



MeridianCorporation

®

1st QTR 2020 Investor Presentation

NASDAQ: MRBK

May 6, 2020



Forward-Looking Statements

Meridian Corporation (the “Corporation”) may from time to time make written or oral “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements with respect to Meridian Corporation’s strategies, goals, beliefs, expectations, estimates, intentions, capital raising efforts, financial condition and results of operations, future performance and business. Statements preceded by, followed by, or that include the words “may,” “could,” “should,” “pro forma,” “looking forward,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” or similar expressions generally indicate a forward-looking statement. These forward-looking statements involve risks and uncertainties that are subject to change based on various important factors (some of which, in whole or in part, are beyond Meridian Corporation’s control). Numerous competitive, economic, regulatory, legal and technological factors, risks and uncertainties that could cause actual results to differ materially include, without limitation, the current COVID-19 pandemic and government responses thereto, among others, could cause Meridian Corporation’s financial performance to differ materially from the goals, plans, objectives, intentions and expectations expressed in such forward-looking statements. Meridian Corporation cautions that the foregoing factors are not exclusive, and neither such factors nor any such forward-looking statement takes into account the impact of any future events. All forward-looking statements and information set forth herein are based on management’s current beliefs and assumptions as of the date hereof and speak only as of the date they are made. For a more complete discussion of the assumptions, risks and uncertainties related to our business, you are encouraged to review Meridian Corporation’s filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2019 and subsequently filed quarterly reports on Form 10-Q and current reports on Form 8-K that update or provide information in addition to the information included in the Form 10-K and Form 10-Q filings, if any. Meridian Corporation does not undertake to update any forward-looking statement whether written or oral, that may be made from time to time by Meridian Corporation or by or on behalf of Meridian Bank.



Company Highlights

- ☞ Demonstrated organic growth engine in diversified loan segments, capitalizing on sales culture and big bank missteps in the Delaware Valley tri-state market
- ☞ Financial services business model with significant non-interest income streams in Meridian Mortgage, SBA Lending and Meridian Wealth Partners
- ☞ Customer base principally interacts online, allowing a "branch-lite" banking strategy that provides substantial operational leverage.
- ☞ Skilled, long-tenured management team with extensive in-market experience
- ☞ Excellent asset quality with diversified loan portfolio
- ☞ Low commercial real estate (CRE) concentration; focus on smaller, shorter-tenor projects to be more nimble.
- ☞ PPP volume exceeded \$270 million.
- ☞ COVID deferrals approximately 15% of loan portfolio.



Company Snapshot

Overview

- ✎ State-chartered commercial bank established in July 2004 and headquartered in suburban Main Line Philadelphia
- ✎ Provides full service banking to businesses, professionals and retail customers in the Delaware Valley
 - 6 full-service banking offices in PA (implementing a successful one branch per county strategy)
 - 20 mortgage loan production offices
- ✎ Noninterest income businesses in Meridian Mortgage[®], SBA Lending, Meridian Equipment Finance[®], and Meridian Wealth Partners[®]
- ✎ Successful Meridian Mortgage[®] division with experienced core management team that has been together for over 20 years

Financial Highlights 1QTR 2020¹

Balance Sheet (\$ in Millions)

Assets	\$1,303
Loans & Leases ²	\$1,129
Deposits	\$994
Equity	\$118

Asset Quality (%)

NPA's/Assets	0.51%
Nonaccrual Loans/Loans	0.58%
Reserves/Loans ³	1.10%
NCOs (recoveries)/Loans	0.00%

MRQ Profitability (%)

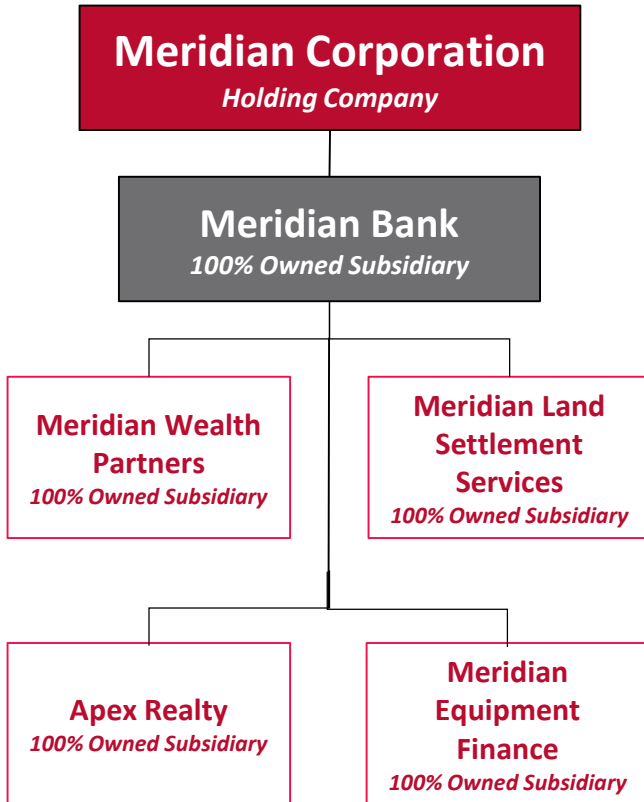
ROAA	0.87%
ROAE	8.40%
Net Interest Margin	3.49%
Tangible Equity	8.73%

1) As of and for the quarter ended March 31, 2020, per April 27, 2020 press release
 2) Includes loans held for sale and held for investment
 3) Excludes loans at fair value



