



NIZARI PFCU

Auto Loans

New Auto rates starting as low as **2.25% APR*** and Used Auto rates as low as **2.99% APR.*** Get approved for a New Auto Loan and receive a \$100 Gift Card.*



Nizari Bundle

Sign up for a Checking Account Bundle Package and receive a \$50 Gift Card.



Credit Card

Balance Transfer

Consolidate your Credit Card Debts!

Get **1.99% APR*** for 6 months on ALL Balance Transfers!

*Some restrictions may apply. The New Auto Loan must be closed and disbursed in order to qualify for a \$100 gift card.

For more information, scan this QR code directly from your smart phone.



Making a difference with **excellent service** by building **meaningful relationships** and providing **innovative financial solutions.**



NIZARI
Progressive Federal
Credit Union

2011 ANNUAL REPORT

Board of Directors



AR Contents



President & CEO
Hal Coffman



Chairman
Akbar Mohamed



Vice - Chairman
Dr. Faiza Khoja



Secretary
Amin Mukhi



Supervisory Committee
Abid Huda



Director
Hussain Jawer



Director
Sultan Mukhi



Director
Ajmal Rahim



Director
Naushad Hirani



Director
Kamruddin Shams

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Letter from the Chairman



Ya Ali Madad

A credit union is a member-owned financial cooperative, democratically controlled by its members, and operated for the purpose of providing credit at competitive rates and financial services to its members. Many credit unions, like Nizari Progressive Federal Credit Union, also provide services intended to support community development and participate actively in non-financial advancement and progression of its various constituents.

This service to humanity is an ethic deeply rooted in the Islamic tradition, as well as a fundamental expression of American civic values. Volunteerism and service to society are an integral part of the Ismaili Muslim tradition. Service to humanity is a fundamental ethical value embraced by all Muslims and it is rooted in the understanding that all people share in a common humanity, with an obligation to work together to improve our lives and fulfill the responsibilities assigned to us by God. Informed by this ethic of service, Muslims across the world seek to

contribute towards enhancing the quality of life of the communities within which they live by generously sharing their monetary and intellectual capacities, including the resource of time.

As Nizari has matured as an institution, there has been a deliberate shift to focus on service. Rest assured that the building blocks of Nizari (high dividend rates, competitive loans and high quality member service) have remained the same. The Board has recently developed an additional focus on service and this service extends to three main areas, including community, members and employees.

Community: Nizari PFCU has continuously maintained a positive working relationship with the National and Local Councils. This past year, Nizari worked with Local Council Institutions to provide emergency loans for individuals that were in dire need of economic support, completed financial literacy training for hundreds of Jamati members and worked with the Women's portfolio to customize specific programs for our women within the community. The most significant service initiative implemented this past year was the student scholarships program, where interest free loans are provided to those students that are highly motivated, but need financial assistance.

Members: A chief complaint of many members has centered on the delinquency and collections process. Nizari implemented a sensitive approach regarding the process and successfully restructured numerous loans in 2011. This led to a delinquency ratio of .89%, the lowest in our history of operations. Additionally, a robust on-line platform was launched allowing members real-time access to

account information. Members are also able to complete on-line, real-time surveys and this feedback is closely monitored by the staff.

Employees: Service begins within the credit union. Two main strategies were employed with regards to increasing the skill set of our employees. Employees completed 580 hours of web-based TCUL trainings in 2011. The second staff initiative focused on cross-training and cross-pollinating allowing employees to learn other job functions and thereby enhancing their skill sets.

Through the service outlined above, Nizari is attempting to reshape the community in which we reside to create a better future. Service is an integral part of each of our lives and the Nizari Board has made service a focus in relation to its members, employees and the community.

As part of our commitment to change, the Board previously passed a term-limit for Board Members and Office bearers. It is with mixed emotion that I write this last letter to you, our members, community and employees, as my tenure as Chairman of your Nizari Board is coming to completion. While I may take on a much different role in the future, I will always be a member and ambassador of our Nizari Credit Union. I also feel confident about the capability of our entire Board and I know they will continue to create a strong foundation for Nizari!

