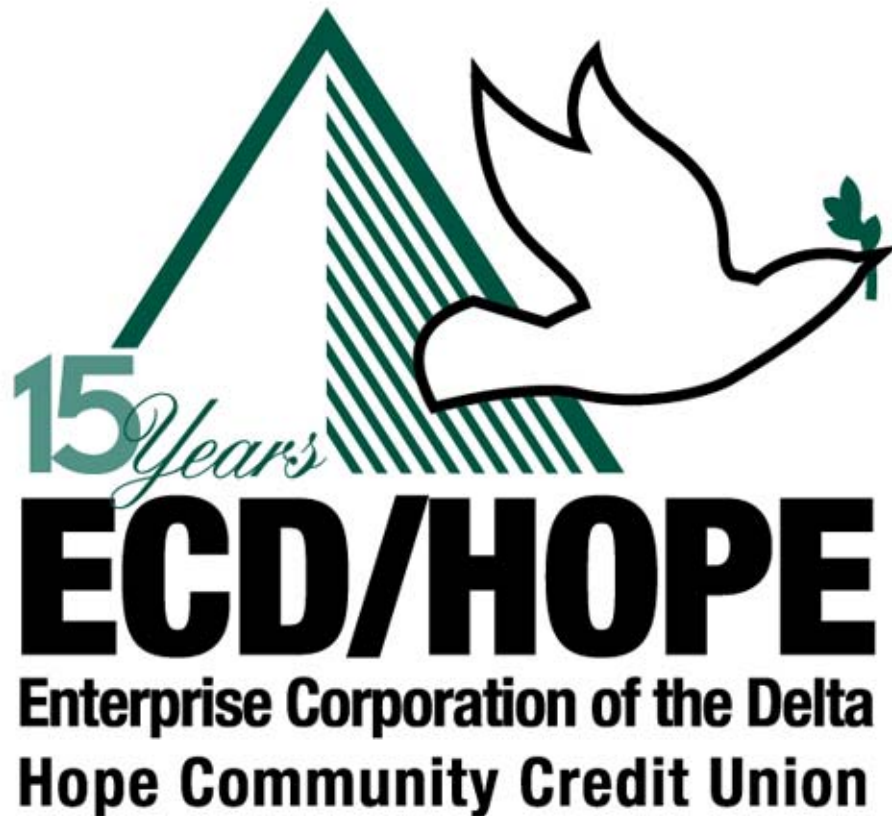


2008 IMPACT REPORT



Strengthening communities.
Building assets.
Improving lives.

Dear Friends,

Approximately 15 years ago, ECD/HOPE set out on the ambitious mission of strengthening communities, building assets and improving lives in economically distressed areas of the Mid South. While we began our journey with great conviction, not even the most optimistic among us imagined the impact this organization would have in the short span of a decade and a half.

From our initial focus on the Delta, an area hindered by decades of economic and societal strife, ECD/HOPE's service territory has grown to encompass other distressed communities across Arkansas, Louisiana, Mississippi and Tennessee, including the Gulf Coast, which in 2005 was devastated by the nation's largest natural disaster.

Since 1994, ECD/HOPE has helped more than 70,000 Mid South residents gain access to the resources they need to improve their station in life, and has generated over \$1 billion in financing for a range of development needs.

In some cases, this meant providing financing that enabled thousands of entrepreneurs to start, stabilize or expand businesses, producing jobs and income for local residents and their communities. For many families, support came in the form of affordable, non-predatory mortgages, provided either directly by ECD/HOPE or through innovative programs that increased lending by banks and other mortgage lenders to underserved populations.

Nearly 30,000 members of Hope Community Credit Union have taken advantage of retail banking services designed to foster responsible financial management and help people achieve a greater level of prosperity.

Many more have benefited from technical assistance initiatives organized by ECD/HOPE to ensure that Mid South residents have the expertise needed to pursue their development objectives. Support in areas such as business planning, financial management, workforce training and financial counseling have been provided through programs and networks structured and managed by ECD/HOPE.

As significant as its lending and technical assistance work has been the impact of ECD/HOPE's policy efforts. Increasingly, ECD/HOPE has used data and expertise gained from its development efforts to work with policy makers, advocates, media and others to shape policies that affect low-wealth people and communities at the state, regional and national levels.

In 1994, there was a crying need for an organization like ECD/HOPE, and over the years, we have achieved much against substantial odds. However, the need for ECD/HOPE's development finance services, advocacy and other assistance is greater today than ever. Because of the current economic crisis, people are losing their jobs, their homes and their hope. For working families and small businesses alike, securing credit has become a virtual impossibility. Gulf Coast residents face a dual challenge as they battle their way through rebuilding, even as the resources available to them dwindle. And low-wealth people and communities face the longest road to recovery. As these needs increase, so does our resolve to help.

The days ahead will push the limits of our creativity and our resources, but we remain determined to do whatever it takes to serve the individuals, families, businesses and communities of the Mid South. Thank you for your generous support over the years. We hope you will continue to join us as we persist with our mission of strengthening communities, building assets and improving lives — a mission that is more important now than ever before.

Sincerely,



William J. Bynum
Chief Executive Officer
ECD/HOPE



Robert L. Gibbs
Chairman of the Board
Hope Community
Credit Union



William A. Percy
Chairman of the Board
Enterprise Corporation
of the Delta

COMMERCIAL LENDING

15 Years of Expanding Jobs and Opportunity

In 1994, TCS Caseworks was at a crossroads. With the owner retiring, he wanted to sell the company while ensuring that the jobs remained in eastern Arkansas. Enter a fledgling nonprofit called Enterprise Corporation of the Delta (ECD). ECD had been founded a few months earlier with the goal of boosting the economy of the Delta—a goal that hinged upon helping companies like TCS grow and succeed. ECD provided funding for the acquisition, and the jobs stayed.

This was the first commercial loan made by ECD, and it marked the beginning of a new era for economic development in the Delta. Over the past 15 years, ECD has provided business loans and technical assistance to more than 2,000 entrepreneurs and small to medium-sized businesses and generated more than \$100 million in financing. This assistance has resulted in an estimated 9,277 jobs created or retained. And the impact on the lives of the region's residents goes far beyond numerical measure.

Beyond Manufacturing - The Evolution of an Idea

ECD started in 1994 with the charge of transforming the economy of the 55-county Delta region of Arkansas, Louisiana and Mississippi. ECD initially focused on the manufacturing sector because of its potential to generate large numbers of jobs that offered good wages and benefits. However, it quickly became apparent that ECD would have to expand its reach in order to fully realize its mission.

