



HOPE

makes it happen.



Hope 
credit union
enterprise corporation
policy institute

2023 IMPACT REPORT

Dear Friends,

For many, the word "hope" connotes much more than a desire or a wish. Rather it is a powerful, active concept that drives positive outcomes. This perspective is why "*HOPE Makes it Happen*" emerged as the ideal theme for our campaign to dramatically expand opportunity, as we embark on our fourth decade of improving the financial health and wealth of under resourced people and places in the Deep South.

This year's Impact Report tells how in 2023 HOPE made it happen for thousands of families on the cusp of opportunity, and brings to life how we are bridging the divide in ways and places neglected by traditional sources of financing and investment.

For example,

- HOPE's rate of mortgage lending to first-time homebuyers is triple the national average
- The average credit score of our borrowers is 70 points below the national average
- HOPE serves unbanked & underbanked households at more than twice the national average

This adds up to deep impact for first-time homeowners in Montgomery, Alabama, for a startup pharmacy in rural Arkansas, and for the unhoused in New Orleans. In Memphis, this means breathing life into decaying facilities that lay dormant for decades in a disregarded Memphis neighborhood. In the Mississippi Delta community of Shaw, this means funds for an online grocery delivery service that connects the community to millions in federal infrastructure investment. For historically Black colleges and universities it means access to affordable, responsible financial services for staff, faculty and students, and the renovation of facilities that nurture our nation's next generation of exceptional leaders.

Importantly, not only does HOPE make it happen by providing access to affordable and responsibly structured financial services. HOPE deepens our impact by amplifying the voices and experiences of those we serve, compelling action by public, corporate and philanthropic decision makers. During the past year, HOPE Economic Mobility Forums brought together local and national leaders to forge solutions. Highlights included:

- More than 100 research, banking, development finance, community development experts, community advocates and local leaders joined the nation's top banking regulator at Jackson State University to emphasize the responsibility and potential of the financial industry to ensure equitable access to financial services.
- Representatives of the Consumer Financial Protection Bureau, Legal Defense Fund and the Urban League of Louisiana joined HOPE to discuss strategies that preserve fair and responsible lending, and address climate change, in the face of a growing backlash against efforts that advance diversity and inclusion, and resistance to positive environmental, social and governance practices.

These and other advocacy efforts by Hope Policy Institute in collaboration with mission-aligned allies advanced policies and practices that increased economic mobility for thousands of families, driving billions of dollars into historically underserved communities in the Deep South and across the nation.

In June, HOPE directors approved an audacious strategic plan that will dramatically increase our impact. Moving forward we will empower thousands of renters to become homeowners; invest in vital community infrastructure and anchor institutions such as schools, health centers, nonprofit service providers, HBCUs and local municipalities; and work to ensure that people in under resourced Deep South communities benefit from the historic levels of resources made available through federal climate and economic stimulus programs. These priorities reflect our commitment to building a future where ALL people have the opportunity to realize their potential - regardless of their race, gender or other factors beyond their control.

HOPE Makes it Happen is far more than a great campaign theme. It trumpets our belief that positive change is coming and our dedication to being a force for good. We invite you to see evidence of this in the pages of this Impact Report, and to join us as we embark on the next stage of this important journey.

Thank you for being a friend of HOPE.

Sincerely,

A handwritten signature in black ink that reads "Bill Bynum". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Bill Bynum, CEO, HOPE

2024-2026 HOPE STRATEGIC GOALS & COMMITMENTS

- 1. Eradicate the Black-white Homeownership Gap in the Deep South**
 - Expand the benefits of first-time homeownership across the Deep South
 - Enhance the HOPE mortgage experience by optimizing the lending process, investing in new technology, and expanding HOPE's mortgage capacity
 - Advance policies and practices that promote increased and equitable access to home mortgages
- 2. Increase Economic Mobility through Affordable, Sustainable Consumer & Small Business Products & Services**
 - Empower Deep South residents to address their financial needs through affordable, responsible and environmentally sustainable products and services.
 - Increase the level of low-cost capital in Deep South opportunity deserts
 - Advance fair lending, consumer protection and climate resiliency policies and practices
- 3. Increase Economic Mobility by Fortifying Community Infrastructure and Collaborating with Mission-aligned Allies**
 - Provide financing for community facilities and affordable housing
 - Collaborate with municipalities
 - Collaborate with HBCUs
- 4. Democratize HOPE by Leveraging Technology, Data & Relationships**
 - Implement Democratizing HOPE to grow membership, improve community outcomes
 - Automate tasks, and integrate internal systems to increase efficiency and maintain strong compliance
- 5. Cultivate a Culture Anchored in our Value Drivers**
 - Cultivate a culture that attracts and retains top talent
 - Cultivate a culture that promotes compliance and risk management
 - Optimize the impact and sustainability of HOPE's facilities
- 6. Catalyze HOPE's Goals and Commitments through Strategic Marketing & Communications**
 - Cultivate a brand that promotes HOPE's Mission, Vision and Values
 - Drive outcomes that support HOPE's Key Performance Indicators

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HOPE IMPACT 2023

BUSINESS & COMMUNITY ECONOMIC DEVELOPMENT

HOMEOWNERSHIP

94%
First-Time Homebuyers

90%
People of Color

65%
Women



Donnell Frost
Mortgage Borrower
Memphis, TN

Mortgage Loans 2023

32%

to First-Time Homebuyers (Nationwide)

94%

to First-Time Homebuyers (HOPE Mortgage Borrowers)

Source: National Association of REALTORS

Phillip Rollins, owner
OffBeat Record Store
Jackson, MS



58%
in Economically Distressed Areas

Eddie and Nancy Águila/Paulino Hernandez
owners of La Antojeria USA
Memphis, TN



TOTAL CHECKING ACCOUNTS

21,616

TOTAL BUSINESS ACCOUNTS

1,505

TOTAL LOANS CLOSED

4,035
by number

\$125 Million
by dollar

119,580
People in Member Households

46%
Unbanked or Underbanked

19%
Nationally



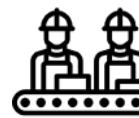
752
People in Affordable Housing Units



112,820
Patients Served in HOPE Financed Health Care Facilities



22,566
Students Served in HOPE Financed Schools Annually



1,449
Jobs Supported

156
Loans Closed

50%
to Black-owned Businesses

RETAIL FINANCIAL SERVICES



Tellisha Crawford
HOPE Member-Owner
Biloxi, MS

72%
Consumer Loans in Economically Distressed Areas



AVERAGE CREDIT SCORE

646

HOPE Consumer Loan Borrower

715

Nationwide

Source: Experian



HOPE Member-Owner,
Nathan Fuller

MAKING HOMEOWNERSHIP HAPPEN

After purchasing his first home at age 62, Nathan Fuller couldn't wait to make his first mortgage payment. He paid by phone, which was also new to him, and anxiously checked his account for a few days until he saw that the payment had gone through. Fuller said his next step will be to set up auto-pay because, having become a first-time homeowner, he wants to ensure he never misses a payment.

Fuller closed on his three-bedroom home in Montgomery, AL in December 2023, guided through the process by Lazette Moody, Mortgage Loan Originator II. "If it wasn't for Miss Lazette, I wouldn't be where I am now," Fuller said. "When it comes to HOPE, they're going to help you and let you know what the next step is, what you need to do next, and they don't let you go."

Fuller had been considering homeownership for a while. He was living in a group home and working on the maintenance staff of a local apartment complex. He also owned his own business to transport appliances and large items in and out of homes in the area. With his business growing, he needed space for his truck. However, Fuller's real motivation was to have a place to call his own. "I like taking care of everything I need to take care of. I like paying my own bills. Everything's in my name," he said, adding that he loves the peace and quiet of his new neighborhood.

In the summer of 2023, Fuller had applied for a mortgage at other local banks, where he was denied. When he came to HOPE, he said Moody told him how much he needed to increase his income in order to qualify. So Fuller said he began working more, determined to reach the needed income threshold. "At HOPE, they'll make sure if you're not ready, they let you know what you need to do to get ready. All the other banks that I tried didn't do that," Fuller said.

