

NIZARI PROGRESSIVE

FEDERAL

CREDIT UNION

SEVENTH

ANNUAL GENERAL MEETING

APRIL 6, 1997

HOUSTON, TEXAS

March 14, 1997

TO: ALL MEMBERS

FROM: IBRAHIM KHANMOHAMMED, SECRETARY

SUBJECT: ANNUAL MEETING OF MEMBERS

The 1996 Annual Meeting of the Members of NIZARI PROGRESSIVE FEDERAL CREDIT UNION will be held on SUNDAY APRIL 06, 1997 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. (281) 495-2826)

CHAIRMAN'S REPORT 1996

On behalf of the Directors of the Nizari Progressive Federal Credit Union, I am honored to welcome you to the Seventh Annual Meeting of the Credit Union.

Like in each of the six previous years, I am happy to report that the seventh year of the Credit Union also was successful. A number of noteworthy financial achievements were realized during the year. As noted in various charts and information presented in this report, the earnings of the Credit Union remained strong, the capital base increased steadily, and the loan quality showed no sign of weakness despite reports of wide spread problems with consumer debt. The growth in savings also improved because the rate of dividend historically paid by the Credit Union remained attractive compared with rate offered by the volatile stock market and mutual funds.

In keeping with changing economic environment and financial needs of members, the Board reviewed its policy on maximum loan limit and raised it from \$ 15,000 to \$ 20,000 with additional eligibility requirements. It is the privilege of the Board to review such policies and make changes according to circumstances and market conditions, subject of course to principles of financial safety and soundness of the Credit Union.

The following table illustrates the remarkable progress achieved in 1996 compared with 1995. During this time, the share volume increased 29% and amount of loans made, increased 25% and number of loans increased 13.1%.

ITEM	1995	1996	%INCREASE
Shares	2,604,313	3,357,550	29
Loans made	2,397,000	2,997,000	25
No. of Loans	214	242	13.1

Throughout the year, Credit Union's loan to savings ratio was 92% which was much higher than the aggregate industry rate of about 70%. Some other significant accomplishments during 1996 compared with the previous year were as follows:

- Rate of Capital growth improved 65%.
- Capital to loan ratio was 15.7%.
- Capital to total assets ratio was 12.9% or about 2% higher than in 1995.

Since 1996 was profitable in terms of gross income of \$ 463,551 the Board was able to maintain the dividend of 7% as declared in the previous year.

The scope of Credit Union will expand considerably now that the National Credit Union Administration has approved Board's request to extend membership to Jamats in Austin and San Antonio. The Board hopes to offer financial services to these Jamats sometime in 1997, through a strategic plan which will be phased over time after relevant details have

been worked out. This is a significant step in the growth and development of the Credit Union and for the Jamats in other parts of U.S.A. who for the first time will be able to benefit from the Credit Union's services.

Another milestone in the history of the Credit Union was in October 1996 when the President and Honorary Secretary of the Council for Southwestern United States, along with Chairman of Economic Planning Board, visited the Credit Union to discuss issues of mutual interest. The Board expresses its deep gratitude to these distinguished leaders for taking time to visit with the Board and take interest in the Board's programs and services for the benefit of the Jamat.

Over the years, the Credit Union has achieved considerable stature and there is every reason to believe that its operations will continue to grow. The Board also took cognizance of the fact that the world around us is becoming more competitive, fast spaced and technologically advanced. In view of this, the Board felt that the Credit Union would be better served by recruitment of a competent individual to oversee operations in an efficient and effective manner. To meet these challenges, an Executive Officer was hired by the Board effective December 1, 1996. With his background experience and capability the Board is convinced that the Credit Union's performance will continue to grow and become more efficient.

Additionally, the computer system was upgraded to meet the growing demands for services and with the installation of CSC program, the exercise of generating credit reports has become more efficient.

The Office hours of the Credit Union were expanded during the year, so that the office now remains open from 10:30 a.m. to 5:00 p.m. from Monday to Friday.

FUTURE PLANS

What is Credit Union's weakest representation by age groups? It is adults between 18 and 24 years of age. This is a critical group which must be targeted to assure participation of the next generation of individuals in the Credit Union. These individuals are more likely to benefit from products and services of a technologically advancing Credit Union of the future. The Board is anxious to explore strategies for seeking membership of this high-tech group. One of the options is introduction of a student loan program for education.

