

NIZARI PROGRESSIVE

FEDERAL

CREDIT UNION

SIXTH

Annual General Meeting

April 7, 1996

Houston, Texas

March 18, 1996

TO: ALL MEMBERS

FROM: KASSAMALI MOMIN, SECRETARY

SUBJECT: ANNUAL MEETING OF MEMBERS

The 1995 Annual Meeting of the Members of NIZARI PROGRESSIVE FEDERAL CREDIT UNION will be held on SUNDAY APRIL 7, 1996 at 12:30 P.M. at SAVOY BANQUET HALL 11246 South Wilcrest #145 Houston, Texas 77099.

AGENDA

- Reading and adoption of the minutes of the previous meeting
- Report of the President on behalf of the Board of Directors
- Report of the Treasurer
- Report of the Credit Committee
- Report of the Supervisory Committee
- Election of five candidates to the Board of Directors (to replace five existing Directors whose terms are expiring)
- Any other business with the permission of the Chair
- Adjournment

LUNCH WILL BE SERVED AFTER THE MEETING (R.S.V.P. 713-495-2826)

CHAIRMAN'S REPORT 1995

On behalf of the Board of Directors of The Nizari Progressive Federal Credit Union, I have the honor of welcoming each one of you to the Sixth Annual Meeting of your Credit Union.

I am very happy to report that as measured by economic indicators the year 1995 was one of the best years ever for Credit Unions, according to the National Credit Union Administration. The capital base for the nation's federally insured Credit Unions soared to new highs, while loans, shares and assets maintained strong growth rates.

The Nizari Progressive Federal Credit Union was no exception to the strong growth trend and the year 1995 was a banner year in that it shows remarkable achievements in all areas of operations. The evidence of credit union's strong financial performance is indicated in various graphs incorporated in the report.

Due to the growth in the volume of operations, need for adequate working space and functional space for lobby, the Board sought to search for more appropriate office space. Luckily, the required space was available in the adjacent suite and the Board lost no time in leasing the same. With minor structural changes, the present office represents a more professional ambience for the credit union. The facilities are now specious with an area of 1215 square feet which will serve the current needs for the credit union including space for storage.

In the true spirit of the philosophy of the Credit Union "People Helping People", the Nizari Progressive Federal Credit Union did not lag behind and joined other credit unions of the nation to render financial assistance to the Federal Employees Credit Union in Oklahoma City which was destroyed during the April 1995 bombing of the federal building in which it was located. This was a great tragedy. In response to their request for financial assistance, a modest donation of \$500.00 was made to the Disaster Relief Fund established for the purpose.

As you are aware the credit union has always emphasized the importance of education and it is given top priority in our policy manual. We take every opportunity to educate the Board and Committee members to improve their knowledge and know-how on the efficient management of the affairs of the Credit Union. To achieve this goal, every meeting of the Board was preceded by a short talk on various topics concerning the operations of the credit union. Moreover, during the period under review, a representative

from the TCUL&A'S Consulting Department paid on-site visits to discuss certain issues facing the credit union. The ALM (Asset/Liability Management) concepts and techniques workshop arranged by TCUL&A in our office was well attended and successful.

All financial institutions are evaluated for their fiscal safety and soundness through the application of a capital-to-asset ratio. It is an indicator of the financial cushion that the institution possesses against potential losses.

In this regard, I am glad to report that the Credit Union's Capital position improved significantly in 1995. The capital to total assets ratio improved from 9.03 percent to 10.33 percent in 1995. The capital growth continued to exceed the growth of assets. A strong capital position will have a favorable impact on future earnings since capital is a source of no cost funds for lending and investing.

