and small business exposure exclude allowance for credit losses.

Commercial Mortgages by Industry Sector:

($ thousands)	2024	Mix	2023	Mix	Change from 2023	
Income Producing Real Estate						
Residential	$ 1,363,797	18.2%	$ 1,404,798	18.9%	$ (41,001)	-2.9%
Hospitality	1,080,186	14.4%	1,030,550	13.9%	49,636	4.8%
Office/Commercial/Retail	817,266	10.9%	858,431	11.6%	(41,165)	-4.8%
Industrial/Storage	756,025	10.1%	644,642	8.7%	111,383	17.3%
Total income producing real estate (1)	$ 4,017,274	53.5%	$ 3,938,421	53.1%	$ 78,853	2.0%
Land, Development and Construction						
Construction	$ 1,091,228	14.5%	$ 1,265,638	17.1%	$ (174,410)	-13.8%
Land and development	1,012,506	13.5%	950,986	12.8%	61,520	6.5%
Total land, development and construction (1)	$ 2,103,734	28.0%	$ 2,216,624	29.9%	$ (112,890)	-5.1%
Residential	$ 1,581,849	21.1%	$ 1,701,213	22.9%	$ (119,364)	-7.0%
Non-residential	521,885	7.0%	515,411	7.0%	6,474	1.3%
Total land, development and construction (1)	$ 2,103,734	28.0%	$ 2,216,624	29.9%	$ (112,890)	-5.1%

(1) Loan values exclude allowance for credit losses.

In 2024, the Commercial mortgages and loans portfolio was distributed 41.2% (35.1% in 2023) in the GTA and 58.8% (64.9% in 2023) outside of the GTA – primarily in Ontario.

Equipment Financing:

($ thousands)	2024	Mix	2023	Mix	Change from 2023	
Transportation	$ 617,209	34.3%	$ 665,696	38.2%	$ (48,487)	-7.3%
Construction/material handling	641,908	35.7%	598,136	34.3%	43,772	7.3%
Industrial	138,239	7.7%	125,759	7.2%	12,480	9.9%
Office equipment	92,182	5.1%	91,828	5.3%	354	0.4%
Other	309,856	17.2%	261,349	15.0%	48,507	18.6%
Total equipment financing (1)	$ 1,799,394	100.0%	$ 1,742,768	100.0%	$ 56,626	3.2%

(1) Total equipment financing exclude allowance for credit losses.

The equipment financing portfolio provides additional geographical diversification for the Credit Union with equipment financing in various provinces as follows: Ontario: 32.6%, Quebec: 27.2%, Alberta: 15.2%, British Columbia: 12.0%, Other: 13.0% (In 2023, Ontario: 33.8%, Quebec: 26.8%, Alberta: 15.3%, British Columbia: 11.9%, Other: 12.2%)

Loan Growth and Composition:

Total Loans, net of allowance, contracted by 2.7% or $644.5 million to $23.1 billion.

Residential Mortgages (including Home Equity Lines of Credit) account for 54.1% of the total portfolio, net of allowance and contracted by 5.6% to $12.5 billion with uninsured mortgages growing faster than insured. Insured mortgages comprise 32.2% of our residential mortgages' portfolio.

Commercial and Small Business mortgages and loans account for 32.2% of total loans, net of allowance and grew by 1.0% to $7.4 billion. Loan growth was experienced in the manufacturing, hospitality, real estate (industrial and self-storage). Additionally, loans were further diversified through syndications. The largest sector declines were seen in land development and construction, real estate (multi-unit residential and student housing) and real estate (office and commercial), reflecting Meridian's continued focus on diversifying loan funding and risk.

Equipment Financing, net of allowance, increased 2.2% over 2023 to $1.8 billion. However, transportation sector volume decreased by 7.3% year over year, as management reduced risk in the long-haul transportation category.

Residential Mortgages

Meridian is not subject to OSFI Guideline B-20 - Residential Mortgage Underwriting Practices and Procedures ("B-20"). Meridian generally follows B-20 principles, both as a pragmatic approach that provides stability and prudent lending guidance, but also to allow for the securitization or pledging of mortgages for alternative funding facilities. Approximately 70% of all new residential mortgage originations in 2024 were B-20 compliant.

Meridian does originate conventional, uninsured residential mortgages that are B-20 non-compliant. Meridian requires credit enhancements for its B-20 non- compliant mortgages – generally in the form of a lower loan to value ratio.

Meridian also purchases B-20 non-compliant conventional, uninsured residential mortgages that are originated, serviced and administered by specialized third party mortgage lenders ("Other Uninsured" residential mortgages). These Other Uninsured residential mortgages must meet Meridian's own specific underwriting requirements and require additional credit enhancements.

Provision for Credit Losses

PCL is measured in accordance with IFRS 9, using a three-stage impairment model. Relevant exposures within the scope of the IFRS 9 impairment model for Meridian include Retail and Commercial mortgages and loans, equipment financing, as well as off-balance sheet exposures, including loan commitments and letters of credit. For a more detailed discussion of the models used, refer to Note 3.7 and 28.1 of the annual audited consolidated financial statements.

PCL consists of write-offs, expected losses on specifically identified accounts (stage 3 expense) as well as losses expected but not yet identified on performing accounts (stage 1 and 2 expense).

