HOPE's story is comprised of individuals, families, communities, and many partners who have proven that when we work together, lives flourish.

During this silver anniversary year, we look back, reflecting on the lessons gleaned from our collective efforts. We also look beside us, thankful for the people and communities we serve, and the partners who helped make HOPE’s work possible. And we look ahead, building on our experience to plot the course for the critical work that remains.

Based in the heart of the Deep South, HOPE's work is inextricably linked to our region’s pivotal role in America’s ongoing struggle for social and economic justice. At a time when the nation confronts unsustainable division and disparities, HOPE moves forward, steadfast in our commitment to build bridges in the pursuit of the common good.

With your support, in the years ahead HOPE will generate many more stories of children and families who climb the economic ladder. Stories of communities revitalized. Stories of opportunities created where they are needed most. Stories of all that is possible, when we hope together.

HOPE HAS CREATED MOBILITY PATHWAYS FOR VULNERABLE PEOPLE BY CLOSING CRITICAL FINANCIAL SERVICE GAPS AND BY ADVOCATING FOR POLICIES AND PRACTICES THAT PROMOTE ECONOMIC OPPORTUNITY.
TOO MANY PROMISING BUSINESS IDEAS NEVER LAUNCH DUE TO LACK OF CAPITAL.

Even when the market is there and the plan is solid, many financial institutions are hesitant to take a chance on a customer who doesn’t fit the traditional model of “business owner.” HOPE sees things differently, making business loans to underserved populations at a much higher rate than other financial institutions. That’s because HOPE realizes that sometimes the improbable idea that other lenders deny becomes the successful business that changes an entire community.
As the business grew, the brothers expanded until their once “tiny, tiny, tiny” store became a booming business that spanned three city blocks. The brothers added a restaurant serving Hispanic food from tamales to tacos, produced their own salsa and charcoal, and eventually launched a second venture selling produce and meat to every Hispanic restaurant in Arkansas.

“The business was always crowded, full of people,” Salas says. “Families came to the restaurant with their kids, and they enjoy the food, the environment, the people. The owners, my brother and myself, we always interact with the customers. The community around here considered us family... We were doing pretty good and were there for 15 years until we had this incident.”

This “incident” was a devastating fire that destroyed the business the Salases had worked so hard to build. The brothers lost their livelihoods, and their 52 employees lost their jobs.

The Salases had insurance, but instead of simply rebuilding, they decided to expand, to make their business even bigger and better than before. But when they sought a commercial loan, the brothers ran into an obstacle. Because they had conducted most of their business in cash, neither Fred nor Benjamin had strong credit histories.

Fred and Benjamin turned to the HOPE Little Rock branch for help, where the HOPE representative walked the brothers through the loan process step-by-step – in Spanish.

“[I] can speak English, but when you get to the point where you have to understand the financial terms, it’s very useful to have somebody say, ‘Don’t worry. I’ll translate it. I’ll break it down for you and explain how this will work,’” Salas says. “‘Thanks to HOPE, we can now say, ‘We have hope.’”

And with hope for the Salases brothers came hope for their entire community.

“My dream for the people of this community is for them to have more opportunity,” Salas says. “God has given us the opportunity to hire people, to create jobs, to help others. Emotionally, that gives me pure satisfaction.”

In 2018, HOPE closed 51 commercial loans. 4 out of 10 of these loans were made to minority- or women-owned businesses.
ACCESS TO EVEN A SMALL AMOUNT OF CAPITAL CAN CHANGE THE FUTURE OF AN INDIVIDUAL OR A FAMILY.

For 25 years, HOPE has been a source of responsible financial services for people who might have been turned down by other providers or who might otherwise have turned to predatory lenders. HOPE’s members have proven that a little capital can lead to big things.

REALIZING DREAMS TOGETHER

Consumer Lending
Butler was working hard as a body tech at Hotard Bus Company, but previous medical bills put a strain on his finances. In December of 2017, Butler sold his vehicle to pay his bills and began making the 10-mile, four-hour roundtrip from his home to Hotard on foot.

