

2017
ANNUAL REPORT



NIZARI PROGRESSIVE FEDERAL
CREDIT UNION





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We are here for you, every step of the way!

Board of Directors



Malik Jamal
Chairman



Naveed Ali
Vice Chairman



Rafiq Dhanani
Secretary



Shaukat Jaffer
CEO



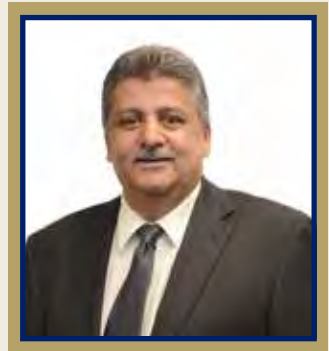
Imran Ali
Director



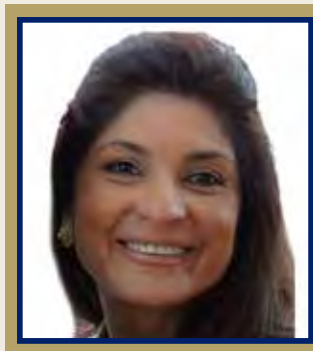
Gulam Mohammad Nanjee
Director



Amin Lakhani
Director



Amirali Poonawala
Director



Mahsooma Aziz
Director



Shirmeen Lakhani
Director



Message from the Chairman



Malik Jamal - Chairman

Dear Nizari Members,

Ya Ali Madad. It is with great pleasure that I report to our Members another successful year for Nizari Progressive Federal Credit Union. We continue to grow on all fronts. From a humble cooperative society formed almost 29 years ago, we have worked together to secure assets over 150 million dollars by year-end 2017. Deposits, loans, and membership all grew in 2017, and that is a testament to the hard work of our Staff and the faith our membership has in the institution. Thank you for your support.

The Jubilee year is particularly special to our community, and I am humbled by the opportunity to serve as Chairman of the Board since April 2017. It has been a privilege and an exciting journey with many interesting challenges along the way. I am happy to report that we achieved several milestones this year focusing on better serving the needs of membership:

- **We undertook an in-depth review of our departmental processes and began taking steps to further improve the member experience. In short, we aim to give members a simple, responsive, and easy-to-use banking solution.**
- **Offered rapid assistance after Hurricane Harvey.**
- **Provided financial support for Diamond Jubilee initiatives.**
- **Expanded low-doc loans and lower-credit loan offerings.**
- **Launched the Diamond Journey Loan.**
- **Increased dividends and rates on CDs.**

Our goal is to become the preferred financial institution for our community so we can better serve its needs across the country. As such, our relationships with Jamati Institutions, Trade Associations, and various sister organizations are vital. We look forward to expanding our partnerships in the coming years so we can better address the financial needs of our Jamat. We are also excited to announce the expansion of our physical presence in Austin. We expect to increase our product offerings to provide greater opportunities for businesses and families.

An overview of our financial performance shows that Nizari is poised to continue its growth into the next decade. During 2017 we were able to pay a total of \$834K in dividends while the loan portfolio expended by \$15MM to \$115MM. Our asset size increased to \$151MM while delinquencies remained respectably low at 0.37%. Nizari remains strong.

I must congratulate our CEO, the management team, and the entire staff for another successful year. The entire Board of Directors thanks you all for your dedication and hard work. I also wish to thank my Board for their continued service and exemplary volunteerism.

Nizari is committed to providing a wide array of quality financial services to its membership. We look forward to continue serving our members and the Jamat in the years ahead.

Respectfully submitted,

Malik Jamal
Chairman

Message from the CEO



Shaukat Jaffer - CEO

Dear Valued Members,

I am delighted to present you the results of operations for 2017. Our growth momentum is unabated, as we have had strong loan and deposit growth over 2016, resulting in asset growth of 15.8% (\$20MM) to \$150.80MM. Net income continued to show an upward trend in 2017, as it was up by over 15% to \$1.76MM. Dividend payout to members in 2017 was \$834K, which was 32% of operating income (\$2.59MM).

Nizari's financial performance exceeds peer credit union ratios. We were able to maintain a good net worth ratio of 13% and return on assets was 1.25%, despite growth in the asset base. A strong net worth ratio allows room for growth and it is because of members' patronage with us for their financial needs. The total loan disbursement was \$43.7MM resulting in loan growth of over 15%. The overall loan delinquency was 0.37% compared to a peer average of 0.90%.

