

Meridian Credit Union Financial Highlights

For the year ending
December 31, 2007

Meridian Credit Union is a full-service partner offering its more than 213,000 Members relationship-based financial services through its 43 branches and 8 commercial business centres. Meridian is the largest credit union in Ontario, and third largest in Canada, with more than \$4 billion in assets.



where real people build lives™

Financial Highlights

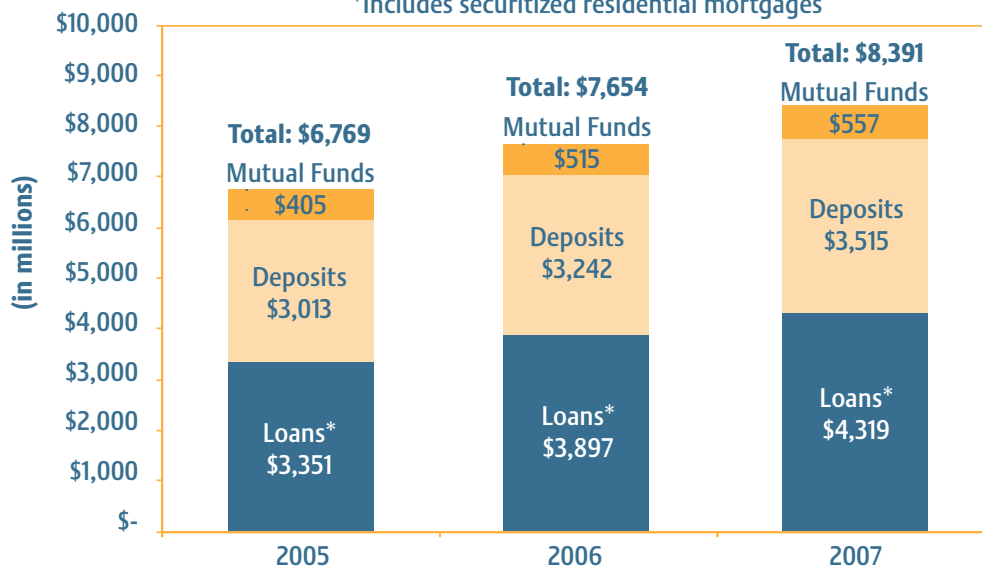
Meridian’s performance for the 2007 fiscal year was outstanding, reflecting solid earnings and growth even with the impact of the U.S. sub-prime market crisis that began to affect global credit markets in August, 2007. While Meridian has not sold any Asset Backed Commercial Paper (ABCP) to our Members, or invested in ABCP or U.S. sub-prime mortgages in our corporate investment portfolio, the credit union was indirectly impacted through higher funding costs from external parties which reduced revenue, and therefore earnings, for 2007.

Members’ Relationships

At Meridian, relationships refer to the combined balance of our Member loans, deposits and mutual funds† and this is a key indicator of our growth and performance. During 2007, Meridian’s relationships grew by 9.6% to nearly \$8.4 billion, representing growth in loans, deposits and mutual funds of approximately \$737 million over 2006. Loan growth continues to be a significant contributing factor to the solid relationship growth, representing more than half of the total growth, or \$422 million. Deposits, which partly fund the loans to Members along with external borrowings, grew by 8.4% or \$273 million. Although mutual funds grew by 8.2% or \$42 million, this growth was less than anticipated as a result of market value declines in the equity markets late in the fourth quarter.