When he turned 62, Fuller began receiving Social Security payments, which Moody said were enough to qualify him for a mortgage. He was also

pleasantly "shocked" to find out from Moody that she had obtained a \$37,000 federal grant for Fuller to put toward a down payment.

"He didn't have much credit because he said he doesn't trust banks. It was awesome that he trusted me and I was able to help him. I love the mission, I love the vision of what we do," Moody said.



The living room is Nathan Fuller's place to relax and watch his favorite sports.

Like all customers of HOPE's Affordable Housing Program, Fuller enrolled in a homebuyer education course to learn about mortgage financing and maintaining one's home once purchased. He praised HOPE for walking him through the mortgage process, ensuring that Fuller knew about any information or documentation needed and next steps along the way.

Fuller's 30-year mortgage totaled \$67,500 and he is thrilled to make his monthly payments to HOPE. "All my life, I've been wanting to own my own house. This is the house I want for the rest of my life. And it was a blessing that I was able to come to HOPE to get a house," he said.

"When it comes to HOPE, they're going to help you and let you know what the next step is, what you need to do next, and they don't let you go."

– Nathan Fuller



HOPE Member-Owner,
Sharon Holloway

MAKING FINANCIAL FREEDOM HAPPEN

Sharon Holloway has gone from carrying balances on 10 credit cards to paying cash for everything. Thanks to a HOPE home equity loan that consolidated her unmanageable credit card debt and provided additional funds for home renovations, Holloway now pays \$900 per month and is preparing to make upgrades to her house in Memphis, TN.

"It was either get this loan or work myself to death to pay off those credit cards," Holloway said. Her payments were not reducing the amount owed because of high interest rates. But HOPE's proactive outreach saved her from having to get a second job.

Zachary Rodgers, a HOPE Financial Inclusion Officer (FIO), met Holloway during a HOPE membership drive at the Shelby County government offices, where Holloway works for the Community Service Agency. "I connect the dots between the community and HOPE. I'm out all day every day," Rodgers said.

When he spoke to Holloway, who had a HOPE checking account, he told her that she could consolidate all her high-interest credit card debt into a loan and still have funds remaining for home renovations. Holloway said she had been declined for a loan at a local bank because of a low credit rating, but Rodgers explained options were available at HOPE because the loan would consolidate and eliminate her credit card balances resulting in one, affordable monthly payment.

Holloway is grateful for Rodgers' persistence in working to help her. "I was excited. I just had to get my husband on board. That was the hard part." Holloway said. Her husband was reluctant to take on another payment obligation. However, after Rodgers explained that this loan would simplify and reduce their payments, Holloway's husband was sold. "Zach made it convenient for us, so we didn't have to take time off from work. He came to my job to meet me." The loan totaled \$89,000. Holloway and her husband are planning to use the remaining amount to paint, remodel bathrooms, lay new flooring and purchase a new washer and dryer.

Rodgers said he values the relationships with HOPE's members. "I helped a family who didn't think they would be approved, and loved seeing the relief in their faces. I'm giving them something that will make a difference in their lives."

The loan closed in late October, 2023. "It's a sense of freedom, of relief," Holloway said of the loan that eliminated her debt. "I sleep a little better at night."



"It was either get this loan or work myself to death to pay off those credit cards."

– Sharon Holloway

Dr. McBride and pharmacists serve patients at CAREFirst Pharmacy and Wellness Center.



MAKING HEALTH CARE HAPPEN

For 43 years, Dr. Mona McBride's mother, Mary Arnold, was a pastor in the small city of Hamburg, Arkansas, and a pillar of hope to the community. Today, Dr. McBride views the new CAREFirst pharmacy and wellness center that she opened in 2023 as a continuation of her mother's legacy, providing holistic and personal care and resources to a medically underserved community.

Shortly after Dr. McBride's mother died in 2023, a member of the city's economic development committee suggested she open a pharmacy in town. Liking the idea of serving the community and touching people's lives in a tangible way, Dr. McBride – previously a pharmacy and optometry district manager for Walmart – bought and renovated a large, empty building with her own funds. She turned to HOPE for a \$128,750 loan to cover the cost of stocking up on medications and other operating capital, working with Arlender Jones, a vice president and senior commercial lending officer in HOPE's Memphis office.

"She wanted to emphasize wellness and counsel people, make sure they're taking the right prescriptions, and to help them get off some of the medications they were on. To me, she was a person who really believed in what she was doing and really wanted to make a difference in the community," Jones said. "We put a lot of emphasis on minority-owned and women-owned businesses. In a lot of these small towns, a Black woman trying to open a business is almost unheard-of."

Fully Approved Small Business Loan Applications:

58% White	38% Hispanic	33% Asian	20% Black
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Source: Federal Reserve Small Business Credit Survey

"HOPE allows seeds to be planted and grow. They help me, and then I help the community. And then the community is able to make it and do better."

– Dr. Mona McBride, owner of CAREFirst Pharmacy & Wellness Center

Before CAREFirst opened, there were no full-service pharmacies in rural Hamburg, pop. 2,500. Residents had to drive 20 or 30 miles to get vaccines, and there were no experts in the area to see for routine health concerns. Today, residents of Hamburg and surrounding towns can discuss medication and healthy living with CAREFirst's pharmacists and receive advice on everything from the need to drink more water to pair a probiotic with their medicine, to foot care and healthy diets for people with diabetes. They also can have CAREFirst deliver their medications, saving gas money, or for elderly residents who don't drive, the expense of a car service.

"The response has been really great because people see that we actually care and what we recommended actually works," Dr. McBride said.

In opening CAREFirst, Dr. McBride measures her impact one patient at a time. A mother brought in her 9-year-old son with a sore throat. "His tonsils were the size of golf balls. I told the mom that this was an emergency," she said. The family had no health insurance, so Dr. McBride

called the Department of Human Services and sent them there, where the mother obtained the necessary medication. "I like to say we were able to save the child's life because the infection didn't spread through his body. It's about making the difference in the lives of others, taking the time to listen and showing that you really care."

Dr. McBride said that HOPE's loan allowed her to make this difference in the community and she is contemplating opening additional locations in Mississippi. "HOPE allows seeds to be planted and grow. By me wanting to make a difference in the lives of the community, I utilize HOPE with that seed in the ground for them, and then it's just a cycle," she said. "They help me, and then I help the community. And then the community is able to make it and do better."



MAKING HOUSING HAPPEN

In the Lower Ninth Ward of New Orleans, two new houses with gardens are now home to people who were formerly unhoused. The houses were conceived and built by Louvis Services, which focuses not only on building permanent, dignified housing for New Orleans residents, but on providing supportive services to their tenants so they are not only off the streets but can thrive in their new communities.

These modern, airy homes were built to blend into the neighborhood, said Lou White, founder and executive director of Louvis. They have gardens for tenants to grow their own food, called the Edible Landscape program, and screened-in porches.

The New Orleans Redevelopment Authority gave Louvis the land on which to build the two tiny homes, which are attached to each other. Architects, engineers and construction supervisors donated their services to develop the houses. When it came time to finance the construction, White went to local banks but was turned down.

The viability of the project ultimately came down to the willingness of two Community Development Financial Institutions (CDFIs) to support the project together. NewCorp Inc, a New Orleans based CDFI, provided the construction loan for Louvis and HOPE provided the permanent take out loan of \$150,000.

During the process of assembling the financing, White said a number of people directed her to HOPE, where she finally met with Commercial Loan Officer Monica Walker.

"As we went through the process and she saw all the drawings, and we explained everything, she got it. She got on board with it," White said of Walker. "And then she was just so helpful in managing the loan application. I feel like she was our advocate. With us being a fairly new organization, no one wanted to take a chance with us, but HOPE did."



Walker was enthusiastic about a project that not only shelters people but supports them with counseling and other services in their new homes.

"This is two people, off the streets, in dignified homes. The houses are well-thought out with the full amenities, and then Louvis connects the tenants to the services that they need," Walker said, adding that working with Louvis is one of her favorite projects at HOPE. The organizations are partnering to develop housing on four additional lots given to Louvis by the city of New Orleans.

"With us being a fairly new organization, no one wanted to take a chance with us, but HOPE did."

