

a step
Ahead

Annual
Report

2011

 **MB MeridianBank®**

a record
Year



I am pleased to report a record year in earnings for your company. Net income was \$2.9 million in 2011, up from \$1.1 million in 2010. The return on equity was 8.8%, up from 3.5% in 2010. These results reflect the combined efforts of every employee and Board Director, working hard through a very difficult economic and regulatory environment, to keep Meridian and our valued customers a step ahead. I firmly believe we have the best community banking team in the Delaware Valley, one that can help us achieve superior performance in our highly competitive local banking market.

2011
Annual
Report

Chairman's Letter

During 2011, total loans to businesses and individuals grew nearly 8% year over year, with a 17% increase in loans to the recovering commercial real estate market. Since the local economy is up only slightly, it is apparent we are winning business above the average. Meridian's professionals are conspicuous at local events, actively making appointments to meet with centers of influence and working closely with area development authorities to generate new opportunities. As the local economy improves, we have positioned ourselves to increase our share of new business. Throughout, our loan quality, a critical metric we monitor daily, has remained very good, with fewer delinquencies and fewer charged-off loans in 2011.

Deposits were also up, 12% year over year, and our composition of deposits got markedly better. We increased our checking and savings account balances to nearly 60% of total deposits and reduced our dependence on more costly certificates of deposit. This adds value to our franchise and brings in more account income. In times of interest rate volatility, these accounts will be more stable and help us to minimize interest rate risk.

Meridian Mortgage had a strong year, originating more than \$200 million in residential mortgages. Some banks that experienced problems have discontinued business lines like mortgages. We have seized opportunities to hire their experienced, qualified mortgage officers and continue to expand in the Delaware Valley, making our own growth in this field efficient and productive. Our radio ads have also helped to generate business and promote Meridian Mortgage in the region. Residential mortgage lending will always be necessary and Meridian Mortgage is building an important source of fee income for the Bank.

Amid the good news about Meridian, I must take this opportunity to warn our shareholders of the looming regulatory onslaught posed by the Dodd-Frank bill. This punitive, overreaching piece of legislation will burden your Bank, and the entire financial industry, with significant compliance and regulatory costs. Community banks are the facilitators of local economies. We do this every day through the accounts we manage, the business owners we advise, the money and time we donate to non-profits and local causes, and the individuals we enable to buy homes or other assets. We are disheartened when we see community banks lumped in with the mega banks, whose inordinate risk taking helped precipitate the financial crisis. The restrictive provisions of Dodd-Frank will seriously impede our ability to create this commerce.

We are hopeful that the efforts of organizations we support, like Pennsylvania Bankers and the American Bankers Association, will minimize the regulatory impact on the community bank sector. In any case, you can take heart that our unique business model and the energy and creativity our employees have exhibited since our founding in 2004 will keep Meridian Bank that important step ahead. We appreciate your being a shareholder.

Thank you.



» Christopher J. Annas, Chairman & CEO

- 
- » Achieved record net income
 - » Hit \$400 million in assets
 - » More than doubled non-interest income
 - » Began active SBA lending
 - » Doubled Financial Services' assets under management and fee income
 - » Increased community support

2011
Annual
Report

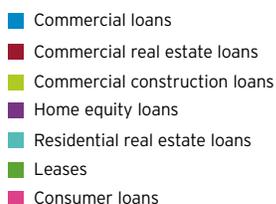
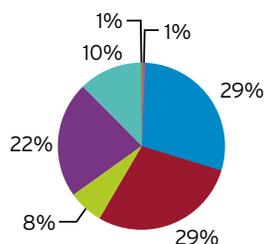
2011 Highlights

Financial Summary

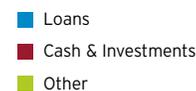
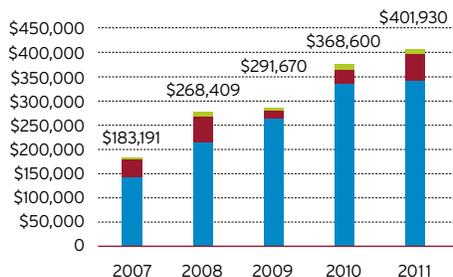
/UNAUDITED/DOLLARS IN THOUSANDS/

