



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

August 14, 2023

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Sunrise Banks, National Association  
Charter Number 14991

200 University Avenue West  
St. Paul, MN 55103

Office of the Comptroller of the Currency

222 South 9th Street, Suite 800  
Minneapolis, MN 55402

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Outstanding**

**The Lending Test is rated: Outstanding**

**The Community Development Test is rated: Outstanding**

The major factors supporting this rating include:

- The bank demonstrated excellent dispersion of loans throughout geographies of different income levels and to businesses of different sizes.
- A majority of the bank's loans are originated inside its assessment area (AA).
- The loan-to-deposit (LTD) ratio is reasonable compared to similarly situated financial institutions.
- Community Development (CD) performance shows excellent responsiveness to AA needs through CD loans, CD investments, and CD services.
- There were no CRA related complaints during the evaluation period.

## Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and the AA's credit needs, the bank's LTD ratio is reasonable. The quarterly average LTD ratio for the evaluation period is 78.6 percent. The evaluation period spans 12 quarters from March 31, 2020, to December 31, 2022. The LTD ratio ranged from a high of 99.3 percent in third quarter 2020 to a low of 63.8 percent in third quarter 2022. The table below shows the bank's LTD ratio compared to six other banks similar in size and product offerings and located in the bank's AA.

| Loan-to-Deposit Ratio                      |  |  |
|--|--|--|
| Institution                                | Total Assets (\$000s)<br>as of December 31, 2022 | Average LTD Ratio (%)<br>(1Q2020 – 4Q2022) |
| MidCountry Bank                            | 1,102,209  | 102.9                                      |
| Tradition Capital Bank                     | 2,105,040  | 98.5                                       |
| Bridgewater Bank                           | 4,340,923  | 95.0                                       |
| Premier Bank                               | 1,037,682  | 79.4                                       |
| <b>Sunrise Banks, National Association</b> | <b>2,099,142</b>                                 | <b>78.6</b>                                |
| United Bankers Bank                        | 1,239,412  | 78.6                                       |
| North American Banking Company             | 1,222,521  | 58.9                                       |

Source: Call report data from March 31, 2020 to December 31, 2022.

## Lending in Assessment Area

A majority of the bank's loans are inside its AA. The bank originated and purchased 70.0 percent of its loans by number and 70.5 percent by dollar inside its AA during the evaluation period. Refer to the following table for more information.

| Lending Inside and Outside of the Assessment Area |                 |      |         |      |         |                                 |      |         |      |                |
|---|-----------------|------|---------|------|---------|---------------------------------|------|---------|------|----------------|
| Loan Category                                     | Number of Loans |      |         |      | Total # | Dollar Amount of Loans \$(000s) |      |         |      | Total \$(000s) |
|   | Inside          |      | Outside |      |         | Inside                          |      | Outside |      |                |
|   | #               | %    | #       | %    |         | \$                              | %    | \$      | %    |                |
| Business 2020-21                                  | 11              | 55.0 | 9       | 45.0 | 20      | 1,195                           | 28   | 3,004   | 71.5 | 4,200          |
| Business 2022                                     | 17              | 85.0 | 3       | 15.0 | 20      | 9,750                           | 86   | 1,568   | 13.9 | 11,318         |
| Total   | 28              | 70.0 | 12      | 30.0 | 40      | 10,945                          | 70.5 | 4,573   | 29.5 | 15,518         |

Source: OCC samples of bank loan originations and purchases January 1, 2020 to December 31, 2022.

Due to rounding, totals may not equal 100.0%.

## Description of Institution

Sunrise Banks, National Association (Sunrise) is an intrastate national bank headquartered in St. Paul, Minnesota. The bank is wholly owned by University Financial Corp, GBC DBA Sunrise Banks, which is also located in St. Paul. The bank has four branches throughout St. Paul and Minneapolis, commonly referred to as the Twin Cities. Sunrise has a corporate office in St. Paul and a prepaid card operations office in Sioux Falls, South Dakota, neither are considered branches for CRA purposes.

