2021 Annual Report

NIZARI
PROGRESSIVE FEDERAL
CREDIT UNION

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Building a Stronger Community for
Future Generations!

Board of Directors

Malik Jamal
Chairman

Naveed Ali
Vice Chairman

Imran Ali
Secretary

Shaukat Jaffer
CEO

Gulam Mohammad Nanjee
Director

Amin Lakhani
Director

Sajjad Mussani
Director

Mahsooma Aziz
Director

Karim Lakhani
Director

Message from the Chairman

Malik Jamal - Chairman

Ya Ali Madad,

The year 2020 was filled with uncertainty and starts and stops due to COVID. In 2021, we decided that we can't just sit on the pause button forever, so we got back to business. We developed strategies and plans to manage around COVID, while delivering the quality service that you expect from us. Let us hope that we will all be able to achieve a new normal in 2022.

Many business decisions were made to keep productivity and service levels to the highest possible. We were able to hire new staff and balance between remote work and office work while providing a safe environment for both staff and members. All locations that were temporarily closed are now completely available for members to use. Members have a variety of channels to access Nizari – shared branching, digital banking, but our members prefer in-person transactions over all other options.

Which leads me to my next point. Since our members prefer in-person transactions, we were able to open a full-service branch in Dallas during these tough times. The staff, the management and the board all came together and worked diligently to get the branch completed. There was a delay in opening the branch due to the decrease in supplies of certain products and of course, finding labor. The branch officially started operations in August 2021.

The talented team at Nizari combined with the leadership and guidance from the board, are leading the way in executing strategies and goals while keeping an eye on the future needs of our credit union. I would say that 2021 was a very good year but we plan to make 2022 a great year while closely monitoring inflation and the potential for interest rate risk.

I must congratulate our management team and the entire staff for another successful year and for their dedication to serve the members' needs in person during these uncertain times. The Board of Directors thanks you for your dedication and hard work. I also wish to thank my Board for their continued service and exemplary volunteerism.

Respectfully submitted,

Malik Jamal
Chairman

Message from the Chief Executive Officer

Shaukat Jaffer - CEO

Esteemed Members of Nizari,

Ya Ali Madad

It is my pleasure to present the operating and financial results of 2021. The overall performance has been better than what we had anticipated. There were certain challenges from the previous year in view of the pandemic; though, in the later part of the year the situation improved. On the economic front, supply chain issue, human resource challenges, inflation and low interest environment remained dominant factors. Interest rates on consumer products continued to remain low putting pressure on loan yield but the overall performance of the loan portfolio and the efficiency in operations had a positive impact on the bottom line.

Member shares grew by $35 MM to $236 MM, an increase of 17.4% over 2020. The share growth contributed towards the overall asset growth of 16% over the previous year to 270.67 million in 2021. In view of interest rate risks, mortgage loans were sold at origination; therefore, the overall loan portfolio did not show growth over the previous year and remained at $149 MM. Close-end loan origination was $57 MM while the open-end loans granted were 2.3 MM. Auto loan origination remained on top which was $26.64 MM as our rates were extremely competitive to benefit our members. The loan portfolio performed very well which is depicted in lower delinquency of 0.19%, and charge offs. The investment portfolio grew by 63% ($30.48 MM) to $78.87 MM to generate additional income. Capital ratio was 9.53% after adding a net income of $2.47 MM. Return on asset was 0.98% while the peer ration was 0.72%.

A new branch location in Dallas was made operational from August 2021 as part of outreach services. Our MSB program is well established as we have invested in human resources and in technology to stay in compliance. We have seen good growth in this area for which we thank our members for their patronage. Online banking module was upgraded to make it user friendly. Office 365 was implemented with MS Teams for better collaboration and teamwork. Member experience survey is conducted periodically to gauge the member satisfaction and it has been in the range of 91%-94%. Members' feedback is particularly important to improve our products and services.

Members' patronage and their confidence in us have contributed towards the overall growth of Nizari for which I am grateful to them. I appreciate and recognize the management and the entire Nizari team for their commitment and contribution towards the mission of serving the Jamat and the community at large. I would like to thank the board of directors for their support and guidance. I hope 2022 will be equally successful and look forward to continued support from our valued members.

Sincerely

Shaukat Jaffer
Chief Executive Officer

Supervisory Committee Report

Gulam Mohammed Nanjee
Chairman,
Supervisory Committee

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 policies and governmental regulations.

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, 2021. This year the required annual review, as in the past, was performed by Cornerstone Resources, Inc.