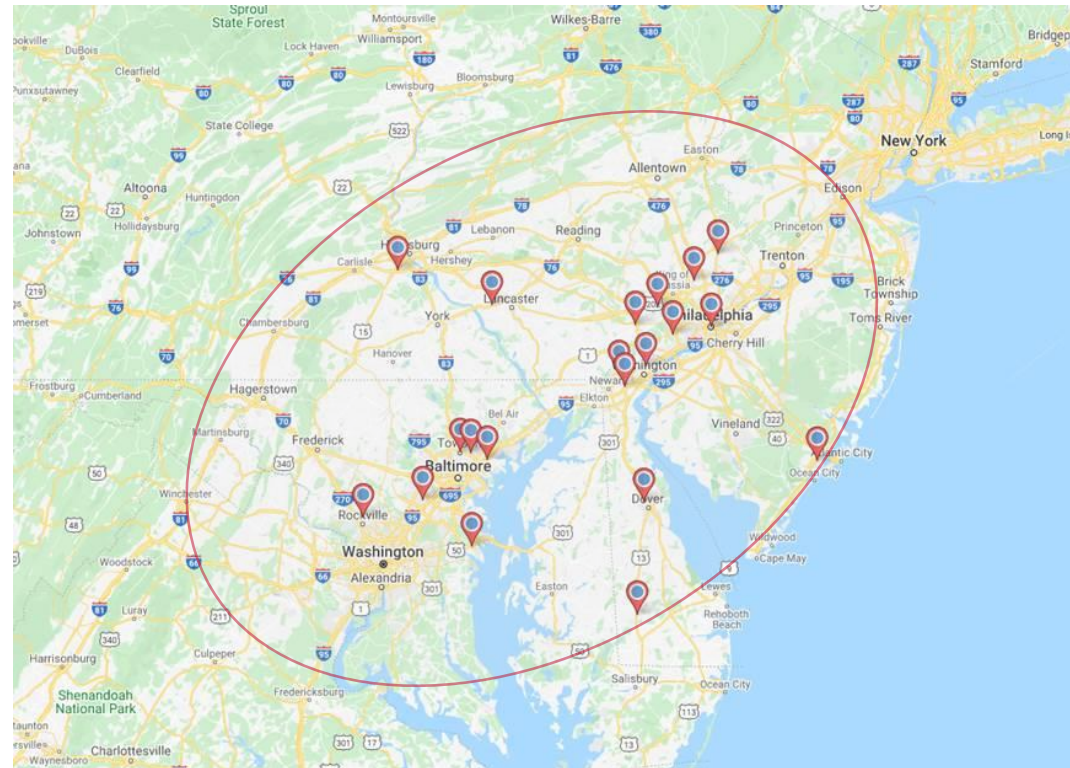
Current Meridian Franchise Footprint

Organizational Structure



Geographic Footprint

Branches (6) Mortgage Locations (20)





Deep and Experienced Leadership

Meridian
Bank
Executive
Management

Chris Annas

*Chairman of the Board
President & CEO*

- ☞ Founder, Chairman, President and Chief Executive Officer of the Bank since its opening in 2004
- ☞ Held executive positions with various regional banks in the Delaware Valley since 1986
- ☞ Over 35 years of banking experience in various commercial lending capacities

Denise Lindsay

EVP & CFO, Director

- ☞ Manages all corporate accounting functions and is responsible for asset-liability management, financial reporting, tax planning and reporting, budgeting and investor relations
- ☞ Over 25 years experience in bank financial management, Certified Public Accountant, former Senior Accountant for KPMG, LLP and member of the Financial Managers Society and PICPA

Joseph Cafarchio

EVP & CCO

- ☞ Heads credit underwriting and administration
- ☞ Over 35 years of experience in commercial lending in the region, including five years at the Federal Reserve Bank of Philadelphia
- ☞ Previously Chief Lending Officer from the Bank's inception until January 2017 when the Bank split the role of Chief Lending Officer and Chief Credit Officer

Charles D. Kochka

EVP & CLO

- ☞ Has served as leader of commercial and consumer lending at the Bank since 2017
- ☞ Has more than 38 years experience in commercial lending in the Delaware Valley

Randy J. McGarry

SVP & CIO

- ☞ Responsible for executing technology and operational solutions aligned with corporate strategy
- ☞ Over 25 years of banking experience with expertise in IT strategy, technology architecture, network infrastructure, core system conversions and merger & acquisitions
- ☞ Member of the Greater Philadelphia Senior Executive Group and the Society for Information Management

Clarence Martindell

EVP & CRE Lending

- ☞ In charge of growing and maintaining a strong commercial real estate loan portfolio, along with growing the Bank's title business and handling the disposition of all REO
- ☞ Over 25 years of real estate lending experience.
- ☞ Prior to joining the Bank, was the Director of Finance for Westrum Development Co., a regional homebuilder

T. Benjamin Marsho

EVP & Risk & Treasury

- ☞ Oversees risk management, treasury, compliance and BSA / AML
- ☞ Over 25 years of banking experience, including 5 years at the Office of Comptroller of the Currency, nearly 10 years as Controller at a publicly traded community bank and 5 years in investment and treasury management of a \$50 billion multinational bank



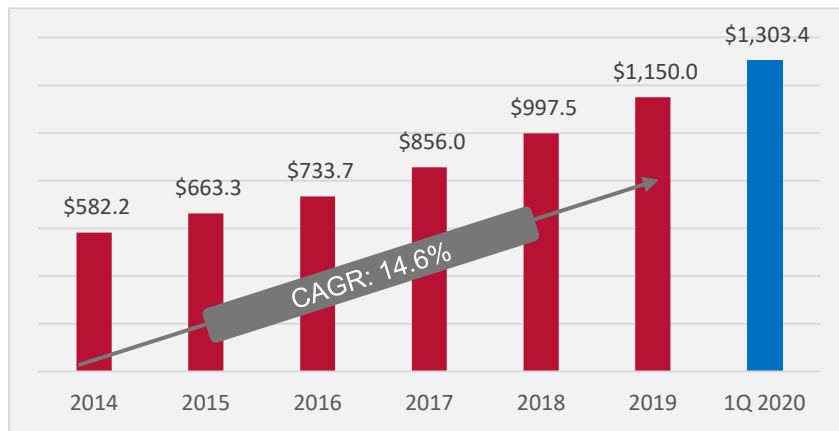
Overview of Business Lines

Core Banking	Meridian Mortgage	Wealth Management and Advisory Services
<ul style="list-style-type: none">☞ Commercial & Industrial Lending<ul style="list-style-type: none">– Lines of credit, term loans– Owner-occupied commercial mortgages– Leasing☞ Commercial Real Estate Lending<ul style="list-style-type: none">– Owner occupied commercial mortgages– Construction loans– Land development loans☞ Consumer Lending<ul style="list-style-type: none">– Home equity loans / lines of credit☞ Deposit & cash management services☞ SBA Lending<ul style="list-style-type: none">– Highly experienced team in Delaware Valley– Top 4 originator in Eastern PA district	<ul style="list-style-type: none">☞ Mortgage originations were \$255 million for 1Q 2020 and \$603 million for YR 2019☞ Meridian Mortgage clients include homeowners and small scale investors☞ Approximately 75% of mortgage loans are originated in the PA, NJ, DE, VA, MD and DC markets<ul style="list-style-type: none">– Majority of these loans were for 1-4 family housing– 99% of all loans originated were sold	<ul style="list-style-type: none">☞ \$635 Million AUM as of March 31, 2020☞ Meridian Wealth Partners, LLC is a registered investment advisor and wholly-owned subsidiary of the Bank☞ Provides a comprehensive array of wealth management services and trusted guidance☞ Clients include:<ul style="list-style-type: none">– Professionals– High net worth individuals– Company benefit plans☞ Synergies between the core bank and wealth businesses are building