— Lou Anne White, Executive Director of Louvis Services



"It felt like it was a really good match for us. It felt like a true partnership. They were as excited as I was," White said.

White bases Louvis' holistic model on research that shows that people who are unhoused because of a disability, chronic health condition or mental health challenge benefit from the combination of housing and services. She said for services to be effective, they should be flexible and attractive to people who need them, and paired with affordable, permanent housing. Louvis' two new tenants have case managers through the city of New Orleans, so the organization checks in periodically with the residents and the social workers. Blue Cross Blue Shield sponsors the Edible Landscaping home garden program, which offers financial incentives to tenants through Louvis to work in their gardens.

"The reality is that when you're homeless, it's really hard to do the things that people say you should do," White said. "When people have a stable place to live and have support, they can make changes, and it benefits the community because these residents are then no longer completely reliant on public services. It works for people and it works for the community."

In New Orleans, there are nearly 1,400 residents who are unhoused.

Source: Unity of Greater New Orleans



Louvis Services supportive housing in the Lower Ninth Ward of New Orleans



MAKING REVITALIZATION HAPPEN

As the oldest Black neighborhood in North Memphis, the Klondike community has a long and proud history dating to its founding in 1899. The neighborhood was one of few places that Black residents could own homes, attracting professionals. Major companies set up shop in Klondike in the early 1900s, generating economic growth for its residents.

However, over the decades these companies left the area, and today Klondike has a 41% poverty rate, significantly more than the 24% rate in the Memphis area and almost triple the national rate of 11.6%. The neighborhood has further suffered from urban and suburban sprawl, with Klondike's population declining 20% between 2010 and 2022.

Today, the planned development of a closed high school and surrounding land into commercial and residential properties is expected to revitalize Klondike and restore it to its former vibrancy as a center of Black life in Memphis.

The project is spearheaded by The Works, a longtime Memphis organization that rebuilds and restores communities by developing affordable housing, delivering related programs and services, and supporting residents' well-being and economic success. After Shelby County transferred 150 vacant properties to a consortium including The Works for revitalization and restoration, The Works purchased the 264,000-square foot Northside High School building from the county school system for \$400,000. The school will become Northside Square, housing a range of organizations and entities that were chosen based on residents' input.

HOPE is providing Northside Square with \$7 million in New Market Tax Credits, federal tax credits provided to investors in exchange for making equity investments in community development entities like HOPE to fund businesses and facilities in under resourced communities. Additionally, HOPE is providing \$4.26 million in loan financing with favorable pricing and terms to the project.

Photo Credit: Patrick Lantrip/The Daily Memphian



Civic and community leaders break ground on Northside Square, a new mixed-use development that aims to revitalize the community surrounding the former site of Northside High School.



"I'm not real easy on financial institutions because I think they continue the historical practices that have ravaged neighborhoods and cities. And so for HOPE to say something different by making these investments in places where others will not means the world to me."

– Roshun Austin, *president and CEO of The Works*

Roshun Austin, president and CEO of The Works, said she often struggles to find financing even for smaller projects. "HOPE is squarely in the space of betting on neighborhoods that others are not willing to bid on and say they're worth the investment," she said. "I'm not real easy on financial institutions because I think they continue the historical practices that have ravaged neighborhoods and cities. And so for HOPE to say something different by making these investments in places where others will not means the world to me."

Northside Square will house a free Shelby County Schools program where residents 18 and older can earn their high school diploma; a vocational school to equip adults with the knowledge and skills for a range of career options; a literacy organization with programs for adults and children; a permanent rehearsal space for The Memphis Symphony Orchestra, which performs throughout the community and teaches students of all ages; Muggin Coffeehouse, a Black-owned business with two other locations in Memphis; a food hall; and a coding and computer science program to develop skills among underrepresented students. The space will also house a health clinic, fitness center and gym with recreational programming, the University of Memphis Law Project, a human services support organization, and an organization that supports survivors of human trafficking. The Works' Mobile Market will stop twice weekly at Northside. And the building will include 43 affordable housing rentals, which, with the development of the adjacent properties, is expected to support the neighborhood's population growth.

The building is expected to open in September 2025. "This is going to be \$78 million of investment in a community that hasn't seen any investment in a century," Austin said. "It's going to be catalytic."

"This project is probably one of the most impactful that we've funded," said Nigel Roberts, a HOPE senior vice president for community and economic development. "It's exciting because I know it's a game-changer for the neighborhood. It fits right into HOPE's mission to make sure that money and resources are going to those organizations that benefit the community."

MAKING SMALL TOWNS HAPPEN

"In most rural communities, the water and sewer systems are 75-100 years old" said Mayor Evereth Stanton of Shaw Mississippi. "The towns don't have a lot of sales taxes to generate the money to replace the systems." A two term mayor in a town with 1,400 residents, Stanton is familiar with the challenges associated with finding resources for basic infrastructure improvements. "Leaders in small municipalities, mayors and aldermen, are part time and can't devote eight hours a day to the job. Towns also don't have the expertise in house and can't afford consultants to apply for federal grants," said Stanton.

Fortunately, the story is different in Shaw. In 2023, the community was awarded over \$2 million in federal resources from three separate sources. The funds will be used to make water, sewer and sidewalk improvements.

The Mayor credits Shaw's involvement in the Hope Municipal Opportunity Partnership (HMOP). Through HMOP, HOPE connects small towns in need of investment with the technical expertise to successfully plan, apply for and manage compliance on federal grants.

Harvey Johnson, the former mayor of Jackson, Mississippi, and the founder of the Mississippi Institute for Small Towns, joined HOPE's team in 2022 and plays a central role in the work. Johnson and HOPE collaborate with local governments and community organizations to develop long-term plans to identify community development priorities and garner the resources to improve the quality of life for residents. When barriers to funding are identified, such as the need for an audit or assistance interpreting an engineer's recommendation, Johnson provides direction or brings in experts to fill the information gap. "Larger communities have the upper hand in getting resources, and once

they get the resources they can manage them" Johnson said of the need for this service in small towns. "[HMOP] is an opportunity to help [small towns] build their capacity and skills. Once they do it, they'll be able to repeat it."

In 2015, HOPE acquired the last bank branch in the town of Shaw. Not soon after, HOPE partnered with the town to develop a strategic plan. Last year, the town completed an update of the plan which has been the lynchpin to acquiring the historic levels of federal resources made available through legislation like the American Rescue Plan Act, the Inflation Reduction Act and the Bi-Partisan Infrastructure Law.

The plan also laid the ground work to attain philanthropic funding from the W.K. Kellogg Foundation to replicate the Grocery Online Ordering Delivery Service (GOODS) in Shaw. GOODS was successfully piloted in the nearby town of Drew in 2021 as an alternative to a stand-alone grocery after a market analysis revealed a population too small to sustain a traditional store. With local leadership provided by a local nonprofit organization, We2gether Change, the people of Drew renovated a community space to include cold storage, set up an online ordering system and purchased a refrigerated van to pick up groceries from the Walmart in Cleveland, Mississippi.

"In most of the towns we work in, we're the only financial institution in town. It's important for the town to thrive. We want to see small businesses develop. We want to see healthy municipal governments. Our work in these communities is not one size fits all."

– Dee Jones, HOPE, Vice President Community & Economic Development

• HOPE Member-Owner, James Green, provides, school supplies at a Back-to-School event in Drew, Mississippi.



Last year, Delta Hands for HOPE, a nonprofit organization in Shaw, took on the local leadership of GOODS in its community and leveraged the lessons learned in Drew. The nonprofit renovated space in its facility to include a separate room with its own entrance, coolers and a work station to fulfill online orders. Only 30 minutes apart, We2gether Change and Delta Hands for HOPE made the strategic decision to share the refrigerated van which kept costs down for participating residents in Shaw. "The GOODS program is making an impact in the town of Shaw by reducing barriers to fresh food and enabling individuals who need alternatives to transportation and mobility services as a mean to access resources that can be delivered to their front door. We don't look at the program as the solution to food deserts, but we definitely promote it as a viable option to support the community," said Chiquita Fountain, Director, Delta Hands for Hope.



Mayor Evereth Stanton speaks about HOPE's impact in Shaw, Mississippi.



