

2021 IMPACT REPORT



OUR
TIME
IS
NOW

Changing Lives by Changing Systems

Hope 
credit union
enterprise corporation
policy institute

Friends,

During the past two years of social, health and economic upheaval, those in society who are most vulnerable – women, people of color, rural residents, those who earn lower incomes and hold less wealth – faced the greatest risk of irreparable harm. The pandemic widened longstanding disparities, and laid bare systemic barriers that prevent people of color – America’s emerging majority – from fully contributing to the nation’s prosperity.

Across the Deep South, where these pernicious conditions are particularly severe, HOPE stood in the breach to support people on the economy’s edge, helping our neighbors survive, and forging pathways for them to realize their potential.

This experience and related data equipped HOPE to show how recovery programs that relied on traditional delivery mechanisms failed to address the challenges faced by countless families and communities, and to be a catalyst for transformative policy action and historic investment for opportunity-starved communities. Consequently, marginalized people now have more equitable access to good jobs, housing, healthcare and education - basic necessities that improve lives and levels the playing field.

This not only holds true in the Deep South. Our policy wins benefit distressed communities nationwide. Our success importing capital from the world’s largest corporations into banking deserts has implications for persistent poverty areas across the country. And our effectiveness at building mobility ladders in the cradle of America’s ongoing struggle with race and poverty has broad, reverberating impact far beyond the borders of our region.

America’s collective prosperity hinges on dismantling barriers that have held communities back far too long, on pulling people away from the economic precipice, and providing them with the tools they need to succeed. And rarely have the conditions needed to move the needle on equity and inclusion in America been more urgent or more aligned.

The time is now for a young girl to begin her savings journey; the time is now for diverse businesses to receive the capital they need to thrive; the time is now for predatory lending victims to escape from debt traps; the time is now to align your money with your values by banking on the unbanked with a HOPE Transformational Deposit.

Everyone benefits when more people are equipped to succeed. Only when we unlock opportunity for all will we tap the nation’s deep, diverse potential and realize the promise that is America. Our time is now to turn that key.

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

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“Whenever I get off work, I’m so excited to come home. It’s like you’re looking up at Heaven.”

Kimberly Patrick, Homeowner

KIMBERLY PATRICK: HER TIME IS NOW TO OWN A HOME

Kimberly Patrick looks up at the skylight in the kitchen of her new home.

Living in her rented mobile home in Pearl, Mississippi, Kimberly Patrick yearned to buy a house of her own. She wrote a letter to herself and put it in her Bible. “I just prayed and prayed,” she said.

On January 4, 2022, Patrick’s prayers were answered when she closed on her new home in Pearl, purchased with a mortgage from HOPE. “It is the best thing that has ever happened to me,” Patrick said of her three-bedroom house with a skylight in the kitchen, a patio, and a fenced-in backyard. Patrick’s daughter, 17, lives with her and she has three grown children. “She’s the reason why I was so adamant about getting a new house. Renting was money that was just being given away that I could have been putting into a mortgage payment all these years. I had to make up my mind and get my credit situated so I could make this move.”

Patrick’s realtor referred her to HOPE, where she worked with Don Jackson, Vice President of Mortgage Business Development. As he does with all borrowers who come to HOPE, Jackson diligently walked Patrick through all the paperwork and documentation she would need to qualify for the loan, including raising her credit score to at least 590. Patrick was able to increase the amount for which she was eligible by refinancing her auto loan.

Jackson also initiated a grant from the Mississippi Home Corporation, a state agency that provides funding to eligible borrowers with low to moderate incomes, lowering Patrick’s down payment and closing costs. He also obtained a federally backed bond loan with a below-market interest rate of 3.14%, and added Patrick’s previous on-time rent payments to her credit report to help her meet the loan criteria.

Jackson said that Patrick would not have qualified for a mortgage with a traditional bank, and that other banks in the area often point potential borrowers in HOPE’s direction. HOPE is one of the only lenders to offer mortgages to customers with credit scores of 580. It also requires borrowers to obtain a homebuyers, education certificate, through a class that they can take in person or online, as part of its mission of raising the financial acumen of its customers.

“It’s personal for me. Growing up in the rural South in sub-standard housing, with not enough room for my brothers and sisters, and not having the availability of housing, for me it is a mission that people need this,” said Jackson, who has worked at HOPE for more than 14 years. “It’s part of my calling.”

Patrick said she felt that personal commitment come through during the thorough application

process. “He put everything he had into it. When he said he was here to help me, that’s just what he did,” Patrick said. The result was her new house, where Patrick said she relishes having control over her destiny.

She bought a puppy, Rocko, who currently lives in a doghouse in the backyard built by Patrick’s fiancé. Patrick said she plays with Rocko outside after coming home from her job as an appointment clerk and dispatcher at TForce Freight. “When I go out on my patio, I can just breathe and let go. It feels so good to sit back there.” Patrick’s daughter, meanwhile, has decorated her new bedroom with LED light strips and both mom and daughter are happy not to be sharing a bathroom.

Patrick also loves her neighbors, and feels very welcome in her new neighborhood. “Everybody keeps their yards clean, there are a lot of people walking,” she said, adding that she feels safe and content in the new surroundings. “I love my little house.”

In Mississippi, Black mortgage applicants earning over \$150,000 a year have their applications denied at a higher rate than white applicants earning between \$30,000 and \$50,000.

Source: Mississippi Home Corporation

HOPE Mortgage Impact 2021



Average Credit Score for Mortgage

671
HOPE Borrower

781
Borrower Nationally

Kimberly Patrick and her daughter play with their puppy, Rocko, in the backyard of her new home.



CREATING AN OASIS IN A RURAL FOOD DESERT

Until October 2021, grocery shopping was a painful and arduous experience for Amanda Griffin, who suffers joint and bone pain from Lupus and had to travel 20 miles to the nearest supermarket, often relying on rides from neighbors. But now, she simply goes online, selects items she needs, and has them delivered the same day.

Griffin lives in Drew, Mississippi, population 1,927 and now the home of the Mississippi Delta Online Grocery Program. Working with HOPE, the Drew Collaborative, headed by Drew native Gloria Dickerson, has converted an abandoned local armory to a warehouse for groceries and other staples. Residents of Drew order their groceries online and can pick them up at the armory or have them delivered by refrigerated van, instead of driving 20 miles to the Wal-Mart in Cleveland, Mississippi, the closest full-service supermarket since Drew's last grocery store closed in 2014.

Gloria Dickerson, head of the Drew Collaborative, reviews marketing material for the Mississippi Delta Online Grocery.



"It truly helps me," said Griffin. The new program helps her ensure she has all the ingredients she needs to cook and make healthy school lunches for her three girls. Griffin is also able to order food for her paralyzed sister who lives nearby, and her husband has begun using the service to supply his restaurant in town.

Dickerson retired as a program director at the W.K. Kellogg Foundation in 2009 and returned to Drew. With a grant from her former employer, she began community programs focused on childrens' needs and development. Eventually, the adults in the town, impressed by Dickerson's initiatives, asked if she could find ways to help the entire community. Healthy food access was at the top of their list.

Without enough residents to make a grocery store sustainable, the town had been unable to attract an operator to open one. Shopping for food had cost residents gas or taxi money, eaten up their time, and left them without options to easily restock perishable items. The Drew Collaborative contacted HOPE, which has a branch in the town, for assistance in developing a method to bring convenient, healthy food options to the small town.

Together, the Drew Collaborative and HOPE formulated the concept for a local "click and collect" grocery shopping model and applied for grants to fund the project, with HOPE acting as the financial conduit. The HOPE Catalyst Fund provided financing to repair the Drew armory building and get it in shape to house cold storage, shelving, and a classroom space.



Amanda Griffin receives groceries from Goods Online Grocery Service in Drew, MS.

"Without HOPE, we wouldn't have been able to get the grants to do this," Dickerson said. "They really took an interest in the people here having access to food."

The grocery program opened in October 2021 and currently serves about 30 customers every month. Customers have access to the wide range of groceries and other staples found at Wal-Mart, which supplies the inventory, but can now get them locally, with the option to pay with Supplemental Nutrition Assistance Program benefits.

There have been discussions with Mississippi State University to develop programming in Drew. Possibilities include cooking classes, health screenings, nutrition education, meal planning and budgeting, and to create a community gathering space at the armory building. There has been talk of establishing a community garden on the grounds. Dickerson envisions putting fliers in customers' bags about healthy eating and future programs.

