



2018 ANNUAL REPORT

A brief recap of the
Credit Union's Year

2018

A YEAR OF TRANSITIONS

Our philosophy since 1948 has been to treat our Members like family. Our founder Joe Pinkerton and his wife Wyla set out to build a cooperative of Kansas Citians that had a shared mission of making Kansas City a better place to live, work, and bank. By collecting deposits in a shoe box, they helped to build the foundation of Mazuma Credit Union.

In 2018 we celebrated 70 years of serving our Members. It's been quite a journey, and the past year has been one of many transitions. We focused on leveraging technology to create a more seamless and personal Member Experience on the platforms you use, and we welcomed a new CEO.

We want to thank our Members for allowing us to continue to serve you each and every day. We're honored to play a role in your financial journey, and honored that our Members stick with us and pass down a tradition of membership to their families. Thank you all for inspiring us!

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CEO MESSAGE

Dear Members,

I would like to start off by saying **thank you!** Thank you for your Membership and for your support of the credit union movement. As you may know, there is a very important, meaningful, and distinct difference between a credit union and a bank. Although we both may offer the same products and services, our business model is fundamentally different. Unlike banks who work hard to profit their shareholders, credit unions are Not-For-Profit Financial Cooperatives who exist solely to serve **you**, our member-owners, and all of the communities that we call home. Our goal is to find ways to make your life better, whether by helping you achieve your financial goals or by being there for you when life presents all of its challenges and opportunities. We are your credit union family whose priority is and always will be to serve you and your families' best interests and we can't say **thank you** enough for joining with us to make Kansas City a better place to live, work, and bank.

2018 was a year marked by change for your credit union. One of the

most significant changes was the announcement of our President and CEO's departure. I would be remiss if I failed to recognize all that he did for Mazuma during his service over the past seven years. Brandon Michaels was a CEO who had a passion for the industry and foresight to see that the credit union must make drastic changes in order to keep up and survive in this highly competitive environment. His drive set the stage for Mazuma to become strong and ready for our future and included the building of our Headquarters, partnership with Sporting KC, creation of our Corporate Social Responsibility Program, and the investment in all of the new technologies that we needed in order to continue to provide you with all that we can. It is because of him that we are positioned as well as we are and we wish him success in his new role at a credit union in Houston!

I am deeply honored to have the opportunity to lead our credit union as Chief Executive Officer into this next chapter. After 25 years in the Financial Industry, words simply cannot describe how special Mazuma and Kansas City are and how much I value this family



DEONNE CHRISTENSEN

PRESIDENT/CEO

and the communities that we get to serve. I joined Mazuma in 2013 because I recognized the huge potential that this already amazing organization had to make an even greater impact, and we couldn't have a better Team, Volunteer Board of Directors, or Membership to make it all happen. Although the past few years have been filled with making necessary changes to our systems as we crossed the bridge from a small to a larger credit union, we are now able

to shift gears and place priority on fine tuning all of those investments so that we can create amazing experiences for you through all of our delivery channels.

2019 PRIORITIES

Mazuma Experience

We have already kicked this year off strong as our Member Experience Scores are climbing and are higher than they have ever been at 4.77% YTD! We have elevated the Mazuma Experience to our top priority which means that the focus on our Team, Members, and Community comes before all else. We will be hosting more Member Appreciation Events for you and your families and are continuing to find ways to provide you with the best banking experiences that we can! We are also further immersing ourselves in all that is local, so we look forward to seeing you at more community events!

Financial Performance

Our Financial Performance is a key indicator as to whether or not we are best fulfilling our purpose of People

Helping People. We ended the year with tremendous success, as can be seen in our 2018 Financial Highlights, and we will continue to strive to serve all of your lending and savings needs while also offering as much value as we can in all of the products and services that you may want.

Operational Excellence

Phone System – Further releases will be made to Wyla, our new automated phone system, in order to continue to improve your phone banking experience with us.

Website – Mazuma.org will be getting a much needed makeover to make this even more user-friendly and simple to navigate. We can't wait for your feedback!