Sunrise is a full-service financial institution with a wide variety of loan and deposit products and online services. Sunrise is a preferred Small Business Administration (SBA) lender and a certified Community Development Financial Institution (CDFI). The bank's core products include commercial lending and leasing, mortgage lending, consumer lending, and consumer and commercial deposits. The bank offers online consumer and commercial deposit account opening and online consumer loan applications. There is also online banking, which provides bill payment, e-statements, and funds transfers, as well as mobile and text banking. The bank's Rise Checking account meets the Cities for Financial Empowerment Fund's Bank On national account standards. The Rise Checking account promotes safe and affordable banking to consumers with free statements, no overdraft or nonsufficient funds fees, and a low monthly maintenance fee. Sunrise also offers prepaid cards and small dollar consumer loan products nationwide.

As of December 31, 2022, the bank's assets totaled \$2.1 billion and tier one capital totaled \$247.1 million. Net loans and leases totaled \$1.2 billion or 57.9 percent of total assets. The loan portfolio based on total commitment is comprised primarily of commercial loans (75 percent), followed by residential real estate loans (16 percent), and consumer loans (9 percent). Sunrise does not originate agricultural loans.

Sunrise is focused on financial inclusion, innovation, positive social impact, and sustainability. Sunrise has been a CDFI since 2001 and was the first certified CDFI bank in Minnesota. The CDFI Fund works to increase community development investments for underserved or distressed communities and populations. Each year, Sunrise commits 60 percent of its lending to communities in need within the Twin Cities. The bank's lending supports small businesses, economic development, and affordable housing within local communities. Sunrise also strives to make an impact nationally. During the evaluation period, Sunrise originated nearly \$1.2 billion in CDFI-eligible loans to low and moderate-income (LMI) geographies nationally.

Sunrise is a member of the Global Alliance for Banking on Values (GABV). GABV is a network of banks with a mission of supporting economic, social, and environmental impact through finance.

Sunrise operates Community Access Impact Advantage I, LLC, a Community Development Corporation (CDC), as a wholly owned subsidiary of the bank. The CDC was formed in 2019 with a goal of creating and preserving affordable multifamily housing in the bank's AA. CDC activities relevant to this evaluation period were considered in the Community Development Test.

Sunrise has a New Market Tax Credit (NMTC) lending program. A NMTC promotes community development and economic growth through tax credits, attracting investments in distressed communities. The CDFI Fund selected Sunrise for NMTC allocations of \$60 million in 2020 and \$45 million in 2021. A NMTC allocation allows Sunrise to finance real estate developments, small businesses, and nonprofits in need of funding for projects in distressed Twin Cities communities. These activities help create and retain jobs and improve local communities' economic conditions.

Sunrise offers a flexible mortgage program, Open Door Credit. The bank launched the offering in 2016 in an effort to better serve LMI borrowers and geographies and make homeownership attainable. Through this program, Sunrise provides closing cost assistance to qualified borrowers purchasing a home in a LMI neighborhood or are LMI individuals.

Sunrise also offers three small dollar loan programs for consumers nationwide. TrueConnect is an unsecured consumer loan with free financial literacy counseling and is offered through the bank's partnership with various employers. Credit Builder loans are offered through a partnership with Self and has a goal of improving the borrower's credit profile and helping the consumer gain more favorable terms on future loans. Qualification for the Credit Builder loan does not consider past credit history and loan payments are placed into a certificate of deposit account which is available to the borrower upon loan repayment. Gusto is a low-cost earned wage advance loan offering the consumer early access to their next paycheck. The product is offered in partnership with Gusto, a large payroll provider serving over 100,000 small businesses.

Sunrise received an "Outstanding" rating at the prior CRA evaluation dated July 7, 2020. There are no known financial or legal barriers impacting the bank's ability to meet the credit needs of its AA.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated Sunrise's CRA performance using intermediate small bank (ISB) procedures, which consist of a Lending Test and a Community Development Test. The evaluation period for both tests is January 1, 2020 through December 31, 2022.

We analyzed the bank's loan originations and purchases during the evaluation period to determine the bank's primary loan products. We determined business loans are the bank's primary loan product for this evaluation. Business loans represented the largest lending activity by dollar. Consumer loans represented the largest lending by number. However, a vast majority of consumer lending was concentrated in the national products, which are not funded by local deposits. We analyzed the bank's loan volume with the national consumer products excluded and found business loans represent the largest lending activity by both dollar and number.

