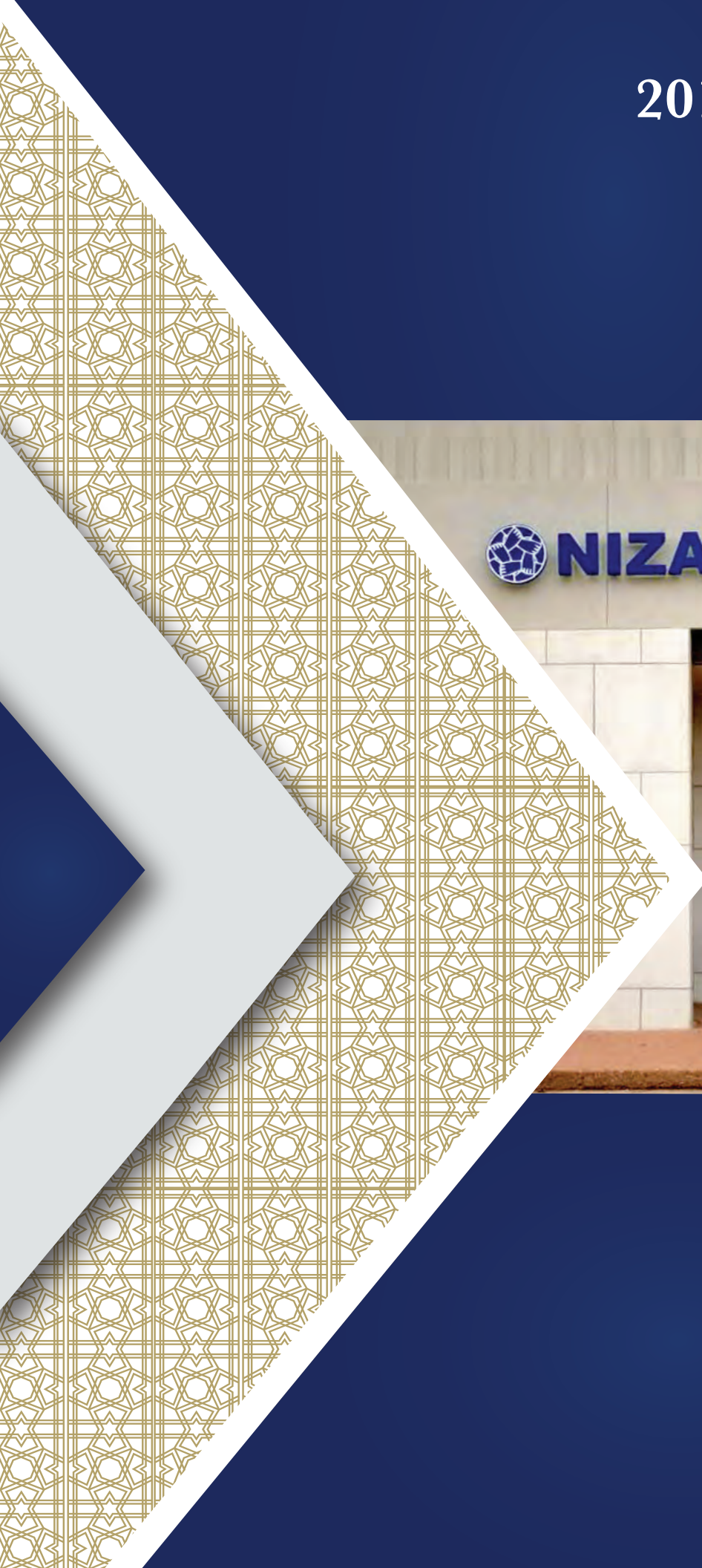


# 2019 Annual Report



**NIZARI** PROGRESSIVE FEDERAL  
CREDIT UNION



**NIZARI**  
PROGRESSIVE FEDERAL  
CREDIT UNION





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# *Table Of Contents*

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*Building a Stronger Community for Future Generations!*



**NIZARI**  
PROGRESSIVE FEDERAL  
CREDIT UNION

*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



**Sajjad Musani**  
Director

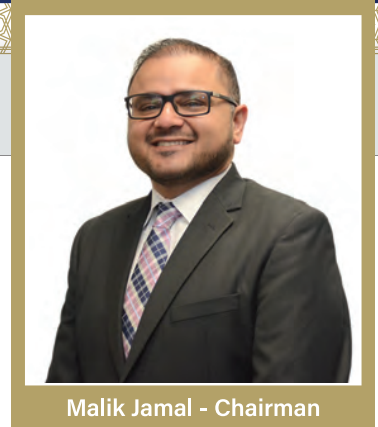


**Mahsooma Aziz**  
Director



**Natasha Somani**  
Director

## *Message from Chairman*



Malik Jamal - Chairman

Dear Nizari Members,

Ya Ali Madad. We have completed another successful year at Nizari, and we continue to grow on all fronts. From a humble cooperative society formed three decades ago, we have come together to maintain assets close to \$180 million dollars as of year-end 2019. Deposits, loans, and membership all grew last year, and that is truly a testament to the hard work of our staff and the faith our membership has in the institution. Thank you for your support.