The Credit Union's earnings ratio also improved during 1995. The Return on Assets (ROA) was 5.94 percent. The main contributing factor for this remarkable result was the careful containment of operating expenses. The operating expense to average assets ratio remained favorably below average at 2.2 percent. The ratio of operating expense to gross income was 15.5 percent, which is very low compared to the national average ratio. Due to an increase in net income of 94.33 percent compared with last year, the Board was able to pay a generous dividend of 7 percent in 1995. This is 350 basis points higher than regular shares rate. If key economic indicators continue to remain strong the credit union may expect even better results next year.

As per recent National Credit Union Administration examination report dated December 31, 1995 the credit union earned a rating of "1" in all the components of the CAMEL Code Rating System.

Based on the above ratings, the credit union has been assigned a Composite Code Rating of "1". This is the fourth time in a row and it is a reflection of our stability and efficient operations that such a rating has been awarded for the credit union. Every member should feel happy and proud of the excellent development.

In collaboration with the Aga Khan Economic Planning Board for Southwestern USA, a scheme for computer loans on easy terms was approved by the Board, with the objective to make computers available even to persons with small means.

Although the credit union's financial status is strong, a credit line of \$200,000 has been established with Southwest Corporate Federal Credit Union as a prudent measure and to meet any unforeseen circumstances in the future.

The credit union has been extremely responsive to Jamats elsewhere in USA and inquiries on the organization and formation of credit unions in other cities, have been readily responded with necessary advice and help.

In conclusion and as evident from the accounts presented in the report, members will note that the credit union has experienced tremendous growth and progress in every sector of its operations and the year 1995 has truly been an outstanding year in the short history of our credit union.

I wish to assure you that the Board is constantly thinking and contemplating new services and products at appropriate times to meet the financial needs of its members. We hope to provide better service by upgrading our computer hardware, software and updating of other facilities.

The resounding success of the Credit Union is largely due to sincere efforts and hard work of the Board of Directors, Committee members and a large number of volunteers. In appreciation of their services I wish to say "Thank You" to them. Let me emphasize that, without the full support and co-operation from the membership, devotion, diligence, dedication of the staff, real progress would not have been achieved. I offer my sincere thanks to them and to all the friends and well wishers, including Officers and Directors of the Pioneer Muslim Credit Union who have always extended their help and assistance in various forms.

Thank You.


Roshanally H. Merchant
Chairman

TREASURER'S REPORT 1995

BALANCE SHEET

DECEMBER 31, 1995

ASSETS

Loan to members	2,249,430
Cash at bank	71,373
Investments	564,172
Deposit with NCUSIF	16,218
Prepaid expenses	1,833
Other deposits	520
Fixed Assets	2,118
Total Assets	<u>2,905,664</u>

LIABILITIES

Shares of members	2,604,313
Regular reserves	82,501
Special reserves	132,018
Undivided earnings	85,631
Accounts payable	1,201
Total Liabilities	<u>2,905,664</u>

INCOME STATEMENT

January 1 To December 31, 1995

Interest on loans	310,254
Income from Investments	21,029
Entrance fees etc.	9,660
Miscellaneous income	986
Total	<u>341,929</u>

Salaries & benefits	33,108
Office rent & utilities	6,740
Office Operations	1,160
Insurance	2,857
Maintenance & repairs	550
Postage & supplies	3,504
Association Dues	1,497
Bank Charges	348
Depreciation	470
Annual Meeting Expenses	753
NCUA fees	479
Total operating expenses	<u>51,466</u>
Gain from operations	<u>290,463</u>
Total	<u>341,929</u>

STATISTICAL INFORMATION

Number of members	1,077
Outstanding loans	288
Loans since commencement	6.3 million
Total number of loans	685

DISTRIBUTION OF GROSS INCOME

Operating expenses	51,466
Dividends	151,264
Regular reserve	34,281
Special reserve	51,000
Undivided earnings	53,918
	<u>341,929</u>



Nurudin K Damani
Treasurer

CREDIT COMMITTEE REPORT 1995

I am pleased to present to the Board of Directors and the membership of the credit union a report of the activities of the Credit Committee for 1995.

