



NIZARI PROGRESSIVE FEDERAL CREDIT UNION

Serving the Nation



Making a difference
with **excellent service** and
meaningful relationships
using **innovative**
financial solutions

Board of Directors



President & CEO
Rob Hatefi



Chairman
Amin Mukhi



Vice Chairman
Abid Huda



Supervisory Committee Chair
Sultan Mukhi



Director
Karim Dhukani



Director
Naushad Hirani



Director
Hussain Jawer



Director
Dr. Faiza Khoja



Director
Ajmal Rahim



Director
Kamruddin Shams

Nominated Board of Directors



Naveed Ali



Malik Jamal



Naushad Kermally



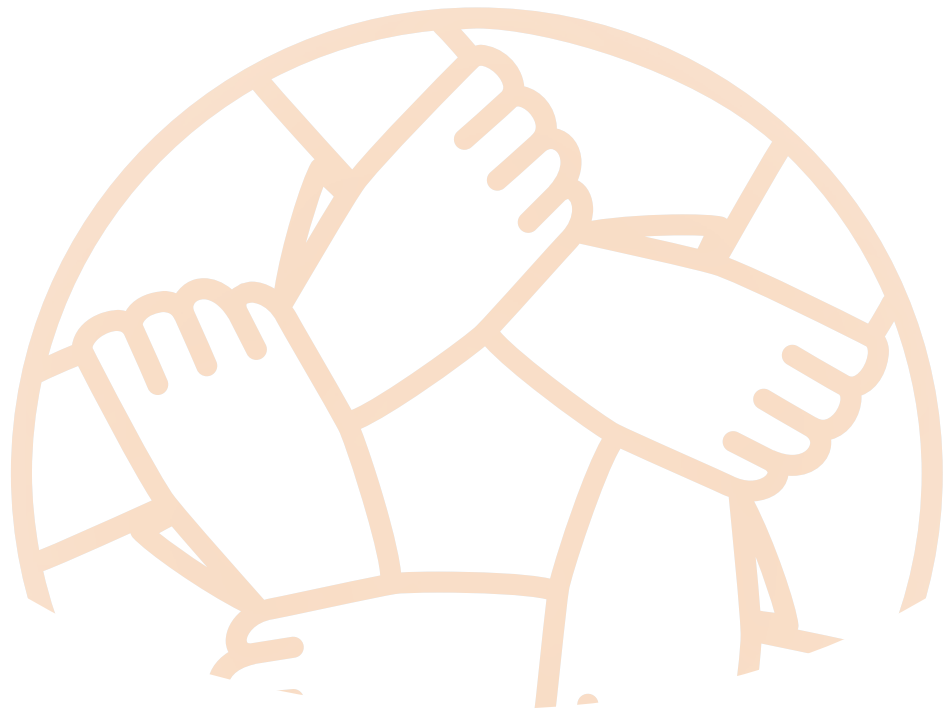
Sultan Poonawala



Habiba Rajpari



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Letter From Chairman

Valued Members of Nizari Progressive Federal Credit Union. Thanks to you, our members, last year was another memorable year for Nizari Progressive Federal Credit Union (“Nizari”). For the first time in our history, our total assets peaked at over \$100 million and our net income remained in excess of \$1 million. We distributed almost \$30M in total loans which included \$15M in personal and signature loans, \$4.3M in home mortgages, \$5.1M in auto loans, and \$1.3M in student loans. However, we did fall short on our business loan target; much work still remains to be done to attract businesses to our portfolio of business and SBA loans. Throughout the year our delinquency rate remained at below one percent. As you have heard mentioned numerous times before, we are in a highly regulated industry. Compliance to regulations is verified through annual audits conducted by the National Credit Union Association (“NCUA”), a government agency. I am delighted to share with you that last year’s NCUA audit had the least number of findings and Nizari received the highest possible rating.

Last year was also a year of change at Nizari. We said goodbye and happy retirement to our CEO of almost 4 years and welcomed our new and current CEO, Mr. Rob Hatefi. We reviewed practically every policy for alignment with today’s market place and to ensure continued

compliance with regulations. We changed our investment philosophy from an in-house managed portfolio of mostly CDARs to a more diverse portfolio monitor by First Empire, a New York based financial advisor that service over four thousand credit unions. As a result, our average return on capital rose to a weighted average of 1.06%.