Milestones for 2017:

- Full-service branch in Austin
- In-house call center
- Document management system and implementation of e-sign
- GAP products for auto loan program
- Awarded 60 scholarships of \$1,000 each

As the institution grows, it is important to maintain and improve the quality of service. In view of the high call volume and members' feedback, we now have associates dedicated to handling members' phone calls. We have noticed that the response rate has improved drastically and have received positive feedback.

Banks are shying away from MSB programs in view of the regulatory burden. In order to meet members' needs, the compliance function was further strengthened by additional staffing, training, and investment in technology to meet regulatory requirements. A consultant was engaged to conduct training on BSA and AML for account holders who are in MSB businesses to supplement their efforts to stay in compliance; their success is our success.

The loan processing time to fund loans has reduced substantially with the implementation of e-sign to execute loan documents for consumer loans. Multiple service delivery channels will be made available to members in view of their needs. This includes remote banking service, mobile app, and the shared branching network. As part of our outreach program, a full-service branch is established in Austin to cater to the members' needs.

As part of our social responsibility and collaboration with community institutions, 60 scholarships of \$1,000 each were awarded to students. Nizari contributed towards the Quality of Life program managed by EPB as part of the goal to alleviate poverty. In addition, we made a donation towards Padhramni to celebrate the Diamond Jubilee of Imam.

These accomplishments would not have been possible without the hard work and the commitment of staff, Board's support and guidance, and the members' patronage. We sincerely thank you for the opportunity to be of service to you and look forward to your continued support. I would like to extend you my heartiest Mubarakhi on the momentous occasion of the Diamond Jubilee of Imam.

Sincerely

Shaukat Jaffer
Chief Executive Officer

Supervisory Committee Report

The Supervisory Committee is responsible for the oversight of the Credit Union's operations. It monitors the activities of the management and ensures that the Credit Union is in compliance with its internal policies and regulations set forth by governmental agencies. Further it is responsible for financial statement review, performing member account verifications, and ensuring internal controls are in place to establish compliance with Credit Union polices and governmental regulations.



Gulam Mohammed Nanjee
Chairman, Supervisory Committee

Supervisory Committee's Objectives:

- Financial condition of the credit union is accurately presented
- Management practices are sufficient to safeguard members' assets
- Accounting records are prepared promptly
- Internal controls are established and effectively maintained
- Plans, policies, and control procedures established by the Board of Directors are properly administered
- Policies and control procedures to safeguard against error and fraud have been established

As per NCUA rules & regulations, Supervisory Committee retained an independent accounting firm to review the credit union's records for twelve months period ending December 31, 2017. This year the required annual review, as in the past, was performed by Credit Union Resources, Inc.

The audit was performed in accordance with requirements set forth in Section 715.7(c) of the NCUA rules & regulations. According to the report from Credit Union Resources, Inc., they found no material exception to the Nizari Progressive Credit Union's operations.

Based on the report from the independent auditors as a result of the review of the operations of the Credit Union, we feel comfortable in stating that the annual financial statement is a good reflection of the Credit Union's state and its financial strength.

Statement of Financial Position

AS OF DECEMBER 31, 2017

ASSETS	December 31, 2017	December 31, 2016
Loans to Members	\$114,833,853	\$99,401,396
Less: Allowance for Loan Loss	(881,806)	(1,015,574)
Total Loans, Net of Allowance	113,952,047	98,385,822
Cash in Hand and at Bank	10,898,102	6,457,250
Investments	20,368,517	20,196,914
Advance, Deposits & Prepayments	1,342,462	1,571,100
Advance For Capital Expenditure	409,521	-
Property, Equipment & Furniture	4,102,330	3,902,274
Less: Accumulated Depreciation & Amortization	(1,014,226)	(861,732)
Net Fixed Assets	3,088,104	3,040,542
Accrued Interest on Loans & Investments	768,774	610,952
Total Assets	\$150,827,527	\$130,262,580

