



# 2025 ANNUAL REPORT

As we look back at 2025 and reflect on another year of strong performance and growth for our credit union, it is obvious that our success is your success. It begins with you trusting us to be your financial partner for life.

Maximizing member benefits begins with maintaining a strong financial foundation. Last year, we grew both deposits and our loan portfolio, maintained strong liquidity, and put that money to work by earning a robust 1.19% return on assets. This strong performance ensures we can continue investing in your experience regardless of where you are banking with us.

Nova, our new virtual assistant, can help address your questions 24 hours per day, seven days a week. Our online banking platform received a modern refresh. Nearly one third of our staff has earned the Certified Credit Union Financial Counselor designation, allowing us to better assist members needing help with budgeting, managing debt, building credit, and more. In addition to supporting you at our branches, we continue to expand the list of 3M and Solventum locations we visit to engage with members.

2025 also saw new milestones for the Novation Wealth Management team: they surpassed \$400 million in assets under management for the first time and added another advisor to help serve a growing roster of over 1,000 clients. The team's deep knowledge of retirement planning continues to be a great asset for clients looking to set and reach their financial goals.

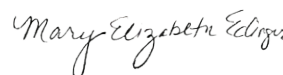
It was also a notable year of impact for the Novation Foundation. We held a successful, inaugural fundraiser with a pickleball tournament in April and significantly increased

overall contributions to the Foundation year over year. In addition to contributing over \$25,000 to charities focused on financial literacy and wellness in our communities, Novation staff provided 300 hours of volunteer time via the Foundation to organizations such as BestPrep, Bridging MN, and more.

Looking ahead to the rest of 2026, you've likely heard the news of our proposed merger with Heartland Credit Union (headquartered in Inver Grove Heights, MN). Pending final regulatory approval, Heartland will become part of Novation effective July 1, 2026.

This unification is a tremendous opportunity for our credit union to continue growing sustainably while enhancing both the service you receive and the impact we can make in our communities. Applying our engagement model and experiences working with 3Mers and Solvers to additional Select Employer Groups (SEGs) in CHS and Land O'Lakes will position Novation as Minnesota's premier SEG-focused credit union. We will also be able to extend our offerings across the Twin Cities metro area, with the unified credit union having 11 county charters and 5 community-focused branches.

Our team is excited for this new chapter in Novation Financial's history, and we hope you are too. We wouldn't be in such a strong position, and able to make such bold moves for our future, without the commitment of our members.



Beth Edinger  
Board of Directors Chair



Mike Kronebusch  
President/CEO

# NOVATION

CREDIT UNION

# Financial Statement

as of December 31, 2025

Assets	2025	2024
Net Loans to Members	\$170,072,869	\$164,220,821
Cash and Investments	59,710,573	56,538,814
National Credit Union Share Insurance Fund Deposit	2,078,594	2,016,553
Fixed Assets	2,030,505	1,909,852
Other Assets	7,866,292	7,801,896
<b>Total Assets</b>	<b>\$241,758,834</b>	<b>\$232,487,936</b>
Liabilities & Member Equity	2025	2024
Member Shares	\$214,898,986	\$208,569,300
Payables and Other Liabilities	1,475,076	1,559,549
<b>Total Liabilities</b>	<b>\$216,374,062</b>	<b>\$210,128,849</b>
Statutory Reserve	\$2,056,350	\$2,056,350
Operating Reserves	23,328,422	20,302,737
<b>Total Member Equity</b>	<b>\$25,384,722</b>	<b>\$22,359,087</b>
<b>Total Liabilities &amp; Member Equity</b>	<b>\$241,758,834</b>	<b>\$232,487,936</b>

# Operating Statement

as of December 31, 2025

Income	2025	2024
Interest on Loans	\$9,538,344	\$8,403,087
Interest on Investments	2,149,363	2,152,674
Non-Interest Income	2,997,812	2,918,949
<b>Total Income</b>	<b>\$14,685,518</b>	<b>\$13,474,710</b>
Expenses	2025	2024
Employee & Volunteer Expenses	\$4,019,774	\$3,914,020
Operations	3,656,934	3,327,280
Occupancy	318,037	307,513
Provision for Loan Loss	621,281	377,321
Loss on Real Estate Owned	0	0
Member Dividends & Funding Costs	3,252,990	3,008,751
<b>Total Expenses</b>	<b>\$11,869,016</b>	<b>\$10,934,885</b>
<b>Net Income to Member Equity</b>	<b>\$2,816,502</b>	<b>\$2,539,825</b>

# Leadership

## BOARD OF DIRECTORS

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

## SUPERVISORY COMMITTEE

Mark Huberty Chair  
 Beth Eskra  
 Spencer Olson  
 Morgan Weber

## 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. Credit Union Audit Group audited Novation Financial's books as of September 30, 2025. 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. Credit Union Audit Group 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.