Meridian's PCL was $67.3 million in 2024, a $36.5 million increase compared to the prior year's PCL of $30.9 million. PCL on impaired loans increased $36.7 million to $62.3 million in 2024 compared to $25.6 million in the prior year as a result of increased specific losses in the commercial and equipment finance portfolios. The long-haul transportation segment of the equipment finance portfolio in particular continued to impact this year by poor economic conditions in the industry. PCL on impaired loans as a percentage of total loans increased from 0.11% to 0.27% in 2024.

PCL Highlights

($ thousands)	2024	2023	Change from 2023	
Total Loans	$ 23,222,765	$ 23,838,816	$ (616,051)	-2.6%
Allowance for Expected Credit Losses	128,111	99,490	28,621	28.8%
Allowance as % of total loans	0.55%	0.42%	0.13%	32.2%
Provision for Credit Losses	67,342	30,876	36,466	-118.1%
PCL as % of total loans	0.29%	0.13%	0.16%	-123.9%

PCL on performing loans was $5.0 million in 2024, a $0.2 million decrease compared to $5.2 million in 2023.

Expected credit loss allowance ("ECL") is maintained at a level considered appropriate to absorb both identified and unidentified credit losses. Total ECL as of December 31, 2024, was $128.1 million, an increase of $28.6 million compared to $99.5 million in 2023. ECL has increased year-over-year due to the increased risk on identified impaired loans within the Commercial and Equipment financing portfolios.

Credit Portfolio Quality

Loan and Equipment Finance expected credit loss provisioning is determined in accordance with established policy. Management reviews the Loan and Equipment Finance allowance position and impairment levels at least quarterly. Management also reviews the status of all high-risk accounts ("Watchlist" accounts), which are actively monitored. Provisioning is adjusted where necessary to ensure compliance with policies and include management's best estimate of losses based on the currently available information. The PCL is reflected in the Consolidated Income Statement in the current year. The table below reflects the change in gross impaired loans in 2024 and 2023.

Change in Gross Impaired Loans

($ thousands)	2023	New impaired loans	Reductions, paydowns, or return to performing	Write-offs	2024
Residential mortgages	$ 26,370	$ 63,644	$ (64,878)	$ (37)	$ 25,099
Personal loans	2,006	10,101	(6,664)	(3,461)	1,982
Commercial mortgages and loans	181,273	58,025	(78,226)	(5,570)	155,502
Equipment financing	13,040	64,064	(18,131)	(31,274)	27,699
	$222,689	$195,834	$(167,899)	$(40,342)	$210,282

	2022	New impaired loans	Reductions, paydowns, or return to performing	Write-offs	2023
Residential mortgages	$ 5,432	$ 55,599	$ (34,661)	$ -	$ 26,370
Personal loans	2,298	5,613	(3,201)	(2,704)	2,006
Commercial mortgages and loans	72,681	197,990	(88,718)	(680)	181,273
Equipment financing	2,299	23,414	(6,070)	(6,603)	13,040
	$ 82,710	$ 282,616	$ (132,650)	$ (9,987)	$ 222,689

Credit Quality	2024	2023	Change from 2023
Provision for credit losses on total loans as a % of average loans	0.29%	0.13%	0.15%
Provision for credit losses on impaired loans as a % of average loans	0.27%	0.11%	0.16%

The gross impaired loans balance is $203.9 million ($222.7 million in 2023) and represents 0.94% of total loans (0.94% in 2023). The decrease in gross impaired loans in 2024 was caused mainly by decreased Commercial impairments.

All Loans - Arrears	2024				
($ thousands)	Outstanding	30-90 days Not Impaired	%	Over 90 days +Impaired	%
Personal					
Residential mortgages	$ 12,487,740	$ 47,495	0.38%	$ 25,099	0.20%
Personal loans	1,433,576	10,260	0.72%	1,982	0.14%
	13,921,316	57,755	0.41%	27,081	0.19%
Commercial					
Commercial Mortgages	6,514,475	243	0.00%	152,014	2.33%
Commercial Loans	987,580	481	0.05%	3,488	0.35%
Equipment financing	1,799,394	16,912	0.94%	27,699	1.54%
	9,301,449	17,637	0.19%	183,201	1.97%
Total loans - arrears (1)	$ 23,222,765	$ 75,392	0.32%	$ 210,282	0.91%

	2023				
	Outstanding	30-90 days Not Impaired	%	Over 90 days +Impaired	%
Personal					
Residential mortgages	$ 13,230,187	$ 26,370	0.20%	$ 26,370	0.20%
Personal loans	1,450,730	5,827	0.40%	2,006	0.14%
	14,680,917	32,197	0.22%	28,376	0.19%
Commercial					
Commercial Mortgages	6,575,206	2,820	0.04%	180,043	2.74%
Commercial Loans	839,925	565	0.07%	1,230	0.15%
Equipment financing	1,742,768	18,997	1.09%	13,040	0.75%
	9,157,899	22,382	0.24%	194,313	2.12%
Total loans - arrears (1)	$ 23,838,816	$ 54,579	0.23%	$ 222,689	0.93%

(1) Total loan - arrears outstanding balance exclude allowance for credit losses.

The total allowance for expected credit losses on loans and equipment financing stands at $128.1 million ($99.5 million in 2023). The increase was driven by higher allowances across all stages. Stage 1 and 2 allowances increased to $73.9 million ($69.0 million in 2023); this reflects the impact of uncertainty in the current economic environment. The stage 3 allowance increased to $54.2 million ($30.5 million in 2023) due to higher Commercial and Equipment financing impairments.