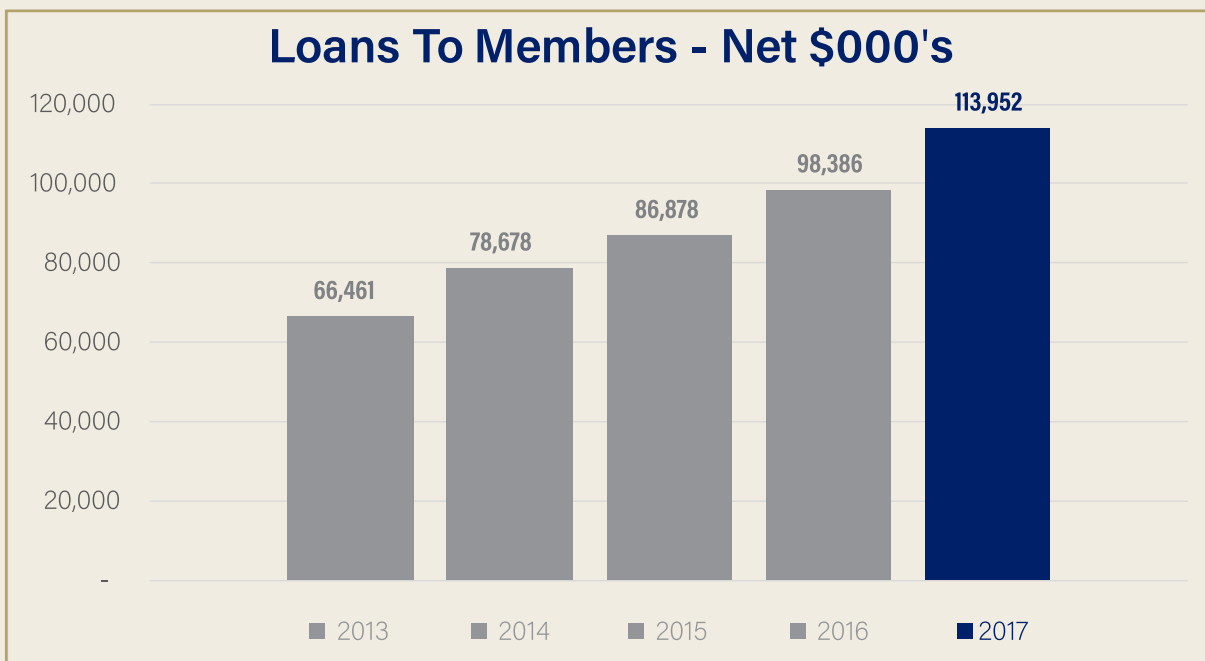
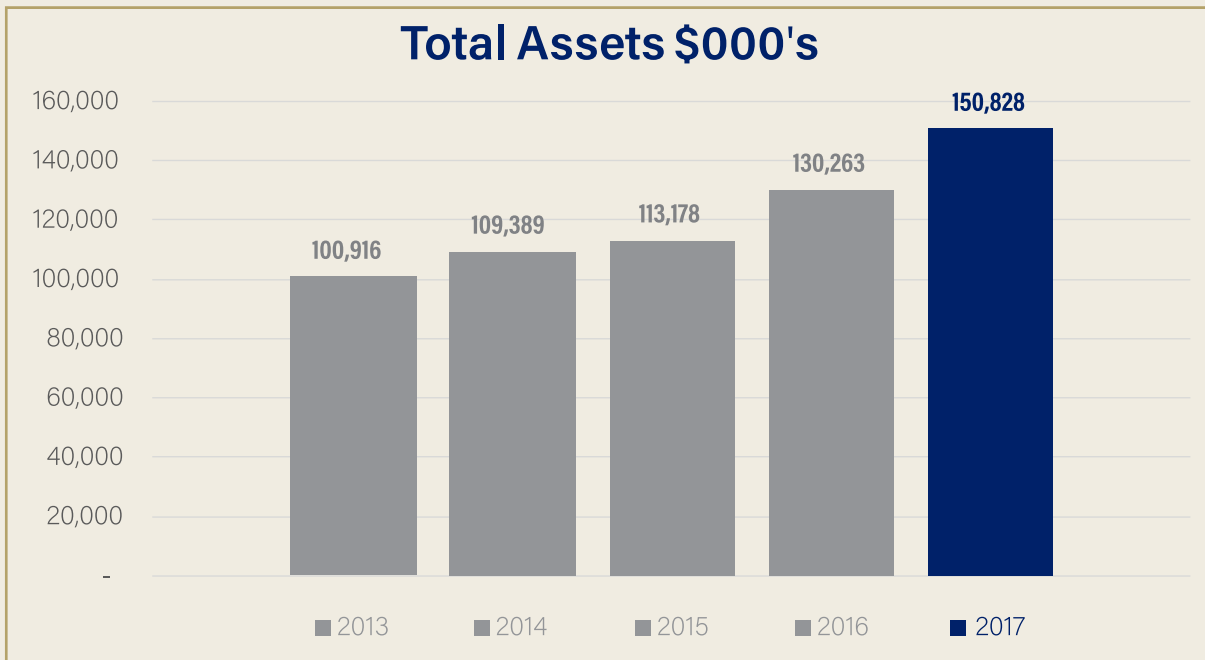
LIABILITIES AND EQUITY	December 31, 2017	December 31, 2016
Payable & Accrued Liabilities	\$1,656,854	\$1,402,155
Borrowing From Bank	7,500,000	-
Members' Shares and Deposit	122,380,285	111,428,642
Unrealized Gain on Investments	(410,367)	(511,219)
Regular and Specific Reserve	5,602,900	5,602,900
Undivided Earnings	14,097,855	12,340,102
Total Equity	19,290,388	17,431,783
Total Liabilities and Equities	\$150,827,527	\$130,262,580