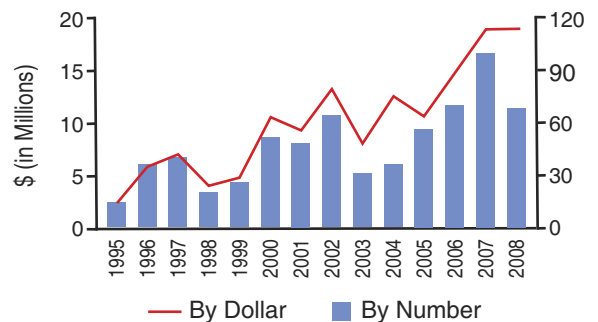
To further its goal of facilitating ownership opportunities for traditionally underserved populations, ECD began providing financing and technical assistance in the service and retail sectors. These sectors offered greater opportunities for minority- and female-owned companies, as retail and service businesses could be started with much less capital than manufacturing operations.

Early on, ECD recognized that assistance such as business planning and financial management was vital to the success of its customers and partnered with nonprofit organizations, accountants and other technical assistance providers to enhance the quality and availability of these services in the Delta. A prime example of this was ECD's successful effort to organize a network of universities, community colleges and nonprofits to deliver the FastTrac entrepreneurial training program. Through this multi-session course, hundreds of Delta entrepreneurs received structured training on a range of business issues.

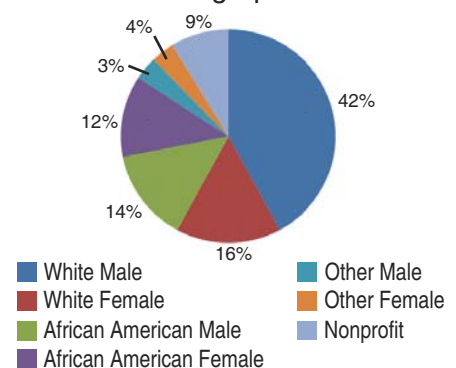
Guided by an extensive study conducted in partnership with Bain & Company, ECD substantially broadened its scope in 1998. The analysis identified several sectors with potential to generate a profound, widespread economic impact, including healthcare, affordable housing and child care. Investments in these areas not only brought about increased jobs and income, but they also provided infrastructure improvements that proved invaluable in attracting and sustaining business.

As a result of strategic expansions in the late 1990s, the doors of ECD/HOPE are now open to virtually all types of businesses and industries, provided that they ultimately impact the lives of low-wealth families and individuals in ECD/HOPE's market area.

Commercial Loans Closed
1995 - 2008



2008 Commercial Borrower
Demographics



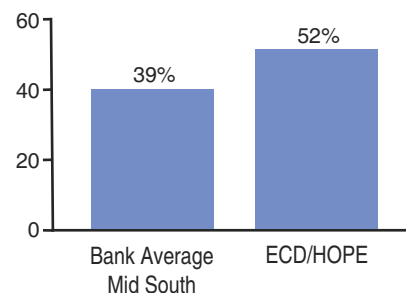
Helping Businesses Through Difficult Times

In 2008, ECD/HOPE experienced its strongest year to date in terms of commercial loan volume, closing more than \$18.5 million in business loans. Last year, 87% of ECD/HOPE's commercial loans closed were high-impact loans – loans made to companies located in economically distressed areas, to firms owned by women or minorities, and in sectors that strengthened vital community infrastructure.

The effects of Hurricane Katrina are still being felt in the coastal areas of Mississippi and Louisiana. As the region continues its comeback, ECD/HOPE continues to impact recovery through commercial lending and technical support for small and mid-sized businesses. Last year alone, ECD/HOPE provided over \$17 million in commercial loans to more than 50 businesses in hurricane-affected areas, helping rebuild the region's commercial and financial foundation.

The Mid South faces a long road to recovery, from years of relative poverty, from the devastation of Hurricane Katrina and from the current economic crisis. As it has done for the past 15 years, ECD/HOPE will continue to make a difference by supporting the creation and expansion of quality jobs, and by fostering opportunities for entrepreneurs throughout our region.

2008 Commercial Loans in Economically Distressed Communities



AFFORDABLE HOUSING

Changing Lives and Communities Through the Power of Homeownership

A home represents much more than mere shelter. For families, owning a home provides stability, security and a solid financial foundation. For communities, quality housing serves as a powerful economic development tool, helping to attract and retain businesses and a skilled workforce. This is why fostering homeownership is central to ECD/HOPE's mission.

Since 2002, ECD/HOPE has been committed to helping low- to moderate-income families share in the dream of homeownership. In that year, ECD/HOPE introduced the first of many products and services focused on the unique needs of low-wealth families in the Delta. Working in partnership with Fannie Mae, charitable foundations, public agencies and other lenders, ECD/HOPE developed the Mid South Home Ownership Program, a secondary market program designed to stimulate increased lending to low- and moderate-income families by mortgage lenders in the region. More than 90 low-income families were able to purchase homes in the first year of the program alone.

Despite the success of this program, it quickly became clear that ECD/HOPE's goal of reaching out to larger numbers of homebuyers would require that ECD/HOPE increase its capacity to lend directly to promising applicants. In response, ECD/HOPE has expanded its in-house mortgage lending capabilities over the years, placing originators in offices throughout the Mid South. Also, new partnerships with multiple investors have allowed ECD/HOPE to offer affordable rates and terms to many more low-income borrowers.

To make homeownership more affordable and attainable, ECD/HOPE has been an aggressive user of capital and credit enhancement programs offered by agencies such as the Federal Home Loan Bank, FHA, HUD and Rural Development. Such subsidies can be used to cover closing costs, make down payments and dramatically reduce the loan amount.

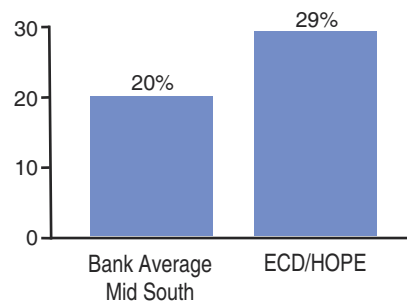
Providing Shelter from Financial Storms

The current economic crisis has dramatically affected the mortgage industry. The impact on would-be homebuyers has been nothing short of devastating. Tightened credit restrictions at banks and mortgage companies have left many financially responsible borrowers unable to qualify for home loans. To address this need, ECD/HOPE launched the HOPE Affordable Mortgage product in 2008. This in-house product offers reasonable rates and flexible underwriting criteria, opening the doors of homeownership to many borrowers who would otherwise be denied the opportunity.