Credit Risk Management

A risk rating system is used to assess and monitor the risk profile of the Commercial loan portfolio. The model is based on an in-depth assessment of the borrower's risk of default, which is measured by industry, business, management and financial risk factors, along with the risk of loss given default. The risk of loss given default is based on an assessment of security composition and relative historical recovery experience.

The Commercial loan portfolio stratified by risk rating ranging from "very low" to "impaired" is reviewed monthly. The proportion of Commercial loans in "higher than average risk" has improved year over year largely due to the proactive management of higher risk accounts. A comprehensive Early Warning System in place allows for timely identification of accounts that require follow-up and additional attention through the adjudication process or an increase in risk rating to Watchlist status, with the objective of correcting issues that may otherwise result in future impairment of the account.

The credit quality of the portfolio continues to be actively monitored using a wide array of tools and techniques, with real-time insights and sound financial advice provided to Members to help them maintain their financial well-being.

Deposits

Deposits contracted by 3.7% or $0.7 billion to $18.9 billion in 2024, primarily driven by term deposits. A decreasing interest rate environment and lower longer-term rates reduced the attractiveness of term deposits.

Deposits	2024			
($ thousands)	Demand	Term	Total	% of Total
Personal	$ 4,880,011	$ 9,019,831	$ 13,899,842	73.4%
Commercial [1]	2,702,146	2,176,809	4,878,955	25.8%
Core Member deposits	7,582,157	11,196,640	18,778,797	99.2%
Institutional [2]	29,605	129,267	158,872	0.8%
Total Deposits	$ 7,611,762	$ 11,325,907	$ 18,937,669	100.0%
% of Total	40.2%	59.8%	100.0%	

Deposits	2023			
($ thousands)	Demand	Term	Total	% of Total
Personal	$ 5,266,780	$ 9,258,562	$ 14,525,342	73.9%
Commercial [1]	2,723,079	2,267,732	4,990,811	25.4%
Core Member deposits	7,989,859	11,526,294	19,516,153	99.3%
Institutional [2]	20,846	125,504	146,350	0.7%
Total Deposits	$ 8,010,705	$ 11,651,798	$ 19,662,503	100.0%
% of Total	40.74%	59.3%	100.0%	

[1] Commercial includes: commercial and business banking Members

[2] Institutional includes: MUSH (municipalities, universities, schools and hospitals) and Deposit agents

Core Member deposits totaled $18.8 billion of total deposits as of December 31, 2024, comprised of demand deposits of $7.6 billion (December 31, 2023 – $8.0 billion) and term deposits of $11.2 billion (December 31, 2023 – $11.5 billion). Term deposits increased slightly to 59.8% of total deposits at December 31, 2024 from 59.3% at December 31, 2023, as Members' shift from demand deposits into higher yielding fixed rate term deposits was tempered throughout 2024 as interest rates declined.

Deposits Insured vs Uninsured						
($ thousands)	2024	Mix	2023	Mix	Change from 2023	
Insured	$ 13,143,808	69.4%	$ 13,515,417	68.7%	$ (371,609)	-2.7%
Uninsured	5,793,861	30.6%	6,147,086	31.3%	(353,225)	-5.7%
Total Deposits	$ 18,937,669	100.0%	$ 19,662,503	100.0%	$ (724,834)	-3.7%

Insured deposits declined by 2.7% or $0.4 billion in 2024, representing 69.4% of total deposits versus 68.7% in 2023.

Funding and Securitization

	2024		2023		Change from 2023	
($ thousands)	**Balance**	**% of Total**	Balance	% of Total	$	%
Residential mortgage securitization						
Mortgage backed securities	**$ 2,953,726**	**60.4%**	$ 3,525,481	65.2%	$ (571,755)	-16.2%
Asset-backed commercial paper	**491,351**	**10.0%**	479,549	8.9%	11,802	2.5%
Equipment financing	**1,447,716**	**29.6%**	1,399,005	25.9%	48,711	3.5%
	4,892,793	**94.2%**	5,404,035	94.7%	(511,242)	-9.5%
Funding facilities	**300,020**	**5.8%**	301,580	5.3%	(1,560)	-0.5%
Total securitization and other funding	**$ 5,192,813**	**100.0%**	$ 5,705,615	100.0%	$ (512,802)	-9.0%

Meridian regularly securitizes residential mortgages and equipment leases and loans by participating in both government sponsored and private securitization programs to enhance its liquidity position and diversify sources of funding. Meridian also maintains access to secured funding facilities to support operating and contingent funding requirements.

As of December 31, 2024, no breach of financial or reporting covenants related to securitization arrangements had been identified. However, it was determined in the first quarter of 2025 and prior to the approval of Meridian's annual audited consolidated financial statements and this MD&A, that a breach occurred. It was identified that the proportion of write offs within series of fixed and variable rate equipment contract backed notes had exceeded levels stipulated in the related agreements. At the time Meridian's financial statements and MD&A were approved, negotiations between Management and the lenders were still ongoing relating to potential amendments to the terms of the agreements because of the breach.