In our more than 30 years of business, we've weathered with you the storms of the dot com bust, 9/11, the 2008 financial crisis and the recession that followed, major weather events that have touched all parts of the country, and government shutdowns – and throughout this shared journey we have worked to support and sustain our employees, our members and our partners. During these trying times of the pandemic, our commitment and service to you will not waver. As we face this challenge, I can tell you that our credit union is strong and resilient. We have built a business that is stable and financially sound. Now more than ever, our membership relies on the service we provide to them and their families and our team is here to assist you to the best of their abilities.

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 continue to be vital. We also recognize the calling to better address the financial needs of our Jamat, particularly those who struggle to access credit. We are excited to expand initiatives with our community institutions and organizations, and we humbly request the continued support of our membership. The core of our credit union relies on the principle that we will all work together to support each other, whether it's through simply saving money with Nizari or ensuring debt obligations are met so they can be reinvested for the next member. Together we can serve even more members of the Jamat.

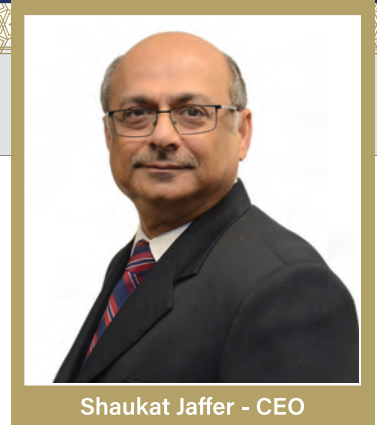
I must congratulate our management team and the entire staff for another successful year. The entire Board of Directors thanks you all for your dedication and hard work. I also wish to thank my Board for their continued service and exemplary volunteerism.

We look forward to continue serving our members and the Jamat in the years ahead.

Respectfully submitted,

Malik Jamal  
Chairman

## Message from CEO



Shaukat Jaffer - CEO

Dear Valued Members,

By the time the annual report is finalized, it's generally the first quarter of the following year. As I write this report, the COVID-19 situation is still going on and has overshadowed all other events as it has had a huge impact on the national and global economy, besides claiming thousands of precious lives. In response to this pandemic, we implemented measures for the safety and well-being of our members and employees while continuing the Nizari operations smoothly. One of the effective ways to deal with this situation was social distancing and personal hygiene. As a result, we had to limit access to lobby services unless it was absolutely necessary and appreciate the member's understanding of the situation.

Though 2019 was better than that of 2018 and unemployment was low, it still continued to pose challenges in terms of interest rate risks and uncertain long term economic outlook. We had a good share growth of 8.51% while loan growth was at 15.75%. Total assets increased by \$15.46 MM to \$173.72 MM. Operating income was \$2.83 MM. The net income was \$1.15 MM after the dividend payout of \$1.63 MM. Highest ever dividend payout to our members.

Nizari's performance was commendable in key areas in relation to the peer credit unions. Share growth was 8.51% while the peer ratio was 5.26%. Net worth was 12.40% compared to the peer ratio of 11.67%. Return on assets was 0.69% while that of a peer was 0.73% because of high provision for loan loss and increased dividend payout. The overall loan delinquency was 0.51% compared to the peer average of 0.76%.

Initiatives planned for 2020.

- Finalize the alternate location for Dallas Branch with drive-through facilities.
- Create capacity at the branch locations to originate a residential mortgage loan.
- Underwrite and perform annual reviews of business loans in-house up to a certain dollar amount.
- LoanPay Xpress (Member can use our site to make payments for their loans and schedule payment at their convenience).
- Google, Samsung and Apple pay (this will allow members to add their debit card to make payments and pay for purchases easier via mobile app)
- Fully automate online account opening for consumer accounts including the funding ability.

It is important to have an optimal staffing level to manage the consistent growth in assets over the years. Currently, we have 50 staff across all locations to support and manage the services so that members have a good experience. Periodic member feedback is collected to gauge their experience and seek suggestions for improving the services. I would like to thank the entire Nizari team for their commitment and hard work and appreciate the board's guidance in our journey. The growth we have had over the years would not have been possible without the members' confidence in Nizari to bank with us as it allows us to support the institutional initiatives for the betterment of Jamat.

We thank our members for their continued patronage and look forward to their even greater engagement in the years ahead.

