

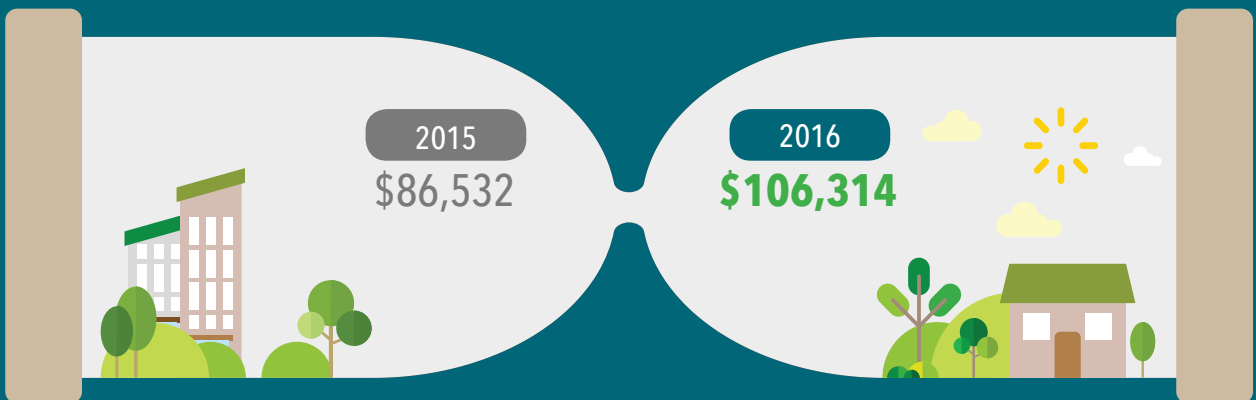
따뜻한 금융 한인신협

2016 ANNUAL REPORT

2016 Sharons CU Community Investment



Community Sponsorship & Donations



We recognize that our collective efforts to operate a successful financial institution should not only benefit our members, staff, volunteers and directors, but should benefit “our heritage and the aspirations of our community.” To this end, we consider CDP as one of our cornerstones.

Total Contribution to Community

\$106,314



“ Sharons Credit Union’s mission statement requires us to be an innovative financial institution that provides optimum advice and solutions for our members while having regard for our heritage and the aspirations of our community. ”

SENIORS

Initiatives that enhance the quality of life for seniors

YOUTHS

Initiatives that promote equal opportunity for education, social or career development

ARTS & CULTURE

Initiatives that promote and preserve arts and culture as our common inheritance.

NON-PROFIT ORG.

Initiatives that improve their governance, management or programs.

운영현황 보고서

쉬임없는 변장

지난 2016년은 저희 한인신협 역사에 한 획을 그은 한 해 였다고 말할 수 있습니다. 처음으로 저희의 총자산이 3억 달러를 넘어섰고 조합원 수도 만 명을 넘어섰습니다. 특별히 이 성과는 지속적인 저금리 기조로 인한 쉽지 않은 금융환경과 그 어느 때보다도 치열한 경쟁 속에서 이루어졌기에 더욱더 자랑스럽다고 말할 수 있습니다.

돌이켜 보면 저희 신협은 모든 약조건 속에서도 지속적인 발전을 거듭해 왔는데 그 이면에는 저희가 그간 쌓아온 신뢰도와 조합원 여러분의 충성스러운 참여도가 원동력으로 작용했다고 감히 말씀드릴 수 있을 것 같습니다. 우리 신협은 지난 28년간 BC 주 내 한인사회에 우리의 전통과 문화를 이해하고 계승 발전하기 위해 최선을 다하는, 한인을 위한 금융기관으로서의 자리매김을 충실히 해왔습니다. 그 위에 조합원 여러분의 적극적인 참여와 신뢰가 있었기에 오늘날 이와 같은 성공을 거둘 수 있었음은 부인할 수 없는 사실입니다. 이에 저희 임직원 모두는 이 자리를 빌려 조합원 여러분께 심심한 감사사를 드립니다.