The tables below show the bank's total loan origination and purchase volumes from January 1, 2020 through December 31, 2022.

| <b>Loan Originations and Purchases 2020-2022</b>                       |                        |                   |                        |                   |
|--|------------------------|-------------------|------------------------|-------------------|
| <b>Loan Type</b>   | <b>Number of loans</b> |                   | <b>Dollar of Loans</b> |                   |
|  | <b>#</b>               | <b>% of Total</b> | <b>\$ (000s)</b>       | <b>% of Total</b> |
| Business   | 5,257                  | 0.4               | 1,514,658              | 53.6              |
| Consumer   | 1,389,843              | 99.5              | 797,960                | 28.2              |
| Home Mortgage  | 1,568                  | 0.1               | 513,526                | 18.2              |
| Farm   | 0                      | 0.0               | 0                      | 0.0               |
| <b>Total</b>   | <b>1,396,668</b>       | <b>100.0</b>      | <b>2,826,144</b>       | <b>100.0</b>      |
| <i>Source: Bank data. Due to rounding, totals may not equal 100.0.</i> |                        |                   |                        |                   |

| <b>Loan Originations and Purchases 2020-2022 with National Products Excluded</b> |                        |                   |                        |                   |
|--|------------------------|-------------------|------------------------|-------------------|
| <b>Loan Type</b>   | <b>Number of loans</b> |                   | <b>Dollar of Loans</b> |                   |
|  | <b>#</b>               | <b>% of Total</b> | <b>\$ (000s)</b>       | <b>% of Total</b> |
| Business   | 5,257                  | 61.1              | 1,514,658              | 74.4              |
| Consumer   | 1,775                  | 20.6              | 7,715                  | 0.4               |
| Home Mortgage  | 1,568                  | 18.2              | 513,526                | 25.2              |
| Farm   | 0                      | 0.0               | 0                      | 0.0               |
| <b>Total</b>   | <b>8,600</b>           | <b>100.0</b>      | <b>2,035,899</b>       | <b>100.0</b>      |
| <i>Source: Bank data. Due to rounding, totals may not equal 100.0.</i>           |                        |                   |                        |                   |

To complete the Lending Test analysis, we began with samples of 20 business loans from 2020-2021 and 20 business loans from 2022. We expanded the samples to 60 business loans from each period to have sufficient data for meaningful analysis of borrower and geographic distribution. We analyzed the bank's 2020-2021 lending separately from 2022 lending due to changes in the AA demographics. Demographic data is used in part to determine the bank's lending performance. The U.S. Census Bureau released updated demographic data from the 2020 U.S. Census effective January 1, 2022. Lending performance for the 2020-2021 analysis period is compared to the 2015 American Community Service (ACS) survey data. Lending performance for 2022 is compared to the 2020 Census data.

For the CD Test, we reviewed CD loans, investments, donations, and services submitted by bank management for consideration. Activities meeting the definition of CD are included in this evaluation.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more AAs within that state must be selected for a full-scope review. Sunrise has one AA, which is referred to as the Minneapolis AA. This AA was selected for a full-scope review and evaluated under the State of Minnesota rating area.

## **Ratings**

The bank's overall rating is based entirely on the State of Minnesota performance since it is the bank's only rating area. The State of Minnesota rating is based exclusively on performance in the Minneapolis AA.

Business lending performance in the 2020-2021 analysis period received more weight than the 2022 analysis period when determining the Lending Test conclusions. Business loans in 2020-2021 accounted for 90 percent by number and 68 percent by dollar during the full evaluation period.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Minnesota

**CRA rating for the State of Minnesota:** Outstanding

**The Lending Test is rated:** Outstanding

**The Community Development Test is rated:** Outstanding

The major factors supporting this rating include:

- The distribution of loans throughout geographies of different income levels is excellent.
- The distribution of loans to businesses of different sizes is excellent.
- CD performance demonstrates excellent responsiveness to the needs of the AA.
- There were no CRA related complaints during the evaluation period.

### Description of Institution's Operations in Minnesota

Sunrise has one AA located in Minnesota consisting of a portion of the Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area (MSA). The bank's Minneapolis AA includes all of Ramsey County and portions of Hennepin, Anoka, Dakota, and Washington Counties. Due to demographic data updates during the evaluation period, the bank's AA composition changed. The AA included 463 census tracts (CT) in 2020-2021 and 493 CTs in 2022. The AA for 2020-2021 included 54 low-income tracts, 131 moderate-income tracts, 174 middle-income tracts, 99 upper-income tracts, and five tracts with no income designation. The AA for 2022 included 48 low-income tracts, 145 moderate-income tracts, 171 middle-income tracts, 120 upper-income tracts, and nine tracts with no income designation.