We also reviewed and changed our loan policies so it was more reflective of what is happening in the market place. We pegged our interest rate to prime plus a percentage based on the borrower’s credit history. This change better aligns the risk and reward associated with lending and makes Nizari more competitive. The Nizari Board and Management is committed to keeping our array of loan products competitive.

Changes that started last year will continue through 2014. We will be introducing Shared Banking, whereby Nizari members will be able make cash deposits and cash

withdrawals at any participating credit union across the nation. Another major project for 2014 will be the replacement of our core data processing system. We are looking at feature rich systems that will offer Nizari members Mobile Banking and expanded Online Banking functionality.

We continue to invest in training our staff to provide the highest level of customer service to our members, and we will continue to seek feedback from you on how well we are doing.

We continued investing in our members and the Jamat by conducting seminars and meet-and-greet events in both the Southwestern Region and the Central Region. We also made a substantial financial donation to National Council’s Skills Development Initiative – launched across US with the goal of providing opportunities to Jamati members to enhance their skills and thereby improve their quality of life.



Sincerely,

Amin Mukhi

A handwritten signature in black ink that reads "Amin Mukhi". The signature is written in a cursive style.

Chairman

Nizari Progressive Federal
Credit Union



Letter From CEO

2013 was an exciting year for Nizari PFCU. I have witnessed many accomplishments and at the same time have appreciated our credit union growing stronger. We recognized solid growth in assets as well as capital. Loans to members increased to \$67,369,859 in 2013 which tells us that the policy changes we have made to make the lending process easier and shorter have been well received and utilized by you, our members. Income from investments also increased as we implemented new investment strategies to invest funds in safe and sound investment options. We also implemented a Human Resources department to streamline our hiring and talent retention process, and redesigned our website to make it user friendly and functional. Revisions were also made to our Mortgage department to include on-line applications and new portfolio policies. We are continuously striving to do better so that we can help our members to achieve their dreams.

It is our 'people helping people' philosophy that also inspires us to make a difference in the community, whether through financial education programs such as understanding your credit, the Affordable Healthcare Act seminars, home buying seminars and other activities such as our partnership with the Economic Planning Board.

Our accomplishments would not have been possible without the heartfelt commitment and unified effort of our dedicated credit union staff, volunteers, board of directors and committees. Their passion is truly inspiring, and I am continuously moved by their steadfast desire to serve the credit union movement and our Community. I thank them for their continuous commitment and I thank you, our member, for having the confidence in these individuals who help drive the success of your credit union.

As we embark on this New Year ahead, we will not rest on our successes. Here is a glimpse at some of the goals and opportunities we are pursuing:

- A. Shared branching
- B. New core processing system
- C. Mobile and text banking

Even as we grow, we will keep our focus on doing what's right. We will continue to provide more services and more convenience for our members. We will seek to help more members in our community get on solid ground through financial education and our charitable activities. And through it all, we will continue to focus on members first.

It's what makes your credit union different. It's what makes us strong.

Thank you for being part of our credit union family. On behalf of the entire staff, we look forward to a happy and successful 2014 for us all!



Sincerely,

Rob Hatefi

A handwritten signature in black ink that reads "Rob Hatefi". The signature is written in a cursive, flowing style.

Chief Executive Officer

Nizari Progressive Federal
Credit Union



STATEMENT OF FINANCIAL POSITION FOR YEARS ENDING DECEMBER 31, 2013 AND 2012

ASSETS	2013	2012
Loans to Members	\$67,369,859	\$65,512,404
Less: Allowance for Loan Loss	(\$909,320)	(\$497,329)
Total Loans	\$66,460,539	\$65,015,075
Cash in hand and at Bank	\$9,414,635	\$3,779,396
Investment	\$21,968,990	\$26,008,183
Advance, Deposits & Prepayments	\$564,180	\$816,162
Furniture, Fixture, Leasehold Impr & Equipment	\$2,786,916	\$2,817,722
Less: Acc Dep & Amortization	(\$685,189)	(\$607,995)
Net Fixed Assets	\$2,101,727	\$2,209,727
Accrued Income (interest on loans & investment)	\$405,971	\$346,893
TOTAL ASSETS	\$100,916,042	\$98,175,436