Member’s Relationships (\$Millions)

*Includes securitized residential mortgages



Financial Highlights

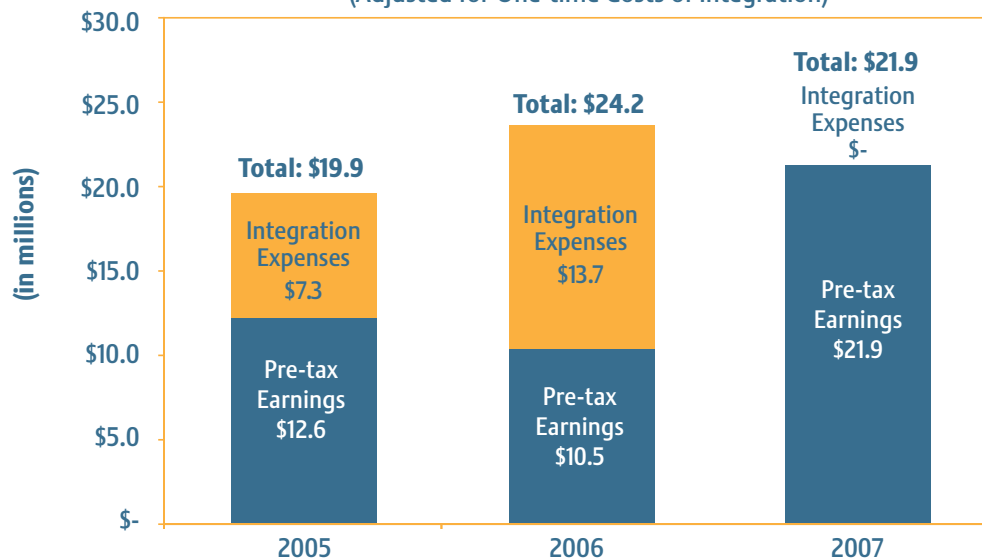
Normalized Pre-Tax Earnings

A leading indicator of any organization's strength and performance is earnings and for Meridian, we focus on normalized earnings. In prior years, significant one-time costs related to the merger and integration of operations were incurred which are not part of our ongoing operating cost base. For comparative purposes, these costs are added back to derive what earnings would be without them, representing "normalized" earnings.

Meridian's 2007 pre-tax earnings of \$21.9 million reflect a decrease of \$2.3 million relative to 2006. This is largely the result of non-interest revenues which were negatively impacted by factors related to the sub-prime lending situation in the U.S. Even with this reduction, Meridian has had a very profitable year which in turn contributes to its capital base, making Meridian strong and financially well-equipped to invest in its products, services and operations.

Normalized Pre-Tax Earnings (\$Millions)

(Adjusted for One-time Costs of Integration)