Investment Shares

($ thousands)	2024		2023	
Balance, beginning of year	$765,436		$637,867	
Issued	-		161,213	
Converted	-		(35,616)	
Issued, net [1]	-		125,597	
Redeemed, net [2]	(5,365)		(25,872)	
Dividend Reinvested	38,779		27,844	
Balance, end of year	798,850		765,436	
Dividends				
Paid in Cash	7,349	15.9%	6,240	18.3%
Paid in Shares	38,779	84.1%	27,844	81.7%
	46,128	100.0%	34,084	100.0%
Redeemed, net [2]	$ 5,365	0.7%	$ 25,872	4.1%

[1] Issued, net: Certain earlier series of investment shares were eligible to be converted into Series 23 shares and such conversions have been netted against the gross issue.

[2] Redemptions - net of units converted into new Series 23 and transfers between members.

Redemptions decreased in 2024 as interest rates declined, as holders had less incentive to redeem shares to reinvest into alternative investment products, such as GIC's.

Assets Under Administration

Wealth Management provides financial advisory services to Members. Assets under administration consist largely of mutual fund assets held by Members.

Assets under administration increased by $0.6 billion or 13.6% to $5.0 billion in 2024 compared to the previous year, largely a result of market appreciation as financial markets in both Canada and the US were generally strong throughout the year.

LIQUIDITY MANAGEMENT

Liquid Assets

Liquid assets are comprised of cash, deposits, securities sold under repurchase agreements, marketable debt securities, and securitized mortgages not yet sold. Liquid Assets totaled $3.1 billion on December 31, 2024 (December 31, 2023 – $3.8 billion).

($ thousands)	2024	2023	Change from 2023
Cash and demand deposits			
Cash on hand	$ 19,021	$ 19,185	$ (164)
Demand deposits with financial institutions	485,881	955,327	(469,446)
	504,902	974,512	(469,610)
Marketable securities			
Government issued and other securities	2,048,397	1,595,341	453,056
Reverse repurchase agreements	-	492,527	(492,527)
	2,048,397	2,087,868	(39,471)
Meridian NHA mortgage-backed securities[1]	522,587	766,192	(243,605)
Total liquid assets	$ 3,075,886	$ 3,828,572	$ (752,686)

[1] Securitized mortgages that were not transferred to third parties and are included in residential mortgages on the balance sheet.

Credit Facilities

In addition to its liquid assets, Meridian has access to additional sources of liquidity through various credit facilities, as noted below:

Credit Facilities	2024		2023	
($ thousands)	Authorized	Drawn	Authorized	Drawn
Revolving lines of credit				
Secured	$ 400,000	$ -	$ 475,000	$ -
Unsecured	355,374	-	359,395	-
	755,374	-	834,395	-
Contingent credit facilities				
Unsecured	422,000	205,174	422,000	134,978
Total credit and contingency facilities	$ 1,177,374	$ 205,174	$ 1,256,395	$ 134,978

Central 1, as a credit union central, provides access to the payment clearing and settlement system and also acts as a liquidity provider to its members. As part of that relationship, Central 1 provides various unsecured facilities noted above, which are subject to annual review and renewal. These credit facilities are secured by a General Security Arrangement. In 2024, the OneCap secured line of credit for $75 million matured and was not renewed by

Meridian. The unsecured contingent credit facilities are in the form of letters of credit or guarantees to Credit Union Members and amounts drawn are off-balance sheet.

As of December 31, 2024, Meridian Credit Union’s liquid asset ratio – defined as total unencumbered liquid assets as a percentage of total assets on a non-consolidated basis – was 13.3%, compared to 15.3% at the end of 2023, well above the minimum requirement established by the Board.

CAPITAL MANAGEMENT

Regulatory Capital and Capital Adequacy Ratios

Meridian is well capitalized, with regulatory ratios exceeding the requirements of FSRA Rule 2021-002 Capital Adequacy Requirements for Credit Unions and Caisses Populaires under the Credit Union and Caisses Populaires Act, 2020 (the "Act"), which regulates Ontario Credit Unions and underlies Board policy requirements.

Capital Structure and Regulatory Ratios at Year End

($ thousands)	2024	2023	Change from 2023	
Regulatory Capital				
Tier 1 Capital	**$ 1,653,615**	$ 1,574,186	$ 79,429	5.0%
Total Capital	**2,011,156**	1,885,256	125,900	6.7%
Capital Ratios				
Tier 1 Capital Ratio	**11.7%**	11.1%	60	bp
Total Supervisory Capital Ratio	**14.2%**	13.3%	90	bp
Leverage Ratio	**7.4%**	6.7%	70	bp

bp- basis point

As of December 31, 2024, Meridian's Tier 1 Capital Ratio (T1CR) and Total Supervisory Capital Ratio (TSCR) were 11.7% and 14.2%, respectively, compared to T1CR of 11.1% and TSCR of 13.3% at the end of 2023. The increase is attributed to the higher retained earnings, accumulated other comprehensive income, dividend reinvestment into shares and subordinated debt. The capital metrics are well in excess of the T1CR 6.5% and TSCR 8.0% minimum requirements, as well as the additional 2.5% capital conservation buffer stipulated in the Act.

Meridian's Leverage Ratio was 7.4% at the end of 2024, compared to 6.7% at end of 2023. This is well in excess of the 3.0% minimum regulatory requirement.

Meridian's capital position is generated primarily from retained earnings. Meridian actively monitors and manages its capital position, including optimizing the mix of lending and other risk weighted assets. Meridian is committed to a disciplined approach to capital management that balances the interests and requirements of Members and regulators.