LIABILITIES AND EQUITY		
Payables	\$168,390	\$140,311
Member's Shares and Deposit	\$87,480,956	\$85,976,746
Regular Reserve	\$5,602,900	\$5,602,900
Undivided Earnings	\$6,455,479	\$5,405,441
Net Gain (Loss) YTD	\$1,208,317	\$1,050,038
Total Equity	\$13,266,696	\$12,058,379
TOTAL LIABILITIES AND EQUITIES	\$100,916,042	\$98,175,436

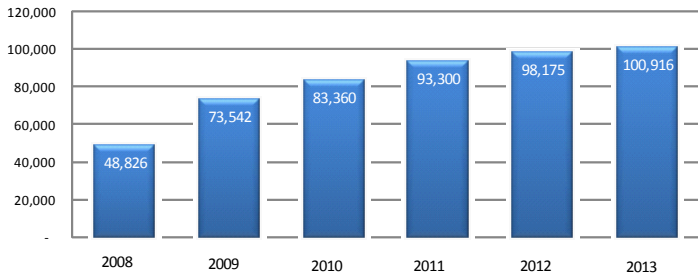
STATEMENT OF OPERATIONS FOR THE YEARS ENDING DECEMBER 31ST, 2013 AND 2012

	2013	2012
Operating Income	\$4,787,418	\$4,780,130
Operating Expenses:		
Operating Expenses	\$2,642,919	\$2,476,681
Provision for Loan Losses	\$430,000	\$537,000
TOTAL OPERATING EXPENSES	\$3,072,919	\$3,013,680
Income from Operations	\$1,714,498	\$1,766,449
Non-Operating Expense /(Income)	\$65,159	\$75,123
Dividend Paid to Members	\$441,023	\$641,288
NET INCOME	\$1,208,317	\$1,050,038

