



Quarterly Report

OCT-DEC. 2018

Access to financial services matter across the nation, but particularly in the Deep South, where the nation's highest rates of unbanked residents and high cost lending severely limit the economic prospects of families and their communities.

At HOPE, we tackle this by providing responsible small-dollar loans that help ensure that borrowing funds for a car repair or health emergency doesn't plunge hard working people into predatory debt traps. Because we take the time to understand one's ability to pay, more than 80% of HOPE's mortgages extend the American dream to first-time homebuyers. We finance health care centers, school facilities, nonprofit organizations and entrepreneurs that provide vital services and jobs in communities with some of the highest rates of poverty in the nation.

In this quarterly report, you will see examples of how these and other financial tools provide an economic ladder for underserved residents of inner city neighborhoods and rural towns across our region. Your support makes this possible. Thank you for being our partner in the important work of creating opportunity where it is needed most.

Please visit www.hopecu.org
to learn more and to read the full report.

Sincerely,

A handwritten signature in black ink that reads "Bill Bynum" with a long, sweeping horizontal line extending to the right.

Bill Bynum, CEO, HOPE

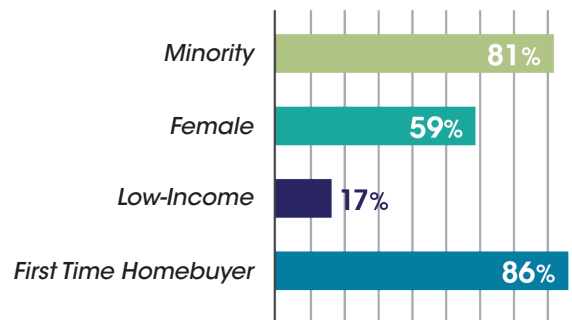


Driving Toward Financial Freedom

After recently returning to his family's farm in Mississippi to care for aging relatives, Larry found himself in need of a car. The 77-acre farm is home to chickens, hogs, goats and cows, but little else. And, it is several miles from the facility where Larry found work. He did not think he could get financing at a bank, but decided to take a chance on HOPE, the only financial institution located in the Town of Shaw. Larry says

"his credit score wasn't the highest," but HOPE's team provided the financing he needed to purchase a vehicle to meet his transportation needs. He later received financing for a mobile home to place on the farm property. "Shaw is an island," Larry says. "If it were not for HOPE, people would have to drive 15 miles to get to another financial institution."

Mortgage Loan Borrower Characteristics

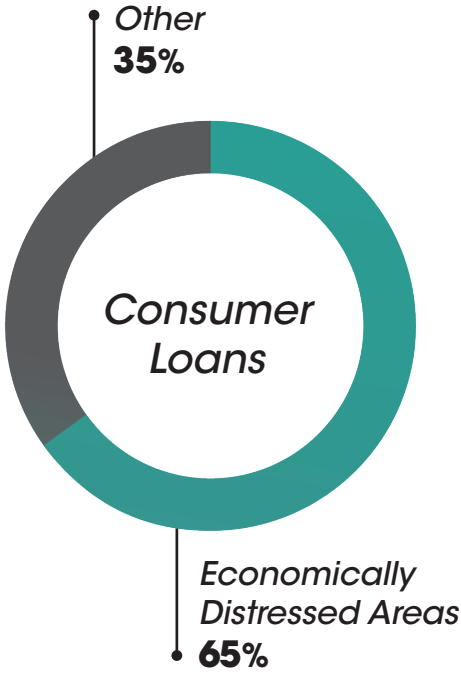




Trusting A Financial Partner

Shuntell Northington was her uncle’s caretaker for a decade before he succumbed to congestive heart failure. When an insurance policy was not enough to cover funeral costs, Shuntell returned to the financial partner she was introduced to months earlier when HOPE representatives visited her job to share information about products and services. After becoming a HOPE

member, Shuntell took out a Borrow and Save Loan to build her credit. Then, as her family grieved the loss of a loved one, Shuntell went back to HOPE for a loan to pay for her uncle’s final arrangements. The application process was seamless, and she took the check to the funeral home the same day she received it. “HOPE really took a burden off me and my family,” she says.



Helping Students THRIVE

Thrive Academy, a school designed to better serve at-risk children while they stay on campus during the week, recently broke ground on a project that will allow the facility to extend its services to additional students. HOPE provided \$8 million in New Market Tax Credits for the \$13.2 million new academic center. The project includes a gymnasium, an on-campus health care center and a commercial kitchen. “For the first time

since our founding, our students will learn in rooms that were designed to be classrooms,” said Thrive Academy Executive Director Sarah Broome. “We are thrilled to finally be able to offer our students a physical building to match their needs.” The academy serves a community with a nearly 53 percent poverty rate, providing students with a social worker and mental health services.



In the 4th Quarter of 2018, high-impact loans were made to minorities, female, low-income home buyers and first time home buyers.



Bridging Financial Gaps

Warren and Gilda lived in their dream home, but the 9.5 percent interest rate on their mortgage payment, coupled with high-interest student loans generated as Gilda pursued advanced degrees, left them little money to pay other expenses at the end of the month. They were looking for a solution to their cash flow problem and found it at HOPE, where representatives recently guided them through refinancing their home and student loans. Warren and Gilda now live in their dream home and have enough money at the end of the month to cover medical expenses for their daughter and pay for upgrades to the childcare facility they own, thanks to lower interest rates that save them nearly \$500 each month. Gilda says she knew she would find security at HOPE.



NeighborhoodLIFT Places Mississippians on a Homeownership Path

In less than four months, 74 families and individuals have been placed on a path to homeownership in Mississippi as part of NeighborhoodLIFT, a down payment assistance program, sponsored by Wells Fargo and NeighborWorks, and administered by HOPE in Mississippi. The program provides eligible homebuyers with \$7,500 to use toward down payment and closing costs on qualified homes. For veterans and service members, teachers, paraprofessionals, law enforcement officers, firefighters and emergency medical technicians, the program provides \$10,000. The program is funded by a \$2.75 million commitment by Wells Fargo to boost homeownership in the state. Patricia Brown of Greenwood was the first person in the state to close on her loan.



New Markets Tax Credit Investment Expands Youth Tutoring and Mentoring Services in Birmingham

In November, HOPE joined former Secretary of State Condoleezza Rice and Birmingham Mayor Randall Hoodfin in Birmingham at the groundbreaking for the expansion of the A.G. Gaston Boys & Girls Club. Secretary Rice, a Birmingham native who helped lead the fundraising effort, said the project gives youth "the opportunity to lead healthier lives."

The organization currently serves approximately 1,500 children from neighborhoods across Jefferson County. HOPE provided \$9 million in New Market Tax Credits to attract financing that will expand the facility's capacity to offer tutoring and mentoring services. The expansion is expected to result in a 50 percent increase in students served within the next five years. Ninety-eight percent of those students will be children of color and 93 percent live in poverty. The project is HOPE's first New Markets investment in Alabama.