“The bills don’t stop just because you don’t have a car,” Butler says. “There was nothing wrong with me. I could walk.”

Butler opted against taking the bus so he could save the $3 daily fare and clocked in at Hotard at 6:30 every morning, arriving early so his co-workers would never suspect he didn’t have a car. He made the trek from December through July, braving the chilly, damp winter and the steamy New Orleans summer. Based on a five-day work week, Butler put approximately 1,400 miles on his Nikes.

Then his mother saw a commercial for HOPE Credit Union and suggested that Butler inquire about an auto loan. With his low credit score, Butler’s first thought was, “I ain’t getting no vehicle through these people.” But my mother convinced me that HOPE helps people. And they helped me.”

An auto loan from HOPE allowed Butler to trade in his well-worn Nikes for a 2015 Dodge 3500. And while Butler may not be the type to ask for help, he is certainly the type to give it. For Butler, the new truck is more than just a faster way to get to work. It’s a tool for helping others.

Butler has used his workhorse Dodge to tow strangers’ cars out of ditches and transport materials for those in need. When he drove past a man whose car had died on an interstate off-ramp, Butler turned around, pushed the stalled car to a nearby truck stop, and waited with the stranded motorist, who suffered from Parkinson’s disease, until a family member arrived.

“I was overjoyed to get a car loan from HOPE,” Butler says, “I haven’t met too many people that nice. Of course, I want to pay it forward. Now I’m happy to be able to help other people who also need a hand.”

Since 1994, HOPE has made more than 23,000 consumer loans. In any given year, approximately half of these loans were made in economically distressed areas.

“The average credit score for HOPE consumer loan borrowers in 2019 is 620, compared to a national average of 704. One out of four members has a score lower than 600 – a credit score that would prohibit members from obtaining loans at many other financial institutions.

MICHAEL BUTLER DOESN’T SHRINK HIS RESPONSIBILITIES.
HOPE HAS LONG RECOGNIZED THE CONNECTION BETWEEN ECONOMIC MOBILITY AND ACCESS TO RESPONSIBLE FINANCIAL SERVICES. HOPE offers basic financial services to populations neglected by mainstream financial institutions. “Financial inclusion” in the form of something as simple as a free checking account or installing an area’s first ATM can be the catalyst for revitalizing an entire community.
LATINO MEMPHIS IS A NONPROFIT that provides services to the city’s Hispanic community. HOPE partners with Latino Memphis to offer financial counseling and services. When Alejandra joined Latino Memphis as its program coordinator, she learned about Crece con HOPE (Grow with HOPE), HOPE’s program to expand service to Spanish-speaking immigrants. Crece con HOPE offers checking and savings accounts to immigrants who have an ITIN, or individual taxpayer identification number. The IRS issues ITINs to people who are not eligible to obtain a Social Security number to help these individuals comply with U.S. income tax laws.

Alejandra has referred dozens of her clients to HOPE for financial services, but no clients were happier to find HOPE than Alejandra’s own parents. Her mother and father, natives of Zacatecas, Mexico, have lived in the United States since 1999.

“My parents had looked at other financial institutions, but they didn’t feel a sense of trust there,” Alejandra says. “They had resorted to keeping all their money in cash, literally hidden under the mattress. I kept thinking, ‘What if the house burns?’”

Alejandra convinced her father to turn to HOPE, where he opened an account using his ITIN number. The entire family can rest easier knowing their money is in a safe place.

“Many undocumented people are afraid to go to a bank without a Social Security number. Others have gone to a bank and had a bad experience. When I told them, ‘HOPE will work with you with an ITIN,’ or ‘HOPE will have someone there who can explain things to you in Spanish,’ their eyes just glow,” Alejandra says. “At HOPE, I have noticed a difference in the way people from my community are treated. If you make thousands or if you make five dollars a year, at HOPE, you are treated with the same respect.”

“AT HOPE, I HAVE NOTICED A DIFFERENCE IN THE WAY PEOPLE FROM MY COMMUNITY ARE TREATED.”