Statement of Operations for the Year Ended

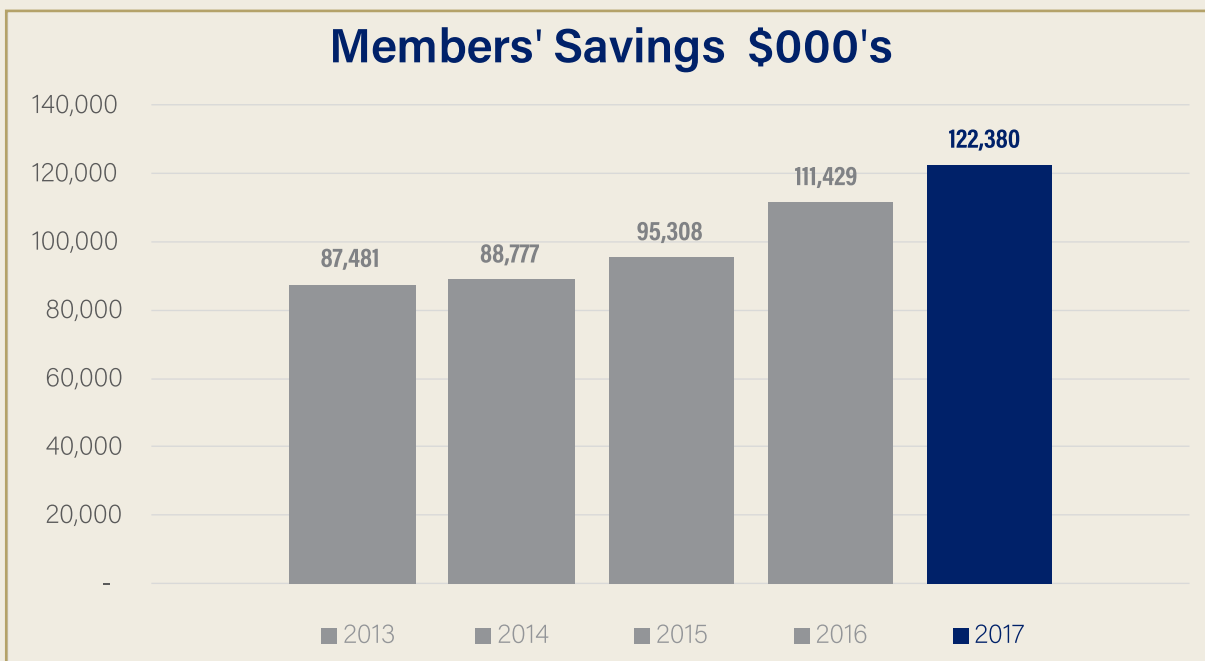
OPERATIONS	December 31, 2017	December 31, 2016
Operating Income	\$6,911,311	\$5,739,535
Operating Expenses:		
Expenses	4,246,562	3,434,728
Provision for Loan Losses	82,000	80,000
Total Operating Expenses	4,328,562	3,514,728
Income from Operation	2,582,749	2,224,807
Non Operating Income	9,350	30,262
Dividend Paid to Members	(834,346)	(729,331)
Net Income	\$1,757,753	\$1,525,738