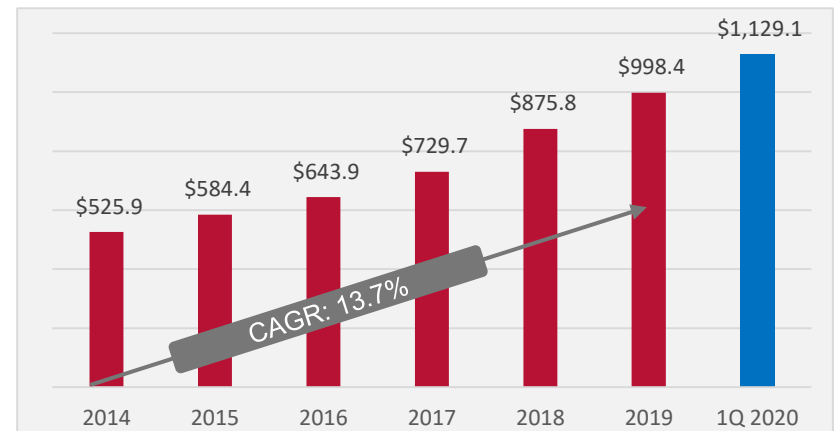


Consistent Balance Sheet Growth

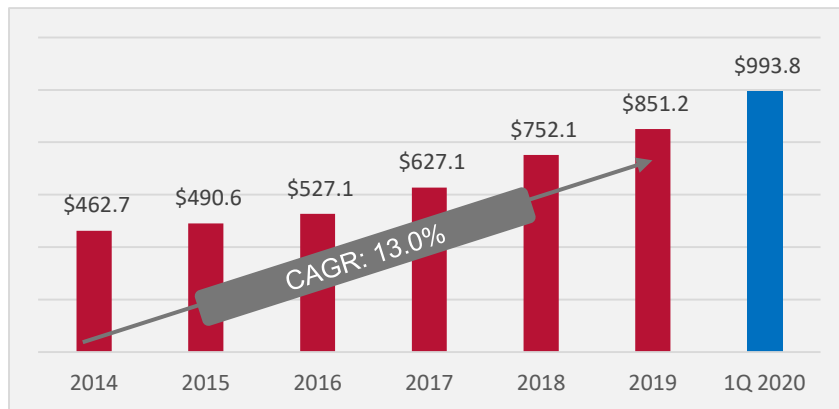
Total Assets (\$M)



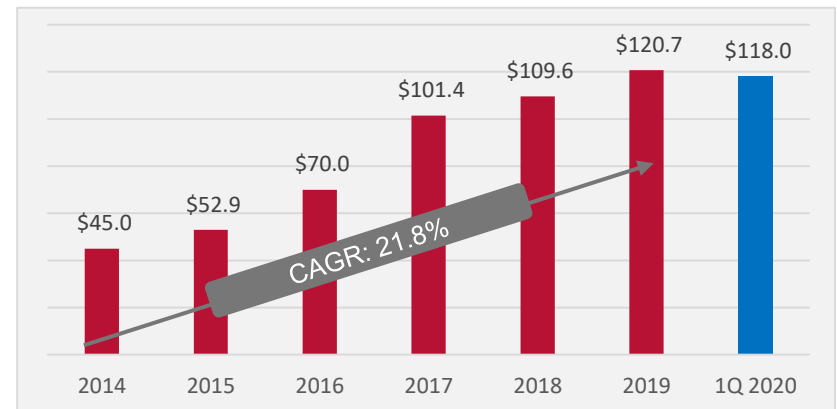
Loans and Leases¹ (\$M)



Total Deposits (\$M)



Consolidated Equity (\$M)