Marceitta Dorsey and her children bring groceries into GOODS Shaw location for local residents.

MAKING SMALL BUSINESS OWNERSHIP HAPPEN

After 40 years owning Dixon Interior Finishing, a general contracting firm in Jackson, Mississippi, Frank Dixon figured it was never too late to learn something new, so he and his sons, who are gradually assuming control of the company, enrolled in a HOPE pilot program intended to break down barriers for Black-owned businesses.

Dixon now says that HOPE will be his company's "go-to" financial institution for loans and lines of credit. And as the founder of Jackson's Minority Contractors Association, he urges others to think the same. "After you've been turned down so many times from other banks, it discourages folks from seeking out loans. But I'm a living witness that HOPE will work with you," Dixon said. "I have a pretty good relationship with them, and that's what it's all about, creating relationships."

Small construction and general contracting companies owned by people of color in the Deep South face a dual set of obstacles in procuring large-scale contracts. They face more barriers to obtaining capital and loans than their white peers, which in turn makes them less likely to have the capacity to bid for and execute large-scale contracts.

With funding from the Rockefeller Foundation, HOPE initiated the Supplier Diversity Program to attack this challenge from both ends, strengthening the operations and capacity of firms owned by people of color while encouraging municipalities and higher learning institutions to actively consider issuing contracts to these businesses.

Twenty construction and contracting firms in and around Jackson and New Orleans enrolled in the program. For nine months, HOPE's expert staff worked with business owners to prepare them to compete for larger contracts and apply for capital by shoring up fundamentals such as financial statements and licensing. HOPE guided participants through the process of negotiating and closing large contracts, as well as having sufficient capital on hand to be in a position to expand. Owners that completed the program became eligible for forgivable, zero-interest loans as well as other services from HOPE. Dixon's company received \$10,000.

"A lot of minority businesses have the skills to do the work, but we don't have the organizational skills we need, such as keeping financial records and filings updated. That's where they were really helpful."

– Frank Dixon



At the same time, HOPE worked with the city governments of New Orleans and Jackson, as well as Jackson State University, Tougaloo College in Mississippi and Dillard College in Louisiana, to address obstacles to hiring contractors owned by people of color and to encourage these institutions to consider contracting with participants in the Supplier Diversity Program for future projects. HOPE is now creating a Supplier Diversity Guide as a roadmap for business owners of color to position themselves for larger and ongoing projects, and for institutions to consider changing policies to open contract opportunities for these firms.

Dixon said that even after 40 years in business, during which he has "worked in almost every major building in Jackson," the Supplier Diversity Program was helpful to his company's

operations. "A lot of minority businesses have the skills to do the work, but we don't have the organizational skills we need," Dixon said, such as keeping financial records and filings updated. "That's where they were really helpful."

As he transitions his company to his sons Christopher and Maurice, Dixon sees even more opportunities for them to expand than were open to him. "I started with two checks for \$400 each, and I didn't get a loan from a bank for my first 20 or 25 years. But I never missed payroll. I've never been bankrupt" Dixon said. "So God has blessed me, and has been with me ever since. There have been some hard times and some tight times, but we always came through. And then I met HOPE, so I've got hope again," Dixon said, laughing.

Frank Dixon and his sons, Maurice and Christopher Dixon, plan their next project at Dixon Interior Finishing in Jackson, Mississippi.

United Negro College Fund research illustrates the outsized impact of HBCUs on Black economic mobility: though HBCUs comprise fewer than 3 percent of American colleges and universities, they enroll 10 percent of all Black students and produce 17 percent of all Black graduates while disproportionately enrolling low-income, first-generation and academically underprepared college students.

Because of their important role in creating economic mobility for Black families and communities, HBCUs are among the most naturally mission aligned partner for HOPE. In addition to financing development projects on and around campuses, HOPE serves as the lead financial institution for the HBCU Athletic Conference and brings students into the community development field through its HBCU internship program.

Historic Partnership Announced

In early 2024, the Gulf Coast Athletic Conference (GCAC) announced it would be changing its name to the HBCU Athletic Conference, honoring the unique legacy and importance of Historically Black Colleges and Universities (HBCUs) which comprise its membership. The Conference also extended HOPE's sponsorship as the official financial institution of the HBCU Athletic Conference and title sponsor of the Men's and Women's Basketball and Men's Baseball tournaments through 2027. HOPE became the title sponsor for the conference in 2022.

"Today, the nation watches as we give our HBCU students the opportunity to take up space. Whether it's on the field, in classrooms, or at their local bank, we want to ensure that HBCU students feel seen and represented," said Dr. Kiki Baker Barnes, Commissioner of the HBCU Athletic Conference. "We couldn't think of a better partner for this mission than Hope Credit Union. HOPE has continued to help push the boundaries of our shared vision to close the racial wealth gap, starting with some of our most important institutions – our campuses."

MAKING HBCUS HAPPEN

HOPE is the Title Sponsor of the Men's & Women's Basketball and Baseball Tournaments for the Gulf Coast Athletic Conference (GCAC). Tougaloo College, GCAC member, is pictured here at the 2023 baseball tournament.



HOPE's partnership with the Athletic Conference allows for collaboration with member HBCU institutions to increase student and community economic mobility; extend financial products and offer financial education workshops and banking services to HBCU student-athletes.

"Most HBCU schools in the Athletic Conference are in underserved communities. We're not only partnering with the institutions but infusing resources and financial services into these communities so they can grow and thrive," said Holly Cooper, HOPE's Senior Vice President of Marketing and Communications.



HOPE HBCU interns attend Welcome Day at HOPE's corporate office in Jackson, Mississippi.

Internships Open Career Paths

During the 2023-24 school year, HOPE welcomed its first cohort of HBCU student interns on multiple campuses. Nine students in Mississippi, Louisiana and Arkansas were trained to raise awareness of HOPE on their campuses, and to conduct financial education workshops where students learned about the importance of building a budget, credit scores and saving money. Students promote these programs on campus through social media and by working with organizations such as student governments, fraternities and sororities.

Interns also shadow HOPE staff in local branches, where they meet customers applying for loans and lines of credit and opening bank accounts. "We want them to look at this as a career opportunity," said Felicia Lyles, HOPE Senior Vice President for Retail Operations.

Larry Cambell, a senior at Jackson State University majoring in marketing, found the internship a valuable experience in more ways than one. "Being from Mississippi, where a lot of people grow up poor, I believe these services are needed and need to be marketed," Cambell said. "I tell students that building wealth takes a lot of steps and that they have to build for the future starting now."

HBCU Career Expo Reaches Over 100 Students

In February, over 100 students from 11 HBCU converged on the campus of Tougaloo College to learn about career opportunities in the community development finance field during the Economic Mobility Career Expo. Many of the students joined the Expo after attending the Hope Economic Mobility Forum: Banking on Financial Inclusion the previous day at Jackson State University.

The Expo opened with an arm chair conversation with Federal Reserve Governor Michael Barr, Federal Reserve Bank of Atlanta President Raphael Bostic and HOPE CEO Bill Bynum moderated by HOPE Chief Human Assets Officer Kimberla Little. During the conversation, the leaders shared advice and lessons learned from their own career paths. Following the opening panel, students met with human resource experts from the Federal Reserve System, the African American Alliance of CDFI CEOs, HOPE and Inclusiv during a career fair.



HOPE's Marlena Smith-Hamlin speaks to HBCU students during a career fair at Tougaloo College in Jackson, Mississippi.

"Whether it's on the field, in classrooms, or at their local bank, we want to ensure that HBCU students feel seen and represented."

– Dr. Kiki Baker Barnes, Commissioner of the HBCU Athletic Conference

Photo Credit: E.M. Pio Roda/ Federal Reserve Bank of Atlanta

MAKING ADVOCACY HAPPEN

Since HOPE's inception, the organization has placed a high priority on advocacy. Drawing on the experiences of its members and by advancing thought leadership, the organization leverages its influence to challenge the policies and practices of government and private institutions that have systemically limited access to financial resources in the Deep South.