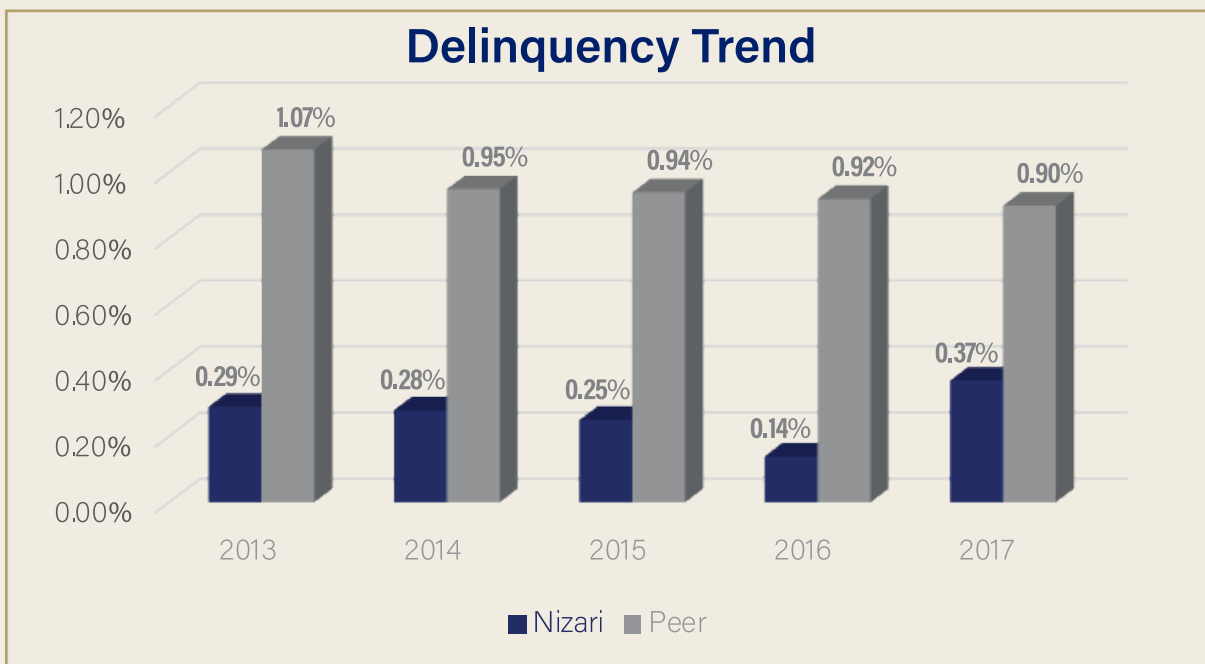
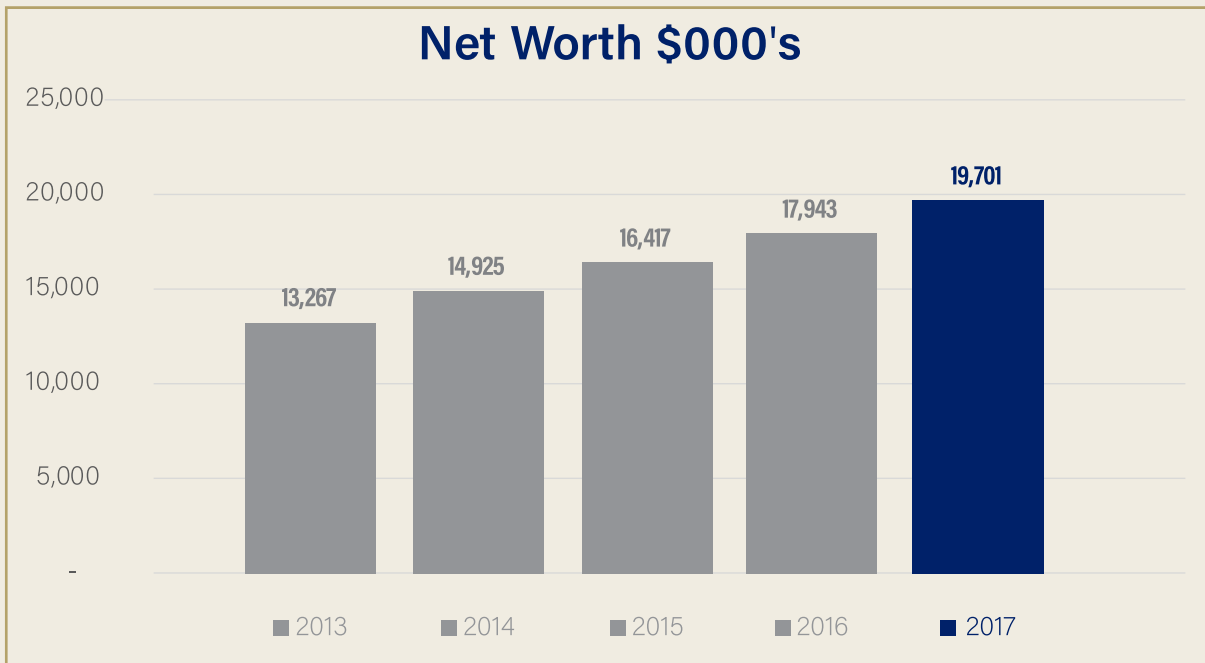
Graphical Presentation