	2011	2010	2009	2008	2007
Net Income					
Interest income	\$ 18,964	\$ 17,483	\$ 14,242	\$ 12,114	\$ 10,261
Interest expense	4,177	4,594	6,848	6,944	5,506
Net interest income	14,787	12,889	7,394	5,170	4,755
Provision for loan losses	996	3,333	1,212	851	367
Non-interest income	6,050	2,626	306	377	122
Non-interest expense	15,467	10,597	6,612	4,949	4,153
Taxes	1,482	488	(93)	(86)	128
Net Income	\$ 2,892	\$ 1,097	\$ (31)	\$ (167)	\$ 229
At Year End					
Assets	\$ 401,930	\$ 368,600	\$ 291,670	\$ 268,409	\$ 183,191
Loans	344,571	338,888	268,184	212,173	141,103
Cash & investments	42,604	20,971	14,479	48,435	37,331
Deposits	343,837	306,471	231,025	206,039	111,053
Shareholders' equity	34,042	31,576	31,160	19,022	19,154
Performance and Capital Ratios					
Return on average assets	0.75%	0.33%	(0.01%)	(0.08%)	0.17%
Return on average equity	8.83%	3.48%	(0.13%)	(0.87%)	1.20%
Leverage ratio	8.66%	8.40%	11.11%	7.60%	12.54%
Tier 1 capital ratio	9.08%	9.68%	11.58%	8.97%	12.52%
Total risk based capital ratio	10.81%	11.01%	12.94%	10.22%	13.44%
Shares of common stock outstanding	2,041	2,041	1,944	1,944	1,852
Earnings per share	1.42	0.54	(0.02)	(0.09)	0.12

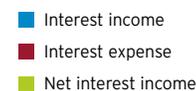
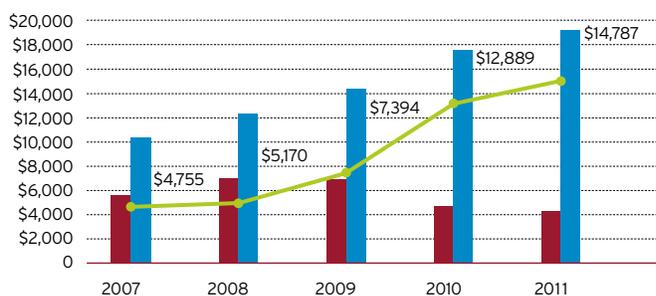
Loan Composition



Asset Composition (000s)



Net Interest Income (000s)





2011
Annual
Report

Business Unit Reports



1 » Commercial and industrial lending has always been a core competency for the Bank. Our commitment to lending throughout the recession, while many other banks retreated from the market, resulted in dramatic growth in our loan portfolio and a significant increase in market share.

Innovative businesses and emerging entrepreneurs in the Delaware Valley continue to partner with Meridian for financing solutions, and we're well positioned to increase lending in 2012.

Joseph L. Cafarchio, Executive VP & Chief Lending Officer

2 » Our residential mortgage unit maintained its steady growth in 2011. Meridian's reputation for quality service enabled us to attract the highly motivated and experienced mortgage professionals we added this year. These new Meridian Bankers contributed to over \$200 million in closed loans in 2011, and allowed us to open satellite offices throughout the region. This growth has also helped in the management of complex regulatory burdens, keeping our team efficient and competitive.

Market conditions, including the pent-up demand among home buyers, give us a positive outlook for the next three to four years. We look forward to growing into this favorable environment by using our experience and creativity to further our success.

Tom Campbell, VP, Residential Mortgage Lending

As home sales increase and the demand for refinancing remains steady, our consumer lending group continues to grow. Our highly experienced team is knowledgeable in all areas of consumer lending, with an expertise in underwriting and regulatory compliance. By working with local brokers and mortgage companies to provide the secondary financing loan, we are able to lead our borrowers through a quick and seamless lending process.

With superior customer service and solid revenue generation, our consumer lending group will continue to build value for Meridian's shareholders.

