



Hope 

2016 Impact Report

OPPORTUNITY is

HOPE.

OPPORTUNITY *Comes in* MANY FORMS.

Opportunity can be an education that changes a child's destiny or medical care that saves a grandmother's life.

Opportunity can mean safety and security after a life of fear and uncertainty, or the promise of a fresh start after a mistake.

Opportunity can ride in on the back of a new truck or open the door to a new house and with it, a new family legacy.

Opportunity can overcome language barriers and seek out those small, forgotten corners where it is needed most.

Opportunity comes in many forms.

But what every opportunity has in common, what every opportunity inspires, what every opportunity brings, is hope.

Opportunity is *HOPE*.

Dear Friends,

Opportunity is foundational to a prosperous life. However, across the nation, millions live on society's margin because they lack basic opportunity structures. Things like a living wage, decent housing, quality education, nutritious food and good health care – what many take for granted – are sorely absent for vulnerable people and places throughout the United States.

These challenges are particularly debilitating in the Mid South Delta region, where for generations, residents have been entrenched in deep poverty.

That's why every day HOPE works to improve conditions in opportunity deserts, education deserts, health deserts, food deserts, job deserts, banking deserts – in a region that is home to one quarter of the nation's persistent poverty counties.

For 23 years, HOPE has demonstrated how vital capital is to advancing from poverty to prosperity. This is true for a small business, a health clinic, a housing development, a school, or a parent who simply needs reliable transportation. These and so many other elements combine to make a community viable. And at some point, all require capital, the kind HOPE delivers in the form of affordable, responsible financial services.

Through our credit union, loan fund and policy institute, HOPE has generated more than \$2.5 billion in capital that has improved conditions for more than one million people in Arkansas, Louisiana, Mississippi, and Tennessee.

This report highlights the impact of HOPE's work in 2016. In addition to the positive outcomes on lives, we are particularly pleased with the partnerships that contributed to these results. By connecting local communities with allies from government, philanthropy and business, our collective impact is multiplied far beyond what any of us could achieve working alone.

Thank you for your support, which makes our work possible. Together, we are creating a nation where every resident, every community has the opportunity to thrive.

Sincerely



William J. Bynum,
Chief Executive Officer

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2016 Impact Summary

30 LOCATIONS

26 Existing

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New locations on page 28.



Ernyce Smith, HOPE Mortgage Borrower



Bilingual Academy Memphis

34,000+

MEMBERS

6,325

NEW MEMBERS

13%
increase
in Membership
from 30,000 in 2015

11,118

MOBILE USERS

98% *increase*
from **5,618** in 2015

\$60,022,787

TOTAL LENDING

93%

increase

in Lending from
\$31,066,407 in 2015

1,972

CONSUMER LOANS

\$7,604,233 TOTAL LENDING

24%

increase

in Consumer Lending
from \$6,156,982 in 2015

135

MORTGAGE LOANS

\$17,076,086 TOTAL LENDING

56%

increase

in Mortgage Lending
from \$10,931,510 in 2015

41

BUSINESS LOANS

\$35,342,468 TOTAL LENDING

153%

increase

in Business Lending
from \$13,977,915 in 2015



R.L. Barrett

OPPORTUNITY ISN'T A THING OF *the past*

SHAW, MS

HOPE
serves
NEARLY

1/2

of the
DELTA CLUSTER
HOUSEHOLDS

R. L. Barrett remembers when Shaw, Mississippi, was a bustling center of activity, its streets lined with grocery stores, clothing shops, a movie theater, and blues clubs showcasing the Delta's original music.

"We don't have any industry in Shaw now," Barrett says, pointing to the shuttered storefronts. "They tell me to keep the barbershop open all the time so this town won't look like it's closed down."

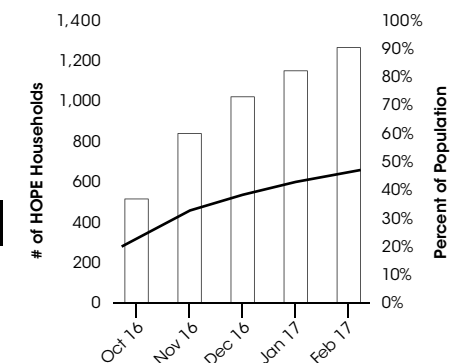
As Shaw's businesses began dying, hope in the town seemed to die along with them. When the doors of the town's only bank closed, Shaw residents had no place where they could save for the future, cash a check or even get change. It appeared the final blow had fallen upon the once vibrant, now fast-fading community. Then, Hope Credit Union opened in Shaw.

"Hope Credit Union saved us," Barrett says. "It's really helped the town better than anything we have had here in the last 10 or 15 years."

"It seems like everybody just wants to come consume, they don't want to give anything. But HOPE has really embraced these people, and they try to work for the best of the community. That's why I'm a member of HOPE."

Hope Credit Union did more than just bring financial services to Shaw. With HOPE came renewed optimism and the promise of a brighter future.

"Like a preacher told me, there's hope for the hopeless," Barrett says with a smile. "So I like that name, Hope."





Atilio García is a hard-working entrepreneur, the owner of an office cleaning service and of Oasis, a lively cantina in Little Rock, Arkansas. García is pursuing the American dream, but when it comes to business transactions, he is still more comfortable speaking in his native Spanish. That's why when García needed a commercial loan to purchase the property adjacent to his cantina for expansion, he turned to Hope Credit Union for assistance.

"Southwest Little Rock has a large Hispanic population," says Mike Ramirez, manager of HOPE's Little Rock branch and a native of Mexico. "We have bilingual staff members who speak their language and understand the unique challenges our Hispanic customers face. Our mission is to reach out to all underserved residents and help them be successful."

García was approved for the business loan he needed, and as a result, is continuing to grow his businesses and his own investment in the Little Rock community.

"I was attracted to HOPE because of their Hispanic program," García says. "I felt very comfortable working with Mike Ramirez because we could discuss the loan in Spanish. When you work through an interpreter, it's not the same as speaking with someone directly, especially when you're discussing important financial matters. I would definitely recommend HOPE to my Spanish-speaking friends who are also in business. HOPE not only took care of everything for my loan, they showed me that they care about us."

ARKANSAS
has the
6th
fastest
HISPANIC
GROWTH RATE
in the United States.

OPORTUNIDADES SIN BARRERAS

OPPORTUNITY *without* BARRIERS
LITTLE ROCK, AR

Una oportunidad
en cualquier
idioma

Opportunity IN ANY LANGUAGE

MEMPHIS, TN

41%
BUSINESS
LOANS
made to

Minority- &
Women-owned
Businesses

Kim Palmer has a background in education, but the idea of a daycare center that would teach little ones a second language actually came from her son.

"My son has godparents from Chile and Costa Rica who taught him Spanish at an early age," Palmer says. "I saw the need for everyday people to be able to afford for their children to learn a second language."

In 2005, Palmer opened Bilingual Academy Memphis (BAM), a Spanish-immersion care center for infants, toddlers, and preschoolers. Children participate in activities typically found in a daycare center, but the BAM staff speaks to them in English and in Spanish throughout the day. The children learn Spanish organically, many quickly becoming fluent with very little effort.

"Our parents love the thought of their children being bilingual," Palmer says. "And studies have shown learning a second language at this early age increases children's ability to learn in other areas."