"It's really an exciting thing to be happening in a small rural community," Dickerson said.

The Hope Community Partnership supports communities with strategic, focused economic development training and technical assistance. Working closely with municipalities, community stakeholders, and residents, HOPE facilitates the identification and resourcing of high priority projects, such as the redevelopment of schools, hospitals, grocery stores and high quality affordable housing.

"It truly helps me," said Drew resident Amanda Griffin remarking on her use of the online grocery to purchase food for her sister and her husband's restaurant.

Current site of Sankofa
Fresh Stop Market in
New Orleans, LA

EXPANDING HEALTHY FOOD ACCESS IN THE LOWER 9TH WARD OF NEW ORLEANS

The groundbreaking for the Sankofa Fresh Stop Market represented more than a new construction project. It was the latest step in Rashida Ferdinand's quest to bring healthy resources, including locally sourced fresh food and health education, to New Orleans' Ninth Ward.

With a \$426,000 commercial loan from HOPE, Ferdinand plans to open an 1,800-square foot market that will become a community hub. The Sankofa Fresh Stop Market will offer fresh food, cooking classes, and health education in a neighborhood known as a "food desert," where residents lack easy access to fresh produce and locally sourced products.

Ferdinand, an artist and sculptor, evacuated from her native New Orleans during the Hurricane Katrina disaster but returned a year later, starting Sankofa Community Development Corporation (CDC) in 2008. Working in partnership with a number of community organizations and incorporating health and food education, the community market program evolved into a weekly farmers' market in different locations. From there, the Sankofa CDC bought land to open a weekly produce stand, offering fresh food from local farmers and wholesalers.

As food sales and educational offerings grew, Ferdinand and her organization sought a permanent home to operate the Sankofa Fresh Stop Market so the Sankofa CDC would have ownership and autonomy over its operations and location. They approached HOPE because of its community development track record and "because it's a part of New Orleans," Ferdinand said.

"They gave us direction and guidance on what we would need to have a competitive application," Ferdinand said, adding that as HOPE reviewed Sankofa CDC's financials and documents, it was very communicative and supportive of the mission and worked with the company as a partner.

HOPE leverages resources through the Fresh Food Retail Initiative (FFRI) in partnership with the city of New Orleans and the state of Louisiana to expand access to healthy food throughout the city and state. Sankofa CDC tapped FFRI's low-cost loan program to build the Fresh Stop Market and to operate its healthy food retail and educational programs. To qualify, the borrowing entity must be in a low-to moderate- income community with limited access to fresh food and produce, and sell its products at affordable prices. The city-

Sankofa Fresh Stop Market
A Healthy Corner Store
5029 ST. CLAUDE AVE. NEW ORLEANS . LA

studio,kiro



Artist rendering of future Sankofa
Fresh Stop Market, New Orleans, LA.

"Our goal is to be able to consistently offer quality fresh fruits and vegetables to folks in the Lower Ninth Ward, and to be a community gathering space that supports growth and economic development."

Rashida Ferdinand, *Executive Director, Sankofa CDC*

financed portion of the loan will be forgiven after Sankofa CDC meets the terms and conditions of the project.

She envisions that the new building will house a fresh produce retail space, a reading library and a self-serve coffee and tea kiosk, with a community learning kitchen as a base for community health ambassadors who are trained in nutrition education.

"It's important that our Black businesses have access to capital, access to resources, to provide the information and resources that are needed, to fill the voids that impact inequities," Ferdinand said. "This keeps me inspired as a Black business, to know that we are mission-driven and doing this work to serve people who for many generations have not had the access that they should."

Mississippi and Louisiana have the 2nd and 3rd most limited access to healthy food in the country.

Source: USDA Food Environmental Atlas, 2021 County Health Rankings

EXPANDING HOUSING ACCESS THROUGH OPPORTUNITY ZONES

Flossie and Willie Byrd raised three children in Brookhaven, Mississippi, and then downsized from their house to an apartment in town. Since August 2021, they have been living in a brand-new home in the new development of Mill Creek and are overjoyed with the modern construction, green neighborhood, and quiet setting.

The Byrds are among 48 families living in Mill Creek at rents they can afford. They are participating in an innovative project that brings together federal funding, state tax credits, socially

conscious investors, and HOPE's mission of strengthening communities with low-cost loans and equity. In their under-resourced town, the Byrds and their neighbors now have access to high-quality housing with amenities found in any market-rate development.

"This is a beautiful area. It's five minutes from downtown," Flossie said. "We're close to town but it seems like we're in the country. When I look out my back door, everything looks so bright and beautiful." She added that the layout of the development ensures that residents are never looking directly into another house from their own homes. "It's amazing how they have these houses set up," Flossie said.

The U.S. government created Opportunity Zones in 2017 as an economic tool to foster private investment in distressed areas. While originally intended to spur the growth of under-resourced communities, Opportunity Zones have yet to meet their stated purpose in most cases. In contrast, HOPE set out to form a sustainable, mission-oriented equity product using Opportunity Zones to support developers in the creation of affordable housing in economically challenged areas of the Deep South.

In 2019, the HOPE Opportunity Zone Fund invested \$1.5 million in the Mill Creek Development located in the rural southwest Mississippi community of Brookhaven, where 25% of the population of 12,000 lives in poverty. The transaction paired Opportunity Zone Fund equity from private investors with Low-Income Housing Tax Credits (LIHTC), the first such pairing in Mississippi and believed to be among the first in the nation.

The new units in Brookhaven were constructed in a neighborhood featuring sidewalks, lighting, and landscaping. The favorable loan terms that



Mill Creek Housing in Brookhaven, MS.

"My children said, 'Mama darling, we want you and Dad to move in there. It looks so nice.' And so with God's help, here we are."

Flossie Byrd, resident of Mill Creek Housing

HOPE created by utilizing the federal and state initiatives enabled the developer to lease the homes at affordable rates, and developed a replicable model for Opportunity Zones to benefit underserved communities. HOPE's innovative housing initiative in Mill Creek shows how the program can best be used to serve those who it was intended to benefit.

HOPE stipulated to the developer that in return for financing at below-market rates, all 48 units could only be rented to tenants with incomes below \$35,000. The Mill Creek development opened to residents in June 2021.

As the homes were being built, Willie Byrd kept an eye on the construction, liking what he saw. "My children said, 'Mama darling, we want you and Dad to move in there. It looks so nice.' And so with God's help, here we are," Flossie said. "These houses are very nice. It's very roomy. Our granddaughter visited and she was so excited about it she bought us a whole new living room set. And our son bought us a dinette set." The Byrds have seven grandchildren and three great-grandchildren, and now they have room for any of them to stay over whenever they want.

Affordable Housing Impact 2021

456

Affordable Housing units financed by HOPE in 2021

912

Residents who were provided a home

Regionwide there is a shortage of over **386,000** affordable housing units

Source: National Low-Income Housing Coalition

With investments totaling over \$7 million, the HOPE Opportunity Zone Fund has created five affordable housing developments in Mississippi with a total of 235 units. HOPE prioritizes finding Opportunity Zone Fund investors who are patient, seek a small return on their investment, and are driven by the mission of creating an economic and social impact with their funds.



MITCH MCGUIRE, KAPSTONE INVESTMENT GROUP

Mitch McGuire goes over paperwork at his office in Montgomery, AL.

"I've seen others who don't look like me and had less experience than me walk into well-known institutions and walk out with whatever they needed," said Mitch McGuire, the founder of Kapstone Investment Group.

We know that not only do our people have vivid dreams, but they have the talent, drive and tenacity to realize those dreams. What they lack is funds. Today, McGuire owns 26 homes in Montgomery, with the goal of renting high-quality housing to low-income residents in the area. Having attended law school after retiring from AT&T in 2006, McGuire also founded a civil rights law firm that represents underserved individuals. "My clients don't have the resources or ability to fight back when they've been harmed," McGuire said. He owns the building that houses his law practice and real estate company.

In 2021, McGuire closed a \$1.575 million loan with HOPE that enabled him to consolidate previous loans from other financial institutions at a much lower interest rate. "They put me through the paces, but then welcomed my business with open arms. It was an experience I had not had before," McGuire said.

