

CDCI ANNUAL USE OF CAPITAL SURVEY - 2012



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Hope Federal Credit Union (HOPE)

Person to be contacted regarding this report:	Crystal Gray	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	1398	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	4,299,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	24829
Date Funded (first funding):	N/A	City:	Jackson
Date Repaid ¹ :	N/A	State:	Mississippi

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	The CDCI funding allowed HOPE to grow its assets in 2012. Our assets continued to grow, growing from \$140 million to \$161 million and loans grew from \$102 million to \$113 million in 2012 alone.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The CDCI funds supported the growth of HOPE's residential mortgage loans, affordable housing loans and commercial loans (small business).
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	
<input type="checkbox"/> Reduce borrowings	
<input type="checkbox"/> Increase charge-offs	
<input type="checkbox"/> Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/> Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

HOPE was able to avoid curtailing our affordable mortgage lending because of the CDCI funds. Our mortgage portfolio is limited to no more than 450 percent of capital. By the end of 2012 our mortgage portfolio was below this because of the CDCI capital infusion.

HOPE was also able to avoid closing branches to reduce assets and shrinking the company because of the CDCI capital.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

In 2011, Mississippi's largest bank announced plans to close 23 branches across the Mid South, including nine in locations where it was the town's only bank. This is part of a growing trend of bank branch closings in financially underserved markets, creating "bank deserts". In Utica, Mississippi, one of the vacated towns, community leaders asked HOPE to consider opening a branch that would address their need for financial services, and to respond to concerns that predatory lenders would fill the void left by the bank's departure. HOPE renovated the old bank branch and is now operating a full service branch in Utica.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.