Like most small business owners, Palmer has faced her share of challenges. She originally leased the building that houses BAM, but when the steadily rising rent made keeping costs in line difficult, Palmer turned to Hope Credit Union for a commercial loan to buy the property.

"HOPE provided us with the funds to buy the land and the building, so we're no longer paying rent that can be increased. We have an affordable rate and a greater investment in our business."

As a result of HOPE's help, Palmer is better able to enjoy the rewards of being a small business owner, including investing in the community and the families BAM serves.

"This community loves BAM and they appreciate us being here. One of the advantages of being a small business owner is having the ability to put your personal heart and soul into it. When you aren't limited, your clients can see the creativity you want to express and share with them."



BAM Teacher & Students

When the owner of Sweet Stuff bakery in Biloxi, Mississippi, offered employees Renee Brown and Stephanie Bock the chance to buy the bakery, the two women saw it as a golden opportunity to become small business owners. There was just one catch: Brown and Bock had to come up with the financing.

"We were working women, and we didn't have the collateral that a lot of these other, bigger companies have," Brown says. "All we had was our knowledge and our 'want to do.' That's all we had."

But when Brown and Bock turned to Hope Credit Union for a small business loan, they found that their knowledge and their "want to do" was more than enough. Today, Brown and Bock are the proud owners of Sweet Stuff. The women employ nine individuals, many of them women who are able to support their families thanks to Brown and Bock's determination and the help they received from HOPE.

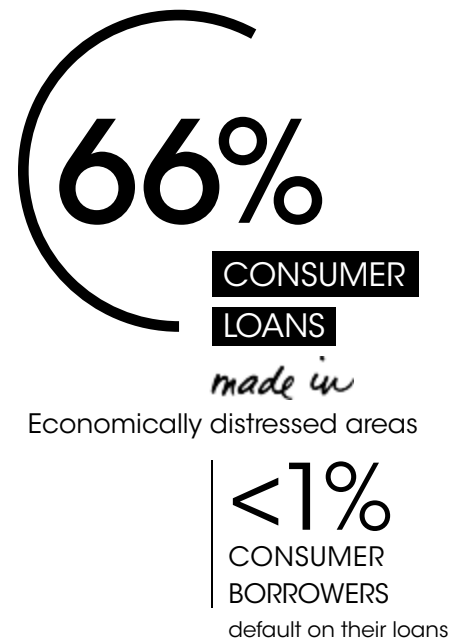
"We wouldn't have this bakery if HOPE hadn't taken the chance on us," Brown says. "Opportunity is having the chance to show that what you dreamed to do can come true. A lot of people have good talents they'd like to be able to start a business with, but other banks aren't willing to say okay. But with HOPE, they're there. They're reaching out to women and to minorities who deserve a chance to do something with their lives. HOPE gives people that chance."

THE *Sweet Taste* OF OPPORTUNITY BILOXI, MS



Sweet Stuff Owners, Renee Brown & Stephanie Bock

17,500
JOBS
SAVED/
CREATED
through
HOPE
Business
Lending
since
inception



THE OPPORTUNITY TO BUILD A *Family* NEW ORLEANS, LA

Growing up in a series of foster homes, the one thing Sharon Denson longed for most was a family. Decades later, when Denson's daughter became too ill to care for her three young sons, Denson was desperate to move the boys from Mississippi to New Orleans, where she could care for them herself.

Short on cash but long on love, Denson turned to Hope Credit Union for help bringing her grandsons to their new home.

"At HOPE, they connect with you. They're more into your life, like a family," Denson says. "So, I went to HOPE and I told the loan representative, 'My daughter is very ill and I need to get my grandkids here from Mississippi.'"

The loan representative checked Denson's credit, then asked her, "Do you want to get those kids?"

"I told her I sure did," Denson recalls. "Then she said, 'Well guess what, we're going to get those [train] tickets,' and I just started crying. HOPE brought me my grandkids."

Five years later, Denson is planning to put the lessons she learned from raising her grandsons to work for others. Her goal is to start a learning center for children in her community.

"My opportunity is opening doors for others," Denson says. "When I think of 'family,' it's not just my grandkids or my children or my cousins. My family is the people in my life, and they are bringing me towards my opportunities. And HOPE...HOPE is my family."



THE OPPORTUNITY TO *Dream* LOUISVILLE, MS

When Corey and Paulina Long decided it was time for a new truck, they turned to Hope Credit Union.

"Our old bank made it feel like a chore when they had to help you," Corey, a welder/fitter with Taylor Machine Works, says. "HOPE made us feel like family from the first time we walked in the door four years ago. They explain anything you need explained, and you feel like they'd do anything they could for you. They're just beautiful people, inside and out, and they love what they're doing. When we needed a loan, we didn't even think about going anywhere else."

The Longs' new truck does more than just provide transportation for Corey and Paulina. It's given them a place to dream.

"Corey and I like to ride the back roads," Paulina explains. "We like to look up at the sky on a clear night," Corey says. "We find a good, dark spot way out with no lights, no town, where all you've got is the stars to look at. We lay in the back of the truck and just talk."

Corey and Paulina talk about their plans for the future, which include owning a home, and their goals for their five-year-old daughter, Alivia, who wants to be a doctor when she grows up.

"Opportunity means having dreams and goals," Corey says. "If you don't have goals, you don't have dreams, and if you don't have dreams, you'll never go anywhere. Has HOPE helped us set our goals? Certainly. Definitely."

42% CONSUMER LOAN
BORROWERS
have credit scores
<600 compared to
22% nationwide.

Opportunity IN A NEW LAND

BILOXI, MS

Hyacinth Campbell's calm demeanor and lyrical voice seem at odds with the struggles she's faced. Campbell emigrated from Jamaica to Mississippi, where she found work in the housekeeping department of a resort hotel. Campbell trusted Hope Credit Union with her first checking account in her new country. When her husband died unexpectedly and HOPE loaned Campbell the money she needed to pay for his funeral expenses, she came to think of HOPE as more than just a credit union.



Hyacinth Campbell

"I appreciate and I love this credit union from the depths of my heart," Campbell says. "I am a stranger coming into this country, and they assisted me. I didn't have any money at this time because I had just started working, but they assisted me. It was more than a blessing. All I could say was, 'Thanks be to God.'"

Today, Campbell is looking forward to the day when HOPE will help her with her first mortgage loan. For Campbell, HOPE has come to symbolize the opportunity and promise of her new life in the United States. "From the day I came to this credit union, it has been good to me," she says. "I would tell anyone, if you want a credit union to join, I have the best one. HOPE shows you what you can do and what you can achieve. This is where I have come to try and make my life. And as long as I make my life in Mississippi, I will make my life here, and I know that HOPE will help me very much. I really love it."

37% HOPE members
UNBANKED
before they joined HOPE

THE OPPORTUNITY FOR A SECOND *Chance* MEMPHIS, TN



Glenn Claiborne

"I was recently released after doing 20 years in prison. I was looking for a chance and an opportunity," Glenn Claiborne says. "But you know, so many times after being incarcerated you get to feel like you don't matter."

But when Claiborne enrolled in classes offered by Hope Credit Union and Economic Opportunity (an organization that equips those who have been incarcerated with the skills they need to find employment), he saw that he did matter. Economic Opportunity helped Claiborne find a job as a supervisor with Barnhart Crane and Rigging, while HOPE helped Claiborne learn to manage his finances.