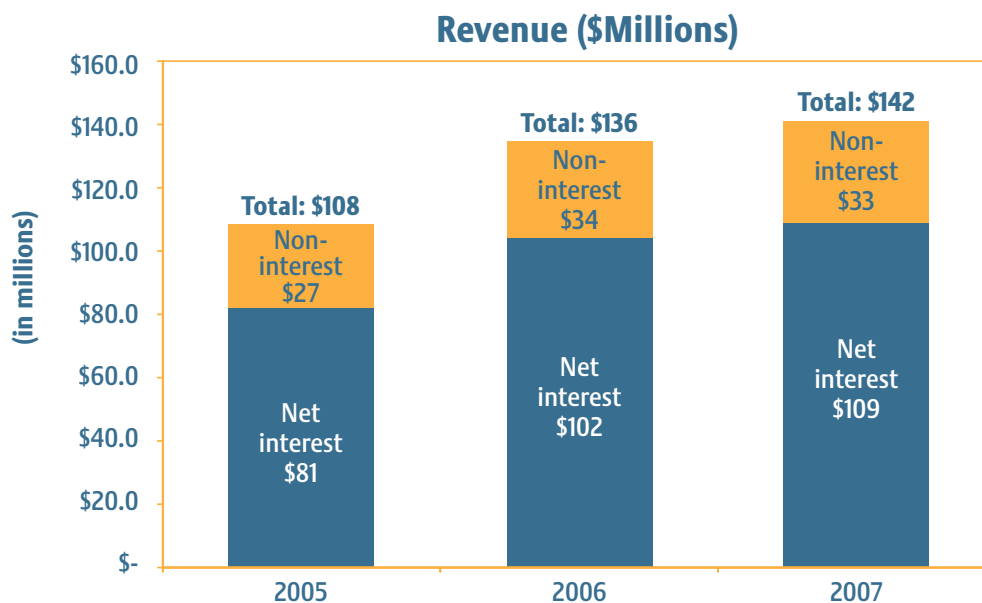
Financial Highlights

Revenue

Meridian's revenue consists of two major components – **net interest income** which represents the difference between the interest received on loans and investments and the interest paid on deposits, borrowings and investment shares, and **non interest income** which is earned from service charges, insurance commissions, loan and commitment fees, mutual funds, foreign exchange, Interac® and other sources.

Total revenue grew by 4.8% or \$6.4 million in 2007. This growth was generated by net interest income as loans grew substantially during the year. However, the increases in interest received was offset by higher interest costs for the credit union. External borrowing costs rose on account of the U.S. sub-prime situation, and interest paid on deposits also increased as deposit rates were raised to remain competitive.

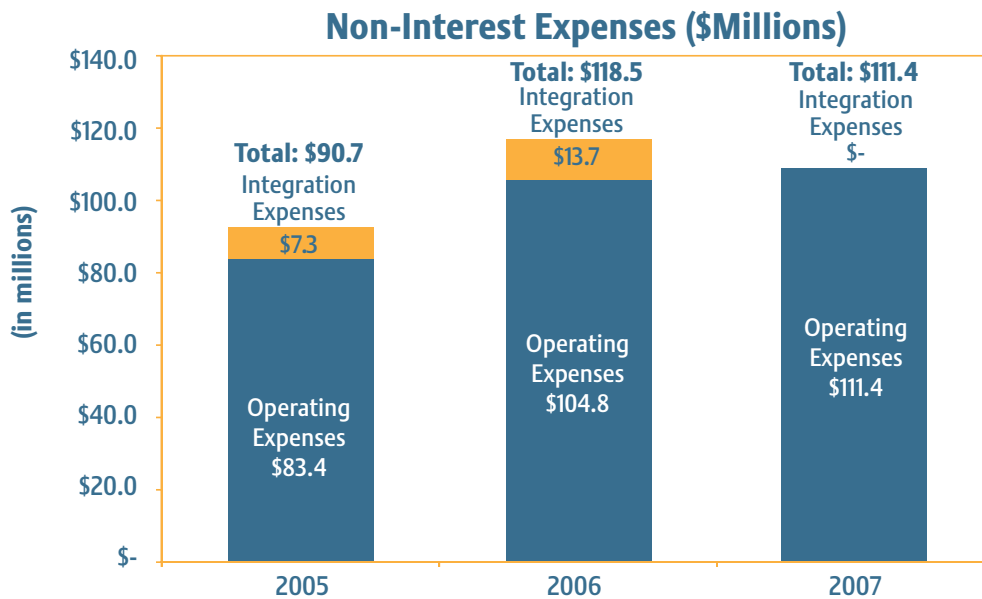
Offsetting the increase in net interest income was a decline in non interest income in 2007. Although Interac® revenues and insurance commissions both saw decreases in 2007 compared with 2006, the credit union's securitization income experienced the largest decrease. As a result of the U.S. sub-prime issue, the costs of securitization rose substantially in 2007 which in turn reduced our revenues from securitized mortgages.