McGuire bought his first single-family home in 2007, with the goal of renting it to a low-income family. "There is very poor housing that people typically offer to low-income individuals. The housing that is better constructed, better maintained, those opportunities are few and far between for persons of lower income," McGuire said, because the rent is out of reach or the owners reject them as tenants.

McGuire created a business plan to align his idealism with the need to be profitable by stringently screening prospective tenants. Word spread quickly in the community as Kapstone purchased additional properties, intentionally buying well-made homes as a path to stability for low-income Montgomery residents. "They are hard-working individuals who maintain employment, working very hard to raise families. They want to do the right thing, they want to pay their rent, they want a nice place to live," McGuire said. Kapstone's tenants live in their rentals for an average of three years.

As Kapstone grew, McGuire sought a loan to capitalize the business, but found that banks were hesitant to lend to a Black business owner. After having purchased and rented out several properties, McGuire was finally able to obtain a loan from a small credit union. However, with the financial crisis of 2008, the credit union shut down its commercial financing operations, leaving McGuire without an option to leverage his property equity for additional capital for maintenance and upkeep. Larger banks turned him down, despite the abundant information he presented about Kapstone's operations. "These traditional lending institutions would not offer opportunities for me to continue to grow the business," McGuire said. "I went for years looking for an institution that would look at my metrics with blinders on and base whether they would engage with my business purely on a financial basis."

McGuire started banking with HOPE on a limited basis in 2015 when he found out it was Black owned and led. "I was glad to see a lot of African-



Mitch McGuire talks to a tenant at her home.

Americans running an institution," McGuire said. "HOPE's mission of providing opportunities to people and companies who may not have traditionally been able to find good opportunities was very exciting to me."

"Once they took a look at my metrics and recognized what my mission was, and that the cards are stacked against minority-owned businesses, they were willing to say 'You're worth the risk,'" McGuire said. He now has the ongoing relationship that he sought with an institution that knows his goals, has a mission aligned with his, and is willing to support his continued growth.

McGuire has now moved most of his banking and financing to HOPE while continuing to provide quality, affordable housing to residents of his hometown. Kapstone is committed to fixing up properties before renting them out and to being a responsive landlord. "We do not want any of our tenants to live in a home that we would not want to live in ourselves," McGuire said. He hopes to partner with HOPE in the future to identify additional property development opportunities for underserved communities in the region.

**HOPE
Commercial
Lending
Impact
2021**

In 2021, HOPE made
2,630 commercial
loans
totaling more than
\$85 million.

71%

of companies
receiving
commercial
loans are
owned or led
by people of
color.

Across HOPE's
portfolio, HOPE
financed businesses
created or retained
6,597 jobs.

Wealth gap - the difference between assets and debt - between white and Black households in the U.S. is 13 to 1, but shrinks to 3 to 1 among small business owners. Despite that evidence of business ownership as an engine of economic mobility, only 13 percent of Black-owned and 20 percent of Latinx-owned businesses reported receiving the full share of financing requested from banks, compared to 40 percent for white-owned firms.

Source: Association for Enterprise Opportunity



Shanille Bowens shares educational materials with an expecting mother.

cares for her in the early stages of motherhood. “We listen to them, we show up for them, we advocate for them. We’re also mothers who’ve given birth in Memphis. We have a personal point of view when it comes to things that are lacking in Memphis and the surrounding areas,” said Bowens, mother of six.

When COVID hit, suddenly Bowens and her fellow doulas were not permitted into hospitals to accompany women in labor, at a time of fear and uncertainty when their support was most needed. “There were a lot of unknowns,” Bowens said. As the pandemic continued, her company’s income dropped because fewer families sought out its services.

Bowens and her colleagues tried to adapt by devising different strategies and mechanisms to work around pandemic restrictions, but after about six months, she decided to apply for a PPP loan. Having been previously turned down for business loans from another bank, Bowens decided to turn to HOPE, of which she is a member.

Naturally Nurtured was approved quickly for \$3,800. Without the PPP, Bowens said she faced the prospect of scaling back the company’s services. The company used the loan to purchase

Personal Protective Equipment and digital platforms allowing the doulas and consultants to meet with women virtually and expand their reach. Naturally Nurtured now works with women in Arkansas and Mississippi in addition to the Memphis area.

Bowens said that Naturally Nurtured has made women aware of the childbirth choices available to them, enabling her business to succeed, and that more women are now choosing home births to avoid hospitals due to COVID. They fear being separated from their partners or their babies, and COVID has compounded existing fears about giving birth in a hospital, creating a greater demand for doula services. For Black women, these fears are compounded by the skepticism many have about the U.S. healthcare system and its ability to provide them with good, unbiased care.

Bowens is grateful for the role that HOPE has played in her life and her region. “When you have your bank in the middle of an at-risk community, it’s important to give back,” Bowens said. “When I bank with HOPE, I don’t feel like I’m just another number. I feel like there’s an actual relationship. No one can get anywhere if they don’t have a starting point.”

RESPONDING IN TIMES OF NEED

“I’m a Black woman and because I don’t have a ton of capital already, they don’t see me as valuable,” said Shanille Bowens, owner of Naturally Nurtured Birth Services in Memphis, Tennessee, about her attempt to apply for Paycheck Protection Program (PPP) funding during the COVID-19 pandemic. “They want you to already have funds to apply for more, which really doesn’t help because you have to have a starting point. You have to have someone to help you climb the ladder to success.”

Bowens’ company provides doula services, primarily to women of color. A doula offers physical, emotional, and educational support throughout pregnancy, labor, birth, and early

motherhood. With the HOPE PPP loan, Bowens continues to change the systems of care and support to save the lives of women of color and their newborns.

Memphis has one of the country’s highest rates of preterm births, which Bowens said is 44% higher for Black women than the rate among all other women in the area. Black women nationwide are four times as likely as white women to die from childbirth and postpartum complications. Many of these complications and deaths are preventable.

Bowens said that with a doula, those outcomes decrease significantly. A doula helps a woman develop a birth plan, supports her during labor, and

“When I bank with HOPE, I don’t feel like I’m just another number. I feel like there’s an actual relationship.”

Shanille Bowens, owner of Naturally Nurtured Birth Services

Black mothers are twice as likely to receive late or no prenatal care as compared to non-Hispanic white mothers