Deepest Regards,

Akbar Mohamed
Chairman

Letter from the CEO



As we look back on 2011, the Nizari family is filled with pride in what was accomplished. We relocated the Dallas office to allow for expanded operations. Now we have full cash services and on site loan personnel. We have seen significant growth from the Dallas location since the move in April 2011. In addition, we participated in over 35 community events sharing news about Nizari and providing educational material to our members.

2011 also was our greatest loan year ever. We granted \$35 million in loans in 2011 to our members. New homes, automobiles, business loans, student loans... This 26% growth in loans is a testament to our member, continuing to grow in a tough economy. At the same time, our delinquency has dropped

to an all time low of .89% 2011 was truly a glorious year, because of you, our members. Your trust and confidence in Nizari motivates staff and management and the Board to take on greater challenges.

Our focus in 2012 is providing you an excellent experience every time you interact with Nizari. Whether it is obtaining a loan, conducting teller transactions, setting up electronic services or calling for information, Nizari staff will provide you the best service possible. We are training all Nizari employees to focus on your satisfaction. Recognizing and satisfying your financial needs is why Nizari exists. To that end, we will ask you to respond to our on line survey whenever you have dealings with Nizari. Take a moment and rate your

experience. By providing input through the survey our service will continue to improve. We are here for you and want to meet all of your financial needs.

I would like to thank the staff, management and Board of Directors for all of their hard work in 2011 and their commitment to accomplish the 2012 goals.

Thank You,

Hal Coffman
President & CEO



Statement of Financial Position

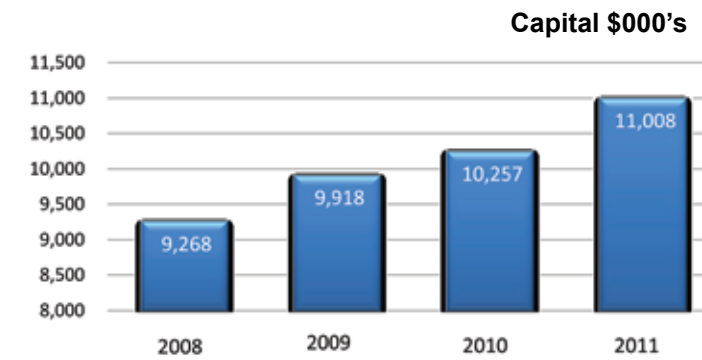


For Years Ending December 31, 2011 and 2010

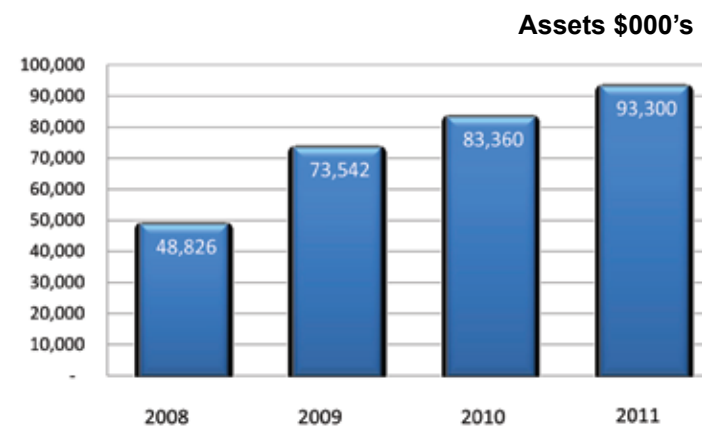
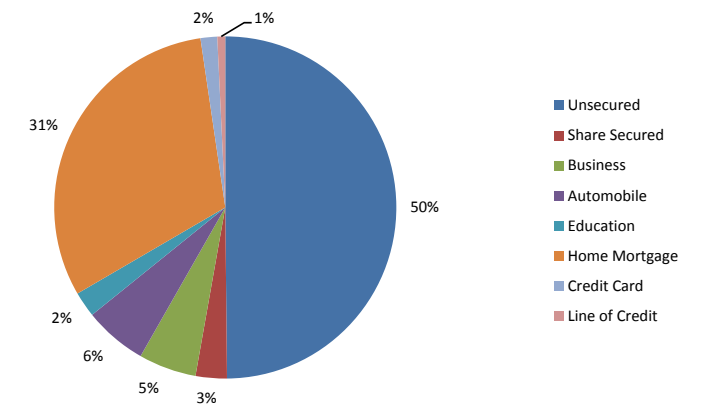