ALEJANDRA, Pictured on page 12

JUNTOS AVANZAMOS • TOGETHER WE ADVANCE — In January 2019, HOPE received the National Juntos Avanzamos Designation for its work to expand financial access to Hispanic communities. Juntos Avanzamos translates to “Together We Advance.” Presented by Inclusiv, an association that helps low-income people and communities achieve financial independence, the designation recognizes credit unions committed to serving the Hispanic community. HOPE is the first Mississippi-based credit union and the first operating in Tennessee to receive the award.

“I CAME TO LATINO MEMPHIS AND LITERALLY FOUND HOPE,” ALEJANDRA SAYS.

33% of HOPE members were previously unbanked. By avoiding payday lenders and other high-cost financial services, HOPE members saved an estimated $300,000 in 2018.
OWNING A HOME IS AN IMPORTANT TOOL FOR WEALTH BUILDING, YET HOMEOWNERSHIP CAN SEEM AN OUT-OF-REACH GOAL FOR MANY FAMILIES. Mortgage loans from HOPE designed specifically for low-income buyers and those with less-than-perfect credit make the dream of homeownership a reality.
“I HAD A BEAUTIFUL FIVE-BEDROOM HOUSE IN CHICAGO,” ANNIE WALLACE SAYS. “AS A SINGLE WOMAN, DID I NEED A FIVE-BEDROOM HOUSE? NO, BUT I BOUGHT IT ANYWAY.”

FOR WALLACE, BUYING THAT HOUSE was the first in a series of poor financial decisions that quickly created a domino effect. Wallace lost the house, then lost her job, then fell behind on her bills.

“I turned to payday loans,” Wallace says. “That $200 I borrowed from payday lenders turned into $800 I had to pay back. So next I pulled out all of my retirement money — what poor decision are we on now? Four? Five? — and went through all of that.”

With her resources depleted, Wallace relocated to Memphis to stay with a friend, where she heard about HOPE.

“From day one, HOPE was awesome,” Wallace says. “They weren’t judgmental. In fact, they treated me like Tina Turner or Beyoncé from the first day I sashayed through the door. HOPE didn’t just want my business. They wanted to get to know me. They asked me what my goals were, and I told them I wanted my own home and I needed to replace my 18-year-old car.

“They asked me what my goals were, and I told them I wanted my own home and I needed to replace my 18-year-old car. They said, ‘Annie, here’s what we can do, but we suggest you do this first.’”

“This” was intense credit counseling with HOPE that helped Wallace avoid making the same expensive mistakes, followed by paying back a series of small loans that helped Wallace repair her shattered credit.

HOPE eventually wrote Wallace an auto loan and a mortgage loan — this time, for a modest two-bedroom house Wallace says has “plenty of space.”

“I had a new car and a home through HOPE before I would have qualified to buy a weed wacker from Sears on credit. That is the evidence of what HOPE can do,” Wallace says. “And throughout this whole ordeal, HOPE reminded me not to give up on myself. I had lost my sense of self-worth. But HOPE reminded me that this was only a situation I was going through. I was growing, and it was going to be better ahead.

“I have more than a partnership with HOPE,” Wallace continues. “I have a friendship. I’m a success story, and now I can help the next person who is going through the same thing, all because of HOPE.”
HOPE serves the states of Alabama, Arkansas, Louisiana, Mississippi, and Tennessee. These states are home to one-third of the nation’s “persistent poverty counties,” counties where the poverty rate has eclipsed 20 percent or more for at least 30 years.

Many of these counties are “opportunity deserts,” where residents lack access to basic amenities that most people take for granted. HOPE works to eliminate banking deserts, job deserts, education deserts, healthcare deserts, and food deserts, cultivating opportunity where it’s needed the most.