Source: US Department of Health and Human Services Office of Minority Health

Cumulative HOPE Paycheck Protection Program (PPP) Impact

Total HOPE PPP Loans:
5,216

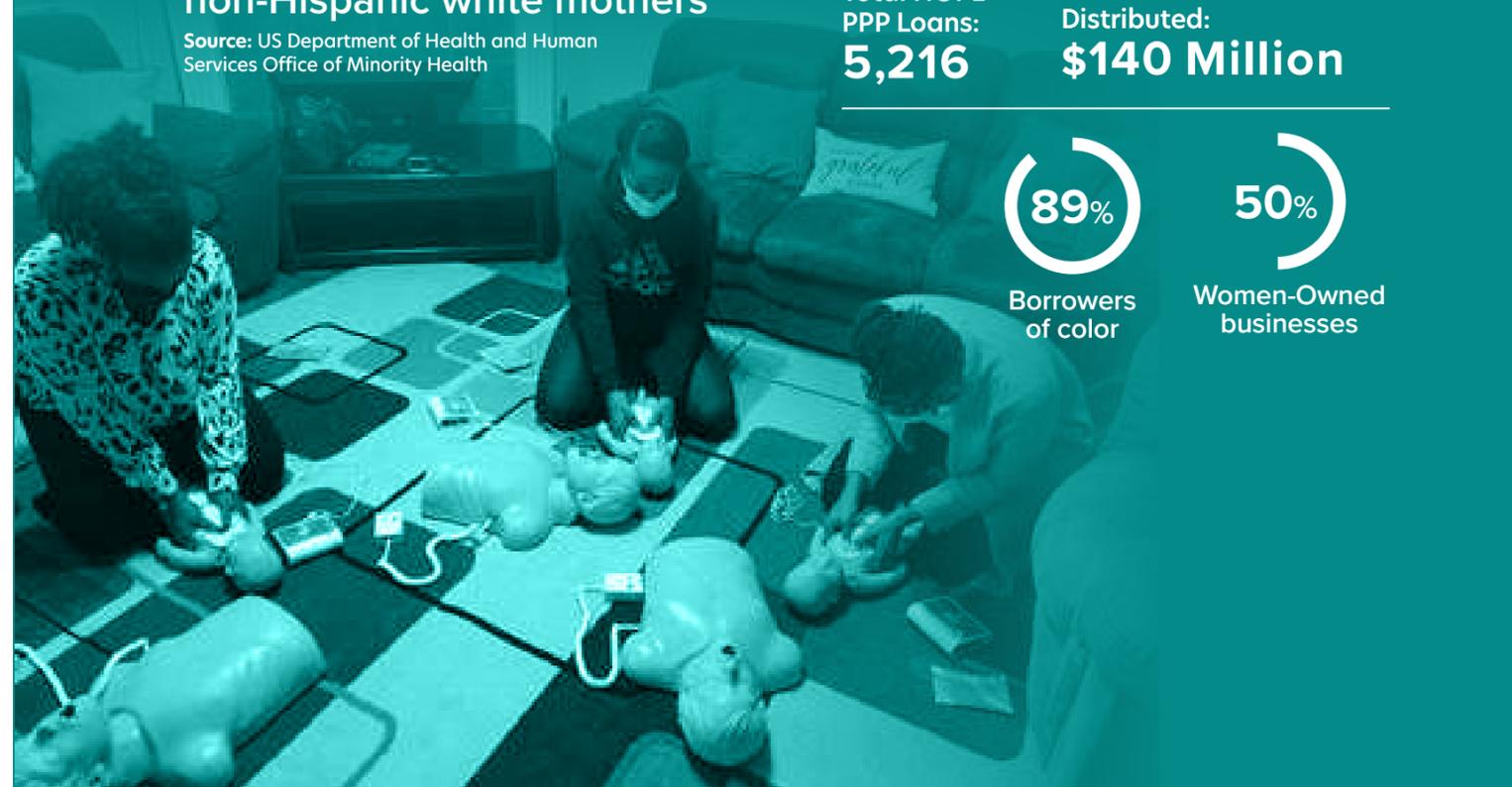
Total Distributed:
\$140 Million



Borrowers of color



Women-Owned businesses



Courtney Jacobs and her employee at IDR in Biloxi, MS.

POWER OF HOPE LOAN FUELS BUSINESS EXPANSION

"I started my business on savings and a prayer," said Courtney Jacobs, the effervescent and upbeat owner of Insurance Done Right, based in Biloxi, Mississippi. Courtney opened her business in August 2018, about 18 months before COVID changed everything.

Before the pandemic, "business was growing at a rapid pace," Jacobs said. She sold insurance policies for businesses, homes, and cars and had hired one employee. In March 2020, she shut down her small office and continued to pay her employee, even though the agent was unable to work due to suddenly having to care for small children at home.

With two small children of her own, Jacobs worked frantically to keep her business going from home on her own. However, revenue began to drop as a number of commercial customers, such as restaurants, landscapers, and cleaning services, as well as some homeowners, were unable to pay their premiums. Jacobs estimates business fell between 20 and 30% in those early months of the pandemic.

Jacobs had been wary of taking on any debt when she opened her insurance agency, but as she began to resume more normal operations in the late spring and summer of 2020, she lacked the revenue to keep up with expenses. "But at

that time, especially having a revenue loss, it was hard to go to a bank and ask to borrow money as a new business owner," Jacobs said. Through her involvement with the Mississippi Gulf Coast Chamber of Commerce, Jacobs was introduced to Stacy Bullard-Casey, the HOPE branch manager in Biloxi.

"Stacy is amazing. I sat down with her and we talked about different loans," said Jacobs, who received a \$10,000 Power of HOPE loan. The terms were more favorable than she could find elsewhere and the process was "seamless," she said. "It's been a great asset to my business to be able to borrow that money. Even though it wasn't a lot, it was enough. It afforded me the opportunity to elevate my business." Jacobs used the loan to hire an additional agent and to upgrade her business' virtual work systems. Business has since increased 30% and Insurance Done Right is now available to communicate with clients around the clock.

Jacobs has since moved some personal savings to HOPE and is exploring other commercial financing options. "I haven't talked to someone I haven't liked. I'm all about relationships," Jacobs said. "HOPE gave my business hope. When those corporate big institutions aren't willing to take a chance on you, HOPE looks at the overall picture. They want to see you succeed."

"HOPE gave my business hope. When those corporate big institutions aren't willing to take a chance on you, HOPE looks at the overall picture. They want to see you succeed."

Courtney Jacobs, Insurance Done Right, LLC

HOPE created Power of HOPE (POH) loans to provide low-interest capital to businesses with revenues under \$500,000 that were affected by the pandemic. Recipients have 90 days to make their first payment, with no interest charged for the first six months. In 2021, 447 POH loans were made totaling \$470,250, including to people affected by Hurricane Ida.

Financial Inclusion Officer,
Kimberly Lee welcomes
Rebekah Baker and her mother,
Candace Baker, to HOPE.

REBEKAH BAKER, AGE 7: MEMBER OWNER

After winning a gift card at a “Black Financing for Business” course hosted by the Arkansas Small Business and Technology Development Center, Candace Baker researched HOPE and decided it was the right place to begin a nest egg for her 7-year-old daughter, Rebekah. “In central Arkansas, there are not very many opportunities to bank Black. That’s what drew us to HOPE, that they do so much for the Black community.”

Rebekah’s parents decided to open an account for her as part of their celebration of Kwanzaa in 2021, the first year the family had observed the holiday. The fourth principle of Kwanzaa is Ujamaa, Cooperative Economics. “We decided the gift to Rebekah that day would be to open a bank account,” Baker said.

Baker emailed HOPE Financial Inclusion Officer Kimberly Lee in late December. Masked up, the Bakers came in with their documents and \$270 that Rebekah had saved from birthday and Christmas gifts.

Lee explained to Rebekah the significance of her decision to join HOPE, the importance of saving for something she really wants, and ways she can utilize her savings account. Rebekah, who loves to bake with her mom and sells Girl Scout cookies, said she is saving up to open a cookie business; her favorite cookies are snowball and chocolate chip.

The HOPE program officer also gave the family a 52-week “saving challenge” tracker, which Baker said has prompted her to think more about financial management and options for her own business banking.

“I’m trying to grow a business and I see the opportunity with HOPE as more likely to help me develop,” Baker said of HOPE’s focus on supporting Black-owned businesses in the South. “There’s an opportunity to compensate for systemic issues in banking. An opportunity to be successful in my business. When I think of HOPE, they do try to level that playing field.”

And when Rebekah thinks of HOPE, she’ll remember the warmth of Kimberly Lee, who praised her for depositing \$270 at 7 years old and beginning her lifelong financial journey.



Children with savings accounts in their name are about six times more likely to attend college than children with no accounts.

Source: Washington University in St. Louis



“In central Arkansas, there are not very many opportunities to bank Black. That’s what drew us to HOPE, that they do so much for the Black community.”

Candace Baker, mother of Rebekah Baker

46%

of HOPE members were **unbanked** or **underbanked** before opening an account with HOPE.

In 2021, **5,847** savings accounts and **3,556** personal checking accounts were opened with HOPE.

In 2021, HOPE served **105,000** people in Member Households

Pastor Alexander and Shirley Bondon talk about the BCCM program in the sanctuary of Pilgrim Rest Baptist Church in Memphis, TN.

BLACK CLERGY COLLABORATIVE OF MEMPHIS

A new partnership between HOPE and the Black Clergy Collaborative of Memphis (BCCM) aims to break the cycle of debt and poverty created by high-cost payday loans by offering Memphis residents affordable loans, financial counseling, and paths to economic stability.

In August 2021, the BCCM and HOPE launched the "Borrow and Save Loans" initiative to provide alternatives to the high-cost, predatory loans taken out by many Black residents of Memphis for emergencies. Many borrowers are unbanked, lack credit histories, and need amounts that are too small to be lent by traditional banks. Lacking access to capital, and living paycheck to paycheck, they turn to lenders that charge rates up to 400%, making the loans impossible to pay back and devastating borrowers' credit ratings.

"Payday and car title loans drain millions per year from people in Memphis," said Rev. Dr. J. Lawrence Turner, BCCM founder and president and senior pastor of the Mississippi Boulevard Christian Church. "Their fees trap people into long-term debt at triple-digit interest rates, plunging them into a cycle of debt taking years, if ever, to escape. Many Memphians have been forced to obtain payday loans to meet financial emergencies. But relying on payday loans ends today. The partnership between the Black Clergy Collaborative and HOPE fills a critical need for people struggling to make ends meet who have been exploited by payday lenders for too long. Today, we are taking steps to end that exploitation and move our people toward financial freedom."

