

Explore the **New**
options at Nizari



2010 ANNUAL REPORT

Ismailis helping Ismailis



NIZARI
Federal Progressive
Credit Union



Board of Directors



President & CEO
Hal Coffman



Chairman
Akbar Mohamed



Vice - Chairman
Dr. Faiza Khoja



Secretary
Amin Mukhi



Director
Hussain Jawer



Director
Sultan Mukhi



Director
Ajmal Rahim



Supervisory Committee
Abid Huda



Director
Kamruddin Shams





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Explore new options...

Let Nizari guide you every step of the way.

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Vision Statement:



To be the preferred financial institution for Ismailis around the US, grounded in principles of ethics and human development.



Mission Statement:



To provide for the financial well being of our Members (shareholders) and community.





Letter from the Chairman



Ya Ali Madad

As Chairman of Nizari Progressive Federal Credit Union, I want to share with the membership the successes that we have achieved in 2010. The establishment of a full service, retail presence in Sugar Land has been the most visible accomplishment by Nizari. We now are able to provide a level of services and products that were impossible even a few short years ago. What have been the results? We exceeded every growth target that we established. This reflects our memberships' desire and need for these services.

One of the significant challenges that the current Board of Directors faced was how to improve the quality of our service without impeding our financial condition. We actively monitored expenses, ramped

up collection efforts on legacy loans and developed a strategic plan that allowed for growth without adversely impacting our financial condition. I am proud to say the 2010 results were a success. We have one of the lowest expense positions of any full service institution; we reduced delinquency by over three percent and maintained a stellar capital position.

You may wonder how we were able to accomplish so much in such a short period of time. The answer is threefold. First, we are blessed with an active, knowledgeable and experienced Board of Directors. These talented volunteers bring their unique skills to the table to direct the affairs of Nizari. We have business professionals, a lawyer, college professor, CPA and Information Technology specialists that bring their enormous talents to guide the future of Nizari. Also, we have a committed staff that diligently provides products and services that our members deserve. And finally, you our members. Without your support of our new offerings we could not have made so much progress.

Another major initiative by your Board of Directors involves community activities. Nizari staff and board members participated in over 36 events in 2010 within our community. These events involved educational seminars, trade shows, Partnership Walks and community social services. We as Board members take seriously our responsibility in the community and pledge to continue

Nizari active efforts.

The Nizari Board is extremely optimistic about our future. We have accomplished a major turnaround in operations, improved our services to our members and strengthened our financial condition. The painful process of change has been addressed and the improvements have been noted by you our members. We firmly believe the worse is behind us in terms of these changes and we are prepared to continue with our mission of helping improve the financial wellbeing of our members.

Thank you in your trust in the Board of Directors.

Deepest Regards,

Akbar Mohamed
Chairman





Letter from the CEO



Convenience...

Cash services have expanded the level of service in Sugar Land. Members can transact business without the need to go to another institution to secure or deposit cash. In addition, with the introduction of convenience services, virtual branch ATM/Debit cards, electronic bill pay, our members never have the need to go to another financial institution.

Gratitude...

2010 also marks my first complete year with Nizari. I want to commend the Board for all of their hard work in guiding us through some difficult challenges. Without their leadership our level of success would have been significantly diminished. I can truly tell all of you that working with Nizari has been the most rewarding experience of my career.

Thank You,

Strategy...

The Board of Directors' Strategic direction for 2011 includes extending the level of full services to our Dallas location. We will be able to provide cash services, on site loan processing that will reduce loan approval times to as little as one day. We will also be able to provide mortgage loans to the Dallas market in 2011.

None of these activities or plans could have been accomplished without the dedication and hard work of the Nizari Progressive FCU staff. They put in countless hours assuring that our members get the service they deserve. 2011 will be a year of enhancing the skills of our employees to better serve you, our members.