Economic Mobility Forums Advance Thought Leadership

Banking on Financial Inclusion

During Black History Month, over 200 advocates, bankers, nonprofit leaders and students gathered at Jackson State University for the HOPE Economic Mobility Forum: Banking on Financial Inclusion at Jackson State University. Governor Michael Barr, Vice Chair of Supervision of the Federal Reserve System, provided keynote remarks and spent additional time in Jackson, Mississippi meeting with HBCU students to discuss career opportunities within the banking and community development fields. Another highlight included a presentation shared by the Federal Reserve Bank of St. Louis Institute for Economic Equity that made the economic case for equitable banking system. Throughout the Forum, leaders from the Delta Regional Authority, Consumer Financial Protection Bureau, Opportunity Insights, the Urban League, CDFIs and higher education advanced policy and thought leadership on solutions to close banking and capital gaps.

Defending Financial Democracy

In November, HOPE hosted its second Economic Mobility Forum of 2023: Defending Financial Democracy. At the time, a first round of legal challenges had been mounted against community development organizations in Georgia and Texas for prioritizing investments in people of color.

The Forum convened a group of national and regional experts to discuss the importance of CDFIs and the CFPB and to shine a light on the role these institutions play in building and protecting wealth for people living in under resourced communities. During the Forum, leaders from the CFPB presented ground breaking research on credit access and banking needs in the South shared. Following the presentation, the Hope Policy Institute and the Urban League of Louisiana, transitioned elevated policy proposals for advancing

"If we're looking at the pattern of progress, retrenchment, progress, retrenchment – what we've seen is that multi-pronged movements do a good job of stifling retrenchment and protecting the progress we've made."

– Amber Koonce, Assistant Counsel at the Legal Defense Fund



A Mississippi Valley State University student asks Federal Reserve Governor Michael Barr a question during the HOPE Economic Mobility Forum.

small business, home and bank account ownership among people living in historically under resourced communities. Bill Bynum and Amber Koonce, Assistant Counsel at the Legal Defense Fund, concluded the day with a discussion on strategies for weathering the current legal threats facing the community development finance movement.

Coalition Stops Bill to End Affirmative Action in Arkansas

A coalition of advocates, Community Development Financial Institutions and philanthropic leaders joined together to successfully defeat SB71 – a bill authored to effectively end affirmative action and other programs designed to increase investment in businesses owned by people of color in Arkansas. HOPE Senior Vice President of Community & Economic Development, Charity Hallman, testified in opposition to the bill. In her testimony, she drew on data that found Black owned businesses receive, on average, the full amount of a financing request 40% of the time, in contrast to white owned businesses with similar credit profiles at 68%. Additionally, she highlighted the success of previous Arkansas based programs that included provisions to ensure businesses owned by people of color and women would receive funding in response to the pandemic. "This bill is bad for

business and will limit the growth of our economy. It will constrain the flow of capital into our state and, by extension, that which is available to small businesses," she said.

Affordable Housing Breakthrough Challenge

In Mississippi and Alabama, over 5,000 households that rent, 75% of which are Black, are at risk of eviction due to the sunset of federal affordable housing requirements associated with the Low Income Housing Tax Credit Program. In response, HOPE envisioned a program to transition the renters to homeownership through the creative use of down payment assistance, 100% financing, and loan loss reserves. The innovation caught the attention of Enterprise Community Partners, which selected HOPE as one of six organizations nationwide out of a pool of over 300 submissions for the Housing Affordability Breakthrough Challenge. With the selection, HOPE joins a cohort of organizations that receive both grant funding and technical support to launch the project. Partners in the project will include HBCU students from Mississippi Valley State University and Delta Design Build to retrofit the homes with energy-efficient upgrades.

TRANSFORMING CAPITAL TO TRANSFORM LIVES

Of the 1.3 million members of the "life-saving sisterhood" of GirlTrek, 56% live in the South. So when it came time to invest some of the organization's funds, the organization's leaders turned to HOPE because they knew and valued CEO Bill Bynum's work of creating economic mobility for underbanked communities.

"We had conversations about how we could invest in our communities. We wanted to invest in organizations that were Black-owned and where we knew the money was going directly to the communities," said Kallima Clarke, GirlTrek Chief Operating Officer. GirlTrek motivates Black women to start walking as the basis for transforming their health and well-being, and changing the statistics that 81% of Black women are overweight and that Black women's life expectancy is five to 10 years below other groups. The organization contends that these health outcomes result from generations of trauma, systemic racism and high incarceration rates, and aims to increase the life expectancy of Black women by 10 years within 10 years.

Seeing a link between HOPE's mission and its own, the organization made a \$250,000 Transformational Deposit in the Hope Credit Union in 2023. "We're basically helping ourselves," Clarke said.

GirlTrek's deposit furthers HOPE's goal of importing \$275 million in low-cost, federally insured deposits into opportunity deserts across the Deep South. Depositors made up of mission aligned individuals and corporations are motivated by the idea that their money

provides the capital HOPE deploys to close the racial wealth gap through small business and homeownership loans.

"We talk about walking, talking and solving problems," Clarke said, adding that HOPE's mission of economic empowerment aligns with GirlTrek's focus of addressing the "Three I's" that negatively affect Black women's health and stability: Inactivity, which can be fixed by walking just 30 minutes a day; Isolation, which limits opportunities for collaboration and idea-sharing; and Injustice, including economic disenfranchisement, which can be effectively addressed when Black women are united in pursuit of individual and communal well-being. "We say get out, put your sneakers on, and while you're walking, you're talking with members of your community," Clarke said.

"We wanted to invest in organizations that were Black-owned and where we knew the money was going directly to the communities."

— Kallima Clarke, GirlTrek Chief Operating Officer



Hundreds of participants join GirlTrek in walking for health and empowering self-care in Selma, Alabama.

Photo Credit: Jennifer Alsabrook-Turner at Bang Images



Transformational Depositor, Chiwanda Duplantier, New Orleans, LA

Traditional banks rely on the deposits of customers with higher net worth to provide the capital used to fund loans. HOPE's members, however, do not have the net worth to deposit and meet the loan demands of the organization.

AVERAGE BANK ACCOUNT BALANCE - 2023

\$62,410

Nationally

\$3,875

HOPE

HOPE's Transformational Deposit program also appeals to individuals like Chiwanda Duplantier of New Orleans, who likes the idea of "paying it forward" by putting her money in a HOPE account. Duplantier, a Veteran of the Armed Forces, is retired from the U.S. Department of Agriculture, where she worked in human resources. Duplantier has deposited about \$30,000 with HOPE, after a friend told her that the institution helps underbanked communities obtain financial services that they cannot access elsewhere.

"At one point in time I wasn't able to get credit for a Snickers bar," Duplantier said, adding that now that she's more financially stable, her deposit can help give that opportunity to others.

"Based on how our society is built, we know it's not fair to everyone," Duplantier said. With her transformational deposit in HOPE, she said she's now in a position to change that and make a positive impact on our society.