Through mortgage programs such as these, ECD/HOPE has protected borrowers from the grip of predatory lenders and made homeownership not only possible, but also affordable. Eighty-two percent (82%) of the mortgages made by ECD/HOPE in 2008 were to borrowers who were low-income, minority, female and/or lived in distressed areas. In sharp contrast to national trends, ECD/HOPE's mortgage losses for the year were 0.62%, despite its focus on higher-risk borrowers.

In these times of financial uncertainty, the need for socially responsible lenders is greater than ever before. And ECD/HOPE stands more determined than ever to bring the benefits of homeownership to deserving families, individuals and communities throughout the Mid South.

2008 Mortgage Loans in Economically Distressed Communities



RETAIL FINANCIAL SERVICES

New HOPE for the Mid South

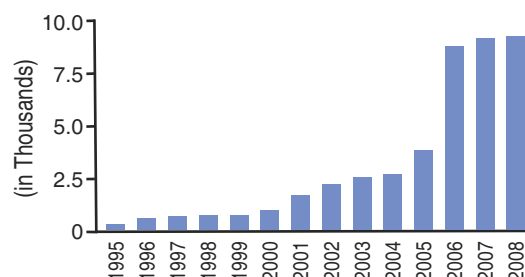
In 1995, ECD was in its first year of operation. Just across town in Jackson, Mississippi, another upstart organization was being formed at Anderson United Methodist Church. Within a matter of years, the two organizations would cross paths in a way that would dramatically impact lives throughout the Mid South region.

Anderson's pastor had the vision of organizing a credit union to provide an alternative to the check cashers and payday lenders that preyed upon residents in areas underserved by traditional financial institutions. This vision gave rise to Hope Community Credit Union (HOPE).

HOPE grew steadily, expanding to include several faith-based and non-profit organizations that shared HOPE's community development mission. Yet, it remained too small to be self-sufficient.

By 2001, HOPE had reached a critical phase and needed stronger back office and management support than a volunteer staff could provide. At this same time, ECD was seeking a more substantial and consistent source of capital to address the growing demand for its lending programs. Recognizing that the two organizations could be of great benefit to each other and, more importantly, to families, individuals and businesses in the region, ECD became the primary sponsor of Hope Community Credit Union in 2002.

HOPE Membership 1995 - 2008



Improving Lives Through Innovation

The coming together of ECD and HOPE has taken the mission of each entity to an entirely new level. ECD/HOPE has always been committed to finding creative ways to bring economic growth to distressed communities, changing lives by changing the way financial services are developed, delivered and accessed.

In 2003, ECD used a federal New Markets Tax Credit (NMTC) allocation to secure \$15 million to invest as capital in HOPE. Each dollar of NMTC capital could support up to \$10 in additional deposits. This innovative use of tax credits helped HOPE become one of the nation's fastest growing credit unions.

Between 2004 and 2005, HOPE's assets grew from \$4 million to \$48 million, and its membership increased from 4,000 to more than 9,000. Mission-driven individuals and institutions from 49 states have deposited over \$60 million in HOPE to support development projects in the Mid South. After Hurricane Katrina devastated the region in 2005, HOPE extended a lifeline to thousands of homeowners and small businesses recovering from the nation's largest natural disaster by financing a range of recovery and rebuilding efforts across the Mississippi Coast and in New Orleans.

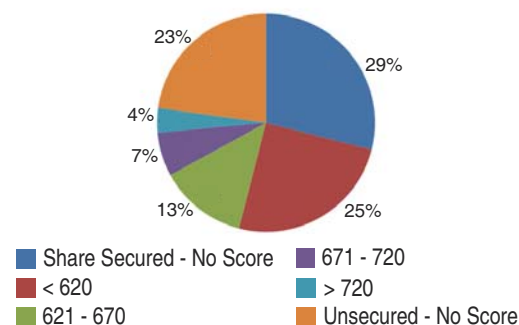
Expanding Our Reach and Impact

In the midst of the trying financial times that currently face our country, HOPE has continued on a steady path of growth. In November 2008, HOPE merged with College Station Community Federal Credit Union, preserving the legacy of this 40-year-old institution that served residents in underserved neighborhoods in the Greater Little Rock area.

In January 2009, HOPE merged with Memphis-based American Savings Credit Union (ASCU), a \$45 million credit union serving more than 18,000 members. Founded more than 50 years ago for employees of International Harvester, ASCU grew to serve the employees and families of more than 200 companies in Tennessee, Mississippi and Arkansas.

Today, HOPE is a \$120 million institution with 11 branches in Arkansas, Louisiana, Mississippi and Tennessee. From these locations, HOPE is providing quality, affordable financial services to more than 27,000 members.

2008 Consumer Loans by Credit Score



COMMUNITY & ECONOMIC DEVELOPMENT

Strengthening the region, one community at a time

ECD/HOPE's mission statement begins with the words, "Strengthen communities, build assets and improve lives..." For the past 15 years, ECD/HOPE has worked tirelessly to promote economic growth in the Mid South's most distressed communities and to help local residents achieve prosperity.

A Delta Success Story: The Emerging Markets Partnership

In 2001, ECD entered into the Emerging Markets Partnership (EMP), a comprehensive effort to stimulate economic development in the Delta region of Arkansas, Louisiana and Mississippi. An extension of the Mid South Delta Initiative, EMP was managed by ECD and underwritten by the W.K. Kellogg Foundation.

ECD forged alliances with public agencies, private enterprise and nonprofit organizations to pursue a lengthy list of ambitious goals in the areas of entrepreneurship, community infrastructure and workforce development. When EMP concluded in 2007, the partnership had made more than 80 investments in initiatives designed to increase economic opportunities for low- to moderate-income Delta residents.

The initial \$20 million Kellogg grant leveraged over \$125 million for development projects that supported more than 1,800 entrepreneurs and small businesses, assisted approximately 4,000 jobs, provided training opportunities for 9,700 individuals and created homeownership opportunities for 1,000 families. As importantly, because of EMP, more banks, nonprofits, government agencies and others began working together more effectively to foster development in the Delta.

Bringing Storm-Torn Communities Back to Life

The project management capacity gained during EMP enabled ECD/HOPE to quickly put recovery programs into action following Hurricane Katrina in 2005. ECD/HOPE's work proved to be a major factor in rebuilding New Orleans and the devastated communities of the Gulf Coast.

ECD/HOPE's Hurricane Katrina Relief Fund routed millions of dollars to community partners, providing food, shelter and clothing for hundreds of families in Louisiana and Mississippi.

A substantial number of the hurricane victims were low-income and lacked basic financial services. HOPE opened checking accounts for many of these individuals and issued free ATM cards to help them avoid high check-cashing fees. Through the Power of Hope initiative, the Foundation for the Mid South, Entergy Corporation and ECD/HOPE teamed up to provide \$4.2 million in grants to assist more than 4,000 individuals and families who suffered losses in Hurricanes Katrina and Rita. As HOPE members, grant recipients also gained access to affordable mortgages and other services.