	2011	%	2010	%	VARIANCE
Assets					
Loans to Members - net	60,006,847	64.32%	49,211,222	59.03%	10,795,625
Cash in hand and at Bank	1,661,182	1.78%	1,919,242	2.30%	(258,060)
Investment	28,791,263	30.86%	29,507,544	35.40%	(716,281)
Advance, Deposits, Prepayments \$ Accruals	511,609	0.55%	412,561	0.49%	99,048
Capital Work in progress	-	0.00%	-	0.00%	-
Fixed Assets - net	2,328,921	2.50%	2,309,094	2.77%	19,827
Total Assets	93,299,822	100.00%	83,359,663	100.00%	9,940,159

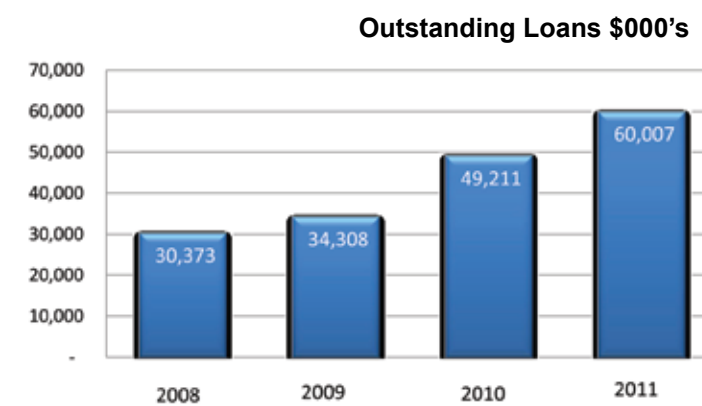
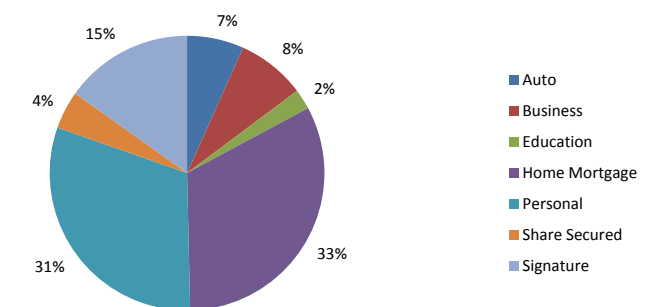
	2011	%	2010	%	VARIANCE
Liabilities & Equity					
Payables	106,962	0.11%	71,925	0.09%	35,037
Member's Shares and deposit	82,184,519	88.09%	73,031,148	87.61%	9,153,371
Reserves and Undivided Earnings					
Regular Reserve	5,602,900	6.01%	5,602,900	6.72%	-
Undivided Earnings	4,653,904	4.99%	4,314,608	5.18%	339,296
Net Gain (Loss) YTD	751,537	0.81%	339,082	0	412,455
Total Equity	11,008,341	11.80%	10,256,590	12.30%	751,751
Total Liabilities and Equities	93,299,822	100.00%	83,359,663	100.00%	9,940,159



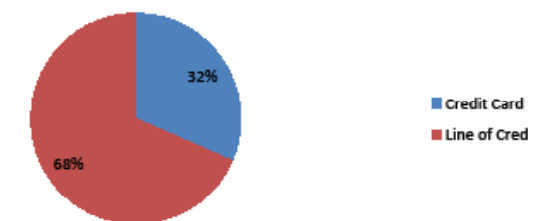
Total Loan Portfolio as of December 2011 - \$60 M