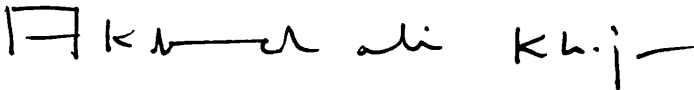
During the year the total number of loan applications received was 214. Each application was processed according to the existing laws, regulations and loan policy established by the Board and not a single application was denied. The aggregate amount of loan granted was \$2,397,000 which is 51.51% higher than 1994. It is interesting to note that the average outstanding loan size is \$7810 and the ratio of borrowers to members is 26.94%.

The Committee appreciates the co-operative spirit of borrowers who supplied pertinent information and documentation required to process their applications.

It is worthwhile to mention here that the Committee tried to accommodate members' loan request to the maximum extent based on the individual credit history and dealings with the credit union without sacrificing the principle of safety and soundness.

Keeping in mind, the financial needs of members the Committee from time to time, makes recommendations to the Board of Directors for necessary changes in the policy to facilitate loan program.

The Committee expresses its thanks to the borrowers and the membership for their kind co-operation and support to make 1995 a successful year.

A handwritten signature in black ink, appearing to read 'Akberali Khoja', with a horizontal line extending to the right.

Akberali Khoja
Chairman

SUPERVISORY COMMITTEE REPORT

I am pleased to report that in compliance with the provisions of the Federal Credit Union Act and the Supervisory Committee Manual for the Credit Unions, an audit of accounts of the Credit Union was conducted by the Supervisory Committee.

The following accounting records were inspected and verified and our findings are that the records were found to be current and accurate.

Petty Cash Account	Bank Reconciliation
Members' Closed Accounts	Fixed Assets
Members' Shares and Loan Accounts	Loan Documentation
Adequacy of Bond and other Insurance Protection	Receipts and Disbursements
Trial Balance And Balance Sheet	Outstanding Loans

As a result of our inspections, observations, inquiries and confirmations, we were able to obtain sufficient evidence to make conclusions on the operations of the Credit Union.