21st CENTURY

The technologically ^{advanced} world of tomorrow should provide unlimited opportunities for new and innovative services for the membership of the Credit Union. However, before introducing new technology, it would be prudent for the Credit Union to examine precisely its business goals and specify what exactly will technology accomplish for the Credit Union. One should be cautious not to introduce technology through enthusiasm only as it may result in waste of time, money and effort. It is imperative, therefore, to carefully review the needs of membership and then invest in technology. Again, it would also be prudent to incorporate

technology in an incremental and planned manner while keeping in mind the goals of the Credit Union and the fact that the Credit Union must continue to remain competitive.

There is ample evidence to suggest that the Nizari Progressive Federal Credit Union has achieved tremendous growth and progress in all sectors since its inception. The year 1996 was no exception. Those accomplishments should not be taken for granted. A number of hard working and dedicated individuals were responsible for the astounding success of the Credit Union. It is appropriate, therefore, to mention the untiring and sincere efforts of the Board of Directors, Committee Members and a large contingent of volunteers who served the Credit Union to the best of their abilities. I wish to express my sincere appreciation to all these for their selfless services.

I also wish to extend my heartfelt thanks to the membership of the Credit Union for its support and cooperation, to the staff for its hardwork and dedication and to all the friends and well wishers including the Officers and Directors of the Pioneer Muslim Credit Union for their continuing cooperation and assistance.

Thank You.



Roshanally H. Merchant
Chairman

TREASURER'S REPORT 1996

BALANCE SHEET

DECEMBER 31, 1996

ASSETS

Loan to members	3,171,578
Cash at bank	95,343
Investments	560,097
Deposit with NCUSIF	26,043
Prepaid expenses	4,162
Other deposits	720
Fixed Assets	3,183
Total Assets	<u>3,861,126</u>

LIABILITIES

Shares of members	3,357,550
Regular reserves	128,654
Special reserves	230,000
Undivided earnings	137,767
Accounts payable	7,155
Total Liabilities	<u>3,861,126</u>

INCOME STATEMENT

January 1 To December 31, 1996

Interest on loans	420,131
Income from Investments	29,982
Entrance fees etc.	11,212
Miscellaneous income	207
Non-operating income	2018
Total	<u>463,550</u>


Salaries & benefits	44,471
Office rent & utilities	12,202
Office Operations	733
Insurance	3,261
Maintenance & repairs	375
Postage & supplies	3,236
Association Dues	1,764
Bank Charges	473
Depreciation	1,123
Annual Meeting Expenses	651
NCUA fees	730
Total operating expenses	69,019
Gain from operations	394,531
Total	<u>463,550</u>

STATISTICAL INFORMATION

Number of members	1197
Outstanding loans	359
Loans since commencement	9.3 million
Total number of loans	927

DISTRIBUTION OF GROSS INCOME

Operating expenses	69,019
Dividends	196,243
Regular reserve	46,153
Special reserve	100,000
Undivided earnings	52,136
Total	<u>463,551</u>


Nurudin K Damani
Treasurer

461532
461531
2018
463549

300,000
- 196,243
103,757
199,280
100,000
99,280

CREDIT COMMITTEE REPORT 1996

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 1996.

During the year the total number of loan applications received was 242. 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 \$2,997,000 which is 25% higher than 1995. It is interesting to note that the average outstanding loan size is \$8,835 and the ratio of borrowers to members is 30%.

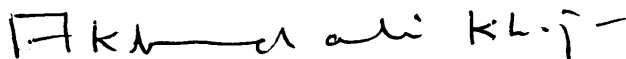
The Committee appreciates the co-operative spirit of borrowers who supplied pertinent information and documentation required to process their applications.

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, ability to pay and financial dealings with the credit union without compromising 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 loan policy in consonance with prevailing economic and fiscal trends.

The Committee expresses its thanks to the borrowers and the membership for their kind co-operation and support to make 1996 a successful year.

Thank you.



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.

