



Impact Report 4Q19

Disrupting: Poverty

Empowering: Inclusion





Nearly 185 million people in the U.S. are under financial stress.

Sixty-three percent of middle-income Americans say they're unable to afford a \$500 car repair or a \$1,000 emergency room bill.

Fifty-one percent of the nation's credit users have subprime credit scores.

The majority of Americans in underserved communities live without financial opportunity, many in a generational cycle of poverty.

We're on a mission to disrupt that...

We believe everyone deserves financial dignity and equity of opportunity.

Operation HOPE - Growth

Since its inception in 1992 HOPE has delivered over 4.4 million financial empowerment and disaster recovery services to individuals, families and small businesses. With 150 HOPE Inside locations (servicing individuals from 46 states and Puerto Rico) currently open across the country, HOPE has seen a 86% growth in number of services rendered from the first quarter to the fourth quarter in 2019. Impacting the lives of its clients everyday through financial counseling, HOPE increases client credit scores, helps clients create small businesses, turns renters into homebuyers, prepares youth via financial and entrepreneurial education, and helps clients recover from natural disasters.

Global Services

	YTD	PTD
Total Global Client Services	170,029	4,496,626
HOPE Inside Adult Services (USA & SA)	146,508	2,062,092
HOPE Inside Youth Services (USA & SA)	16,547	1,065,773
HOPE Inside Disaster	6,974	1,368,761

HOPE Inside Adult

	YTD	PTD
Financial Workshop Participants	51,316	862,200
One-On-One Counseling Services	84,131	502,461
Bank Referrals*	10,967	24,923
Call Center Calls	94	239,536
Cyber Café Membership and Usage	N/A	425,630
South Africa Adults	N/A	7,342

HOPE Inside Youth

	YTD	PTD
Banking on Our Future (USA and SA)	15,173	1,053,684
HOPE Business In A Box (USA and SA)	1,374	12,089
HOPE Corps Volunteers	544	27,732
Number of Youth Businesses Created	19	405
Number of Start-Up Grants Awarded (USD)	5,600	122,176

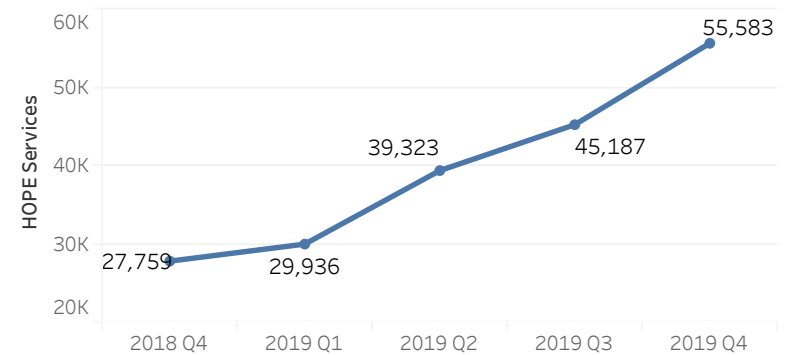
*Data collection for this variable began in 2014
 **Data collection for this variable began in 2015

HOPE Inside Information - Global

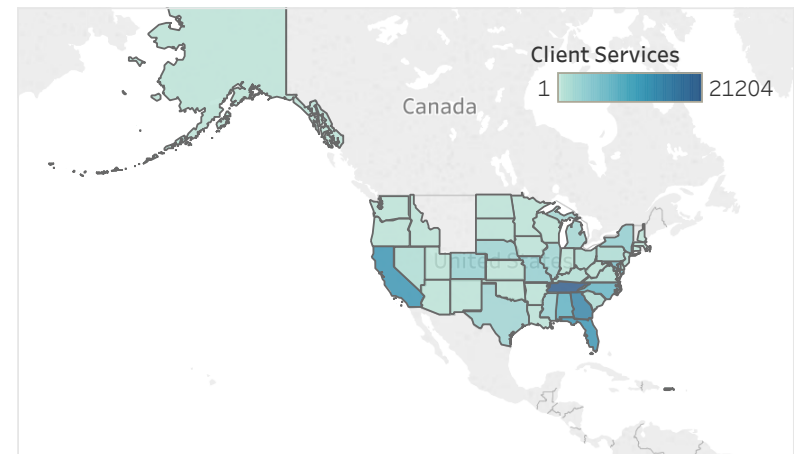
Num. of HOPE Insides 150

HOPE Programs HI Adult: Credit, Small Business, Homeownership, Disaster; HI Youth: BOOF, HBIABA

HOPE Services Over Time



2019 Services by State



The Impact of HOPE

Operation HOPE believes everyone deserves financial dignity and equity of opportunity. To that end, all HOPE financial wellbeing coaches work to improve their clients' financial health including increasing client credit scores and savings, decreasing debt, and improving clients' overall financial health through better banking practices, budgeting, and financial planning.