Community Development

Revitalizing neighborhoods together

Many of these counties are “opportunity deserts,” where residents lack access to basic amenities that most people take for granted. HOPE works to eliminate banking deserts, job deserts, education deserts, healthcare deserts, and food deserts, cultivating opportunity where it’s needed the most.
FOR MORE THAN A DECADE, RESIDENTS IN THE TINY TOWN OF GLOSTER, MISSISSIPPI, (POPULATION 960) HAD TO DRIVE MORE THAN 45 MINUTES TO GET TO A GROCERY STORE OFFERING FRESH FRUITS, VEGETABLES, AND OTHER HEALTHY FOODS.

THAT CHANGED IN 2018, when dozens of excited residents helped cut the ribbon on a new Piggly Wiggly grocery store. HOPE provided the financing that allowed Jason Cook, the store’s owner/operator, to open Piggly Wiggly’s doors and put Gloster’s residents on a path to better nutrition and improved health.

HOPE played a part in something bigger than opening a grocery store,” Cook wrote in a letter to HOPE. “We have had a tremendous impact on people’s lives in Gloster and Amite County. I have been hugged, pinned over, thanked, and cried on as residents rejoice in their new local supermarket. I cannot express to you how moved and humbled I have been.”

Cook chose HOPE as his financial partner specifically due to HOPE’s commitment to eliminating food deserts.

“I chose to go through HOPE because it was always a bigger picture situation for me,” Cook says. “HOPE aligns itself to help people. That’s the reason I was led to the HOPE team. In business, we have to turn a profit, but being able to do work we enjoy while helping others is what’s truly satisfying.”

Months after Piggly Wiggly’s opening, Cook is still amazed by the uplifting effect the bright, clean store has had on a community that felt largely forgotten.

“One moment stands out more than any other,” Cook says. “A customer came to me and said, ‘Bless you. We haven’t felt like human beings here for years, and now we do.’”

Since making its first healthy food loan, HOPE has partnered with 12 grocery store owners to eliminate food deserts for more than 110,000 people.

“A CUSTOMER CAME TO ME AND SAID, ‘BLESS YOU. WE HAVEN’T FELT LIKE HUMAN BEINGS HERE FOR YEARS, AND NOW WE DO!’” — JASON COOK, pictured above
OVER THE PAST 25 YEARS, HOPE HAS GROWN FROM A SINGLE LOCATION SERVING 55 COUNTIES AND PARISHES TO 31 LOCATIONS COVERING FIVE STATES. Growth has come from opening new locations, moving into areas other financial institutions have left behind, and merging with existing credit unions.

REACHING NEW MARKETS TOGETHER

Expansions and New Locations
ERIC NETTLES HAS BUILT A SUCCESSFUL CAREER AS A REGIONAL ACCOUNT MANAGER FOR XEROX, MANAGING A FIVE-STATE AREA FROM HIS HOME BASE IN MONTGOMERY, ALABAMA.

A TALENTED SINGER, Nettles occasionally performs at a music club in his hometown. One of his favorite numbers is Luther Vandross’ “Never Too Much,” but as Nettles discovered during a visit to the new HOPE location in Montgomery, that song title should not apply to interest rates.

“I was banking with another institution when a friend suggested I stop by HOPE,” Nettles says. "The representative took one look at my car loan and said, ‘With your credit score, I cannot believe you’re being charged this high interest rate. I almost just looked at it as apply for the loan, get approved, and move on. HOPE showed me the difference a lower interest rate based on my excellent credit would make. I realized I was basically being robbed.”

Nettles refinanced his car through HOPE at a much lower rate, and eventually moved all of his business, including lines of credit and pre-approval for a new mortgage loan, to HOPE. In addition to lower interest rates and better service, HOPE has given Nettles the knowledge and awareness he needs to more efficiently manage his money.

“HOPE has helped me more in a few weeks than anyone else has in all of my 47 years,” Nettles says. “I don’t look at my finances the same way now. HOPE helped me take control of my Finances, and by doing that, they’ve changed my life and the lives of my wife and our children.”

Nettles still performs “Never Too Much,” but he’s also added another favorite to his repertoire. He’s reminded of his relationship with Hope Federal Credit Union every time he croons Al Green’s “Let’s Stay Together.”