Graphical Presentation

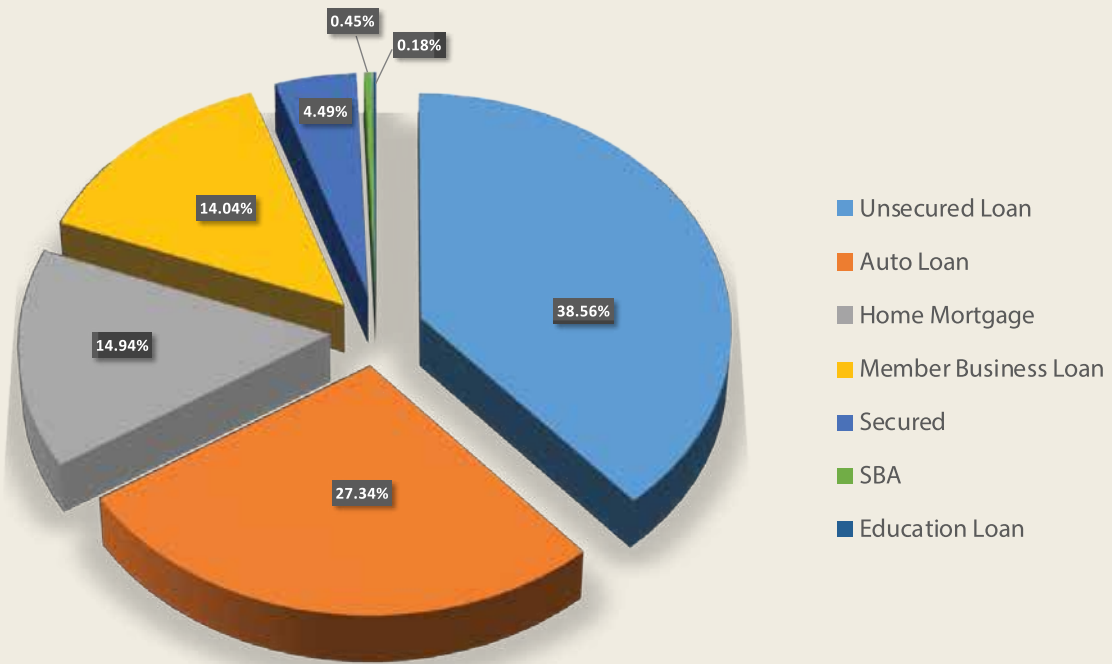


Graphical Presentation

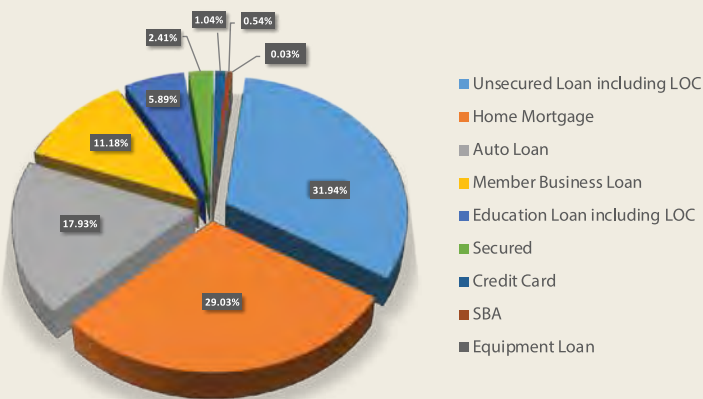


Graphical Presentation

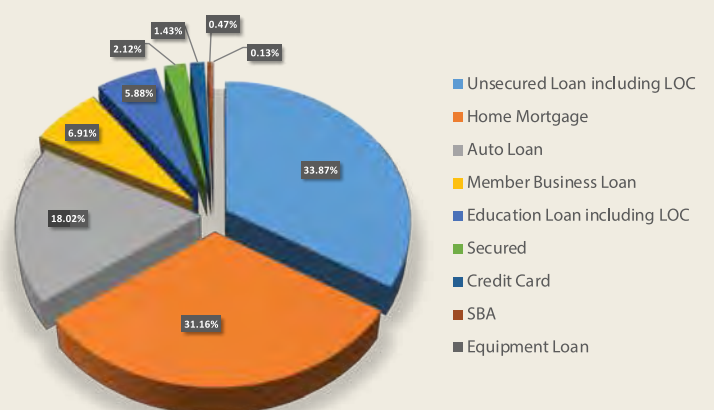
Total of Closed-End Loans Disbursement \$43.74MM



Total Loan Portfolio as of December 31, 2017- \$114.8MM



Total Loan Portfolio as of December 31, 2016 - \$99.4MM



Member Testimonials

All the staff members at Nizari FCU have provided excellent customer service through out the years. Regardless of types of loans, personal, business or banking needs every staff member is knowledgeable and able to assist with kind bedside manners.

We appreciate the privilege of such financial institution within our community, allowing multiple opportunities for small business owners as well as large investors alike. Thank you!

Ashraf Soomar-Kheraj

Dear Nafisa,

Thank you for your help and cooperation in supporting me to get a loan from Nizari. You were helpful, kind, and intuitive throughout the process and I deeply appreciated your willingness to answer all of my questions and expedite my loan process.

Additionally, I'd like to thank you for making the entire process seamless and painless for me. I will highly recommend Nizari and yourself to my clients and friends as an exceptional banking institution.

Thank you!
Amin Meghjani

Hi Soniya,

I want to say thank you to you and your friend and also Azim because of all of you I got the house.

Sorry I didn't go with Nizari bank because I got a discount From D.R. Horton company so once again I want to say thank you for all the Help that you did for me specially soniya you.

I will come back and disturb you again when I am ready to do the refinance again may be in December.

Thank you
Ahmed ali



Dear Shamsa,

Thank you for your relentless support in my Nizari loan process! I so appreciated your support and kindness in answering all of my and my dad's questions. I have nothing but positive feedback for Nizari and yourself and I hope to work with Nizari in the future as well.