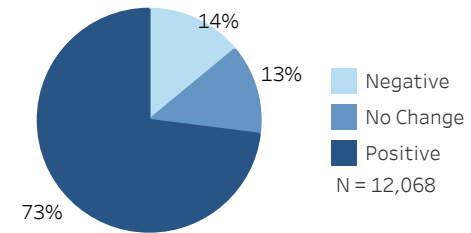
Clients who participate in HOPE services see a dramatic improvement to their financial health. Post-services, clients have **less financial stress, are more satisfied with their financial situation, are more engaged with a traditional bank or credit union, are more likely to own their home and are more likely to have a savings account.** In addition, clients engaged in counseling see on average a **38 point improvement to their FICO score, an average reduction of \$4,069 in debt, and an average increase to their savings of \$529 over 5.2 months.** In regards to FICO Scores, HOPE clients see **improvements that are 2-3x the rate of their nonprofit peers** (see Urban Institute, 2015; PERC University of Arizona Report, 2005; Experian Report, 2016).

Regarding FICO scores, **73%** of all HOPE clients who participated in financial counseling saw an increase to their score. Of HOPE's clients who saw an improvement to their FICO score, **the average improvement was 71 points**, with more than **26% of clients reaching above prime FICO scores of 660 or higher.** These improvements ranged from 1 to 449 points.

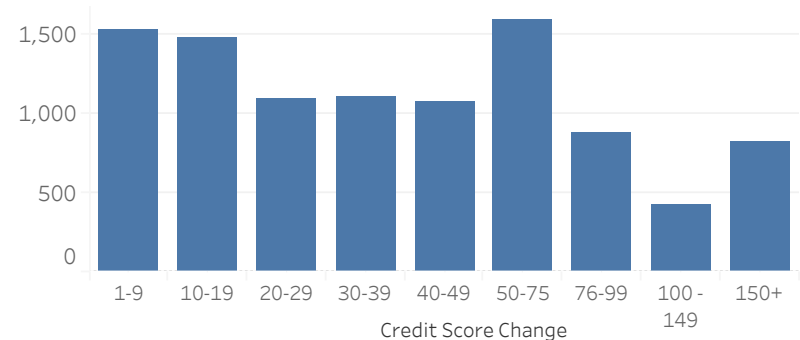
Similarly to FICO scores, HOPE is successful at reducing client debt and increasing client savings. Of those clients who saw a reduction to debt, the average debt reduction was \$7,652 over 6 months. To date, HOPE has successfully helped clients **reduce over \$144 million dollars in debt and increase savings totaling more than \$8 million.**

HOPE's data also show that **increased client-coach interaction** (what HOPE refers to as services), drastically increases financial-health outcomes. For example, among all counseling clients, those who engaged with HOPE for only one counseling service saw an average credit score improvement of 13 points while those who engaged in more than 20 counseling services saw an average credit score improvement of 84 points. Results are similar for all financial health metrics including increased savings, decreased debt, and financial stress. **As engagement with HOPE increases so too does the financial wellbeing of clients.**