"HOPE helped with teaching us about savings and checking accounts, which is a big deal because most guys like myself who have been incarcerated, we've never had bank accounts of any fashion," Claiborne says. "A lot of us have never had a paycheck."

In HOPE, Claiborne also found a group of people who believed in and supported his efforts to make a fresh start.

"At HOPE, I'm not a number. I know the tellers by name, and they know me by name. It makes me feel like I'm important and I matter."

"If you want to go where you matter and where somebody is going to help you, you need to go to HOPE," Claiborne continues. "HOPE makes me feel like I belong, like they know me. Not where I've been or what I've done, but the Glenn they see today."

\$244,150

SAVED BY MEMBERS
avoiding high-cost
financial services
in 2016.

76%

MORTGAGE

BORROWERS *were*

First-time Homeowners

73%

HOPE
MORTGAGES

made to

People of Color



Nick Wallace & Daughter

Nick Wallace is the executive chef at the Mississippi Museum of Art, but for Wallace, food is more than just a career. It's a way he can give back to his community. Wallace is a partner in Up in Farms, a program that helps small local farmers sell their produce to restaurants, grocery stores and schools. He is also the founder of Creativity Kitchen, a hands-on program that teaches Jackson Public School students about healthy eating and finds Wallace developing innovative, appealing menus for public school lunches.

Wallace has always been focused on the bigger picture. After graduating from culinary programs at Hinds Community College and Marriott International, he turned down job offers in Alaska and the Virgin Islands to remain in Mississippi, explaining, "I wanted to stay here and establish a foundation, create a new sense of place." A home loan from Hope Credit Union meant more to Wallace than just buying a first home for himself and his family. It meant the beginning of a new family legacy.

AN OPPORTUNITY

"The majority of the men in my family didn't make it past age 42," Wallace says. "They died of alcoholism, high blood pressure, and unhealthy lifestyles. No one in my family had ever owned a business or a house. That is our family's past.

"When I made the first mortgage payment, that's when it got real," Wallace continues. "It was a good moment. I had been immature in my past, but I had learned to take responsibility and to make sacrifices. Making that payment, I thought, 'This is the world I live in now. Somebody's taking charge. I am.' This summer, we'll have our first extended family reunion in this house. We never had a place to do that before. Buying this house felt like relighting the pilot light for my family. HOPE didn't just give me a mortgage loan. HOPE helped me create a new family legacy."

TO *Relight*
THE PILOT JACKSON, MS

AN OPPORTUNITY TO BE *Safe*

Joey Pease is a recovering alcoholic who also suffers from crippling post-traumatic stress disorder and has been legally disabled for a decade. Pease's limited disability income made decent housing seem like an out-of-reach dream, but when his throat was slit during a robbery in the rundown apartment complex where he was living, he knew his life depended on finding a safe home.

Pease found that home in Riverside Park, an apartment complex renovated with financing from Hope Credit Union.

"I hate to speak bad of a place, but before they renovated it, Riverside Park was a hellhole," Pease says. "The difference is night and day, like two different properties. This place is warm and welcoming, more like a home than an apartment complex."



Joey Pease, Riverside Park Resident

WEST MEMPHIS, AR

2,272
RESIDENTS HOUSED IN
HOPE Financed
Developments in 2016

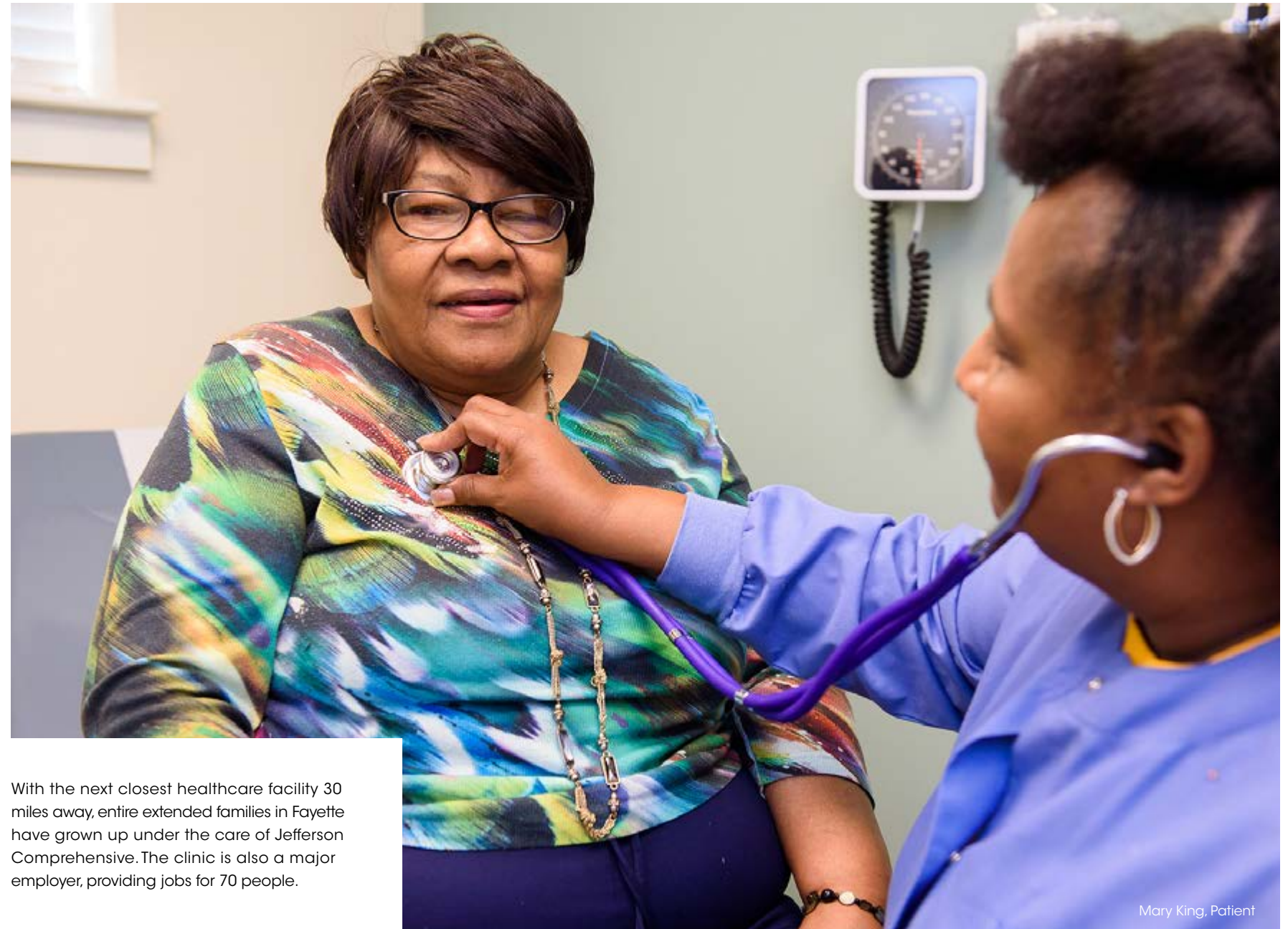
A Healthy OPPORTUNITY

Fayette, Mississippi, was once a small-but-booming town, home to factories that provided well-paying jobs and a Main Street lined with small businesses. Over the years, that bustling sense of energy has faded. Today, Fayette feels much more small than booming.