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, 2019. This year the required annual review, as in the past, was performed by Credit Union 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 Credit Union 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.

Nizari had a great 2019, much better than 2018, and we started 2020 strong. However, in March everything changed. With the widespread impact of COVID-19, we have seen rapid weakening of the consumer demand and business confidence.

Social distancing, business closures, school closures, and decreased economic activity have caused ripple effects throughout the economy. With the uncertain end to these closures and market volatility, it is difficult to predict the length of our strategies and the overall economic impacts. We are suggesting that COVID-19 will have a limited impact in Q1 2020, significant impact in Q2 2020, followed by a slow recovery starting in late Q3. At this time, we think the impact at Nizari will be unavoidable; therefore, we are taking extensive, preventive measures to be prepared as an institution and community partner.

We want to assure you that Nizari has a strong balance sheet, great management team, and a dedicated Board of Directors. We, at Nizari, are taking all measures to protect Nizari Assets and build up our community. We are committed to assisting members in need and will continue to assist until the end of COVID-19.

Sincerely,

Gulam Mohammed Nanjee  
Chairman, Supervisory Committee



## Products and Services

### ACCOUNTS

- Personal Savings Accounts
- Personal Checking Accounts
- Business Accounts
- Money Service Business (MSB)
- College Savings Accounts
- Retirement (IRA) Accounts
- Share Certificate Accounts



### SERVICES

- Nizari Mobile App
- Online Banking
- Mobile Deposit Capture
- Text Banking
- Phone Banking
- Shared Branching
- E-statements
- Bill Pay
- GAP (Guaranteed Auto Protection) Insurance
- TruStage Insurance - AD&D and Life Insurance
- Credit Life Insurance

### LOANS

- Personal Loans
- Signature Loans
- Business Loans
- SBA Loans
- Personal Lines of Credit
- Business Lines of Credit
- Equipment Loans
- Express Loans
- Student Loans – In-school
- Student Loans – Debt Consolidation
- Personal Credit Cards
- Business Credit Cards
- Auto Loans – New & Used
- Home Mortgage Loans



## Statement of Financial Condition



As of December 31, 2019

| ASSETS  | December 31, 2019    | December 31, 2018    |
|---|----------------------|----------------------|
| Loans to Members                                  | \$138,470,086        | \$119,626,055        |
| Less: Allowance for Loan Loss                     | (1,386,073)          | (1,192,494)          |
| <b>Total Loans</b>                                | <b>137,084,013</b>   | <b>118,433,561</b>   |
| Cash on Hand and in Bank                          | 19,532,284           | 12,412,122           |
| Investments                                       | 10,068,993           | 21,373,283           |
| Advance, Deposits Prepayments & Other Receivables | 2,630,667            | 1,490,536            |
| Property, Equipment & Furniture                   | 4,963,798            | 4,930,601            |
| Less: Accumulated Depreciation & Amortization     | (1,500,786)          | (1,252,407)          |
| <b>Net Fixed Assets</b>                           | <b>3,463,012</b>     | <b>3,678,194</b>     |
| Accrued Interest on Loans & Investments           | 939,964              | 868,216              |
| <b>Total Assets</b>                               | <b>\$173,718,933</b> | <b>\$158,255,912</b> |

| LIABILITIES AND EQUITY                | December 31, 2019    | December 31, 2018    |
|---------------------------------------|----------------------|----------------------|
| Payable & Accrued Liabilities         | \$1,346,898          | \$1,082,295          |
| Borrowing From Bank                   | 2,000,000            | -                    |
| <b>Total Liabilities</b>              | <b>3,346,898</b>     | <b>1,082,295</b>     |
| <b>Members' Shares and Deposit</b>    | <b>148,841,655</b>   | <b>137,166,674</b>   |
| Unrealized (Loss) on Investments      | (25,961)             | (398,648)            |
| Regular and Specific Reserve          | 5,602,900            | 5,602,900            |
| Undivided Earnings                    | 15,953,441           | 14,802,691           |
| <b>Total Equity</b>                   | <b>21,530,380</b>    | <b>20,006,943</b>    |
| <b>Total Liabilities and Equities</b> | <b>\$173,718,933</b> | <b>\$158,255,912</b> |