Loretta Taylor, SVP, Consumer Lending

3 » Meridian's Electronic Payments group works directly with merchants, allowing their businesses to accept MasterCard, Visa, and all other major consumer credit cards as payment for goods and services. Clients range from internal loan customers to independent merchants who process using either e-commerce or face-to-face transactions.

In addition to competitive pricing and state-of-the-art technology, we offer our merchants a local and highly experienced team to guide them through each step of the payment process. By staying abreast of industry trends, we are preparing our customers for whichever mobile payments system wins the day.

Richard J. Dressel, VP, Electronic Payments

4 » Our commercial real estate team continues to capitalize on opportunities presented by current market conditions. We've been able to work with leading developers and real estate managers who possess the experience to buy creatively, develop rapidly, and either sell or stabilize investments in a timely manner. Add to that the broad experience on our own team, and it's clear how we are able to compete effectively with the largest banks operating in our market.

As the commercial real estate market recovers, Meridian's experienced team will continue to cultivate strong relationships and seek new business development opportunities for the Bank.

Clarence Martindell, SVP, Commercial Real Estate

5 » In 2011, Meridian Financial Services doubled assets under management and fee income. We achieved this growth through a combination of new business acquisition and expansion of services to existing clients. While offering a full range of other private banking services, we also increased our use of WealthVision, a planning and account aggregation tool, to help keep clients one step ahead of volatility and uncertainty in the equity markets.

Looking forward, we will continue to grow our investment management and fee income business by bringing the benefits of WealthVision to more clients and key prospects. We also plan to broaden our investment advisory platform by accessing the insights of other top-tier institutional money managers.

Edward J. Carpoletti, SVP, Financial Services



1 » "The past five years have been a struggle for all of us in the contracting business. But Meridian came to our rescue and has been with us every step of the way as we've made our comeback.

Having the expertise and resources to help a business like ours is one thing, but having a personality...real understanding of what we have gone through and what our real potential is...is something special. Meridian provided the comfortable, working relationship that has allowed us to plan and implement our way, step by step, to success."

Beverly Bortz, President, Union Electric Contracting Company, Ft. Washington, PA

1 » Union Electric Executive VP Alison Smith and President Beverly Bortz greet their Meridian Banker, Charlie Kochka.

2011
Annual
Report

Customer Comment



2 » Meridian Banker Chris Godshall with MinusNine Technologies' CEO Hans Frederick and CFO Jon Goodspeed.

2 » “Ours is a constant effort to develop better products, find better ways to manufacture them and create better cost efficiencies. By guiding us through a very specialized State loan guarantee program and then working with us to fully implement it, Meridian Bank has enabled us to continue to innovate, grow, and create more jobs.

With Meridian’s help, we’ve taken a big step, both as a seller and a buyer, onto the highly competitive global stage.”

Jon Goodspeed, CFO, Minus Nine Technologies, Birdsboro, PA

3 » “To be successful, we’ve had to be different, offering more payment flexibility to our clients as the tight economy and the multitude of funding sources stretched the timelines of their projects.

It required us to carefully explain our business process and strategy to our bankers. And it required them to be able to listen equally carefully... then create and manage a financial package that allows us to continue to thrive. A standard banking approach to our situation would have left us back with the pack. But Meridian’s unique ability to understand and serve our special needs puts us a huge, and growing, step ahead.”

George Marks, AIA, Principal, Kramer Marks Architects, Ambler, PA

3 » George Marks guides Meridian Bankers Sara Shute and Amelia Crossett on a tour of the Ambler YMCA, which was designed by his architectural firm.





2011
Annual
Report

Community Support

Since our inception, Meridian Bank has been a leader in supporting service organizations and their activities across the Delaware Valley. Meridian Bankers play active roles in many of these groups, and our participation in community events throughout the year strengthens the bond between Meridian and the communities we serve.