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

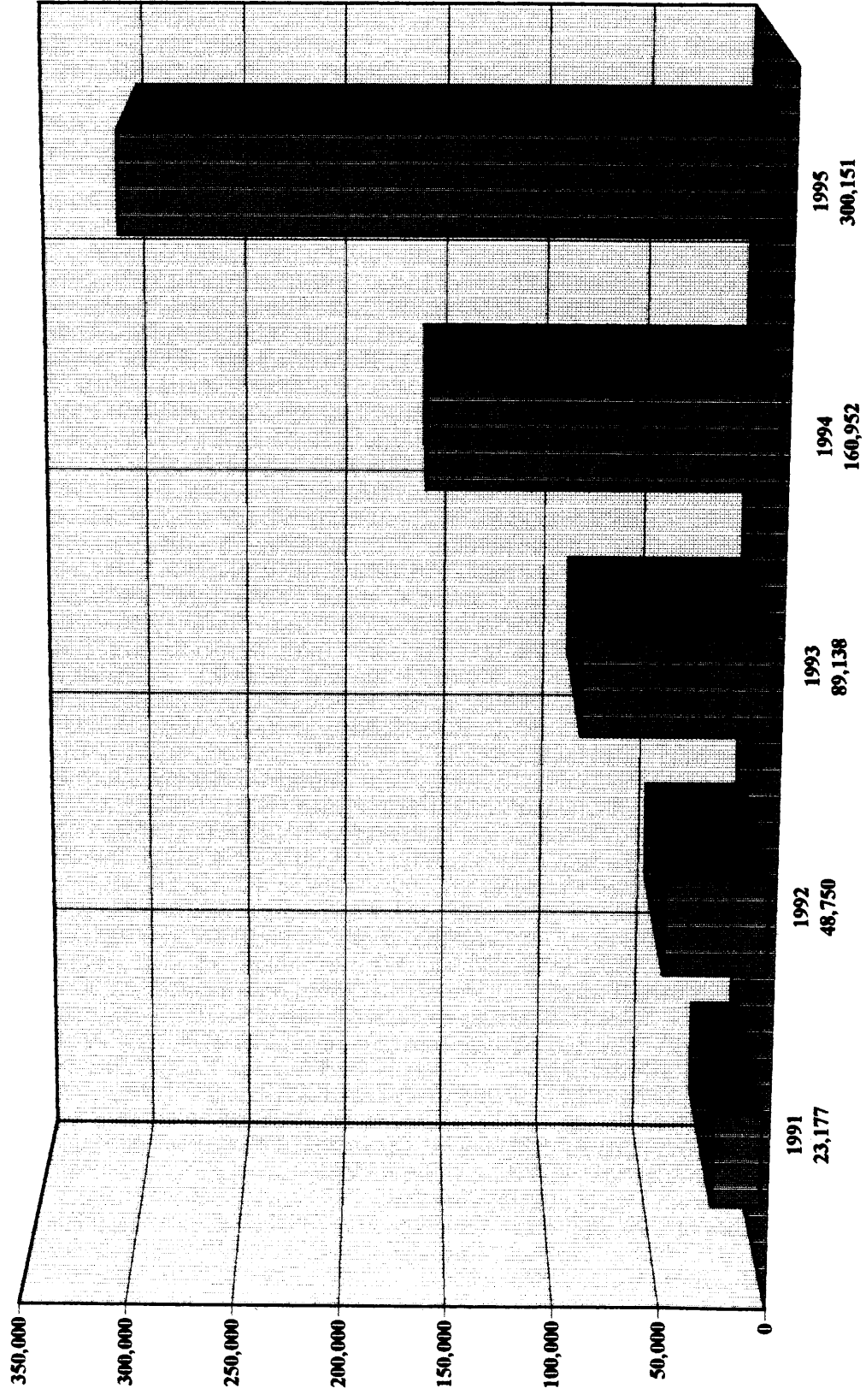
Thank You.