In 2018, HOPE opened three new locations—Montgomery, Alabama; New Orleans, Louisiana; and Memphis, Tennessee.
HOPE’S IMPACT IN 2018
Beginning from ground zero in 1994, HOPE made the following impact in 2018:

MOVING FORWARD TOGETHER

32 LOCATIONS IN 5 STATES

3,927 NEW MEMBER-OWNERS IN 2018 (TOTAL = 47,976)

$84.9 MILLION IN TOTAL LENDING

2,674 CONSUMER LOANS TOTALING $10 MILLION

7,937 STUDENTS WERE EDUCATED IN SCHOOLS FINANCED BY HOPE. 85% RECEIVED FREE AND REDUCED-PRICE LUNCHES.

772 PATIENTS WERE TREATED IN HEALTHCARE FACILITIES FINANCED BY HOPE.

185 MORTGAGE LOANS TOTALING $19.2 MILLION

51 COMMERCIAL LOANS TOTALING $53.4 MILLION

125,000 MORTGAGE LOANS TOTALING $19.2 MILLION

7,937 ADDITIONAL RESIDENTS IN QUALITY, AFFORDABLE HOPE-FINANCED RENTAL HOUSING (TOTAL = 5,564)

51 COMMERCIAL LOANS TOTALING $53.4 MILLION

125,000 PATIENTS WERE TREATED IN HEALTHCARE FACILITIES FINANCED BY HOPE.
HOPE IS BOTH AN ACTION-ORIENTED, BOOTS-ON-THE-GROUND SERVICE PROVIDER AND A TRAILBLAZING ADVOCATE FOR POLICIES AND PRACTICES THAT PROMOTE OPPORTUNITY.

HOPE’s record of success lies in its close connections to the communities and people it serves. It’s this frontline work that positions HOPE to speak with authority on policy matters, ultimately leading to lasting impact.

Since its inception, HOPE has leveraged billions of dollars and improved the lives of millions in the Deep South and across the nation. Through advocacy, HOPE dramatically expands its impact while also changing the systems that make its work so necessary in the first place.
CLOSING THE FINANCIAL SERVICES GAP

NATIONALLY, ONE IN FOUR AMERICANS has no relationship with a financial institution. These consumers don’t have access to loans for mortgages or capital to grow small businesses, in many cases, they don’t even have access to an ATM or a place to open a basic checking account.

HOPE works to create paths out of poverty by closing this financial services gap.

RURAL PLACES, RURAL SPACES

Some of the most important work undertaken by HOPE in 2017-18 was its advocacy for increasing investment in persistent poverty areas – places where the poverty rate has exceeded 20 percent for three decades or more in a row.

As part of the U.S. Partnership on Mobility from Poverty, HOPE focused national attention on the connection between financial services and economic mobility – particularly in persistent poverty areas. A resulting paper, titled Opening Mobility Pathways by Closing the Financial Services Gap, was the catalyst for a HOPE-hosted June 2018 forum in Birmingham, Alabama, which convened representatives from the banking, philanthropic, and public sectors to build upon recommendations in the paper and forge action steps for moving forward.

In early 2019, HOPE’s policy forum, titled “Rural Places, Rural Spaces: Closing Financial Service Gaps in Persistent Poverty America,” brought Federal Reserve Chairman Jerome Powell to Itta Bena, Mississippi, to underscore the importance of investing in historically underserved people and places. The forum generated national coverage such as the NBC “Today” show, CNBC, and the Wall Street Journal.

After 25 years of injecting capital into low-income areas, HOPE continues to take the argument for increasing investment in these communities to the highest levels of United States policy development, finance, and philanthropy.
HOPE formed Small Town Partnerships with the communities of: Drew • Moorhead • Itta Bena • Shaw • Utica • Yazoo City • Louisville

“UNEMPLOYMENT IS NEAR A HALF-CENTURY LOW, AND ECONOMIC OUTPUT IS GROWING AT A SOLID PACE. But that prosperity has not been felt as much in some areas, including many rural places.”