고무적인 성장

2016년 한 해의 영업환경은 지난 몇 년간의 환경과 별반 다를 바 없이 열악했고 한편으로는 더 악화된 면도 없지 않았습니니다. 하지만 이러한 환경 속에서도 저희는 매우 고무적인 성과를 거두었음을 보고드리게 되어 기쁘게 생각합니다. 많은 부정적인 영업 요소와 비관적인 경제환경이었음에도 저희는 소기의 자산성장을 이루었고 영업순이익도 전년도에 비해 월등히 향상되었습니다.

우선 저희의 자산은 처음으로 3억 달러를 넘어 3억 1천4백 달러를 기록하였는데 이는 전년도에 비해 5.4%, 약 1천6백 달러 증가한 액수입니다. 장기적 저금리의 부정적인 금융환경은 예금주들로 하여금 고이윤 창출 상품의 선호로 이어져 수신 성장이 한때 위축되었지만, 올 한 해의 수신고는 오히려 1천6백 달러 증가했고 더불어 약 2천만 달러 이상의 대출 성장도

이어졌습니다. 특히 총 대출액은 9%라는 괄목한 만한 성장을 이룩했는데 이는 전례 없이 활기찼던 BC 주 내 과열된 부동산 경기의 영향이기도 했지만, 그보다 우리 신협이 충분히 경쟁력 있는 대출상품을 갖춘 믿음만한 금융기관이며 이용자에게 혜택을 돌려주는 공익금융이라는 이미지가 한인사회 내에 널리 인식되어 있음을 반영한 것이라고 저희는 믿어 의심치 않습니다.

영업순이익 또한 전년도에 비해 20%, 약21만 달러 증가한 1백2십7만 달러를 기록하였습니다. 이는 보다 엄격해지는 금융 감독관청의 감독규정에 부합하기 위한 추가 비용의 부담과 인건비 등 제 비용 인상 등으로 전년 대비 7.8%, 약 4십만 달러 상당의 증가된 비용이 반영된 실적이기도 더욱더 그 의미가 크다고 말할 수 있습니다. 이사회는 총이익금 중 약 5십5만 달러를 배당금과 이용고 배분으로 책정하여 1.5%의 출자배당과 8%의 주택과 상업용 모기지 대출이자에 대한 이용고 배분으로 조합원께 환원하였습니다. 신협과 은행의 근본적인 차이점은 신협은 그 이익을 조합원과 나눈다는 것인데 우리 신협은 이러한 상부상조의 신협정신을 지난 1991년 이후 한 해도 거르지 않고 시행해 오고 있다는 점은 크게 주목할 만 하다 하겠습니까.

경제 전반에 걸친 불확실성은 전년도와 같이 2017년 을 한 해도 여전히 지속될 것으로 예상되며, 특히, 미국 트럼프 정권이 세계경제에 대해 미칠 영향에 대해서는 더더욱 불확실성을 가중시킬 것임을 우리 모두는 인지하고 있습니다. 미국의 금리는 이미 인상이 시작되었고 금년 한 해에도 최소한 두세 차례 더 인상이 있을 것으로 예상되지만, 캐나다 내에서는 금년 안에 금리 인상이 불가피하다 할 만한 요인이 아직은 나타나지 않고 있습니다. 이러한 환경 속에서 금년도의 경기 전망은 전년도에 비해 크게 변화하지 않을 것이라는 것이 일반적인 견해이지만, 그럼에도 우리 신협은 보다 더 개선될 것으로 기대하고 있습니다. 이는 우리 한인신협이 지난 3년간 각고의 노력으로 체재 재정비를 해왔기 때문입니다. 제반 제도와 규정을 마련 또는 개정하였고, 적재적소에 인력 배치, 직원 처우 개선과 자산/부채의 구조 개선 등을 확립한 것이 바로 그것입니다. 이제 보다 더 견고해진 인프라와 체질 개선은 향후 성장 발전의 원동력이 될 것인 바, 내년에는 더 긍정적인 영업보고를 드릴 수 있을 것이라 확신합니다.