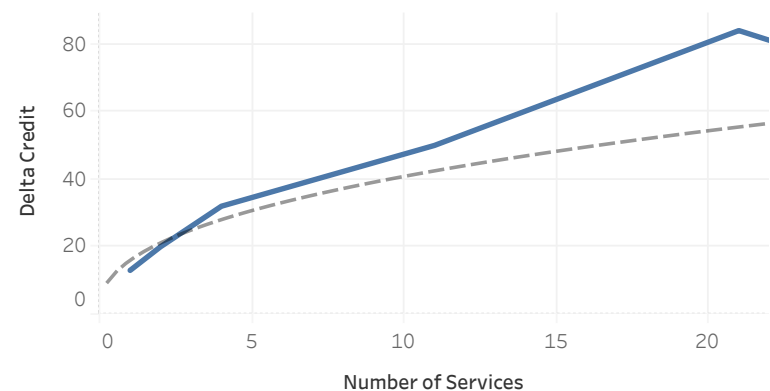
Change to FICO Score



Distribution of Positive FICO Score Change



FICO Change by Number of HOPE Services



2019 in Review

HOPE is committed to measuring the impact of the services it provides. In 2019, HOPE exceeded its client service goal rendering **over 146,000 direct services** to clients inclusive of counseling sessions, group education, bank referrals, youth empowerment and disaster services. HOPE successfully improved client lives by improving their financial wellbeing. Via pre and post-service assessments, HOPE is able to track its impact on client financial behaviors and financial wellbeing. Specifically, HOPE clients saw on average a **38 point improvement to their credit scores** in a short 5.2 months. In addition, HOPE's clients saw an increase to their financial planning habits by more than doubling the number of clients who have households budget from pre-service to post-service phase. Similarly, HOPE increases traditional banking practices of its clients, increases the likelihood of clients having an emergency savings account and, perhaps most importantly, decreases financial stress.

Regarding HOPE's homeownership program, in 2019, **twelve additional HOPE coaches** became HUD certified and **over 2,500 clients** participated in HOPE's First-Time Homebuyer education program. HOPE assisted with the Closing Assistance Program for first-time homebuyers totaling more than **\$253 million in funded mortgage loans**.

HOPE also stimulated the communities it serves by helping its clients start over **510 small business** this year, **74% of which were started by women and minorities**. With a renewed focus on **female and minority-owned businesses**, HOPE launched women entrepreneurial accelerator workshops across the country in partnership with companies such as Mastercard, CIT Bank, Square and MetaBank. Coined, "**Launch and Grow**," these accelerator programs help budding and new small business owners take their business ideas and elevate them to the next level.

Finally, with the younger generation, HOPE is instilling entrepreneurial aspirations, providing youth with **business mentors**, and teaching them the basics of finance so that they are better equipped to lead a life of financial self-sufficiency and **financial dignity**. With a failing grade of 46% on the financial literacy pre-test it is obvious that students in all markets served by HOPE are still in dire need of financial education. With more than **27,000 HOPE Corps volunteers** across the country, HOPE is committed to providing youth with financial dignity and entrepreneurial training.

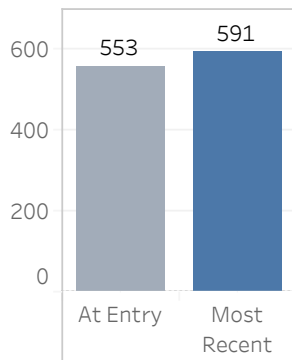
Client Financial Wellbeing

	At Entry	Most Recent
Budget (% Yes)	39.0	89.0
Clients Unbanked / Underbanked	37.0	8.2
Clients with Emergency Fund (% Yes)	15.0	65.0
Financial Stress (1-5)	4.5	2.7

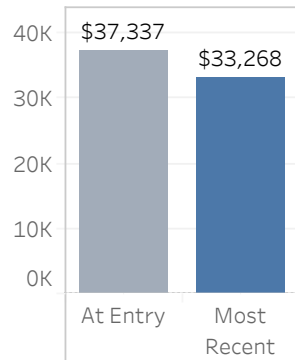
1,736 New Small Businesses Created (2014 - 2019)

\$1.9 Billion in Mortgage Lending (2000-2019)