Approximately 7,000 members of 10 BCCM churches now have access to HOPE's financial education and products. The collaboration

focuses on creating awareness of the full range of options and services geared toward advancing economic mobility in Memphis, which is home to some of the poorest ZIP codes in the U.S. Through the partnership, the two organizations seek to increase opportunities to build credit and wealth and access to financial resources in case of emergencies. The Borrow and Save loans also help individuals build credit histories and increase their scores as the funds are repaid.

The partnership began after the BCCM's economic empowerment committee honed in on predatory loans as a significant factor hindering the Black community of Memphis. The committee chairman, Rev. Darell Harrington, Senior Pastor of New Sardis Baptist Church, formerly worked for HOPE as a Financial Inclusion Officer and contacted CEO Bill Bynum.

"There has been a story told that the church is only concerned about the spiritual and the heavenly, that there's no concern about the physical and the worldly," said Reverend Ashton Alexander, Senior Pastor of Pilgrim Rest Baptist Church. "This collaboration has helped show the church's concern not just with a person's spiritual well-being but a person's material reality. If you're impoverished, that's going to do something to your soul and to your spirit."

When Ella Fitzgerald's furnace went out, she turned to a high cost lender. She had previously borrowed money at reasonable terms from the parent institution of her lender, so she believed this loan would also be manageable. "When I started digging deep into it, I found out it had double-digit interest rates," Fitzgerald said, noting that the \$174 monthly payment would almost



double the original loan amount. "I wasn't pleased with it at all."

Fitzgerald's sister had an account at HOPE, so she went to the West Memphis branch. "I didn't know HOPE was a Black-owned bank," Fitzgerald said. "They were very warm when they greeted me and very helpful." HOPE told her that they could offer her a secured loan for \$88 in monthly payments.

Fitzgerald has since moved her checking and savings accounts to HOPE. "I don't feel like a number. They look at you like a person and take into consideration the things that you're going through and give you the different options to get you where you need to be," she said. "We as a race don't get the same shake and we need someone who's there for us to help us in the areas we need to be helped."



Ella Fitzgerald used a HOPE loan to refinance a high-cost loan used to replace her furnace.

HOPE
Consumer Lending
Impact 2021

2,953
Consumer Loans
made in 2021

15 out of every 100
HOPE Consumer Loans are used as
payday loan alternatives

MOBILIZING FOR EQUITY: CHANGING SYSTEMS

The federal government took historic measures to combat the economic devastation wrought by the COVID-19 pandemic. Yet it was not a foregone conclusion that the pandemic response would reach the people most in need. HOPE recognized this challenge and devoted much of 2021 engaging in

policy and advocacy directed towards ensuring equitable access to these resources. HOPE's efforts not only helped keep individuals, businesses and communities in the Deep South afloat, but also put a necessary spotlight on the systemic inequities surrounding the way our country responds to crises.

“People, when afforded opportunity and access to the right tools, will climb the economic ladder.”

Bill Bynum, CEO, HOPE

URGING U.S. SENATE TO PRIORITIZE IMPACT AND ACCOUNTABILITY

During an April hearing of the U.S. Senate Committee on Banking, Housing, and Urban Affairs titled, “An Economy that Works for Everyone: Investing in Rural Communities,” HOPE CEO Bill Bynum urged lawmakers to make transformational investments that increase economic opportunity for areas of persistent poverty and people of color.

During his testimony, Bynum said:

“People, when afforded opportunity and access to the right tools, will climb the economic ladder. Yet many of our members live in communities entrenched in poverty. They lack critical infrastructure such as quality schools, grocery stores, broadband, and affordable housing, and the financial tools necessary to obtain these

economic mobility-enhancing assets. These needs have been neglected for generations, as reflected by the region's acute and persistent poverty.

“Prior to COVID-19, Deep South communities were already dealing with the pre-existing crises of racial and economic inequality. The current triple threat of the health, economic and social justice crises is the convergence of centuries of policies and practices that have extracted, discriminated and under-invested in Deep South people and communities. As the nation seeks to recover from COVID-19, Deep South communities, especially communities of color, are now even more precariously situated on the brink of economic and social devastation. Policy decisions made today have the opportunity to break, rather than repeat, this cycle of inequity.”

LEVELING THE PLAYING FIELD FOR LOCAL GOVERNMENT

HOPE's advocacy created awareness at the highest levels of government of the barriers that small, rural communities face in accessing emergency federal funding intended to help them, leading to a policy directive that was a game-changer for cash-starved local governments.

In 2021, as a result of analysis and advocacy conducted by HOPE, the U.S. Treasury Department issued new guidance for distributing pandemic relief money to municipalities, prohibiting states from funding on a reimbursement basis. This ensured that recovery funding would not further widen gaps between resource-rich communities and those with less, and granted communities of color and rural communities equitable access to the government resources they needed to recover and move beyond the pandemic.

The motivation for this advocacy was rooted in our experiences and partnership with the Black Belt Community Foundation during the first year of the pandemic. In 2020, Alabama, like many states, only made COVID relief funds available for local governments on a reimbursement basis. In response, HOPE and the Black Belt Community Foundation developed an innovative revolving loan program that helped Black Belt cities access \$1 million in funds that otherwise would have been out of reach. Unfortunately, this emergency solution would not have been necessary if the funds had been made available upfront, as other states did. The policy change rectifies the structural issues originally faced by local governments.

NCUA REVERSES ON TERM LIMIT RESTRICTION FOR ECIP FUNDS

As part of its COVID-19 relief package passed in December 2020, Congress included an unprecedented \$12 billion investment in CDFIs and MDIs, fueling the amplification of their impact in communities hard hit by COVID-19. HOPE was part of the effort, ensuring community voices were heard and taken into account. Throughout 2021, HOPE worked in coalition to address significant policy barriers to ensure the equitable deployment of these resources. One key victory

included work with numerous other advocates to ensure that credit unions had access to one of the key programs, the \$9 billion Emergency Capital Investment Program (ECIP) at levels similar to banks. As a result of this victory, more than six million additional homeowners, entrepreneurs and individuals will now have the ability to tap into the financial resources needed to emerge from the pandemic, climb the economic ladder, and build intergenerational wealth.



Chef Nick Wallace prepares a dish at his home.

NICK WALLACE, HOPE MEMBER, AMBASSADOR AND CELEBRITY CHEF

Nick Wallace appeared on the hit TV show “Top Chef: Houston” in the spring of 2022, but this celebrity chef is firmly rooted in Jackson, Mississippi. His community service ethic and enterprising spirit led him not only to a mortgage from HOPE – becoming the first member of his family to ever buy a home – but also the funds necessary to grow his expanding culinary empire.

Wallace is now a HOPE Brand Ambassador and uses his growing fame as a chef and business owner to spread the organization’s messages of access and aspiration. “I honestly never thought it could happen,” Wallace said of his home purchase in 2017. “My vision of banks in general

was that things were just really hard” for Black residents of the South. Wallace’s grandfather had a philosophy that “we don’t get loans” and that Black people had to save enough money to pay for large purchases outright. “Once I got involved with HOPE, they nurtured me. They took me through it,” Wallace said, adding that the credit union made sure he could afford the mortgage payments and in so doing, changed his perspective about possibilities and potential.

Wallace grew up on a farm in Edwards, Mississippi, and learned cooking from his grandmothers, Queen Morris and Lennel Donald. He enrolled at Hinds Community College but left to pursue

a culinary career with Marriott to refine his skills. Eventually, he was sent to work in Anchorage, a period in his life that he credits for setting him on a path to success as a caterer, restaurateur, and entertainer.

When he returned to Jackson, Wallace began catering, blending his farm origins with sophisticated French technique to create a uniquely modern Mississippi cuisine. During events hosted by HOPE, he developed a strong relationship with HOPE CEO Bill Bynum and the two spoke often about advancing economic mobility in the region. “Millions of people need this opportunity as well and I want them to be affected,” Wallace said. “I never thought that I would be in business with them and have my voice heard throughout the community.” He obtained another loan from HOPE to purchase a commercial van for his growing business.