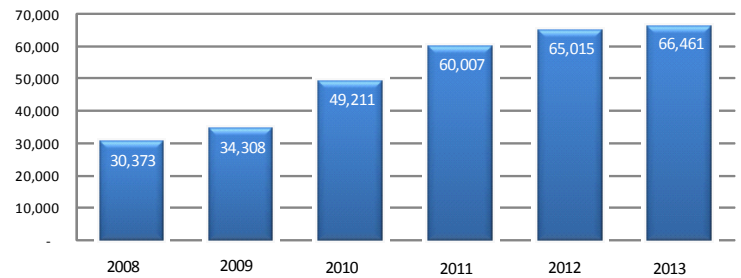


Graphical Presentation

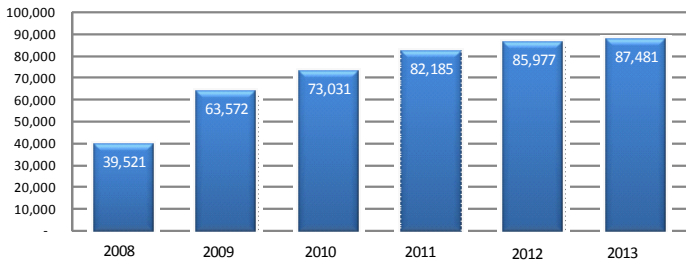
Total Assets \$000's



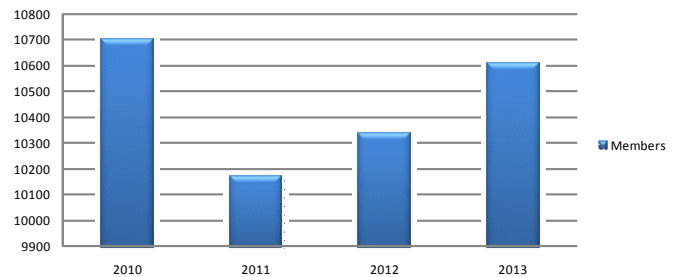
Loans To Members-Net \$000's



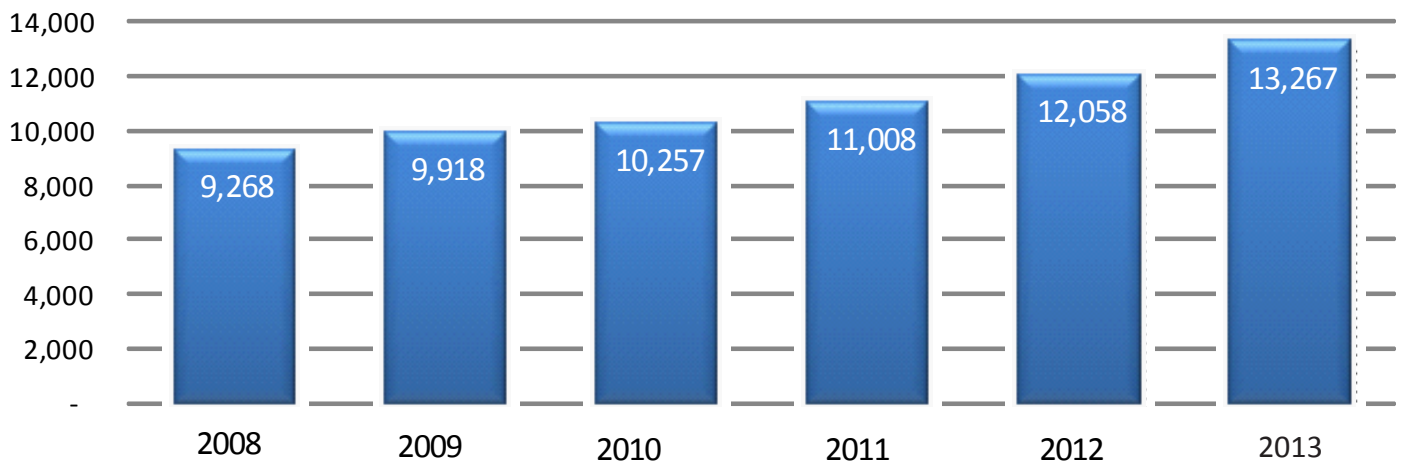
Members' Savings \$000's



Membership Count

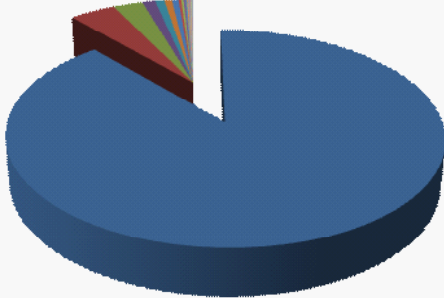


Net Worth \$000's



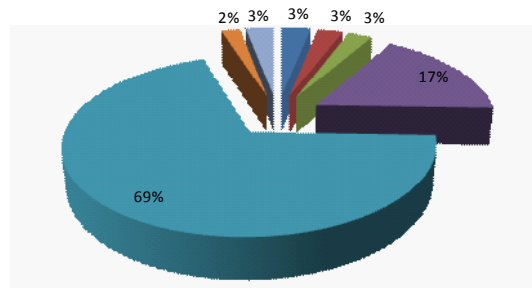
Graphical Presentation

Membership by Region



- Texas
- California
- Illinois
- Washington
- Georgia
- Florida
- Other States
- Oklahoma
- New York
- Virginia
- New Jersey
- Louisiana
- Kansas
- Maryland
- Arizona
- Alabama
- Arkansas
- Tennessee

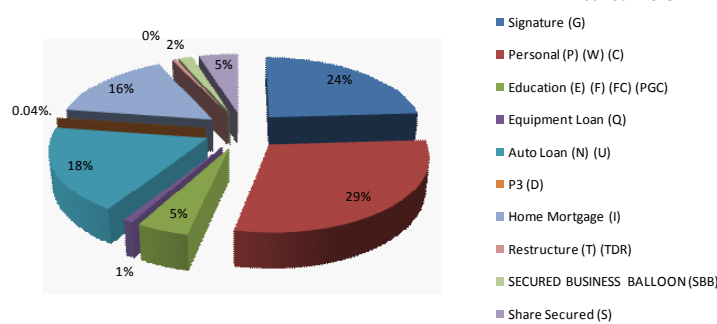
2013 Disbursement by Region



Tot Disb 27.974M

- Austin
- California (Western)
- Chicago (Midwest)
- Dallas
- Houston
- New York (Northeast)
- San Antonio