Shortly after Katrina, working with Enterprise Community Partners and NeighborWorks America, ECD/HOPE formed Home Again as a subsidiary to develop affordable housing solutions along the coast. Funding from John and Renee Grisham, Home Depot Foundation, the Barksdale Foundation and others was used to build homes for 65 low-income families on the Mississippi Coast.

ECD/HOPE also made significant contributions to the success of the Mississippi Homeowner Grant Assistance Program. Contracted by the State to help residents develop and implement their recovery plans, ECD/HOPE opened four offices to deliver homeowner counseling services, enabling approximately 9,000 homeowners and their families to access over \$600 million in grants. ECD/HOPE is providing ongoing assistance to help homeowners address challenges such as rising insurance and construction costs, financing gaps, contractor fraud, predatory lending and other barriers to the rebuilding process.

Moving Forward - Collaboration and Recovery

In 2008, communities throughout the region experienced the most difficult economic hardships felt in generations. In response, ECD/HOPE is using the full range of its financial services and intermediary and policy capabilities to help low-wealth people and communities and other vulnerable populations weather the current economic crisis.

On the Mississippi Coast, ECD/HOPE is managing the counseling component of My Home My Coast, a partnership between the Gulf Coast Renaissance Corporation, large employers, banks, nonprofits and others to provide downpayment assistance grants, low-cost financing and homeownership counseling to offset the impact of the mortgage credit crisis, and to foster continued recovery on the coast. ECD/HOPE is one of several participating mortgage lenders for this program.

In New Orleans, ECD/HOPE has worked with the Greater New Orleans Foundation, NeighborWorks America and local housing groups to establish the New Orleans Housing Resource Center Network (HRCN). The HRCN will serve as a vital link connecting residents who need housing assistance to nonprofit assistance providers. Residents' housing needs will be assessed and then matched to the technical assistance provider with the expertise to assist in overcoming the residents' obstacles to housing recovery. ECD/HOPE will oversee the implementation and management of the HRCN.

Contracted by the State of Mississippi to support its Small Rental Assistance Program, ECD/HOPE provided financial counseling to applicants whose credit scores fell below the minimum established for the program. ECD/HOPE's assistance has enabled more than 100 applicants who were previously denied to be approved for funding.

Through initiatives such as these, ECD/HOPE is providing communities with the tools, strategies and resources needed for economic growth. When communities thrive economically, they create opportunities for the families and individuals who live there. And it is for them that ECD/HOPE exists.

Impact through Information and Advocacy

Since its inception, ECD/HOPE has grounded its work in rigorous data collection and analysis. Solid research of the region's social and economic trends informed ECD/HOPE's conceptual design, has shaped several strategic expansions and modifications over the years, and informs improvement efforts on an ongoing basis.

In addition to refining its own programs, ECD/HOPE has used lessons and data derived from its programs and research to advocate for greater and more effective use of resources in distressed communities.

In the early 1990s, ECD worked with White House officials on legislation that established the Community Development Financial Institutions (CDFI) Fund. ECD also helped secure passage of the New Markets Tax Credit Program (NMTC), a program designed to attract private investment into economically distressed areas, by hosting a visit by President Bill Clinton to generate support for the initiative and informing members of Congress about the potential benefits of the program in the Mid South. Later, ECD/HOPE secured guidance from the IRS in support of leveraged NMTC transactions – a structure now used by most program participants nationwide. In addition, ECD/HOPE was a leader in efforts to secure passage of both a special NMTC program for areas affected by Hurricanes Katrina and Rita and a state NMTC program in Mississippi.

A New Entity with a Vital Role

The devastation wrought by Hurricane Katrina, combined with the billions in relief funds that followed, prompted ECD to tap its program and data capabilities to form the Mississippi Economic Policy Center (MEPC) as a means to promote equity and accountability in the rebuilding process.

By providing timely, credible and accessible research and data, MEPC made vital contributions to hurricane recovery, informing advocacy efforts and influencing several related programs and policies.

Building on this work, and tapping ECD/HOPE's program expertise, MEPC has continued to provide data and analysis regarding predatory lending, affordable housing, workforce support, tax and budget issues and other matters that affect working families and distressed populations in the state.

A Key Perspective in a Time of Crisis

In the few short years of its existence, MEPC has become a valued source of information for policy makers, advocates, media and others. As the economic crisis has magnified the importance of its work, MEPC has published several timely publications, including:

- National Crisis Hits Home: Addressing Mississippi's Mortgage Foreclosures
- Pushed Back: The Devastating Effects of the Subprime Foreclosure Crisis in the Southeast and the Impact on African Americans
- Increasing the Weekly Maximum for Unemployment Insurance Benefits: Helping Unemployed Workers Quickly Return to the Workforce
- Aid for Mississippi through the American Recovery and Reinvestment Act

In addition, ECD/HOPE staff have advised Treasury officials on policy and program recommendations related to the impact of the current global financial crisis on the development finance industry and the communities it serves, as well as on the role CDFIs can play in supporting economic recovery.