The audit was performed in accordance with the requirements set forth in Section 715.7(c) of the NCUA rules & regulations. According to the report from Cornerstone Resources, Inc., reflects 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.

The Economic Outlook for 2022

Nizari Credit Union had a very successful year in 2021 despite of COVID-19 pandemic. We are positively optimistic about 2022 for the Economy and us. We continue to believe the U.S. economy entered 2022 from a position of relative strength. The U.S. consumer was in good shape coming into the year, supported by low unemployment rates and excess savings of over $2.5 trillion versus pre-pandemic levels. This may help cushion consumers broadly from higher gas and food prices, as well as gradually rising interest rates.

Even though The Federal Reserve began its rate-hiking cycle in March to temper demand and bring down inflation. The central bank likely will raise interest rates at each of the next four to six FOMC meetings, including one or more 0.50% rate increases. The Fed will also reduce its balance sheet assets, likely starting in May. We feel rising rates tend to point to a strong economy and that usually means that borrowers have an easier time making loan payments and banks have fewer non-performing assets. It also means that banks can earn more in this environment.

We want to assure you that Nizari has a strong Balance Sheet, a great Management Team, and a dedicated Board of Directors. We are also hopeful that the end of the pandemic is very close, and Nizari will continue to prosper in the year 2022 and beyond.

Sincerely,

Gulam Mohammed Nanjee
Chairman, Supervisory Committee

Dallas Branch Opening Ceremony

Member testimonials

I recently had to purchase a property in Harvest Green and Nizari was tremendous help throughout this process. They were well-versed in every aspect of the loan process and guided me throughout the entire journey. Kiran Virani, our loan officer, did not only go above and beyond to make sure the loan was completed in an appropriate timely manner, but also instructed us through every part of the process. During our loan process, we encountered a problem with the third-party appraiser. Nizari and specifically Kiran, restructured the entire loan 20 days before the closing date to ensure that we were able to close on time. I cannot thank Kiran enough for her support throughout the entire process and would recommend her to my friends and family members.

Aifaz Gowani

Nareen assisted me with getting my vehicle refinanced. She was able to get me a competitive rate and saw through the process of my loan approval start to finish. Due to a reporting error on my part, Nareen, in fact, had to re-do the loan application process. She did that without any complaints or making me feel guilty fro my mistake. She was readily available to talk to whenever I needed her. She was knowledgeable and informative. I am thankful to her for her assistance and expertise.

Naaz Malek

Best bank employee staff ever. I have been to many different banks, Sugar Land Nizari service is by far the best. I recently bought a car and had it financed through Nizari and everyone went above and beyond to get my loan financed the very same day. Noor Ali and Yaseen who are loan officers did everything to get my loan quickly approved and Shairoz helped me save a few extra dollars on taxes. Also, Malik Kherani was super helpful coordinating everything in timely manner making sure everything got handled appropriately.

Imran Lakhani

What a seamless and easy process! We really appreciated all the information and education along the way and were happy with every step of the transaction. Kiran was very responsive and easy to work with. We would highly recommend anyone to work with Nizari and specifically, with Kiran.

Nabihah Kara

Hi Shamsa,
My wife and I are so thankful to you for all your help and support! You really went out of your way to help us complete the loan transaction on a timely manner.
We really appreciate all the hard work and I love to do the survey. Please send me the link.
Thank you!

Habib Mitha

I learned about the 5000$ credit that Nizari was offering as a promotion towards closing cost on home loan mortgages. I was in the process of working with another loan officer, but decided to move to Nizari. Kiran Virani has worked very diligently for me to ensure that we meet the closing date deadline. She always responded to my call or messages and helped me understand every little requirement very patiently. She not only worked with me but also supported me by reaching out to my realtor, my daughter-in-law who was also helping me with the process.

The best part of it all was that the costs have finally worked out to be very competitive. I am very satisfied with having gone with Nizari for my home mortgage.

Nargis Lakhani

I would like to recognize Ayesha Khan for an astonishing service that was given to me while I refinance my auto loan through her and NCU. If I had to compare other banks and credit unions, I would recommend Nizari to all my friends and families, and to go see Ayesha Khan for her exemplary customer service! She was very understanding, patient, very transparent, and straight forward with me in this whole process. She should deserve a raise and a promotion. Again keep up the good work Ayesha! This was a really great experience for me. NCU and Ayesha keep up the good work and keep providing excellent service to the community. Again, Thank you so much Ayesha! I really appreciate everything that you did, helping me go through this process.