JEROME H. POWELL, FEDERAL RESERVE BOARD CHAIRMAN

THE CALM AFTER THE STORM —

When Hurricane Katrina swept away areas of the Gulf Coast in 2005, HOPE drafted the affordable housing section of Mississippi’s recovery plan, placed the first newly constructed homes on the Gulf Coast, and launched recovery programs for individuals and small business owners. HOPE’s efforts leveraged nearly $1 billion and provided housing for 655 FAMILIES, enabled 625 BUSINESSES to reopen their doors, and helped more than 30,000 PEOPLE put their lives back together.

SMALL TOWN PARTNERSHIP

Small, rural towns often lack community and economic development staff, leaving them at a disadvantage when competing for resources.

HOPE’s Small Town Partnership has responded to that need in seven Mississippi towns by working hand-in-hand with local residents, leaders, and stakeholders to identify needs and develop plans to help their communities grow and thrive.

One outcome of the planning process was an innovative program to remove abandoned houses and create related jobs in Shaw, Drew, and Yazoo City. HOPE partnered with these towns, the Mississippi Home Corporation, and local businesses to demolish the homes and recycle the materials, resulting in the removal of 38 blighted properties and the employment of five to eight individuals per house, who received on-the-job training in the building and construction trades by learning how to deconstruct a home.

LEVERAGING THE OPPORTUNITY ZONES PROGRAM IN MISSISSIPPI

In 2018, HOPE served on Mississippi Governor Phil Bryant’s Opportunity Zones Task Force. By emphasizing the value of including high-poverty, low-median family income census tracts with stable levels of small business lending and adding Small Business Administration data to the range of variables under consideration in the Opportunity Zones selection process, HOPE identified census tracts, particularly in rural areas, that may not have otherwise been included in the final list of recommendations. A number of HOPE’s recommendations, particularly in the Delta and including parts of Sunflower County, were incorporated into the final list.

Through the Small Town Partnership, HOPE pursues innovative affordable housing solutions.

25

THE SHIPING POLICY TOGETHER
CONSOLIDATED AND COMBINED FINANCIAL HIGHLIGHTS
HOPE ENTERPRISE CORPORATION/HOPE FEDERAL CREDIT UNION

RESULTS OF OPERATIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenues</th>
<th>Operating Expenses</th>
<th>Loan Loss Reserve Expense</th>
<th>Change in Net Assets (Net Income)</th>
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FINANCIAL POSITION

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<th>Year</th>
<th>Total Assets</th>
<th>Total Net Assets (Net Worth)</th>
<th>Loans</th>
<th>Total Debt</th>
<th>Total Deposits</th>
<th>Total Assets</th>
<th>Total Net Assets</th>
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RESULTS OF ACTIVITIES

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<tr>
<th>Year</th>
<th>Total Loans Closed</th>
<th>Loans Outstanding</th>
<th>Loans Closed</th>
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<td>2011</td>
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<td>$296,058,315</td>
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### COMBINED STATEMENT OF FINANCIAL POSITION

**FOR THE YEAR ENDED DECEMBER 31, 2018**

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<thead>
<tr>
<th></th>
<th>2018 Combined</th>
<th>2017 Combined</th>
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</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
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<tr>
<td>Cost and cash equivalents</td>
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<tr>
<td>Other receivables</td>
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<tr>
<td>Unrestricted</td>
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</tr>
<tr>
<td>Restricted</td>
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</tr>
<tr>
<td>Net assets</td>
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<tr>
<td>With Donor Restrictions</td>
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<td>Total net assets</td>
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<td><strong>UNRESTRICTED</strong></td>
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<td>Non-controlling interests</td>
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<td>Unrestricted net assets</td>
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<td><strong>INSURED CAPITAL AND RESERVES</strong></td>
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<td><strong>TOTAL NET ASSETS</strong></td>
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<td><strong>NET ASSETS AND EQUITY</strong></td>
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<td>28,768,198</td>
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### COMBINED STATEMENT OF ACTIVITY