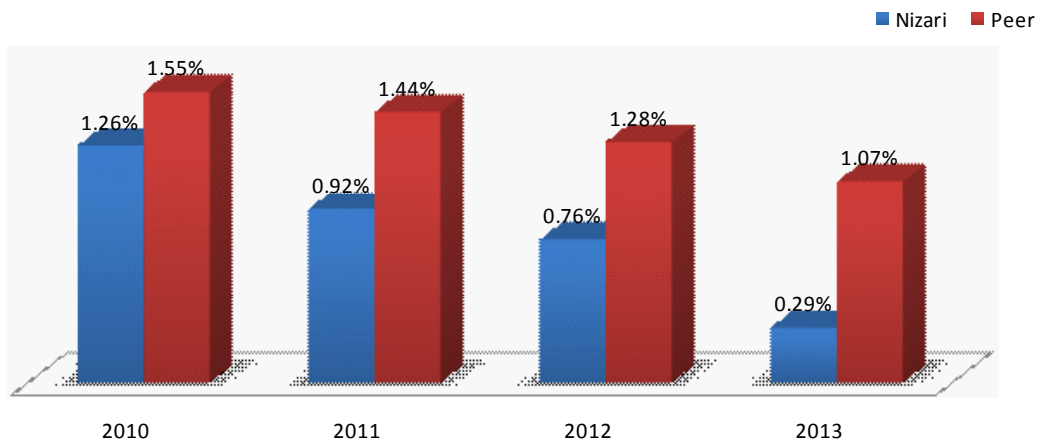
Loans Disbursed by Category



Tot Disb 27.975M

- Signature (G)
- Personal (P) (W) (C)
- Education (E) (F) (FC) (PGC)
- Equipment Loan (Q)
- Auto Loan (N) (U)
- P3 (D)
- Home Mortgage (I)
- Restructure (T) (TDR)
- SECURED BUSINESS BALLOON (SBB)
- Share Secured (S)

Delinquency Trend



Supervisory Committee Report



The Supervisory Committee is responsible for the oversight of Credit Union's operations and monitoring of the board and management activities. It is responsible for financial statement audits, perform member account verifications, insure proper internal control are in place and verify compliance with policies, procedures, rule and regulations. The current Supervisory committee is consisting of the following three members:

- Sultan Mukhi – Chairman
- Malik Jamal – member
- Adel Macknojia – member

As per NCU regulation Supervisory Committee is required to conduct an annual

Audit by an independent accountant. As in the past, this year the annual audit was performed by Credit Union Resources, Inc.

Besides, the outsourced audit the Supervisory Committee periodically verifies cash balances, reviews specific transactions from internal control point of view and keeps an eye on the Balance Sheet from a strategic and risk management point of view.

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 the financial state of the Credit Union.



Sincerely,

Sultan Q. Mukhi

Supervisory Committee Chair

Nizari Progressive Federal
Credit Union



Community Outreach

Outreach & Engagement
2013 was a great year for Nizari as our outreach activities took on a new dimension. We made great strides participating in various Jamati events and collaborating with allied institutions to create a synergistic effect to better serve our membership.

We started January off with an Open House at our branches. We offered special rates, cash back and other promotions on various products to welcome our members to the New Year.

In February we participated in two events in North Texas. The first one was the North Texas Business Association (NTBA) Expo in Dallas where we had a booth. We interacted with the attendees, gave out product information, and assisted members in need of loans. Our second event took us to Little Rock, Arkansas for the Knowledge Day organized by North Central EPB. Here we took a creative approach and provided ideas and content for EPB to present a skit covering debt management, college savings and credit management. This is part of Nizari's Corporate Social Responsibility to educate and create awareness about financial literacy in the jamat.

In April again we participated in two events. First, we sponsored the Ismaili Muslim Students Association Basketball Tournament at



the University of Texas at Austin's Recreational Sports Center. The goal was not only to support an Organization on campus that promotes pluralism and raising awareness of the Aga Khan Foundation, but also to share Nizari's vision and ongoing efforts of Ismailis Helping Ismailis. Students were made aware of how Nizari can help shape and support their financial future and goals. The second event took us to Albuquerque, New Mexico to be part of their Jamati Knowledge Day. This was Nizari's first visit to New Mexico and we were warmly welcomed. We participated in the Knowledge day activities and created awareness about Nizari products and services.