Sunrise operates four branches in the State of Minnesota. Two branches are in St. Paul within Ramsey County and two branches are in Minneapolis within Hennepin County. Sunrise also operates five automated teller machines (ATMs), including four deposit-taking ATMs at bank branches and one non-deposit-taking ATM at the bank's corporate office in St. Paul. For 2022, two branches were in low-income CTs, one branch was in a middle-income CT, and one branch was in an upper-income CT. For 2020-2021, the geographic dispersion of these same branches included one branch in a low-income CT, one branch in a moderate-income CT, and two branches in upper-income CTs. The 2020 Census data effective in 2022 moved the Blaisdell branch from a moderate-income to a low-income CT and the Como branch from an upper-income to a middle-income CT.

Sunrise closed two branches and two ATMs in St. Paul during the evaluation period. The Vandalia branch and onsite deposit-taking ATM and the Arcade branch and onsite non-deposit-taking ATM were in moderate-income CTs. These branches and ATMs were closed in March 2021 due to low retail traffic volume. Other nearby branches and online banking services minimized the consumer impact of the branch closures. Sunrise sold the Vandalia and Arcade branches to local nonprofits at less than fair value in an effort to ensure the locations could still serve the community.

Deposit competition in the AA is high given the large volume of financial institutions present in the market. According to the FDIC Deposit Market Share Report as of June 30, 2022, Sunrise ranked 12th among 102 reporting institutions with a location in the AA. Sunrise has \$1.7 billion in deposits and a



0.78 percent market share. The competitors with the largest deposit market shares in the AA include U.S. Bank (39.76 percent), Wells Fargo (25.28 percent), and Ameriprise Bank (7.14 percent).

As a part of this evaluation, we contacted a community member to gain further understanding of the area's economic conditions, credit needs, and local financial institution involvement. The contact represents a local nonprofit organization providing community services for LMI individuals. They indicated there is a local need and numerous opportunities for bank involvement with affordable housing projects, shelters, and transitional housing through either lending or investments. The contact identified Sunrise as a bank with a good record of meeting local needs. We also reviewed two recently completed community contacts, one being an outreach event with numerous local community development organizations and nonprofits. Outreach participants stated there is a shortage of affordable rental housing in the AA. They added the pandemic and local moratorium on rents has worsened the situation and caused some investors to exit the rental housing market. The participants also indicated high construction costs and increases in home values are barriers to creating or obtaining affordable housing. The participants stated unemployment in the Twin Cities appears low but is not an accurate reflection of unemployment rates in the urban core of Minneapolis and St. Paul, which are often much higher. The participants discussed needs for down payment assistance programs, innovative lending products focused on LMI borrowers and geographies, and lending products that involve alternative credit underwriting to serve those previously excluded from the banking system. The other recent contact we reviewed involved a local CDFI focused on assisting Latino small business owners in the Twin Cities. The contact stated during the evaluation period, Minneapolis struggled with civil unrest and business shutdowns during the pandemic. They stated there is a need for financial literacy, small business lending particularly startup capital and credit building products, and affordable, long-term commercial leases in the Twin Cities area. They mentioned Sunrise as a bank actively involved with CDFIs to meet local needs.

The tables on the following page show the demographic information for each analysis period.

| Table A – Demographic Information of the Assessment Area  |           |            |                              |               |              |            |
|---|-----------|------------|------------------------------|---------------|--------------|------------|
| Assessment Area: Minneapolis 2020-21  |           |            |                              |               |              |            |
| Demographic Characteristics   | #         | Low % of # | Moderate % of #              | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts)   | 463       | 11.7       | 28.3                         | 37.6          | 21.4         | 1.1        |
| Population by Geography   | 1,787,255 | 10.7       | 27.3                         | 37.5          | 24.0         | 0.5        |
| Housing Units by Geography  | 767,092   | 9.5        | 27.0                         | 39.1          | 23.9         | 0.6        |
| Owner-Occupied Units by Geography   | 440,192   | 4.2        | 22.6                         | 42.4          | 30.7         | 0.1        |
| Occupied Rental Units by Geography  | 287,132   | 16.9       | 33.2                         | 34.6          | 14.1         | 1.1        |
| Vacant Units by Geography   | 39,768    | 14.6       | 30.0                         | 34.4          | 19.8         | 1.2        |
| Businesses by Geography   | 209,670   | 8.4        | 22.9                         | 39.8          | 28.5         | 0.5        |
| Farms by Geography  | 2,895     | 5.3        | 24.3                         | 40.3          | 30.1         | 0.1        |
| Family Distribution by Income Level   | 416,919   | 25.3       | 17.9                         | 20.8          | 36.0         | 0.0        |
| Household Distribution by Income Level  | 727,324   | 28.6       | 17.4                         | 17.9          | 36.1         | 0.0        |
| Median Family Income MSA - 33460<br>Minneapolis-St. Paul-Bloomington,<br>MN-WI MSA                |           | \$84,589   | Median Housing Value         |               |              | \$220,274  |
|   |           |            | Median Gross Rent            |               |              | \$942      |
|   |           |            | Families Below Poverty Level |               |              | 9.6%       |
| Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0%                  |           |            |                              |               |              |            |
| (*) The NA category consists of geographies that have not been assigned an income classification. |           |            |                              |               |              |            |