Thank you, again, for making a seemingly arduous process quite simple, fast, and easy. I so appreciate you for your openness and positive attitude throughout.

Thank you!
Khatdija

Elvia,

It was a pleasurable experience working with you and Shohania on the mortgage loan. With a step to step guide through the whole process, it was easy and painless.

Thank you so much for your help in the process of buying the home.

Rohail Lakhani

Member Testimonials



To whom it may concern:

We have been working with the Nizari Credit Union for over 5 years now and their service and staff is exceptional. They really take the time to understand our financial goals and make every effort in helping us plan for the future. Every time we call, we're treated with the same respect and importance as the first time we decided to work with Nizari and we're extremely grateful for the value and planning they have brought to our business and our family.

Additionally, our personal rep consistently follows up with us to check in and see if we have any questions or concerns with our financial needs and we're truly blessed to have build this relationship with Nizari over the last few years! Thank you for your assistance; we truly appreciate it!

Best,
Gulrez Merchant

Shohania,

I never got the chance to say thanks! Just want you to know all your efforts and hard work really made my experience working with Nizari phenomenal! And I look forward to working with you in the future!

Sincerely,
Irfan Ghesani

Dear Nafisa,

Thank you, from the bottom of my heart, for your incredible customer service all throughout my loan process! I specifically appreciated your ability to tailor our calls and communications to ensure that it was least disruptive to my hectic work schedule. This really made my life easier and the process quite fast and seamless.

Thank you for all you've done for me!

Khatdija

Ya Ali Madad Shehroz,

I received my scholarship and it was processed through my school a month ago. I want to thank you for all your help throughout the entire process because the disbursement would not have been possible without your help!