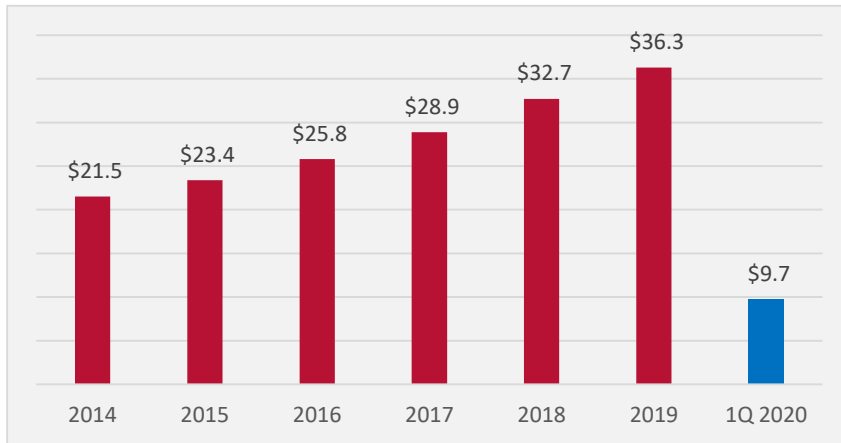


1) Includes loans held for sale and held for investment

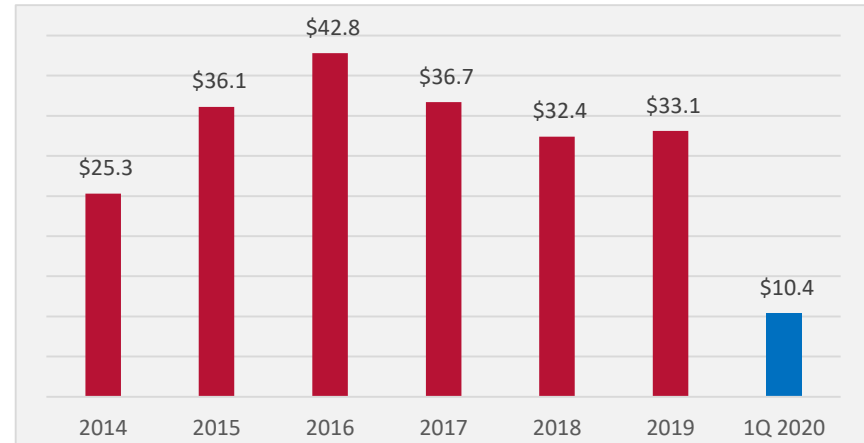


Summary Income Statement¹

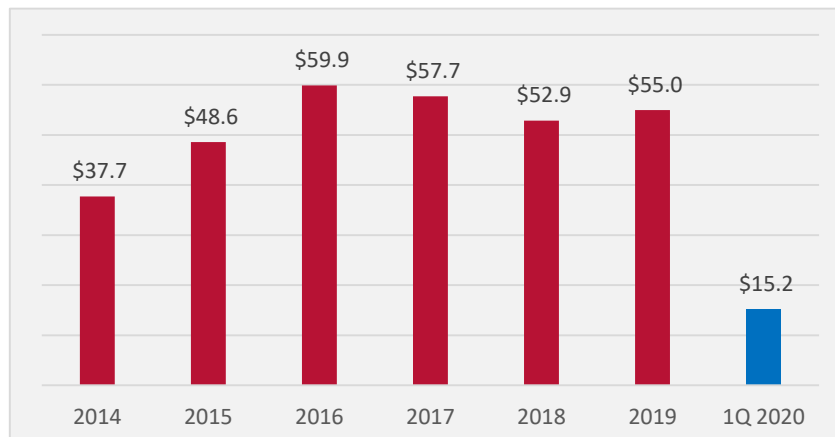
Net Interest Income (\$M)



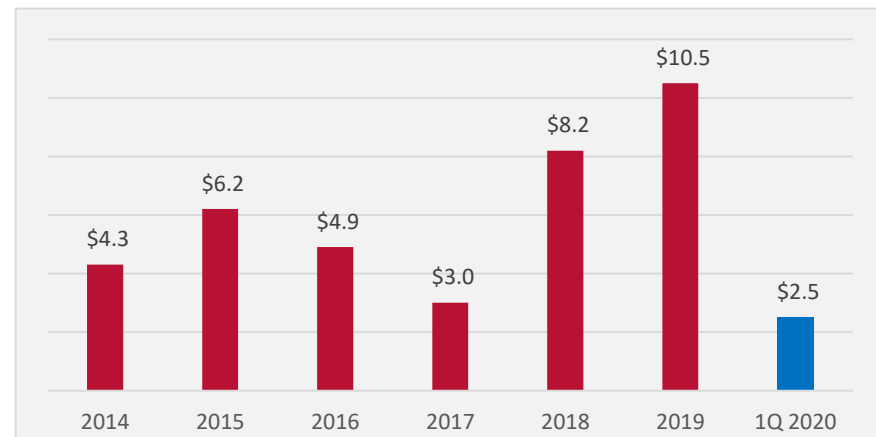
Non-interest Income (\$M)



Non-interest Expense (\$M)



Net Income (\$M)

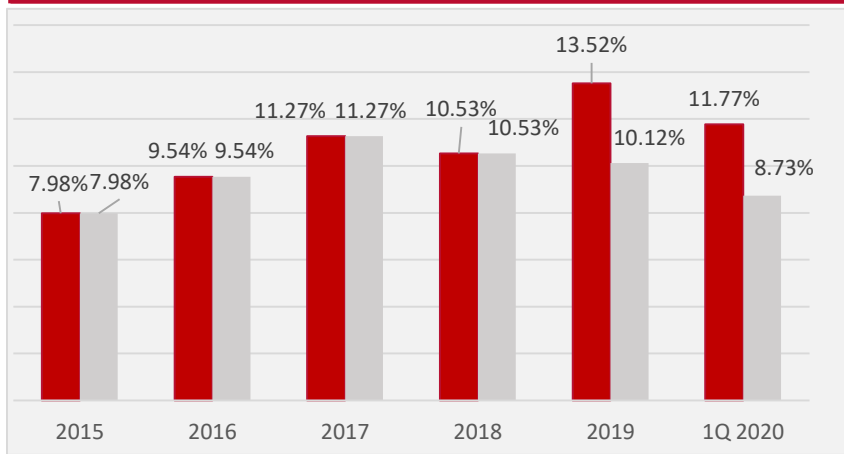


1) Decrease in 2017 profitability due to a decrease in net operating profit from mortgage division (\$1.8M); 2017 tax reform resulted in a one-time charge to tax expense of \$737K