Loan Disbursement for 2011 - \$33 M



Open Ended Loan Approved for 2011 \$1.5 M



Employee Testimonials

“My

current position is Operations OfficerI love coming to work every day because I know that I'll always have fresh and challenging projects to work on. As a bonus, I work with the most talented, hardest working, and creative people. I have always been shown encouragement for my accomplishments and I am truly glad to be a part of this organization.” - Sumera Ali -

“I

have been with Nizari for over 3 years and I am proud to be part of it. It provided me with an opportunity to learn, contribute and grow. Over the years, physical working environment has improved substantially, where one can work comfortably and take pride. Above all we are providing for the financial well being of our community and Jamat.” - Shaukat Hussain Jaffer -

“I

was looking forward to the training events such as Professional Development for quite some time now. I am so glad the management provided that opportunity to us. It not only allows us to improve the way we carry out the daily duties but also brings the entire staff together to enhance our coordination, communication and unite us as a team.” - Rasheed Adatia -

Member Testimonials

“In

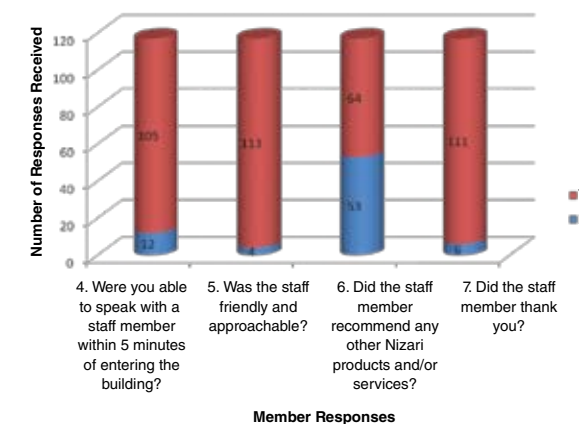
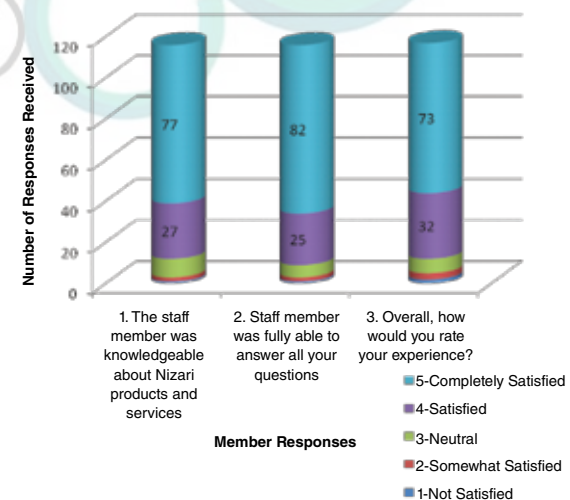
my 4 years of membership, I have seen Nizari grow and expand significantly. The products and services offered have improved; the quality of service has improved and the way of handling and processing loan applications has improved as well.



I was extremely impressed with the way my Mortgage, Auto, and Personal loans were processed. The staff was extremely helpful in providing proper guidance on the policy and procedure of the process. The staff of Nizari PFCU is extremely well trained in providing its members with the best service possible. And best of all, they always do it with a smile!” - Mehboob Ali -