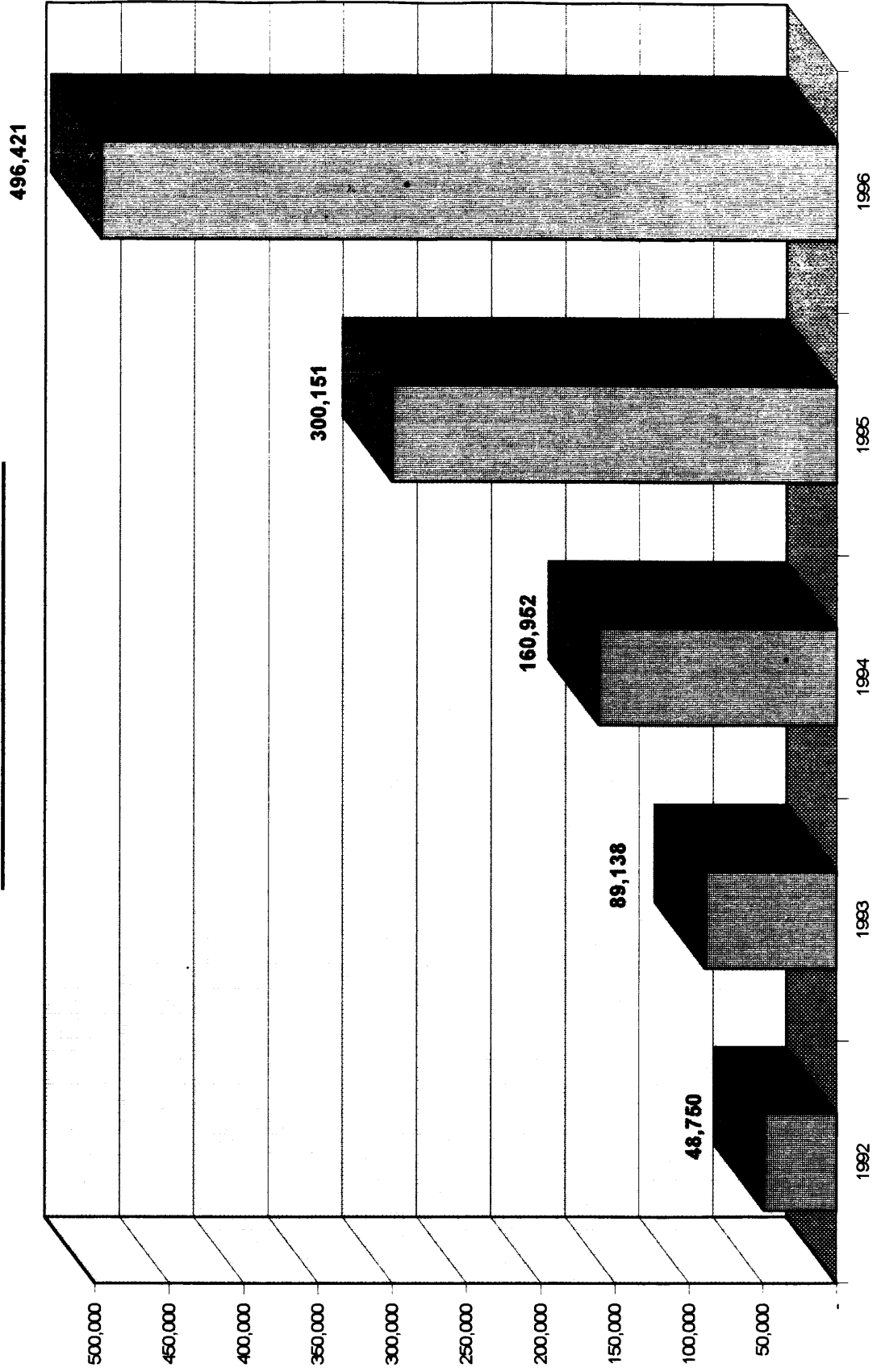
Thank You.