Hal Coffman
President & CEO

2010 brought a level of commitment from the Board of Directors and staff that resulted in a significant growth of services for our members. The vision of the Board was to provide a full service financial institution to address the needs of the community. With the addition of the full service branch in Sugar Land, Texas we were able to afford a level of services that have not been available to our members. We were able to have expanded full service hours through Saturday. You can now open accounts and obtain loans on Saturday. Mortgage loans have been a tremendous success with over \$12 million in mortgage loans made to our members in 2010. In fact, we granted over \$32 million in loans to our members in 2010.



Statement of Financial Position

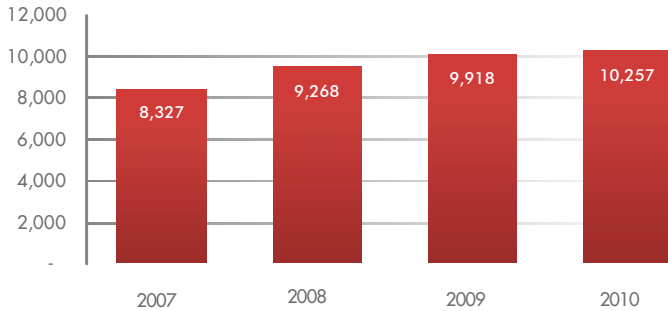
For Year End December 31, 2010

	2010	%	2009	%	VARIANCE
Assets					
Loans to Members	49,349,922	59.20%	34,681,172	47.16%	14,668,750
Less: Allowance for Loan Loss	(138,700)	-0.17%	(373,057)	-0.51%	234,357
Total Loans	49,211,222	61.94%	34,308,115	46.65%	14,903,107
Cash in hand and at Bank	1,919,456	2.30%	1,046,789	1.42%	872,667
Investment	29,507,544	35.40%	35,767,686	48.64%	(6,260,142)
Advance, Deposits & Prepayments	168,861	0.20%	131,861	0.18%	37,000
Capital Work in progress	-	0.00%	356,210	0.48%	(356,210)
Furniture, Fixture, Leasehold Impr & Equipment	2,610,912	3.13%	1,782,678	2.42%	828,234
Less: Acc Dep & Amortization	(301,818)	-0.36%	(192,761)	-0.26%	(109,057)
Net Fixed Assets	2,309,094	2.77%	1,589,917	2.16%	719,177
Accrued Income (interest on loans & investment)	243,700	0.29%	341,317	0.46%	(97,617)
Total Assets	83,359,877	100.00%	73,541,895	100.00%	9,817,982

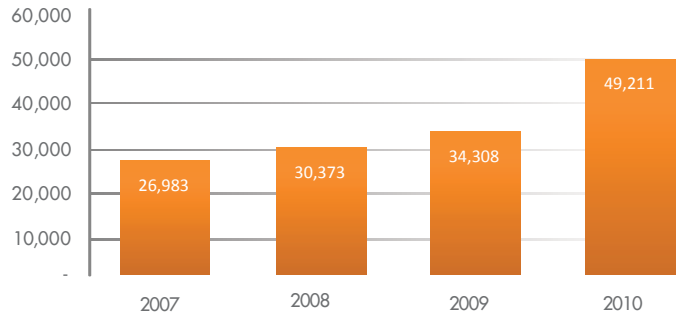
	2010	%	2009	%	VARIANCE
Liabilities & Equity					
Payables	71,925	0.09%	52,560	0.07%	19,365
Member's Shares and deposit	73,031,148	87.61%	63,571,827	86.44%	9,459,321
Regular Reserve	5,602,900	6.72%	5,602,900	7.62%	-
Undivided Earnings	4,314,608	5.18%	3,665,559	4.98%	649,049
Net Gain (Loss) YTD	339,296		649,049	0	(309,753)
Total Equity	10,256,804	12.30%	9,917,508	13.49%	339,296
Total Liabilities and Equities	83,359,877	100.00%	73,541,895	100.00%	9,817,982



