

mazuma®

ANNUAL REPORT



President/CEO's Report

Dear Members,

Happy 70th Anniversary! Seventy years ago, Mr. and Mrs. Pinkerton started Kansas City Federation of Federal Employees Credit Union in response to disenfranchisement by the banks. Mr. and Mrs. Pinkerton collected deposits in an old shoebox in order to help make loans to those who needed it the most. In 1969, at just over \$6 million in assets, Kansas City Federation of Federal Employees Credit Union changed its name to Federal Employees Credit Union. The credit union achieved remarkable things during the next 29 years, when we changed our name to Mazuma, the Yiddish word for 'Money.' In 1998, Federal Employees Credit Union/Mazuma was \$187 million in assets. As one of the first financial institutions in Missouri to have a computer, to one of the first to implement debit cards, or one of the first to have a website, Mazuma has a long history of innovation. In 2017, we grew over 8% to a record \$627 million in assets. To some, we are unrecognizable to the credit union from 70 years ago. To others, we are the same credit union that has achieved remarkable innovation and grown with the needs of our members. In my eyes, we are an organization that advances with the needs of our members yet still values the principles and values from which we were founded: giving back to those who need us most, amazing service (which we are amplifying to mean 'experience'), and very competitive banking products.



Brandon Michaels President/CEO

The year 2017 was one to remember! We achieved the best results in the history of the credit union and that is solely due to you, our valued members. Your use of the financial cooperative allowed us to give back to you and our community in remarkable ways. In 2017 alone, Mazuma volunteered with 23 different organizations totaling **4,254 volunteer hours!** In addition, the Mazuma Foundation provided numerous grants to worthy organizations around Kansas City and provided in-kind facilities space for dozens of companies. Thank you for trusting Mazuma with your financial dreams and aspirations. We take that responsibility seriously and are proud to be your community banking provider!

I'm proud to share that this year has been focused on YOU. The Mazuma team has worked tirelessly to improve processes and systems so that we can make it even easier for you to do business with Mazuma. The theme this year is: *"You spoke. We listened."*

One of the most significant achievements was in our call center (aka Member Relationship Center). The Member Relationship Center answered over 130,000 calls in 2017! I deeply appreciate your patience and forgiveness as we improved our Member Relationship Center. However, I am pleased to report that wait times have declined significantly from 2016 and are continuing the downward trajectory. I am so excited that in 2018, Mazuma will be one of the first financial institutions in the country to implement Amazon Connect®, Amazon's phone system. We know that the phone system has been less than desirable. We are excited that this new system will allow for higher levels of Member self-service, while also improving the experience you have with Mazuma. *You spoke. We listened.*

A new customer/member relationship management system will be implemented in the first half of 2018, which will significantly improve the level and consistency of service we provide. This new system will provide analysis and aggregation of our Members' experience and transactions, which will help us serve you better now and in the future. As a result of this system, several 'behind-the-scenes' processes were automated, and our team will be able to see all of your accounts in a 'single window-pane' without having to login to several systems. This will dramatically improve your experience and speed of service. *You Spoke. We Listened.*

We deeply appreciate your high level of engagement in 2017, as well as your patience as we upgraded our debit and credit card processing system to be more automated and secure. Mazuma has been working hard to become more efficient but also advance outdated processes and systems. We are gearing up to have our most successful year yet!

In 2018, we'll achieve many more milestones. We're projected to exceed \$650 million in assets, serve more than 63,000 members, and open another branch in Olathe. More importantly, as we grow to meet your needs, we will always maintain an acute focus on the needs of each member. I am excited about 2018 as we continue to progress our thinking of what it means to have amazing member experience. We will be working to break down the paradigms of traditional banking and create a pathway for Mazuma to become Kansas City's #1 financial partner by providing top-rated experiences and innovative products. We won't be perfect and we appreciate your patience and occasional forgiveness as we foster the growth and creativity of our team and work to build a truly excellent model for member experience.

Our dream is to have one of the most sought-after member experience models in the country. We want others to envy what we have. We want to be different than our competitors. We want all Kansas Citians to use Mazuma as their primary banking provider because of the incredible experience we provide. We don't just mean good service. Experience is more than good service. We will be engaging some of you in our process so that we can be true to what matters most: you. The transformations that took place in 2017 positions Mazuma and our membership for a bright future. Thank you again for your trust, support, and occasional forgiveness as we collectively endured the trials and tribulations of change. There is only one thing in this new world that is constant and that is change. We are stronger than ever before, and ready to embark on our most important project yet: an **amazing member experience!**

The best is yet to come!

Brandon Michaels
President/CEO

Board Chair Report

Dear Members,

On behalf of your Board of Directors, I am thrilled to once again report that Mazuma Credit Union has completed another very successful year. Mazuma is financially sound, has passed all regulatory examinations with flying colors and is growing rapidly – a testimony to the loyalty of our Members and the dedication and expertise of our team and volunteers.

During my eight years on the Mazuma Board, I have come to know and respect the Credit Union industry as being essential to the economic health of our city and our country. Who but credit unions exist solely to anticipate and tackle the financial needs of Members without an expectation of profit-for-hire? We thank Mazuma executives for their outstanding leadership and all of our team members for carrying forth the greater credit union mission and continuing Mazuma's outstanding legacy. Our determination to deliver the highest standard of care for every Member is the same today as it was when the credit union was founded more than 70 years ago as the Kansas City National Federation of Federal Employees Credit Union.