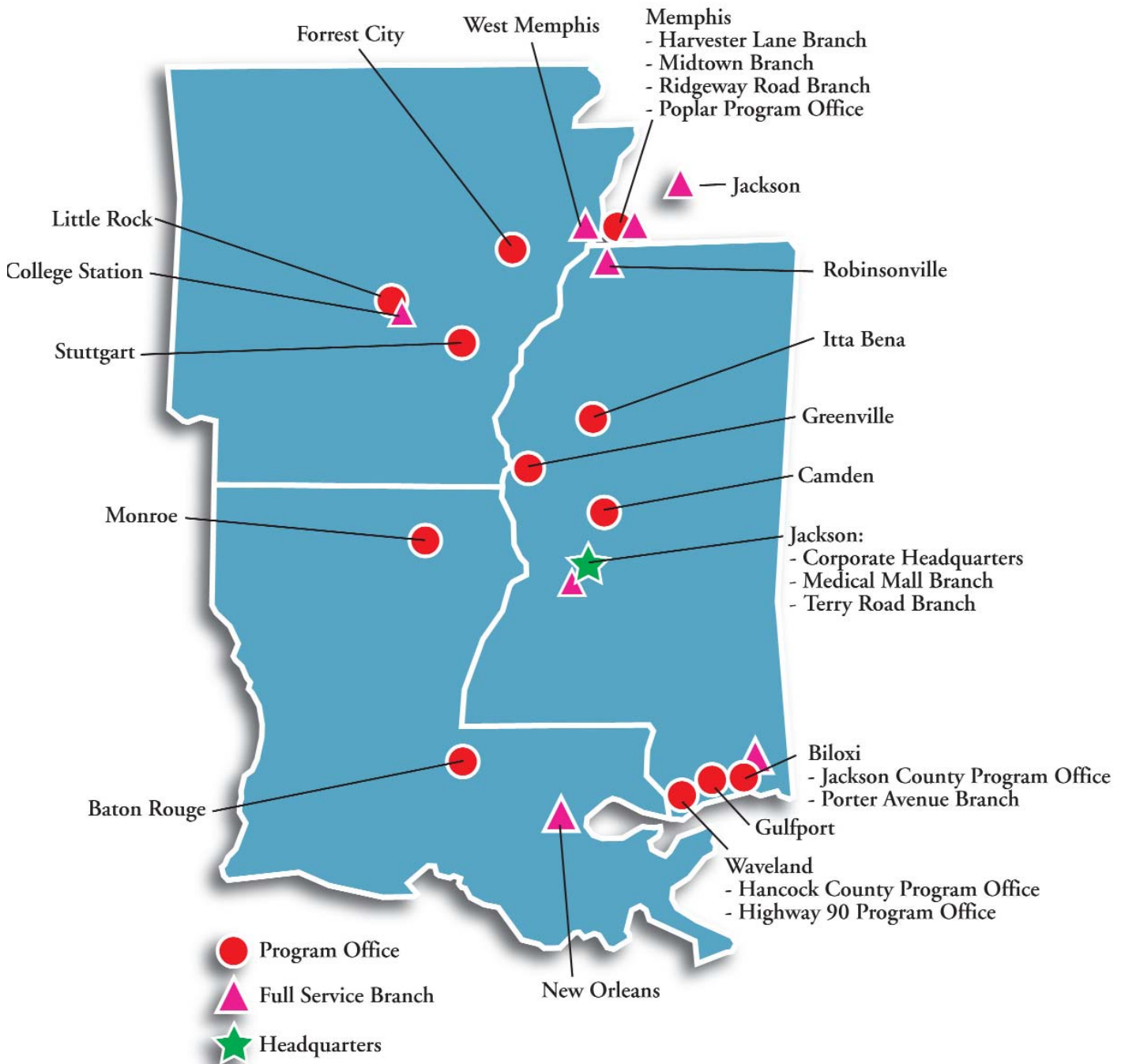
The combination of ECD/HOPE's asset development expertise and MEPC's capacity to generate timely, credible data and analysis provides an important resource for shaping programs and policies that will help thousands of vulnerable people achieve economic security.

Early Childhood Education: State Trails the Region and Stable Funding is the Critical Issue
-Clarion Ledger 9/07/08

Mortgage Meltdown – Should State Mortgage Laws be Stronger than Federal Minimums?
- Clarion Ledger 10/19/08

Unemployment Raising benefits will ultimately put more people to work
- Clarion Ledger 6/1/08

ECD/HOPE Service Area



ECD/HOPE Governance

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Herman Taylor

Jackson Heart Study

Neddie Winters

Mission Mississippi

Financial Highlights

ECD/HOPE

Consolidated and Combined Financial Highlights
For the Years Ended December 31

Results of Operations

Earned Revenues	
Operating Expenses	
Loan Loss Reserve Expense	
Change in Net Assets (Net Income/(Loss))	

Financial Position

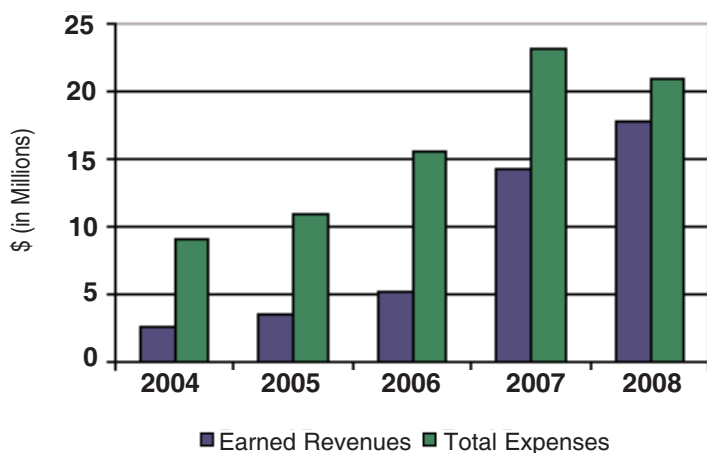
Total Assets	
Total Net Assets (Net Worth)	
Loans and Investments	
Total Debt	
Total Deposits	

Results of Activities

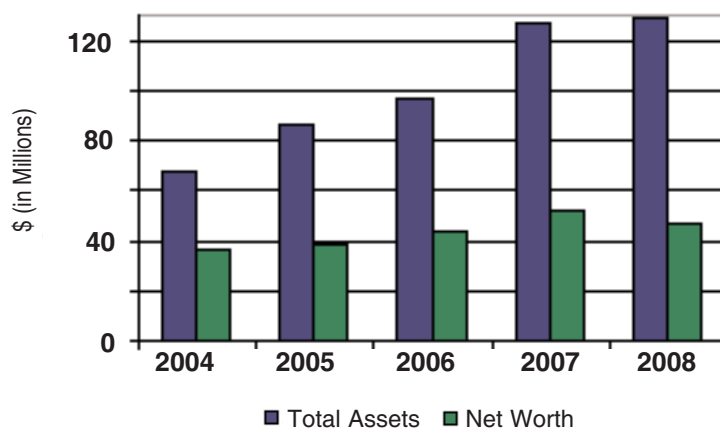
Total Loans Closed	
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2008	2007
\$ 17,711,951	\$14,254,628
21,057,531	23,144,340
1,102,502	1,418,966
(4,802,979)	(5,737,111)
\$129,215,687	\$126,851,623
47,114,439	52,129,433
83,799,433	63,335,571
35,623,297	29,563,430
46,477,950	45,158,759
41,857,889	32,835,072