견고한 이사회 운영

2016년 한 해, 여러분의 이사회는 신협 관리 및 운영팀 지도편달로 바쁜 한 해를 보냈습니다. 무엇보다도 신협 운영의 초석이 되는 정관을 재정비함으로써, 안정된 신협 운영의 기반을 다지는데 많은 시간을 할애하였습니다. 지난 2년간 필요에 따라 정관의 부분적 수정은 있었지만, 신협 설립 당시 마련되었던 기존의 정관으로는 더 이상 현재 3억 달러 자산의 거대해진 조직을 관리·통제하기에는 역부족이라는 의견에 일치가 되어, 이사회는 전문가의 조언 등을 바탕으로 대대적인 수정을 단행, 오늘 여러분의 최종 승인을 받기 위한 새로운 변경(안)을 내놓게 되었습니다. 우리는 이 정관(안)이 더 이상의 수정이 필요 없는 완벽한 정관이라고는 생각하지 않지만, 향후 다음 단계로의 도약을 위한 확고한 기반이 될 것임에는 믿어 의심치 않습니다.

이사회는 또한 운영진의 연구·조사에 따라 포코지역에 지점을 개설하자는 의견을 적극 수용하여 새로운 개발이 한창 진행 중인 로히드 하이웨이 선상 상가 밀집 지역에 지점을 개설하는 중요한 결정도 하였습니다. 동 지역 일대에는 신협의 기존 조합원이 이미 천여 명 이상 거주하고 있으며, 한인 인구가 급속히증가하고 있는 지역이기도 합니다. 신협 포코지점은 지난 10월에 개점하여 지금 까지 6개월 동안 운영을 해왔는데 그 성장세가 상당히 두드러지게 나타나고 있다고 보고드리는 바입니다. 앞으로 신협 포코지점은 코퀴틀람센터 동부 지역의 한인사회에 편리하고 실속 있는 금융 서비스를 제공할 종합 금융 서비스 센터가 될 것임을 확신합니다.

한편으로 여러분이 선임해 주신 모든 이사들은 신협 운영 전반을 관리, 지도하기에 부족한 없는 유능한 이사회의 일원이 되기 위하여 열심히 노력하였습니다. 신협 이사 전원은 제반 회의 참석은 물론, 이사로서

우리의 성공이 즉, 조합원 여러분의 성공,
나아가서는 한인사회의 성공임을 너무나
잘 알고 있습니다. 따라서, 저희 신협
임직원 일동은 이 마음을 깊이 새기며 한인
누구에게나 편안하고 정다운 서비스를
제공하는 내일의 금융이 되기 위해
일편단심으로 노력해 나갈 것입니다.

“ 한인 누구에게나 편안하고 정다운 서비스를 제공하는 내일의 금융이 되기 위해 노력해 나갈 것입니다. ”

반드시 이수해야 할 각종 교육과정과 세미나, 컨퍼런스 참석을 통해 전문과 전문직식을 배양해 왔습니다. 이러한 이사들에 대한 교육과정은 앞으로도 계속 이어질 것입니다. 이에, 오늘 이 자리를 빌어 그동안 수고를 아끼지 않으신 동료 이사님들께 다시 한번 감사의 마음을 전합니다.

이행된 약속과 밝은 내일

저희는 지난해 운영보고를 통하여 2016년에 소개될 여러 가지 계획과 새로운 상품을 소개한 바 있었습니다. 새로운 웹사이트, 모바일 뱅킹, 자산 3억 달러 달성과 지점 재정비가 그것이었는데, 이 모든 약속이 지난 1년간 실행되었습니다. 아울러, 한인사회의 각종 행사와 각종 단체들을 지속적으로 후원함으로써 지역사회와 지속적으로 공존하며 한인사회 발전을 위해 노력하겠다는 약속 또한 이행되었다고 자부합니다. 금년뿐만 아니라 앞으로도 영원히 우리 신탁은 오로지 조합원들과 한인사회를 위한 조합이 될 것임을 확고히 약속드립니다. 우리 신탁은 우리의 성공이 즉, 조합원 여러분의 성공, 나아가서는 한인사회의 성공임을 너무나 잘 알고 있습니다. 따라서, 저희 신탁 임직원 일동은 이 마음을 깊이 새기며 한인 누구에게나 편안하고 정다운 서비스를 제공하는 내일의 금융이 되기 위해 일편단심으로 노력해 나갈 것입니다.