Shanil Meghani

Member Testimonials

Kiran was really very knowledgeable right from the beginning in getting my pre approval till closing. I called her many times, texted her but she was always calm never got annoyed with my calls or text even if I asked her samething many times. She really worked hard and tried her best to always give us the great customer service. She really went beyond to get my loan approved me and my family will always thank her for her support and working with us to fullfill our dreams.

Thanks once again Kiran you the best and you deserve 5 rating star thanks a lot.

Hasnuddin Lakhani

I have had the pleasure of working with Shamsa Hakani on my loan application. She has been extremely helpful and provided me with exceptional service at every step on the way. In particular, in view of the fact that my application required exceptions to be made by the Credit Union, her guidance and support was valuable. I strongly recommend her for her strong dedication and customer focused service.

Inayatali Ibrahim

Working Nizari was very easy and the best decision we made when seeking a loan. We are very happy with our experience and highly recommend them!

Salman Bhai

I was at the dealership to buy the car, they offered me very high interest rate so I called Nizari credit union and Naveed Nizar helped me through out the process. He talked to the dealers and they handed over me the car right away. During the process of getting the car loan approved. Naveed worked really hard to get the loan approved within a week. He also talked to the dealer and explained them what was exactly required from the dealer to get the loan documentation completed. I got excellent customer service from Naveed Nizar. I have also recommened him to my other friends. I will definitely seek Naveed's help for my future loans.

Anil Zulfiqar Ali Punjwani

We applied for student loans for both of our daughters college education through Nizari credit union. Naveed Chagani helped us with the loans. He is very professional, competent, and extremely helpful. The process was smooth and was done in a timely manner. I am so grateful for Naveed's hard work and diligence. Thank You Naveed and Nizari credit union team. It was a pleasure to work with you.

Rozmin Hasham

We had exceptional experience for my home refinance loan with Nizari PFCU. Loan Officer Saherej Karediya was outstanding, courteous and professional in her service. Thank you Nizari PFCU for your great service.

Rahim Uddin

Yaali Madad
Thank you again for all help from Narmin Rafiq. She help me get my loan, auto loan and credit card and make process make so easy with all her knowledge at nizari this is great thing they really help community I'm doing business with nizari for a long time I wish they are in atlanta so I can bring more freinds and family to do everyday banking thank you again.

Anwar Gilani

Ms. Nafisa Aziz

Ya Ali Madad,
I spoke to you while ago I really appreciate the way you respond it shows you're very hard working person and very organized.

Once Again Thanks for the tips how to send my loan payment through NIZARI APP.

Lots of prayers for you!

With Regards,
Shams, Waco Texas

Statement of Financial Condition

As of December 31, 2021

ASSETS	December 31, 2021	December 31, 2020
Loans to Members	$149,319,697	$152,112,813
Less: Allowance for Loan Losses	(1,283,012)	(1,576,987)
Total Loans	**148,036,685**	**150,535,827**
Cash on Hand and in Banks	34,782,292	24,986,129
Investments	78,867,044	48,382,547
Advance, Deposits Prepayments & Other Receivables	2,920,386	3,434,543
Advance For Capital Expenditure	-	101,473
Property, Equipment & Furniture	6,887,116	6,144,666
Less: Accumulated Depreciation & Amortization	(1,713,881)	(1,726,169)
Net Fixed Assets	5,173,235	4,418,497
Accrued Interest on Loans & Investments	892,984	1,049,445
Total Assets	**$270,672,627**	**$232,908,459**

LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Payable & Accrued Liabilities	$3,405,276	$2,824,331
Borrowing From Bank	5,300,000	5,300,000
Total Liabilities	**8,705,276**	**8,124,331**
Members' Shares and Deposit	**236,408,973**	**201,408,756**
Unrealized Gain/(Loss) on Investments	(247,744)	34,660
Regular and Specific Reserve	4,200,000	4,200,000
Undivided Earnings	21,606,122	19,140,712
Total Equity	**25,558,378**	**23,375,372**
Total Liabilities and Equities	**$270,672,627**	**$232,908,459**