Ibrahim Khanmohamed
Chairman

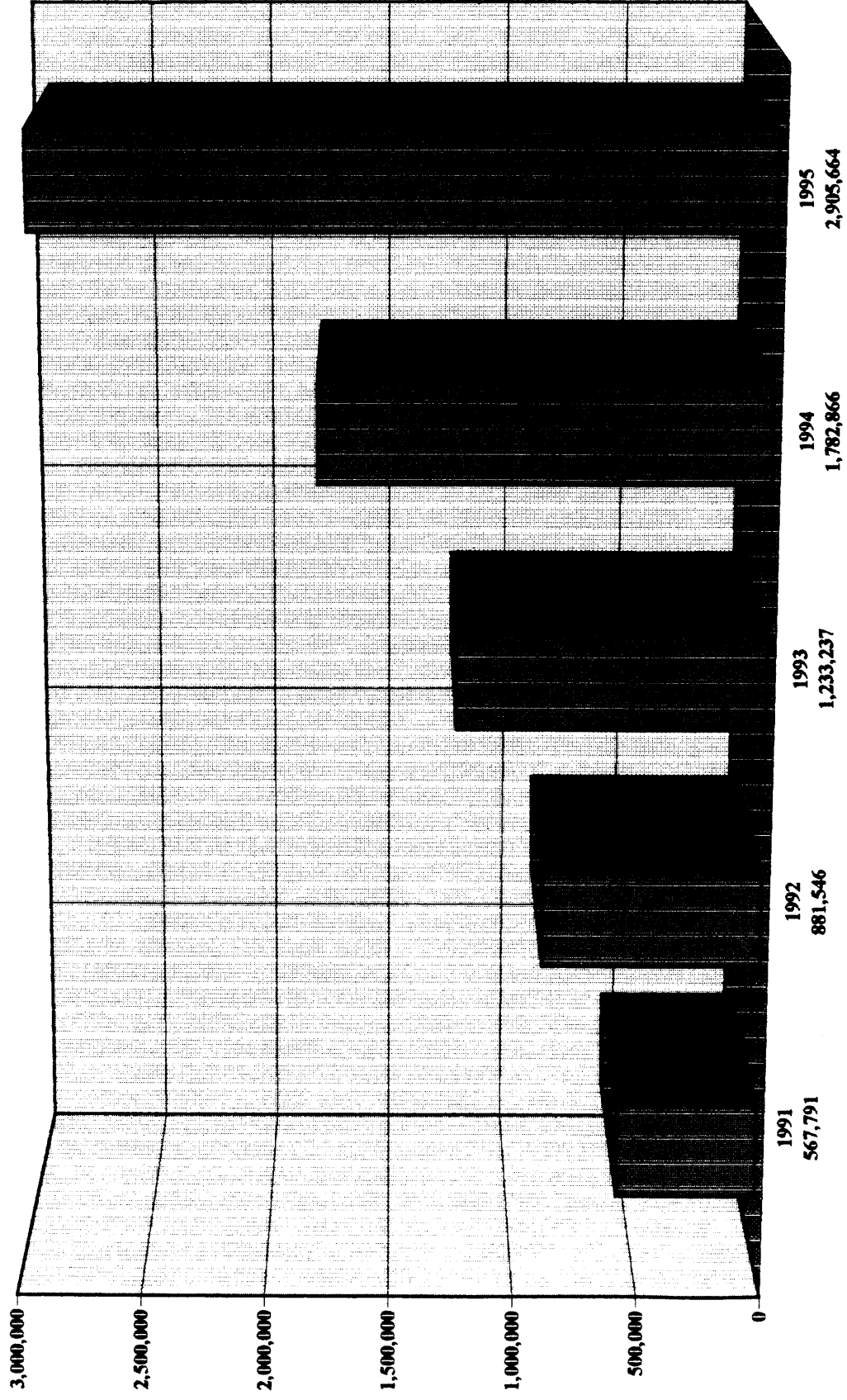
NIZARI PROGRESSIVE FEDERAL CREDIT UNION

CAPITAL GROWTH 1991-1995



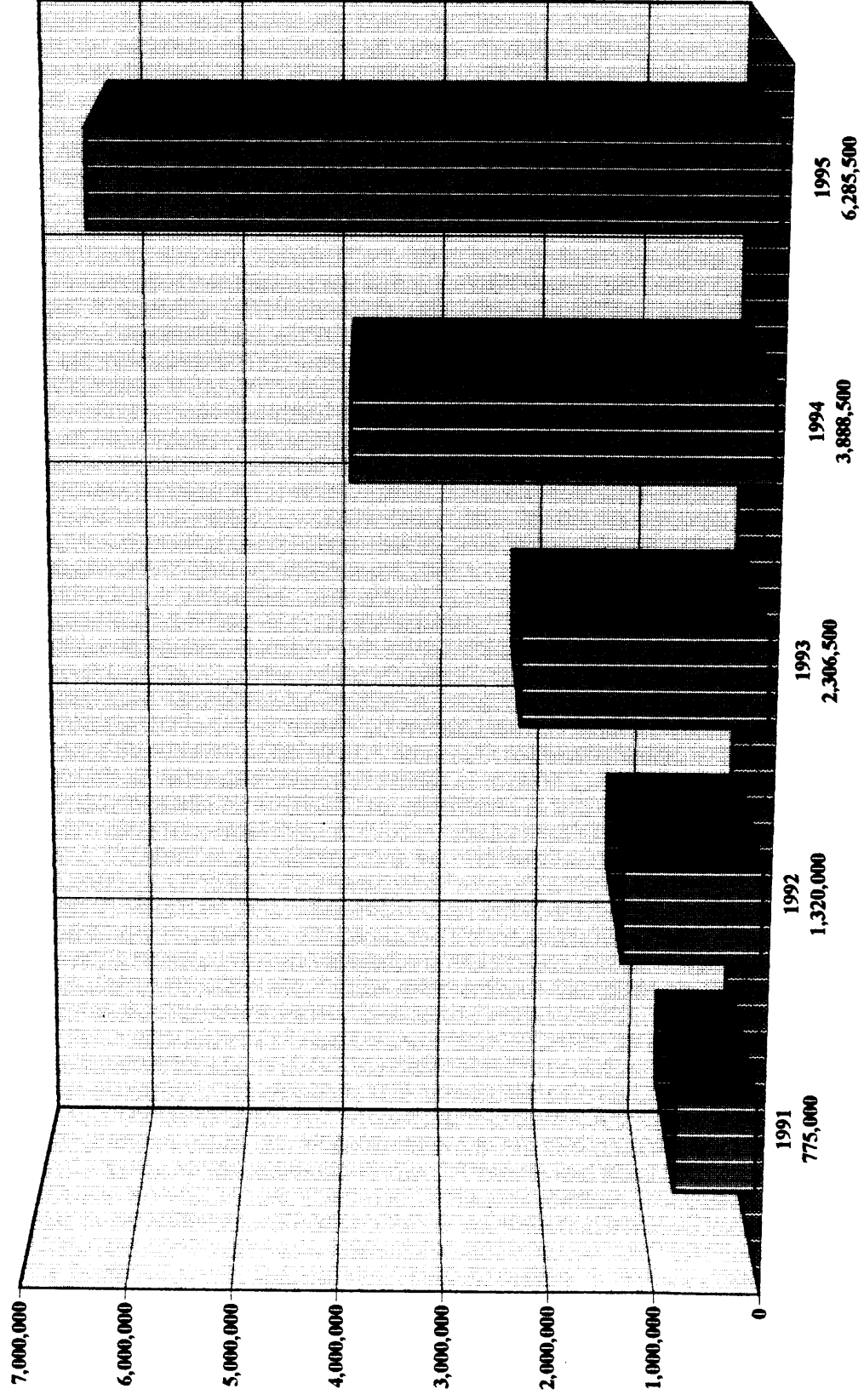
NIZARI PROGRESSIVE FEDERAL CREDIT UNION

ASSETS GROWTH 1991-1995



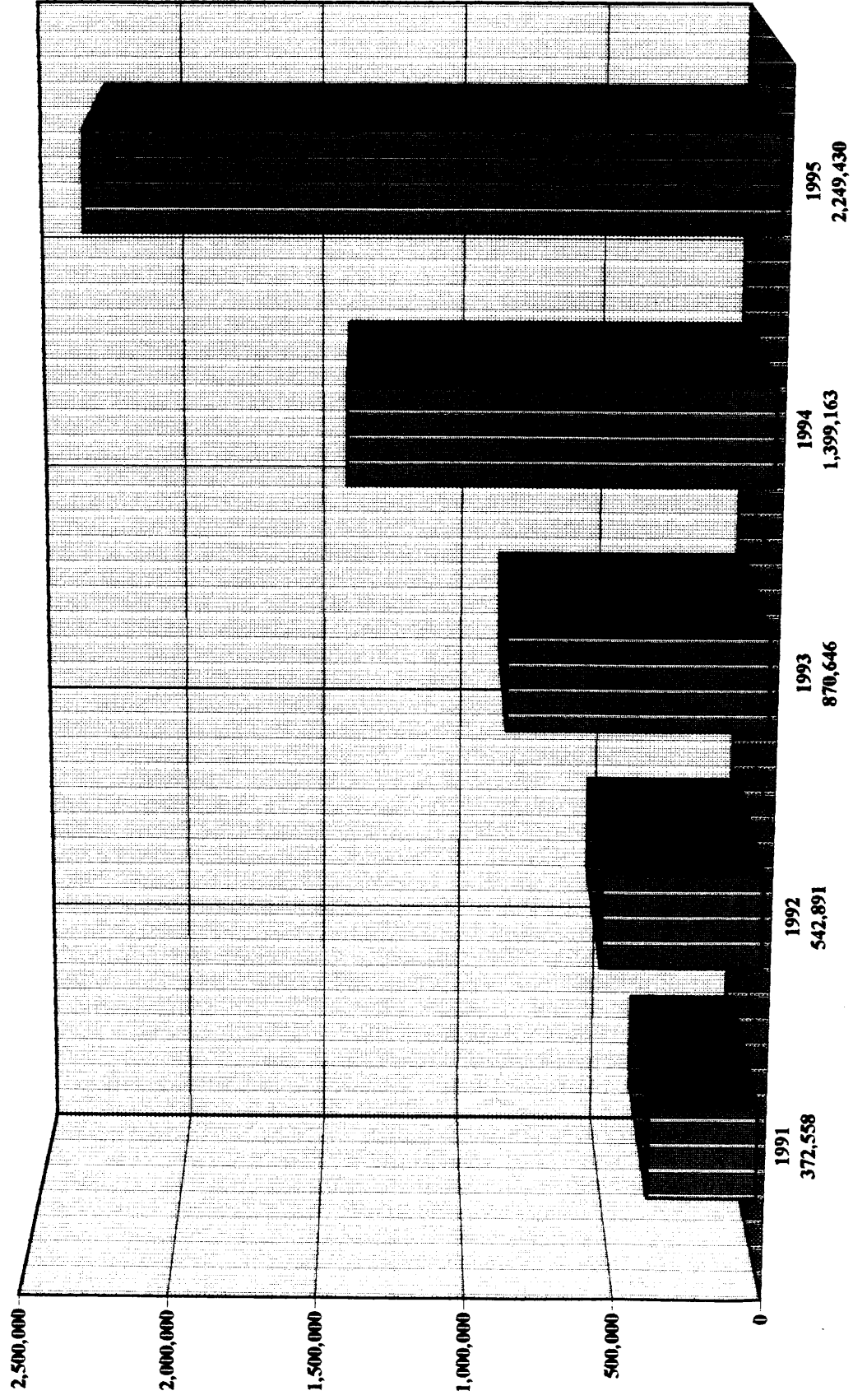
NIZARI PROGRESSIVE FEDERAL CREDIT UNION

LOAN GROWTH 1991-1995