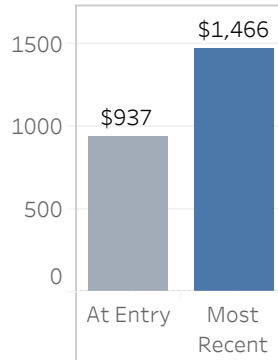
Client FICO Score



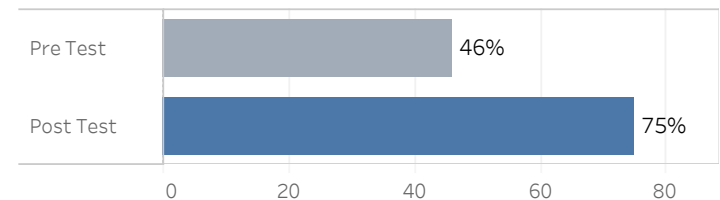
Client Debt



Client Savings



Youth Financial Assessment Results



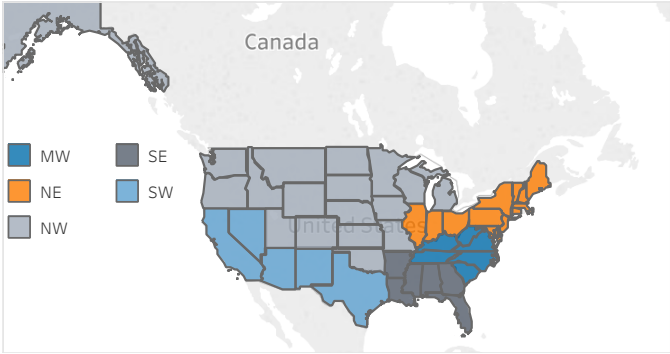
HOPE Production and Impact by Region

HOPE divides its operations into **5 geographic regions**, each of which have a unique Board of Directors. These regions vary in number of HOPE Inside locations, internal staff supervision and participating partners. To date, HOPE's largest regions are its Midwest and Southeastern regions due primarily to HOPE's extensive partnerships with First Tennessee Bank and SunTrust Bank, respectively.

All regions have seen growth in the number of services rendered from Q1 to Q4, 2019 with the Southeast region experiencing the most significant increase. The Southeast region also leads the way in FICO Score improvements of its clients and ranks third comparatively for number of bank referrals per HOPE Inside location. Comparing regions allows HOPE's leadership team to identify best practices and subsequently execute those practices in other parts of the country.

In 2019, four of the five regions met their service goal established at the beginning of the year. Nationally, **HOPE ended the year 140% to its service goal**, successfully meeting the expectations of its funders, partners and constituents, and the internal expectations of being a best-in-class financial empowerment organization.

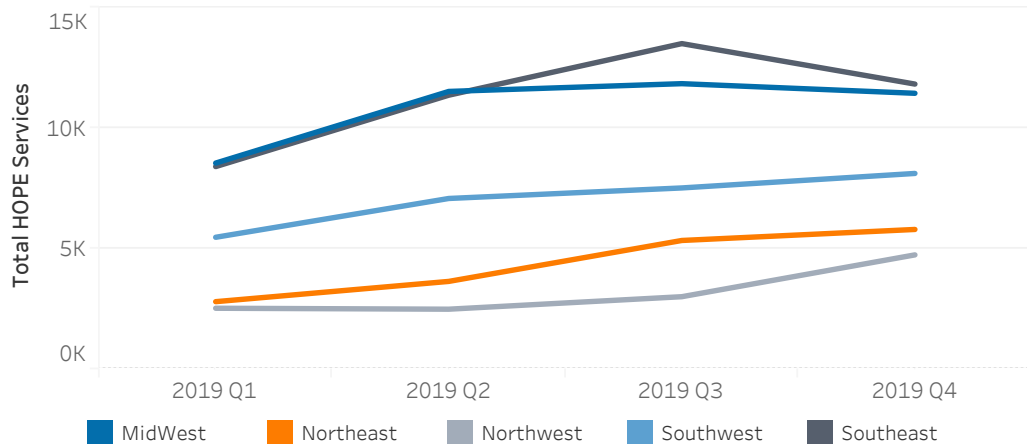
HOPE Geographic Regions



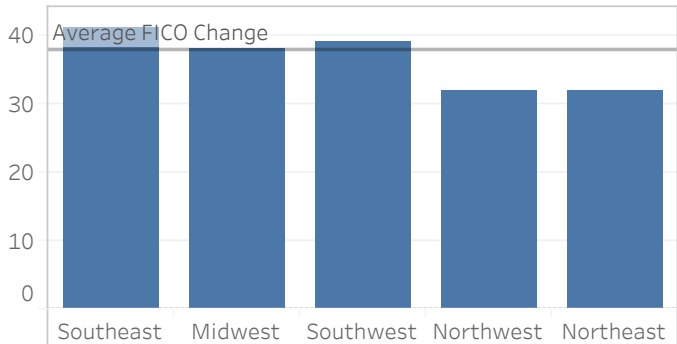
Goal-to-Actual Production, Adult Services, by Region (2019)