| Table A – Demographic Information of the Assessment Area  |           |               |                              |                  |                 |               |
|---|-----------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Minneapolis 2022   |           |               |                              |                  |                 |               |
| Demographic Characteristics   | #         | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)   | 493       | 9.7           | 29.4                         | 34.7             | 24.3            | 1.8           |
| Population by Geography   | 1,896,243 | 9.5           | 29.4                         | 34.7             | 25.0            | 1.4           |
| Housing Units by Geography  | 787,590   | 8.5           | 28.5                         | 36.2             | 25.7            | 1.1           |
| Owner-Occupied Units by Geography   | 454,415   | 4.6           | 25.1                         | 39.9             | 30.2            | 0.2           |
| Occupied Rental Units by Geography  | 297,017   | 14.1          | 33.6                         | 31.1             | 18.7            | 2.4           |
| Vacant Units by Geography   | 36,158    | 11.8          | 28.2                         | 32.3             | 26.1            | 1.6           |
| Businesses by Geography   | 247,801   | 6.7           | 24.4                         | 35.2             | 32.4            | 1.3           |
| Farms by Geography  | 3,297     | 4.8           | 26.2                         | 38.1             | 30.5            | 0.5           |
| Family Distribution by Income Level   | 423,348   | 23.8          | 18.8                         | 21.3             | 36.2            | 0.0           |
| Household Distribution by Income Level  | 751,432   | 27.3          | 18.0                         | 18.7             | 36.0            | 0.0           |
| Median Family Income MSA - 33460<br>Minneapolis-St. Paul-Bloomington,<br>MN-WI MSA                |           | \$103,977     | Median Housing Value         |                  |                 | \$275,274     |
|   |           |               | Median Gross Rent            |                  |                 | \$1,153       |
|   |           |               | Families Below Poverty Level |                  |                 | 7.2%          |
| Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%          |           |               |                              |                  |                 |               |
| (*) The NA category consists of geographies that have not been assigned an income classification. |           |               |                              |                  |                 |               |

## Scope of Evaluation in Minnesota

As previously discussed under the Scope of Evaluation section, the State of Minnesota rating is based exclusively on performance in the Minneapolis AA. We completed a full-scope review of the Minneapolis AA since it is the bank's only AA. Business loans were the primary loan product. The 2020-2021 analysis period received greater weight than the 2022 analysis period given the period represented a larger portion of the bank's lending activity.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA

### LENDING TEST

The bank's performance under the Lending Test in Minnesota is rated outstanding.

Based on a full-scope review, the bank's lending performance in the State of Minnesota is excellent.

### Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the state.

#### *Small Loans to Businesses*

Refer to Table Q in the State of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of loans to businesses.

The geographic distribution of loans to businesses is excellent.

During the 2020-2021 analysis period, the distribution of loans to businesses is excellent. The percentage of loans made to businesses in low-income geographies significantly exceeded both the percentage of business in low-income geographies and aggregate lending in low-income geographies. The bank's performance lending to businesses in moderate-income geographies exceeded the percentage of businesses and aggregate lending in moderate-income geographies.

During the 2022 analysis period, the distribution of loans to businesses is excellent. The percentage of loans made to businesses in LMI geographies exceeded the percentage of businesses in LMI geographies. Aggregate lending data for 2022 was unavailable at the time of this analysis.

### Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to businesses of different sizes.

#### *Small Loans to Businesses*

Refer to Table R in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of loans to businesses.

The borrower distribution of loans to businesses is excellent.