Statement of Income and Expenses

For the Year Ended December 31, 2021

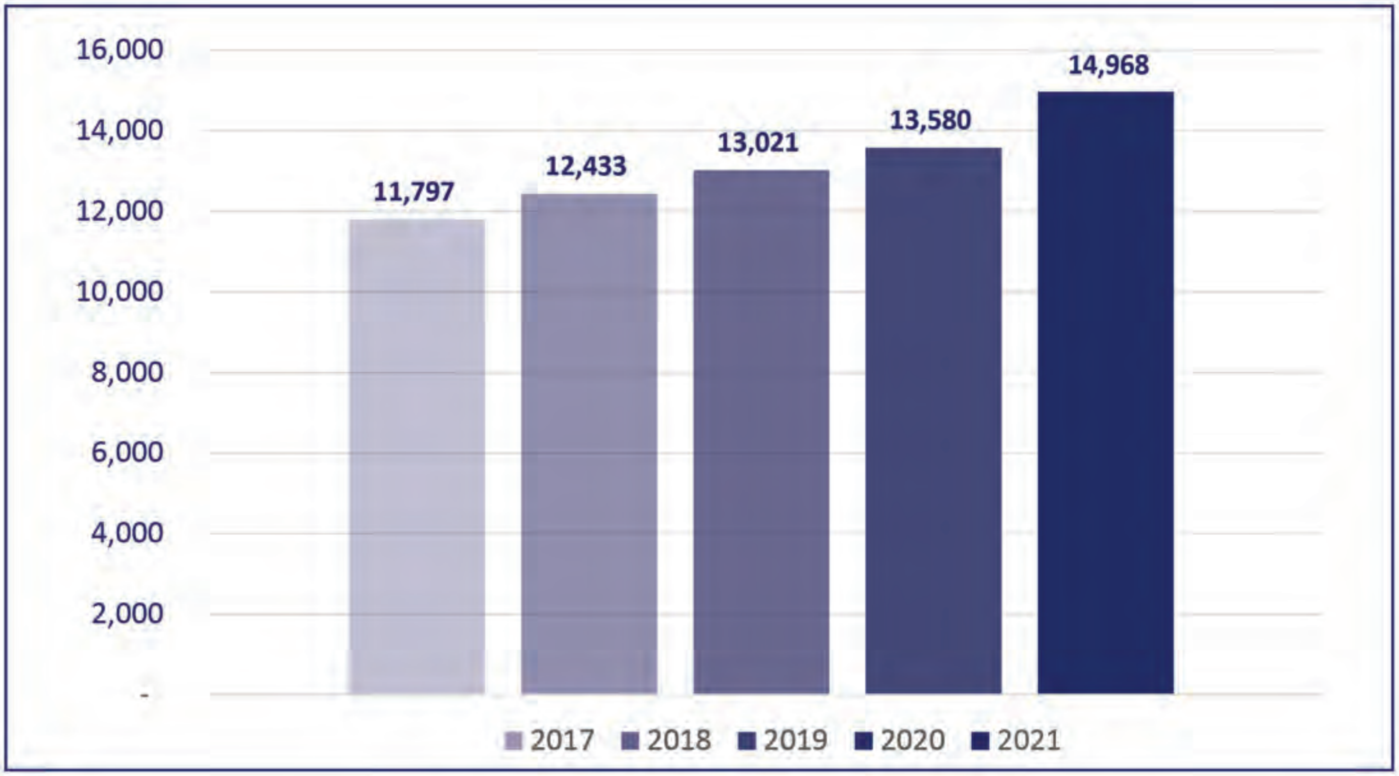
OPERATING INCOME:	December 31, 2021	December 31, 2020
Interest on Loans	$6,359,333	$6,936,626
Income from Investments	260,739	358,528
Fees and Other Miscellaneous Income	2,201,389	1,482,685
Total Operating Income	**$8,821,461**	**$8,777,838**
OPERATING EXPENSES:		
Employee Compensation	$2,880,503	$2,563,974
Employee Benefits	528,127	485,803
Travel and Conference	67,087	34,284
Association Dues	26,830	24,241
Office Occupancy	341,417	404,313
Office Operations and Annual Meeting	1,128,913	1,108,460
Member Education and Promotion	67,735	38,965
Loan Servicing	403,512	324,395
Professional and Outside Services	59,326	38,031
Supervision and Examination	43,661	47,331
Donation	131,650	86,600
Provision For Loan Losses Expense	(273,460)	502,443
Total Operating Expenses	**$5,405,300**	**$5,658,839**
Income from Operation	**$3,416,161**	**$3,118,999**
COST OF FUNDS:		
Dividend to Members	$892,480	$1,268,540
Interest on Borrowed Money	75,122	70,289
Total Cost of Funds	**$967,602**	**$1,338,829**
NON-OPERATING INCOME:		
Gain on Sale of Loans and Other Assets	16,105	4,201
Other Non-Operating Income/(Expense)	746	-
Total Non-Operating Income/(Expense)	16,851	4,201
Net Income	**$2,465,410**	**$1,784,371**

