

**NIZARI PROGRESSIVE
FEDERAL
CREDIT UNION**

First Annual General Meeting

March 16, 1991

Houston, Texas

NOTICE

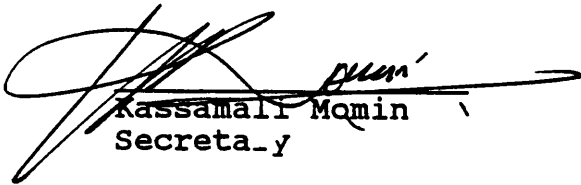
ANNUAL GENERAL MEETING

The First Annual General Meeting of the Nizari Progressive Federal Credit Union will be held on Saturday March 16, 1991 at 4:00 pm at the Gandhi Community Center, 6330 Elm Street, Houston, Texas 77081. The agenda for the meeting is as follows:

AGENDA

1. Report of the President on behalf of the Board of Directors
2. Report of the Treasurer
3. Report of the Credit Committee
4. Report of the Supervisory Committee
5. Any other business with the permission of the Chair
6. Adjournment

Refreshments will be served following the meeting.



Kassamali Momin
Secretary

CHAIRMAN'S REPORT

It is with much pleasure that I welcome you, on behalf of the Board of Directors, to the first Annual General Membership Meeting of the Nizari Progressive Federal Credit Union. On the occasion of my first address to the Membership at large, I wish to take this opportunity of presenting a brief history of the Credit Union for the benefit of the Membership.

In November 1987, a group of five individuals, all of whom are now serving on the Board of Directors, came up with an idea for the establishment of a Credit Union. The concept was discussed amongst a wide circle of our friends and it became apparent that there was strong support for the establishment of a Credit Union. We decided, therefore, to go ahead with the formation of a Credit Union.

A formal application to the National Credit Union Administration for issuance of a charter was made by a group of eleven individuals. However, the application could not be processed immediately because of the crisis in the banking industry. An increasing number of banks and savings & loan associations were failing in Texas and numerous regulatory and management flaws were being revealed in the banking system. In addition, unfamiliarity with an application from a Muslim group led to further delays in the processing of our application.

The charter from the NCUA was finally received in July 1989. The office of the Nizari Progressive Federal Credit Union was inaugurated by Mr. Karamali Esmail on December 13, 1989. By February 1990, the Credit Union had processed and approved its first applications for loans.

The Credit Union is now observing its first birthday and although it is still in its infancy, it shows a great deal of promise of evolving itself into a healthy financial institution. Despite its very short history, the Credit Union has been able to declare a dividend of 6.5% on shares held by the membership. Under normal circumstances, a Credit Union is not able to declare a dividend so soon after its formation. At the present time, even some of the more sound financial institutions are faltering under the weight of bad loans.

For the period ending in 1990, I am very pleased to report that not a single loan issued by the Credit Union is in default. A total of 54 loans were made for a total sum of \$341,000. There were 384 members in the Credit Union and the value of their shares was \$323,291. Given these strong indicators, the first year's performance of the Credit Union should be a source of pride and joy for all members of the Credit Union.

In order to maintain the financial strength of the Credit Union, it will be our policy to make sure that none of our loans become bad loans and to also make sure that none of our loans become delinquent. We have been successful in upholding this policy thus far and I strongly urge the membership not to take this matter lightly as we move ahead in the future. I am certain that with sincerity and dedication, we will remain united and maintain high standards of operations in the Credit Union and build a sound financial institution. We must also ensure that the Credit Union will be able to address the financial needs of its membership in the future.

The Credit Union is expected to make several improvements in its operations in 1991. In January, the manual accounting system was replaced with a computerized system donated by certain members. I wish to express our sincere appreciations to these members for their generosity in this matter. During the year, we will also introduce Credit Life and Loan Protection schemes at no cost to the membership. The benefits of such coverage are obvious and need not be elaborated here.