During the 2020-2021 analysis period, the distribution of loans to businesses of different sizes is excellent. The bank's percentage of loans to small businesses significantly exceeded aggregate lending to small businesses and was somewhat lower than the percentage of small businesses in the AA. Aggregate performance is considered a better comparator because it is reflective of the lending needs and qualified applicants in the AA. The percentage of small businesses in the AA is high and not all small businesses have credit needs.

During the 2022 analysis period, the distribution of loans to businesses of different sizes is reasonable. The bank's percentage of loans to small businesses was lower than the percentage of small businesses in the AA. Aggregate lending data for 2022 had not been released at the time of this evaluation. Historical aggregate data indicates the bank's performance lending to small businesses in 2022 is near the 2021 aggregate lending to small businesses.

### Responses to Complaints

The bank did not receive any CRA-related complaints during the evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the State of Minnesota is rated Outstanding.

Based on a full-scope review, the bank exhibits excellent responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA.

### Number and Amount of Community Development Loans

The CD Loan table below sets forth information and data used to evaluate the bank's level of CD lending. The table includes all qualifying CD loans, including multifamily and Paycheck Protection Program (PPP) loans.

| Community Development Loans |       |              |           |               |
|-----------------------------|-------|--------------|-----------|---------------|
| Assessment Area             | Total |              |           |               |
|                             | #     | % of Total # | \$(000's) | % of Total \$ |
| Minneapolis AA              | 241   | 100.0        | 389,494   | 100.0         |

Sunrise originated 241 CD loans totaling \$389.5 million during the evaluation period. This represents 157.7 percent of tier one capital, as of December 31, 2022. CD loans benefited the AA by supporting economic development, community services to LMI individuals, affordable housing, and revitalization or stabilization.

The majority of loans, 130 totaling \$250.5 million, supported economic development activities, including those aligned with NMTC programs and job creation. The bank made 64 loans totaling \$60.4 million to support community services targeting LMI geographies or LMI individuals in the AA. Another 28 loans totaling \$59.1 million supported efforts to revitalize and stabilize LMI neighborhoods. Lastly, the bank originated 19 loans totaling \$19.4 million to organizations supporting affordable housing, or funding specific affordable housing projects, for LMI households in the AA.

Specific examples of Sunrise's CD loans include:

- Three separate loans, for \$11.3 million, \$3.1 million, and \$8.5 million, all of which support the expansion of community services for Native Americans in a low-income area.
- Two separate loans, for \$10.1 million and \$5.9 million, to fund the expansion of a pre-school through 12<sup>th</sup> grade school utilizing the NMTC program. The school is located in a low-income area where 89 percent of the students qualify for free or reduced lunch.
- A \$6.6 million dollar loan utilizing the NMTC program supporting workforce training services and is located in a moderate-income area.
- A \$5.8 million dollar loan utilizing the NMTC program supporting both job retention for LMI communities as well as the revitalization of a moderate-income area.

### Number and Amount of Qualified Investments

The table shown below sets forth the information and data used to evaluate the bank's level of qualified CD investments and donations.

| Qualified Investments |               |           |                |           |       |              |           |               |                        |           |
|-----------------------|---------------|-----------|----------------|-----------|-------|--------------|-----------|---------------|------------------------|-----------|
| Assessment Area       | Prior Period* |           | Current Period |           | Total |              |           |               | Unfunded Commitments** |           |
|                       | #             | \$(000's) | #              | \$(000's) | #     | % of Total # | \$(000's) | % of Total \$ | #                      | \$(000's) |
| Minneapolis AA        | 7             | 8,279     | 66             | 8,623     | 73    | 88.0         | 16,901    | 91.7          | 0                      | 0         |
| Statewide/Regional    | 0             | 0         | 10             | 1,529     | 10    | 12.0         | 1,529     | 8.3           | 0                      | 0         |
| Total                 | 7             | 8,279     | 76             | 10,152    | 83    | 100.0        | 18,431    | 100.0         | 0                      | 0         |

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Sunrise made five new investments totaling \$8.3 million in its AA during the evaluation period. New investments support affordable housing and economic development. Additionally, Sunrise retained seven prior period investments with an outstanding balance of \$8.3 million as of December 31, 2022. Prior period investments support affordable housing in the AA. Investments in the AA represent 6.7 percent of the bank's tier 1 capital as of December 21, 2022. The bank also made one new investment for \$1.5 million during the evaluation period supporting affordable housing in the broader statewide area, including the bank's AA.