A bright spot in the town is Jefferson Comprehensive Health Center, a primary care facility that serves a community desperately in need of affordable health care. Shirley Ellis-Stamper has been with Jefferson Comprehensive since its opening in 1971, working her way up from secretary to CEO, a position she's held for more than 25 years.

"We treat 9,000 people every year. More than half of those people are uninsured, low-income or indigent, and some of them are very sick," says Ellis-Stamper.

"If we weren't here, a lot of those people would not have any kind of health care. We have assistance programs in place to help as many as we can. Jefferson Comprehensive is very much needed here in this little town."



With the next closest healthcare facility 30 miles away, entire extended families in Fayette have grown up under the care of Jefferson Comprehensive. The clinic is also a major employer, providing jobs for 70 people.

Mary King, Patient

Recognizing the key role Jefferson Comprehensive plays in sustaining Fayette both medically and economically, HOPE provided a \$500,000 loan to help fund the construction of a new primary care clinic. HOPE was the only lender willing to provide what was regarded as a small capital investment – a “small” investment that will allow Jefferson Comprehensive to treat an additional 1,000 patients each year.

“I’ve lived in Fayette for 35 years, and this is the first new building I’ve seen here in all of that time,” says Patricia West, an elementary school guidance counselor and Jefferson Comprehensive client. “Our community is so proud of this facility. We know we will be cared for and cared about, right here in our community.”

“This is so important, to have a state-of-the-art healthcare facility right here in Fayette,” says kindergarten teacher J. L. Hammitte. “Jefferson Comprehensive is one of the pillars of our community.”

Many residents see the new clinic as a sign of optimism that goes beyond just health care. “It’s nice to know Jefferson Comprehensive is improving. That makes all of us in Fayette feel like we’re stepping up, not standing still or falling back,” says longtime client Mary King. “We need more opportunities for young people in our community. Opportunities to grow, to better themselves, and to become somebody. This new clinic could be the beginning of those opportunities.”

FAYETTE, MS



80,437
PATIENTS SERVED BY
HOPE Financed
Healthcare Providers in 2016

1,500

STUDENTS SERVED BY

HOPE Financed
Schools in 2016

85%

RECEIVE
Free &
Reduced-
Price Lunch



Betty Carter & Granddaughter, Londyn McShan

THE OPPORTUNITY TO *Learn*

KIPP Delta, a network of charter schools offering a free college-prep education to children in the Arkansas Delta, opened its doors in 2002, beginning as a single school with 65 5th grade students. Fourteen years later, KIPP Delta has grown into a network of six schools, enrolling more than 1,400 pre-K through 12th grade students. On average, 93 percent of KIPP graduates attend college.

With such impressive results, it's little wonder KIPP Delta schools have a waiting list of more than 1,300 students. When KIPP Delta needed help financing the renovation of a vacant building into a vibrant new elementary school, HOPE provided \$2 million in financing to the \$6.5 million project.

"Thanks to HOPE, 450 students will have a new school," says Scott Shirey, founder and executive director of KIPP Delta. "Only 10 percent of kids living in high-poverty areas graduate from college. Our mission is to get those students to and through college, and we appreciate HOPE's help in that mission."

One of the students who will benefit from the renovated Beech Crest Elementary School is current pre-K student Londyn McShan.

"Londyn loves school," says her grandmother, longtime Helena resident Betty Carter. "I've lived


in this area for years, but my children didn't have an opportunity like KIPP. They attended public school, and I can see the difference. The teachers at KIPP are called to teach. They give and give to the children. At KIPP, I see loving discipline and order in the classroom. I also see the people who teach and lead at KIPP volunteering and involved in other things here. They care about our community."

Carter believes that KIPP Delta can change the future not only of its students, but also of the communities it serves.

"My hope for Londyn is that she'll be prepared for college and become a productive person in our community, or in any community where she chooses to live. If she's well educated, she has a better chance to do that," Carter says. "My hope for KIPP is to see it continue to expand and bring in good teachers who love our kids. From my heart, I love KIPP. It's so needed in this community. KIPP is bettering our kids, making them more educated and disciplined. And with better-educated and disciplined kids comes a better-educated and disciplined community."

"I also want to say thank you to HOPE for choosing KIPP. They will meet all of your expectations and make you proud. There is no better place to put your money."

HELENA, AR

An aerial photograph of a rural town. In the foreground, there are several buildings, including a large brick building with a gabled roof. A paved road runs through the center. In the background, there are green fields, a water tower, and some industrial structures. The sky is blue with scattered clouds.

No single entity can solve the multilayered set of challenges that confront vulnerable residents across the Mid South. That's why in addition to making equity and collaboration priorities in its own programmatic activities, HOPE works to ensure that these principles are reflected in government policy, in the allocation of public resources, and in the practices of institutions that affect the lives of those we serve.

Towards this end, in 2016 HOPE helped to spearhead a public-private-philanthropic partnership that will inject more than \$400 million into America's most impoverished communities; focused attention on abusive financial practices in the Mid South and worked to shape federal payday lending rules; and made sure that voices from the Delta were included in a national effort to increase mobility from poverty.

OPPORTUNITY is

for All.

Community Facilities Re-lending Program / Uplift America

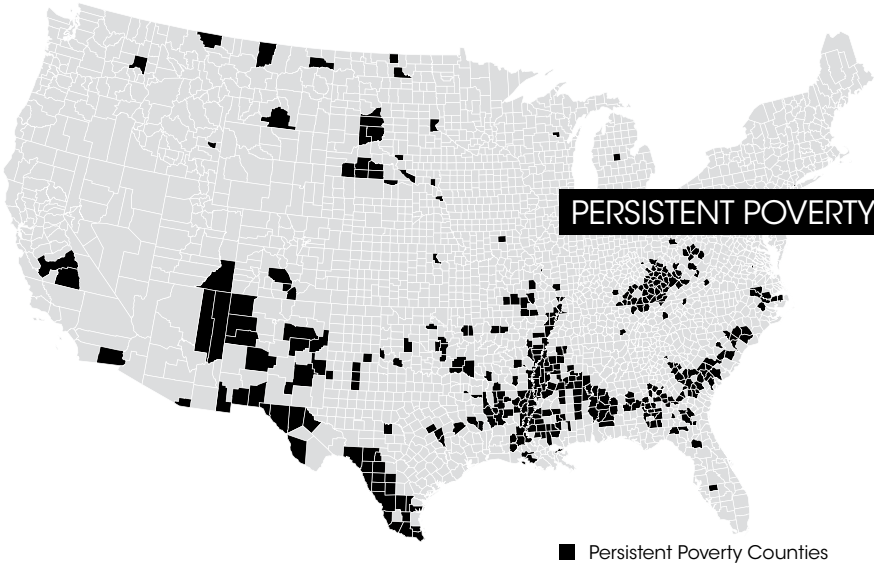
In September 2016, a Congressman and representatives of two U.S. Senators, the U.S. Undersecretary for Rural Development, the Federal Co-Chair of the Delta Regional Authority, along with leaders from national banks and foundations, as well as other dignitaries converged in the small town of Fayette, Mississippi to announce HOPE as one of the 26 groups approved to participate in the new USDA Community Facilities Re-lending Program. Through this program, 26 community development financial institutions (CDFIs) and other lenders have access to more than \$400 million in low-cost capital to finance hospitals, schools, food hubs, and other nonprofit and municipal facilities. The announcement capped two years of advocacy by HOPE and a small coalition of organizations from Appalachia, the Colonias, and Indian Country that had been working to increase investment in persistent poverty counties.

