



your billion dollar bank



MERIDIAN BANK
REPORT 2019



CHAIRMAN'S MESSAGE

Christopher J. Annas, Chairman & CEO

Meridian Corporation achieved record earnings in 2018. Net income increased 169% to \$8.2 million, and earnings per share similarly grew 156% to \$1.28 per share. Overall results were due mainly to robust revenue gains from asset growth and disciplined expense control, and to a lesser degree by lower tax rates. Over 85% of total earnings were generated from the banking and wealth groups, with mortgage contributing 16%. Core banking and wealth benefited from significant investments made in the prior two years, and there is still operational leverage available. Our financial metrics put us in high-performing categories as calculated in industry analyses.

For the third consecutive year our commercial lending exceeded annualized loan growth of 20%. We have taken advantage of the current merger activity and the stumblings of some larger banks in the Delaware Valley, but our deep sales culture and growth orientation will lead us to continued outperformance of that standard. Meridian's commercial real estate team, led by Clarence Martindell, has been an important factor in emerging Philadelphia neighborhoods like Fishtown and Brewerytown. Support of pioneering developers

gives us an expanding base of opportunities for customer relationships. Our commercial/industrial lending effort, led by Charlie Kochka, supports a diversified portfolio of successful innovators, including digital billboard companies, craft brewers and fencing manufacturers. In addition, in the fourth quarter we brought on a five-person, Top 10 SBA lending team from an acquired local bank. Led by Rocco Perate, they give us an immediate presence in a business line where we previously had little volume.

Meridian Wealth Partners enjoyed a solid year in earnings and increased profitability from the prior year. The team is beginning to realize the synergies in working with our other business units to provide a greater menu of services to their clients. They helped initiate numerous new 401k plans and also brought over plans that were seeking an improvement in service or technology. We also hired a two-person team from another acquired bank to form our new private banking unit, led by Mary Ann Messmer. We expect some great opportunities from this team, for both Meridian Wealth Partners and our commercial unit.

Meridian Mortgage also had a profitable 2018, as the Delaware Valley residential market remains very active. While originations were down slightly due to low inventory of homes for sale and some loan officer contraction, we continue to manage the business to maximize profitability. Market studies suggest a moderation in 2019 and we are planning accordingly. The mortgage industry is moving swiftly to more digital platforms and do-it-yourself applications, and we intend to be at the forefront.

Just narrowly below \$1 billion in assets at year-end, our loan growth in the early months of 2019 has put us over that threshold for good. Now \$2 billion is the target! Meridian's minimal branching, high self-service and excellent electronic delivery has great opportunity for scale, and correlates well to the new digital banking environment. We have performed at or exceeded stock analysts' expectations since going public, and we trust the market recognizes us for the innovative, new-model bank that we are. Thanks.

FINANCIAL HIGHLIGHTS

UNAUDITED/DOLLARS IN THOUSANDS

	2018	2017	2016	2015	2014
NET INCOME					
Interest income	\$ 44,064	\$ 35,720	\$ 30,980	\$ 27,981	\$ 25,262
Interest expense	11,407	6,782	5,192	4,590	3,752
Net interest income	32,657	28,938	25,788	23,391	21,510
Provision for loan losses	1,577	2,161	1,198	1,434	2,543
Non-interest income	32,355	36,700	42,844	36,121	25,289
Non-interest expense	52,945	57,691	59,913	48,642	37,678
Income tax expense	2,327	2,754	2,599	3,248	2,271
Net income	8,163	3,032	4,922	6,188	4,307
AT YEAR END					
Assets	\$ 997,388	\$ 856,035	\$ 733,693	\$ 663,344	\$ 582,208
Loans, net of allowance	867,748	722,952	638,439	579,130	520,884
Cash & investments	87,121	88,373	66,424	58,898	41,243
Deposits	752,130	627,109	527,136	490,568	462,709
Stockholders' equity	109,867	101,363	69,963	52,921	45,041
PERFORMANCE & CAPITAL RATIOS					
Return on average assets	0.90%	0.39%	0.71%	1.02%	0.80%
Return on average equity	7.77%	3.97%	7.69%	12.78%	10.32%
Total equity to assets ratio	11.02%	11.84%	9.54%	7.98%	7.74%
Leverage ratio	11.20%	12.37%	9.67%	8.39%	7.91%
Total risk based capital ratio	13.70%	15.53%	13.51%	12.58%	11.73%

SNAPSHOT 2018

2018 wasn't just a Super Bowl hangover year for our team. We kicked off our first full year as a publicly traded company by celebrating the opening of our Center City Philadelphia Office with the city's Mayor Jim Kenney, and closed it out by welcoming one of the region's most respected and talented SBA lending teams to our ranks. Here are some additional highlights:

Exceptional talent continues to choose Meridian!
Our new SBA lending team expects to generate more than \$20 million in loan volume in 2019.