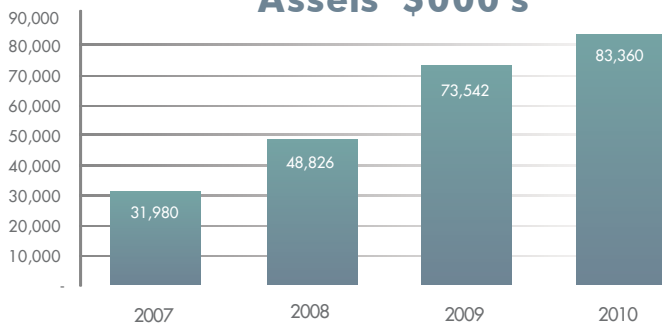
Capital \$000's



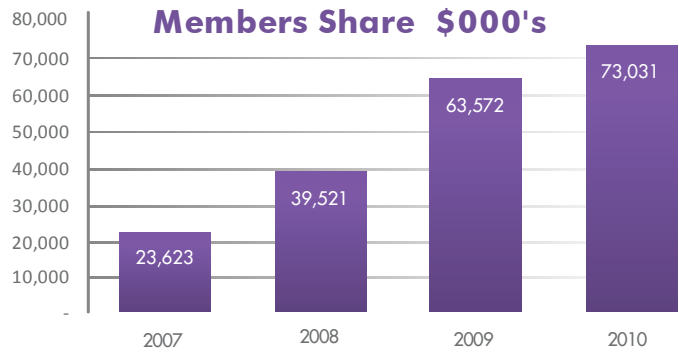
Outstanding Net Loans \$000's



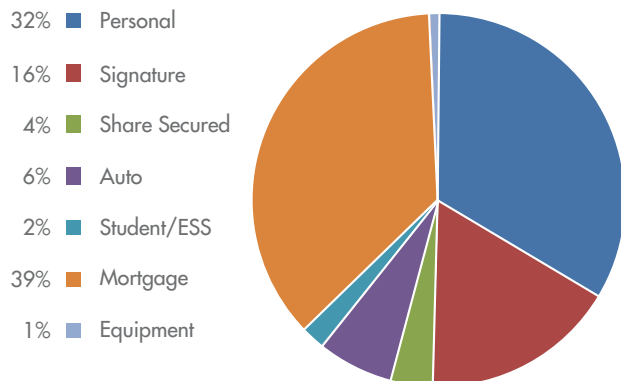
Assets \$000's



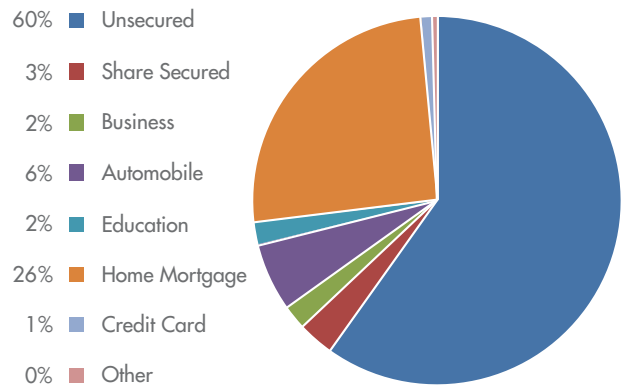
Members Share \$000's



Total Loan Disbursement YTD - \$ 30.9 M



Total Loan Portfolio as of Dec. 2010 - \$ 49.3 M





Focusing on Your Needs

Nizari's focus has been greater transparency and greater accountability from their management and their board of directors. In 2010 a continued effort was made to ensure that all Nizari members and jamati members are provided the best possible financial services, in a transparent and efficient manner. The highlights for the year are:

To best serve our members and jamat, the current board and management introduced business specific products that our business owners suggested would help them grow their existing business and start new ones. Today, in addition to business loans and equipment loans, Nizari now offers lines of credits and credit cards.

Nizari introduced quarterly member appreciation days at all their branches to encourage member participation via discounted rates on loans and savings on several other products and services. We have also welcomed members into our branches encouraging open dialog with our management team and directors.

Today more than ever before, Nizari's board of directors have ensured that regardless of the area of operation everything is transparent and all processes are documented.