The formulation of the program was not without challenges. Because the CDFIs would be re-lending taxpayer funds, they needed to insulate the government from loan losses early in the program. Additionally, the CDFIs needed to increase their capacity to absorb and deploy these new resources.

To overcome the first challenge, CDFI leaders and the USDA secured a \$100 million credit facility from Bank of America to guarantee repayment during the first five years of the program. The same partners overcame the second challenge by convincing philanthropic organizations to create the Uplift America Fund. Managed by the Mary Reynolds Babcock Foundation, the Uplift America Fund aggregated \$24 million from several foundations to make grants designed to bolster the ability of CDFIs to undertake the new program.



The racially and geographically diverse nature of the coalition of development organizations that came together to lead this effort is noteworthy. Collectively, coalition members bring a high level of political and reputational strength that benefits policy makers, funders, bankers and other stakeholders. Moreover, the USDA Community Facilities Re-lending Program/Uplift America Fund illustrates the power of collective action and advocacy.



PERSISTENT POVERTY COUNTIES *lie in*

Appalachia, the Mississippi Delta, the U.S./Mexico border counties of Texas, and the Indian Country of the Southwest and the Dakotas. Home to white, black, Hispanic, and Native American residents, these counties are a microcosm of an increasingly diverse America.

**Consumer Protection Meetings
in Little Rock and Memphis**

The Mid South states have the nation’s highest rates of underbanked households, those that rely on predatory financial products and services. At the same time, the Mid South states are home to some of the nation’s weakest consumer protection laws.

In June, the Consumer Financial Protection Bureau’s (CFPB) Community Advisory Board met in Little Rock, Arkansas, where during a public hearing the board and the Bureau’s senior leadership heard from local advocates about the rise in predatory auto lending. While the CFPB representatives were in Little Rock, HOPE facilitated visits to several area Civil Rights locations, including historic Central High School. The Little Rock events were followed by a Town Hall meeting in Memphis hosted by HOPE.

During the Town Hall discussion, CFPB Director Richard Cordray discussed the Bureau’s proposal for the first-ever rules to govern payday lenders and small dollar loans, and heard several participants speak passionately about the need for greater consumer protections.

US Partnership on Mobility from Poverty

The US Partnership on Mobility from Poverty is a collaborative effort aimed at discovering permanent ladders of mobility to help people climb out of poverty. Funded by the Bill & Melinda Gates Foundation, and managed by the Urban Institute, the Partnership consists of 24 leading experts, advocates, and academics from across the country, including HOPE CEO Bill Bynum.

The group is working to identify breakthrough solutions that can be put into action by philanthropic organizations, practitioners, and the public and private sectors.

In October, HOPE hosted the Partnership in the Mississippi Delta, where group members ate lunch with residents of Moorhead, Mississippi, and later participated in a roundtable discussion with area experts in issues such as health, education, housing and banking. As a result of this discussion, Partnership members walked away from the experience with a greater appreciation of the unique factors that affect economic mobility in rural communities in the Deep South.



Chief Terry Tyler, Drew, MS



U.S. Partnership on Mobility from Poverty Meets with Moorhead Residents

GOVERNANCE

BOARDS OF DIRECTORS

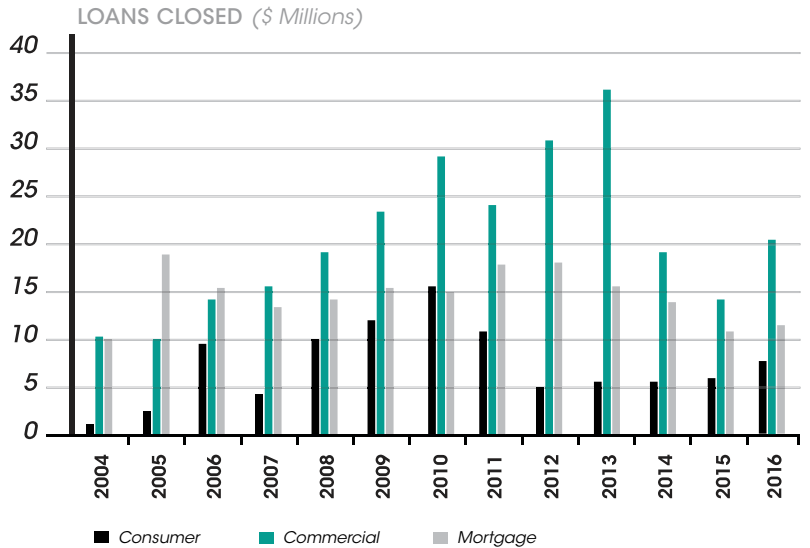
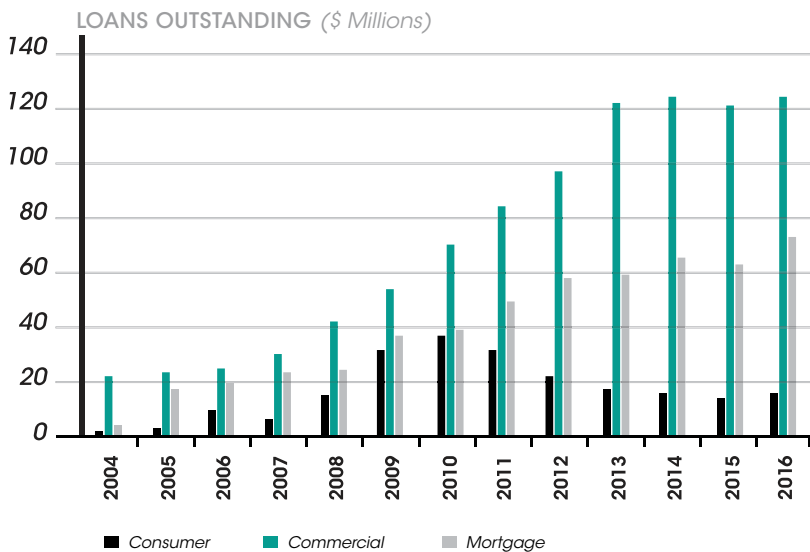
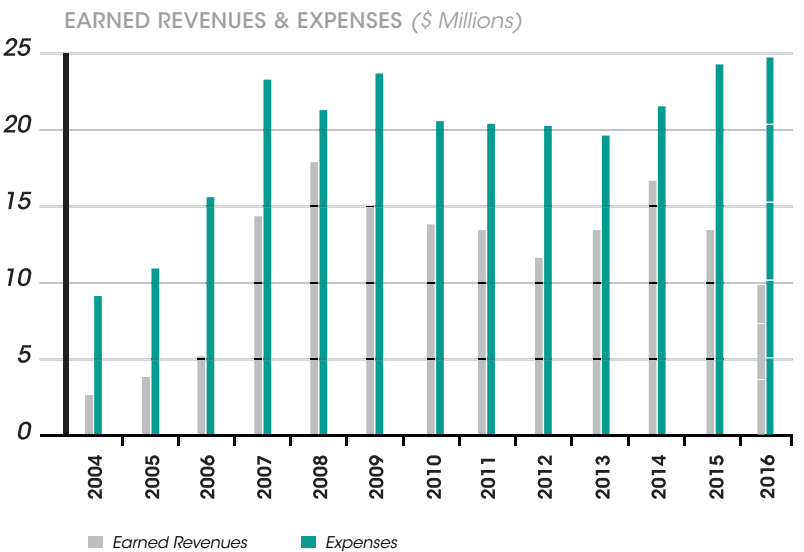
HOPE ENTERPRISE CORPORATION