As you are aware, one of the primary functions of the Credit Union is to encourage its membership to accumulate savings from their incomes in order to build economic security for themselves and for their families. I am earnestly urging all members to save a certain amount of funds from your incomes and to deposit this amount in the Credit Union on a regular basis. A practice of regular savings will also ensure financial stability for the Credit Union. The success of the Credit Union to date has been largely due to your savings and your deposits each month into the Credit Union. Your accumulated funds are then used to improve our own financial condition.

I wish to draw your attention to the recent controversy that is raging between the banking industry and the Credit Unions over regulatory agency, insurance fund and tax exempt status being enjoyed by the Credit Union right from its inception. The potential outcome of this controversy could be that we might be forced into conformity with the banking regulations and lose our independent identity. However, thanks to OPERATION GRASSROOTS which has taken up the cause of the Credit Unions to combat the emerging threats against them. As a result of this campaign, some positive results have been realized and the proposals made by the Treasury will prove beneficial for the Credit Unions.

The leading economists in the country are convinced that the country is going through an economic downturn. This, coupled with the recession and the aftermath of the War in the Gulf, has generally aggravated the economic wellbeing of the country. In this context, I wish to assure the membership that the financial strength of Credit Unions in Texas is sound and that Credit Unions are some of the safest financial institutions because they

are better capitalized compared with the State's banking and savings & loan industries. Moreover, as you are aware, member share accounts are insured up to \$100,000 per account by the National Credit Union Share Insurance Fund. The approximately \$2 billion in the Fund creates a reserve-to-insured deposit ratio of 1.28 per cent which is substantially higher than the same ratio for either banks or thrifts.

I am very pleased with this opportunity of making a positive report on the Credit Union and to project a bright future for its financial strength. On behalf of the Board of Directors, I wish to express our gratitude to each and every member of the Credit Union for your cooperation and support and we hope that you will continue the same in the future so that we can build one of the finest and financially strong Credit Unions.

There are a number of individuals who have provided us with invaluable assistance in the various operations of the Credit Union. On behalf of the Board of Directors, I would like to particularly express our sincere appreciations to Mr. Salim Kassam, Mr. Zulfiqar Kasam, Mr. Imtiaz Dholakia, Mr. Amin Mukhi, Mr. Hamid Gulamali, Mr. Karim Marani, Mr. Shiraz Gulamali, the Board of Directors of the Pioneer Muslim Credit Union, donors and especially to Mrs. Noorbanu Sadrudin Momin for their suggestions and assistance on several occasions.

Once again, I wish to sincerely express my thanks to each and every member of the Credit Union and especially to those members who are attending the historic first annual meeting of the Nizari Progressive Federal Credit Union.

Thank you.

A handwritten signature in black ink, appearing to be 'A. Momin', written over a horizontal line.

Amirudin S. Momin
Chairman

Your Savings Federally Insured to
\$100,000
by National Credit Union Administration,
a U.S. Government Agency

TREASURER'S REPORT 1990

BALANCE SHEET

Assets

Loan to members	\$249,370.92
Cash in Bank	17,663.99
Investments	71,077.64
Furniture & Fixtures	5,087.53
Pre-paid Expenses	970.00

Total Assets	\$344,170.08
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LIABILITIES

Shares of Members	\$323,291.00
Regular Reserve	3,050.00
Donated Equity	2,018.00
Dividends Payable	13,937.00
Undivided Earnings	1,874.08

Total Liabilities	\$344,170.08
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Statistical Information

Number of Members	384
Outstanding Loans	49
Loans in 1990	\$341,000.00
Number of Loans	54

INCOME STATEMENT

Income

Interest on Loans	\$22,118.60
Income from Investments	3,283.82
Entrance Fee & Charges	3,775.00
Other Income	703.88
Non-operating Income	1,012.00

Total Income	\$30,893.30
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EXPENSES