From the Grand Opening Reception to celebrate Meridian's Philadelphia Office (L-R): Jessica Annas (Meridian), Philadelphia Mayor Jim Kenney, Buck Riley (Meridian), Sharon Pinkenson (Executive Director, Greater Philadelphia Film Office), and Nick DeBenedictis (Board of Directors, Exelon).

In the spirit of a community bank giving back to our community, Meridian has donated over \$3 million to local charitable and civic organizations. Our team members also serve on boards, volunteer their time, and help to raise funds to further support our commitment to where we live and work.

Meridian's internship program attracts hundreds of applicants each year, and provides select local undergrads with hands-on banking experience.





The inaugural Meridian Bank Golf Classic raised over \$45,000 for Surrey Services for Seniors! Pictured L-R: Bob Madonna (CEO, Surrey Services), Ben Davis (Phillies broadcaster and former MLB player) and Chris Annas.



The March 2019 issue of widely-read *Suburban Life* magazine featured a profile of our mortgage operations.



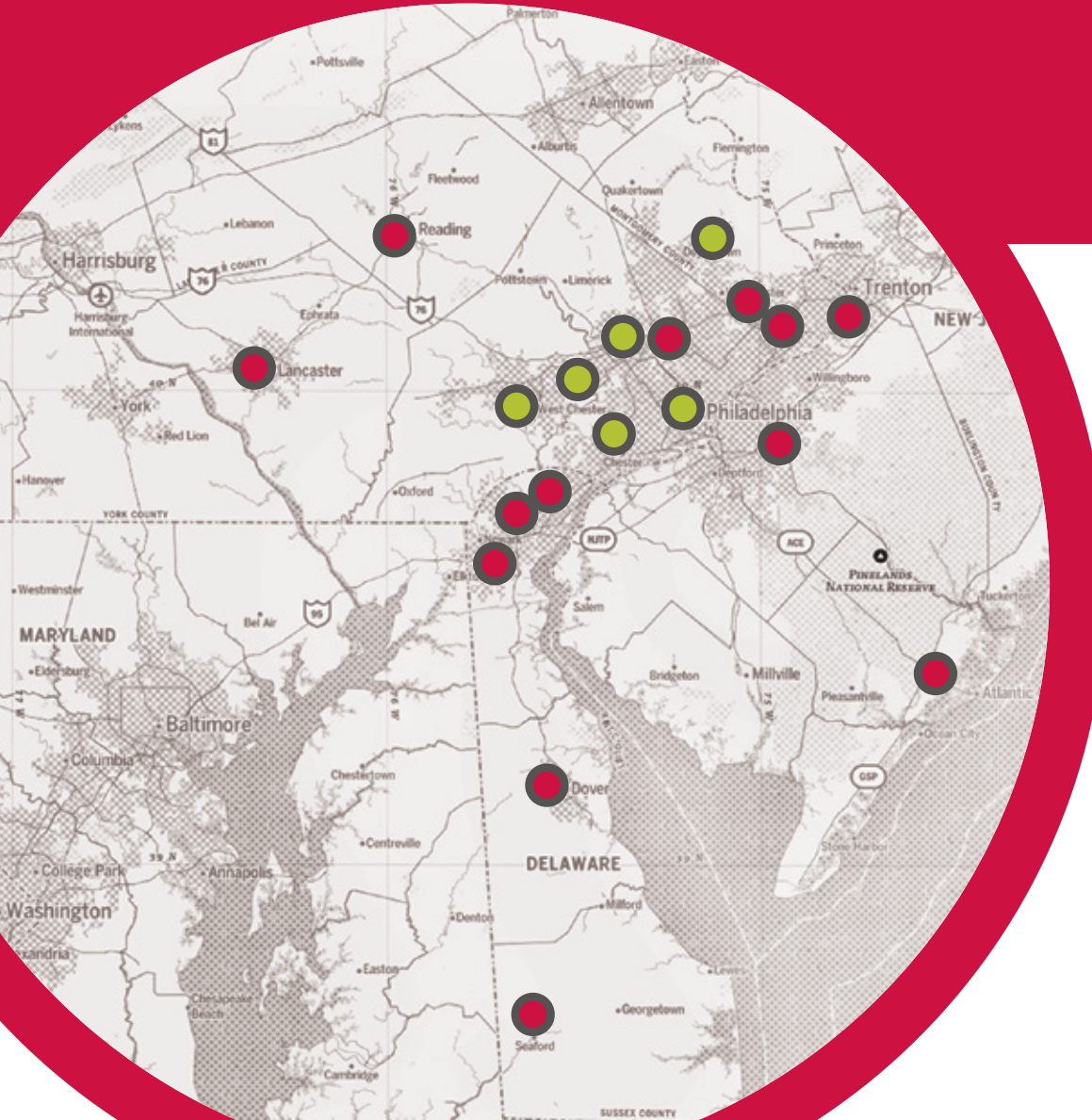
Continuing to grow its assets under management, Meridian Wealth Partners was named one of the nation's top 401(k) retirement plan Advisor Teams by the National Association of Plan Advisors.