IVYE ALLEN	<i>Foundation for the Mid South (Jackson, MS)</i>
CLAIBORNE BARKSDALE	<i>Attorney & Educator (Oxford, MS)</i>
KIM BOYLE	<i>Phelps Dunbar, LLP (New Orleans, LA)</i>
BILL BYNUM	<i>HOPE (Jackson, MS)</i>
SUSANNAH CARRIER	<i>Silver Lake Partners (New York, NY)</i>
HODDING CARTER, III	<i>Retired Statesman, Educator & Journalist (Chapel Hill, NC)</i>
RONNIE C. CRUDUP	<i>New Horizon Church International (Jackson, MS)</i>
MIKE ESPY	<i>Mike Espy, PLLC/AE Agritrade (Jackson, MS)</i>
ROBERT L. GIBBS	<i>Gibbs Travis, PLLC (Jackson, MS)</i>
MAURICE JONES	<i>LISC (New York, NY)</i>
BLANCHE LINCOLN	<i>Lincoln Policy Group (Washington, D.C.)</i>
FRED MILLER	<i>Retired Banker (Anguilla, MS)</i>
MARTHA W. MURPHY	<i>Murphy Family Limited Investment Partnership (San Francisco, CA)</i>
JEFFREY NOLAN	<i>Loutre Land and Timber Company (Little Rock, AR)</i>
GRIFFIN NORQUIST	<i>Retired Banker (Yazoo City, MS)</i>
WILLIAM A. PERCY	<i>Retired Businessman (Greenville, MS)</i>
WILLIAM F. WINTER	<i>Former Governor of Mississippi (Emeritus) (Jackson, MS)</i>
H. ALEXANDER WISE	<i>Retired Nonprofit Executive</i>

HOPE FEDERAL CREDIT UNION

IVYE ALLEN	<i>Foundation for the Mid South (Jackson, MS)</i>
JAMES BROOKS	<i>Retired Educator (Emeritus) (Jackson, MS)</i>
BILL BYNUM	<i>HOPE (Jackson, MS)</i>
RICHARD CAMPBELL	<i>HOPE (Jackson, MS)</i>
ROBERT L. GIBBS	<i>Gibbs Travis, PLLC (Jackson, MS)</i>
CAROLYN GILL-JEFFERSON	<i>The Law Office of Carolyn W. Gill-Jefferson (New Orleans, LA)</i>
ALICE GRAHAM	<i>The Back Bay Mission (Biloxi, MS)</i>
DAVID JACKSON	<i>Delta Housing Development Corporation (Indianola, MS)</i>
GEORGE PENICK	<i>St. Andrew's Episcopal School (Flora, MS)</i>
AUSTIN PORTER, JR.	<i>Porter Law Firm (Little Rock, AR)</i>
BRENDA RICHARD-MONTGOMERY	<i>JNM & Associates, LLC (New Orleans, LA)</i>
ANN SHACKELFORD	<i>Teach for America Mississippi (Montrose, AR)</i>
CAROL SPENCER	<i>Retired Clergy (Jackson, MS)</i>
EMILY TRENHOLM	<i>Community Development Council of Greater Memphis (Memphis, TN)</i>
CARMEN WALKER	<i>Retired Educator (Macon, MS)</i>
NEDDIE WINTERS	<i>Mission Mississippi (Jackson, MS)</i>

CONSOLIDATED & COMBINED FINANCIAL HIGHLIGHTS



YEAR ENDED DECEMBER 31		
	2016	2015
RESULTS OF OPERATIONS		
Earned Revenues	\$9,018,497	\$13,601,714
Operating Expenses	24,584,241	23,839,461
Loan Loss Reserve Expense	2,123,412	3,376,983
Change in Net Assets (Net Income)	2,721,345	7,191,902
FINANCIAL POSITION		
Total Assets	\$282,217,164	\$272,490,760
Total Net Assets (Net Worth)	85,345,739	88,838,512
Loans	209,098,145	198,409,011
Total Debt	50,647,686	55,722,284
Total Deposits	146,246,867	127,959,964
RESULTS OF ACTIVITIES		
Total Loans Closed	43,727,020	31,166,027

COMBINED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	HEC Consolidated	Hope Credit Union	Eliminations	Combined 2016	Combined 2015
ASSETS					
Cash and cash equivalents	\$13,914,975	\$19,749,860	\$(10,837,930)	\$22,826,905	\$28,644,298
Debt and other securities	19,708,612	20,289,395	(11,725,000)	28,273,007	23,322,796
Cash restricted for collateral and subsidiary's note	-	-	-	-	-
Investment in non-consolidated partnerships	6,757,047	-	-	6,757,047	8,883,489
Grants and other receivables	6,429,233	1,076,934	(1,338,051)	6,168,116	6,196,571
Prepaid expenses	121,450	724,995	-	846,445	1,088,853
Other assets	574,678	2,390,191	-	2,964,869	2,833,257
Interest receivable	-	604,430	-	604,430	548,330
Consumer loans	-	13,066,715	-	13,066,715	12,203,437
Commercial loans	57,720,630	66,596,146	(955,007)	123,361,769	120,830,113
Residential mortgage loans	2,750,752	69,918,909	-	72,669,661	65,375,461
Allowance for loan losses	-3,855,024	-2,649,465	-	-6,504,489	-6,878,127
Loans, net	56,616,358	146,932,305	-955,007	202,593,656	191,530,884
Foreclosed property	316,120	218,513	-	534,633	457,304
Goodwill	-	220,025	-	220,025	244,472
Property and equipment, net	1,883,827	8,544,204	-	10,428,031	8,740,506
Total assets	\$106,322,300	\$200,750,852	\$(24,855,988)	\$282,217,164	\$272,490,760
LIABILITIES					
Accounts payable	\$1,007,650	\$296,484	\$-	\$1,304,134	\$1,029,734
Dividends payable	-	256,682	-	256,682	178,607
Member deposits	-	157,084,797	(10,837,930)	146,246,867	127,929,964
Other liabilities	23,097	2,266,279	(1,338,051)	951,325	855,750
Notes payable and long-term loans	24,775,559	36,016,865	(12,680,007)	48,112,417	53,658,193
Total Liabilities	25,829,434	195,921,107	-24,855,988	196,894,553	183,652,248
NET ASSETS AND EQUITY					
Uninsured capital and reserves	-	4,829,745	-	4,829,745	4,650,543
Unrestricted net assets	10,367,152	-	-	10,367,152	14,310,827
Non-controlling interests	48,486,345	-	-	48,486,345	58,947,574
Total unrestricted	58,853,497	4,829,745	-	63,683,242	77,908,944
Temporarily restricted	19,533,185	-	-	19,533,185	8,941,056
Permanently restricted	2,129,312	-	-	2,129,312	1,988,512
Total net assets	80,515,631	4,829,745	-	85,345,376	88,838,512
Total liabilities and net assets	\$106,322,300	\$200,750,852	\$(24,855,988)	\$282,217,164	\$272,490,760

See accompanying notes.