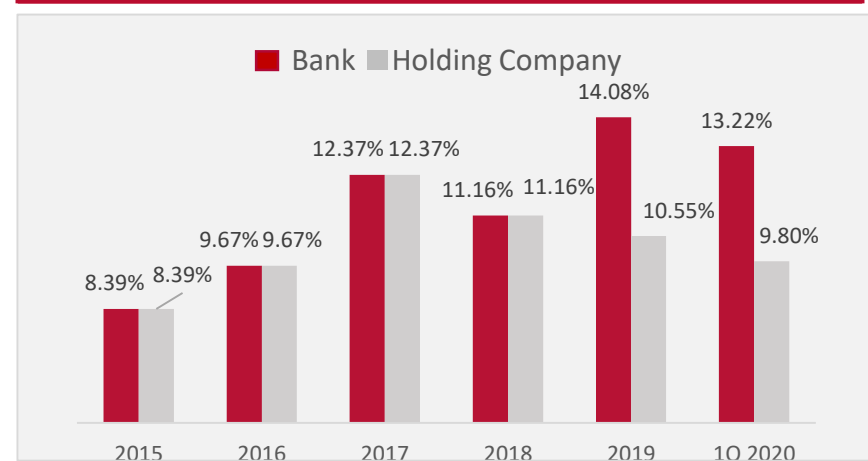


Capital Summary

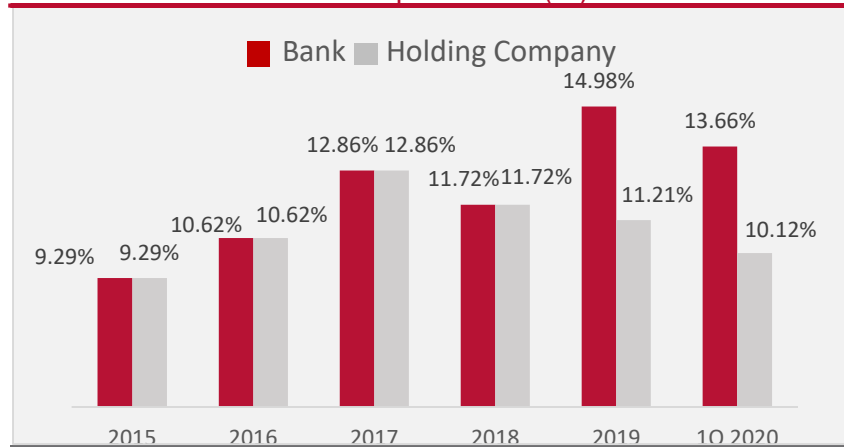
Tangible Common Equity / Tangible Common Assets (%)



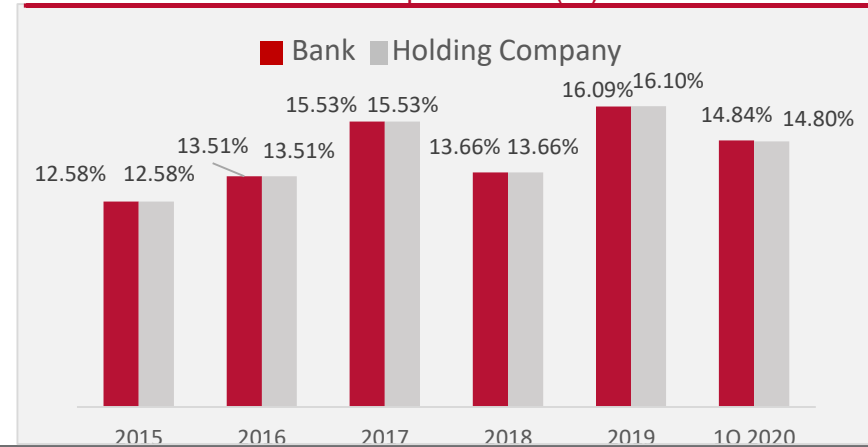
Tier 1 Leverage Ratio (%)



Tier 1 Capital Ratio (%)



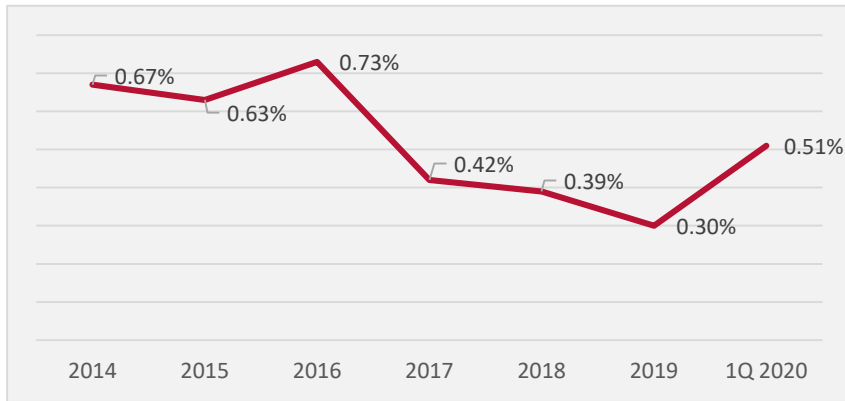
Total Capital Ratio (%)





Asset Quality

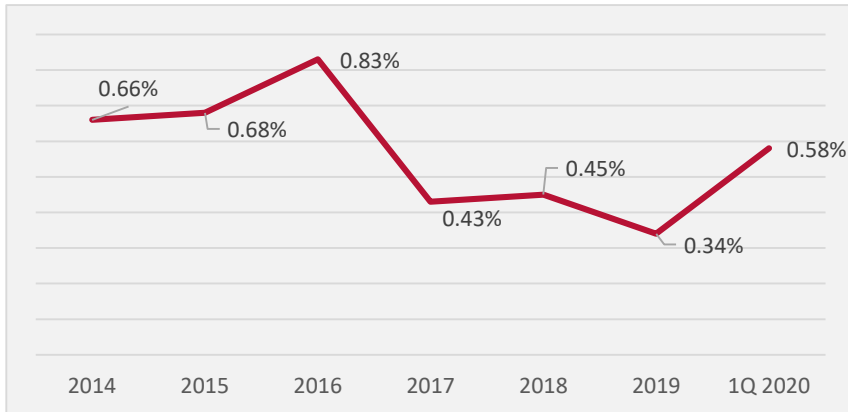
NPA¹ / Assets (%)



Reserves / Loans² (%)



Nonaccrual Loans / Loans (%)



Net Chargeoffs / Average Loans (%)



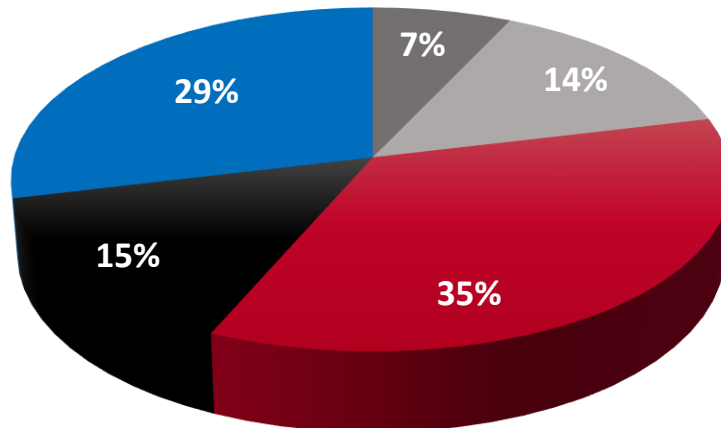
1) Nonperforming assets defined as loans 90+ days past due and still accruing, nonaccrual loans and leases and OREO, excluding performing TDRs
2) Excludes loans at fair value