## Statement of Income and Expenses



For the Year Ended December 31, 2019

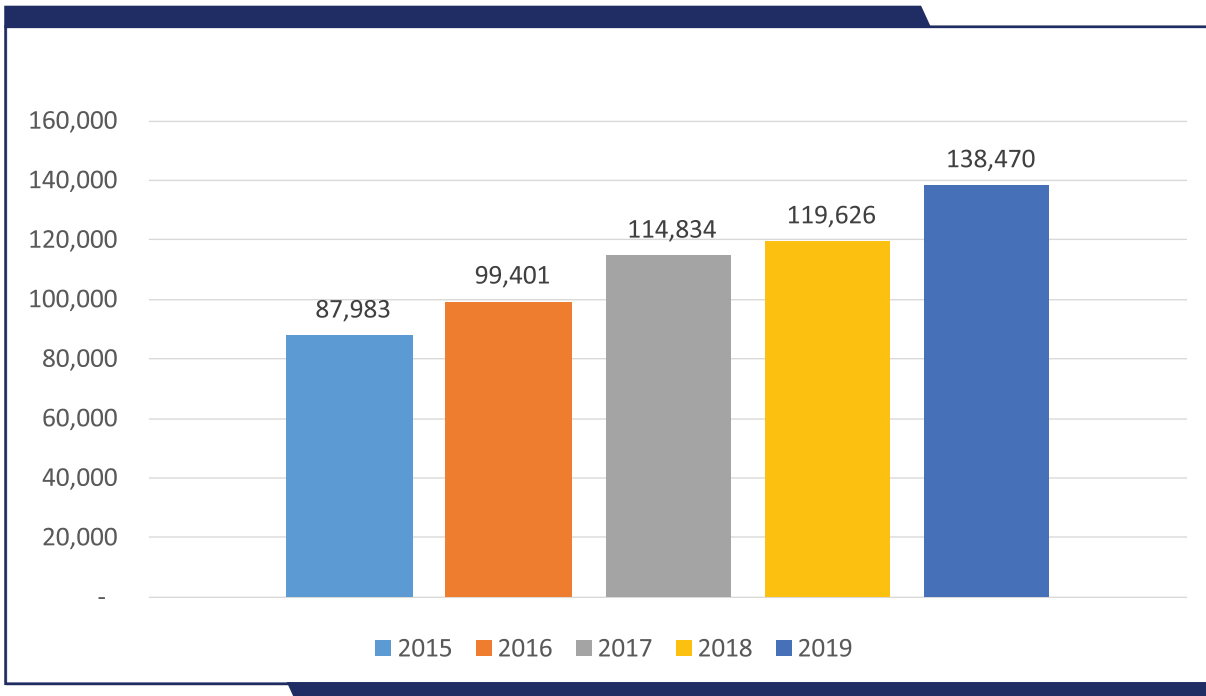
| <b>OPERATING INCOME:</b>               | December 31, 2019  | December 31, 2018  |
|--|--------------------|--------------------|
| Interest on Loans                      | \$6,897,336        | \$6,320,910        |
| Income from Investments                | 611,511            | 532,872            |
| Fees and Other Miscellaneous Income    | 1,174,970          | 893,228            |
| <b>Total Operating Income</b>          | <b>\$8,683,817</b> | <b>\$7,747,010</b> |
| <b>OPERATING EXPENSES:</b>             |                    |                    |
| Employee Compensation                  | \$2,322,343        | \$2,226,910        |
| Employee Benefits                      | 487,233            | 411,297            |
| Travel and Conference                  | 95,359             | 105,922            |
| Association Dues                       | 22,828             | 21,812             |
| Office Occupancy                       | 372,337            | 365,033            |
| Office Operations                      | 1,150,155          | 1,092,969          |
| Member Education and Promotion         | 42,703             | 67,705             |
| Loan Servicing                         | 349,372            | 197,316            |
| Professional and Outside Services      | 69,414             | 74,270             |
| Supervision and Examination            | 49,275             | 38,153             |
| Annual Meeting                         | 38,678             | 57,306             |
| Donation                               | 116,000            | 145,500            |
| Provision For Loan Losses Expense      | 740,000            | 847,000            |
| <b>Total Operating Expenses</b>        | <b>\$5,855,697</b> | <b>\$5,651,193</b> |
| <b>Income from Operation</b>           | <b>\$2,828,120</b> | <b>\$2,095,817</b> |
| <b>COST OF FUNDS:</b>                  |                    |                    |
| Dividend to Members                    | \$1,629,599        | \$1,353,229        |
| Interest on Borrowed Money             | 45,990             | 38,844             |
| <b>Total Cost of Funds</b>             | <b>\$1,675,589</b> | <b>\$1,392,073</b> |
| <b>NON-OPERATING INCOME:</b>           |                    |                    |
| Gain / (Loss) on Disposition of Assets | 19                 | 1,092              |
| Other Non-Operating (Expense)/Income   | (1,800)            | -                  |
| Total Non-Operating (Expense)/Income   | (1,781)            | 1,092              |
| <b>Net Income</b>                      | <b>\$1,150,750</b> | <b>\$704,836</b>   |