The Board of Directors have made an absolute commitment to safeguarding member information. Member contact information is not shared with any third party vendors and employees hold member information in the strictest of confidence.



Nizari's deposits increased over 14% even when the national average for deposit growth was less than 1%. Furthermore Nizari's membership increased by 6%.

Financial education is paramount for our Jamat. Nizari worked very closely with the various Jamati institutions to educate our community in financial matters. In conjunctions with EPB and various trade associations, Nizari conducted and/or attended seminars on various financial topics.

Despite being in one of the greatest recessions on record, Nizari increased its loan disbursement by over 42%, diversifying the portfolio into auto, home, equipment, personal and student loans.

Financial well being is much more than the ability to receive a loan. It is about having the best possible options available to fit one's unique needs. Nizari is committed to providing our members these options. Whether it be checking account, IRAs, home mortgage, credit card or line of credit, Nizari can fit all their needs.

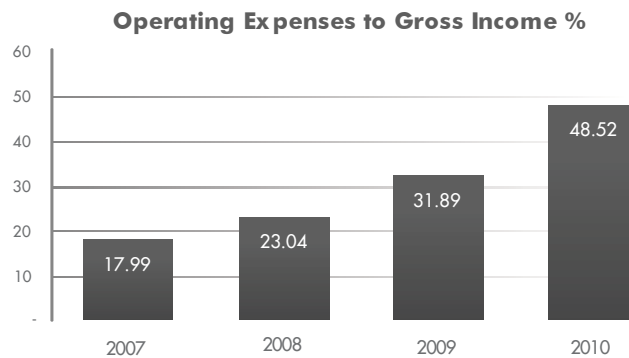
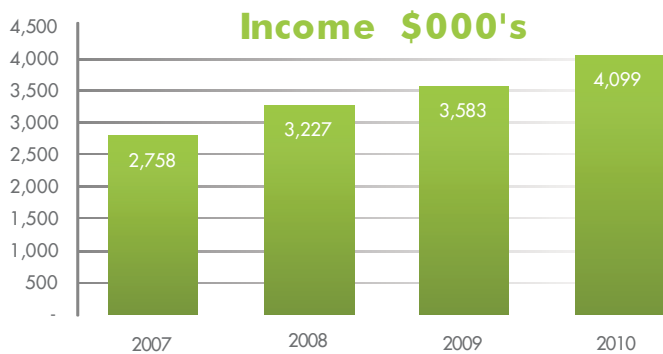
Statement of Operations

For Year End December 31, 2010

	2010	%	2009	%	VARIANCE
Operating Income					
Interest on Loans	3,367,470	82%	2,797,030	78%	570,440
Interest Income from MasterCard	50,542	1%	54,506	2%	(3,964)
Income from Investments	587,913	14%	615,655	17%	(27,742)
Credit Union - Fees & Charges	92,662	2%	116,145	3%	(23,483)
Total Operating Income	4,098,587	100%	3,583,336	100%	515,251

