

University Financial Corp, GBC

2017 BENEFIT REPORT

Created from the 2017 B Impact Assessment on the version designed for:
Service companies, 50-249 employees, Developed Markets - U.S.

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Thank you for your interest in University Financial Corp, GBC's 2017 Benefit Report.

University Financial Corp, GBC is a legally-incorporated benefit corporation in the state of Minnesota¹. A benefit corporation is a corporation that has voluntarily met the highest standards of corporate purpose, accountability, and transparency. Benefit corporations have a corporate purpose to create a material positive impact on society and the environment, have expanded the fiduciary duty of their directors to include consideration of stakeholder interests, and are required to report on their overall social and environmental performance.

In this report you will find:

- B Impact Report: a quantitative summary of this company's overall social and environmental performance assessed against the third party standard B Impact Assessment (BIA) in relation to each key stakeholder group and as compared to certain benchmarks
- Benefit Report Narrative: a set of narrative responses to questions required by the benefit corporation statute, including a discussion of why this benefit corporation chose the BIA as their reporting and impact management tool

If you have any questions about benefit reports or benefit corporations generally, please visit benefitcorp.net or email thelab@bcorporation.net.

If you have any questions about University Financial Corp, GBC and this report, please contact Brian Distad at brian.distad@sunrisebanks.com.

¹Benefit corporations (or benefit LLCs) are different from Certified B Corporations (aka B Corps). The most important difference from the perspective of a reader of this report is that benefit corporations, unlike Certified B Corporations, are not required to have their performance validated or certified by a third party.

University Financial Corp, GBC

2017 B Impact Report

	Company's Points 143 pts	Median Score* 55 pts
Overall B Impact Score		
Governance	23	6
Corporate Accountability	6	3
Transparency	7	3
Workers	24	18
Compensation, Benefits & Training	17	12
Worker Ownership	2	1
Work Environment	4	3
Community	35	17
Community Practices	25	10
Suppliers & Distributors	2	2
Local Involvement	9	5
Diversity	3	2
Job Creation	4	2
Civic Engagement & Giving	8	3
Customers	54	N/A
Consumer Products & Services	N/A	N/A
Serving Those In-Need	30	N/A
Products or Services	24	N/A
Environment	7	7
Environmental Products & Services	N/A	N/A
Environmental Practices	7	6
Land, Office, Plant	4	3
Inputs	2	1
Outputs	1	1
Suppliers & Transportation	N/A	N/A

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80 out of 200 is eligible for certification

*Of all businesses that have completed the [B Impact Assessment](#)

*Median scores will not add up to overall

Benefit Report Narrative

Overview

University Financial Corp, GBC, which is the holding company of Sunrise Banks, N.A., became a Public Benefit Corporation on January 2, 2015, the first day it was legally possible in the state of Minnesota.

University Financial Corp, GBC and its Board of Directors have selected the B Impact Assessment (BIA) as the third party standard to prepare this benefit report because it is the most widely-used impact measurement and management tool in the world. It is used by more than 30,000 businesses to measure, compare, and improve their overall social and environmental performance, as well as by an increasing number of investors, business associations, and government entities serious about understanding and benchmarking the impact of the companies in which they invest and with which they do business. The BIA is governed by the nonprofit B Lab and meets the statutory requirement that a third party standard must be comprehensive, credible, transparent, and independent. More information about the BIA and B Lab is available at bimpactassessment.net.

Benefit corporation statutes require a benefit report to include narrative responses to a specific set of questions. Below are our responses to those statutory questions.

Describe the ways in which the benefit corporation pursued general public benefit during the year and the extent to which general public benefit was created.

University Financial Corp, GBC and its bank subsidiary, Sunrise Banks, N.A. (collectively referred to as “Sunrise”) has a mission to be the most innovative bank empowering the underserved to achieve. The previous page provides a snapshot of Sunrise’s B Impact Assessment (BIA) as of December 31, 2017. Sunrise has elected to use the BIA tool to evaluate the organization’s pursuit of general public benefit.