On-Line Survey Results

Members' Responses



Statement of Operations

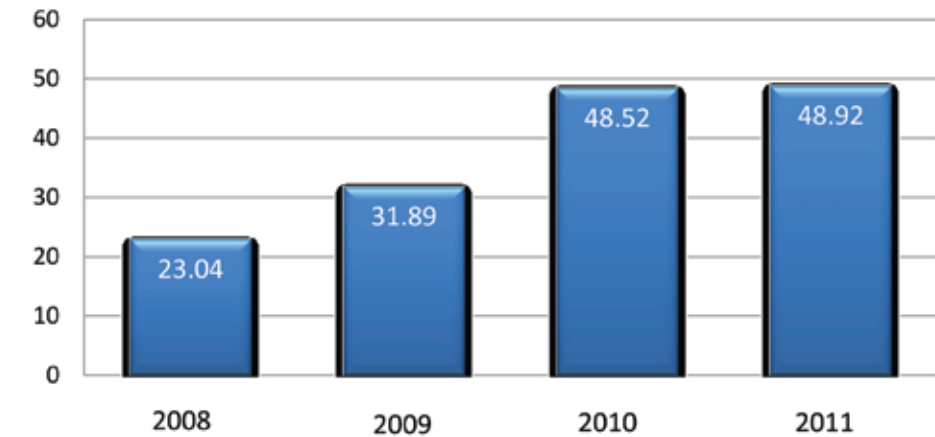


For the Month Ending December 31, 2011 and 2010

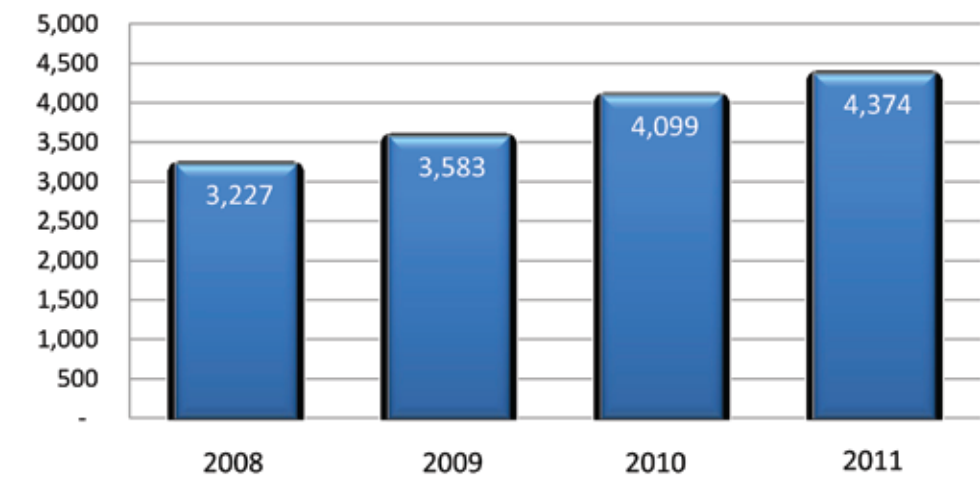
	2011	%	2010	%	VARIANCE
Operating Income					
Interest on Loans	3,868,319	88.43%	3,367,470	82.16%	500,849
Interest Income from MasterCard	70,504	1.61%	50,542	1.23%	19,962
Income from Investments	268,307	6.13%	587,913	14.34%	(319,606)
Credit Union - Fees & Charges	167,323	3.83%	92,662	2.26%	74,661
Total Operating Income	4,374,453	100.00%	4,098,587	100.00%	275,866

