



CDCI ANNUAL USE OF CAPITAL SURVEY - 2015

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Hope Federal Credit Union

Person to be contacted regarding this report:	Mary Bruce Alford
UST Sequence Number:	1398
CPP/CDCI Funds Received:	4,520,000
CPP/CDCI Funds Repaid to Date:	0
Date Funded (first funding):	N/A
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
Credit Union Charter Number: (For Credit Unions)	24829
City:	Jackson
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.	Since August 2010, when the CDCI capital was first invested in HOPE, loans outstanding have increased from \$91.34 million to \$129 million. Since that time HOPE has closed 9,604 loans totaling \$182 million.
<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 investment of CDCI funds continued to support the growth in HOPE's residential mortgage loans including its affordable mortgage loans, its small business loans, community facilities loans, and retail loans.
<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?

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

Over the last five years the CDCI funds have been a critical component to HOPE's expansion efforts in serving low- and moderate-income individuals and underserved communities throughout the states of Arkansas, Louisiana, Mississippi, and western Tennessee. These areas have long suffered from poverty - in fact one quarter of the nations persistently impoverished counties are in this region. Since the Great Recession, these communities have become more isolated from financial services as banks have decided to leave the area, exacerbating the difficulty many experience when trying to access responsible financial services.

Since HOPE received the CDCI funds in 2010, not only has HOPE originated 9,604 loans, primarily to low-income, minority and otherwise underserved individuals, but it has also increased its physical presence in communities that were either unbanked, or that have never been adequately served by regulated financial institutions. Two of HOPE's newest locations are in Itta Bena and Moorehead Mississippi, both communities where the only bank in town recently closed. We will be opening two more branches in April, in Drew and Shaw, MS (both bank deserts) and a branch in Little Rock in May.

This region has a 70 percent minority population with an average poverty rate of 38 percent. Half of the households are unbanked or underbanked.

One of our new members in the Moorehead branch, Alanna, has always lived in the Mississippi Delta. Throughout her life, she watched as both people and businesses moved away from her hometown of Indianola. Before the HOPE branches in Itta Bena and Moorhead opened, Alanna used another financial institution. Today, Alanna drives an extra half hour to HOPE's Moorhead branch where she says the staff know her by name and have created a personalized plan to meet her financial needs. Alanna said, "I just feel comfortable every time I visit the branch and I tell my friends and coworkers to join HOPE because they will help you reach your financial goals."

These locations, along with our Greenville branch have created a Delta hub, allowing HOPE to better serve this area.

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

HOPE understands that despite its physical expansion, it will not be able to directly serve all the communities that are currently underserved by a regulated financial institution. In order to maximize its impact in the region, HOPE has made investments in mobile and online technology so that these communities can be reached in a virtual way. In 2015, HOPE expanded the use of technology by making advances in the functionality of online and mobile services. The growth in smartphone adoption rates across all socio-economic classes creates opportunities for us to serve more low-income, rural and distressed communities. By the end of 2015, HOPE had grown its mobile user base by 1,118 since the previous year, bringing the overall total of mobile users to 5,618. Approximately 58% of HOPE mobile users live in distressed communities.

We spent much of 2015 developing our new Smart Web app which will launch in March 2016 and will include an integrated Personal Financial Management (PFM) tool, a convenient, user-friendly tool for developing a budget and financial goals and tracking income, bills, and spending habits. In 2016, HOPE will be providing workshops and educating members and potential members about the Smart Web app and PFM to further expand access to and adoption of HOPE's products and services, and to assist members with building financial capability and accomplishing their financial goals. Simultaneously, we will be updating our native mobile apps which will also contain the PFM.

HOPE's presence in the Delta is making a huge difference for this area. The following video details what HOPE is doing in the region: <https://www.youtube.com/watch?v=jdrgrq4LV5E>

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.