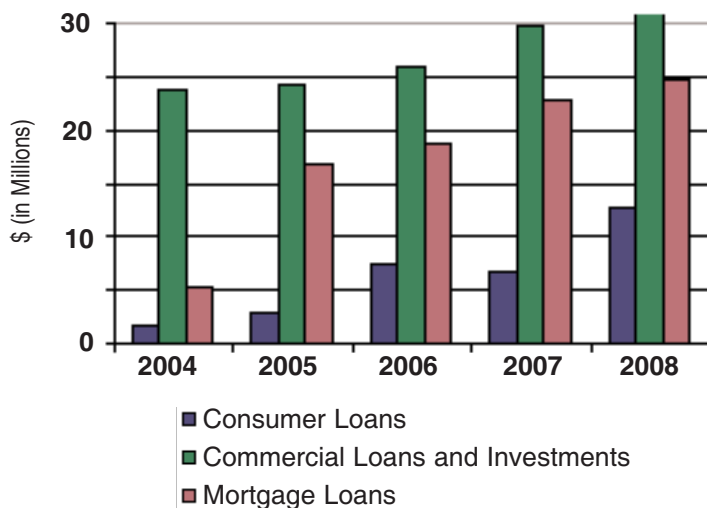
Earned Revenues and Total Expenses



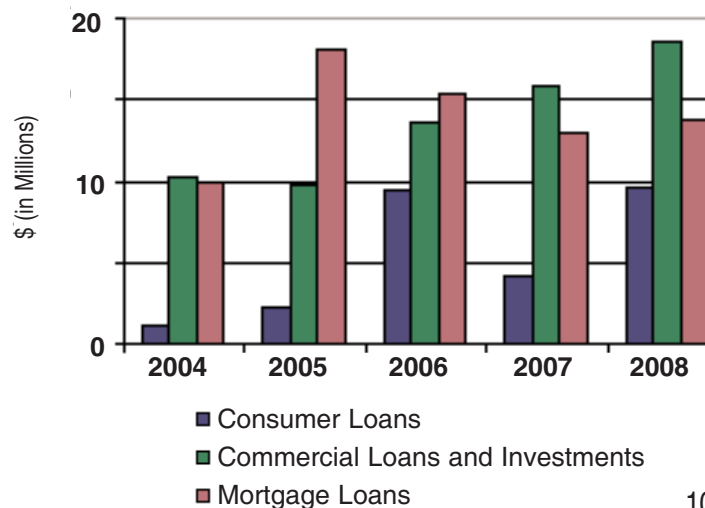
Total Assets and Net Worth



Loans and Investments Outstanding



Loans and Investments Closed



Financial Position

ECD/HOPE

Combined and Consolidated Statements of Financial Position As of December 31

	ECD Consolidated	HOPE	Eliminations	Combined 2008	Combined 2007
Assets					
Cash and cash equivalents	\$ 10,917,081	\$ 3,301,419	\$ (81,993)	\$ 14,136,507	\$ 27,896,178
Debt and other securities	17,201,330	12,662,673	(13,116,431)	16,747,572	18,185,413
Cash restricted for loans to be made by subsidiary	2,737,729			2,737,729	3,122,636
Grants and other receivables (Note 3)	8,196,173	247,567	(390,083)	8,053,657	11,532,639
Prepaid expenses	154,154	39,282		193,436	56,181
Other assets	136,383	499,198		635,581	397,403
Interest receivable		295,766		295,766	304,396
Consumer loans		12,833,764		12,833,764	6,864,072
Commercial loans (Note 4)	24,811,719	17,643,859		42,455,578	29,838,984
Residential mortgage loans	6,359,494	18,365,508		24,725,002	22,833,242
Allowance for loan losses (Note 5)	(1,943,000)	(1,203,208)		(3,146,208)	(2,413,063)
Loans, net	29,228,213	47,639,923		76,868,136	57,123,235
Foreclosed property	3,594,565	190,524		3,785,089	3,774,273
Investments in privately held companies: (Note 6)					
Preferred stock				-	25,000
Property and equipment, net	2,598,754	3,163,459		5,762,213	4,434,268
Total Assets	\$ 74,764,382	\$68,039,811	\$(13,588,506)	\$129,215,687	\$126,851,622
Liabilities					
Accounts payable	\$ 2,367,235	\$ 544,236	\$ (390,083)	\$ 2,521,388	\$ 948,081
Member deposits		46,559,943	(81,993)	46,477,950	45,158,759
Other liabilities	3,297,113	5,656,760		8,953,873	3,508,394
Short-term loans (Note 9)	1,000,000	1,115,076	(1,013,352)	1,101,724	1,201,725
Long-term loans (Note 9)	23,046,312	12,103,079	(12,103,079)	23,046,312	23,905,230
Total Liabilities	29,710,660	65,979,094	(13,588,506)	82,101,248	74,722,189
Net Assets and Equity					
Uninsured capital and reserves		2,060,717		2,060,717	2,151,613
Unrestricted net assets	23,556,674			23,556,674	17,027,185
Minority interest	17,709,319			17,709,319	17,651,164
Total unrestricted	41,265,993	2,060,717		43,326,710	26,469,962
Temporarily restricted	3,095,217			3,095,217	14,606,959
Permanently restricted	692,512			692,512	692,512
Total Net Assets	45,053,722	2,060,717		47,114,439	52,129,433
Total Liabilities and Net Assets	\$ 74,764,382	\$68,039,811	\$(13,588,506)	\$129,215,687	\$126,851,622

See accompanying notes to combined financial statements.

Financial Activity

ECD/HOPE

Combined and Consolidated Statements of Activity For the Years Ended December 31

	Temporarily Unrestricted	Permanently Restricted	Restricted	Combined 2008	Combined 2007
Revenues and gains:					
Grants and contributions	\$ 369,974	\$ 523,243		\$ 893,217	\$ 4,571,567
Program income	14,979,896			14,979,896	11,241,866
Investment income	2,732,055		-	2,732,055	3,012,762
	18,081,925	523,243	-	18,605,168	18,826,195
Net Assets Released from Restrictions:					
Satisfaction of program restrictions	9,909,985	(9,909,985)	-	-	-
Expiration of time restrictions	2,125,000	(2,125,000)	-	-	-
Total Revenues and Gains	30,116,910	(11,511,742)	-	18,605,168	18,826,195
Expenses:					
Program expenses:					
Commercial lending and assistance	5,035,351			5,035,351	5,685,378
Mortgage lending and assistance	6,069,365			6,069,365	4,225,606
Other programs	9,776,314			9,776,314	12,342,471
	20,881,030	-	-	20,881,030	22,253,455
Development and communications	176,501			176,501	826,578
General Administration	2,350,616			2,350,616	1,483,273
Total Expenses	23,408,147	-	-	23,408,147	24,563,306
Change in net assets before minority interests	6,708,763	(11,511,742)	-	(4,802,979)	(5,737,111)
Change in other comprehensive gains/losses	46,733			46,733	169,055
Minority interests in subsidiaries' losses	(316,903)			(316,903)	1,624,084
Change in net assets attributable to controlling interest	6,438,593	(11,511,742)	-	(5,073,149)	(3,943,972)
Net assets attributable to controlling interest:					
At beginning of year	19,178,798	14,606,959	692,512	34,478,269	38,422,241
At end of year	25,617,391	3,095,217	692,512	29,405,120	34,478,269
Net assets of minority interests	17,709,319			17,709,319	17,651,164
Net Assets and Equity at the End of Year	\$43,326,710	\$ 3,095,217	\$ 692,512	\$47,114,439	\$52,129,433