	2011	%	2010	%	VARIANCE
Operating Expenses					
Office Salaries	971,164	22.20%	856,208	20.89%	(114,956)
Payroll Taxes	85,241	1.95%	70,649	1.72%	(14,592)
Travel and Conference	47,812	1.09%	45,475	1.11%	(2,337)
Office Occupancy	75,262	1.72%	79,982	1.95%	4,720
Utilities and Phone	75,539	1.73%	71,121	1.74%	(4,418)
Insurance	102,862	2.35%	81,034	1.98%	(21,828)
Member's Insurance	-	0.00%	87,406	2.13%	87,406
Depreciation	139,528	3.19%	111,701	2.73%	(27,827)
Loan Servicing	59,127	1.35%	26,250	0.64%	(32,877)
Credit Reports	15,580	0.36%	12,662	0.31%	(2,918)
Professional Fees	126,336	2.89%	109,122	2.66%	(17,214)
Prtg, Stationary, Supplies & Postage	99,422	2.27%	90,865	2.22%	(8,557)
Audit Fees	32,540	0.74%	9,451	0.23%	(23,089)
Provision for Loan Losses	439,778	10.05%	448,405	10.94%	8,627
Office Operating Expenses	44,079	1.01%	36,442	0.89%	(7,637)
Advertising & Promotions	47,237	1.08%	57,584	1.40%	10,347
NCUA Operating Fees	23,281	0.53%	16,288	0.40%	(6,993)
Donation	3,583	0.08%	33,050	0.81%	29,467
IT/SW/ISP Cost and Support	85,668	1.96%	85,368	2.08%	(300)
Annual Meeting Expenses	20,030	0.46%	29,248	0.71%	9,218
Maintenance & Repairs	14,427	0.33%	21,050	0.51%	6,623
Miscellaneous Expenses	1,100	0.03%	-	0.00%	(1,100)
Association Dues	17,836	0.41%	12,769	0.31%	(5,067)
Bank Service Charges	18,993	0.43%	14,677	0.36%	(4,316)
Property tax	33,618	0.77%	30,213	0.74%	(3,405)
Total Operating Expenses	2,580,043	58.98%	2,437,020	59.46%	(143,023)
Income from Operations	1,794,410	41.02%	1,661,567	40.54%	132,843
Non Operating expense /(income)	186,720	4.27%	280,301	6.84%	(93,581)
Dividend Paid to Members	856,153	19.57%	1,041,970	25.42%	(185,817)
Net Income	751,537	17.18%	339,296	8.28%	412,241