Balanced Loan Portfolio

March 31, 2020



Total Loans: \$1.1 Billion



■ HELOC/Consumer ■ Residential
■ CRE ■ C&D
■ C&I

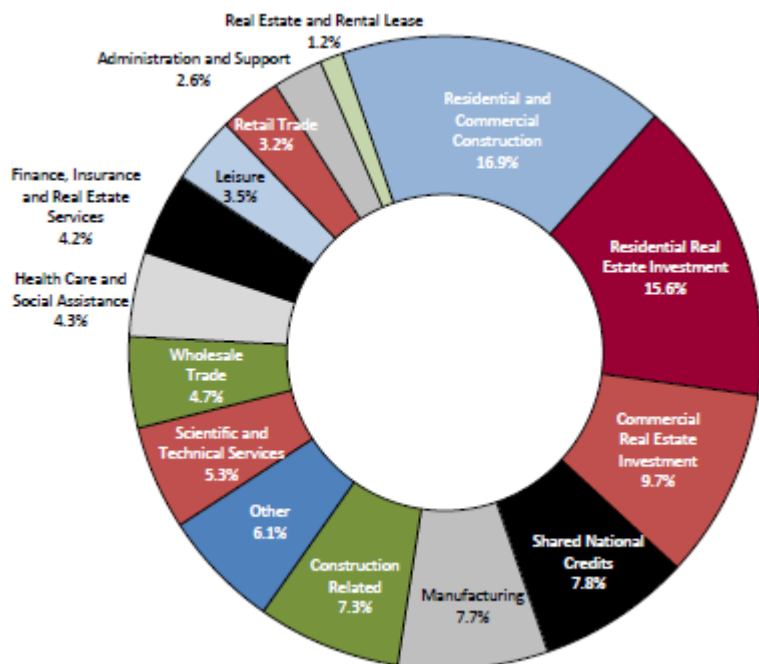
- ☞ \$1.1 Billion total gross loans and leases as of March 31, 2020¹
 - 13.7% CAGR Dec 2014 through Dec 2019
- ☞ CRE concentration of 196.5% as of March 31, 2020
- ☞ Average yield on loans of 5.21% for 1Q 2020

1) Total loans held for investment and held for sale, net of fees and costs



Commercial Loans by Industry

March 31, 2020



Industry Concentration (\$'s in Thousands)	Balance	Percent of Total	Number of Loans
Residential and Commercial Construction	\$ 150,117	16.9%	316
Residential Real Estate Investment	\$ 138,920	15.6%	349
Commercial Real Estate Investment	\$ 86,593	9.7%	100
Shared National Credits	\$ 69,910	7.8%	44
Manufacturing	\$ 68,335	7.7%	146
Construction Related	\$ 65,425	7.3%	174
Other	\$ 54,132	6.1%	184
Scientific and Technical Services	\$ 47,508	5.3%	90
Wholesale Trade	\$ 41,506	4.7%	87
Health Care and Social Assistance	\$ 38,610	4.3%	90
Finance, Insurance and Real Estate Services	\$ 37,575	4.2%	134
Leisure	\$ 30,798	3.5%	33
Retail Trade	\$ 28,329	3.2%	57
Administration and Support	\$ 22,740	2.6%	58
Real Estate and Rental Lease	\$ 10,391	1.2%	23
	\$ 890,888	100.0%	1,885

Note: Balances do not include consumer loans; HELOC, and 1st mortgages
 Source: Company documents



COVID-19 Response

ALLL Coverage by Portfolio

	March 31, 2020		
	Balance	ALLL	Coverage
Commercial mortgage	391,328	4,112	1.05%
Commercial and industrial	292,982	3,173	1.08%
Construction	175,364	2,381	1.36%
Home equity lines and loans	78,764	484	0.61%
Residential mortgage	42,101	219	0.52%
Small business loans	31,773	725	2.28%
Consumer	570	4	0.70%
	<u>1,012,882</u>	<u>11,098</u>	<u>1.10%</u>

Loan Assistance Programs Available

- ☞ Commercial:
 - Payment holiday up to 3 billing cycles
 - Interest only
- ☞ Construction:
 - PA moratorium on construction
 - Lowered rates
 - Two or Three billing cycles
- ☞ Residential: Three month payment holiday

Loans with Relief

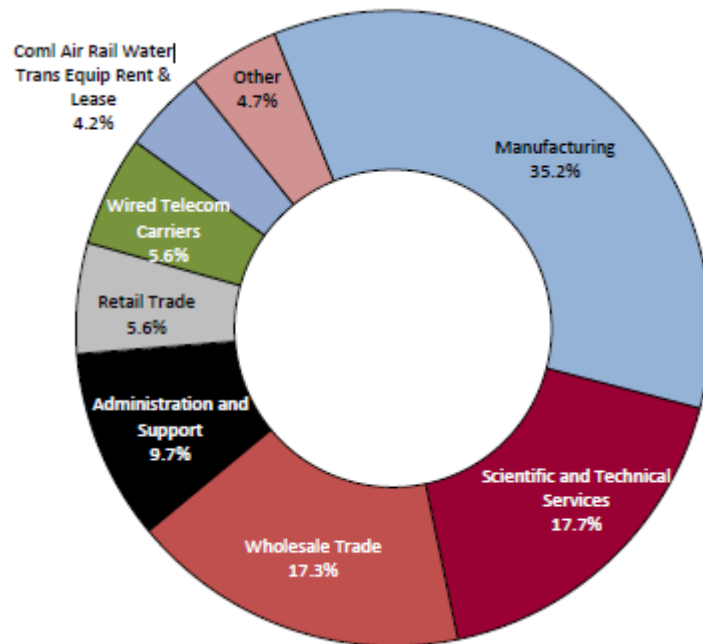
	May 1, 2020	
	Balance	% of Portfolio
Commercial mortgage	72,312	18%
Commercial and industrial	30,233	10%
Construction	40,460	23%
Home equity lines and loans	475	1%
Residential mortgage	7,235	17%
Small business loans	146	0%
Consumer	-	0%
	<u>150,861</u>	<u>15%</u>