Take Care,
Zayn Dhanji

Hi Shakil,

I wanted to thank you for an amazing service that you provided when processing my car loan. I thought it would be a hassle going through Nizari but you made our experience great!! And Hassle free. Thank you again!!!

Have a great day!

Zehra Hashwani

Rehmatullah,

I want to thank you for your help in getting my car loan approved enabling me to purchase the car at a very short notice. Considering that the internet connection was down and dealership response was slow, you did a fantastic job.

I appreciate your effort and wish you all the best.

Noor Ali Narsi

We Support...



Nizari PFCU supported and participated in the 2017 AKF Walk & Run in Dallas, Austin, San Antonio and Houston.



Products and Services Offered



ACCOUNTS

- Personal Savings Accounts
- Personal Checking Accounts
- Business Accounts
- MSB
- College Savings Accounts
- IRA Accounts
- Share Certificate Accounts



LOANS

- Personal Loans
- Signature Loans
- Business Loans
- SBA Loans
- Personal Lines of Credit
- Business Lines of Credit
- Equipment Loans
- Home Mortgage Loans
- Personal Credit Cards
- Business Credit Cards
- Auto Loans – New & Used
- Student Loans
- Low Doc/No Doc Loans
- Student Loan – Debt Consolidation



SERVICES

- Nizari Mobile App
- Online Banking
- Mobile Deposit Capture
- Text Banking
- Phone Banking
- GAP Insurance
- Shared Branching
- E-statements
- Bill Pay



Nizari PFCU's Austin Branch



We are very pleased to inform all of our members that our new full-service Austin branch has been officially opened. The branch is located at 12730 Research Blvd. Austin, TX 78759. We look forward to serving you.



Our Team

Senior Management



Shaukat Hussain Jaffer
Chief Executive Officer



Naseem Kheraj
Associate Director

Management



Rozina Rasiyani
Sr. Lending Manager



Sohail Shahabuddin
Accounting Manager



Afsha Ali
HR Manager



Ali M Khowaja
IT Manager



Shehroz Maredia
Marketing Officer



Hamidah Khorashi
Operations Supervisor



Mikdad Momin
Branch Manager
Sugar Land



Nafisa Aziz
Branch Operations
Supervisor - Dallas

Corporate Office



Anis Alwani
Operations Officer II



Nikita Maknoja
Operations Officer



Sahina Maredia
Compliance Analyst



Enayatullah Sultani
Staff Accountant



Najmina Badarpura
Compliance Associate



Diana Rodrigues
Compliance Associate



Shamroz Ali
Compliance Administrative



Samreen Ali
Compliance Administrative



Seema Grover
Collector



Seema Momin
Call Center Representative



Anna Virani
Call Center Representative

Elvia Longoria
Mortgage
Loan Underwriter



Sairoz Momin
Consumer
Loan Underwriter

Nizari Branches

Austin Branch Staff



Adnan Lakhani
Business Development
Representative



Saherej Karediya
Financial Service
Representative



Razia Ali
Teller

Dallas Branch Staff



Shagufta Hirani
Member Services
Representative



Shamsa Hakani
Financial Service
Representative II



Shakil Shermohmad
Financial Service
Representative



Shaariq Budhwani
Teller

Sugar Land Branch Staff



Malik Kherani
Business Accounts
Representative



Shermeen Ali
Member Services
Representative



Kousar Maknoja
Teller



Roohi Maknoja
Teller II



Hina Yahya
Teller



Mohsin Maknoja
Teller



Asif Khuaja
Loan Supervisor



Glenn D'Souza
Business Loan Officer



Shohania Maredia
Mortgage Loan Officer



Firuz Shukrikhudoev
Loan Coordinator II



Eeman Lotia
Consumer Loan Underwriter



**Rehmatullah
Muhammadi**
Financial Service
Representative



Nisma Kaba
Financial Service
Representative



NMLS 504851



Federally Insured by NCUA





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2548 Dickerson Parkway,
Suite 106
Carrollton, TX 75006
Tel: (972) 808 - 7688
Fax: (972) 466 - 2200

Sugar Land Main Branch
11770 University Blvd
Sugar Land, TX 77478
Tel: (281) 921 - 8500
Fax: (281) 921 - 8550

Austin Branch
12730 Research Blvd.,
Austin, TX 78759
Tel: (512) 450 - 1401
Fax: (512) 450 - 1402