**HOPE FEDERAL CREDIT UNION/
HOPE ENTERPRISE CORPORATION**
Consolidated and Combined
Financial Highlights

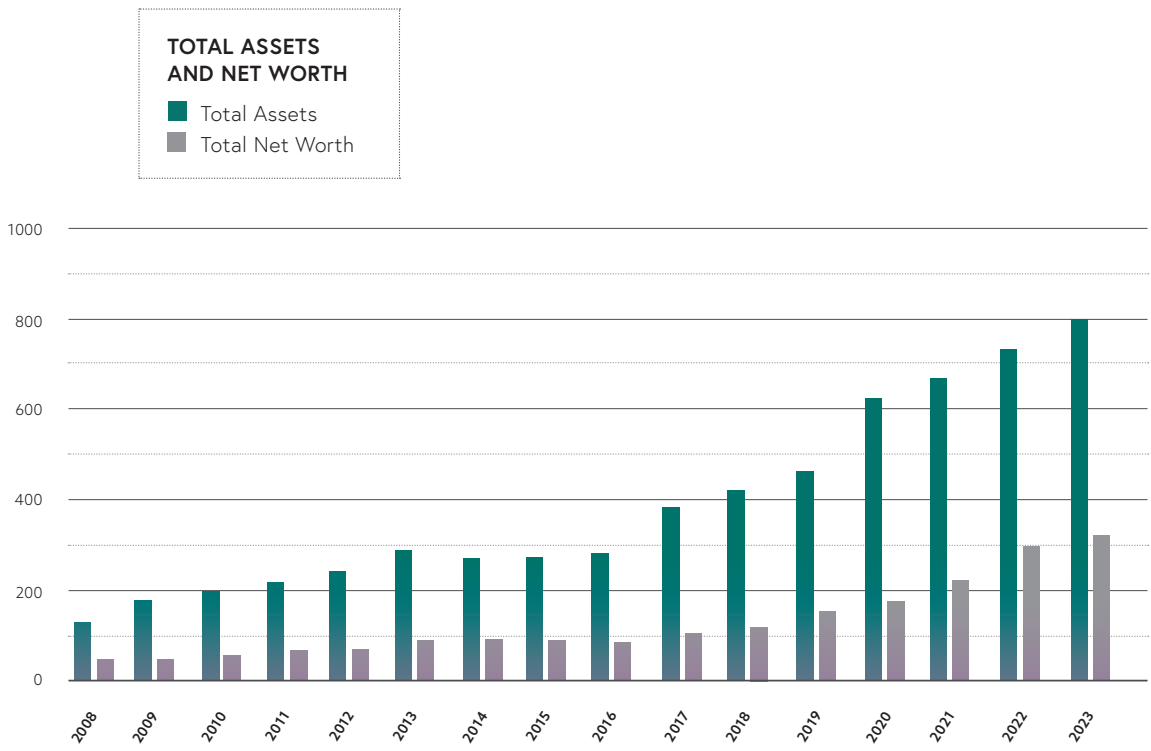
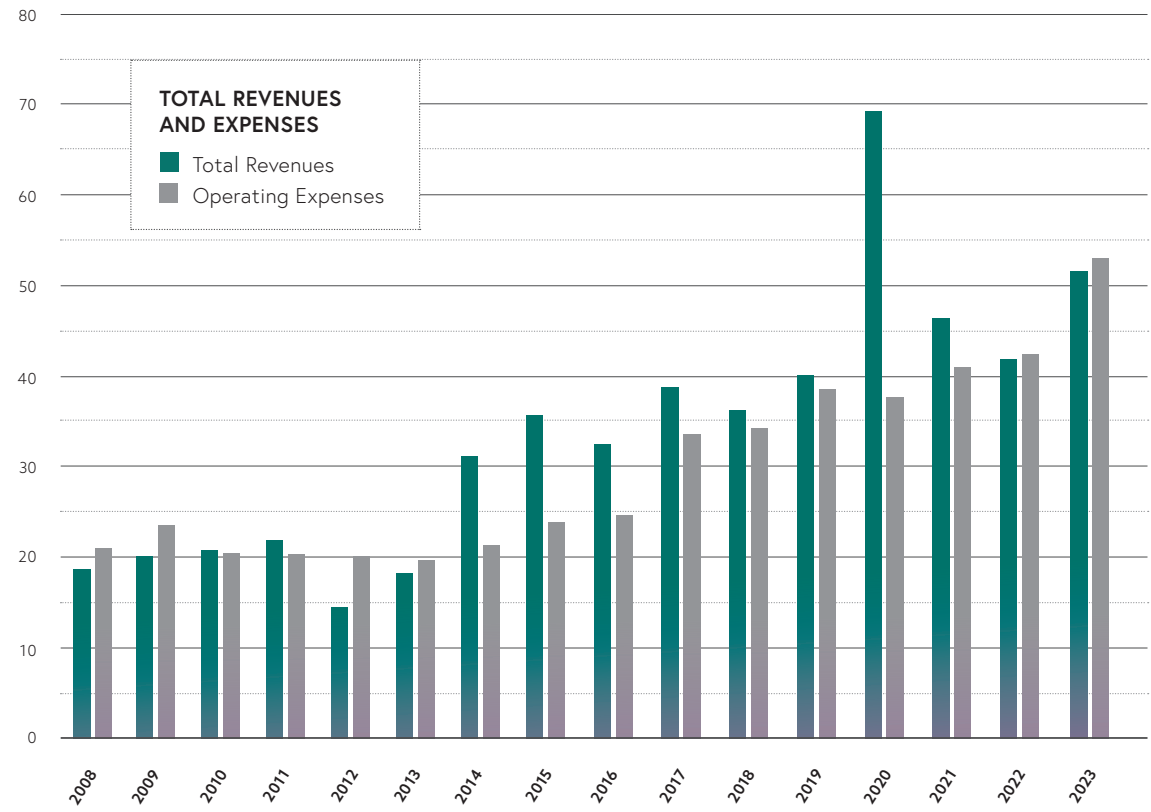
	Year Ended December 31	
	2023	2022

Results of Operations		
Total Revenues	\$ 51,458,445	\$ 41,860,005
Operating Expenses	53,090,335	42,462,080
Loan Loss Reserve Expense	2,876,309	-386,179
Change in Net Assets (Net Income)	-4,508,199	-221,186