As Wallace continued to expand his presence in Jackson, he developed a program with the city’s schools, Creativity Kitchen, to provide healthy, flavorful school meals that are aesthetically presented. He speaks to Jackson students about entrepreneurship and business opportunities, and has begun speaking in Clinton schools as well, leading the mayor to offer Wallace the opportunity to open a new restaurant in a redeveloped section of town. “Now I’m about to sit back down with HOPE” to obtain financing to open the restaurant, Wallace said, adding that this new venture exemplifies how giving to others comes back in unexpected ways.

His next step was the founding of The Nissan Café by Nick Wallace Culinary at the Two Mississippi Museums – the Museum of Mississippi History and the Mississippi Civil Rights Museum. After catering the Museum’s opening for 3,000 people, Wallace was eventually asked to open the café. “Everything I was taught, all the love that I was given my whole life, I get to pay it forward to everybody who comes into this building.” At the café, Wallace employs culinary students from Hinds Community College, helping him close the circle of his unfinished time there. “Now I get to enlighten even more entrepreneurs and future business owners,” he said, adding that the students get to meet visitors from all over the world.

Wallace continues to spread the message of HOPE’s services that offer opportunities to those who do not believe they can buy a home for their family or open a thriving business. “HOPE is changing people’s lives: The way they lay their head at night, the way they do business, the way they drive to work,” Wallace said. “I want this message to be loud and clear. I want people to dream big and align themselves with people who want to change lives.”

Chef Nick Wallace speaks to students at Clinton High School in Clinton, MS.



“HOPE is changing people’s lives: The way they lay their head at night, the way they do business, the way they drive to work. I want this message to be loud and clear. I want people to dream big and align themselves with people who want to change lives.”

Nick Wallace, Chef, Entrepreneur

CHANGING LIVES THROUGH TRANSFORMATIONAL DEPOSITS

When Michelle Lanier of Washington, D.C., read a newsletter that included an invitation from the Faith and Money Network to consider opening an account with HOPE “to support its efforts to build capital for Black individuals and businesses,” she was inspired by the idea that her banking choice could make an impact.

Three out of four HOPE members earn less than \$50,000 a year, and two out of three members on any given day have less than \$1,000 in their savings account. As a result, in many of the communities that we serve, the assets are simply not available to create a deposit base for HOPE’s services in the same way that traditional banks use customer deposits to fund products such as loans and lines of credit.

To address this challenge, HOPE seeks to invest low-cost, federally insured “Transformational Deposits” into opportunity deserts across the Deep South. In 2021 HOPE raised more than \$100 million from corporations, institutions, and individuals choosing to deposit their funds into Hope Credit Union, transforming the financial landscape of underbanked communities in the Deep South by seeding and supporting families and businesses that have previously encountered barriers to economic mobility.

Socially-conscious individual depositors like Lanier are helping HOPE achieve its goals by opening a certificate or money market account of at least \$1,000 at below-market rates. Lanier viewed depositing funds with HOPE as a way to level the playing field for underbanked and underserved communities. “In my mind, what they’re doing is helping people who have not been able to build any generational wealth

because they haven’t had the same access to money. I think that’s really important,” said Lanier, a retired accountant. She deposited \$30,000 in a money market account at HOPE, believing that her money could make a real impact. “They’re able to use the funds as they see fit, giving people access and power to make their own decisions as to how they use the money,” Lanier said. “I’m glad I have somewhere like this to put the money.”

At the same time, corporate transformational deposits have been a game-changer in HOPE’s efforts to close the racial wealth gap. Recent multi-million dollar deposits from companies such as Netflix, NIKE, and PayPal position HOPE to import capital into wealth-starved communities, giving their residents access to affordable, responsible financial services that are key to economic mobility and stability.

Dane Spurill, Senior Director of Global Cash and Banking at NIKE, spoke with HOPE CEO Bill Bynum during the HOPE Economic Mobility Forum in December 2021. “When I landed here, I noticed so much NIKE apparel,” Spurill said of coming to Jackson, Mississippi, adding that his company’s relationship with HOPE grew from a desire to align its balance sheet with its brand. “Our athletes come from these communities. Why not contribute to those households and we can make sure that our product goes full circle?” Spurill wondered. “For us, it was a new endeavor. We wanted to take advantage of the fact that as a growing company, we were going to leverage that additional cash position to make meaningful change and meaningful impact in the communities that matter the most to us.”



Dane Spurill, Senior Director of Global Cash and Banking at NIKE and Lisa Mensah, President & CEO Opportunity Finance Network join HOPE CEO Bill Bynum at the HOPE Economic Mobility Forum to discuss HOPE’s Transformational Deposit Program and its importance to Deep South communities.

Transformational Deposits enable HOPE to grow its longstanding programs aimed at strengthening underserved communities, through personal and commercial loans to support businesses and home ownership; checking and savings accounts that provide banking security to people unable to find it elsewhere; and educational materials for members about financial products and services available to them. They also fortify HOPE’s ability to be an economic first responder in times of crisis such as Hurricane Ida and the COVID-19 pandemic.

By enabling members to tap into services and products geared toward economic mobility, in an area with unparalleled challenges, HOPE’s Transformational Deposits are creating a strong foundation and leveling a historically uneven playing field for all residents of the Deep South.

HOPE Transformational Deposit Investments 2021

- 443 corporations, individuals and nonprofit organizations have deposited \$116 million in Transformational Deposits
- Transformational Depositors include PayPal, NIKE and Netflix
- 94% of Transformational Deposits are from 36 states outside of the Deep South
- Strike the Individual TD number
- For more information visit: www.hopecu.org/transform

“In my mind, they’re helping people who have not been able to build any generational wealth because they haven’t had the same access to money. I think that’s really important.”

Michelle Lanier, Transformational Depositor

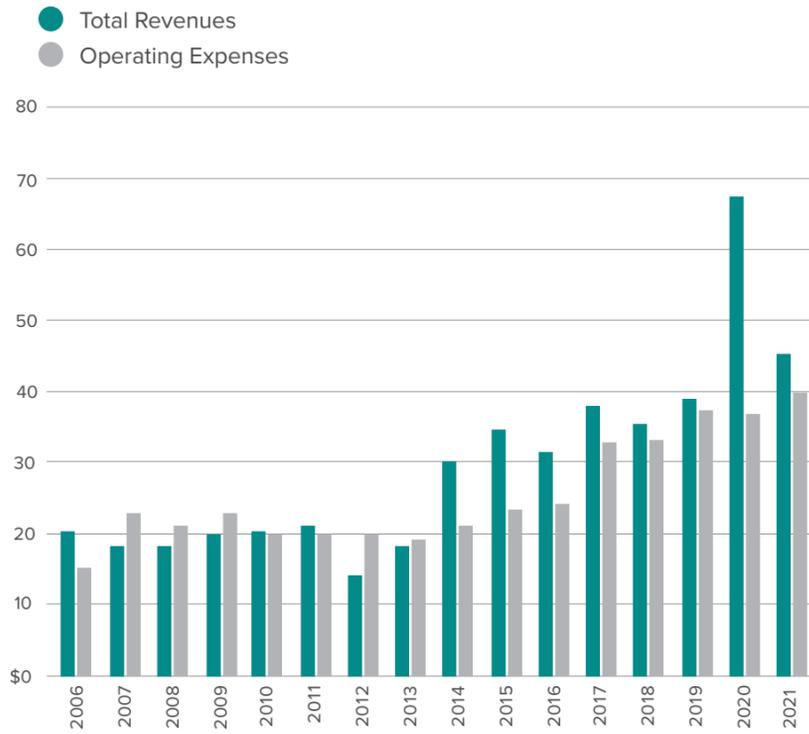
HOPE ENTERPRISE CORPORATION/HOPE FEDERAL CREDIT UNION
 CONSOLIDATED AND COMBINED FINANCIAL HIGHLIGHTS

Results of Operations	Year Ended December 31	
	2021	2020
Total Revenues	\$ 46,426,829	\$ 69,292,515
Operating Expenses	40,962,592	37,612,014
Loan Loss Reserve Expense	5,516,753	2,516,818
Change in Net Assets (Net Income)	-52,516	29,163,683