**FOR THE YEAR ENDED DECEMBER 31, 2018**

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<thead>
<tr>
<th></th>
<th>2018 Total</th>
<th>2017 Total</th>
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<tbody>
<tr>
<td><strong>REVENUES AND GAINS</strong></td>
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<tr>
<td>Dividends and contributions</td>
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<td>Program earnings</td>
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<td>Investment income</td>
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<td><strong>TOTAL REVENUES AND GAINS</strong></td>
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<td><strong>NET ASSETS RELEASED FROM RESTRICTIONS</strong></td>
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<td>Sale of program restrictions</td>
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<tr>
<td>Realization of time restrictions</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Change in net assets before minority interests</td>
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<td>-18,198,507</td>
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<tr>
<td><strong>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</strong></td>
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<td>-18,198,507</td>
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<tr>
<td><strong>EXPENSES</strong></td>
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<tr>
<td>Program expenses</td>
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<td>General administration</td>
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<td>Development and communications</td>
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<td>Other programs</td>
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<td>16,650,247</td>
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<tr>
<td><strong>NET INCOME</strong></td>
<td>3,343,426</td>
<td>1,644,840</td>
</tr>
</tbody>
</table>

**EQUITY IN EARNINGS OF AFFILIATED COMPANY**

<table>
<thead>
<tr>
<th></th>
<th>2018 Total</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General administration</td>
<td>11,631,708</td>
<td>10,474,968</td>
</tr>
<tr>
<td>Development and communications</td>
<td>1,459,574</td>
<td>1,604,256</td>
</tr>
<tr>
<td>Other programs</td>
<td>3,140,289</td>
<td>3,581,023</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>16,221,571</td>
<td>16,650,247</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>3,343,426</td>
<td>1,644,840</td>
</tr>
</tbody>
</table>

**NET ASSETS OF MINORITY INTERESTS**

<table>
<thead>
<tr>
<th></th>
<th>2018 Total</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of non-controlling interest</td>
<td>5,008,106</td>
<td>4,656,871</td>
</tr>
<tr>
<td>Minority interests in subsidiaries losses</td>
<td>-353,937</td>
<td>-14,100,648</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS OF MINORITY INTERESTS</strong></td>
<td>-301,728</td>
<td>-14,454,585</td>
</tr>
</tbody>
</table>

**TOTAL NET ASSETS AND EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>2018 Total</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net assets</td>
<td>30,504,353</td>
<td>28,768,198</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS AND EQUITY</strong></td>
<td>30,504,353</td>
<td>28,768,198</td>
</tr>
</tbody>
</table>

See accompanying notes.
NOTES TO COMBINED & CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017

1. BASIS OF PRESENTATION

The combined and consolidated financial statements include the consolidated financial statements of the Hope Enterprise Corporation (HEC) and Hope Credit Union (HCU), formerly known as Mississippi Basin Federal Credit Union (MBFCU). HEC holds a 66% ownership interest in MBFCU for the life of the entity to maintain the credit union status of MBFCU.

2017 HEC sold a majority of its ownership interest in MBFCU to the members of MBFCU (the members) in exchange for their shares of MBFCU and MBFCU stock, gaining a 26% ownership interest in MBFCU.

HEC and HCU are consolidated financial statements prepared on the basis of the combination of HEC and HCU and the adoption of the equity method of accounting for investments in the members of HEC and HCU. The financial statements of HEC and HCU are available at www.hopecreditunion.com.

3. GRANTS AND OTHER RECEIVABLES

Grants and other receivables at December 31, 2018, were $121,785 and $10,000, respectively. The amounts are due from the United States Department of Treasury. The amounts are due in the normal course of business.

4. LOANS

The composition of the loan portfolios are as follows:

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 upon a review of all available credit information, including an evaluation of the key credit quality indicators for each loan relationship, analysis of the trend of delinquencies and losses, consideration of the general economic conditions and of specific conditions affecting the probability of collection of such loans, and a comparison of the allowance to the trend of non-performing loans, net charge-offs and other related factors. The allowance for loan losses increased $20,000 as a result of an increase in the delinquency ratio and a decrease in the delinquency ratio, respectively. The increase in the delinquency ratio was due to the increase in the delinquency rate of the portfolio.