This past year, Mazuma welcomed a number of new Board Members and Volunteers who will bring diversity of thought and expertise to the governance of Mazuma and carry forward the legacy of so many devoted Volunteers before them. I believe that effective governance leads to better business decisions and that Board attentiveness is vital for Mazuma's future success. Governing well is not always easy to do. I thank each and every Board Member and Volunteer for stepping forward to give their time and commitment to making Mazuma the best it can be for all Members!

As my term comes to a close, I have a profound sense of the privilege it has been to serve as Chair of the Board of Directors during a time filled with positive change and progress. Mazuma is a first-rate organization – embodying essential characteristics: know-how, integrity, innovation, and a passion for serving members, to name a few. Capable Board and Volunteers. Talented leaders and team. Faithful Members. Mazuma's success is our success and we are excited about the possibilities for our continued journey together.

Sandra Tillman
Board Chair



Sandra Tillman Board Chair

Corporate Social Responsibility Summary

During 2017, Mazuma gave back to our community with three focused strategies. Economic benefit was delivered through giving of our space, our time and our assets. Below is a snapshot of the amounts that we gave back to our community.

Our Space	
Mazuma hosted 56 unique meetings	\$19,600
Our Time	
Mazumans volunteered with 21 different organizations for a total of 4,254 hours	\$88,441
Mleage paid to volunteers	\$2,000
Our Assets	
Mazuma Foundation issued Grants	\$45,000
Big Brothers Big Sisters Partnership and Mazuman Bowl for Kids Sake	\$4,500
Total Giveback	\$159,451

2017 Financial Highlights

2017 was an excellent year for the credit union as we saw significant success in meeting Member needs for loans. During the year, we grew our loan balances by more than \$75 million and provided well over \$100 million in new loans to our membership! The Credit Union is nearly \$627 million in total assets, which is a testament to the trust our Members have placed in us. This important threshold allows the organization to continue making Kansas City a Better Place to Live, Work, and Bank.

Mazuma continues to perform very well and has seen continued growth in all of its markets in 2017 and we continue to expect similar growth in years to come. Thanks to our Members and Team Members for their support in 2017.

Balance Sheet as of December 31, 2017 (highlighted areas)

Assets	2014	2015	2016	2017*
Loans to Members	\$300,416,656	\$338,239,484	\$399,861,348	\$ 476,189,105
Investments	\$125,011,244	\$150,307,425	\$108,133,595	\$85,412,415
Fixed Assets	\$27,373,178	\$28,539,523	\$27,146,308	\$27,169,831
Other Assets	\$40,292,256	\$40,328,512	\$47,615,260	\$38,174,781
Total Assets	\$493,093,334	\$557,414,944	\$582,756,511	\$626,946,132

Liabilities and Equity	2013	2014	2015	2017*
Liabilities	\$10,814,995	\$27,033,534	\$52,563,203	\$59,158,685
Deposits	\$437,216,328	\$483,356,822	\$478,790,096	\$511,647,971
Equity	\$45,062,011	\$47,024,588	\$51,403,212	\$56,139,476
Total Liabilities and Equity	\$493,093,334	\$557,414,944	\$582,756,511	\$626,946,132

Members	55,448	57,811	63,038	62,209
---------	--------	--------	--------	--------

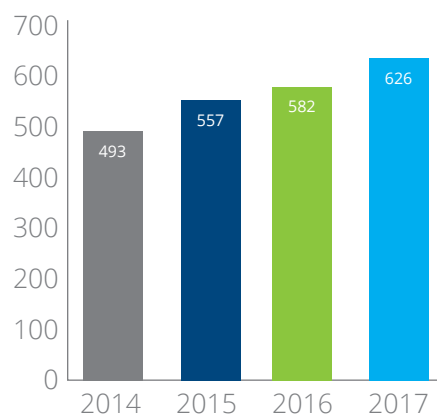
Income Statement Year Ended December 31st, 2017

Income	2013	2014	2015	2017*
Loan Income	\$15,322,841	\$17,209,288	\$19,396,079	\$21,978,099
Investment Income	\$1,501,352	\$1,423,265	\$1,486,302	\$1,684,065
Other Income	\$15,875,382	\$16,577,443	\$17,879,591	\$14,838,749
Total Income	\$32,699,575	\$35,209,996	\$38,761,972	\$38,500,913

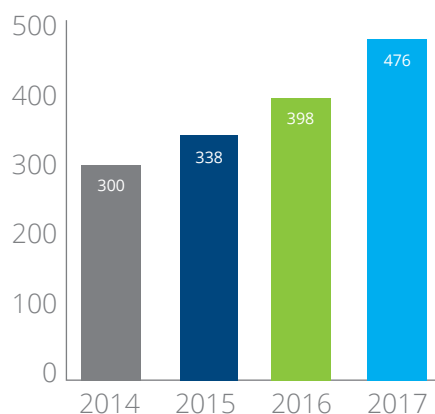
Expenses	2013	2014	2015	2017*
Operating Cost	\$24,987,020	\$30,347,605	\$31,882,648	\$30,711,492
Dividends and Interest	\$2,137,488	\$2,258,881	\$2,531,376	\$3,281,670
Total Operating Cost	\$27,124,508	\$32,606,486	\$34,414,024	\$33,993,162
Net Income	\$5,575,067	\$2,603,510	\$4,347,948	\$4,507,751

* 2017 are unaudited due to the earlier nature of the Annual Meeting.

Assets (In Millions)



Loans (In Millions)



Deposits (In Millions)