In May we sponsored an event organized by North Central Ismaili Health Professionals Association (IHPA). It was a highly successful event where we met Ismaili professionals and discussed how Nizari's products and services can assist professionals in various ways.

In June we visited Tyler with North Central EPB and made presentations and created awareness of Nizari products and services.

In July our board members met with South Texas Merchants Association (STMA) board to discuss various collaboration initiatives. In August we organized an Eid Carnival in our Dallas Branch. This was our first Carnival attempt and we had a great turnout. The goal of this Carnival was to reach out to the youngest members of our Jamat and make them aware of the power of saving and have some fun in the process.

September was a busy month with three events. Starting with Knowledge Day in Midcities Jamat, we again partnered with North Central EPB to create financial awareness. The second event we sponsored was an Ismaili Professionals Network (IPN) boot camp for young entrepreneurs in Dallas. We interacted with the upcoming entrepreneurs and gave them Nizari



Community Outreach

information, and created awareness in the professional community. Our third event was a board meeting with Greater Houston Retailers Association (GHRA) to discuss how our collaboration would benefit our mutual members.

October took us to the Knowledge day in Oklahoma City with EPB and it was quite successful. We continue to make good inroads in connecting to more members of this Jamat.

November was again a busy month with three events on the calendar. We attended Knowledge Day in Waco. This is mostly a student Jamat and we are creating brand recognition and awareness for Nizari with special interest in student loans and saving accounts. We also met with Greater Austin Merchant Association (GAMA) to discuss future collaboration. We ended the month by conducting an Open House for Midcities Jamat which was warmly received.

Wrapping up the year in December we organized a 'Meet and Greet' at Clear Lake Jamat in Houston. We were graciously received and we are looking forward to more events in the future.

In conclusion, 2013 was our year to reach out to as many Jamats as possible to create awareness of Nizari product, its brand, and its commitment to the Ismaili community.

By partnering with EPB, IPN, IHPA, NATA, NTBA, GRHA, GAMA, STMA, Ismaili Alliances and other Jamat institutions we have begun to make great strides and inroads into serving our community at large. We hope to continue our outreach efforts and are strongly committed to our members and the jamats that we serve.



New Services

Available Now!



Mortgages

Primary & Investment Homes

Now Offering Nationwide Financing

New Purchase Cashout or Refinance

ANYWHERE in the U.S.

- Convenient Loan Terms (10,15,20,30 years)
- Competitive Rates
- 80% Loan to value on Primary Residence
- 75 % Loan to value on Investment Property

*Restrictions Apply



What is *Shared Branching?*



At Any
Shared
Branching
location
you can...

- Make deposits
- Withdraw money
- Cash checks
- Transfer funds
- Make loan payments
- ... And more!

Shared Branching is a national network of credit unions from all over the country that share facilities to give members thousands of convenient locations to perform transactions just as if they were at their home credit union.



Member Testimonials

“ I would like to congratulate Nizari PFCU for a sterling leadership you have been providing. The way the fragrance of professionalism has prospered under your polished policies. I happened to undergo a very rewarding experience when I had a recent experience to touch base with a few of the associates working there. I would not have an iota of hesitation to classify them amongst the “best of the best”. ”

Keep it up. Best wishes.

Shiraz Lakhani – Nizari Member

“ Let me start off by saying I have always been a huge proponent of NPFCU. My family has been banking here for as long as I can remember and the interest rates and free accounts (including free checks!) simply can't be beat but that's not the best part. Unlike other banks and credit unions, Nizari truly cares about its members and offers a lot more flexibility in meeting their needs. One time I accidentally deposited funds into the wrong account which could have resulted in damage to my credit score because of a late payment, but Nizari called me and asked for my permission to transfer the funds over the phone. What big bank can offer that level of personalized service? Also, the new state of the art website is fantastic! ”

Shamez Pirani - Nizari Member

“ When I got admission to Southern Methodist University (SMU), I was thrilled and worried at the same time. I was thrilled that I got an opportunity to fulfill my childhood dream but also worried that it would be very difficult to cope with so many challenges. Among few of the other challenges that life threw at me were the burden of paying for school while taking care of a 2 year old baby. It seemed almost impossible at the time as I was not sure if I would be able to pass the classes. I took one day at a time, put all my hard work, got all the support I could get to finish one exam at a time and then praying as much as I can to get through this successfully.

