

2024 ANNUAL REPORT



Novation Credit Union delivered strong results in 2024, increasing our overall financial strength and improving our ability to be our members' financial partner for life. We continued to invest in, and engage with, our traditional membership base while successfully expanding our field of membership (FOM) to foster sustainable growth in 2025 and beyond.

We celebrated the 70th anniversary of our founding by 3M employees and remain fully committed to supporting 3Mers, 3M retirees, and their families across the United States. Our staff made nearly 50 visits to a variety of 3M locations during the year in addition to collaborating with 3M Employee Resource Networks and supporting 3M Club events. These engagements allowed us to interact with our valued existing members and welcome nearly 200 new, 3M-affiliated members to Novation Financial.

Our 2024 FOM expansion efforts began with 3M's official spinoff of healthcare company Solventum. All "Solvers" in the U.S. are eligible to apply for Novation Financial membership and benefit from the solutions and support we offer. Highlights for the year included making multiple visits to Solventum's Brookings, SD location and participating in a Founder's Day event in San Antonio, TX. Many more engagements are in the works for 2025 to continue introducing Solvers to our credit union.

Our additional FOM expansion was community based. We applied for and were granted state approval for a charter

in Washington County, MN. This allows us to serve additional people in the communities surrounding our Oakdale branch as anyone living, working, going to school, or worshipping in the county is eligible to apply for membership. We look forward to extending our presence to Cottage Grove, Woodbury, Stillwater, and additional communities across the county while building on our previous experience with our charter for McLeod County (where our Hutchinson branch is located).

Our growing FOM means an opportunity to introduce ourselves to more potential members who may be unfamiliar with us. We therefore refreshed and modernized our brand visuals and nomenclature to clarify we are a financial institution with a wide breadth of solutions. While our formal name remains Novation Credit Union, shorthand references are changing from just "Novation" to "Novation Financial" and Novation Investment Services was renamed Novation Wealth Management. Our new logo, colors, and naming conventions will continue to deploy throughout 2025.

Ultimately, our success and continued growth are centered on the financial wellness of our members, our staff, and the communities we serve. In 2024, four Novation Financial staff members obtained the Certified Credit Union Financial Counselor designation from America's Credit Unions. This allows us to offer free financial counseling sessions to members who request support with budgeting, spending plans, debt repayment plans,

building credit, planning for a big purchase, or dealing with economic challenges. We also expanded the financial literacy tools and resources on our redesigned website, partnered with TruLync Medicare Advisors to offer free, expert advice on Medicare enrollment, and provided financial and volunteer support to numerous organizations via the Novation Foundation.

Also supporting financial wellness is our highly successful Novation Wealth Management team, which specializes in comprehensive financial and retirement planning. With decades of experience supporting employees and retirees of 3M (and now Solventum), the team grew both in size and in the number of clients managed in 2024. With 13% annual portfolio growth, the team finished the year managing \$372 million in assets.

Looking at the big picture and across the industry, our 2024 performance appears even stronger when compared to peer credit unions of similar size and assets. We finished the year with our Net Worth up to 9.74% (Net Worth growth ranked 1st amongst 18 peer institutions) and a Return on Assets for the year of 1.11% (2nd in peer group). We grew both deposits and our loan portfolio during the year, putting our solid liquidity to work for our members. As a member-owned financial cooperative, Novation Financial's success is your success, and we look forward to continuing to make strides together in the year to come.


Beth Edinger
Board of Directors Chair


Mike Kronebusch
President/CEO

Financial Statement

as of December 31, 2024

Assets	2024	2023
Net Loans to Members	\$164,220,821	\$159,768,382
Cash and Investments	56,538,814	55,869,850
National Credit Union Share Insurance Fund Deposit	2,016,553	1,985,279
Fixed Assets	1,909,852	2,114,832
Other Assets	7,801,896	7,343,497
Total Assets	\$232,487,936	\$227,081,840
Liabilities & Member Equity	2024	2023
Member Share	\$208,569,300	\$206,097,454
Payables and Other Liabilities	1,559,549	1,341,838
Total Liabilities	\$210,128,849	\$207,439,292
Statutory Reserve	\$2,056,350	\$2,056,350
Operating Reserves	20,302,737	17,586,198
Total Member Equity	\$22,359,087	\$19,642,548
Total Liabilities & Member Equity	\$232,487,936	\$227,081,840

Operating Statement

as of December 31, 2024

Income	2024	2023
Interest on Member Loans	\$8,403,087	\$7,201,941
Interest on Investments	2,152,674	1,313,322
Non-Interest Income	2,918,949	2,778,202
Total Income	\$13,474,710	\$11,293,465
Expenses	2024	2023
Employee & Volunteer Expenses	\$3,914,020	\$3,746,712
Operations	3,327,280	3,202,878
Occupancy	307,513	326,981
Provision for Loan Loss	377,321	260,109
Loss on Real Estate Owned	0	0
Member Dividends & Funding Costs	3,008,751	2,233,658
Total Expenses	\$10,934,885	\$9,770,338
Net Income to Member Equity	\$2,539,825	\$1,523,127

Leadership

BOARD OF DIRECTORS

Beth Edinger Chair
 Matt Juhl Vice Chair
 Wendy Benson Secretary
 Dan Carlson
 Bob Kody
 Michelle Nephew
 Joe Paul
 John Schwalbach
 Daryl Thoennes

SUPERVISORY COMMITTEE

Mark Huberty Chair
 Beth Eskra
 Morgan Weber
 Waldo de la O

EXECUTIVE

Mike Kronebusch President/CEO
 Terry Kahle Vice President of Finance/CFO
 Nick Altavilla Vice President of Digital Experience & Operations
 Tyler Sachse Vice President/Chief Marketing & Strategy Officer
 Todd Brandel Vice President/Chief Lending Officer
 Sarah Carter Member Experience Director

Supervisory Committee Report

The role of the Supervisory Committee at Novation is to ensure the Board of Directors and Management are safeguarding members' assets by adhering to an appropriate governance structure and following established policies. On behalf of the membership, the Committee regularly reviews and monitors internal controls and risk management practices.

The Supervisory Committee is also charged with making sure an annual audit of financial records is completed. Wipfli LLP audited Novation Financial's books as of September 30, 2024. This independent audit is designed to provide an unbiased assessment as to whether the financial statements are free of any material misstatements.

We are pleased to report that through the internal reviews and the external audit, the Supervisory Committee, once again, finds Novation to be in a position of financial strength. Wipfli LLP issued an unqualified opinion and found no material weaknesses that would cause a misstatement of the financial statements. A copy of the audit report is available by contacting Novation's Chief Financial Officer or any of the committee members.

Your trust in Novation is never taken for granted. These measures—along with many others—are designed to ensure that your deposits are safe and that Novation continues to operate in a manner consistent with being a safe, sound, and well-managed financial institution.