Internal Capital Adequacy Assessment Process

Meridian performs an Internal Capital Adequacy Assessment Process ("ICAAP") and maintains a Stress Testing program, in line with FSRA requirements. Meridian performs an ICAAP for the purpose of setting internal capital targets and developing strategies to achieve them. The ICAAP builds on Meridian's minimum regulatory capital requirements, using a comprehensive assessment of risks and consideration of relevant stress testing to determine minimum capital levels that are appropriate to support Meridian's unique risk profile. The ICAAP is integrated with Meridian's strategic and business planning function, operational departments, and Enterprise Risk Management ("ERM") function.

RISK MANAGEMENT

Effective risk management is critical to the attainment of the strategic imperatives of Meridian. Meridian has built a strong overall risk culture that empowers all employees to be engaged in the identification and management of risk within its risk appetite. The Board and all employees are responsible to ensure that the risks to which Meridian is exposed are aligned to the Board approved risk appetite. Meridian has established a risk appetite framework across the organization for Management and the Board to communicate, understand, and assess the level of risk that they are willing to accept. A clear risk appetite enables Meridian to make better strategic and tactical decisions based on a risk reward basis with consideration for its capacity to manage associated risks.

Meridian uses ERM to fully consider risk in all decision-making to ensure that the risk exposures of Meridian are effectively and prudently managed. Meridian's ERM framework complies with the FSRA Sound Business and Financial Practices Rule, and considers guidance provided by other relevant regulatory bodies and industry best practices. Meridian maintains an ERM framework to identify, assess, respond to, and monitor risk, including the following framework elements:

i. Risk Appetite;
ii. Risk Management Structure and Governance;
iii. ERM Processes;
iv. People and Culture; and
v. Enterprise Risk Register

<u>Risk Appetite</u>

Meridian has established and maintains a risk appetite that enables the Board and Management to make better strategic and tactical decisions based on a risk-reward basis. Risk appetite provides Meridian with a clear mandate for the amount and type of risks to accept and the risks to avoid and facilitate a more considered risk-taking culture in which decisions about taking on risks reflect the capacity to manage those risks. The risk appetite framework consists of the following four key elements:

i. Qualitative Risk Appetite: Meridian maintains a qualitative Risk Appetite Statement summarizing its key qualitative risk appetite principles which reflect the organization's enterprise risk management objectives and its risk-taking philosophy. Principles defining Meridian's Risk Appetite are contained within all relevant Board Policies.

ii. Quantitative Risk Appetite: Risk Appetite Metrics provide financial benchmarks that establish the amount of risk (i.e. a risk "budget") Meridian is prepared to accept in specific risk categories to facilitate value creation for risk-taking. Criteria provide supporting guidance for the development of robust risk appetite statements and are generally aligned to one of three performance objectives (Capital, Liquidity, and Growth & Well-being).

iii. Key Applications: Key applications establish where and how the risk appetite is embedded and operationalized within Meridian's strategic and operational processes. Specifically, Meridian's risk appetite is linked to its strategic and financial plans and considered throughout the strategic planning process as strategic goals and objectives are set, strategies are formulated, operations / compliance / reporting objectives are established, and decisions are made on how to manage risks related to the achievement of objectives. The financial plan is established in a manner ensuring that risk appetite metrics are not expected to fall outside of the approved risk appetite range.

iv. Governance and Control: Protocols establish how risk appetite is monitored and reported at all levels of the organization and how breaches to risk appetite are managed.

Risk Management Structure and Governance

Meridian adheres to the Three Lines of Defence model of risk management:

- The First Line of Defence is the business units within Meridian which perform day-to-day risk management activities. These units own the risk in their operations and are responsible for pursuing appropriate opportunities in accordance with established controls, risk management policies, and the Risk Appetite. Each business unit must ensure that it is acting within its delegated risk-taking authority, as set out in risk policies and limits. Limits are set for the business units, each of which has effective processes and controls in place to enable it to operate within these limits.

- The Second Line of Defence involves those responsible for risk oversight and risk guidance. These groups provide independent oversight and establish risk management policies, infrastructure, processes, and practices that address all significant risks across Meridian.

- The Third Line of Defence is independent assurance to the Board and senior management which is the primary responsibility of Internal Audit Services ("IAS"). IAS provides independent, objective assurance and consulting activities designed to add value and help Meridian accomplish its objectives by bringing a systematic, disciplined approach to evaluate the efficiency and effectiveness of the governance, risk management, and control processes.

Meridian maintains a risk governance structure outlining the responsibilities of key roles and committees:

- The Board of Directors has overall responsibility for the establishment and oversight of Meridian's ERM framework. The Board requires management to provide reporting on, and to discuss with the Board, material risk exposures of Meridian; ensures they understand and continuously monitor the risks to which Meridian is exposed; and ensures that the strategy of Meridian is consistent with Board-approved risk appetite.

- The Board Risk Committee assists the Board in fulfilling its responsibilities to oversee risk management across Meridian. The Risk Committee ensures management has implemented effective processes to identify, assess, respond to, and monitor the risks of the organization; maintains oversight of management's compliance with policies related to ERM; and approves management's plans to respond to risks in excess of Board-approved risk appetite.

- The Board Audit & Finance Committee assists the Board in assessing the adequacy and effectiveness of internal controls over financial reporting, including controls over relevant risk management processes.

