

Chairman & President's Report

2025 YEAR IN REVIEW

As we reflect on the past year, we can say with confidence that we took purposeful action and made thoughtful decisions to ensure we continue offering great service and competitive products. Our goal is to truly know our members—their hopes, challenges, and the realities they face every day. We are keenly aware of the rising cost of living and the weight it places on families. That's why we stand beside our members at every step of their financial journey, offering guidance, support, and partnership. Our members remain at the heart of everything we do and, together, we are building a resilient today and a stronger tomorrow.

FINANCIAL HIGHLIGHTS FOR 2025

From a financial perspective, the credit union remained strong, profitable, and well-capitalized. Our 2025 performance reflects disciplined stewardship, strategic decision-making, and an unwavering commitment to serving our members. Our capital position continued to be a cornerstone of stability. At year-end, our net worth ratio stood at 12.89%, up from 12.49% the prior year. This level remains well above regulatory requirements and supports future growth and strategic initiatives.

Total loans declined slightly by 2% from 2024. This is largely a reflection of softer demand for auto loans and tighter risk controls. However, we saw increases in mortgage loans and business loans from the prior year. MECU maintains its strong commitment to providing accessible, affordable credit that supports our members' financial goals.

Total assets declined by .7% from the prior year. Total deposits declined by .6%, consistent with broader trends as consumers sought higher-yield opportunities in a high-rate environment. Despite this shift, MECU maintained strong liquidity, ensuring our ability to fund loan demand, support operations, and continue investing in member-focused programs.

Profitability strengthened meaningfully in 2025. In spite of higher charge-offs due to shifts in repayment patterns, net income increased to \$3,959,000, from \$2,378,000 in 2024. Key drivers included stable loan demand, effective margin management, and disciplined expense control. This performance ensures we can continue reinvesting in our future.

MORE THAN TECHNOLOGY—A COMMITMENT TO MEMBER SUCCESS

In 2025, we continued investing in digital innovation to elevate the member experience. Our members deserve service that feels effortless; solutions that are intuitive and built around the way they bank. We transformed our online application platform, cutting application time nearly in half and making the lending process smoother than ever. We also enhanced our Online Banking environment with refreshed interfaces, and

we implemented stronger fraud prevention tools. Innovation is not just about technology—it is about creating a digital experience that empowers, protects, and supports every member.

Our commitment also extends to programs that build financial confidence and long-term success. One of the most meaningful initiatives of 2025 was the launch of our Financial Wellness Match Savings Program—levelUP® Launchpad. Designed to help members build savings and lifelong financial habits, the program combines structured saving, coaching, and a dollar-for-dollar match of up to \$500.00.

One program participant shared:

“As a result of participating in Launchpad, I am more intentional with my spending, more consistent with saving, and far less anxious about my finances. Most importantly, I feel empowered and equipped to continue building a strong financial future beyond the program.”

We are grateful to our partner, Inclusiv™, whose support made this initiative possible.

ANCHORED IN OUR COMMITMENT TO SERVICE

In 2025, MECU contributed over \$100,000 in charitable donations across the Baltimore region—supporting education, workforce development, and local nonprofits. We responded quickly when members faced hardship during the October government shutdown, offering assistance to furloughed employees and hardship support programs to provide relief.

CELEBRATING OUR TEAM

We extend our deepest appreciation to our employees, whose hard work and dedication shape the heart of this credit union. Their professionalism, compassion, and commitment to service—both inside the organization and through countless hours of community volunteerism—embody the values that define our mission.

THANK YOU, MEMBERS—YOU ARE OUR MISSION

The credit union remains financially strong and firmly committed to the members and communities we serve. Our disciplined approach and strategic investments ensure we continue delivering value, stability, and high-quality service. Looking ahead, we remain focused on deepening member engagement and supporting the financial well-being of every member. Thank you for your loyalty and trust. We are honored to serve you.