이제 업무보고를 마치며 존경하는 조합원 여러분의 변함없는 성원과 신뢰에 다시 한번 깊은 감사의 말씀을 드립니다. 여러분의 무한한 신탁 사랑이 있었기에 오늘날 우리 신탁이 존재할 수 있다고 생각합니다. 여러분이 우리 신탁을 영원히 신뢰해 주시는 한, 저희도 오직 조합원 여러분을 위한, BC주 내 한인사회를 위한 최고의 신탁이 될 것임을 약속드립니다.

감사합니다.



이사장 김지한



전무 석광익

사진 석광익 전무



Report from the Board Chair and CEO

Continuous Trend of Prosperity

Year 2016 for Sharons Credit Union can be marked as one of the monumental years where our total assets reached over 300 million dollars and our total active membership grew over 10,000. We have every reason to be proud of and celebrate this achievement because we've done so despite the environmental pressures that have not been so favorable to our operation, such as the on-going sluggish economy and the ever-heated competitions.

One may wonder what has allowed for the credit union to enjoy this continuous trend of prosperity. We believe the two utmost powerful driving forces behind our success, regardless of the circumstances, are our proven credibility and our members' loyalty. For the last 28 years, we've been positioning ourselves as a trustworthy, reliable financial institution that is supportive to our heritage and culture in our communities in BC. Furthermore, our members, without wavering, have put their trust in us, which we believe is a major driving factor for our success. We'd like to take this opportunity to sincerely express our gratitude to all the fellow members of Sharons Credit Union for the strong support you've given.

Strong and Steady Growth

The operational climate in 2016 was not any better than that of the previous years, and in some instances, was even worse. However, we are pleased to present to you the operational results for the year that are very encouraging and promising. Even in the midst of all uncertainty and pessimistic environment, we managed to continue to improve in both asset growth and net operating income.

Our total assets grew past the \$300 million mark to \$314 million in 2016 which is an increase of 5.4% or \$16 million from the prior year. The low interest rates on deposits continuously were an Achilles' heel for deposit taking institutions throughout the year and alternative higher yielding investment vehicles were attractive to the depositors. However, despite this trend, our total member deposits grew by approximately \$16 million in various types of deposits and this has been reflected in \$20 million net growth in total loan portfolio. We especially enjoyed a strong loan growth in 2016 where we saw over 9% increase from 2015 and we believe this was the result of, in one part, a red-hot real estate market in the region throughout the year and, in a major part, of much enhanced image of the credit union where people understand Sharons as a competitive financial institution that is beneficial to the members.

At the same time, our net operating income for the year was approximately \$214,000 or 20% more than that of 2015 and recorded at \$1.28 million. This can be said to be a remarkable growth because it was achieved even after 7.8% or about \$400,000 more spending in non-financial expenses to cope with regulatory requirements and other operational expenses such as salaries and benefits. The Board again decided to share the profit with the members in the form of dividend and patronage refund in the total amount of \$551,000 which was distributed as 1.5% dividend on share deposits and 8% refund on the interest paid on residential and commercial mortgages. One of the distinctive differences between a credit union and a bank is that a credit union shares its profit with the members and we're proud to announce that we've practiced this unique credit union spirit every year since 1991.

There are still a plenty of uncertainties prevailing in year 2017. No one seems to be sure as to what will happen as the whole world is straining every nerve to stay on the alert in the wake of the new administration of the United States and the Bank of Canada hasn't come up with a convincing reasoning to raise the interest rate any time soon even if the States has already started to increase the rates. As far as the economic forecast is concerned, the common sentiment in Canada is that it should be somewhat similar or a little better in 2017. We, however, are inclining towards a more optimistic side of the future in 2017 albeit the many pessimistic factors around. The reason is that for the last three years, we've been diligently strengthening our infrastructure by implementing adequate policies

and procedures, staffing of the required positions, adjusting the salary and benefits for competitiveness, and restructuring the asset and liability structures. Our foundation now is much more solid and therefore, ready to support more growth the future. To this extent, we are confident that we will deliver even a better report this time next year.