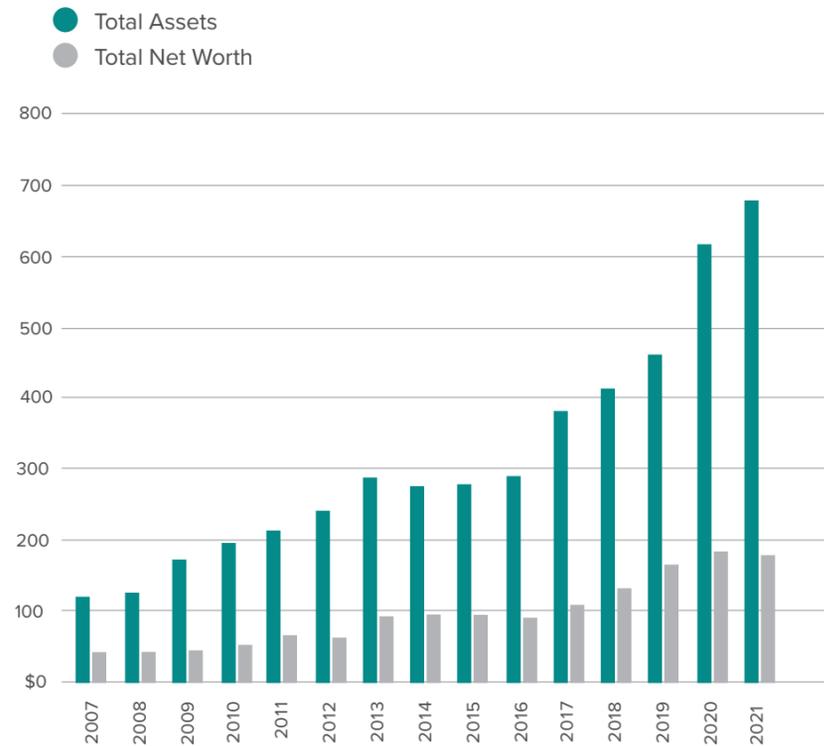
Financial Position		
Total Assets	\$ 671,298,281	\$ 626,348,219
Total Net Assets (Net Worth)	172,072,845	174,994,804
Loans	415,653,615	462,724,847
Total Debt	142,991,908	162,723,851
Total Deposits	349,187,314	287,504,835