Significantly Impacted Industries

Industry	Percentage of Portfolio		COVID 19 Relief	
	March 31, 2020		May 1, 2020	
	Balance	% of Loan Portfolio	Balance with Relief	% of Industry Balance
Retail	32,271	3.19%	9,869	31%
Hospitality	24,774	2.45%	18,966	77%
Residential spec constr	62,779	6.20%	14,972	24%



Shared National Credits



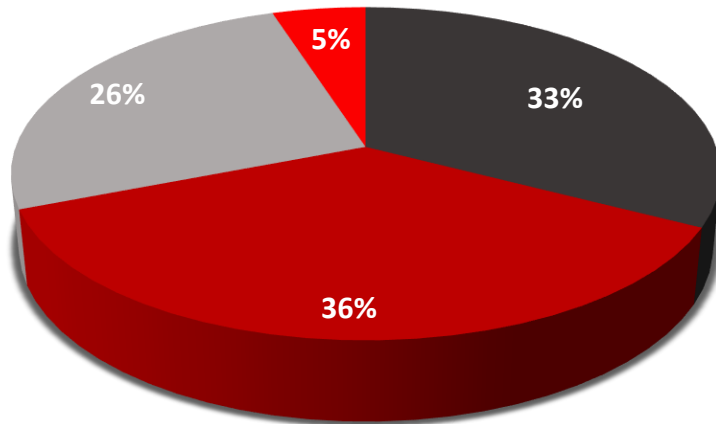
Industry Concentration	Balance	Percent of Total	Number of Loans
Manufacturing	\$ 24,583,896	35.2%	23
Scientific and Technical Services	\$ 12,350,597	17.7%	6
Wholesale Trade	\$ 12,084,860	17.3%	6
Administration and Support	\$ 6,787,610	9.7%	2
Retail Trade	\$ 3,942,046	5.6%	3
Wired Telecom Carriers	\$ 3,929,787	5.6%	1
Coml Air Rail Water Trans Equip Rent & Lease	\$ 2,970,000	4.2%	1
Other	\$ 3,261,580	4.7%	2
	\$ 69,910,375	100.0%	44



Deposit Composition

March 31, 2020

Total Deposits: \$993.8 Million



■ Transaction

■ MMDA/savings

■ Retail certificates

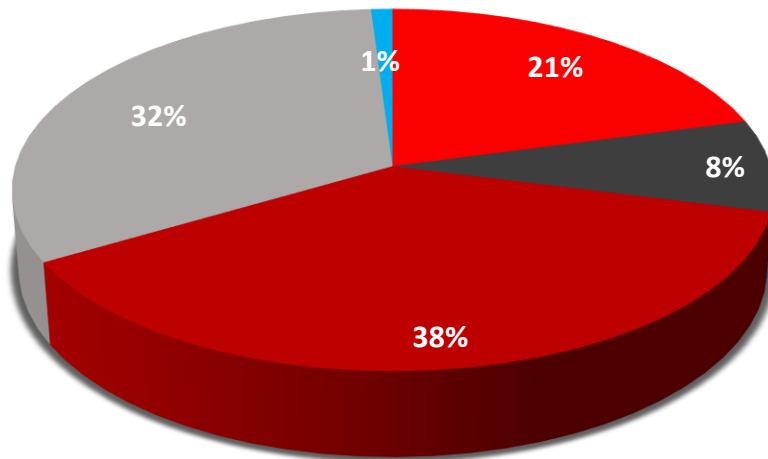
■ Jumbo certificates

- \$993.8 million total deposits as of March 31, 2020
 - 13.0% CAGR for total deposits Dec 2014 through Dec 2019
 - 28.1% CAGR for noninterest-bearing deposits Dec 2014 through Dec 2019
- Diversified deposit mix
 - 33% transaction accounts
 - 14.2% noninterest-bearing deposits / deposits
 - Average cost of total deposits of 1.41% for 1Q 2020



Investment Portfolio Composition

Total Securities: \$99.3 Million



- U.S. asset backed securities
- U.S. government agency CMO
- U.S. government agency MBS
- State and municipal securities
- Other

- ☞ \$99.3 million total investments as of March 31, 2020
 - 92.2% available-for-sale
 - 7.8% held-to-maturity
- ☞ Average TEY of 2.57% year-to-date
- ☞ Unrealized gain \$712 thousand at March 31, 2020
- ☞ Conservative investment portfolio
 - No corporate debt
 - 100% investment grade



Interest Rate Risk

Net Interest Income Impact in Rate Ramp Scenario

<i>Dollars in Millions</i>		(200)BPS	(100)BPS	Base	100 BPS	200 BPS	300 BPS	400 BPS
Net Interest Income	3/31/2020	\$ 40.30	\$ 41.40	\$ 41.70	\$ 41.60	\$ 41.80	\$ 42.00	\$ 42.30
	12/31/2019	\$ 39.60	\$ 40.00	\$ 40.30	\$ 40.60	\$ 40.90	\$ 41.10	\$ 41.30
NII Change (%)	3/31/2020	(3.35%)	(0.70%)	0.00%	(0.08%)	0.21%	0.81%	1.48%
	12/31/2019	(1.67%)	(0.79%)	0.00%	0.71%	1.40%	1.98%	2.56%

- ☞ The simulation assumes rate shifts occur upward and downward on the yield curve in even increments over the first twelve months (ramp), followed by rates held constant thereafter
- ☞ Simulation suggests that the Corporation's balance sheet is asset sensitive as of March 31, 2020.
- ☞ In its current position, the table indicates that a 100 or 200 basis point decrease in interest rates would have a negative impact on net interest income over the next 12 months.
- ☞ To mitigate risk in in the down rate scenario's management is actively lowering deposit and funding rates as well as adding or maintaining interest rate floors on floating rate loans. At March 31, approximately 65% of all floating rate loans have floors, generally > prime.