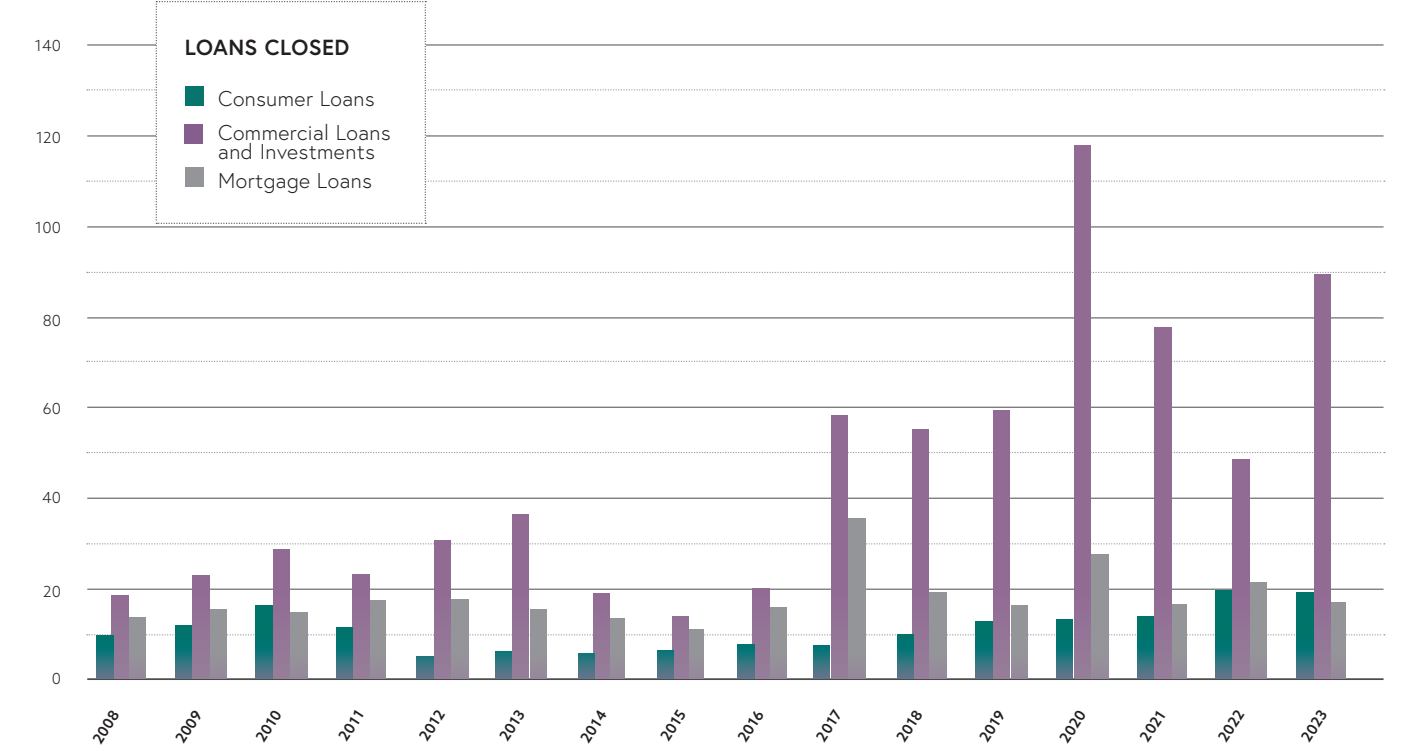
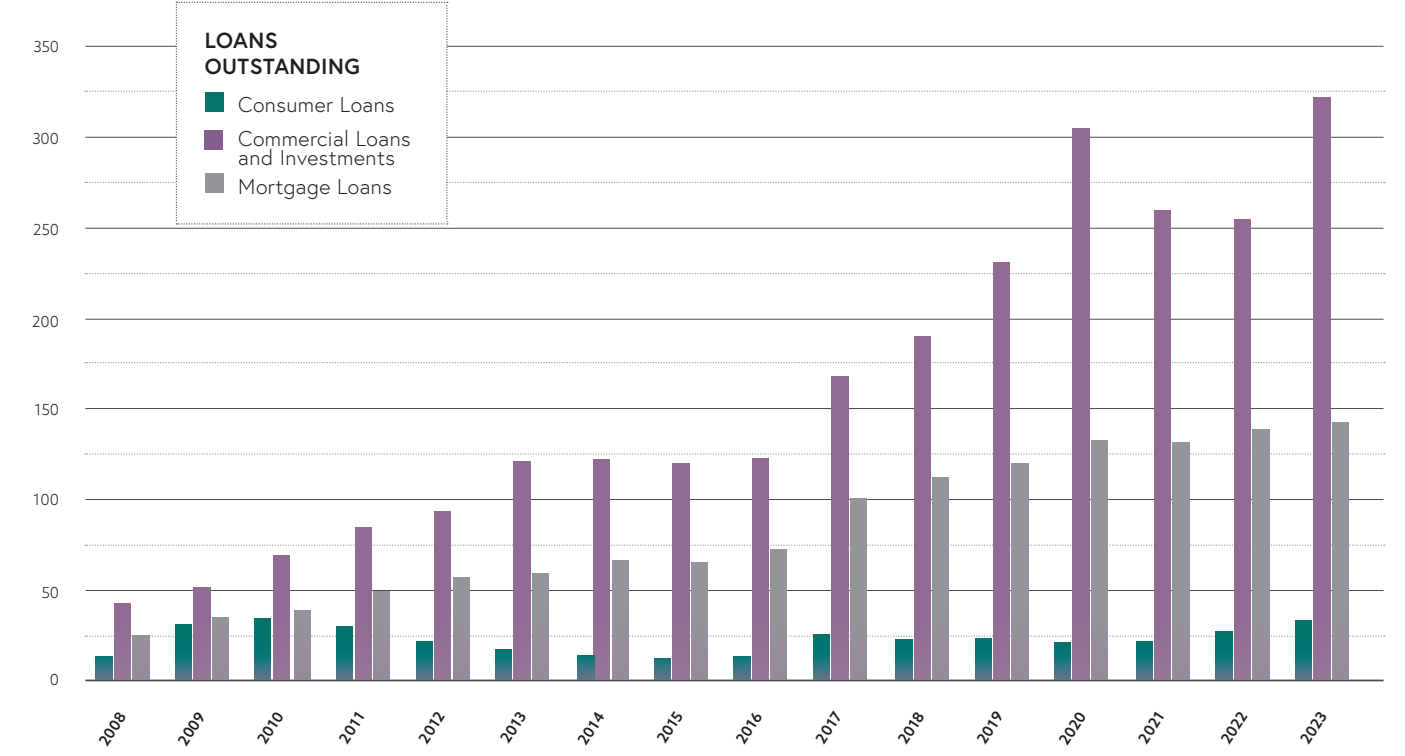
Financial Position		
Total Assets	\$ 803,598,734	\$ 737,211,680
Total Net Assets (Net Worth)	323,158,154	297,964,062
Loans	501,758,004	423,608,210
Total Debt	101,268,457	86,235,780
Total Deposits	355,995,073	335,873,469

Results of Activities		
Total Loans Closed	126,492,589	90,209,250

FINANCIAL HIGHLIGHTS
2023



FINANCIAL HIGHLIGHTS
2023



COMBINED STATEMENT OF FINANCIAL POSITION

For the Year Ended December 31, 2023

	HEC Consolidated	Hope Credit Union	Eliminations	Combined 2023	Combined 2022
ASSETS					
Cash and Cash Equivalents	\$ 32,775,012	\$ 71,269,113	\$ (35,587,215)	\$ 68,456,910	\$ 83,122,413
Restricted Cash	7,430,172			7,430,172	4,136,758
Debt and Other Securities	67,096,191	176,154,085	(38,035,775)	205,214,501	207,025,274
Cash Restricted for Collateral on Subsidiary's Note					
Investment in Non-Consolidated Partnerships					
Grants and Other Receivables	2,015,058	970,865	(1,008,457)	1,977,466	5,307,750
Prepaid Expenses	502,692	888,446		1,391,138	1,109,982
Other Assets	184,453	5,224,563		5,409,016	5,223,595
Interest Receivable	166,985	2,267,525		2,434,510	2,176,397
Consumer Loans		32,946,580		32,946,580	26,961,421
Commercial Loans	186,613,968	138,967,712	(729,001)	324,852,679	257,096,311
Residential Mortgage Loans	3,475,830	140,482,915		143,958,745	139,550,478
Allowance for Loan Losses	(3,486,097)	(7,669,299)		(11,155,396)	(10,672,419)
Loans, Net	186,603,701	304,727,908	(729,001)	490,602,608	412,935,791
Foreclosed Property		1,417,606		1,417,606	1,190,380
Goodwill		48,895		48,895	73,342
Property and Equipment, Net	1,667,546	17,548,366		19,215,912	14,909,998
Total assets	\$ 298,441,810	\$ 580,517,372	\$ (75,360,448)	\$ 803,598,734	\$ 737,211,680
LIABILITIES					
Accounts Payable	\$ 4,511,374	\$ 11,657,475	\$ (1,008,457)	\$ 15,160,392	\$ 12,011,633
Dividends Payable		403,275		403,275	146,538
Member Deposits		391,582,288	(35,587,215)	355,995,073	335,873,469
Other Liabilities	171,584			171,584	86,052
Deferred Revenue	7,441,799			7,441,799	4,894,146
Notes Payable and Long-Term Loans	64,114,197	40,858,261	(3,704,001)	101,268,457	86,235,780
Total Liabilities	76,238,954	444,501,299	(40,299,673)	480,440,580	439,247,618
NET ASSETS AND EQUITY					
Uninsured Capital and Reserves		136,016,073	(35,060,775)	100,955,298	98,093,342
Unrestricted Net Assets	32,350,450			32,350,450	39,063,096
Non-Controlling Interests	171,220,109			171,220,109	143,293,561
Net Assets	203,570,559	136,016,073	(35,060,775)	304,525,857	280,449,999
With Donor Restrictions	18,632,297			18,632,297	17,514,063
Total Net Assets	222,202,856	136,016,073	(35,060,775)	323,158,154	297,964,062
Total Liabilities and Net Assets	\$ 298,441,810	\$ 580,517,372	\$ (75,360,448)	\$ 803,598,734	\$ 737,211,680

See accompanying notes.