Strong Governance

Year 2016 was one of the busiest years for the Board of Directors in terms of enhancing the Board governance and overseeing the credit union's operation. One of the many things the Board accomplished with the mind of equipping with an adequate backbone of the ruling the credit union is a thorough review of the rules of Sharons Credit Union. In the previous couple of years, we amended a few areas of the Rules to conform to the changing environment and last year, the Board agreed that the credit union had outgrown the current Rules that were originally prepared at the time of the credit union's birth and that it had come to the point that the major amendments to the Rules were inevitable. Consequently, the Board spent a tremendous amount of time to go through the Rules, reviewing them clause by clause, seeking consultation with experts and came up with the amendments that we are presenting to you in this AGM for the final approval. We would not say this is the perfect Rules that do not require further amendment from now but we are confident that this renewed set of Rules will serve as the solid base for the credit union to stride to the next level of prosperity.

The Board also made an important decision to endorse the management's recommendation to open a branch at Port Coquitlam. We already had over a thousand members living in the area and the fast growing Korean population in the vicinity encouraged us to open our new branch there. At this location, the branch opened in October and we are very pleased to report to you that the operational results for the last six months is very promising and optimistic. We believe the branch will be the one-stop financial service providing center for the Korean community east of Coquitlam center.

At the same time, the directors were never idle in training themselves to become a competent member of the Board that prudently governs the credit union in all aspects. In addition to many meetings, each director attended training sessions and conferences during the year and this type of Board operation will be more or less the same next year as all the directors are devoted to serve the credit union selflessly and thus, we'd like to thank all directors for their devoted service to the credit union.

"Year 2016 for Sharons Credit Union can be marked as one of the monumental years where our total assets reached over 300 million dollars and our total active membership grew over 10,000."



Achieved Promises and Confident Future

In our last year's report, we promised you a few initiatives that were to be introduced in 2016. A new website, mobile banking, asset growth over \$300 million and a branch restructuring are the plans which were promised and fully fulfilled. We also promised a continuous support to the community and this was also achieved in sponsoring various activities and organizations within the community. In the current year and going forward, we will continuously be the credit union solely for the members and the community. We understand our success is our members' success and furthermore, the success of our community. With this in our minds, the Board and the management together will do our best to make Sharons a comfortable and friendly credit union that suits the financial services for tomorrow.

Closing the report, I thank you all for your unwavering support and trust. We are what we are today because of your unchanging love for the credit union. As long as you put your trust in us, we will continue to exist only for you and only for our community.

Chair, Jihan Kim

CEO, John Suk



Board of Directors From left, Sebastian Jung, John Jihan Kim, John Jong Uk Park, Howard Hyung Yul Lee, Insoon Lee, Kyu Tae Kim, and Victor Byungkyu Yoo.

Our Strategy

Mission and Values

"A mission statement drives an organization forward; it creates the reason for being or raison d'etre. The values are the long held beliefs that maintain the credit unions moral compass leading it to do the right thing. Values seldom change; however the mission of a company can shift over time."

“ *To be an innovative financial institution that provides optimum advice and solutions to our members while having regard for our heritage and the aspirations of our community.* ”



INTEGRITY

We will operate with the utmost of integrity. Ethical management of members' entrusted wealth is a crucial key point for our prosperous growth.



INNOVATION

We will provide an innovative array of products and services to remain relevant to our members.



TRADITION

The roots of our organization are deeply embedded in the Korean community and we are proud to serve this community.

At the same time, our mission to provide optimum financial advice and solutions is extended to all communities.



PROSPERITY

We will assist our members in achieving financial well-being through sharing financial advice and our knowledge in order to lead them toward prosperity.



COOPERATIVE

We instill cooperative thinking in our staff and members. We are stronger together as one.

Sharons Credit Union in 2020



15,000 Members
\$400M Assets
Focused on Members' Needs



A Dream Workplace



New/Young Members



Wealth Management Strategy



Honoring Existing Members



Home banking for new Immigrants

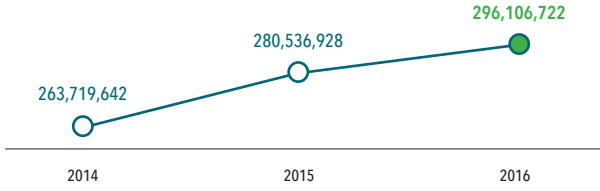


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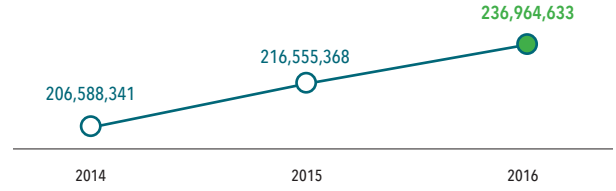