Specific examples of Sunrise's CD investments include:

- Two mortgage-backed securities totaling \$4.5 million contained a pool of mortgages to LMI borrowers within the bank's AA.
- A \$2.8 million equity investment in CDC Community Access Impact Advantage to purchase a 74-unit housing complex and preserve affordable housing in a moderate-income geography.

- A \$1.5 million Minnesota Housing Finance Agency bond providing funding to the agency to continue its program of purchasing loans made to LMI borrowers to finance the purchase of single-family residences in Minnesota.

In addition to the investments, Sunrise donated \$365 thousand to 61 different organizations in the AA supporting economic development, affordable housing, community services for LMI individuals, and revitalization of LMI areas. Sunrise also made nine donations totaling \$29 thousand to organizations serving the broader statewide or regional area, including the bank's AA. These organizations address affordable housing needs or provide community services to LMI individuals. The donations in the broader statewide and regional area qualified because the bank was responsive to CD needs in its AA.

Specific examples of Sunrise's CD donations include:

- \$75 thousand donated to an organization providing financial literacy learning materials to LMI schools in Minneapolis and St. Paul.
- \$32 thousand to an organization to build and preserve affordable housing in the Twin Cities.
- \$25 thousand to an organization supporting small businesses in the food industry through technical expertise and job development.

### **Extent to Which the Bank Provides Community Development Services**

During the evaluation period, 20 employees provided 1,255 hours of community service to 26 different organizations. These service activities supported a variety of organizations offering community services to LMI individuals, supporting affordable housing initiatives, or promoting economic development. The majority of employees served in leadership roles on the board or committees for these organizations.

Community development service opportunities were impacted by the pandemic during the evaluation period. In general, volunteer opportunities dramatically reduced during the pandemic as organizations shut down or limited contact with the public. Several organizations where employees previously volunteered were closed throughout most of the evaluation period in response to the pandemic.

The following are examples of CD services provided by employees:

- One employee served 90 hours as the board chair for a CDFI helping LMI individuals buy, fix, or keep their homes in the Twin Cities.
- One employee volunteered 75 hours with a nonprofit organization providing tax return preparation assistance to LMI individuals in the AA.
- One employee served 57 hours as a loan committee member for an organization providing loans and technical assistance for LMI small business owners in North Minneapolis.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

|   |  |  |
|---|--|--|
| <b>Time Period Reviewed:</b>                            | January 1, 2020 through December 31, 2022  |  |
| <b>Bank Products Reviewed:</b>                          | Business loans<br>Community development loans, qualified investments, community development services |  |
| <b>Affiliate(s)</b>                                     | <b>Affiliate Relationship</b>  | <b>Products Reviewed</b>   |
| CDC   | Bank subsidiary  | N/A  |
| <b>List of Assessment Areas and Type of Examination</b> |  |  |
| <b>Rating and Assessment Areas</b>                      | <b>Type of Exam</b>  | <b>Other Information</b>   |
| <b>MMSA(s)</b>  |  |  |
| None  | N/A  | N/A  |
| <b>State</b>  |  |  |
| Minneapolis MSA   | Full-Scope   | Ramsey County; southern portion of Anoka County; northern portion of Dakota County, eastern half of Hennepin County, and western Washington County |

## Appendix B: Summary of MMSA and State Ratings

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| RATINGS Sunrise Banks N.A. |                      |                |                                      |
|----------------------------|----------------------|----------------|--------------------------------------|
| Overall Bank:              | Lending Test Rating* | CD Test Rating | Overall Bank/State/Multistate Rating |
| Sunrise Bank               | Outstanding          | Outstanding    | Outstanding                          |
| MMSA or State:             |                      |                |                                      |
| State of Minnesota         | Outstanding          | Outstanding    | Outstanding                          |

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.



## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table Q.     Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R.     Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

| Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography  |                                 |        |            |                |                   |              |           |                        |              |           |                      |              |           |                     |              |           |                             |              | 2020-21   |
|---|---------------------------------|--------|------------|----------------|-------------------|--------------|-----------|------------------------|--------------|-----------|----------------------|--------------|-----------|---------------------|--------------|-----------|-----------------------------|--------------|-----------|
| Assessment Area:  | Total Loans to Small Businesses |        |            |                | Low-Income Tracts |              |           | Moderate-Income Tracts |              |           | Middle-Income Tracts |              |           | Upper-Income Tracts |              |           | Not Available-Income Tracts |              |           |
|   | #                               | \$     | % of Total | Overall Market | % Businesses      | % Bank Loans | Aggregate | % Businesses           | % Bank Loans | Aggregate | % Businesses         | % Bank Loans | Aggregate | % Businesses        | % Bank Loans | Aggregate | % Businesses                | % Bank Loans | Aggregate |
| Minneapolis AA  | 60                              | 16,348 | 100.0      | 49,441         | 8.4               | 25.0         | 5.7       | 22.9                   | 25.0         | 18.1      | 39.8                 | 30.0         | 41.8      | 28.5                | 18.3         | 34.0      | 0.5                         | 1.7          | 0.5       |
| Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.<br>Due to rounding, totals may not equal 100.0% |                                 |        |            |                |                   |              |           |                        |              |           |                      |              |           |                     |              |           |                             |              |           |

| Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography                             |                                 |        |            |                |                   |              |           |                        |              |           |                      |              |           |                     |              |           |                             |              | 2022      |
|--|---------------------------------|--------|------------|----------------|-------------------|--------------|-----------|------------------------|--------------|-----------|----------------------|--------------|-----------|---------------------|--------------|-----------|-----------------------------|--------------|-----------|
| Assessment Area:   | Total Loans to Small Businesses |        |            |                | Low-Income Tracts |              |           | Moderate-Income Tracts |              |           | Middle-Income Tracts |              |           | Upper-Income Tracts |              |           | Not Available-Income Tracts |              |           |
|  | #                               | \$     | % of Total | Overall Market | % Businesses      | % Bank Loans | Aggregate | % Businesses           | % Bank Loans | Aggregate | % Businesses         | % Bank Loans | Aggregate | % Businesses        | % Bank Loans | Aggregate | % Businesses                | % Bank Loans | Aggregate |
| Minneapolis AA   | 60                              | 35,133 | 100.0      | --             | 6.7               | 10.0         | --        | 24.4                   | 25.0         | --        | 35.2                 | 26.7         | --        | 32.4                | 31.7         | --        | 1.3                         | 6.7          | --        |
| Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 Bank Data; "--" data not available.<br>Due to rounding, totals may not equal 100.0% |                                 |        |            |                |                   |              |           |                        |              |           |                      |              |           |                     |              |           |                             |              |           |

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

| Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues   |                                 |        |            |                |                                 |              |           |                                |              |  | 2020-21      |
|---|---------------------------------|--------|------------|----------------|---------------------------------|--------------|-----------|--------------------------------|--------------|--|--------------|
| Assessment Area:  | Total Loans to Small Businesses |        |            |                | Businesses with Revenues <= 1MM |              |           | Businesses with Revenues > 1MM |              | Businesses with Revenues Not Available |              |
|   | #                               | \$     | % of Total | Overall Market | % Businesses                    | % Bank Loans | Aggregate | % Businesses                   | % Bank Loans | % Businesses                           | % Bank Loans |
| Minneapolis AA  | 60                              | 16,348 | 100.0      | 49,441         | 86.8                            | 75.0         | 50.2      | 5.1                            | 16.7         | 8.1                                    | 8.3          |
| Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.<br>Due to rounding, totals may not equal 100.0% |                                 |        |            |                |                                 |              |           |                                |              |  |              |

| Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues  |                                 |        |            |                |                                 |              |           |                                |              |  | 2022         |
|--|---------------------------------|--------|------------|----------------|---------------------------------|--------------|-----------|--------------------------------|--------------|--|--------------|
| Assessment Area:   | Total Loans to Small Businesses |        |            |                | Businesses with Revenues <= 1MM |              |           | Businesses with Revenues > 1MM |              | Businesses with Revenues Not Available |              |
|  | #                               | \$     | % of Total | Overall Market | % Businesses                    | % Bank Loans | Aggregate | % Businesses                   | % Bank Loans | % Businesses                           | % Bank Loans |
| Minneapolis AA   | 60                              | 35,133 | 100.0      | --             | 88.7                            | 46.7         | --        | 4.2                            | 53.3         | 7.1                                    | 0.0          |
| Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 Bank Data; "--" data not available.<br>Due to rounding, totals may not equal 100.0% |                                 |        |            |                |                                 |              |           |                                |              |  |              |

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.