Former NFL defensive end Devon Still, seen here with Meridian CEO Chris Annas, started the Still Strong Foundation to help families whose children are battling cancer after his own 7-year old daughter Leah was diagnosed with the disease. Meridian hosted an event for the Still Strong Foundation in our Philadelphia branch, which received coverage from all the city's major news stations and was attended by dozens of Philly sports and media personalities.



Meridian continues to support the communities we serve, contributing over \$3 million since our inception to charitable organizations in our community.



1719A S. Easton Road
Doylestown, PA 18901

100 E. State Street
Media, PA 19063

1776 E. Lancaster Avenue
Paoli, PA 19301

16 W. Market Street
West Chester, PA 19382

653 Skippack Pike, Ste 116
Blue Bell, PA 19422

1760 Market Street
Philadelphia, PA 19103

Corporate Headquarters
9 Old Lincoln Highway
Malvern, PA 19355

Meridian Wealth Partners
653 Skippack Pike, Ste 202
Blue Bell, PA 19422

BANKING MORTGAGE

Delaware

1221 College Park Drive, Ste 118
Dover, DE 19904

111 Continental Drive, Ste 406
Newark, DE 19713

22128 Sussex Highway
Seaford, DE 19973

1601 Concord Pike, Ste 45
Wilmington, DE 19803

5301 Limestone Road, Ste 224
Wilmington, DE 19808

New Jersey

1000 Crawford Place, Ste 140
Mt. Laurel, NJ 08054

2330 New Road
Northfield, NJ 08225

Pennsylvania

Mortgage Headquarters
653 Skippack Pike, Ste 200
Blue Bell, PA 19422

1710 Prospect Avenue
Feasterville-Trevose, PA 19053

1909 Veterans Highway, Fl 2
Levittown, PA 19056

350 Highland Drive, Ste 160
Mountville, PA 17554

347 Second Street Pike, Ste 4
Southampton, PA 18966

711 Spring Street
Wyomissing, PA 19610



DIRECTORS

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Anthony M. Imbesi
Vice President
Patriarch Management

Kenneth H. Slack
Partner
Stephano Slack CPA LLC

George C. Collier
Executive Vice President and Chief Financial Officer, Streamlight, Inc.

Christopher J. Annas
Chairman, Founder, President & CEO
Meridian Bank

Edward J. Hollin
Managing Shareholder
Riley, Riper, Hollin & Colagregco

Denise Lindsay
Executive Vice President and Chief Financial Officer, Meridian Bank

Robert T. Holland
Lead Independent Director, Principal
Holland Advisory Group, LLC

Robert M. Casciato
Founding Partner and President
Alliance Environmental Systems, Inc.

SENIOR MANAGEMENT

Christopher J. Annas
President & CEO

Denise Lindsay
Executive VP & CFO

Joseph L. Cafarchio
Executive VP & Chief Credit Officer

Charles D. Kochka
Executive VP & Chief Lending Officer

Randy McGarry
Senior VP & Chief Information Officer



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Loans : Wealth : Mortgage : Title : Merchant