Branching Plan – We will be remodeling our Gladstone branch (which is one of the last major renovations in our branch network) and plan to refresh a few other locations to further enhance your Branch experiences. We will also be using our mapping analytics data to identify where our next branch will be in 2020! Submit your thoughts and ideas too!

New Account Opening Solution – This is one of the very last systems that we have been needing and one that will accomplish many things including a faster, simpler process for you whether you open new or additional accounts with us on-line or in a branch.

Small Business Banking – We are excited to be at the place to where we can truly dedicate the time, effort and resources to build out our Small Business Banking Program which will include Business Accounts and Services, and Online Banking to compliment the Commercial Lending that we do for Small Businesses.

In closing, I cannot express enough gratitude for your Membership and am excited for our collective future. Thank you for being a part of our Credit Union Family. I look forward to celebrating our 2018 successes at Mazuma's upcoming 71st Annual Meeting and sharing our progress throughout 2019!

Warm Regards,

Deonne Christensen
President/CEO



“We are so very fortunate to have the talent and resources we have here, and each person is dedicated to making sure Mazuma truly serves the needs of the members”

BOARD CHAIR MESSAGE



RUSS PETRY

BOARD CHAIR

Dear Members,

On behalf of our Board of Directors, I am excited to share that your credit union is financially strong, growing, and

continues to be focused on serving the needs of its Members.

2018-2019 has been a successful year for Mazuma! One of the largest changes you have seen was the selection process of our new CEO, Deonne Christensen, following the resignation of Brandon Michaels. We were sad to see Brandon leave, but are very excited about selecting Deonne as our new CEO. Deonne brings with her many years of banking and credit union experience and has been a familiar face around Mazuma for quite some time. I am excited about the future with her in this role!

Your Board of Directors spent many hours over the last year leading Mazuma to a stronger future. I would like to thank all of the Board of Directors, the volunteers, and Mazuma

Staff for their part in this success and also for paving a path to a stronger credit union that is a pillar of the community. We are so very fortunate to have the talent and resources we have here, and each person is dedicated to making sure Mazuma truly serves the needs of the Members.

The largest thank you goes to you, the Members of Mazuma. You ARE what Mazuma is now and in the future. Your trust, devotion, and participation is what makes our Credit Union strong and also a great example to other credit unions across the nation of what a credit union should look like.

