2025

MERCK EMPLOYEES FEDERAL CREDIT UNION

Your Prescription to Financial Health.

Annual Report



90 Years of Delivering Member Value

2025: New Products, Member Protection and Financial Strength

As we celebrate our 90th Anniversary, it is a perfect time to reflect on the many changes we have seen at our credit union. From new products and new people to new challenges and new opportunities, the credit union's 90-year history has been eventful. When we first opened our doors, there were no credit cards or even share drafts. Online and mobile banking would have seemed like science fiction 90 years ago. The fact that members today can conduct business with the credit union virtually is something that our founders could not have envisioned.

The changes have been amazing. One thing hasn't changed. We continue to provide our members with a safe, secure and value-driven financial experience in one of the strongest financial institutions in the country. While there has been a lot of change over our 90-year history, the pace of change is intensifying even more.

Artificial Intelligence has arrived. AI is expected to be a powerful tool that will impact every facet of life. Mega data centers are popping up in all corners of the country to support the AI buildout. We are monitoring AI developments closely. While there will be benefits to AI, it could potentially drive more sophisticated fraud attacks. To combat this, we continue to step up our efforts with fraud protection systems, solutions and team training.



"Carefull" Comes at the Right Time

What are we doing for you, our valued member, to protect you from fraud? First, we now offer all members in good standing a world-class fraud protection service in Carefull. Carefull allows members to monitor all their accounts for unusual activity. This is not forced on the member. You can use as little or as much as you want from the service. We do recommend members utilize it in some way. Here's why. In a short period of time we have had many members who were alerted of a transaction that caused them concern. Members using Carefull have been able to act and stop potential fraud when they saw unusual transactions. We are also seeing more mundane benefits, such as members not realizing they were still paying for an old subscription or insurance policy and Carefull prompted them to cancel. Whether you utilize Carefull or monitor your accounts diligently on your own, the single best thing you can do to protect your accounts from new threats is to pay attention to transaction activity and take action if you suspect something unusual. Carefull also carries title theft monitoring, credit monitoring, ID theft insurance, and a toll-free number you can call to talk through fraud situations with trained Carefull representatives. *(continued on next page)*

More than 3,000 members are now touched by our Carefull fraud protection service. The best news... this is a complimentary, value-add service for our dedicated membership.

Financial Strength In all Areas in 2025

Whether it's a pandemic, geopolitical tensions, an economic downturn or any other unsettling event or trend, we know full well that members rely on the credit union to be a financial rock in turbulent times. We are that and more. If you haven't had a chance to look of late, your credit union's health statistics are exemplary. Consider that our reserve ratio has risen to approximately 14%, that's double the regulatory required amount of 7% mandated by the National Credit Union Administration. It means that your credit union is well positioned to deal with any economic disruption. Our net income also ticked up in 2025. As a not-for-profit cooperative, our goal is not to have the most net income among all credit unions, but strong net income is vital as it is the driver to grow reserves. 2025 was a very strong year in net income and 2026 is shaping up to be even stronger.

Beyond our financial health metrics, we need to ensure we are continuing to meet member needs. Those needs change and we must change with them.

Product Enhancements, Upgrades and New Approaches

Aside from our new Carefull offering, your credit union upgraded key product lines. To meet the growing demand for members to access their home equity we now offer a fixed 10-year home equity product. Many of you said you wanted a longer-term fixed equity option to tap into your hard-earned home equity. This is a great alterative to our traditionally popular home equity line of credit where the rate floats up and down as the Fed changes rates. We didn't stop there. We also increased the amount of money members can borrow from their home, raising the equity limits from $200,000 to $400,000. These are powerful changes to give members more flexibility when tapping home equity.

Your credit union also has a unique advantage for funding a home purchase. Why? Our rates are of course competitive, but even more importantly we are a portfolio lender. This means we do not sell our members' first mortgages to the secondary market (Fannie Mae or Freddie Mac) like many credit unions do. This is important because it gives us more flexibility in product design and underwriting to meet your home buying needs.

Member Value at All Times

As always, we are focused on member value in all climates. While we often run special promotions and offerings throughout the year, one of our differentiators is we offer value 12 months out of the year. As an example, if you are a member in good standing you are eligible for up to a 1% discount on our auto loan rates for doing basic things such as direct deposit, auto pay, and others. On the deposit side, our members have enjoyed our new CD program which now has more than $250 million on deposit. This is our way of offering more yield at one of the safest financial institutions in America. Probably our most impactful member value proposition is the fact that members can call and talk live to our skilled member service representatives. AI is coming fast, but we still believe the human touch is vital in providing members the service they expect.