	Midwest	Northeast	Northwest	Southeast	Southwest	National
Service Goal (Jan - Dec)	29,459	23,220	11,235	30,184	10,319	104,416
Service Actual (Jan - Dec)	43,254	17,487	12,677	44,996	28,094	146,508
Percent to Goal (%)	147	75	113	149	272	140

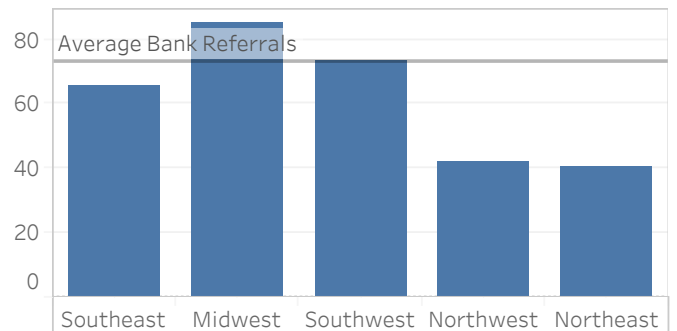
Services Over Time, by Region



Avg. FICO Score Change, by Region (2019)



Avg. Bank Referrals, by Region (2019)



Stories of HOPE

Hayley served our country in the U.S. Armed Forces and is currently a disabled veteran. Diagnosed with PTSD due to traumatic events experienced in the military, she became unable to care for herself and lost custody of her children. Ultimately she became homeless. Growing up, her grandmother always baked with traditional recipes and she carried those fond memories with her, even when she was struggling to survive. With the support of her church and friends, she has gotten back on her feet. She was always known to be a great baker, but more recently, she realized she could sell her traditional recipes, and, in doing so, create jobs and opportunities for other veterans. Hayley, while proud to have served our country, shared that veterans don't always have easy access to the services and support they need. She wants to make a difference with her new company, The Baking Soldier, by giving a portion of the proceeds to veteran's causes and employing veterans as she grows. Hayley enrolled in Operation HOPE's 12-week entrepreneurial training program in September 2019, with just an idea that she could sell her cupcakes. She has since graduated from the HOPE Inside Launch and Grow program and, at the final pitch event in December, secured CIT and MSNBC as clients. She says, "I lost my children once. This business is my new baby and I will not lose it. Because of Operation HOPE I know I can be successful." - **Hayley Johnson, Veteran, Entrepreneurial Training Program, Operation HOPE**



"Over four years ago, I decided I wanted to stop renting and own a home. I was unsure at how it would happen, in what amount of time it could, or even where to begin. I had very little to no savings and had just switched career paths. My personal thought process was simply to work hard and save for the down payment, which I imagined would require several years of aggressively saving to achieve the amount I wanted to have on hand. It wasn't until much later that I even began to think about other important factors involved in being approved for a home loan, including credit scores and debt-to-income ratios. I had been made aware of the presence of such organizations as Operation HOPE through a coworker, but I thought that I shouldn't even approach them until I was in a better place financially. I couldn't have been more wrong. The moment I first sat down with my initial Operation HOPE counselor I was in awe of all of the available resources that helped me to think differently about my finances and what it would take to become a homeowner. While I wasn't in the worst possible scenario when I began my home buying journey, utilizing Operation HOPE's resources, I learned a lot. I wholeheartedly encourage that anyone considering purchasing a home, or simply trying to get to a better level of financial stability, take advantage of their programs. The information is available at no cost and is priceless in terms of how it can help you achieve your goals. I cannot thank Operation HOPE enough for all of their help and the friendly encouragement they provided along the way. My counselors checked in with me frequently throughout the process and they were always available to answer any questions or sort through various decisions, helping ease any anxiety I had about becoming a home owner. The hands-on focus of Operation HOPE was instrumental in getting me to where I am today. The counselors are really more like coaches helping push you beyond your perceived limits and self-imposed barriers, getting you to establish realistic timelines for reaching your goals, and challenging you to stay committed to your dreams, and more importantly, yourself. Just look at my new home!" - **Richelle Gamble, Homeowner, Homeownership counseling, Operation HOPE**