B Lab has certified thousands of companies and since 2007, has been continuously reviewing and updating their comprehensive social and environmental standards. Their assessment, the BIA, scores companies on social and environmental performance on a 200-point scale; to be certified, a company must score 80 points. Sunrise has been certified as a B Corporation since 2009.

Sunrise had an overall score as of December 31, 2017 of 143. This score is equal to the December 31, 2016 assessment, and the score is well above the median score for ordinary businesses of 55 points. In addition, in 2017, Sunrise once again scored in the top 10% of all Certified B Corps for overall social and environmental impact and was named to the Best for the World honoree list for the 5th time.

The snapshot also provides a comparison of the organization’s score to the average scores of other Certified B Corps and ordinary, uncertified businesses in five categories: Governance, Workers, Community, Customers, and Environment. This enables the organization to quantify how it fulfilled the purpose of promoting general public benefit. Below are highlights of how Sunrise achieved public benefit in 2017:

Governance:

As a Certified B Corp, Sunrise follows the Certified B Corporation standards for accountability and transparency. When possible, without revealing private or confidential financial information, Sunrise promotes the sharing of data and best practices within the organization, industry, and public.

In addition to the Annual Benefit Report, Sunrise has published an annual Impact Report since 2013, which is available on the organization's website at <https://sunrisebanks.com/community-involvement>. Through the Impact Report, Sunrise communicates its mission, highlights key performance metrics, and shares meaningful initiatives and projects. As a regulated financial institution, Sunrise also makes available financial performance information via the Federal Financial Institutions Examination Council (FFIEC) government website.

Sunrise continues to have extraordinarily strong governance practices. As a regulated institution, Sunrise has strict policies, financial controls, and prevention systems in place, including, but not limited to: fraud risk assessments, documented financial control activities, helpline/anonymous reporting mechanisms, and training on regulations such as the Bank Bribery Act and Fair Lending.

In addition to a formal Board of Directors, Sunrise has a community advisory committee, which is made up of 83% low-income community representatives per the Community Development Financial Institution Fund (CDFI Fund) guidelines. This advisory board enables the organization to understand and engage the community more meaningfully and in great depth.

In 2017, Sunrise continues to train employees on the social and environmental mission of the organization by requiring an annual online course for all employees and by hosting in-person training for all new hires.

Workers:

Sunrise recognizes the vital and unique role employees play in supporting the organization's mission and community initiatives. Sunrise offers a full benefit suite to employees including:

- Medical and dental insurance
- Short/long term disability after one year of service
- Paid Time Off
- Access to a small dollar loan program, TrueConnect after six months of service
- 401k program with match dollar-for-dollar up to 4% of eligible compensation
- Profit Sharing Plan
- Basic term group life insurance
- Employee Assistance Program

In 2017, Sunrise held its fourth annual Sunny Awards to recognize an employee who most exhibits the Sunrise 10x values by creating a culture of achievement. Sunrise also continued to further cultivate the organization's culture through initiatives such as the annual all-staff conference, wellness programs, and employee recognition programs.

Community:

Sunrise Banks has a long history of philanthropy and giving back, but also strives to make a positive impact in the communities it serves through more than just financial giving and lending. Individual employees and leaders provide multi-faceted support to customers and nonprofit organizations and are encouraged to give back to the community through corporate-sponsored volunteer activities and participation in programs like Meals on Wheels and Habitat for Humanity.

Employees of Sunrise are encouraged to volunteer in the community and in 2017, they dedicated nearly 8,000 hours to community service, which equates to approximately 40 hours per employee.

Other giving highlights include:

- Each employee was each given \$25 to give back to an individual, family, or group in need in the community.
- The Como branch “Park Perks” coffee program donated \$6,500 to neighborhood nonprofit organizations.
- Employees pledged \$16,000 during the annual employee giving week.
- In December Sunrise opened the NorthLoop4Good Coffee Bar at our Washington branch in Minneapolis. During that month we raised over \$300 for the Women’s Foundation of Minnesota.
- During February for “I Love to Read Month,” Sunrise collected gently used children’s books at all of our branches to donate to our new neighbors, Lasting Impressions Child Care and Learning Center. Over the course of the book drive, we were able to collect nearly 250 children’s books to donate.
- Volunteers from the Sunrise took time to help the Page Foundation read and comment on applications for the Page Grant. Sunrise volunteers read 72 applications from many low-income students of color hoping to continue their educational journey.
- In June Sunrise hosted a canned goods food drive for Sheridan Story. We collected 255 cans of vegetables & fruit, equaling 51 children that will be able to have food for a weekend.
- The Sunrise marketing team partnered with the nonprofit organization Crescent Cove to tell their story with an impactful video.
- 16 Sunrise employees participated in the Bedrace for Bridging event, in which employees raced down Buck Hill on mattresses and raised funds for Bridging.
- Two teams of Sunrise employees participated in the Playworks Kickball tournament, which raised funds for the nonprofit Playworks.
- Sunrise Banks employees created a chili cook-off throughout the month of October to raise \$500 for the Autism Society.
- Sunrise Banks employees raised over \$2,400 for the Chainbreaker, a bike ride to raise funds for cancer research, through many initiatives including a beanbag tournament, car wash, treat purchases, and more.
- Sunrise employees donated blood for Memorial Blood Centers during our all employee meeting in October.
- North4Good Volunteering Events:
 - North4Good is a volunteer program aimed at helping individuals and other businesses make connections with nonprofits from around the Twin Cities. We are people using volunteerism as a force for change.
 - North4Good volunteers packed boxes of food to help fight childhood hunger for Sheraton Story
 - Speed volunteering events to make personal care packages provided to homeless individuals for People Serving People
 - North4Good was the lead sponsor for The Children Matter benefit concert and provided volunteers to help with the concert event with musical guests Gene Simmons Band, Cheap Trick, and others.
- Sunrise Banks began a partnership with Banzai to offer online financial literacy courses for teachers and their classrooms in the urban core, free of charge. In 2017, this program brought real-world financial literacy to 700 students.
- In partnership with local nonprofit organizations, Sunrise employees facilitated financial literacy training to over 250 individuals in the community.
- Sunrise Banks, in partnership with Twin Cities Road Crew, offered interactive, energetic programming on spending and saving smart in urban schools. In 2017, these programs reached 5 schools, 75 teachers and 2,000 students.

Sunrise also demonstrates its commitment to the local community by hiring a diverse staff that is representative of the communities it serves. As such, Sunrise staff are 60% female, 28% minority, and 25% of staff lives in low-and moderate-income communities. In addition, four of our six retail branches are located in low- and moderate-income communities.

Customers:

Sunrise is a certified Community Development Financial Institution (CDFI). CDFIs are mission-driven financial institutions dedicated to community development and providing financial products and services to meet the needs of economically disadvantaged individuals in underserved communities. As a CDFI, Sunrise targets underserved communities in the Twin Cities. In 2017, over \$102 million, of new loans originated were in the bank's CDFI Investment area, an area which overall has a 22% poverty rate.

Our overall loan portfolio at year-end was comprised of the following loan types:

- Small businesses: \$170.2 million
- Economic Development: \$41.7million
- Community services: \$29.5 million
- Construction: \$33.6 million
- Affordable housing: \$9.1 million
- Religious institutions: \$9.4 million
- Education: \$12.2 million
- Grocery: \$6.5 million
- Health/wellness: \$3.0 million
- Arts/Culture: \$6.1 million
- Animals: \$2.6 million
- Individuals: \$4.2 million
- Other business/real estate: \$386.6 million

Sunrise Banks continues to be on the forefront of innovation with its products and services. Products such as its Impact Deposit Fund (IDF) and New Markets Tax Credit (NMTC) loans enable Sunrise to create jobs and accomplish its mission of radically changing the way urban communities and underserved people thrive. Notable successes and achievements in 2017 include:

- Sunrise continues to be the only bank in Minnesota to hold the CDFI designation.
- Sunrise Banks continued to grow its innovative small-dollar loan product, TrueConnect, with intentions to help individuals break free of the payday loan cycle and build credit.
- Sunrise customers designated approximately \$154 million to the Impact Deposit Fund (IDF), allowing customers to actively support local community development.
- Sunrise offers a Credit Builder Program, which is a combination loan and savings program that may help participants establish a good payment history, which is an important step to building a better credit score. In 2017, 460 new Credit Builder loans were opened, with an average loan size of \$689.
- Sunrise continues to partner with Lutheran Social Services (LSS) to offer free financing budgeting/counseling services to all Sunrise Banks customers, employees, and their household members. In 2017, 40 individuals participated in financial counseling and/or credit reviews and an additional 169 individuals were reached via financial education workshops.
- Sunrise believes that homeownership should be an option for all families in Minnesota.
 - Open Door Credits are available to qualifying homebuyers, which provide closing cost assistance. In 2017, Sunrise provided nearly \$54,000 in Open Door Credits.
 - Beginning in June of 2017, first time homebuyer workshops were held at least once a month to assist with any questions related to the buying process. Sunrise helped 56 families purchase their first home in 2017.
 - At each home closing, our lenders provide a basket of essentials ranging from assorted cleaning supplies to their first welcome mat at their new home. Products in the basket are purchased from other B Corp companies including Seventh Generation and Etsy.

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Sunrise received its most recent “Outstanding” Community Reinvestment Act (CRA) rating in 2017. Major factors supporting this rating, the highest given, include:

- The geographic distribution of loans to businesses reflect excellent dispersion throughout the Assessment Area (AA).
- The bank demonstrated excellent responsiveness to area needs through qualified Community Development loans, investments, and services.
- The majority of loan originations were within the bank's designated AA.
- The distribution of loans to businesses of different sizes reflects reasonable penetration.
- The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, business strategy, product offerings, and credit needs of the AA.

Environment:

Sunrise is committed to reducing its environmental footprint and promoting environmental stewardship at all levels of the organization. Sunrise strives to manage its operations in a sustainable manner, while continuing to search for ways to improve our performance.

In 2017, Sunrise continued monitoring the usage of energy and water resources at each of the organization's locations. This will enable the bank to better monitor the impact of new initiatives, such as LED lighting changes. In addition, all facilities purchased new printers that help minimize printing and also allow for ink to be removed (and paper reused when printed by mistake or no longer needed). The printers also have a recyclable toner program.

Sunrise has also continued to use practices such as recycling at all locations, using recycled paper for office printing, having the majority of square footage as LEED certified, and incorporating energy efficient technologies such as occupancy sensors. Over 49,000 square feet or 63% of company facilities are LEED certified.

Describe any circumstances that have hindered the creation by the benefit corporation of general public benefit or specific public benefit this period.

Sunrise had many successes in 2017, and maintained a comparable BIA assessment score to last year. Areas of scoring changes and opportunity include:

- Sunrise moved into a newly built headquarters location in 2017, which reduced the % of square footage of all company facilities located in previously constructed buildings.
- Due to limited capacity, Sunrise has not yet created a formal procedure to screen significant vendors on their social and environmental practices.
- Opportunity for specific content in worker training around inclusion issues such as gender inclusiveness, minorities, LGBT community, individuals with disabilities, and/or other underrepresented groups. Sunrise is proud to have a diverse and accepting employee and customer atmosphere, and expects to create formal Diversity and Inclusion training for its employees.

Describe the process and rationale for selecting the third party standard used to prepare the benefit report

Sunrise selected the BIA for quantifying performance because it is the leading tool for this purpose and it satisfies the performance requirements under the Minnesota Public Benefit Corporation law. B Lab's BIA is a third-party, independent and credible resource. The BIA also provides comparability across industries. The role of B Lab is to provide this assessment and to promote companies pursuing a triple bottom line through local and national events and publications. University Financial Corp, GBC and Sunrise Banks N.A. are not affiliated nor compensated by B Lab.

In addition to the Public Benefit Corporation status, Sunrise is a Certified B Corporation and has used the BIA since 2009 to evaluate performance. A Certified B Corporation is a for-profit company certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency. Today, there is a growing community of more than 2,000 Certified B Corps working together toward 1 unifying goal: to redefine success in business.

In this benefit report, was assessment of the overall social and environmental performance of the benefit corporation against a third-party standard applied consistently with any application of that standard in prior benefit reports?

- NA- This is the company's first benefit report
- No
- Yes

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