- The President and Chief Executive Officer ("CEO") has overall accountability for the ongoing execution of risk management. The CEO, through established delegation and accountability structures, ensures management of risk across Meridian is aligned to Board-approved risk appetite; reports to the Risk Committee and the Board on the risks to which Meridian is exposed; and identifies and reports to the Risk Committee and the Board on risks which are or may become in excess of Board-approved risk appetite, including any material variances from the annual business plan.

- The Chief Risk Officer ("CRO"), as the second line of defence, assists the CEO in managing risk. The CRO is directly responsible to the Board to ensure compliance with the ERM Policy across Meridian; maintain Meridian's ERM framework, and ensure it meets the objectives of the Policy; support the first line of defence, including advising management on prudent risk management practices; and provide independent effective challenge of the first line of defence.

- The Management Risk Committee ("MRC") provides risk oversight and governance at the highest levels of management through the review and discussion of significant risk issues and action plans that arise in the execution of the enterprise-wide strategy. MRC is responsible for ensuring that Meridian's risk profile is consistent with its strategic objectives and Risk Appetite and there are continuous, appropriate, and effective risk management processes. MRC consists of the President and CEO, and their direct reports, chaired by the Chief Risk Officer.

- The Credit Management Committee ("CMC") reviews Meridian's overall loan portfolio key indicators and monitors performance against established Credit policy. Key activities include review of key portfolio management indicators (sector/connected party limits, delinquency and impairment trends, and watch list reports), review new pipeline reporting relative to managing to established target commercial loan level, review of limit proposals and providing input from a business perspective, annual review of loan provisioning policy and review/monitor provisioning status and forecasts throughout the year, approval of commercial deals from a 'strategy' perspective, and review of macro-economic industry trends that could have systemic impact, positive or negative, upon all or portions of the loan portfolio.

- The Asset/Liability Committee ("ALCO") provides strategic direction in the management of interest rate risk, foreign exchange risk, liquidity and funding risk, investment portfolio decisions, and capital management. ALCO is also accountable for compliance with policies, guidelines, and regulations relative to investments, derivatives, and liquidity.

- The Information Security and Information Technology Risk Committee ("ISITRC") is accountable for the governance of Information Security and security of Member information, ensuring that Information Security policies and activities are integrated and coordinated across all related business operations and providing awareness of Meridian's information risk profile. It ensures information security risks are mitigated to an acceptable level in accordance with policy. ISITRC is also accountable for the management and oversight of Information Technology Risk, as described within the Board Information Technology Risk Management Policy.

ERM Processes

ERM is an on-going and cyclical process. The Board and senior management set the tone for the implementation of the ERM Framework. There are four primary steps in the ERM process (Risk Identification, Risk Assessment & Measurement, Risk Response & Action, and Monitoring & Reporting) described below.

i. Risk Identification: Identification of risks occurs on an ongoing basis for existing processes and on an ad-hoc basis. The senior leadership team is asked to identify all new or emerging enterprise risks on a quarterly basis and put them forward to Meridian's MRC for review and discussion. Management will consider a variety of internal and external factors that may give rise to risks including economic, social, personnel, environmental, technological, and political.

ii. Risk Assessment & Measurement: As part of the ERM process, Meridian will perform a series of quarterly and annual risk assessments and additional risk assessments as needed when warranted by new initiatives, material changes, or significant external events. Risk assessments are used to continuously identify the current and expected future risk landscape, understand the current organizational ability to manage these risks, and ensure sufficient mitigation plans are developed as necessary.

iii. Risk Response & Action: Meridian establishes an appropriate response for each risk identified. A risk response can take one of four forms: Retain (Accept and Budget), Reduce (Mitigate), Transfer (Insure), or Avoid (Eliminate). Risk Management ensures that control activities are an integral part of a risk response.

iv. Monitoring and Reporting: Enterprise-level risk monitoring and reporting are critical components of Meridian's ERM program and operating culture that help senior management, committees, and the Board to effectively perform their risk management and oversight responsibilities.

People and Culture

Meridian maintains a risk culture embodying the philosophy that ERM is the responsibility of everyone at Meridian, including the Board, management, and all employees. Risk Culture is the system of values, beliefs, attitude, knowledge, understanding, and behaviors within Meridian that shapes risk decisions by Management and employees.

Meridian's risk governance structure ensures that the responsibilities for oversight and control of risk management are clearly defined. Risk Management provides independent oversight and governance for all risk management functions to promote a strong risk management culture. Risk Management conducts, on an annual basis, a risk culture assessment.

Enterprise Risk Register

Meridian recognizes five broad types of risk: Strategic Risk, Operational Risk, Regulatory Risk, Credit Risk and Financial Risk (including Interest Rate and Market Risk and Liquidity and Funding Risk). There are numerous specific risks, many of which are beyond Meridian's direct control. Their impact can be difficult to predict and could cause results to differ significantly from plans, imperatives and estimates. Meridian considers it critical to regularly assess its operating environment and highlight top and emerging risks. Risks are identified, discussed and actioned by members of the Senior Leadership Team and reported quarterly to the Management Risk Committee, the Risk Committee of the Board and the Board. Specific plans to mitigate top and emerging risks are prepared, monitored and adjusted as required.

Meridian has in place a full complement of risk management programs, policies, standard operating procedures and internal controls that are designed to mitigate risks to acceptable levels. Appropriate consideration has been given to all relevant risks, and controls are consistently applied, implemented and adhered to throughout the organization. Meridian invokes risk management programs and appropriately adapts its risk appetite and existing controls to mitigate the potential risk impacts related to operational changes.