Cash Flow

ECD/HOPE Combined and Consolidated Statements of Cash Flow For the Years Ended December 31

Operating Activities	ECD	HOPE	Eliminations	2008	2007
Change in net assets attributable to controlling interests	\$(4,982,253)	\$ (90,896)		\$ (5,073,149)	\$(3,943,972)
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Minority interest in subsidiaries' losses	316,903			316,903	(1,624,084)
Depreciation	374,012	109,612		483,624	230,116
Donated property		-		-	(918,280)
Loss on disposal of property and equipment	(600)	3,184		2,584	31,447
Notes payable released as grant revenue			-	-	-
Loss/(Gain) on sale of loans held-for-sale		45,016		45,016	(99,779)
Provision for loan losses	658,265	444,237		1,102,502	1,418,966
Capitalization of secondary capital loan interest				-	-
Impairment loss from write-down of NCUSIF deposit	546,751	239,244		785,995	2,256,119
Realized and unrealized (gains)/losses on investments	26,837	(46,920)		(20,083)	(260,893)
Accretion of discounts on investments	(3,961)	(47,798)		(51,759)	(47,611)
Proceeds from sales of mortgage loans held-for-sale	854,663	7,794,081		8,648,744	8,203,237
Purchases and originations of mortgage loans held-for-sale	(101,786)	(13,671,654)		(13,773,440)	(12,708,143)
Principal collected on mortgage loans held-for-sale		1,293,903		1,293,903	1,207,769
Changes in operating assets and liabilities:					
Financial services contract revenue receivable	1,053,129			1,053,129	(3,502,324)
Grants receivable	2,358,499			2,358,499	2,461,208
Accrued interest receivable		8,630		8,630	(103,609)
Other receivables and prepaid expenses	(148,220)	463,634		315,414	(193,345)
Receivable from/payable to primary sponsor		212,027	(212,027)	-	-
Accounts payable and accrued expenses	580,443	179,187	212,027	971,657	771,057
Net cash used in operating activities	1,532,682	(3,064,513)	-	(1,531,831)	(6,822,121)
Investing activities					
Cash received in business acquisition		705,728		705,728	
Net (increase) decrease in loans held for investment	(10,575,792)	(7,806,508)		(18,382,300)	(5,766,466)
Loan to affiliate	-			-	(3,215,000)
Purchase of investments	(1,215,269)	(6,629,673)		(7,844,942)	(11,956,395)
Proceeds from maturities and sales of investments	1,186,609	6,500,000		7,686,609	14,202,030
Increase in restricted cash held in escrow	384,907			384,907	(85,046)
Investments in secondary capital of HOPE	67		-	67	-
Proceeds from sales of investment securities available-for-sale	-	1,617,696		1,617,696	108,300
Proceeds from sale of property and equipment	21,614			21,614	257,711
Proceeds from sales of foreclosed property	543,157			543,157	227,562
Proceeds from assumption of net liabilities of business acquired	-			-	261,132
Purchase of property and equipment	(841,725)	(875,902)		(1,717,627)	(1,626,403)
Purchase of restricted security investment		(233,500)		(233,500)	(1,600)
National Credit Union Insurance Fund deposit increase		42,682		42,682	(106,100)
Net change in interest-bearing accounts at corporate credit unions		75,567		75,567	(734,125)
Net cash used in investing activities	(10,496,432)	(6,603,910)	-	(17,100,342)	(8,434,400)
Financing activities					
Capital contributions by minority interests	-			-	14,500,000
Net increase in deposits and members' share accounts		183,209	294,061	477,270	9,714,042
Proceeds from secondary capital contributions		5,656,760	-	5,656,760	-
Cash dividends paid	(258,748)			(258,748)	(35,000)
Proceeds from borrowings under repurchase agreement	-			-	1,000,000
Long-term borrowings	-			-	7,906,205
Payments on long-term borrowings	(902,713)	(100,067)		(1,002,780)	(1,793,331)
Net cash provided by financing activities	(1,161,461)	5,739,902	294,061	4,872,502	31,291,916
Net increase (decrease) in cash and cash equivalents	(10,125,211)	(3,928,521)	294,061	(13,759,671)	16,035,395
Cash and cash equivalents at beginning of period	21,042,292	7,229,940	(376,054)	27,896,178	11,860,783
Cash and cash equivalents at end of period	\$10,917,081	\$ 3,301,419	\$ (81,993)	\$14,136,507	\$27,896,178

See accompanying notes to combined financial statements.

ECD/HOPE

Notes to Combined and Consolidated Financial Statements (Unaudited)

For the years ending December 31, 2008 and 2007

1. Basis of Presentation

The accompanying combined and consolidated financial statements include the consolidated financial statements of the Enterprise Corporation of the Delta (ECD) and the financial statements of Hope Community Credit Union (HOPE). ECD has received a ruling from the Internal Revenue Service for exemption from income taxes as a public charity under Internal Revenue Code Sections 501(c)(3) and 509(a)(2). HOPE is a credit union under Section 501(c)(14) of the Internal Revenue Code. All significant intercompany accounts and transactions have been eliminated in the combination and consolidation. The purpose of this presentation is to report ECD and HOPE as operating together to fulfill their mission. ECD is the primary sponsor of HOPE and encompasses the field of membership of HOPE. ECD and HOPE share staff and resources in operating terms. Separate audited financial statements of ECD and HOPE are available at www.ecd.org and www.hopecu.org.