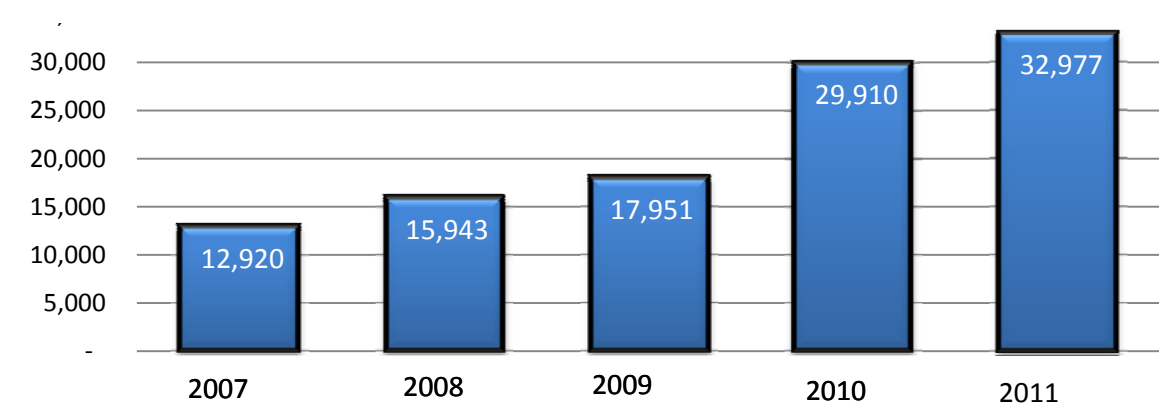
Operating Expenses to Gross Income %



Income \$000's



Loan Disbursement \$000's



Statement of Cash Flow

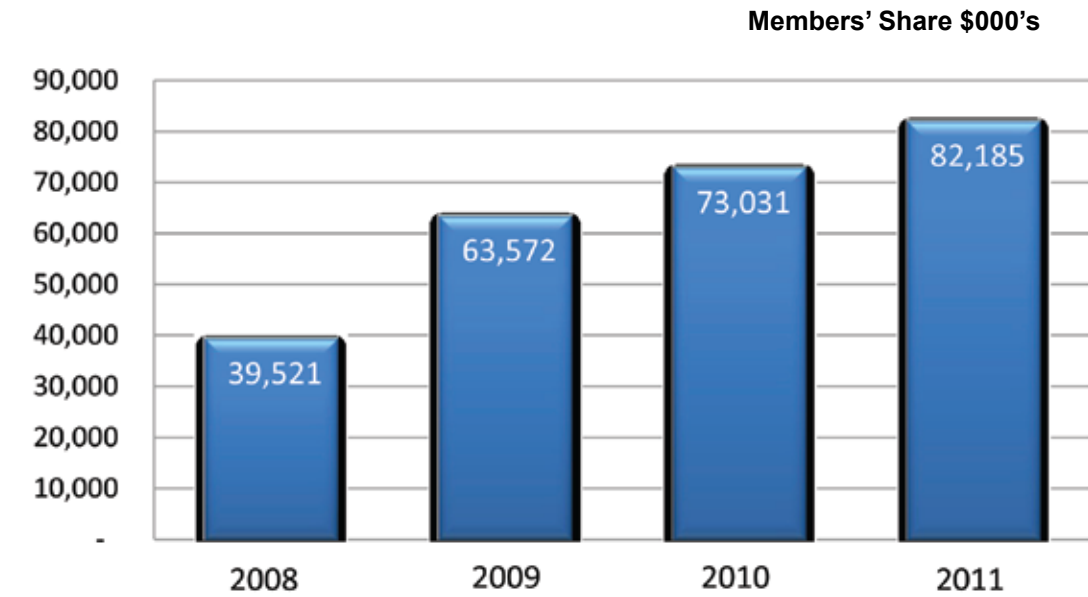


As on December 31, 2011

	AMOUNT
Net Income	751,537
Cash provided by Operating Activities:	
Depreciation	139,328
Dividends Credited to Member's accounts	(987)
Accrued income	(69,820)
Allowance for loan losses	276,616
Total adjustment to Net Income	345,137
Assets and Liabilities:	
Deposits	(29,228)
Capital Work in progress	-
Fixed Assets	(159,154)
Investments	716,281
Loans to Members	(11,072,242)
Payables	36,023
Net Cash provided or (Used) by Assets & Liabilities	(10,508,320)
Cash flow from Members Activities:	
Members' Shares	9,153,586
Regular Reserve & Undivided Earnings	-
Net Cash Provided or (Used) by Members Activities	9,153,586
Net Increase / (Decrease) in Cash	(258,060)
Add Beginning Cash Balance	1,919,242
Ending Cash Balance	1,661,182



Members' Shares



Ratios	2006	2007	2008	2009	2010	2011	Peer Avg
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Financial Ratios Compared to Peer Group Leaders

Net Worth/Total Assets	25.55	25.66	18.75	13.48	12.3	11.79	10.87
Delinquent Loans/Total Loans	5.82	6.03	4.3	3.94	1.26	0.92	1.4
Return on Avg Assets	2.11	3.56	2.12	1.18	0.65	1.06	0.34
Solvency Evaluation	134.37	134.77	123.23	115.6	114.04	113.39	112.48
Gross Income/Avg Assets	9.07	8.84	8	5.86	5.22	4.95	5.45
Cost of Funds/Avg Assets	3.8	3.69	2.79	2.09	1.33	0.97	0.73
Operating Exps/Avg Assets	1.93	1.59	2.06	2.41	2.65	2.63	4.04
Yield on Average Loans	9.11	9.18	9.07	8.69	8.14	7.2	6.39
Yield on Investments	5.66	3.86	4.17	2.28	1.76	0.89	1.48
Operating Exps/Gross Income	21.25	17.99	25.74	41.06	50.63	53.19	74.24
Total Loans/Total Shares	124.45	114.99	78.35	54.55	67.57	73.52	62.3
Total Loans/Total Assets	92.57	84.91	63.53	47.16	59.2	64.76	54.96
Net Worth Growth	8.84	11.87	10.27	8.05	3.42	7.33	3.8
Market (Share)Growth	1.89	10.56	67.3	60.86	14.88	12.53	6.17
Loan Growth	8.06	2.16	13.98	12.01	42.3	22.44	0.14
Asset Growth	3.54	11.38	52.41	50.89	13.35	11.92	5.84
Investment Growth	-32.6	152.08	291.08	105.63	-15.95	-3.65	19.88