Salaries & Benefits	\$5,816.47
Office Rent	2,742.60
Utilities	661.86
Insurance	623.50
Postage & Supplies	894.26
Dues Association	27.95
Bank Charges	57.00
Publicity & Promotion	875.00
Depreciation	600.00
Miscellaneous	29.00


Total Expenses	\$12,327.64
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Gain or Loss from Operation	\$18,565.66
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Distribution of Gross Income

Operating Expense	\$12,327.64
Dividends Payable	13,937.00
Regular Reserve	3,000.00
Undivided Earnings	1,628.66

	\$30,893.30
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 Roshanally H. Merchant
 Treasurer


CREDIT COMMITTEE REPORT

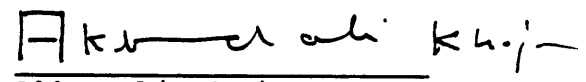
We are pleased to present to the Board and Membership a report of activities of the Committee for 1990.

In compliance with the laws, regulations and policies of the Board in force at the time, all requests for loans were acted upon promptly. The Committee held meetings to consider applications for loans as often as was required. A total of 54 applications were processed in 1990 and the same were approved to the tune of \$341,000.00. All of the loans were unsecured and not a single loan is delinquent as of writing of this report.

It is interesting to note that the very first few applications for loans were approved in February 1990 soon after commencement of the business. This is a milestone development in the history of the Credit Union.

The Credit Committee will continue to serve the members to the best of its abilities in 1991. It will strive to provide lending services in accordance with the needs and requirements of the members, subject of course to the availability of funds and guidelines and policies of the Board.


Haiderali Kajani
Chairman


Akbarali Khoja
Secretary

SUPERVISORY COMMITTEE REPORT

We are pleased to report that in accordance with the Accounting Manual for Federal Credit Unions and the applicable laws in existence, an audit of the Credit Union was conducted with respect to the following areas:

Verification of Members' Share and Loan Accounts

Verification of Members' Closed Share Accounts

Verification of Outstanding Loans

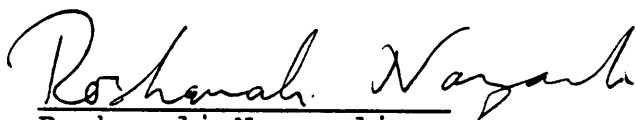
Verification of Trial Balance

Verification of Bank Reconciliation

A sufficient amount of evidence was obtained through inspection, observations, inquiries and confirmations to arrive at conclusions on operations of the Credit Union.

To the best of our knowledge and belief, the Credit Union's financial records are maintained in accordance with existing laws and regulations. The financial statements of the Credit Union represent a true, full and complete picture of its financial condition.

We have not observed any violations or acts of commissions or omissions in the operations of the Credit Union which could cause to jeopardize the financial strength of the Credit Union.


Roshanali Nazarali
Chairman

BOARD OF DIRECTORS

Amiruddin S. Momin	Chairman
Rahematali J. Karimi	Vice-Chairman
Kassamali Momin	Secretary
Roshanally H. Merchant	Treasurer
Akberali I. Ghesani	Assistant Treasurer

CREDIT COMMITTEE

Haiderali Kajani	Chairman
Akberali Khoja	Secretary
Abdul Hamid Gulamali	Member
Shams Faizullah	Member
Sultanali Sundrani	Member

SUPERVISORY COMMITTEE

Roshanali Nazarali	Chairman
Amirali Narsi	Member
Husseinali Ahmadali	Member

MEMBERSHIP COMMITTEE

Mohammad Ali P. Momin	Chairman
Abdul Rahim Jamal	Member
Abdul R. Hooda	Member
Shehnaz Datoo	Member
Anar Ghulamali	Member
Amirali R. Noormohammad	Member

Nizari Progressive Federal Credit union

10803 Kinghurst, Suite 250

Houston, Texas 77099

(713) 495-2826

Hours

Monday - Friday

2:00 pm - 5:00 pm