COMBINED STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
REVENUES & GAINS					
<i>Grants & contributions</i>	\$10,710,864	\$12,150,000	\$500,000	\$23,360,864	\$22,064,092
<i>Program income</i>	8,320,952	-	-	8,320,952	13,137,797
<i>Investment income</i>	697,545	-	-	697,545	463,917
	19,951,426	12,150,000	500,000	32,379,361	35,665,806
NET ASSETS RELEASED FROM RESTRICTIONS					
<i>Satisfaction of program restrictions</i>	1,557,871	(1,557,871)	-	-	-
<i>Expiration of time restrictions</i>	-	-	-	-	-
<i>Transfers from changes in program restrictions</i>	359,200		(359,200)		
Total Revenues & Gains	21,646,432	10,592,129	140,800	32,379,361	35,665,806
EXPENSES					
<i>Program expenses</i>					
<i>Commercial lending & assistance</i>	8,373,723	-	-	8,373,723	7,887,930
<i>Mortgage lending & housing</i>	2,725,858	-	-	2,725,858	2,684,979
<i>HOPE & consumer lending</i>	4,763,829	-	-	4,763,829	8,317,145
<i>Other programs</i>	1,738,118	-	-	1,738,118	1,022,698
	17,601,528	-	-	17,601,528	19,912,752
<i>Development & communications</i>	1,385,378	-	-	1,385,378	283,514
<i>General administration</i>	7,720,747	-	-	7,720,747	7,020,178
Total Expenses	26,707,653	-	-	26,707,653	27,216,444
EQUITY IN (LOSSES) EARNINGS OF AFFILIATED COMPANY	(2,950,000)	-	-	(2,950,000)	(1,257,460)
<i>Change in net assets before minority interests</i>	(8,011,221)	10,592,129	140,800	2,721,208	7,191,902
<i>Change in other comprehensive gains/losses</i>	(64,311)	-	-	(64,311)	(173,991)
<i>Minority interests in subsidiaries losses</i>	4,311,059	-	-	4,311,059	774,097
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	(3,764,473)	10,592,129	140,800	6,988,456	7,792,008
<i>Acquisition of non-controlling interest</i>					
NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST					
<i>At beginning of year</i>	18,961,370	8,941,056	1,988,512	29,890,938	22,098,958
DIVIDENDS PAID TO CONTROLLING INTEREST	-	-	-	-	(28)
<i>At end of year</i>	15,196,897	19,533,185	2,129,312	36,859,394	29,890,938
NET ASSETS OF MINORITY INTERESTS	48,688,309	-	-	48,688,309	58,947,574
Net Assets & Equity at the End of Year	\$63,885,206	\$19,533,185	\$2,129,312	\$85,547,703	\$88,838,512
<i>See accompanying notes.</i>					

NOTES TO COMBINED & CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) FOR THE YEARS ENDING DECEMBER 31, 2016

1. BASIS OF PRESENTATION

The accompanying combined and consolidated financial statements include the consolidated financial statements of the Hope Enterprise Corporation (HEC) (formerly Enterprise Corporation of the Delta (ECD)) and the financial statements of Hope Federal Credit Union (formerly Hope Community Credit Union (HCU)). HEC 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). HCU is a chartered cooperative association located in Jackson, Mississippi. During 2011, HCU converted from a state charter to a federal charter organization under the provisions of the Federal Credit Union Act and is organized for the purpose of promoting thrift among and creating a source of credit for its members as defined in its charter and bylaws. All significant intercompany accounts and transactions have been eliminated in the combination and consolidation. The purpose of this presentation is to report HEC and HCU as operating together to fulfill their joint mission. HEC is the primary sponsor of HCU and encompasses the field of membership of HCU. HEC and HCU share staff and resources in operating terms. Separate audited financial statements of HEC and HCU are available at www.hope-ec.org and www.hopecu.org.

Subsidiaries of HEC include ECD Investments, LLC (ECDI), ECD Investments BIDCO Corporation (BIDCO), ECD Associates, LLC (ECDA), ECD New Markets, LLC (ECDNM), Home Again, Inc. (Home Again), , ECD Central City, LLC, ECD New Markets 3 LLC, ECD New Markets 4 LLC ,ECD New Markets 5, LLC, Hope New Markets 1, LLC, Hope New Markets 2, LLC, Hope New Markets 3, LLC and Hope New Markets 4, LLC. ECDI, a Mississippi Limited Liability Company, was formed in 1997 as a for-profit subsidiary of HEC. HEC 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 were sold for investment to 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 HEC’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. HEC is the managing member of ECDA and ECDNM. Units of ECDA were sold for investment to qualified institutional and individual investors. Capital invested by ECDA in ECDNM was used to invest in HCU. In return, ECDA received 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 HEC as primary sponsor. Home Again provided mortgage financing and recovery consultation services to eligible persons in the coastal region of Mississippi in the aftermath of Hurricane Katrina. It has continued to provide affordable housing solutions in the region covered by HEC. MDCIIC was acquired by HEC in 2007 and is a Mississippi corporation that provides loans and technical assistance to small businesses in a thirteen county service area in the delta region of Mississippi. ECD First Commercial and ECD Plus began operations in 2007 and are commercial loan funds in partnership with local banks. ECD Central City began operations in 2009 and is a commercial loan fund in partnership with a local bank. ECD New Markets 3, LLC began operations in 2010 and is a commercial loan fund in partnership with a local bank. ECD New Markets 4, LLC began operations in 2011 and is a commercial loan fund in partnership with a local bank. ECD New Markets 5, LLC was formed in late 2012 and began operations in 2013. Hope New Markets 1, LLC began operations in 2013 and is a commercial loan fund in partnership with a bank. Hope New Markets 2, LLC began operations in 2013 and is a commercial loan fund in partnership with a bank. Hope New Markets 3, LLC began operations in 2013 and is a commercial loan fund in partnership with a bank. Hope New Markets 4, LLC began operations in 2013 and is a commercial loan fund with a bank. During October 2014, as scheduled, ECD First Commercial was liquidated. Effective December 31, 2014, as scheduled,

HEC acquired the non-controlling interest in ECD Chase, an affiliate, and it was liquidated with its assets and liabilities transferred to HEC. Also, effective December 31, 2014, MDCIIC, after having paid its bond indebtedness and completed its purpose, was liquidated, as scheduled, with remaining assets

transfer to HEC. ECD Plus was liquidated in 2015. ECD Central City was liquidated in 2016.

On January 1, 2009, HCU acquired all the assets and liabilities of American Savings Credit Union (ASCU) in a NCUA directed merger accounted for as a purchase. This merger resulted in an excess of fair value of liabilities assumed over fair value of assets acquired of approximately \$244,000. In July 2010, HCU converted to a federal charter and changed its name to Hope Federal Credit Union. On October 1, 2010, HCU acquired all the assets and liabilities of East Central Federal Credit Union in a NCUA directed merger accounted for as a purchase. This merger resulted in a net gain on acquisition of approximately \$531,000.

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 HEC/HCU’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. Certain reclassifications have been made to the 2014 combined financial statements to conform to the presentation in 2015.