Financial Highlights

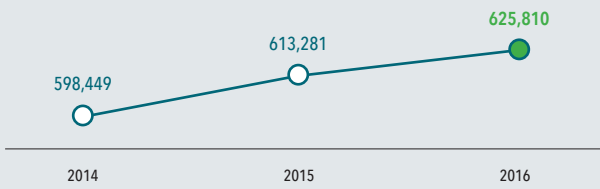
Total Deposits



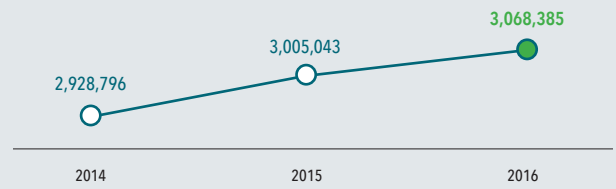
Total Loans



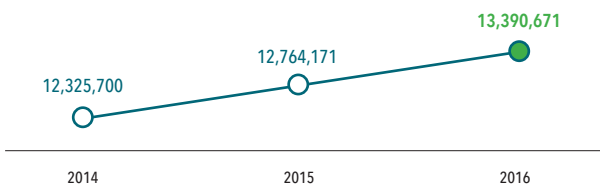
Members' Equity



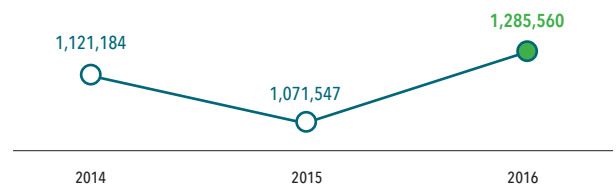
Member Shares



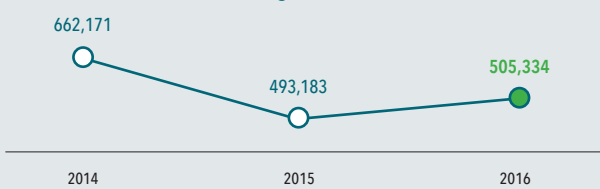
Retained Earnings



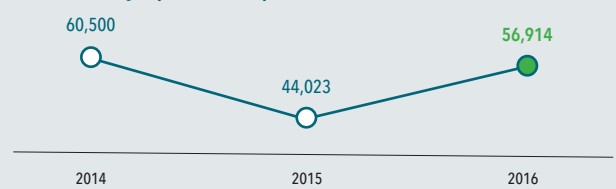
Income before Dividends



Share Dividend & Patronage



Community Sponsorship & Donations



10,876
MEMBERS

1,411
BUSINESS MEMBERS

5
BRANCHES

\$314.7M
TOTAL ASSETS

41
EMPLOYEES

Focus Areas in 12-18 Months

⊕ Financial Stability

As in the previous years, the financial goal for the year is a steady asset growth with stable net operating income. It will be challenging to have a visible improvement in financial margin under this rock bottom interest rate environment but we will continue to restructure the asset/liability composition to achieve optimum yield. At the same time, close watch on the expenses will be another ongoing effort to maximize net operating income.

MEMBERSHIP & BUSINESS ACCOUNT
 11,300 members
 & Net 100 business account increase

ASSET	NET OPERATING INCOME	CAPITAL ADEQUACY	DELINQUENCY	OPERATING EFFICIENCY
\$328M	\$1.2M	>13.50%	<0.65%	0.73% - 0.70%

⊕ Member and Community Oriented Entity

The most important ingredient of the success of Sharons Credit Union is the fact that it has been positioning successfully in its niche market, namely Korean community, maintaining a strong tie with the members and the community. And it couldn't be more critical to recognize that the future prosperity also depends on how effectively we maintain this close relationship with members and community. As such, we are to emphasize on building "Member Intimacy" based on our close to thirty years of experience with our deep and intricate knowledge of Korean culture.