*Graphical Presentation*

**Total Assets \$000's**

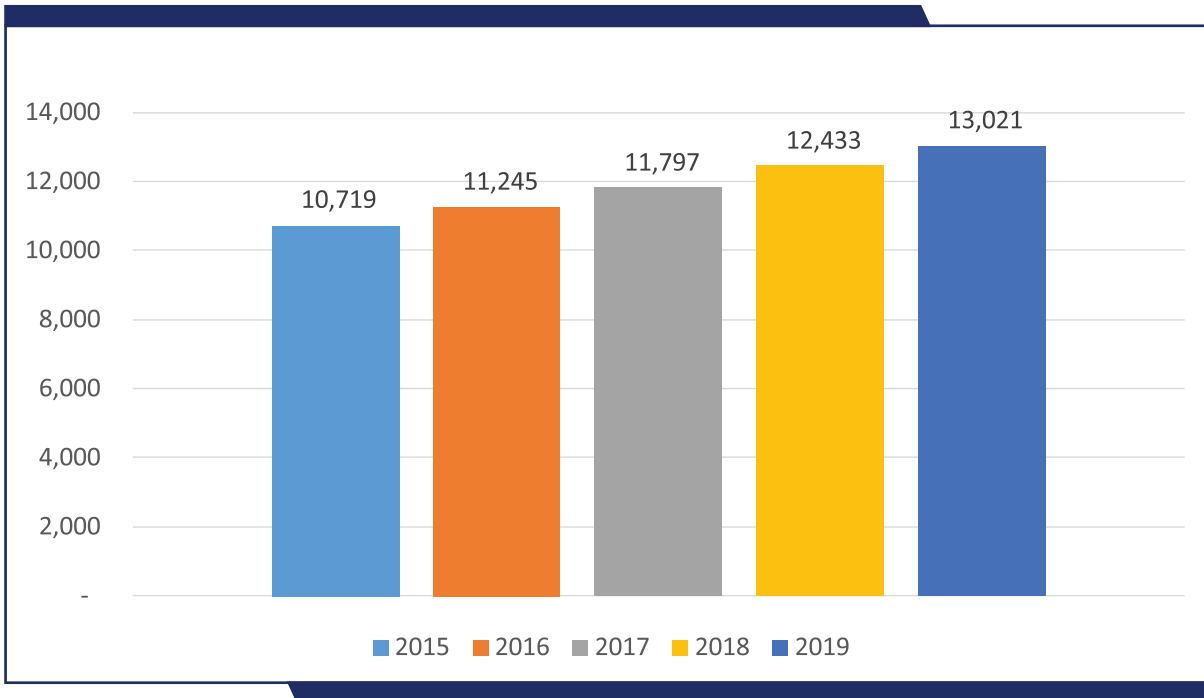


**Loans To Members \$000's**

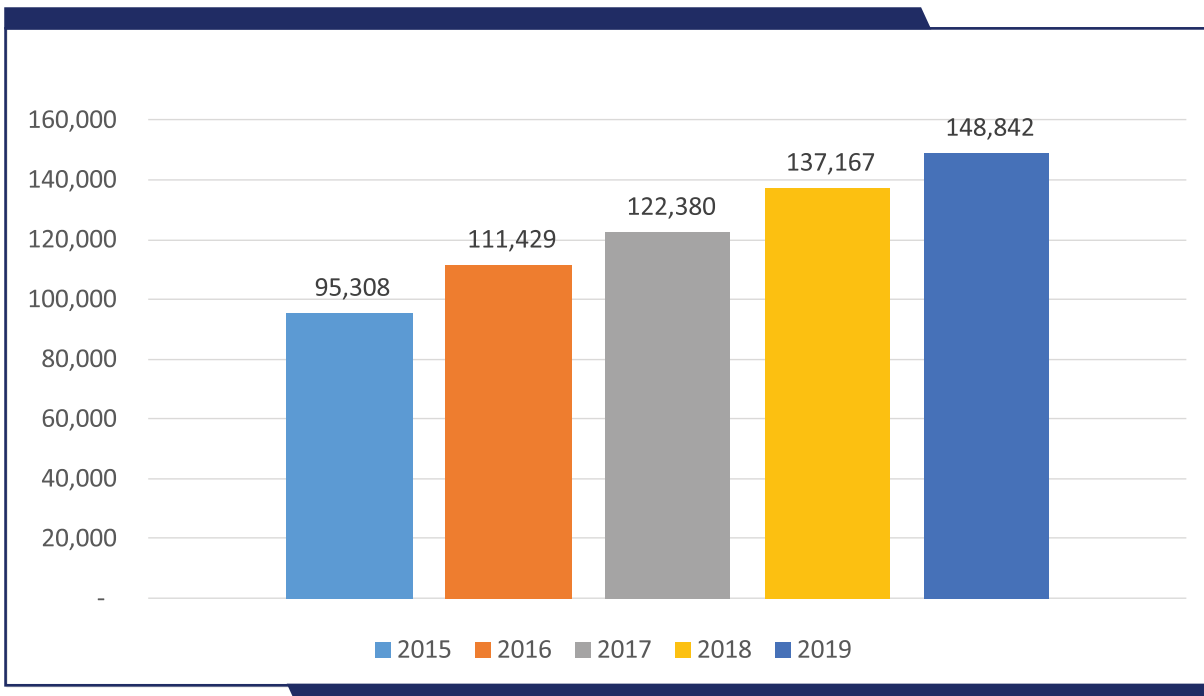


*Graphical Presentaion*