2. CASH AND MARKETABLE SECURITIES

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

	2016	2015
Cash and cash equivalents	\$22,826,905	\$28,644,298
Debt and other securities	28,273,007	23,322,796
	\$51,099,912	\$51,967,094

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. HEC/HCU’s management anticipates grants receivable at December 31, 2016 will be received and available for support of HEC/HCU’s programs as follows:

Grants due in less than one year	\$ 4,936,282
Grants due in one to five years	813,016
Grants due in six to eight years	40,000
Contracts and other receivables	459,992
Total grants and other receivables	6,249,290
Less adjustment to reflect grants receivable at fair value at the date of grant, based on 1.25% discount rate	(81,174)
Net grants and other receivables	\$6,168,116

4. LOANS

The composition of the loan portfolios are as follows:

	2016	2015
Consumer loans outstanding	\$ 13,066,715	\$ 12,203,437
Commercial loans outstanding	123,361,769	120,830,113
Residential mortgage loans outstanding	72,669,661	65,375,461
	\$209,098,145	\$198,409,011

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 HEC/HCU’s customers/members. These arrangements have a credit risk essentially the same as that involved in extending loans to customers of commercial banks and are subject to HEC/HCU’s normal credit practices.

HEC/HCU also originates residential mortgage loans. These loans are typically collateralized by residential real estate with a loan to value ratio of 97% or less. During 2014, Hope transferred its mortgage loans held-for-sale to loans receivable held for investment purposes as a result of increased restrictions in the secondary market for sales of mortgage loans originated with credit risk characteristics of Hope’s typical borrowers. As a result of these increased restrictions, management does not believe the majority of these loans will be sold in the foreseeable future.

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 portfolios, 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:

	2016	2015
Balance at beginning of year	\$6,878,127	\$4,132,559
Provision charged to operating expenses	2,123,412	3,376,983
Loans and investments charged-off and foreclosed-net	(2,497,050)	(631,415)
Balance at end of period	\$6,504,489	\$6,878,127

6. FORECLOSED PROPERTY

Foreclosed property consists of properties repossessed 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.

7. DIVIDENDS PAYABLE AND SHARES AND SHARE CERTIFICATES

Dividends payable are dividends earned on share draft accounts, share accounts and share certificates by members of HCU and not yet paid by HCU. Share draft accounts are the credit union equivalent of bank checking accounts. Interest is earned on some HCU share draft accounts and 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.

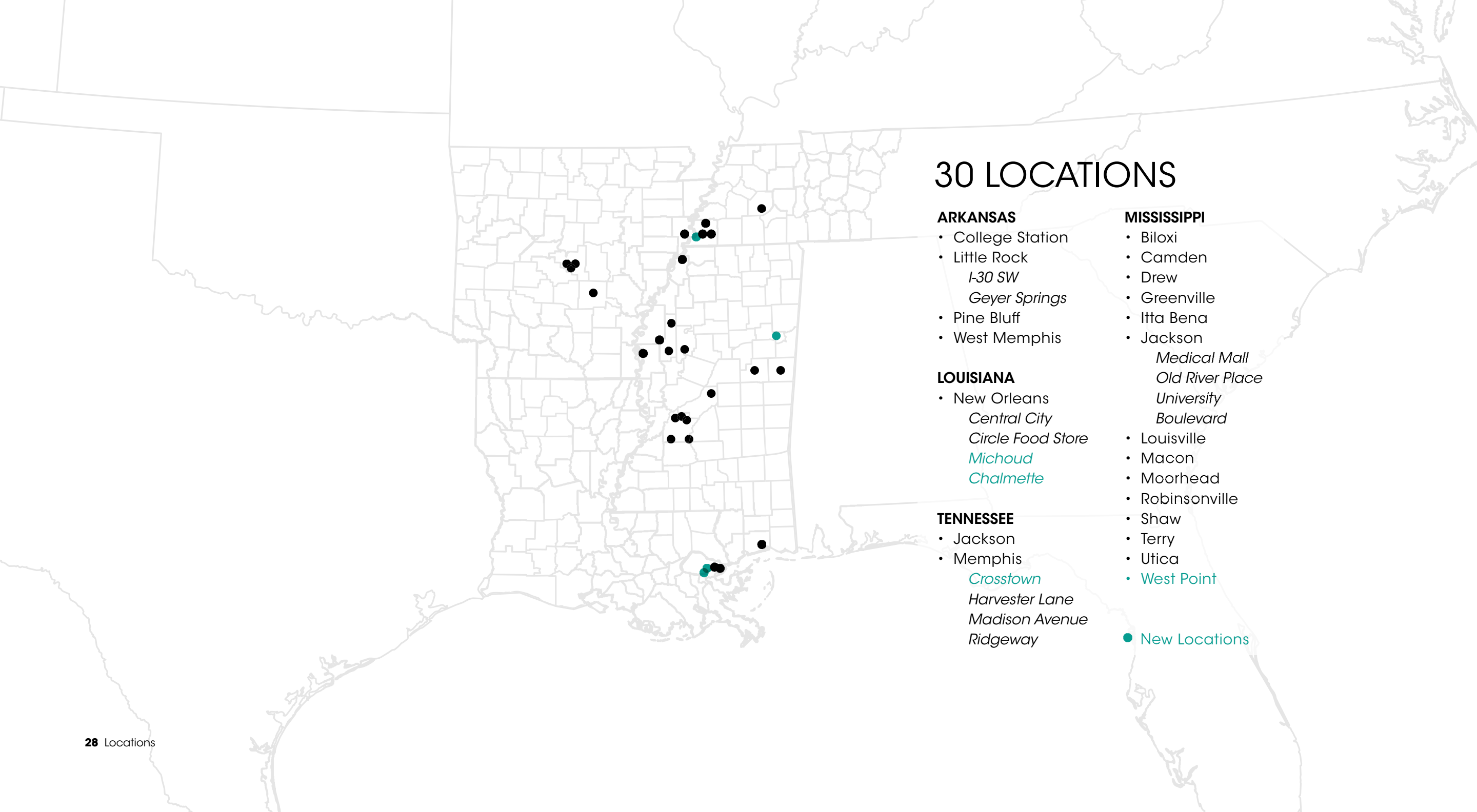
8. LONG-TERM DEBT

The maturities of long-term debt at December 31, 2015 are as follows:

2017	\$ 4,386,725
2018	3,713,052
2019	375,000
2020	2,568,821
2021	2,568,821
Thereafter	35,108,735
	\$ 48,112,417

9. UNINSURED CAPITAL AND RESERVES

The uninsured capital and reserves include accumulated reserves, and undivided earnings of HCU.



30 LOCATIONS

ARKANSAS

- College Station
- Little Rock
 - I-30 SW*
 - Geyer Springs*
- Pine Bluff
- West Memphis

LOUISIANA

- New Orleans
 - Central City*
 - Circle Food Store*
 - Michoud*
 - Chalmette*

TENNESSEE

- Jackson
- Memphis
 - Crosstown*
 - Harvester Lane*
 - Madison Avenue*
 - Ridgeway*

MISSISSIPPI

- Biloxi
- Camden
- Drew
- Greenville
- Itta Bena
- Jackson
 - Medical Mall*
 - Old River Place*
 - University Boulevard*
- Louisville
- Macon
- Moorhead
- Robinsonville
- Shaw
- Terry
- Utica
- West Point

● New Locations



Creating Opportunity Where It Is Needed Most.

www.hope-ec.org | www.hopecu.org | www.hopecpolicy.org | 1-877-654-HOPE (4673)