Strategic Risk

Strategic Risk is the risk that Meridian is unable to develop or implement appropriate business plans and strategies, effectively allocate resources, build or maintain a sustainable competitive advantage, or meet the ongoing needs and expectations of its Members. As described herein, Meridian considers a range of potential future situations in developing its strategies and develops plans that provide optimal outcomes. Over time, the key assumptions used to determine the strategies are monitored and may be adjusted appropriately. Meridian continuously evolves its business model to support its planned growth and maintain a culture of improving the financial well-being of our Members.

Climate change risk is a strategic consideration given the potential long-term exposure of Meridian to the physical and transitional risks associated with ongoing climate change. Management has developed an approach to analyzing and identifying the exposure and potential impacts of climate change to Meridian, including direct impacts to Meridian, impacts on our Members and implications to the organization’s strategic plans. Robust ERM processes and a proactive risk aware culture help ensure that trends in climate-related risks are identified and prioritized as appropriate on an ongoing basis.

Operational Risk

Operational Risk is the risk that Meridian’s processes, technology or people fail to deliver the required results. This can include responding to external threats. Meridian has several programs that manage specific risks under the Operational Risk umbrella, including people related risks, criminal risks (fraud), physical and information security risks (cyber risk), business continuity risk, as well as risks associated with external vendors providing services. Meridian maintains an Operational Risk Management Framework that integrates the various operational risk programs. Meridian effectively balances the risk it accepts in its day-to-day operations while striving to enable business solutions that create Member value.

Regulatory Risk

Regulatory Risk is the risk that Meridian fails to comply with applicable regulations, laws and market codes of conduct. Meridian maintains robust programs in the areas of regulatory compliance management, anti-money laundering and anti-terrorist financing, and privacy to manage compliance and minimize overall regulatory risk. Meridian will not, under any circumstances, intentionally or knowingly violate any law, statute or regulation.

Credit Risk

Credit Risk is the risk of financial loss when a borrowing Member fails to meet their contractual obligations. Credit Risk can be exacerbated by broad impacts to markets in which Meridian's business is concentrated. Meridian's lending philosophy is established by the Board through the Credit Risk Management Policy. The Credit Risk Management Policy provides direction to Management relative to operational credit policies, lending authorities, assessment and limits of specific and aggregate credit risk, individual and industry sector concentration limits, as well as monitoring and reporting requirements. Meridian will extend credit to Members and businesses with a demonstrated willingness and ability to repay. A detailed discussion of the management of credit risk is provided in the annual audited consolidated financial statements.

Interest Rate and Market Risk

Interest Rate and Market Risk includes changes to interest rates and foreign exchange rates. Meridian is exposed to interest rate risk when it enters into banking transactions with its Members, namely deposit taking and lending. The Credit Union's exposure to interest rate risk depends on the size and direction of interest rate changes, and on the size and maturity of the mismatched positions.

Meridian manages interest rate risk in line with its risk appetite and in support of its profitability objectives. A detailed discussion of the management of interest rate risk is provided in the annual audited consolidated financial statements.

Liquidity and Funding Risk

Liquidity and funding risk is the risk that Meridian is unable to secure adequate, timely and reasonably priced funding.

Managing liquidity and funding risk is critical to ensuring the stability and soundness of Meridian. Meridian's policies and procedures ensure the Credit Union holds sufficient liquid assets and contingent funding capacity to meet financial commitments in times of stress. Prudent diversification and stability of funding is established through concentration limits, managing aggregate exposures by type and term of funding source.

Meridian's funding strategy follows a sustainable growth approach in that the funding of organic lending growth is primarily accomplished through organic deposit growth and securitization. Meridian maintains a large and stable base of deposits that, along with our strong capital base, supports the maintenance of a sound liquidity position. Meridian continues to maintain and investigate new funding sources in the event that access to specific programs is limited in the future or only available at significantly higher rates. Diversification of external funding sources is an important aspect of Meridian's overall risk management strategy which is achieved through the brokered deposit network, credit and contingency funding facilities and term funding facilities.

On an annual basis, Meridian develops a comprehensive funding plan in alignment with the annual business plan which is approved by the Board. Quarterly forecasts to Plan are performed and a Contingent Funding Plan (CFP) is developed to stipulate required actions and accountabilities in the event of stressed liquidity/funding conditions.

Meridian conducts regular liquidity stress tests, based on current economic and financial conditions, under a combined Meridian-specific and market-wide stress scenario, maintaining a minimum buffer over regulatory requirements prescribed by the FSRA Liquidity Guidelines. Meridian monitors and reports regulatory liquidity metrics to FSRA monthly.

Capital Risk

Overview

Meridian is committed to a disciplined approach to capital management and maintaining its capital base to support its business activities and mitigate the associated risks. A sound capital position contributes to the safety for our Members, promotes confidence in attracting new Members, and allows Meridian to explore growth opportunities.

Meridian's capital management philosophy is to remain adequately capitalized at all times and to maintain a prudent cushion of equity to ensure ongoing economic stability and provide the opportunity to finance new growth.

The principles and key elements of our capital management framework are outlined in the Board Capital Management Policy. This policy establishes and assigns the responsibilities related to capital and sets forth both regulatory and policy guidelines related to capital management and associated reporting mechanisms.