Academy in Manayunk
Academy of Notre Dame
American Cancer Society
American Heart Association
American Red Cross Southeastern PA Chapter
Angel Venture Fair
The Art Trust of Chester County
Barclay Friends
Beaumont Home School Association
Best Buddies Pennsylvania
Boy Scouts of America
Brandywine Ballet Company
Bryn Mawr Hospital
Cadence Cycling Foundation
Chamber of Commerce of Greater West Chester
Chamber of Commerce of Greater West Chester Education Foundation
Chester County 2020
Chester County Art Association
Chester County Chamber of Business & Industry
Chester County Chamber Foundation
Chester County Community Foundation
Chester County Bar Foundation
Chester County Economic Development Council
Chester County Fraternal Order of Police
Chester County Futures
Chester County Historical Society
Citizen Advocacy of Chester County
Community Awareness Committee
Conestoga Youth Wrestling Association
Congreso de Latinos Unidos
Cystic Fibrosis Foundation

Devereux Foundation
Devon Horse Show & Country Fair
Devon Strafford Little League
Downtown High School Band Fund
East Goshen Township Community Day
Exchange Club of West Chester
Exchange Club Family Center
Exton Region Chamber of Commerce
The Foundation at Great Valley
Fox Chase Cancer Center/Broad Street Run
Friends Association
Gordon Bowker Memorial Tournament
Green Valley Academy
Habitat for Humanity of Chester County
Handi-Crafters, Inc.
Home Builders Association of Bucks/Montgomery Counties
Home Builders Association of Chester/Delaware Counties
John A Perucci Sr. Memorial Association
JOS Trust
Kennett YMCA
Kimberton Waldorf School
King of Prussia Players
Living Beyond Breast Cancer
Lionville Community YMCA
Main Line Chamber of Commerce
Make-A-Wish Foundation
March of Dimes
Media Providence Friends School
The Mill at Anselma
Montgomery County 4-H Program

Mosaic SA
Network for Teaching Entrepreneurship
Our Lady of the Assumption Parish
Owen J. Roberts Education Foundation
Paoli-Berwyn-Malvern Lions Club
Paoli Blues Fest
Paoli Business and Professional Association
The Parkinson Council
Pennsylvania State Police Camp Cadet Program
People's Light & Theatre Company
Perkiomen Valley Chamber of Commerce
Plymouth Meeting Friends School
Radnor Conservancy
Relay for Life of Great Valley
Safe Harbor of Chester County
Spring-Ford Area School District Education Foundation
St. Jude Children's Research Hospital
Surrey Services for Seniors
TriCounty Area Chamber of Commerce
The School at Church Farm
Upper Main Line YMCA
Urban Land Institute of Philadelphia
Uwchlan Township Community Day
West Chester Area Senior Center
West Chester Business Improvement District
West Chester Film Festival
West Chester University Foundation
YMCA of the Brandywine Valley

(DIRECTORS PICTURED IN ORDER FROM LEFT TO RIGHT)

Directors

Samuel J. Pilotti	Founder & Managing Partner, Metric Realty, Inc.
Anthony Imbesi	Partner, Patriarch Management
Edwin T. Johnson, Director Emeritus	Founder, The Johnson Companies
Kenneth H. Slack	Partner, Stephano Slack LLC
Erica Burns, Corporate Secretary	
Robert M. Casciato	President, Alliance Environmental, Inc.
George C. Collier	Chief Financial Officer, Streamlight, Inc.
Christopher J. Annas, Chairman	President & CEO, Meridian Bank
Robert T. Holland, Lead Independent Director	Principal, Holland Advisory Group LLC
Denise Lindsay	Executive VP & CFO, Meridian Bank
Edward J. Hollin	Managing Shareholder, Riley Riper Hollin & Colagreco

Senior Management

Christopher J. Annas	President & CEO
Joseph L. Cafarchio	Executive VP & Chief Lending Officer
Denise Lindsay	Executive VP & CFO
James D. Nelsen	Senior VP & Credit Officer





484.568.5000 | Toll Free: 866.327.9199 | www.MeridianBanker.com | Investor@MeridianBanker.com

Corporate Headquarters

92 Lancaster Avenue
Devon, PA 19333

Banking Offices

1776 East Lancaster Avenue
Paoli, PA 19301
610.854.2530

16 West Market Street
West Chester, PA 19382
484.905.5990

60 East Uwchlan Avenue
Lionville, PA 19341
484.395.0090

Meridian Mortgage

920 Germantown Pike, Ste 102
Plymouth Meeting, PA 19462
610.278.4900



MINIMUM 30% POST
CONSUMER FIBER.