Thank you for your support and we encourage you to stay tuned as we continue to invest in your credit union to make it an even more valuable part of your financial life!

Andrea Krysienski
Chair

Paul Gentile
President/CEO

MERCK EMPLOYEES FEDERAL CREDIT UNION

2025 Annual Report















Treasurer's Report

Merck Employees Federal Credit Union continued its record of strong financial health in 2025. Providing members with a safe and sound institution is always one of our top priorities. In 2025 the credit union's Net Worth was 13.97%. As a federally insured credit union regulated by the National Credit Union Administration, the credit union is required to maintain 7% capital to be considered "well-capitalized." At over 13% we are well above the requirement, demonstrating the credit union's financial strength. We continue to maintain a lower expense ratio compared to our peer credit union group. In 2025, operating expenses net of interest expense due to borrowing were $7.7 million representing just 17.73% of total income. The credit union also maintains one of the lowest fee structures of any credit union in the country, which is in line with our commitment to returning member value.

The credit union paid out $18.8 million in member dividends, representing approximately 43% of total income. Total deposits ended in 2025 at $1.24 billion and the average share balance at year end was $51,471. Loans granted to members were $31.2 million. Total loans outstanding ended 2025 at $217.1 million.

Respectfully Submitted,
Jeffrey Hack, Treasurer

Supervisory Committee Report Report

The Supervisory Committee is an autonomous committee appointed by the credit union's Board of Directors and is responsible for the financial audit and other audit functions. The Supervisory Committee performs random account verifications and reviews a variety of quality control reports regarding the credit union's operations. The Supervisory Committee engaged the Certified Public Accounting Firm, MSPC Certified Public Accountants and Advisors to conduct the annual audit as of December 31, 2025.

Your Supervisory Committee is pleased to report that the Credit Union is in sound financial condition and the records are in good order. A copy of the annual audit will be available at the Credit Union office in Rahway, New Jersey after its final presentation and approval by the Supervisory Committee. Members should also be aware that in addition to the annual audit, your Credit Union receives an annual examination from the National Credit Union Administration as per regulation.

Respectfully Submitted
Cynthia Francisco, Chair
Bruce Levin
Lorraine McLeod

MERCK EMPLOYEES FEDERAL CREDIT UNION

2025 Annual Report















2026 Scholarship Winners



Nicholas Cross

Furlong, PA

Central Bucks High School East

College Plans: Boston College

Major: Actuarial Science

"As someone planning to pursue actuarial science, my next level of education will help me turn my curiosity and love for problem-solving into skills I can actually use in the real world. By continuing my education, I hope to learn how to better analyze information, think critically, and make thoughtful decisions that have a real impact."

Graham Heft

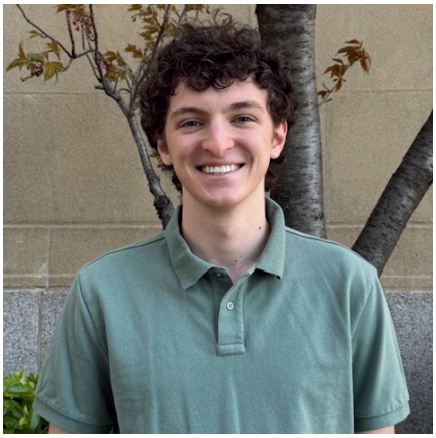
New York, NY

Trevor Day School

College Plans: Dartmouth College

Major: Government and American History

"I intend to pursue my passions of political work and international affairs as an undergrad through engagement with the on-campus student government and policy organizations. Long-term, I seek a future in either public service, where I could undertake policy analysis, or the legal field. I want to find a way to unite my interests in a manner which brings aid to the needy."





Surya Kamesh

Elmwood Park, NJ

Dwight Morrow High School / Academies@Englewood

College Plans: Undecided

Major: Biology (Premed Track) & Medical Anthropology

"I want to explore distrust in the national healthcare system, due to multitudes of reasons such as propaganda, costs, cultural-catering, and legal scrutiny. After my undergraduate degree, I want to pursue medical school and eventually work as a physician who actively works toward improving the public's confidence and belief in the country's healthcare."

2026 Scholarship Winners



Ella Brynn Kloby

South Plainfield, NJ

South Plainfield High School

College Plans: Villanova

Major: Business

"In Ghana, a "textile mountain" rises from unwanted clothes. The "Great Pacific Garbage Patch" covers over a million square kilometers of the Pacific Ocean with microplastics. As an aspiring business student, these environmental realities have driven me to pursue marketing as a tool to ensure global sustainability, a goal my college education will help me achieve."