	2010	%	2009	%	VARIANCE
Operating Expenses					
Office Salaries	856,208	21%	551,238	15%	(304,970)
Payroll Taxes	70,649	2%	42,999	1%	(27,650)
Travel and Conference	45,475	1%	40,766	1%	(4,709)
Office Occupancy	79,982	2%	78,574	2%	(1,408)
Utilities and Phone	71,121	2%	30,415	1%	(40,706)
Insurance	81,034	2%	44,346	1%	(36,688)
Member's Insurance	87,406	2%	-	0%	(87,406)
Depreciation	111,701	3%	13,287	0%	(98,414)
Loan Servicing	26,250	1%	5,126	0%	(21,124)
Credit Reports	12,662	0%	8,868	0%	(3,794)
Professional Fees	109,122	3%	47,972	1%	(61,150)
Prtg, Stationary, Supplies & Postage	90,865	2%	67,235	2%	(23,630)
Audit Fees	9,451	0%	4,500	0%	(4,951)
Provision for Loan Losses	448,405	11%	313,731	9%	(134,674)
Office Operating Expenses	36,442	1%	24,830	1%	(11,612)
Advertising & Promotions	57,584	1%	7,119	0%	(50,465)
NCUA Operating Fees	16,288	0%	17,922	1%	1,634
Donation	33,050	1%	35,913	1%	2,863
IT/SW/ISP Cost and Support	85,368	2%	51,484	1%	(33,884)
Annual Meeting Expenses	29,248	1%	18,742	1%	(10,506)
Maintenance & Repairs	21,050	1%	10,800	0%	(10,250)
Miscellaneous Expenses	-	0%	1,397	0%	1,397
Association Dues	12,769	0%	13,037	0%	268
Bank Service Charges	14,677	0%	8,401	0%	(6,276)
Property tax	30,213	1%	17,762	0%	(12,451)
Total Operating Expenses	2,437,020	59%	1,456,464	41%	(980,556)
Income from Operations	1,661,567	41%	2,126,872	59%	(465,305)
Non Operating expense /(income)	280,301	7%	197,794	6%	82,507
Dividend Paid to Members	1,041,970	25%	1,280,029	36%	(238,059)
Net Income	339,296	8%	649,049	18%	(309,753)





Statement of Equity

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

	Regular Reserve	Reserve for Contingencies	Other Provisions	Undivided Earnings	Equity (Net Worth)
Balance at January 1, 2008	\$1,100,000	\$3,100,000	\$1,402,900	\$2,723,679	\$8,326,579
Account activities during 2008					
Transfer of 2008 Current Income				\$941,880	\$941,880
Statutory transfer to Regular Reserve					
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				\$649,049	\$649,049
Statutory transfer to Regular Reserve					
Balance at December 31, 2009	\$1,100,000	\$3,100,000	\$1,402,900	\$4,314,608	\$9,917,508
Account activities during 2010					
Transfer of 2010 Current Income				\$339,296	\$339,296
Statutory transfer to Regular Reserve					
Balance at December 31, 2010	\$1,100,000	\$3,100,000	\$1,402,900	\$4,653,904	\$10,256,804



Statement of Cash Flow

As on December 31, 2010

	AMOUNT
Net Income	339,296
Cash provided by Operating Activities:	
Depreciation	109,057
Dividends Credited to Member's accounts	987
Accrued income	97,617
Allowance for loan losses	(234,357)
Total adjustment to Net Income	(26,696)
Assets and Liabilities:	
Deposits	(37,000)
Capital Work in progress	356,210
Fixed Assets	(828,234)
Investments	6,260,141
Loans to Members	(14,668,750)
Payables	18,379
Net Cash provided or (Used) by Assets & Liabilities	(8,899,254)
Cash flow from Members Activities:	
Members' Shares	9,459,321
Regular Reserve & Undivided Earnings	-
Net Cash Provided or (Used) by Members Activities	9,459,321
Net Increase / (Decrease) in Cash	872,667
Add Beginning Cash Balance	1,046,789
Ending Cash Balance	1,919,456



	2010	2009
Financial Highlights		
Capital/Net Worth	10,256,804	9,917,508
Shares	73,031,148	63,571,827
Gross Income	4,098,587	3,583,336
Outstanding Loans	49,349,922	34,681,172
Total Assets	83,359,877	73,541,895





Member's Shares

As on December 31, 2010

Membership Count	Opening Members	New Members / Deposits	Account Closed / Withdrawals	Ending Members
Membership (#)	9,869	996	151	10,714
Member's Shares	Opening Balance	Add: Deposits	Less: Withdrawals	Ending Balance
Saving / Shares (\$)	63,571,827	43,668,056	34,208,735	73,031,148
Totals	63,571,827	43,668,056	34,208,735	73,031,148
Average Share Balance				6,816