### Membership Count



### Members' Savings \$000's

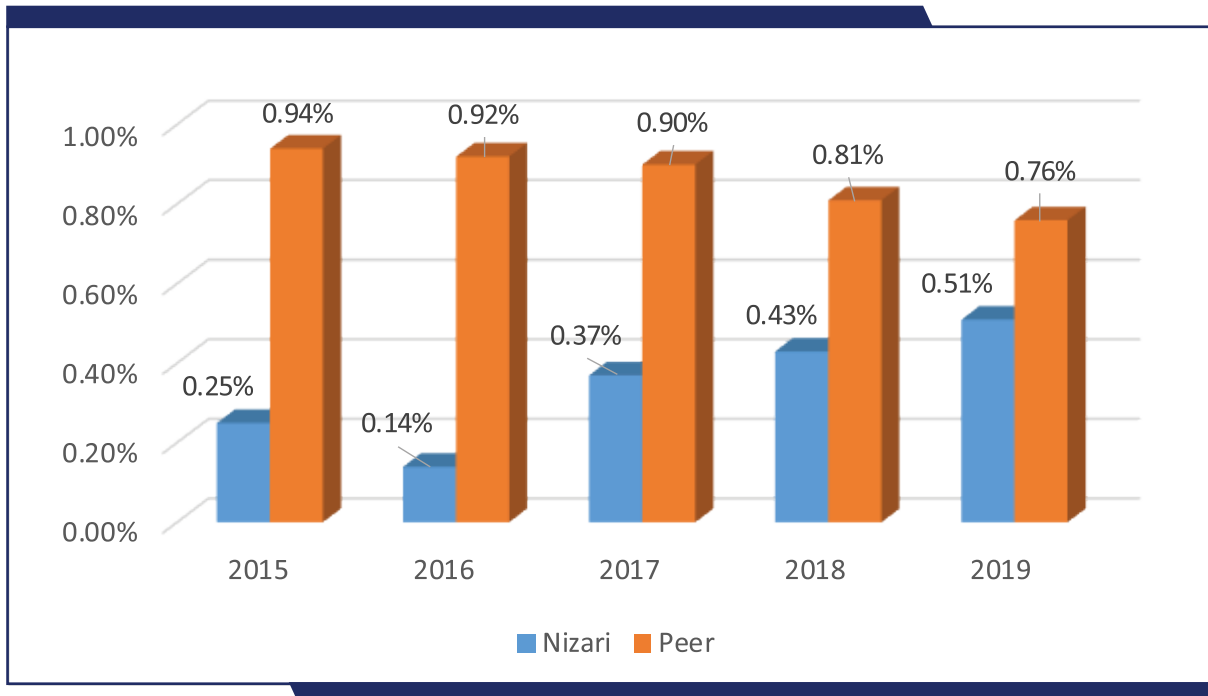


*Graphical Presentation*

### Net Worth \$000's

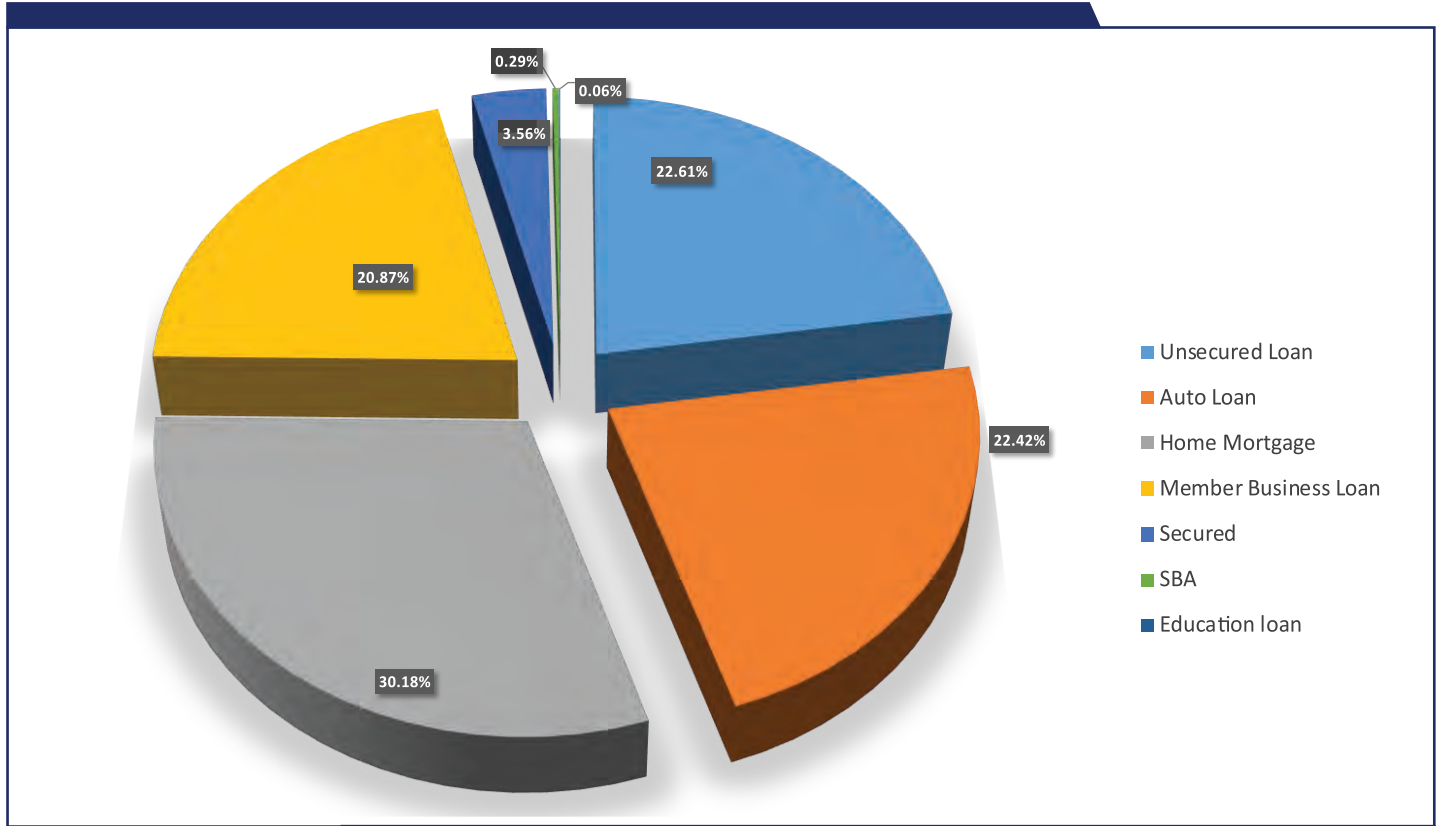