Appendix



Historical Financial Highlights

Dollar Values in Thousands, Except Per-Share Amounts

	For the Year Ended					For the Quarter Ended				
	2015Y	2016Y	2017Y	2018Y	2019Y	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1
Balance Sheet										
Total Assets	\$ 663,344	\$ 733,693	\$ 856,035	\$ 997,480	\$ 1,150,019	\$ 1,027,514	\$ 1,055,906	\$ 1,126,937	\$ 1,150,019	\$ 1,303,442
Loans ¹	584,428	643,864	729,661	875,801	998,414	891,984	924,460	984,473	998,414	1,129,067
Deposits	490,568	527,136	627,109	752,130	851,168	810,713	840,714	858,461	851,168	993,753
Gross Loans / Deposits	119.13%	122.14%	116.35%	116.44%	117.30%	110.02%	109.96%	114.68%	117.30%	113.62%
Capital										
Total Equity	\$ 52,921	\$ 69,963	\$ 101,363	\$ 109,552	\$ 120,695	\$ 111,992	\$ 114,379	\$ 117,772	\$ 120,695	\$ 118,033
Tangible Common Equity / Tangible Assets	7.98%	9.54%	11.27%	10.53%	10.12%	10.47%	10.42%	10.06%	10.12%	8.73%
Tier 1 Leverage Ratio	8.39%	9.67%	12.37%	11.16%	10.55%	11.01%	10.96%	10.69%	10.55%	9.80%
Total Capital Ratio	12.58%	13.51%	15.53%	13.66%	16.10%	13.65%	13.23%	13.11%	16.10%	14.80%
Commercial Real Estate Loans / Total RBC	149.94%	148.88%	155.83%	183.80%	176.97%	191.66%	202.14%	211.88%	176.97%	196.49%
Earnings & Profitability										
Net Income	\$ 6,188	\$ 4,922	\$ 3,032	\$ 8,163	\$ 10,481	\$ 2,006	\$ 2,022	\$ 3,317	\$ 3,137	\$ 2,516
ROAA	1.02%	0.71%	0.39%	0.90%	1.01%	0.83%	0.81%	1.24%	1.13%	0.87%
ROAE	12.78%	7.69%	3.97%	7.77%	9.09%	7.32%	7.14%	11.29%	10.41%	8.40%
Net Interest Margin	3.98%	3.87%	3.93%	3.80%	3.65%	3.67%	3.72%	3.61%	3.61%	3.49%
Non-Int Inc. / Avg. Assets	5.96%	6.21%	4.69%	3.62%	3.19%	2.68%	3.17%	3.68%	3.20%	3.60%
Efficiency Ratio	81.7%	87.3%	87.8%	81.4%	79.2%	81.2%	84.5%	74.1%	78.1%	75.9%
Asset Quality										
Nonaccrual Loans / Loans	0.68%	0.83%	0.43%	0.45%	0.34%	0.43%	0.45%	0.40%	0.34%	0.58%
NPA's / Assets	0.63%	0.73%	0.42%	0.39%	0.30%	0.38%	0.40%	0.36%	0.30%	0.51%
Reserves / Loans ²	1.06%	0.90%	0.96%	0.97%	1.00%	0.99%	0.99%	1.01%	1.00%	1.10%
NCOs / Average Loans	0.21%	0.17%	0.13%	0.03%	(0.06%)	(0.01%)	(0.03%)	0.00%	(0.03%)	(0.00%)
Yield and Cost										
Yield on Earning Assets	4.74%	4.62%	4.83%	5.14%	5.30%	5.33%	5.44%	5.29%	5.18%	4.98%
Cost of Deposits	0.64%	0.66%	0.79%	1.29%	1.67%	1.66%	1.78%	1.71%	1.53%	1.41%
Cost of Interest-Bearing Liabilities	0.91%	0.95%	1.16%	1.69%	2.10%	2.12%	2.18%	2.12%	1.99%	1.87%

¹ Includes loans held for sale and held for investment

² Includes loans held for investment (excluding loans at fair value)

Note: 2015-2017 Financials are at bank level; Meridian Corporation Holding Company formed Q32018

Source: S&P Global Market Intelligence



Reconciliation of Non-GAAP Financial Measures

Tangible common equity to tangible assets

Management uses the measure tangible common equity to tangible assets to assess our capital strength. We believe that this non-GAAP financial measure is useful to investors because, by removing the impact of our preferred stock, goodwill and other intangible assets, it allows investors to more easily assess our capital adequacy. This non-GAAP financial measure should not be considered a substitute for any regulatory capital ratios and may not be comparable to other similarly titled measures used by other companies. The table below provides the non-GAAP reconciliation for our tangible common equity to tangible assets:

Meridian Corporation

(dollars in thousands)

Tangible common equity ratio:

	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	March 31, 2020
Total stockholders' equity	52,921	69,963	101,363	109,552	120,695	118,033
Less:						
Goodwill	—	—	899	899	899	899
Intangible assets	—	—	4,596	4,147	3,874	3,805
Tangible common equity	52,921	69,963	95,869	104,507	115,922	113,329
Total assets	663,344	733,693	856,035	997,480	1,150,019	1,303,442
Less:						
Goodwill	—	—	899	899	899	899
Intangible assets	—	—	4,596	4,147	3,874	3,805
Tangible assets	\$ 663,344	733,693	850,540	992,434	1,145,246	1,298,738
Tangible common equity ratio	7.98%	9.54%	11.27%	10.53%	10.12%	8.73%



Reconciliation of Non-GAAP Financial Measures

Tangible common equity to tangible assets

Meridian Bank

(dollars in thousands)

	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	March 31, 2020
Tangible common equity ratio:						
Total stockholders' equity	52,921	69,963	101,363	109,552	159,642	157,544
Less:						
Goodwill	—	—	899	899	899	899
Intangible assets	—	—	4,596	4,147	3,874	3,805
Tangible common equity	52,921	69,963	95,869	104,507	154,869	152,841
Total assets	663,344	733,693	856,035	997,480	1,149,979	1,303,282
Less:						
Goodwill	—	—	899	899	899	899
Intangible assets	—	—	4,596	4,147	3,874	3,805
Tangible assets	\$ 663,344	733,693	850,540	992,434	1,145,206	1,298,578
Tangible common equity ratio	7.98%	9.54%	11.27%	10.53%	13.52%	11.77%