Looking back at last year, I don't think I would have been able to do this all by myself. I had Nizari Credit Union to support me financially and my family and friends to back me up whenever I needed them. I remember the time when I was very disappointed when I discovered that the interest rate with Sallie Mae was really high. At that time, I was still contemplating to continue with my degree but thankfully Mowla showed me the way to Nizari and I got my loan processed in just 3 weeks. In fact, my whole experience with Nizari was a pleasant one.

The new member services and the loan department worked hand in hand to open my new account and to process my loan simultaneously. I found the members at Nizari Credit Union welcoming, encouraging and compassionate to help me with my entire process. Their help and support has allowed me to achieve many things that I would not have been able to otherwise. Thank you to everyone who has helped me along the way.

I would like to extend my heartiest thank you to the Nizari Credit Union. I am very fortunate to be an Ismaili and to be able to connect with such a valuable organization that has supported and encouraged me as I work to complete my graduate business degree at SMU. Nizari has given me the opportunity to return to school and finish my Master's program. Nizari Credit Union has helped me tremendously to cover my tuition expenses. My experience with Nizari has not only provided me with monetary resources but also with security and confidence to rely on them for my future financial requirements. So I thank you once again. ”

I am extremely grateful.

Ameena Lakhani - Nizari Member



Employee Glossary



Director of Operations
Shaukathussain Jaffer



Accounting Manager
Nehi Todai



Branch Manager - Sugar Land
Roland Seddiq



Branch Manager - Dallas
Naseem Kheraj



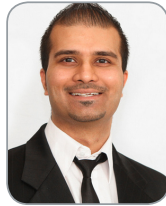
Operations Supervisor
Saima Lalani



Collections Supervisor
Hamidah Khorashi



Mortgage Loan Supervisor
Rozina Rasiyani



Teller Supervisor
Zeeshan Ali



HR Coordinator
Afsha Ali



Audit and Compliance Specialist
Ana Velazquez



Loan Officer II
Binish Jasani



Loan Officer
Imran Jafar



Financial Service Representative
Shanil Momin



Financial Service Representative
Ali Khowaja



Financial Service Representative - Dallas
Anaiza Kazani



Financial Service Representative - Austin
Murtaza Momin



Member Service Representative
Sheela



Member Service Representative - Dallas
Nafisa Aziz



Staff Accountant
Ramzan Ali



Operations Officer
Ali M. Khowaja



Operations Officer
Shamsah Sohail



Operations Officer
Noman Ali



Collector
Ali Virani



Administrative Assistant
Saira Madwani



Teller II - Dallas
Hena Kariml



Teller
Deven Agarwal



Teller
Sahina Ali



Teller
Farhana Popatia





NIZARI PROGRESSIVE FEDERAL CREDIT UNION

Products at Nizari PFCU	Youth (under 18)	Professionals	Business	Women	Retired
Accounts					
Savings	✓	✓	✓	✓	✓
Checking	✓	✓		✓	✓
College Savings	✓	✓		✓	
Business Savings		✓	✓	✓	
Business Checking		✓	✓	✓	
IRA		✓	✓	✓	✓
CD	✓	✓	✓	✓	✓
Services					
Online Banking	✓	✓	✓	✓	✓
Online Bill Pay		✓	✓	✓	✓
Direct Deposits	✓	✓	✓	✓	✓
ATM/Debit Cards	✓	✓	✓	✓	✓
Credit Cards	✓	✓	✓	✓	✓
Acct to Acct Transfer	✓	✓	✓	✓	✓
ACH		✓	✓	✓	✓
Wire Services		✓	✓	✓	✓
Loans					
Personal Loan	✓	✓	✓	✓	✓
Signature Loan	✓	✓	✓	✓	✓
Student Loan	✓	✓	✓	✓	✓
Auto Loan	✓	✓	✓	✓	✓
Mortgage Loan		✓		✓	✓
Line of Credit		✓	✓	✓	✓
Business Loan		✓	✓	✓	
Stu loan Consolidation		✓	✓	✓	
Equipment Loan		✓	✓	✓	

TAKE ADVANTAGE OF THESE

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