- INTERNSHIP PROGRAM
- SCHOLARSHIP
- MEMBER EDUCATION
- MEMBER INTIMACY
- SPONSORSHIP

⊕ Efficient Board & Risk Management

For the last 4 years, we have been working really hard to enhance our governance practice and we are proud that both FICOM and internal auditors recognized our Board now is functioning adequately. However, it doesn't mean there is no more work to be done but the Board needs to continue to strive to be as efficient and effective possible in its oversighting the management and overall operatio.

- DIRECTOR TRAINING
- ATTENDING CONFERENCE
- CORPORATE SECRETARY TRAINING
- SEARCH FOR CAPABLE DIRECTORS
- COMPLETE RISK RATING

Independent Auditor's Report

To the Members of Sharons Credit Union

We have audited the accompanying consolidated financial statements of Sharons Credit Union, which comprise the Consolidated Statement of Financial Position as at December 31, 2016 and the Consolidated Statements of Comprehensive Income, Changes in Members' Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sharons Credit Union as at December 31, 2016 and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

March 8, 2017



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BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Consolidated Financial Statement

Consolidated Statement of Financial Position

(December 31)

	2016	2015
Assets		
Cash resources (Note 3)	\$ 47,906,329	38,830,746
Investments (Note 4)	26,453,735	40,088,108
Member loans (Note 5 & 6)	236,964,633	216,555,368
Property and equipment (Note 7)	2,692,133	2,716,674
Other assets (Note 8)	779,022	700,278
Total Assets	\$ 314,795,852	298,891,174
Liabilities		
Member deposits (Note 9)	\$ 296,106,772	280,536,928
Accounts payable and other liabilities (Note 10)	1,604,214	1,971,751
Member shares (Note 12)	3,068,385	3,005,043
Total Liabilities	\$ 300,779,371	285,513,722
Member's equity		
Member equity shares (Note 12)	\$ 625,810	613,281
Retained earnings	13,390,671	12,764,171
Total Member's Equity	\$ 14,016,481	13,377,452
Total Liabilities and Member's Equity	\$ 314,795,852	298,891,174

Approved on behalf of the Board:



Ji Han Kim
Chair, Board of Directors



Lee, Howard Hyung Yul
Vice Chair, Board of Directors

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

(For the year ended December 31)

	2016	2015
Interest revenue		
Loans	\$ 7,692,476	7,632,086
Cash resources and investments	887,382	858,679
	8,579,858	8,490,765
Interest expense		
Deposits	3,235,554	3,633,061
Net interest income	5,344,304	4,857,704
Loan impairment expense (Note 6)	(124,631)	(115,107)
Other income	1,687,363	1,542,740
Net interest and other income	6,907,036	6,285,337
Operating expenses		
Advertising and promotion	106,110	68,977
Audit and legal	203,396	223,547
Cheque and Mastercard processing	141,429	140,241
Community event sponsorship	56,914	44,023
Data processing	501,352	419,135
Depreciation of property and equipment	249,254	250,193
Insurance and dues assessment	632,702	555,582
Office	309,513	338,429
Other administrative and management fee	205,520	227,604
Rent and utilities	531,720	530,128
Repairs and maintenance	32,850	38,395
Salaries and benefits	2,650,716	2,377,536
	5,621,476	5,213,790
Income before dividends on member deposit shares	1,285,560	1,071,547
Distribution to members (NOTE 12)	505,334	493,183
Income before income taxes	780,226	578,364
Income taxes - Current	152,618	104,335
Income taxes - Deferred	(36,299)	(15,319)
Provision for income taxes (Note 11)	116,319	89,016
Comprehensive income	\$ 663,907	489,348

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Member's Equity

(For the year ended December 31)

		Members' Share	Retained Earnings	Total
BALANCE AT JANUARY 1, 2015	\$	598,449	12,325,700	12,924,149
Net Income		-	489,348	489,348
Distribution on members' equity shares		-	(60,496)	(60,496)
Share issuance (redemption) - net		14,832	-	14,832
Income tax deduction on dividend		-	9,619	9,619
BALANCE ON DECEMBER 31, 2015	\$	613,281	12,764,171	13,377,452
Net Income		-	663,907	663,907
Distribution on members' equity shares		-	(45,786)	(45,786)
Share addition (redemption) - net		12,529	-	12,529
Income tax deduction on dividend		-	8,379	8,379
BALANCE ON DECEMBER 31, 2016	\$	625,810	13,390,671	14,016,481