Financial Highlights

Non-Interest Expenses

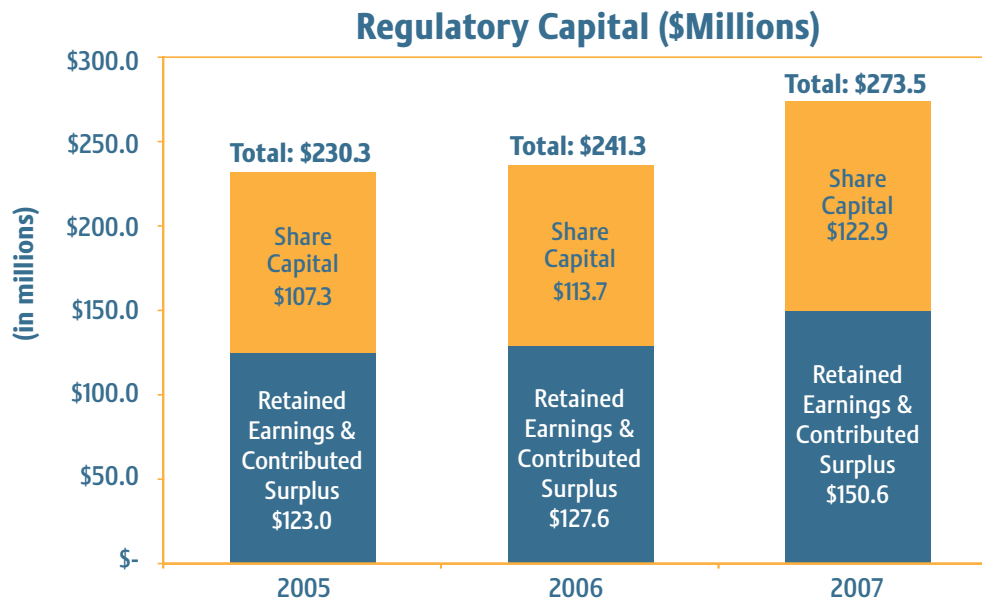
The non-interest expenses of the credit union are comprised of operating expenses (excluding the provision for credit losses and income taxes) and the one-time costs of integration. The completion of our banking system conversion and integration activities in 2006 has changed our focus to the achievement of operational excellence through the development of innovative systems and processes. The increase in operating expenses of 6.3% or \$6.6 million in 2007 reflects Meridian's investments in employees and technology during the year. With the costs and effort of integration behind us, we can continue to focus on making our operations more efficient, thus improving our Member experience when dealing with Meridian in branch, online or on the phone.



Financial Highlights

Regulatory Capital

In simple terms, regulatory capital refers to the equity that has been built up in the organization through the issuance of shares and the net income earned over time. Meridian's regulatory capital increased by \$32.2 million to \$273.5 million, representing growth of 13.3% over 2006. This growth is largely a function of the strong earnings that were generated in 2007. Changes made to the calculation of regulatory capital in 2007 by our regulators had a further favourable impact of roughly \$9 million. The risk weighted capital ratio of 10.51% and capital ratio of 6.71% are both far in excess of the minimum regulatory requirements of 8% and 4.5% respectively, indicating that the credit union is well capitalized.



Financial Highlights

In conclusion, 2007 was an excellent year for Meridian in terms of both growth and profitability. Furthermore, our strong capital base means that Meridian is well positioned for profitable growth in 2008 and beyond. The positive results that we have achieved during 2007, in light of the market events of the year, are a testament to our ability to manage exceptionally well even during difficult times. Further detailed information on our 2007 financial results can be obtained from our Annual Report which is available online from our website at www.meridiancu.ca.

As we look forward to 2008 and beyond, we will continue to focus on delivering valuable products and services and will ensure that all our Members and partners believe that Meridian is a great place to do business. We will also strengthen our capacity, infrastructure and technology so that we can respond in a nimble and robust fashion to market trends. These efforts will contribute to our vision of reinventing neighbourhood banking for the benefit of you, our valued Member.

® Interac is a registered trademark of Interac Inc. and is used under license.

† Mutual funds are offered through Credential Asset Management Inc. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Unless otherwise stated, mutual fund securities and cash balances are not insured nor guaranteed, their values change frequently and past performance may not be repeated.

Credential Financial Strategies Inc. is a member company under Credential Financial Inc. offering financial planning, life insurance and investments to members of credit unions and their communities. ® Credential is a registered mark owned by Credential Financial Inc. and is used under licence.