### Delinquency Trend

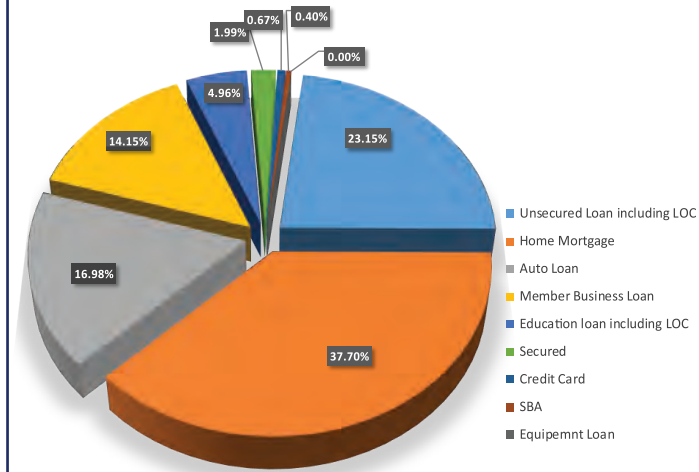


Graphical Presentaion

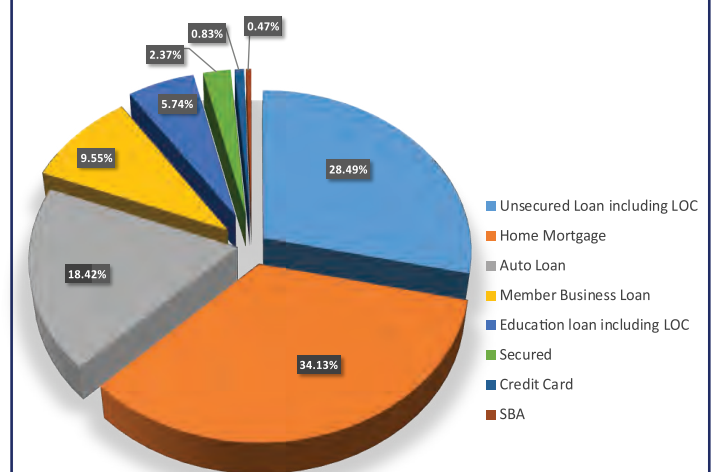
Total of Closed-End Loans Disbursement \$56.13MM