Results of Activities		
Total Loans Closed	108,990,285	160,290,426

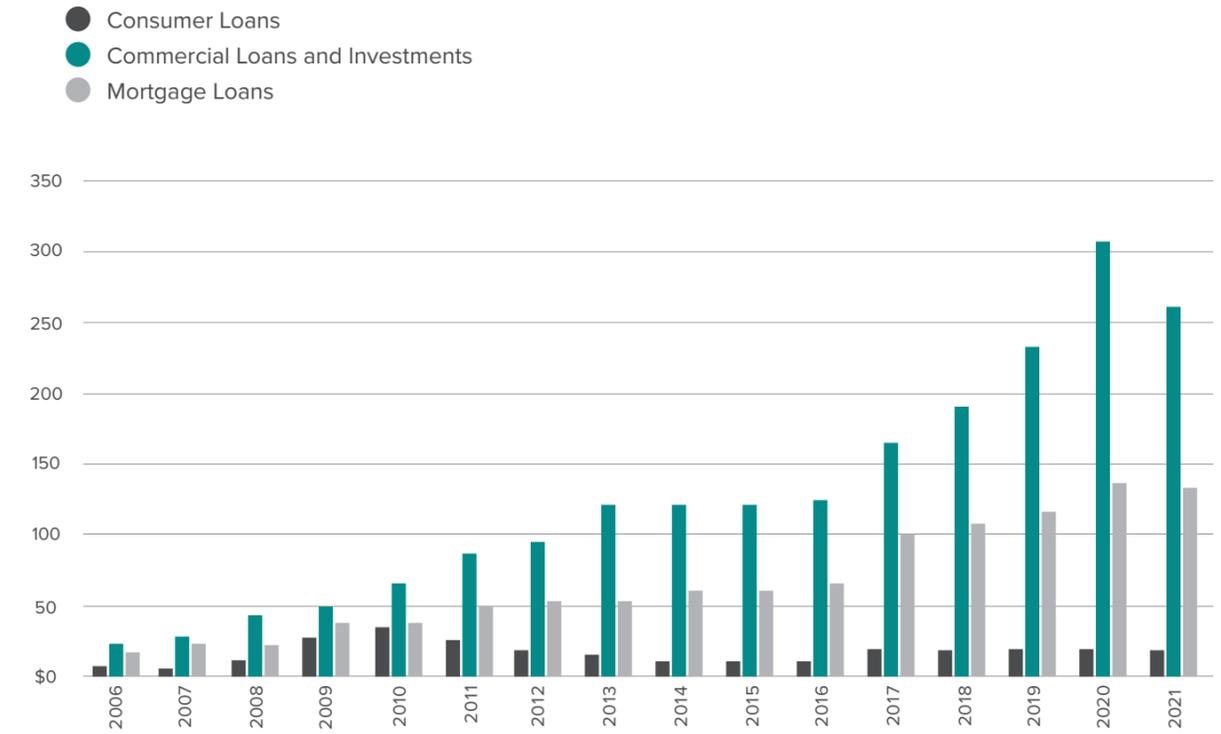
TOTAL REVENUES AND EXPENSES



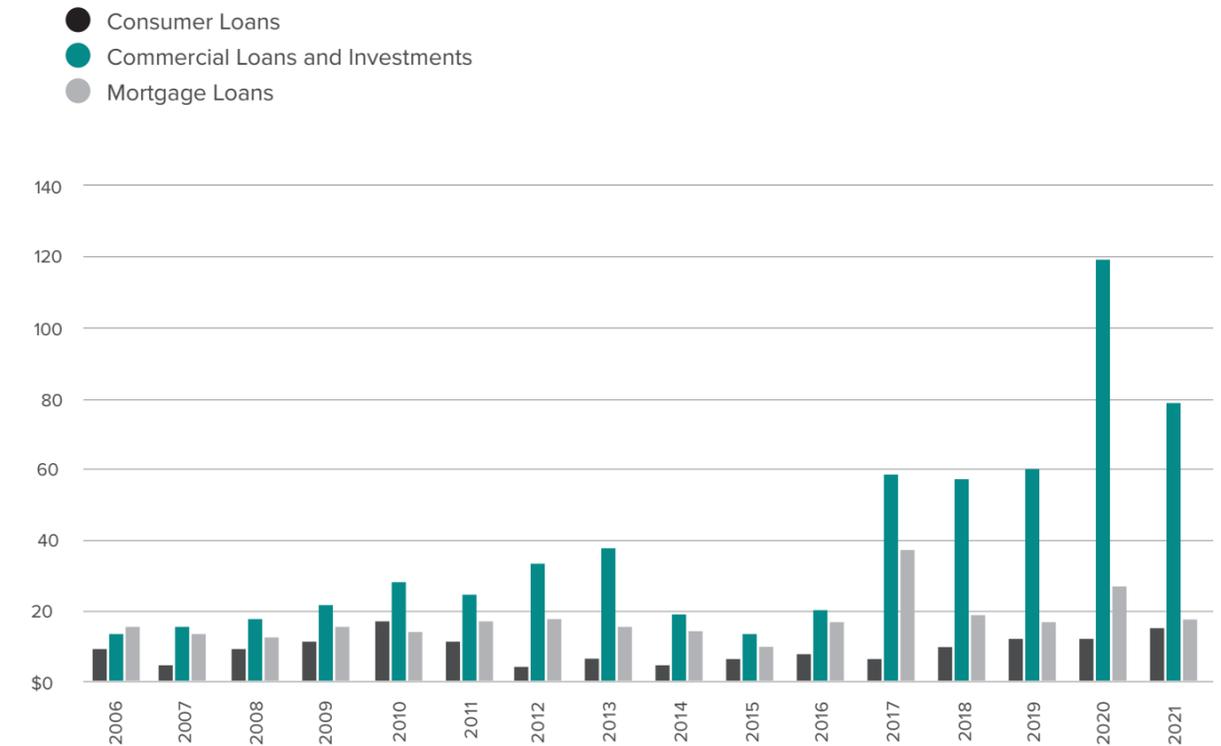
TOTAL ASSETS AND NET WORTH



LOANS OUTSTANDING



LOANS CLOSED



COMBINED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2021

	HEC Consolidated	Hope Credit Union	Eliminations	Combined 2021	Combined 2020
ASSETS					
Cash and cash equivalents	\$ 20,884,637	\$ 104,577,140	\$ (20,641,098)	\$ 104,820,679	\$ 90,385,937
Restricted cash	10,760,353			10,760,353	6,981,652
Debt and other securities	68,490,413	98,494,364	(38,035,775)	128,949,002	50,318,175
Cash restricted for collateral on subsidiary's note				-	-
Investment in non-consolidated partnerships	1,187,725			1,187,725	1,107,608
Grants and other receivables	2,090,772		(1,398,290)	692,482	1,514,171
Prepaid expenses	390,175	428,223		818,398	710,224
Other assets	50,000	5,052,971		5,102,971	4,656,470
Interest receivable	433,951	962,883		1,396,834	1,673,635
Consumer loans	0	21,229,890		21,229,890	21,115,450
Commercial loans	157,948,334	104,600,946	(760,853)	261,788,427	307,729,023
Residential mortgage loans	4,192,748	128,442,550		132,635,298	133,880,374
Allowance for loan losses	(3,840,984)	(8,706,273)		(12,547,257)	(8,284,103)
Loans, net	158,300,098	245,567,113	(760,853)	403,106,358	454,440,744
Foreclosed property	0	256,283		256,283	121,953
Goodwill		97,789		97,789	122,236
Property and equipment, net	2,400,013	11,709,394		14,109,407	14,315,414
Total assets	\$ 264,988,137	\$ 467,146,160	\$ (60,836,016)	\$ 671,298,281	\$ 626,348,219
LIABILITIES					
Accounts payable	\$ 2,565,546	\$ 10,036,556	\$ (1,398,290)	\$ 11,203,812	\$ 8,968,673
Dividends payable	-	262,113		262,113	462,487
Member deposits	0	369,828,412	(20,641,098)	349,187,314	287,504,835
Other liabilities	-			-	-
Deferred Revenue	7,046,214			7,046,214	1,124,729
Notes payable and long-term loans	88,456,038	81,866,573	(38,796,628)	131,525,983	153,292,691
Total Liabilities	98,067,798	461,993,654	(60,836,016)	499,225,436	451,353,415
NET ASSETS AND EQUITY					
Uninsured capital and reserves		5,152,506		5,152,506	6,270,745
Unrestricted net assets	39,785,370			39,785,370	37,831,395
Non-controlling interests	109,345,170			109,345,170	111,402,779
Total unrestricted	149,130,540	5,152,506		154,283,046	155,504,919
With Donor Restrictions	17,789,799			17,789,799	19,489,885
Total net assets	166,920,339	5,152,506		172,072,845	174,994,804
Total liabilities and net assets	\$ 264,988,137	\$ 467,146,160	\$ (60,836,016)	\$ 671,298,281	\$ 626,348,219

See accompanying notes.

COMBINED STATEMENT OF ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2021

	Unrestricted	With Donor Restrictions	2021 Total	2020 Total
REVENUES AND GAINS				
Grants and contributions	\$ 12,379,492	\$ 8,611,537	\$ 20,991,029	\$ 48,257,087
Program Income	24,634,536		24,634,536	19,846,947
Investment Income	801,264		801,264	1,188,481
	37,815,292	8,611,537	46,426,829	69,292,515
Net assets released from restrictions				
Satisfaction of program restrictions	10,311,623	(10,311,623)	-	-
Expiration of time restrictions	-	-	-	-
Transfers from changes in program restrictions	-	-	-	-
Total Revenues and Gains	48,126,915	(1,700,086)	46,426,829	69,292,515
EXPENSES				
Program expenses				
Commercial lending and assistance	14,998,630		14,998,630	6,599,829
Mortgage lending and housing	2,028,904		2,028,904	3,554,055
HOPE and consumer lending	13,633,773		13,633,773	14,331,595
Other programs	(1,226,026)		(1,226,026)	2,761,897
	29,435,281		29,435,281	27,247,376
Development and communications	530,964		530,964	422,329
General Administration	16,513,100		16,513,100	12,459,127
Total Expenses	46,479,345		46,479,345	40,128,832
EQUITY IN EARNINGS OF AFFILIATED COMPANY				
Change in net assets before minority interests	1,647,570	(1,700,086)	(52,516)	29,163,683
Change in other comprehensive gains/losses	(1,359,986)		(1,359,986)	393,146
Minority interests in subsidiaries losses	548,152		548,152	(706,643)
Change in net assets attributable to controlling interest	835,736	(1,700,086)	(864,350)	28,850,186
Acquisition of non-controlling interest			-	-
Net assets attributable to controlling-interest				
At beginning of year	44,102,140	19,489,885	63,592,025	34,741,838
Dividends paid to controlling interests	-		-	-
At end of year	44,937,876	17,789,799	62,727,675	63,592,024
Net assets of minority interests	109,345,170		109,345,170	111,402,779
Net assets and equity at the End of Year	\$ 154,283,046	\$ 17,789,799	\$ 172,072,845	\$ 174,994,803

See accompanying notes.

NOTES TO COMBINED & CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) FOR THE YEARS ENDING DECEMBER 31, 2021 AND 2020

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 LLC, 11 and 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 and Hope New Markets 17, 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. Currently there are 13 active Hope New Market Tax Credit entities which all have commercial loan funds in partnership with a bank.

Since 2009, HCU has successfully completed six mergers with other credit unions. The most recent mergers were during 2017 when HCU acquired all the assets and liabilities of B&W Mississippi Employees Federal Credit Union, Michoud Credit Union and Tri-Rivers Federal Credit Union. The Michoud and Tri-Rivers mergers were directed by NCUA.

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:

	2021	2020
Cash and cash equivalents (including restricted cash)	\$115,581,032	\$97,367,589
Debt and other securities	128,949,002	50,318,175
	\$244,530,034	\$147,685,764

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, 2021 will be received and available for support of HEC/HCU's programs as follows:

Grants due in less than one year	\$ 460,388
Grants due in one to five years	234,702
Total grants and other receivables	695,090
Less adjustment to reflect grants receivable at fair value at the date of grant, based on 2.5% discount rate	(2,608)
Net grants and other receivables	\$ 692,482

4. Loans

The composition of the loan portfolios are as follows:

	2021	2020
Consumer loans outstanding	\$ 21,229,890	\$ 21,115,450
Commercial loans outstanding	261,788,427	307,729,023
Residential mortgages loans outstanding	132,635,298	133,880,374
	\$415,653,615	\$462,724,847

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.

In 2020 and 2021, HEC/HCU originated more than \$140 million of Paycheck Protection Program (PPP) loans. PPP loans are secured by a 100% guaranty from the Small Business Administration (SBA) and may be eligible for up to 100% loan forgiveness by the SBA. The PPP loans are funded with advances from the Federal Reserve Bank of Cleveland's PPP Lending Facility.

5. Allowance for Loan Losses

The allowance for loan losses is maintained at a level considered adequate by management to provide for probable loan losses related to specifically identified loans and for losses inherent in the loan portfolio that has been estimated as of the balance sheet date. Management's determination of the adequacy of the allowance is based on an evaluation of the portfolios, growth and composition of the loan portfolios, economic conditions and other relevant factors. The allowance is increased by provisions for loan losses charged to expense. During 2020 and 2021, Management set aside additional provision expenses on a monthly basis due to the uncertainty created by the COVID-19 pandemic.

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

	2021	2020
Balance at beginning of year	\$ 8,284,103	\$ 6,440,391
Provision charged to operating expenses	5,516,753	2,516,818
Loans and investments charged-off and foreclosed-net	(1,253,599)	(673,106)
Balance at end of period	\$12,547,257	\$8,284,103

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 at December 31, 2021 are as follows:

2022	\$ 50,471,375
2023	3,261,923
2024	4,048,799
2025	7,212,411
2026	8,268,993
Thereafter	58,262,482
	\$ 131,525,983

9. Uninsured Capital and Reserves

The uninsured capital and reserves include accumulated reserves, 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 (NMT) 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 NMT entity and thus receives minimal allocations of earnings or losses from these entities.

HOPE FINANCIAL INCLUSION OFFICES



ALABAMA

- Birmingham
- Montgomery
- Arba Street
- McGehee Road



ARKANSAS

- College Station
- Little Rock
- I-20 SW
- Geyer Springs
- West Memphis



LOUISIANA

- Baton Rouge
- 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

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