6. FORECLOSED PROPERTY

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 upon a review of all available credit information, including an evaluation of the key credit quality indicators for each loan relationship, analysis of the trend of delinquencies and losses, consideration of the general economic conditions and of specific conditions affecting the probability of collection of such loans, and a comparison of the allowance to the trend of non-performing loans, net charge-offs and other related factors. The allowance for loan losses increased $20,000 as a result of an increase in the delinquency ratio and a decrease in the delinquency ratio, respectively. The increase in the delinquency ratio was due to the increase in the delinquency rate of the portfolio.

7. UNINSURED CAPITAL AND RESERVES

The composition of the loan portfolios are as follows:

8. LONG-TERM DEBT

The composition of the loan portfolios are as follows:

9. UNINSURED CAPITAL AND RESERVES

The composition of the loan portfolios are as follows:

10. FORECLOSED PROPERTY

The composition of the loan portfolios are as follows:

11. LOANS

The composition of the loan portfolios are as follows:

12. ALLOWANCE FOR LOAN LOSSES

The composition of the loan portfolios are as follows:

13. LOANS

The composition of the loan portfolios are as follows:

14. UNINSURED CAPITAL AND RESERVES

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15. FORECLOSED PROPERTY

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59. ALLOWANCE FOR LOAN LOSSES

The composition of the loan portfolios are as follows:

60. UNINSURED CAPITAL AND RESERVES

The composition of the loan portfolios are as follows:
HOPE ENTERPRISE CORPORATION
BOARD OF DIRECTORS
Ivye Allen, Foundation for the Mid-South
Claiborne Backdale, Attorney & Educator
Sussannah Carter, Stivel Lake
Hodding Carter, III, Retired Statesman, Educator & Journalist
Renov C. Coudray, New Horizon Church International
Mauricio Calvo, Latino Memphis
Farrell Duncombe, Saint Paul African Methodist Episcopal Church
Carmen Walker, Retired Educator

Blanche Lincoln, Lincoln Policy Group

Fred Mike, Mayor of Rolling Fork, MS
Martha Murphy, Murphy Family Limited Investment Partnership
Jeffrey Nolan, Louise Card and Timber
William A. Percy, Retired Businessman
H. Alexander Wise, Development Consultant

HOPE FEDERAL CREDIT UNION
BOARD OF DIRECTORS
Ivye Allen, Foundation for the Mid-South
Bill Bynum, HOPE
Mauricio Calvo, Latino Memphis
Farrell Duncombe, Saint Paul African Methodist Episcopal Church

Robert L. Gibbs, Gibbs Travis, PLLC
Carolyn Gill-Jefferson, Attorney
Alice Graham, Back Bay Mission
Bill Bynum, HOPE
Mauricio Calvo, Latino Memphis
Farrell Duncombe, Saint Paul African Methodist Episcopal Church

Robert L. Gibbs, Gibbs Travis, PLLC
Carolyn Gill-Jefferson, Attorney
Alice Graham, Back Bay Mission
David Jackson, Delta Housing Development Corporation
George Perkins, Retired Educator, Foundation Executive
Brandi Richard-Montgomery, JNM & Associates, LLC
Ann Shaddaford, Teach for America – Greater Delta
Carol Spence, Retired Clergy
Emily Tomlinson, High Ground News
Carmen Walker, Retired Educator
Neddie Winters, Mission Mississippi

HOPE GOVERNANCE
HOPE doesn’t thrive in a vacuum. The progress reflected in these pages didn’t come through HOPE’s efforts alone. Every success is the result of the combined efforts of the communities and people HOPE serves and the forward-thinking partners that share HOPE’s vision of financial inclusion for everyone, regardless of their circumstance.

To find out how you or your organization can join us, visit HOPECU.org.

With your vision, we will continue to revitalize communities and change lives.
With your participation, we will continue to work, grow, and improve.
With your help, we will continue to hope together.