Total Loan Porfolio as of December 31, 2019 - \$138.4 MM



Total Loan Porfolio as of December 31, 2018 - \$119.6 MM



# Sponsorships and Participation in the Community...

## AGA KHAN FOUNDATION SAN ANTONIO - DALLAS - HOUSTON



## IMSA (Ismaili Muslim Students Association)

## SHOOT 4 DREAMS

Project Mazboot



## AICC (American Ismaili Chamber of Commerce) CAR WASH EXPO



# Sponsorships and Participation in the Community...



**AKEPB:**

**Understanding New Small Business Trends and Online Opportunities**

**Dallas**



**AICC**

**BOSS Event Franchise Expo  
Houston**

**Mortgage Seminar  
Austin**



**AKEPB: Understanding New Small Business Trends and Online Opportunities**



**MSB  
Member  
Service  
Business**

**Austin**



## Members' Appreciation at the Branches



# Trade Show Participation

## 2019

### Arkansas Business Alliance North Texas Business Alliance

### Greater Austin Merchants Association



# Annual General Meeting 2019



# Dallas Town Hall



*Nizari Team*

**Senior Management**

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**Shaukat Jaffer**  
CEO



**Rozina Rasiyani**  
Associate Director, Lending



**Sohail Shahabuddin**  
Controller

**Management**

---



**Ali M Khowaja**  
IT and Operations Manager



**Shehroz Maredia**  
Marketing Manager



**Eeman Lotia**  
Loan Operations Manager



**Sahina Momin**  
BSA Officer



**Afsheen Bhimani**  
HR Generalist



**Malik Kherani**  
Branch Manager  
Sugar Land



**Nafisa Aziz**  
Branch Manager  
Dallas



**Adnan Lakhani**  
Branch Manager  
Austin

*Nizari Team*

**Austin Branch**

---



**Saherej Kareediya**  
Sr. Financial Service Rep.



**Razia Ali**  
Member Services Rep.



**Anita Maknojiya**  
Teller



**Farhana Rajwani**  
Teller



**Sabrina Bhai**  
Teller

**Dallas Branch**

---



**Shehzad Noor**  
Financial Service  
Representative



**Roohi Maknoja**  
Member Services  
Representative



**Serena Virani**  
Teller



**FNU Kiran**  
Teller

*Nizari Team*

**Sugar Land Branch**



**Elvia Longoria**  
Sr. Mortgage Loan Underwriter



**Shohania Maredia**  
Mortgage Loan Officer



**Kiran Virani**  
Mortgage Loan Officer



**Sheetal Patel**  
Mortgage Loan Officer



**Asif Khuaja**  
Loan Supervisor



**Glenn D'Souza**  
Business Loan Officer



**Shermeen Ali**  
Sr. Member Services Rep.



**Mohsin Maknoja**  
Member Services Rep.



**Fnu Yaseen**  
Financial Service Rep. II



**Rehmatullah Muhammadi**  
Financial Service Rep. II



**Noor Ali**  
Financial Service Rep.



**Taufiq Sayani**  
Sr. Teller



**Alina Maredia**  
Teller



**Afreen Ali**  
Teller



**Anisha Momin**  
Teller



*Nizari Team*

**Corporate Office**



**Najmina Badarpura**  
Sr. Compliance Analyst



**Rehana Karim**  
Compliance Associate



**Hina Yahya**  
Compliance Associate



**Sairoz Momin**  
Consumer Loan Underwriter



**Firuz Shukrihudoev**  
Consumer Loan Underwriter



**Enayatullah Sultani**  
Senior Staff Accountant



**Kousar Dhukka**  
Staff Accountant & RDC Specialist



**Anis Alwani**  
Business Operations Analyst



**Nikita Maknoja**  
Senior Operations Officer



**Ashifa Bhimani**  
Operations Coordinator



**Seema Grover**  
Collection Officer



**Seema Momin**  
Administrative Assistant



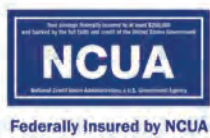
**Mandakini Tejani**  
Solution Center Representative



**Ayesha Malik**  
Solution Center Representative



*Thank you from all of us for your support!*



NMLS 504851



Dallas Branch  
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