NIZARI PROGRESSIVE FEDERAL CREDIT UNION

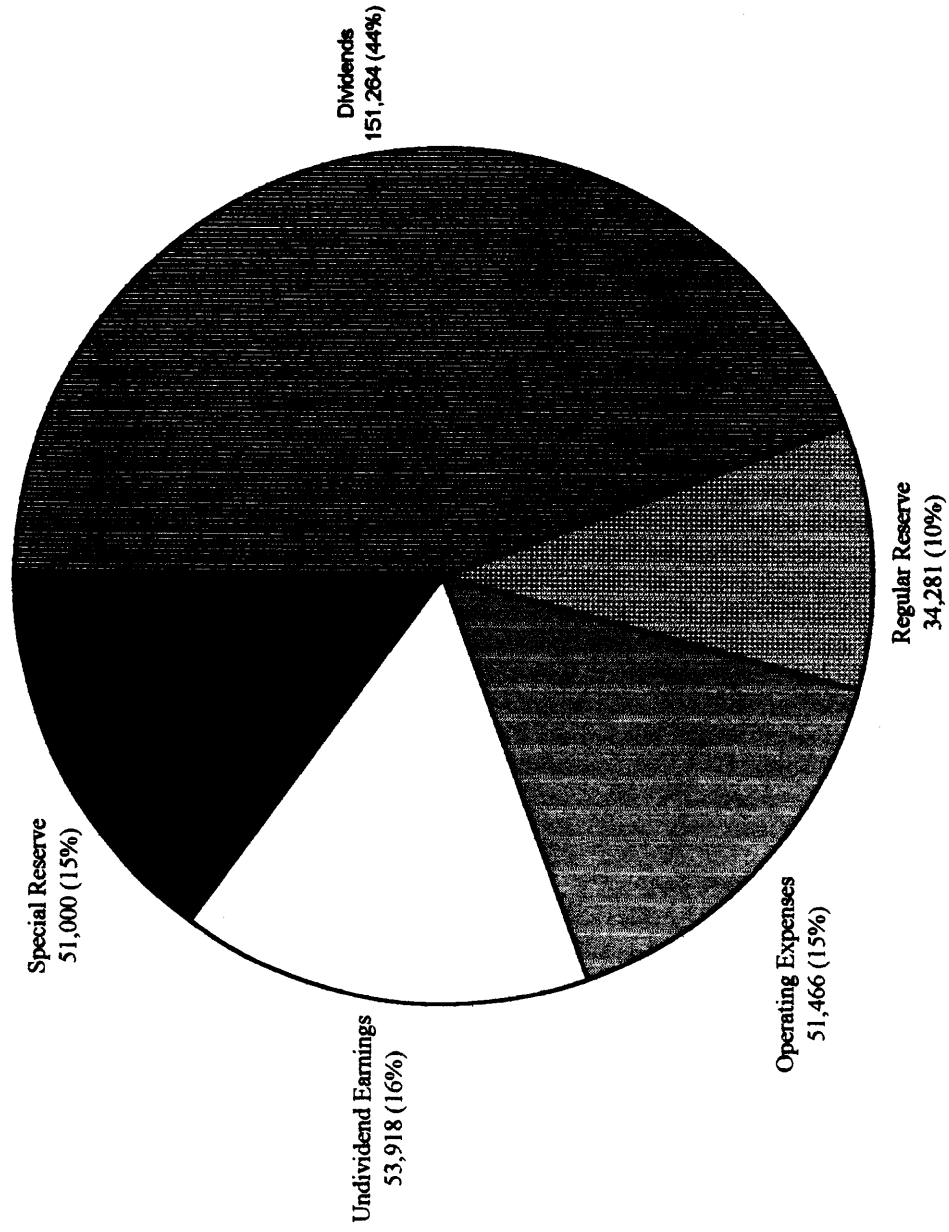
OUTSTANDING LOANS 1991-1995



NIZARI PROGRESSIVE FEDERAL CREDIT UNION

GROSS INCOME DISTRIBUTION 1995

Gross Income 341,929



BOARD OF DIRECTORS

Roshanally H. Merchant	Chairman
Karam Ali	Vice Chairman
Kassamali Momin	Secretary
Nurudin K. Damani	Treasurer
Rahematali J. Karimi	Director
Akbarali I. Ghesani	Director
Akberali Khoja	Director
Ibrahim Khanmohammed	Director
Azmine Nimji	Director

CREDIT COMMITTEE

Akberali Khoja	Chairman
A. Hamid Ghulamali	Secretary
A. Sultan Sundrani	Member
Amirali P. Momin	Member
Riaz P. Nathoo	Member

SUPERVISORY COMMITTEE

Ibrahim Khanmohammed	Chairman
Barkatali Keshani	Member
Altaf Hirani	Member

PERSONNEL

Akbarali I. Ghesani	Manager
Dilshad A. Mohammed	Office Secretary
Muneerah Ajanee	Office Assistant

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

Nizari Progressive Federal Credit Union

10803 Kingshurst, Suite # 250

Houston, Texas 77099

Phone/Fax: (713) 495-2826

Hours

Monday - Friday

12:30 pm - 5:00 pm