Consolidated Statement of Equity

For the Years Ending December 31, 2008, 2009, 2010 and 2011

	(A) Regular Reserve	(B) Reserve for Contingencies	(C) Other Provisions	(D) Undivided Earnings	Equity (Net Worth) (A+B+C+D)
Balance at December 31, 2007	\$1,100,000	\$3,100,000	\$1,402,900	\$2,723,679	\$8,326,579
Account activities during 2008 Transfer of 2008 Current Income Statutory transfer to Regular Reserve				\$941,880	\$941,880
Balance at December 31, 2008	\$1,100,000	\$3,100,000	\$1,402,900	\$3,665,559	\$9,268,459
Account activities during 2009 Transfer of 2009 Current Income Statutory transfer to Regular Reserve				\$649,263	\$649,263
Balance at December 31, 2009	\$1,100,000	\$3,100,000	\$1,402,900	\$4,314,822	\$9,917,722
Account activities during 2010 Transfer of 2010 Current Income Statutory transfer to Regular Reserve				\$339,082	\$339,082
Balance at December 31, 2010	\$1,100,000	\$3,100,000	\$1,402,900	\$4,653,904	\$10,256,804
Account activities during 2011 Transfer of 2011 Current Income Statutory transfer to Regular Reserve				\$751,537	\$751,537
Balance at December 31, 2011	\$1,100,000	\$3,100,000	\$1,402,900	\$5,405,441	\$11,008,341



Supervisory Committee Report



The Supervisory Committee is a statutory function and it serves the membership by providing assurances regarding compliance with policies, regulations and law governing the Nizari Progressive Federal Credit Union (Nizari PFCU). Amongst other, Supervisory Committee's responsibilities include an annual audit and submission of a summary report to the members.

Based on annual audit and on strength of review of internal controls, I feel comfortable in writing that the enclosed financial statement is reflective of financial state of the Credit Union.

The report of the Supervisory Committee is included in the printed financial statement; therefore, reading of the report was dispensed with.

In the case of Nizari PFCU, this task is being carried out by the audit division of the Texas Credit Union League, under the direction of the Supervisory Committee.

Abid Huda
Chairman Supervisory Committee

In addition to annual audit referred above, the Supervisory Committee periodically verifies cash, as we all review specific transactions from internal control point of view.

Nizari Staff

Management

Harold Coffman
Shaukathussain Jaffer
Salima Mawji

Chief Executive Officer
Director, Operations
Director, Member Services

Member Services Department - Houston

Ana Velazquez
Ali Khowaja
Zeeshan Ali
Raheela Lakhani
Asif Ali
Nevin Todai

Audit & Compliance Specialist
Head Teller
Teller II
Teller
Teller
Teller

Austin office

Khairun Momin

Financial Services Representative

Dallas office

Rasheed Adatia
Naseem Kheraj
Hena Karim

Branch Manager
Financial Services Representative
Dallas Office Associate

Loan Department

Rozina Rasiyani
Nasrin Momin
Saher Bawany
Nusrat Maknojiya
Saima Bandeali

Mortgage Loan Officer
Loan Department Supervisor
Financial Services Representative
Financial Services Representative
Financial Services Representative

Collections Department

Moiz Punjwani
Zeeshan Vasaya
Sobiya Maknojiya

Collections Supervisor
Collector
Administrative Assistant

Operations Department

Sumera Ali
Shamsah Sohail
Ali M Khowaja

Operations Officer
Operations Officer
Operations Officer

Accounting Department

Nehi Todai
Afsha Ali

Accounts Manager
Accounting Assistant

Marketing Department

Salima Lalani

Marketing Officer