Russ Petry
Board Chair

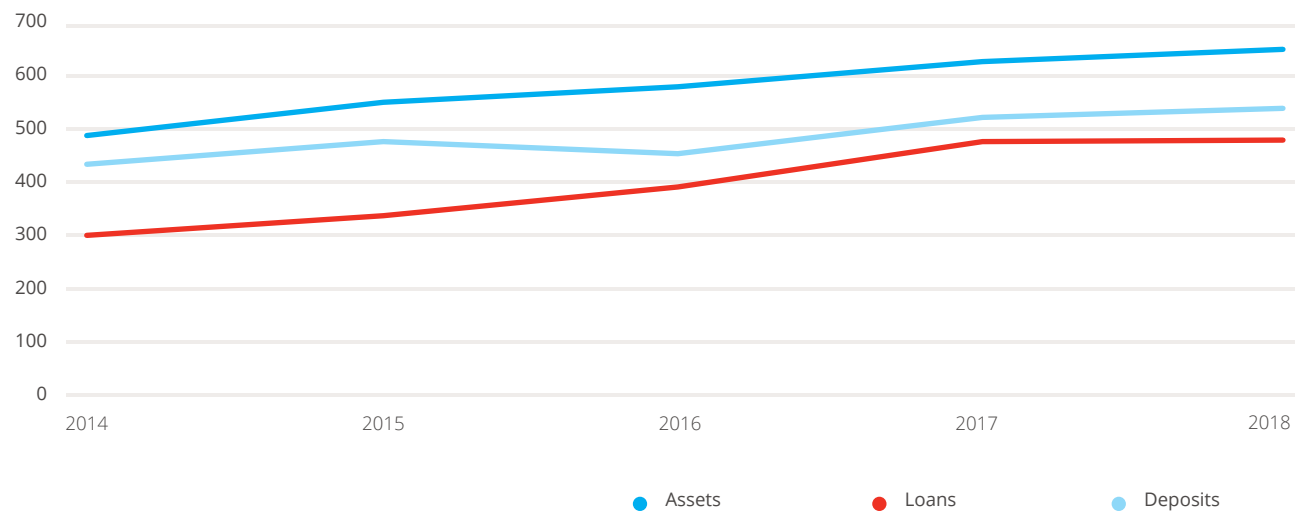


We love to serve our Members and hear your successes! Has Mazuma helped you? Share your stories with us by sending an email to MemberCareCenter@mazuma.org with the subject line 'Member Story'. We'll be featuring your stories on social media and our newsletter

FINANCIAL REPORT

Mazuma had a very successful 2018 meeting both Member needs for loans and deposits! During the year Mazuma originated more than \$150 million in loans, growing loan balances by more than \$13 million year over year. The credit union was also able to grow deposits in 2018 by more than \$17 million through our expanded branch locations and new markets. At the end of 2018 the credit union achieved a new milestone exceeding \$650 million in assets and growing to \$661,118,285 a new record! Over the last three years we have also been able to expand our membership for more than 10,000 new members around the Kansas City area as we continue our push to Make Kansas City a Better Place to Live, Work and Bank!

Mazuma continues to perform very well and as you can see below we have the vast majority of our deposits support the loan in Kansas City and our surrounding communities. We're excited for what 2019 has in store for Mazuma as we continue to grow and share our organization with more of Kansas City!



FINANCIAL HIGHLIGHTS

Balance Sheet as of December 31, 2018 (highlighted areas)

Assets	2015	2016	2017	2018*
Loans to Members	\$338,239,484	\$399,861,348	\$471,092,240	\$484,321,792
Investments	\$150,307,425	\$108,133,595	\$56,586,141	\$108,178,024
Fixed Assets	\$28,539,523	\$27,146,308	\$27,203,123	\$27,780,394
Other Assets	\$40,328,512	\$47,615,260	\$71,963,713	\$40,838,075
Total Assets	\$557,414,944	\$582,756,511	\$626,845,217	\$661,118,285

Liabilities and Equity	2015	2016	2017	2018*
Liabilities	\$52,375,101	\$52,563,203	\$59,057,772	\$68,007,437
Deposits	\$483,356,822	\$478,790,096	\$511,647,970	\$528,986,296
Equity	\$47,024,588	\$51,403,212	\$56,139,475	\$64,124,552
Total Liabilities and Equity	\$582,756,511	\$582,756,511	\$626,845,217	\$661,118,285
Members	55,448	57,811	63,038	64,650

Income Statement Year Ended December 31st, 2018

Income	2015	2016	2017	2018*
Loan Income	\$17,209,288	\$19,396,079	\$21,978,097	\$27,350,271
Investment Income	\$1,423,265	\$1,486,302	\$1,684,065	\$1,847,176
Other Income	\$16,577,443	\$17,879,591	\$17,180,341	\$14,933,683
Total Income	\$35,209,996	\$38,761,972	\$40,842,503	\$44,131,130