Jernee Lin

Plainsboro, NJ

West-Windsor Plainsboro High School North

College Plans: Cornell University

Major: Biology

"Pursuing my curiosity in this extensive field would allow me to understand the balance of life, arguably the most precious thing we have. I would then be able to apply my knowledge to help others. As Merck continues to innovate new drugs to help the sick find stability in their life, furthering my education will guide me to learning and applying the knowledge from college in the medical field where I hope to help patients return to balance."





David Makowka

Wayne, NJ

Seton Hall Preparatory School

College Plans: University of Pennsylvania

Major: Engineering, Business & Finance

"Balancing academic rigor with strong school spirit, traditions, sports, and community service gives me confidence that I will have the right mix for my personal and career growth and success. College will give me the academic foundation to become a global engineering leader, making a positive impact on society through my engineering knowledge, skills, and experience gained by working alongside a driven college community of like-minded students and faculty."

MERCK EMPLOYEES FEDERAL CREDIT UNION

2025 Annual Report

Board of Directors



Andrea Krysienski
Chair



Linda George
Vice Chair



Jeffrey Hack
Treasurer



Raffalle Karby
Secretary



Douglas Christie



Ronald Coleman



A. Charles Orgelfinger



Patrick Ruane



Bernard Wisniewski

(Not Shown: Jeff Geller) Mr. Geller was appointed to the Board in August of 2025 to fill the unexpired term of Bernard Wisniewski.

MERCK EMPLOYEES
FEDERAL CREDIT UNION

2025 Annual Report

Supervisory Committee



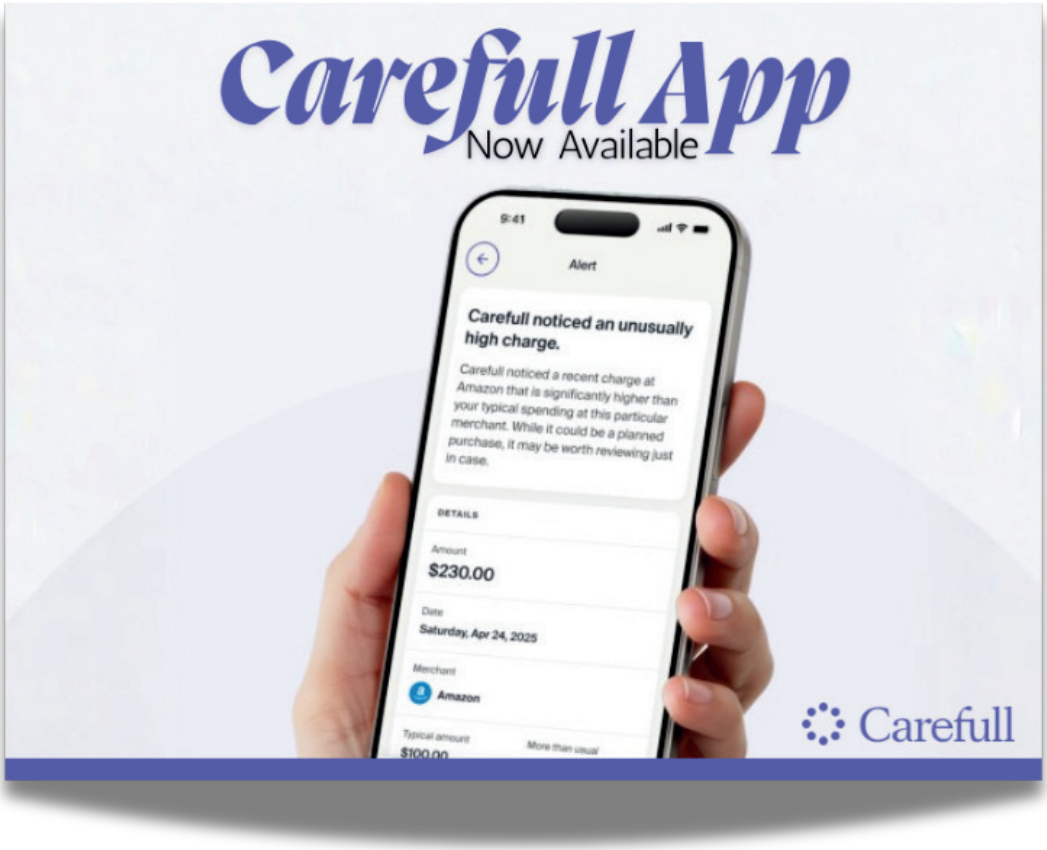
Cynthia Francisco
Chair



Bruce Levin



Lorraine Mccleod



MERCK EMPLOYEES FEDERAL CREDIT UNION

Statements of Financial Condition
(In Thousands)