Total Assets $ in MM

Loans To Members-Net $ in MM

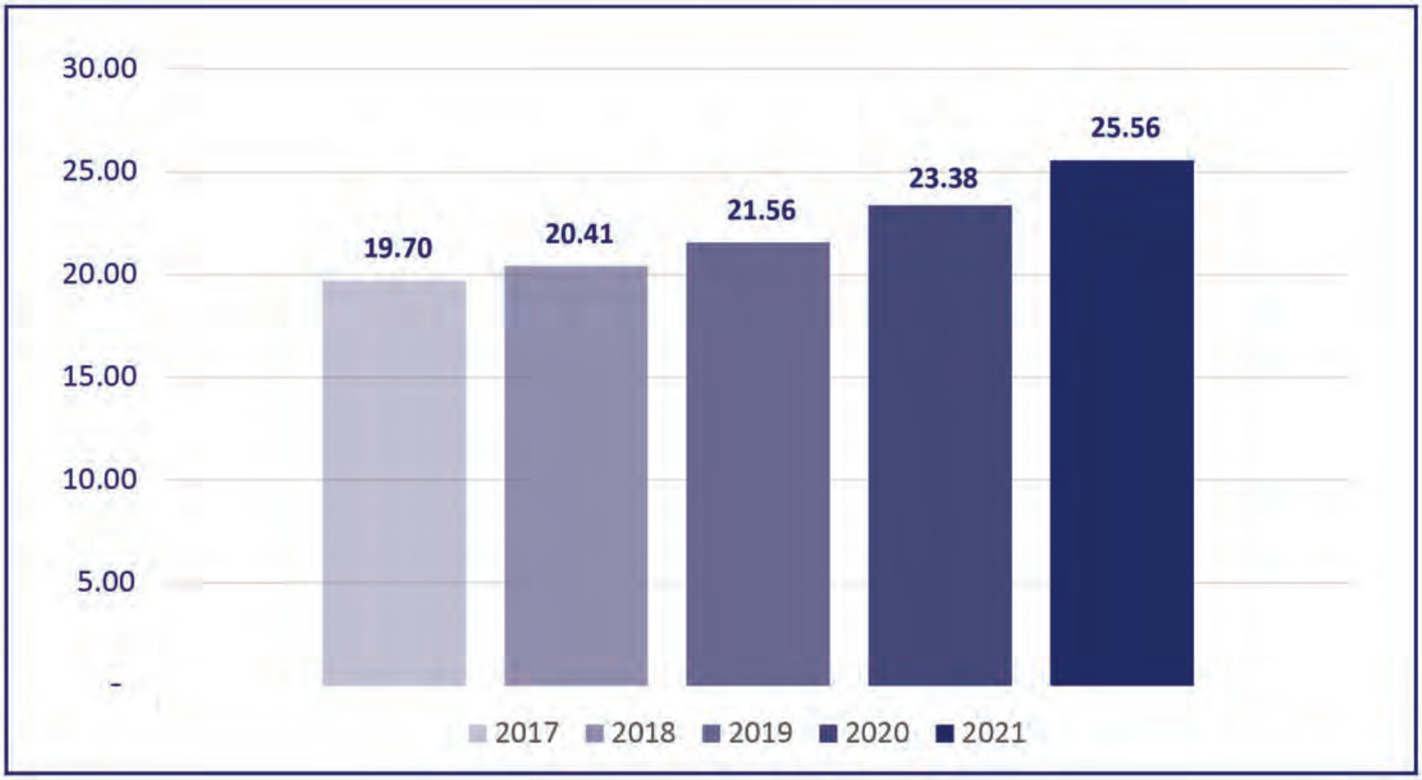
Graphical Presentation

Membership Count

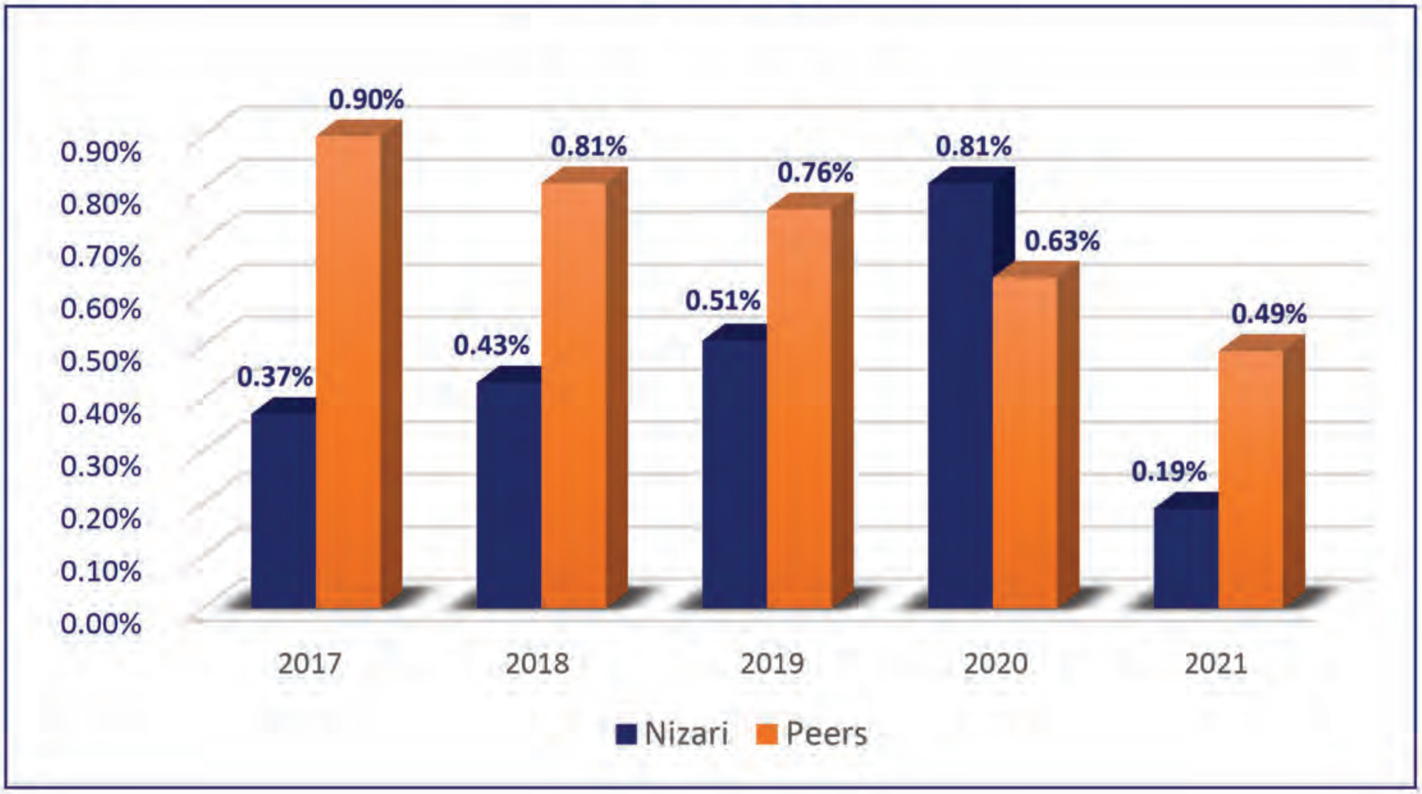


Members' Savings - $ in MM

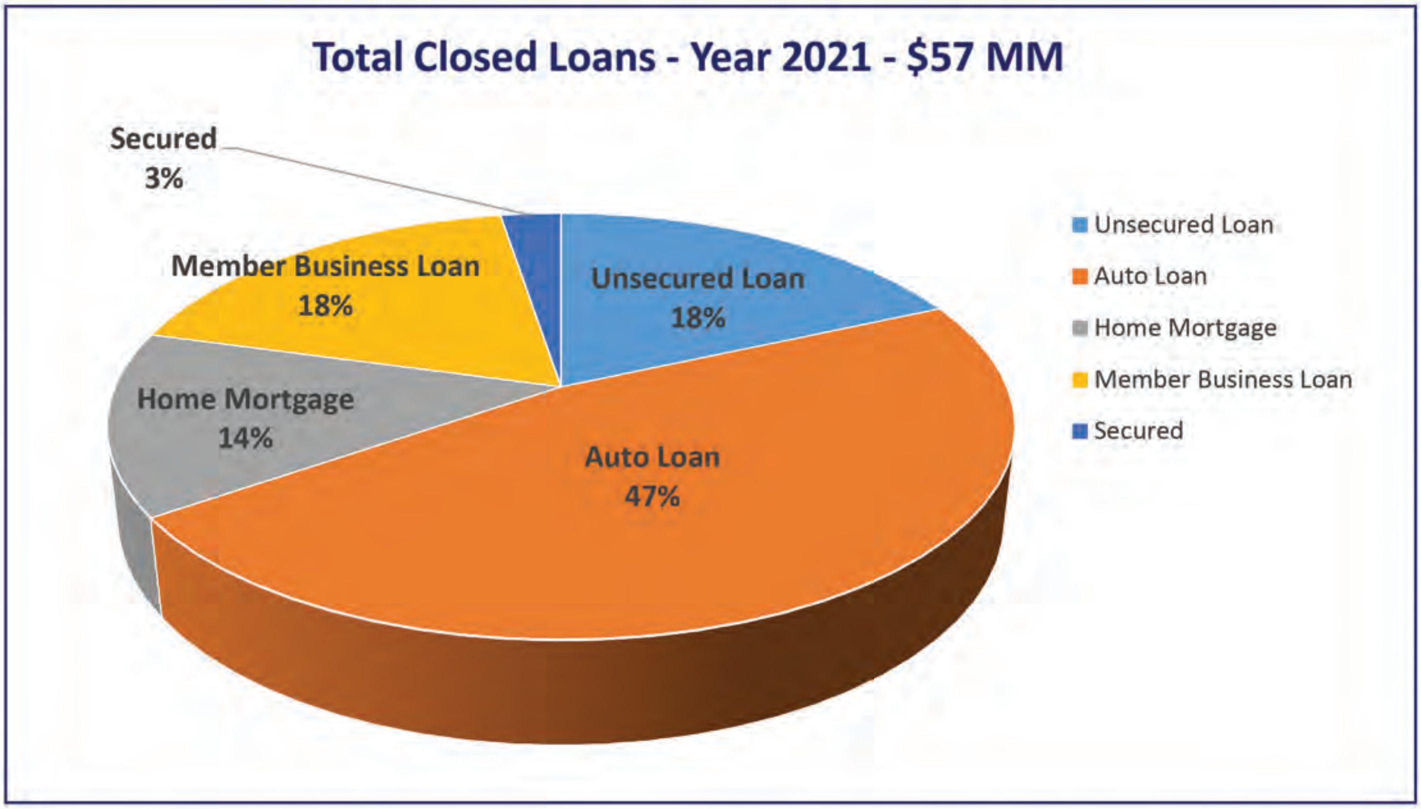
Net Worth in $ MM

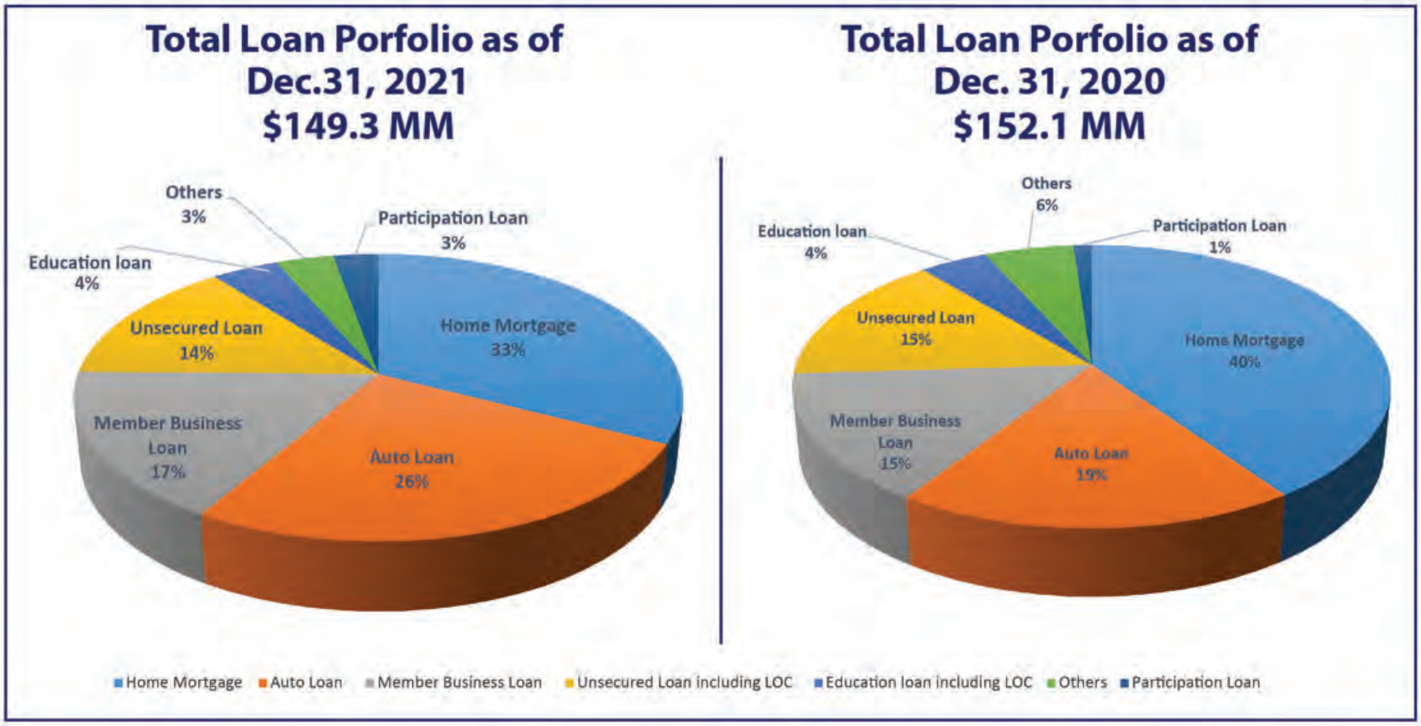


Delinquency Trend



Closed - End Loans Disbursement





Nizari Team at the GHRA Tradeshow

Nizari Team at the NTBA Tradeshow

Share Your Holidays Food Drive

Nizari PFCU Team

Senior Management

Shaukat Jaffer
CEO

Rozina Rasiyani
Director, Lending

Ali M Khowaja
Director, IT & Operations

Management

Shehroz Maredia
Marketing Manager