JOHN M. HAMILTON
President and CEO

G. LOUISE GREEN
Chair of the Board

BOARD OF DIRECTORS



G. LOUISE GREEN
Chair of the Board



ROMAN L. CLARK, SR.
Vice Chair



GARY W. MCLHINNEY
Treasurer



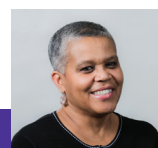
DEBORAH MOORE-CARTER
Secretary



ERNEST J. GLINKA
Board Member



LORRETTA JOHNSON
Board Member



KARA KING-BESS
Board Member



BENJAMIN I. MELI, JR.
Board Member



NICOLE HARRELL
Board Member

STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 47,323,801	\$ 43,914,124
Certificates of deposit in other financial institutions	5,642,151	7,871,439
Available-for-sale investments	307,914,499	294,497,128
Held-to-maturity investments	7,334,945	7,950,000
Loans to members, net of allowance for credit losses	800,417,306	816,842,281
Accrued interest receivable	4,264,077	3,872,026
Prepaid and other assets	24,422,867	30,619,890
Split Dollar Life Insurance (SDLI)	6,420,555	6,289,728
Credit Union Owned Life Insurance (COLI)	23,880,804	23,248,232
Property and equipment, net	8,387,617	9,673,039
Net defined benefit asset	4,319,558	3,811,470
National CU Share Insurance Fund (NCUSIF) deposit	9,757,791	9,963,908
Total Assets	\$ 1,250,085,971	\$ 1,258,553,265

LIABILITIES AND MEMBERS' EQUITY

Liabilities		
Members' shares and deposit accounts	\$ 1,039,807,312	1,045,818,721
Borrowed funds	44,000,000	59,000,000
Accrued expenses and other liabilities	21,942,245	25,863,346
Total Liabilities	1,105,749,557	1,130,682,067

Members' Equity

Undivided earnings	161,073,914	157,114,380
Accumulated other comprehensive loss	(16,737,500)	(29,243,182)
Total Members' Equity	144,336,414	127,871,198

Total Liabilities and Members' Equity	\$ 1,250,085,971	\$ 1,258,553,265
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STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Interest Income		
Loans to members	\$ 49,394,386	\$ 48,155,131
Investments	10,341,526	7,908,466
Total Interest Income	59,735,912	56,063,597

Interest Expense		
Members' shares and deposit accounts	11,899,835	11,251,757
Borrowed funds	2,057,747	2,703,726
Total Interest Expense	13,957,582	13,955,483
Net Interest Income	45,778,330	42,108,114

Provision for Loan Loss	8,744,981	8,172,771
Net Interest Income after Provision	37,033,349	33,935,343

Non-Interest Income		
Fees and charges	9,023,549	9,462,452
Interchange income	5,822,719	6,282,823
Other	4,483,564	5,921,114
Total Non-Interest Income	19,329,832	21,666,389

Non-Interest Expenses		
Compensation and benefits	28,266,698	28,193,143
Office operations	16,005,069	16,180,856
Office occupancy	3,508,101	3,432,790
Loan servicing	865,079	847,056
Professional and outside services	859,229	1,068,836
Other	2,899,471	3,500,526
Total Non-Interest Expenses	52,403,647	53,223,207

Net Income	\$ 3,959,534	\$ 2,378,525
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Credit Committee



MARIETTA ENGLISH
Chair



ANGELO HERNANDEZ



STEPHANIE LANSEY

The Credit Committee is appointed by the Board of Directors. Its responsibilities include reviewing and recommending MECU loan programs, policies and policy revisions, approving lending authority for qualified staff members, reviewing expelled members' requests for reinstatement, reviewing moratorium requests, reviewing the denied loans report, and approving real estate appraisers.

As part of its duties, the Credit Committee will review member loan applications that do not meet standard underwriting guidelines, such as those members with credit or debt ratio issues and loan-to-value exceptions. They also review loan requests from credit union officials, Board members and Committee members. The Credit Committee will keep the best interest of MECU and its members in mind.

Supervisory Committee



J. KEITH SCROGGINS
Chair



E. DARRELL HOPE



JENNELL ROGERS

The Supervisory Committee is appointed by the Board of Directors. Its responsibilities include ensuring that the financial statements accurately and fairly present the financial condition of the Credit Union and that management's practices and procedures safeguard members' assets. The Committee approves the annual audit plan and provides an annual report to the Commissioner of Financial Regulation in accordance with the Maryland Credit Union Act. The Committee meets periodically with the independent accountants, as well as management, to review accounting issues, regulatory issues, and internal control procedures. The Committee also assists members with their various concerns.

The Supervisory Committee engaged Doeren Mayhew, an independent public accounting firm, as the Credit Union's external auditor. Doeren Mayhew audited MECU's financial statements in accordance with generally accepted auditing standards, and, in their opinion, the financial statements present fairly, in all material respects, the financial position of MECU as of December 31, 2025.