Nizar A. Kajani
Chairman

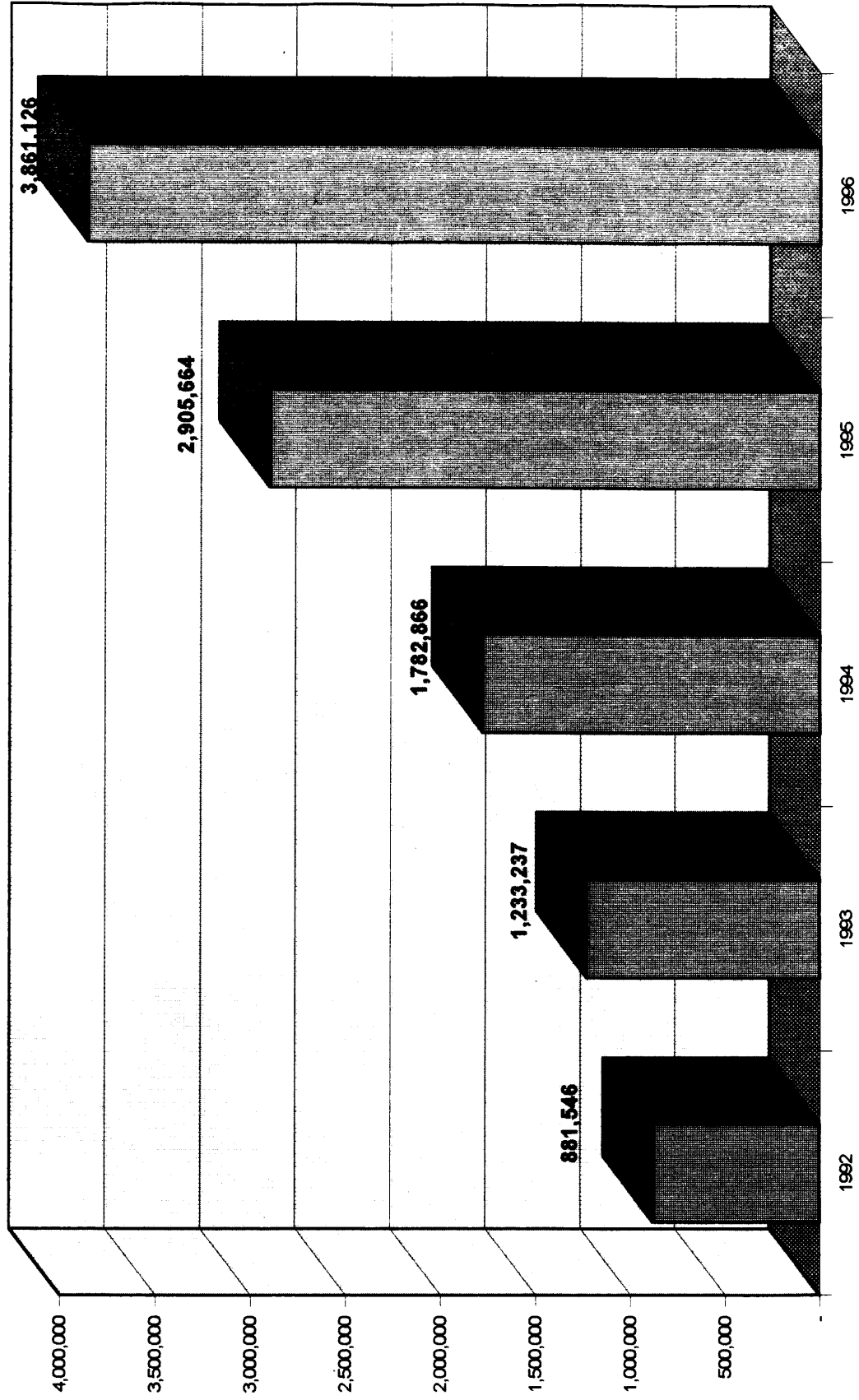
NIZARI PROGRESSIVE FEDERAL CREDIT UNION

CAPITAL GROWTH 1992-1996



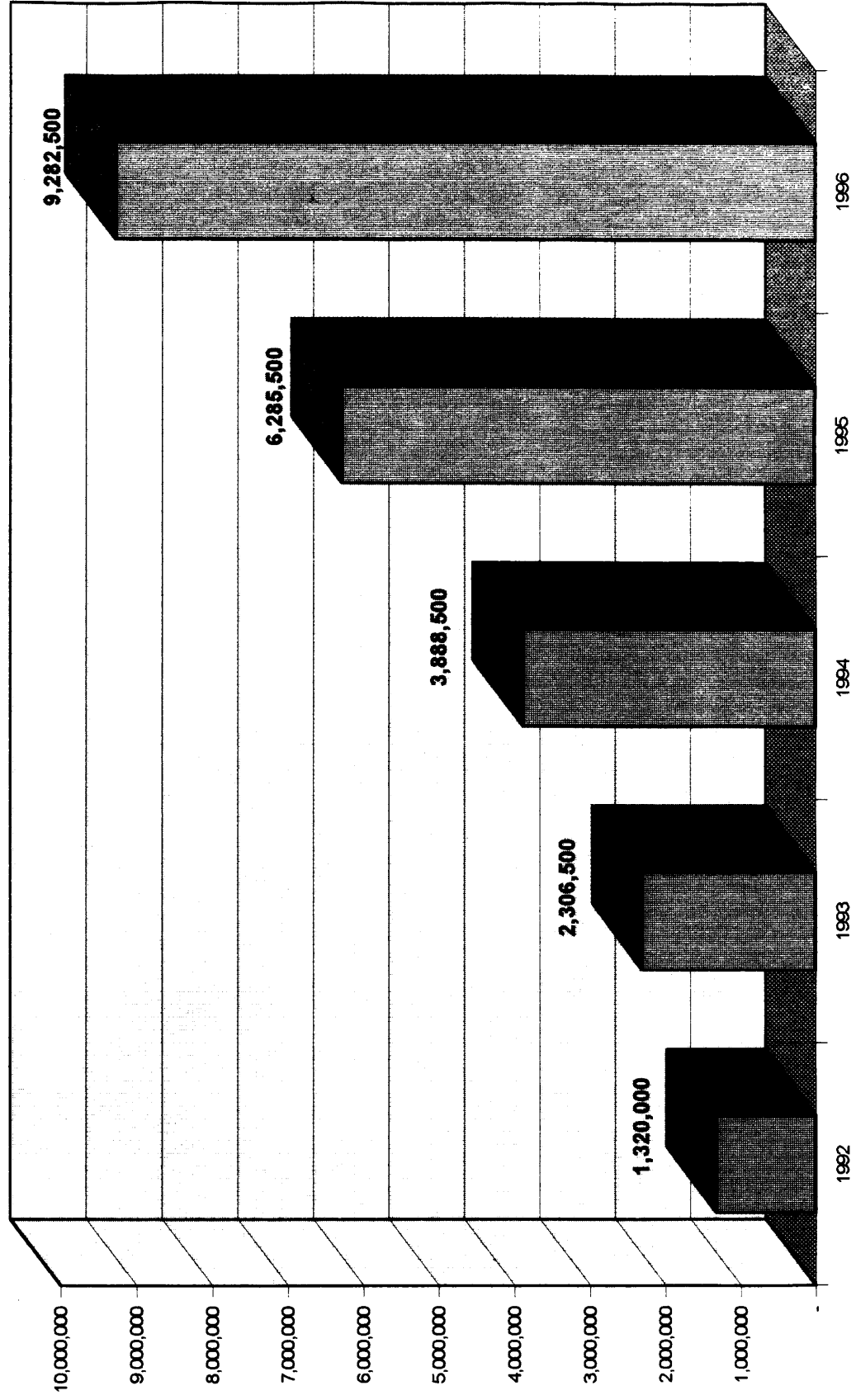
Capital Growth
1992-1996

NIZARI PROGRESSIVE FEDERAL CREDIT UNION
ASSETS GROWTH 1992-1996



Assets
Growth
3,861,126

NIZARI PROGRESSIVE FEDERAL CREDIT UNION
LOAN GROWTH 1992-1996



47

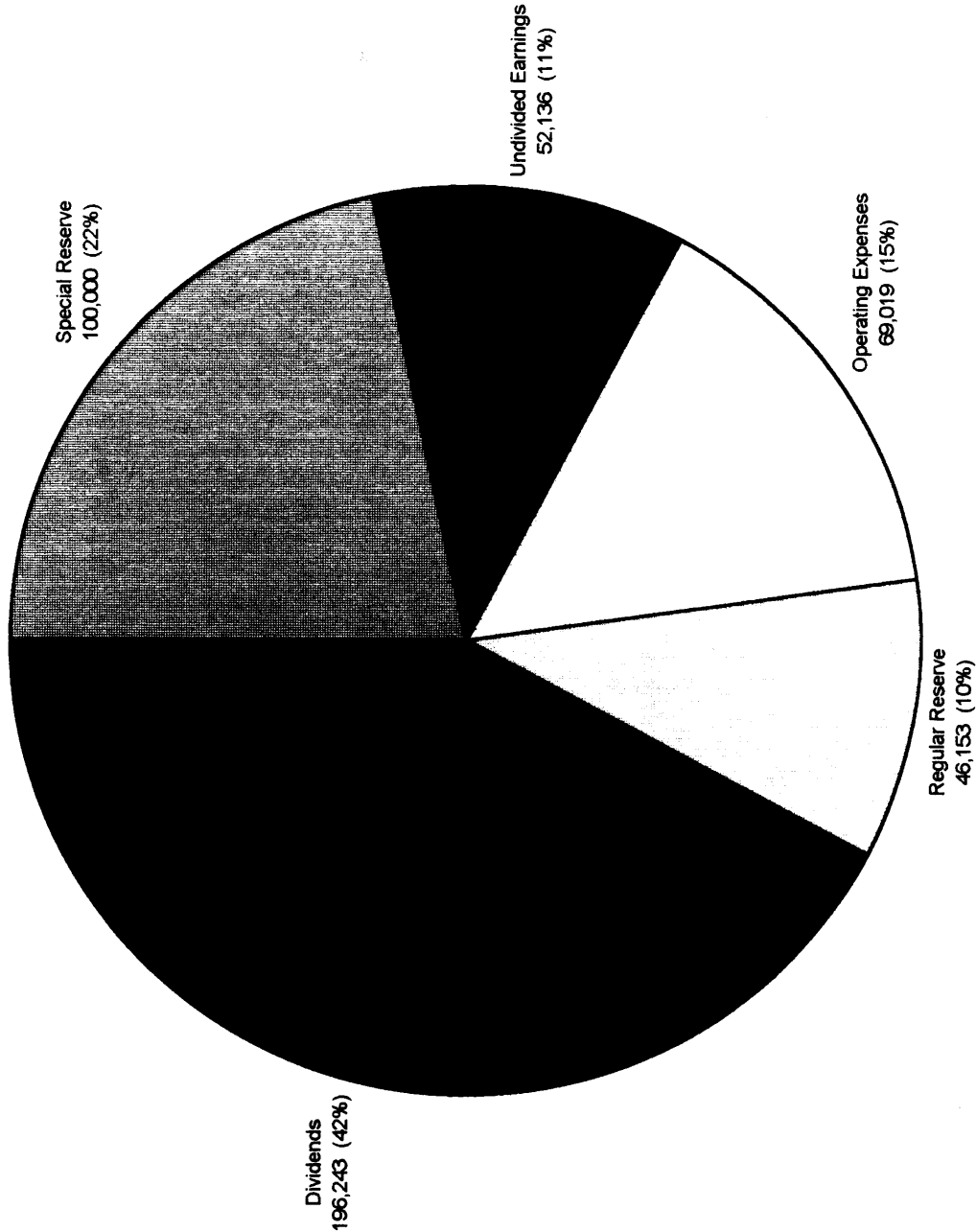
NIZARI PROGRESSIVE FEDERAL CREDIT UNION
OUTSTANDING LOANS 1992-1996



NIZARI PROGRESSIVE FEDERAL CREDIT UNION

GROSS INCOME DISTRIBUTION 1996

Gross Income 463,550



BOARD OF DIRECTORS

Roshanally H. Merchant	Chairman
Karam Ali	Vice Chairman
Ibrahim Khanmohammed	Secretary
Nurudin K. Damani	Treasurer
Akbarali I. Ghesani	Director
Akberali Khoja	Director
Kassamali Momin	Director
Nizar A. Kajani	Director
Nasrullah Prasla	Director

CREDIT COMMITTEE

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

SUPERVISORY COMMITTEE

Nizar A. Kajani	Chairman
S.A. Keshani	Member
Mansoor Ali Tejany	Member

PERSONNEL

Mansoor Ali Tejany	Executive Officer
Akbarali I. Ghesani	Manager
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 Kinghurst, Suite # 250

Houston, Texas 77099

Phone/ Fax: (281) 495-2826

Hours

Monday - Friday

10:30 a.m. - 5:00 p.m.