Eeman Lotia
Loan Operations Manager

Afsheen Bhimani
HR Manager

Najmina Badarpura
Head of Compliance

Malik Kherani
Branch Manager
Sugar Land

Nafisa Aziz
Branch Manager
Dallas

Adnan Lakhani
Branch Manager
Austin

Nizari PFCU Team

Austin Branch Staff

Saherej Karediya
Mortgage Loan Officer

Razia Dhuka
Sr. Member Services Rep.

Anita Maredia
Head Teller

Rahemin Manasia
Teller

Munira Ali
Teller

Dallas Branch Staff

Shamsa Hakani
Sr. Financial Service Rep.

Naveed Chagani
Financial Service Rep. II

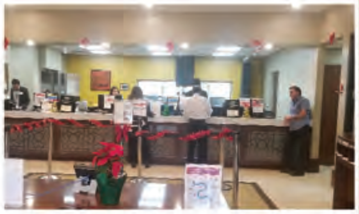
Narmeen Rafiq
Financial Service Rep.

FNU Kiran
Member Services Rep.

Amreen Jiwa
Teller

Nizari PFCU Team

Sugar Land Branch Staff



Elvia Longoria
Sr. Mortgage Loan Underwriter

Kiran Virani
Mortgage Loan Officer

Rehmatullah Muhammadi
Mortgage Loan Processor

Shermeen Ali
Member Services Officer

Fnu Yaseen
Sr. Financial Service Rep.

Ayesha Khan
Financial Service Rep.

Naureen Gillani
Financial Service Rep.

Sharmin Dhanani
Financial Service Rep.

Anisa Ali
Teller

Riffat Walibhai
Teller

Nizari PFCU Team

Corporate Staff

Asif Khuaja
Assistant Manager,
Business Lending

Glenn Dsouza
Sr. Business
Loan Officer

Sairoz Momin
Sr. Consumer Loan
Underwriter

Firuz Shukrikhudoev
Sr. Consumer
Loan Underwriter

Sahina Momin
BSA Officer

Rehana Karim
Sr. Compliance Associate

Afreen Ali
Compliance Associate

Indu Menon
Administrative Assistant

Enayatullah Sultani
Accountant I

Daniel Jiwani
IT Specialist

Nikita Maknojia
Operations Supervisor

Ayesha Malik
Operations Officer

Seema Grover
Sr. Collection Officer

Seema Momin
Administrative Assistant

Fawad Azimi
Solution Center Rep.

Fatime Dholakia
Solution Center Rep.

Dallas Branch
3654 N. Josey Lane
Carrollton, TX 75007
Tel: (972) 808 - 7688
Fax: (972) 466 - 2200

Sugar Land Main Branch
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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

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