Ratios	2006	2007	2008	2009	2010	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	11.03
Delinquent Loans/Total Loans	5.82	6.03	4.3	3.94	1.26	1.55
Return on Avg Assets	2.11	3.56	2.12	1.18	0.65	0.40
Solvency Evaluation	134.37	134.77	123.23	115.6	114.04	112.62
Gross Income/Avg Assets	9.07	8.84	8	5.86	5.22	5.83
Cost of Funds/Avg Assets	3.8	3.69	2.79	2.09	1.33	1.00
Operating Exps/Avg Assets	1.93	1.59	2.06	2.41	2.65	4.01
Yield on Average Loans	9.11	9.18	9.07	8.69	8.14	6.57
Yield on Investments	5.66	3.86	4.17	2.28	1.76	1.85
Operating Exps/Gross Income	21.25	17.99	25.74	41.06	50.63	68.73
Total Loans/Total Shares	124.45	114.99	78.35	54.55	67.57	64.68
Total Loans/Total Assets	92.57	84.91	63.53	47.16	59.2	57.03
Net Worth Growth	8.84	11.87	10.27	8.05	3.42	2.61
Market (Share)Growth	1.89	10.56	67.3	60.86	14.88	5.03
Loan Growth	8.06	2.16	13.98	12.01	42.3	-0.36
Asset Growth	3.54	11.38	52.41	50.89	13.35	3.54
Investment Growth	-32.6	152.08	291.08	105.63	-15.95	14.77



Supervisory Committee Report



The Supervisory Committee is composed of volunteer members, appointed by the board, who function as the credit union's internal audit committee. It is the committee's responsibility to ensure that internal controls are effective, accounting records and the operations of the credit union are in compliance with the NCUA rules and regulations in additions to board established policies and procedures.

a random sample verification of members account balances. It is our opinion that the enclosed financial statements fairly and accurately reflect the financial condition of Nizari Progressive Federal Credit Union as of December 31, 2010. The committee is please to report that Nizari is financially sound and is operating in compliance with NCUA rules and regulations.

The Supervisory Committee hired an external auditor to conduct an examination of Nizari's financials and to ensure that internal controls are effective. The committee also completed

Abid Huda
Chairman Supervisory Committee

Nizari Staff

Management

Harold Coffman
Shaukathussain Jaffer

Chief Executive Officer
Compliance & Internal Control

Loan Department

Rozina Rasiyani
Nasrin Momin
Navroze Khawaja

Financial Service Representative
Financial Service Representative
Financial Service Representative

Member Services Department

Ana Velazquez
Saher Bawany
Saima Ali
Ali Khowaja
Zeeshan Ali

Member Service Manager
Member Services Representative
Head Teller
Teller
Teller

Austin office

Amina Khalfan

Member Services Representative

Dallas office

Naseem Kheraj

Member Services Representative

Dallas office

Hena Karim

Office Associate

Collections Department

Moiz Punjwani
Zeeshan Vasaya

Collections Officer
Collections

Operations Department

Salima Mawji
Sana Jiwani
Fahim Momin
Nusrat Maknojjia
Sumera Ali

Operations Manager
Senior Operations Assistant
Operations Assistant
Operations Assistant
Operations Assistant

Accounting Department

Wafiahmed Chunara
Nehi Todai

Controller
Accounts Assistant

Administration

Ali M Khowaja
Monica Momin

Administrative Assistant
Administrative Assistant



Explore the **New**
options at Nizari

Now Introducing Business & Consumer Bundles

Business Bundle

Business Savings
Business Checking
ATM / Debit
Credit Card
Line of Credit
E-Statements / Online Banking

Consumer Bundle

Personal Savings
Personal Checking
ATM / Debit
Credit Card
E-Statements / Online Banking



NIZARI
Progressive Federal
Credit Union

Buying a Car?

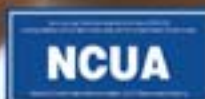
Same day approval, Easy payments, Qualify Immediately!

Rates as Low as 3.99%

Apply for your Auto Loan Today! Go to www.nizari.org



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Head Office - Houston
11770 University Blvd
Sugar Land, TX 77478
TEL: 281-921-8500
FAX: 281-921-8550