The Risk Committee, which reports into the Board, oversees compliance with the Capital Management Policy, the Capital Contingency Plan and the target risk-based capital requirement determined by the ICAAP. It regularly reviews Meridian's capital position and key capital management activities.

The Audit and Finance Committee provides oversight to capital management including the Annual Capital Plan and the Three-Year Capital Plan.

The Executive Leadership Team provides senior management oversight of the capital management process, including review and discussion of significant capital policies, practices and action items. At the operational level, the Treasury team is responsible for the overall management of capital including planning, forecasting and execution of the Capital Plan.

Managing and Monitoring Capital

Meridian has a comprehensive risk management framework to ensure that the risks taken while conducting business activities are consistent with its risk appetite. In managing our capital position, close attention is paid to the cost and availability of the types of capital, desired leverage, changes in both assets and risk weighted assets, and the opportunities to profitably deploy capital.

Capital Planning is an important element of the credit union's financial planning process and in the establishment of strategic objectives and is developed in accordance with the Capital Management Policy. Each year, a Capital Plan and a Three-Year Outlook are developed as part of the Financial Plan, which establishes targets for coming years and business plans to achieve those targets. Capital levels are monitored monthly and compared to forecast levels for both capital and risk weighted capital.

Meridian's monitoring and forecasting procedures track the expected growth in retained earnings relative to the growth in risk weighted assets. This longer-term forecasting allows Meridian to consider the need to seek additional external capital. These projections also take into account the future impact of expected changes in accounting and regulatory standards. A detailed discussion of capital management is provided in the notes to the annual audited consolidated financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURES

Internal Controls over Financial Reporting (ICFR) are developed and maintained to provide reasonable assurance that Meridian's consolidated financial statements are prepared in accordance with IFRS Accounting Standards and to ensure the reliability of financial reporting and the safeguarding of Meridian's financial resources.

Due to its inherent limitations, ICFR may not prevent or detect misstatements on a timely basis. Meridian continues to assess and adopt best practices in financial reporting and corporate governance. Meridian has developed processes to evaluate the design and operating effectiveness of its ICFR and is focused on continually enhancing its ICFR framework.

CRITICAL ACCOUNTING ESTIMATES

Meridian's summary of material accounting policies is presented in Note 3 to the consolidated financial statements. In preparing the consolidated financial statements according to IFRS Accounting Standards, Meridian uses certain critical accounting estimates and Management may exercise judgment in the process of applying Meridian's accounting policies. Certain changes in assumptions may have a significant impact on the consolidated financial statements in the period in which the assumptions are modified. The principal areas which require significant accounting estimates or a higher degree of judgment or complexity are noted below and detailed further in the annual audited consolidated financial statements.

- Fair value of financial instruments
- Classification and measurement of assets held for sale
- Allowance for expected credit losses on financial assets
- Impairment of non-financial assets, including goodwill and intangible assets
- Recognition and derecognition of securitization arrangements
- Deferred taxes
- Valuation of right-of-use assets and lease liabilities
- Recognition of interests in subsidiaries, associates and joint arrangements

2025 OUTLOOK

Economic Outlook

Canada and Ontario are facing a challenging and uncertain economic environment in 2025. Elevated geopolitical risks and accelerating trade tensions, particularly with the United States, create a complex environment. The impending federal election adds further uncertainty to economic policy, both domestically and internationally. However, there are also signs of potential relief through the easing of inflationary pressures and expected adjustments in interest rates by central banks.

On February 1, 2025, the President of the United States issued an executive order directing the United States to impose new tariffs on imports originating from Canada. These orders call for an additional 25 percent duty on imports into the United States of Canadian origin, except for energy resources that are subject to an additional 10 percent duty. These tariffs were implemented on March 4, 2025, and remained in effect on the date of this MD&A. The Credit Union is assessing the direct and indirect impacts to its business of such tariffs, retaliatory tariffs, or other trade protectionist measures, as this situation develops. As of the date of this MD&A, it is not possible to estimate the duration and severity of these measures, nor its impact on the Credit Union.

Excluding the impact of tariffs and related uncertainty on business and consumer confidence, current expectations are for some easing of inflationary pressures. As inflation rates trend within the Bank of Canada’s preferred range, there is a likelihood of continued interest rate cuts, albeit at a more gradual pace. These lower rates are anticipated to provide some relief to households burdened by high debt levels accumulated over the past few years. The central bank's actions will play a crucial role in managing economic stability and stimulating growth.

The labour market in Canada and Ontario is showing signs of weakening, with limited business hiring and investment expected over the next year. The uncertainties in the economic environment contribute to cautious business strategies, restricting expansion and new ventures. However, the easing of interest rates may offer some support to businesses by reducing borrowing costs and encouraging investment in the longer term.

Declining interest rates should help per capita consumption recover over the year. The resale housing market is expected to see modest improvements, although affordability remains a significant issue. Even with some softening in housing prices, many Canadians continue to find it challenging to enter the housing market. Immigration levels are projected to decline over the next two years, but the demand for new home construction remains strong, with a gradual ramp-up anticipated in 2025.

Business Outlook

Canadian financial institutions continue to navigate through a host of economic challenges, marked by cautious consumer behavior and restrained business investments. This economic environment poses significant headwinds, demanding resilience and adaptability.

Looking ahead to 2025, Meridian's strategy revolves around a continued commitment to our members, communities, and sustainable growth. This approach is underpinned by a focus on profitable growth, operational efficiency, prudent risk management and diligent expense management.