

mazuma®

2016 Annual Report

### President/CEO's Report

Dear Members,

Once again, Mazuma delivered on all counts. In doing so, we achieved our best results in the history of the credit union and expanded our strategic leadership in some very important areas. We increased our membership and loans granted, as well as furthered our commitment to giving back to our communities. Our passion is Making Kansas City a Better Place to Live, Work, and Bank, and this past year, we made meaningful progress in several areas. On behalf of the entire Mazuma team – Mazumans – thank you for being members of your financial cooperative.

Two areas that are of strategic importance to Mazuma are workplace culture and technology. In 2016, Mazuma welcomed two new additions to our executive team: Michelle Wood as Chief Culture Officer and Brad Rein as our Chief Information (Technology) Officer. I couldn't be more pleased with their accomplishments to date and the impact they are having on our team and members. Both of these accomplished professionals have displayed exceptional leadership and will have a positive impact on our strategic focuses going forward.

Our Members' experiences with us, no matter the venue used (online, mobile, branch, call center, mail) is of strategic importance to the Board and management. This past year, we took several months to define the experience we provide our Members throughout our various channels and worked to identify gaps in our processes. This incredible team work is invaluable as we begin implementing our new Amazing Member Experience Model in 2017. I hope you will begin to see some meaningful enhancements in the coming months. Even though we aspire to be the best and further enhance our member experience, I am pleased to announce that our Member Happiness scores are some of the best in the area. In fact, our average score across the organization is nearly 4.6 out of 5! I hope you will celebrate with us as we continue to invest in the delivery of our Member Experience initiatives.

Another strategic area is giving back to our communities. When we launched the Mazuma Foundation in 2015, our vision was to contribute to our community through three pillars: Education for Adults and Youth, Arts, and Community Development. Did you know that Mazuma contributes 5% of our prior year's net income to community outreach, and offers all Team Members 40-hours per year to volunteer for impactful organizations in the Kansas City area? In 2016, our Team Members volunteered 3,334 hours of community service in Kansas City and surrounding neighborhoods! I'm not aware of any other financial institution that has this level of commitment to Making Kansas City a Better Place to Live. We're proud of the growth and success of our CSR (Corporate Social Responsibility) Program and are very excited for some volunteer opportunities we have planned in 2017.

Since rebranding in 2014, we have been working on remodeling each of our branches to reflect our new look and feel. In 2016, we remodeled our Raymore Branch. We said 'Goodbye' to the Remote Teller Stations (telephone handsets) and expanded the floor plan to better accommodate one of our most successful branches. The new design of the branch has been well received from Members, and we're excited to deliver the same remodel to our Lee's Summit East branch in 2017.

When you choose a Credit Union, you are choosing to become a part of a financial cooperative whose overarching mission is to positively impact the lives of our Members and our communities. In 2016, we surpassed 62,000 members and continue to grow. Looking ahead, our operating environment will continue to be shaped by slower growth in the national economy and rapid change in our industry. Moving forward, you will see Mazuma continue to grow organically by ensuring we have the products and services our Members want so that we become the primary financial partner to a greater percentage of our membership. We will work to develop member-centric products that enhance your lives and make it easier for you to achieve your financial aspirations. Mazuma will also be looking for opportunities to expand our branching footprint throughout the Kansas City region. This will enhance the convenience we provide to our Members and prospective Members.

As we journey into 2017, we have many exciting things on the horizon. For one, we're very excited to be opening a new branch in the next couple of months! Number nine will be located in The Crossroads District of Kansas City! This area is a growing, vibrant and diverse community filled with innovative businesses, and we think we'll fit right in. This branch will look and feel different than our other locations. Our goal is to foster the creativity and culture that exists in the Crossroads District by promoting local artists in our branches, offering an engaging workspace for community professionals, and changing our service delivery model from purely transactional to more advisory. We want to be our Member's trusted advisors, and this branch will be the first branch with this new model.

On behalf of the management team and the Board of Directors, we thank all of our Team Members, past and present, for the phenomenal work and commitment they have displayed over the last year. Our Team inspires and motivates us every day to continue to live our purpose of Making Kansas City a Better Place to Live, Work, and Bank.

On behalf of the entire financial cooperative, thank you for your continued trust and confidence in Mazuma Credit Union.

Brandon Michaels  
President/CEO



Brandon Michaels President/CEO

### Board Chair Report

Dear Members,

On behalf of your Board of Directors, I am pleased to report that your credit union is financially strong and more committed than ever to serving the needs of our members. From our strong and proud beginning serving the needs of Kansas City's federal employees to today's metropolitan wide membership, Mazuma is motivated to be the best financial partner for you and your family.

Many longtime loyal members may recall the days that our credit union only offered savings accounts and personal loans. Today, Mazuma offers a complete menu of financial products, insurance, wealth management and educational tools. Thanks to you, our members, our cooperative is tremendously successful. I am honored to report that 2016 was an exceptional year of growth for Mazuma with total assets ending at over \$582 million, and Mazuma once again has far exceeded the net worth to assets ratio required by the National Credit Union Administration to be rated "well capitalized", the highest rating! The financial strength of our Mazuma is critical to our ability to provide you with innovative and modern financial products, deliver outstanding customer service, and handle ever-increasing regulatory requirements.