Subsidiaries of ECD include ECD Investments, LLC (ECDI), ECD Investments BIDCO Corporation (BIDCO), ECD Associates, LLC (ECDA), ECD New Markets, LLC (ECDNM), Home Again, Inc. (Home Again), Mid-Delta Community and Individual Investment Corporation (MDCIIC), ECD First Commercial, LLC (ECD First) and ECD Plus, LLC (ECD Plus). ECDI, a Mississippi Limited Liability Company, was formed in 1997 as a for-profit subsidiary of ECD. ECD holds the controlling interest in ECDI through its ownership of all of ECDI's outstanding Class B units. Class A and C units of ECDI are available for investment by qualified institutional and individual investors. Investments made by qualified institutional and individual investors less accumulated losses are shown as minority interest in subsidiary. BIDCO is a wholly-owned subsidiary of ECDI. ECDI and BIDCO were created to extend ECD's commercial lending activities. ECDA, a Mississippi Limited Liability Company was formed in 2004 to raise capital to invest in ECDNM, a Mississippi Limited Liability Company formed in 2003. ECD is the managing member of ECDA and ECDNM. Units of ECDA are available for investment by qualified institutional and individual investors. Capital invested by ECDA in ECDNM is used to invest in HOPE. In return ECDA receives New Markets Tax Credits and cash over the investment periods which are distributed to investors in ECDA. Home Again, Inc. (Home Again) began operation in 2006 with ECD as primary sponsor. Home Again provides mortgage financing and recovery consultation services to eligible persons in the coastal region of Mississippi in the aftermath of Hurricane Katrina. MDCIIC was acquired by ECD in 2007 and is a Mississippi corporation that provides loans and technical assistance to small businesses in a six county service area in the delta region of Mississippi. ECD First and ECD Plus began operations in 2007 and are commercial loan funds in partnership with local banks.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's

conclusions about ECD/HOPE's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters. In 2008, changes were made to 2007 figures to conform to the 2008 audit presentation.

2. Cash and Marketable Securities

Cash and marketable securities are comprised of cash and cash equivalents and other securities held by ECD/HOPE in the ordinary course of business:

	2008	2007
Cash and cash equivalents	\$16,874,236	\$31,018,814
Debt and other securities	<u>16,747,572</u>	<u>18,185,413</u>
	\$33,621,808	\$49,204,227

3. Grants and Other Receivables

Unconditional grants are recognized as revenue in the period the commitment is received. Unconditional grants to be received over a period of time in excess of one year are recorded at fair value at the date of the grant based upon the present value of payments to be received. ECD/HOPE's management anticipates grants receivable at December 31, 2008 will be received and available for support of ECD/HOPE's programs as follows:

Annie E. Casey Foundation	300,000
Living Cities	150,000
The Open Society	150,000
The Ford Foundation	150,000
State of MS HOME Grant	20,960
Heron Foundation	250,000
LA Disaster Relief Foundation	35,876
Kellogg Foundation	300,000
NeighborWorks America	400,000
Mott Foundation	100,000
Contracts and other Receivables	6,227,410

Total Grants **\$ 8,084,246**

Less adjustment to reflect grants receivable at fair value at the date of grant (discounted cash flows based on 4 percent discount rate) (30,589)

Net Grants Receivable **\$8,053,657**

4. Loans

The composition of the loan portfolio is as follows:

	2008	2007
Consumer loans outstanding	\$12,833,764	\$ 6,864,072
Commercial loans outstanding	42,455,578	29,838,984
Residential mortgage loans outstanding	<u>24,725,002</u>	<u>22,833,242</u>
	<u>\$80,014,344</u>	<u>\$59,536,298</u>

Consumer loans are either uncollateralized or secured by vehicles or deposits.

Commercial loans are typically collateralized by property, equipment, inventories, and/or receivables with loan-to-value ratios from 50% to 100%. Commercial loans are typically

guaranteed by the principals of the borrower.

Commercial loan commitments are made to accommodate the financial needs of ECD/HOPE's customers. These arrangements have a credit risk essentially the same as that involved in extending loans to customers of commercial banks and are subject to ECD/HOPE's normal credit practices.

ECD/HOPE also originates and purchases residential mortgage loans. These loans are typically collateralized by residential real estate with a loan to value ratio of 97% or less. The majority of these loans are typically sold within three months of origination or purchase.

5. Allowance for Loan Losses

The allowance for loan losses is maintained at a level considered adequate by management to provide for probable loan losses related to specifically identified loans and for losses inherent in the loan portfolio that has been estimated as of the balance sheet date. Management's determination of the adequacy of the allowance is based on an evaluation of the portfolio, growth and composition of the loan portfolios, economic conditions and other relevant factors. The allowance is increased by provisions for loan losses charged to expense.

Transactions in the allowance for loan losses are summarized as follows:

	2008	2007
Balance at beginning of year	2,413,351	1,924,435
Provision charged to		
operating expenses	1,102,502	1,418,966
Loans and investments		
charged off and foreclosed	(369,645)	(930,050)
Balance at end of period	<u>\$ 3,146,208</u>	<u>\$ 2,413,351</u>

6. Investments in Privately Held Companies

ECD/HOPE made its first investments in privately held companies in 1998. These investments have generally been in the form of preferred stock or subordinated debt. Investments in privately-held companies are carried at the lower of cost or net realizable value. The Company regularly evaluates whether, in management's opinion, events or circumstances have occurred which may indicate that the carrying amount of the Company's investments in privately-held companies may not be recoverable based upon estimated future discounted cash flows from the investment. If some or all of the investment is determined to be unrecoverable, the asset is written down to the estimated net realizable value. The Company recognized impairment losses on privately-held company investments of \$25,000 and \$1,783,300 in 2008 and 2007, respectively.

7. Foreclosed Property

Foreclosed property consists of properties repossessed by the Company on foreclosed loans. These assets are stated at the lower of the outstanding loan amount (including accrued interest, if any) or fair value at the date acquired less estimated costs to sell. Losses arising from the acquisition of such property are charged against the allowance for loan losses. Declines in value resulting from disposition of such property are expensed as impairment loss on foreclosed property or loss on disposition of foreclosed property, as applicable.

8. Dividends Payable and Shares and Share Certificates

Dividends payable are dividends earned on share draft accounts, share accounts and share certificates by members of HOPE and not yet paid by HOPE. Share draft accounts are the credit union equivalent of bank checking accounts. Interest is earned on HOPE money market share draft accounts. Share accounts are the credit union equivalent of bank savings accounts and share certificates are the credit union equivalent of bank certificates of deposit. All share draft accounts, share accounts and share certificates are insured by the National Credit Union Administration up to \$250,000 per member.

9. Long-Term Debt

The maturities of long-term debt at December 31, 2008 are as follows:

2009	2,022,144
2010	3,972,678
2011	1,718,490
2012	2,042,000
2013	2,042,000
Thereafter	11,249,000
	<u>23,046,312</u>

10. Uninsured Capital and Reserves

The uninsured capital and reserves include only secondary capital investments made by investors in HOPE unrelated to ECD, accumulated reserves, and undivided earnings of HOPE.

Enterprise Corporation of the Delta

www.ecd.org

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Regional Offices

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Louisiana: Baton Rouge, Monroe, New Orleans

Mississippi: Biloxi, Camden, Greenville, Gulfport, Itta Bena, Jackson, Robinsonville, Waveland

Tennessee: Memphis, Jackson