	December 31, 2025	2024
Assets:		
Cash and Cash Equivalents	$ 113,496	$ 46,933
Interest-Bearing Time Deposits	17,137	41,551
Investments in Available-for-Sale Debt Securities, At Fair Value (Includes Amortized Cost of $569,435 and $584,519, Respectively)	559,371	557,621
Investments in Held-to-Maturity Debt Securities	868,405	950,400
Equity Securities	1,371	1,187
Other Investments	19,707	20,452
Loans Receivable - Net Allowance for Credit Losses of $336 and $318, Respectively	217,096	210,675
Accrued Interest Receivable	8,347	6,836
Property and Equipment - Net	1,728	2,054
Other Assets	1,036	752
National Credit Union Share Insurance Fund Deposit	9,596	9,612
Total Assets	$ 1,817,290	$ 1,848,073
Liabilities and Members' Equity:		
Liabilities:		
Members' Shares	$ 1,240,656	$ 1,292,445
Borrowings Under Agreement to Repurchase	321,000	321,000
Dividends Payable	7,712	7,282
Accrued Interest	1,925	1,925
Accrued Expenses and Other Liabilities	2,061	2,754
Total Liabilities	1,573,354	1,625,406
Members' Equity	243,936	222,667
Total Liabilities and Members' Equity	$ 1,817,290	$ 1,848,073

See accompanying notes to the financial statements.

MERCK EMPLOYEES FEDERAL CREDIT UNION

Statements of Income
(In Thousands)

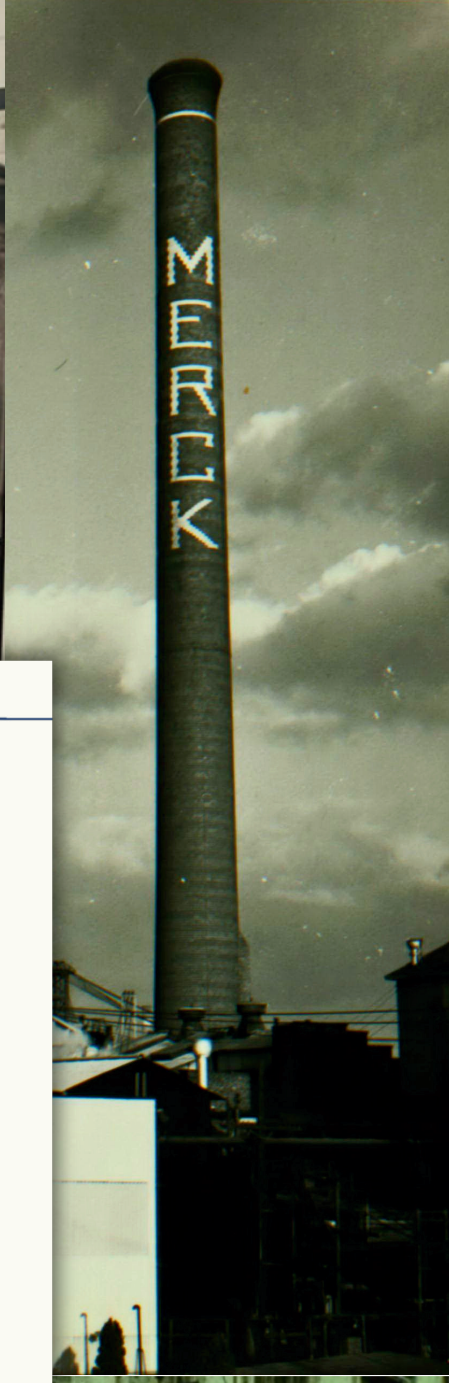
	Years ended December 31, 2025	2024
Interest Income:		
Loans	$ 9,230	$ 8,960
Interest and Dividends on Investments and Cash Equivalents	33,137	24,933
Total Interest Income	42,367	33,893
Interest Expense:		
Members' Shares	18,842	21,357
Borrowed Funds	13,296	14,112
Total Interest Expense	32,138	35,469
Net Interest Income (Loss)	10,229	(1,576)
Provision for Credit Losses	336	77
Net Interest Income (Loss) After Provision for Credit Losses	9,893	(1,653)
Non-Interest (Loss) Income:		
Fees and Charges (Loss) Income	829	1,880
Net Gain on Investments	294	157
	1,123	2,037
Non-Interest Expenses:		
Salaries and Employee Benefits	3,338	3,220
Office Operations	2,785	2,544
Professional and Outside Services	214	363
Other	1,373	1,353
	7,710	7,480
Net Income (Loss)	$ 3,306	$ (7,096)

See accompanying notes to the financial statements.

Notes

Notes







MERCK EMPLOYEES FCU

90th ANNUAL MEETING