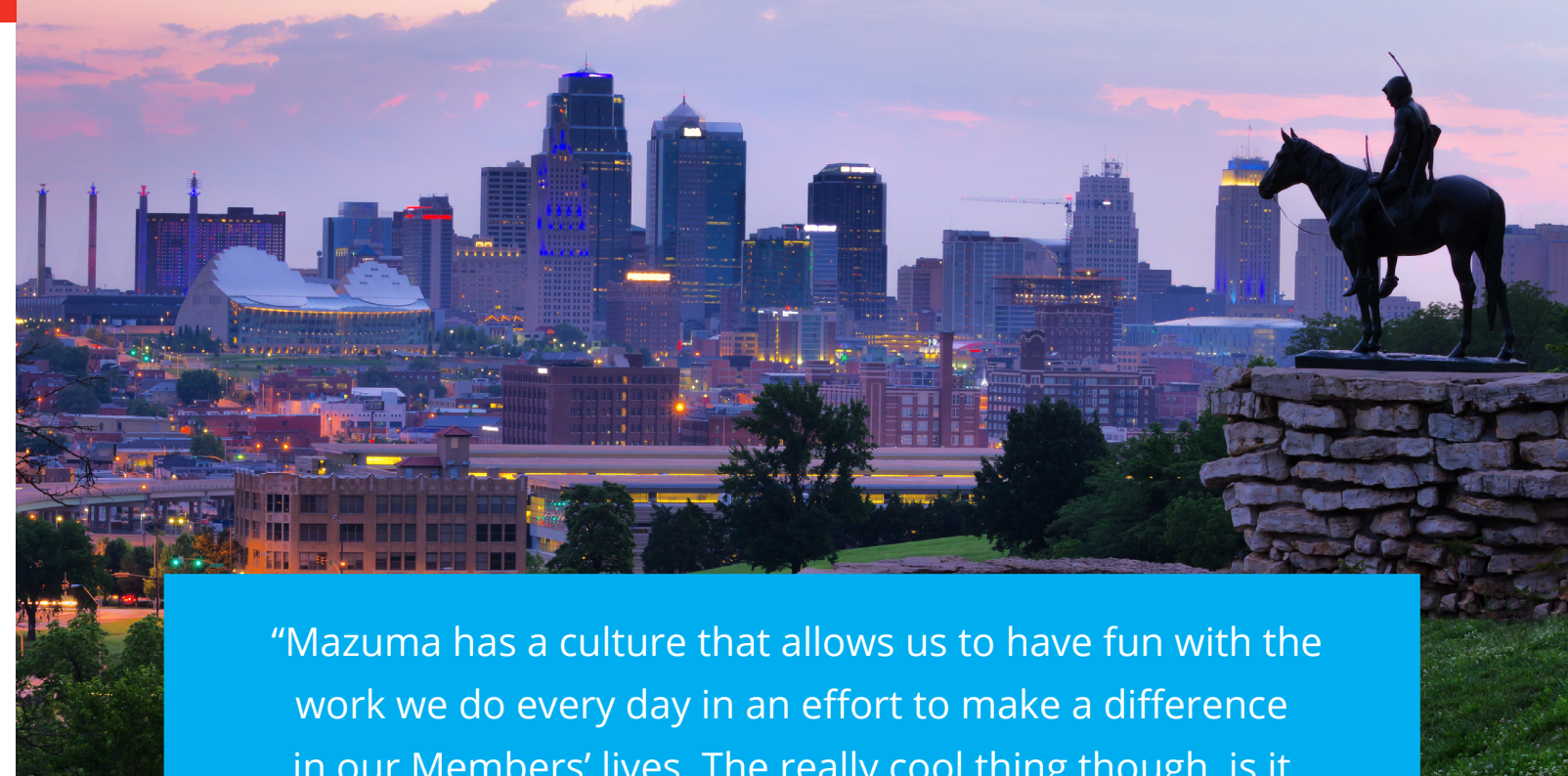
Expenses	2015	2016	2017	2018*
Operating Cost	\$30,347,605	\$31,882,648	\$33,053,084	\$30,915,313
Dividends and Interest	\$2,258,881	\$2,531,376	\$3,281,670	\$5,040,777
Total Operating Cost	\$32,606,486	\$34,414,024	\$36,334,754	\$35,956,090
Net Income	\$5,575,067	\$6,155,486	\$4,347,948	\$8,175,040

*2018 are unaudited due to the earlier nature of the Annual Meeting

A LOOK BACK IN TIME

Did you know that credit unions have a history that dates back to the 1800's? It's true! Today, there are more than 102 million credit union account holders across the country. Here's a little history of credit unions and Mazuma:

<p>1849</p>	<p>CREDIT SOCIETY</p> <p>Friedrich Raiffeisen starts the first credit society in rural Southern Germany.</p>	<p>1970</p>	<p>NCUA FORMED</p> <p>The National Credit Union Administration (NCUA) was formed to supervise federal credit unions.</p>
<p>1864</p>	<p>FIRST CREDIT UNION ESTABLISHED</p> <p>Friedrich Raiffeisen establishes the first rural credit union in Germany.</p>	<p>1980</p>	<p>MEMBERSHIP RULES CHANGE</p> <p>Credit unions are able to be more flexible in accepting members, and are able to offer increased services.</p>
<p>1909</p>	<p>CREDIT UNIONS COME TO THE STATES</p> <p>Alphonse Desjardins forms the first credit union in the US in New Hampshire.</p>	<p>1998</p>	<p>50TH ANNIVERSARY</p> <p>On our 50th birthday, we change our name to Mazuma Credit Union. Mazuma is the Yiddish word for money!</p>
<p>1948</p>	<p>WE GET IN THE GAME</p> <p>The Kansas City National Federation of Federal Employees Credit Union was born. That's us! Doesn't that name just roll off the tongue?</p>	<p>2014</p>	<p>TIME FOR A MAKEOVER</p> <p>We rebranded to the new look and feel that our Members love today.</p>



“Mazuma has a culture that allows us to have fun with the work we do every day in an effort to make a difference in our Members’ lives. The really cool thing though, is it doesn’t just stop there, we also intentionally work to make a difference in the community we serve...Kansas City.”

TIM SCHEER VP OF RETAIL OPERATIONS

OUR MISSION?

Our mission has always been to make Kansas City a better place to live, work, and bank. Whether that's helping newlyweds open their first joint account, securing a loan for your first car or home, helping a Member who's struggling to get back on a good financial path, or even helping to jumpstart a Member's car. Hey, it's

really happened. We're committed to putting people first. Through community partnerships in the arts, financial education, and community development, our Team is here to not only serve you, but Kansas City as well. After all, we live here too. Every one of our Memeber has a story, and we're thankful to be a part of yours.

BRANCH OF THE FUTURE

It's no surprise that the way in which we manage our finances is changing. With ever changing technology and busy schedules, the needs of our Members are evolving. While branches are still incredibly important to our Members, the way in which they're being used is evolving.

When our Team sat down to lay out our newest branch in Olathe, KS, they took all of this into consideration. Our newest location, while smaller, focuses on bringing Mazuma's unique culture and experience to that branch's surrounding community.



OLATHE FEATURES

Our Olathe branch combines Team and technology in a new and exciting way. Here are a few of the features of our newest location:

- **Relationship-Focused:** No teller lines. Instead you'll have more face-to-face interaction with your Relationship Advisors and they'll be able to get to know you on a more personal level.
- **SmartATMs:** Interactive video tellers that will allow you to quickly, and easily make the same transactions you would normal make.
- **Community:** With an open and welcoming concept, we invite you to come enjoy a cup coffee with us! This branch was built with community in mind and will host various events for the surrounding area throughout the year.



"I'm incredibly proud of the Olathe Team and the work that they've done to help make the vision for this branch a reality. In less than a year we've built great relationships with our frequent Members and have immersed ourselves into the Olathe community. We look forward to participating in many more events in 2019 and continuing to serve Olathe!" - Cristil Singers, Olathe Branch Manager



CORPORATE SOCIAL RESPONSIBILITY

Kansas City is a special place. We're pretty biased, but we think KC is the best. That's why we think it's important to take an active role in our community by supporting the arts, financial education, and community development. We think it's important to do more than just write a check, and that's why we get hands on.

Through our 40 Hours For Good initiative, we give our Team Members 40 paid hours each year to give back to the organizations of their choice. Now that's pretty special.

3972
VOLUNTEER HOURS

Our Team Members are allowed up to 40 hours of paid volunteer time at a place of their choice.

890
GIVEBACK DAY HOURS

We closed all of our locations for a day and instead of taking the day off, we volunteered at our members' houses.

6
GRANTS AWARDED

These grants were awarded through our Mazuma Foundation and the total amount contributed was \$30,000

87
EVENTS HOSTED

These events took place in our community room at no cost to the organizers or attendees

\$149,292
TOTAL

When all of the hours, gas mileage, donations, and space is converted to their monetary value this is the full amount that our organization contributed last year.





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Check out the digital version!