Just as important, your volunteer Board of Directors has spent significant time over the past several years developing modern and strong governance practices. We have established performance requirements for volunteers and committees, created term limits, implemented a Director Emeritus program and modernized election processes. I would like to convey a heartfelt thank you to my fellow Board of Directors, volunteers and Mazuma staff for their hard work and dedication. Mazuma is fortunate to have a group of talented people working for the best interests of all of our members.

In closing, your Board would like to thank you for being the heart and soul of our credit union. The success of Mazuma is the result of the trust you place in us and you are at the center of every decision we make. We are excited to continue our bold mission in 2017 and beyond. On behalf of our Board of Directors, thank you for your loyalty and membership.

Sandra Tillman  
Board Chair



Sandra Tillman Board Chair

### Corporate Social Responsibility Summary

During 2016, 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.

<b>Our Space</b>	
Mazuma hosted 67 unique meetings	\$17,150
<b>Our Time</b>	
Mazumans volunteered with 23 different organizations for a total of 3,334 hours	\$72,913
<b>Our Assets</b>	
Mazuma Foundation issued inaugural Grants	\$25,000
Big Brothers Big Sisters Partnership and Mazuman Bowl for Kids Sake	\$4,500
Kansas City Boys and Girls Choir Financial Savings Education Match	\$664
<b>Total Giveback</b>	<b>\$120,227</b>

## 2016 Financial Highlights

2016 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 \$60 million and provided well over \$100 million in new loans to our membership! The Credit Union is nearly \$600 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. Earnings also exceeded our targets for our peer group and allowed us to add \$4.3 million into the reserves of the organization!

Mazuma continues to perform very well and has seen continued growth in all of its markets in 2016 and we continue to expect similar growth in years to come. Thanks to our Members and Team Members for their support in 2016.

### Balance Sheet as of December 31, 2016 (highlighted areas)

Assets	2013	2014	2015	2016
Loans to Members	\$304,564,328	\$300,416,656	\$338,239,484	\$399,861,348
Investments	\$116,239,318	\$125,011,244	\$150,307,425	\$108,133,595
Fixed Assets	\$16,912,523	\$27,373,178	\$28,539,523	\$27,146,308
Other Assets	\$32,854,294	\$40,292,256	\$40,328,512	\$47,615,260
Total Assets	\$470,570,463	\$493,093,334	\$557,414,944	\$582,756,511

Liabilities and Equity	2013	2014	2015	2016
Liabilities	\$10,441,966	\$10,814,995	\$27,033,534	\$52,563,203
Deposits	\$421,676,678	\$437,216,328	\$483,356,822	\$478,790,096
Equity	\$38,451,819	\$45,062,011	\$47,024,588	\$51,403,212
Total Liabilities and Equity	\$470,570,463	\$493,093,334	\$557,414,944	\$582,756,511

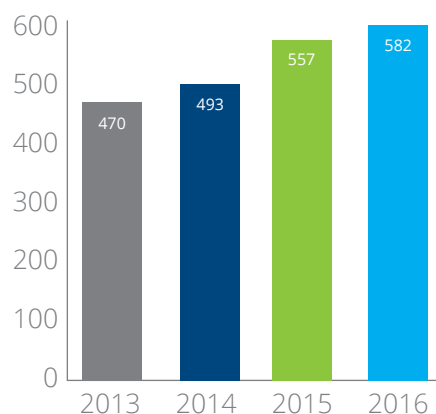
Members	53,512	55,448	57,811	63,038
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### Income Statement Year Ended December 31st, 2016

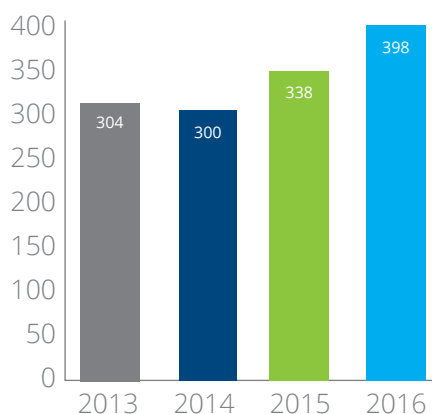
Income	2013	2014	2015	2016
Loan Income	\$15,206,885	\$15,322,841	\$17,209,288	\$19,396,079
Investment Income	\$1,314,663	\$1,501,352	\$1,423,265	\$1,486,302
Other Income	\$18,189,047	\$15,875,382	\$16,577,443	\$17,879,591
Total Income	\$34,710,595	\$32,699,575	\$35,209,996	\$38,761,972

Expenses	2013	2014	2015	2016
Operating Cost	\$29,586,021	\$24,987,020	\$30,347,605	\$31,882,648
Dividends and Interest	\$2,764,687	\$2,137,488	\$2,258,881	\$2,531,376
Total Operating Cost	\$32,350,708	\$27,124,508	\$32,606,486	\$34,414,024
Net Income	\$2,359,887	\$5,575,067	\$2,603,510	\$4,347,948

Assets (In Millions)



Loans (In Millions)



Deposits (In Millions)