COMBINED STATEMENT OF ACTIVITY

For the Year Ended December 31, 2023

	Unrestricted	With Donor Restrictions	2023 Total	2022 Total
REVENUES AND GAINS				
Grants and Contributions	\$ 21,592,960	\$ 1,473,000	\$ 23,065,960	\$ 16,622,712
Program Income	19,597,298		19,597,298	23,054,107
Investment Income	8,958,272		8,958,272	5,372,271
Unrealized Gains/Losses	(163,085)		(163,085)	(3,189,085)
	49,985,445	1,473,000	51,458,445	41,860,005
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of Program Restrictions	354,766	(354,766)		
Expiration of Time Restrictions				
Transfers from Changes in Program Restrictions				
Total Revenues and Gains	50,340,211	1,118,234	51,458,445	41,860,005
EXPENSES				
Program Expenses				
Commercial Lending and Assistance	7,777,228		7,777,228	5,937,271
Mortgage Lending and Housing	4,322,411		4,322,411	3,117,518
Retail Operations and Consumer Lending	11,151,111		11,151,111	13,782,051
Other Programs	15,893,821		15,893,821	3,465,251
	39,144,571		39,144,571	25,132,553
Development and Communications	476,718		476,718	486,313
General Administration	16,345,355		16,345,355	18,667,852
Total Expenses	55,966,644		55,966,644	42,081,191
EQUITY IN EARNINGS OF AFFILIATED COMPANY				
Change in Net Assets before Minority Interests	(5,626,433)	(275,736)	(5,902,169)	(52,516)
Change in Other Comprehensive Gains/Losses	3,636,392		3,636,392	(1,359,986)
Change in Secondary Capital				91,943,645
Minority Interests in Subsidiaries Losses	(845,294)		(845,294)	(536,340)
Change in Net Assets Attributable to Controlling Interest	(2,835,335)	1,118,234	(1,717,101)	76,531,052
Acquisition of Non-controlling Interest				
Net Assets Attributable to Controlling-interest				
At Beginning of Year	137,156,438	17,514,063	154,670,501	78,139,449
Dividends Paid to Controlling Interests				
At End of Year	134,321,103	18,632,297	152,953,400	154,670,501
Net Assets of Minority Interests	171,220,109		171,220,109	143,293,561
Net Assets and Equity at the End of Year	\$ 305,541,212	\$ 18,632,297	\$ 324,173,509	\$ 297,964,062

See accompanying notes.

NOTES TO COMBINED & CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) For the years ending December 31, 2023 and 2022

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 combined and consolidated financial statements. 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 Associates, LLC (ECDA), ECD New Markets, LLC (ECDNM), Home Again, Inc. (Home Again), Hope New Markets 5, LLC, Hope New Markets 6, LLC, Hope New Markets 7, LLC, Hope New Markets 8, LLC, Hope New Markets 9, LLC, Hope New Markets 10, LLC, Hope New Markets 11, LLC, Hope New Markets 12, LLC, Hope New Markets 13, LLC, Hope New Markets 14, LLC, Hope New Markets 15, LLC, Hope New Markets 16, LLC, Hope New Markets 17, LLC, Hope New Markets 18, LLC, Hope New Markets 19, LLC, Hope New Markets 20, LLC, Hope New Markets 21, LLC, Hope New Markets 23, Hope New Markets 24, LLC, Hope New Markets 25, 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. ECDI was 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. Home Again has continued to provide affordable housing solutions in Mississippi.

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.

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:

	2023	2022
Cash and cash equivalents (including restricted cash)	\$ 75,887,082	\$ 87,259,171
Debt and other securities	205,214,501	207,025,274
	\$ 281,101,583	\$ 294,284,445

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, 2023 will be received and available for support of HEC/HCU's programs as follows:

Grants due in less than one year	\$ 1,365,451
Grants due in more one year	625,727
Total grants and other receivables	1,991,178

Less adjustment to reflect grants receivable at fair value at the date of grant, based on 2.5% discount rate	(13,712)
Net grants and other receivables	\$ 1,977,466

4. Loans

The composition of the loan portfolios are as follows:

	2023	2022
Consumer loans outstanding	\$ 32,946,580	\$ 26,961,421
Commercial loans outstanding	324,852,679	257,096,311
Residential mortgages loans outstanding	143,958,745	139,550,478
	\$ 501,758,004	\$ 423,608,210

Consumer loans are either uncollateralized or secured by vehicles, deposits, or other personal assets.

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.

Residential mortgage loans are typically collateralized by residential real estate with a loan to value ratio of 97% or less.

5. Allowance for Loan Losses

A summary of the activity in the allowance for credit losses on loans and loan losses for the years ended December 31, 2023, and 2022, respectively, are as follows. The Credit Union adopted CECL as of January 1, 2023. The prior year amounts presented are calculated under the prior accounting standard.

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

	2023	2022
Balance at beginning of year	\$ 10,672,419	\$ 12,547,257
Provision charged to operating expenses	2,876,309	(386,179)

Loans and investments charged-off and foreclosed-net	(2,393,332)	(1,488,659)
Balance at end of period	\$ 11,155,396	\$ 10,672,419

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 by members 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. Notes Payable and Long-Term Debt

The maturities of long-term debt, including secondary capital notes, at December 31, 2023 are as follows:

2024	\$ 23,724,827
2025	3,841,910
2026	13,751,755
2027	5,861,458
2028	1,385,317
Thereafter	52,703,190
	\$ 101,268,457

9. Uninsured Capital and Reserves

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

10. Non-Controlling Interests

HEC is the sole managing member of ECDA and elects three of the five board of directors of ECDNM. ECDA is the primary investing member of ECDNM. HEC is the sole managing member of each additional New Markets Tax Credit (NMTC) entity and elects two of the three board directors of each company. Although HEC controls the board of directors of these entities, HEC has a minority investment in each NMTC entity and thus receives minimal allocations of earnings or losses from these entities.

HOPE Governance

Hope Enterprise Corporation

Robert L. Gibbs, Gibbs Travis, PLLC, Chair

Ivy Allen, Nonprofit Leader

Claiborne Barksdale, Attorney & Educator

Dr. Marc Barnes, United Negro College Fund

Anne Marie Burgoyne, Emerson Collective

Mauricio Calvo, Latino Memphis

Susannah Carrier, Silver Lake

Bishop Ronnie C. Crudup, New Horizon Church International

Rebecca Dixon, National Employment Law Project

Carolyn Gill-Jefferson, Attorney

Herschell Hamilton, BLOC Global Group

Maurice Jones, MJConnects

Dan Letendre, Bank of America

Blanche Lincoln, Lincoln Policy Group

Felecia Lucky, Black Belt Community Foundation

Fred Miller, Home Loan Bank Dallas

Judy Reese-Morse, Urban League of Louisiana

Jeffrey Nolan, Loutre Land and Timber Company

H. Alexander Wise, Retired Nonprofit Leader

Hope Credit Union

Carolyn Gill-Jefferson, Attorney, Chair

Ivy Allen, Nonprofit Leader

Bill Bynum, HOPE

Mauricio Calvo, Latino Memphis

Virgil Dexter Doyne, Doyne Construction Company, Inc.

Robert L. Gibbs, Gibbs Travis, PLLC

Alice Graham, Retired Nonprofit Leader

David Jackson, Delta Housing Development Corporation

Bernard Mays, Jr., University of Alabama at Birmingham

George Penick, Retired Educator, Foundation Leader

Brenda Richard-Montgomery, JNM & Associates, LLC

Ann Shackelford, Teach for America – Greater Delta

Carol Spencer, Retired Clergy

Emily Trenholm, High Ground News

Carmen Walker, Retired Educator

Financial Inclusion Offices - HOPE Service Area

ALABAMA

Birmingham

- New Pilgrim

Montgomery

- Arba Street

- McGehee Road

ARKANSAS

College Station

Little Rock

- I-20 SW

- Geyer Springs

West Memphis

LOUISIANA

New Orleans

- Central City

- Elysian Fields

MISSISSIPPI

Biloxi

Drew

Greenville

Itta Bena

Jackson

- East River Place

- Medical Mall

- Old River Place

- Provine High School

- University Boulevard

Louisville

Moorhead

Shaw

Terry

Utica

West Point

TENNESSEE

Memphis

- Crosstown

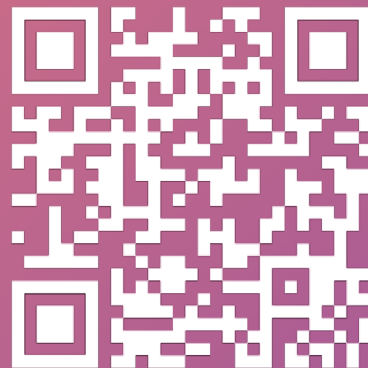
- Harvester Lane

- Madison Avenue

- Ridgeway Road



Learn more about how you can make it happen for others by investing in Transformational Deposits, visit <https://product.hopecu.org/transform> or scan the QR code below.



Brighter Futures Begin with HOPE.

www.hopecu.org | www.hopepolicy.org | 1-866-321-HOPE(4673)