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

(For the year ended December 31)

	2016	2015
Cash provided by (used in)		
Operating Activities		
Income for the year	\$ 663,907	489,348
Adjustment for non-cash items:		
Depreciation of property and equipment	249,254	250,193
Deferred income taxes	(27,791)	(15,319)
Provision for loan losses	124,631	115,107
Loss on write off of property and equipment	-	19,550
	1,010,001	858,879
Change in other assets	(88,360)	106,528
Change in accounts payable and other liabilities	(367,537)	327,600
	554,104	1,293,007
Changes in member activities		
Change in member loans	(20,533,896)	(10,082,134)
Change in member deposits	15,569,844	16,817,286
	(4,964,052)	6,735,152
Total cash inflows (outflows) from operating activities	(4,409,948)	8,028,159
Investing activities		
Increase (decrease) in investments, net	13,634,373	(16,399,764)
Purchase of property and equipment	(224,713)	(81,784)
Total cash inflows (outflows) from investing activities	13,409,660	(16,481,548)
Financing activities		
Change in membership shares	75,871	91,080
Increase in cash resources, net	9,075,583	(8,362,309)
Cash resources, net, beginning of year	38,830,746	47,193,055
Cash resources, net, end of year	\$ 47,906,329	38,830,746

The accompanying notes are an integral part of these financial statements.

Board of Directors

Sharons Board of Directors consists of seven directors that represent Sharons Credit Union membership and work with senior management to determine the direction of the credit union.

The Board is accountable for hiring the Chief Executive Officer, financial statements, corporate strategies, establishing corporate goals and approving major financial decisions. The Board is also accountable for representing the interests of members, overseeing the operations of the credit union and representing Sharons Credit Union in the community.

Current Directors

As of December 31, 2016, Sharons' directors are:

John Jihan Kim

Background	Mr. Kim is one of the very well-known person in the community as one of the first Korean immigrants to Vancouver who came in 1968 and once served as the president of Korean Society in 1990's. He brings a great understanding and knowledge of the credit union as he served as a director of the credit union from 2001 to 2011, the last three years of which he served as the Board Chair.
Position	Board Chair
Director Since	2001-2011, and 2013-2016
Current Term	2016-2019
Committees	Member, Governance & Human Resource Member, Real Estate Committee Member, Nominating Committee

Howard Hyung Yul Lee

Background	Mr. Howard Lee's background is in the airline industry. He has held district sales manager position with Korean Airline Vancouver district office for 25 years. Mr. Lee also holds a Master degree in Finance from University of Dallas. Mr. lee is a passionate defender of Sharon's vision and model. He is strong believer in the co-operative model and believes that member well-being and community building are as important as making profit. Mr. Lee brings leadership and broad governance experience to the Sharons' Board.
Position	Board Vice Chair
Director Since	2015
Current Term	2015-2018
Committees	Chair, Governance & Human Resource Committee Member, Conduct Review Committee Member, Audit & Risk Committee

Kyu Tae Kim

Background	Being an organizer and general manager for investor groups for more than 20 years, Mr. Kim possesses a strong leadership and innovative ideas in investment. His in-depth knowledge in the business world enriches the future direction and strategies of the credit union.
Position	Director
Director Since	2011
Current Term	2014-2017
Committees	Member, Investment and Lending Committee Member, Real Estate Committee Member, Conduct Review Committee Member, Community Development Plan Committee

Victor Byungkyu Yoo

Background	Along with his Chartered Professional Accountant designation, Mr. Yoo brings a strong financial background and risk management. His experience with a financial institution as an internal auditor back in homeland also brings invaluable expertise in overlooking credit union's daily operations in terms of risk management.
Position	Director
Director Since	2011
Current Term	2014-2017
Committees	Chair, Audit and Risk Committee Member, Investment and Lending Committee Member, Community Development Plan Committee

Insoon Lee

Background	Currently serving as the President of Vancouver Korean-Canadian Women's Society and the founder of KOWIN (Korean Women's International Network) Vancouver, Ms. Lee brings a broad knowledge on women movement in our community. She is passionate for more women's involvement in the organizations that exist for and work for the community and Sharons Credit Union is one them.
Position	Director
Director Since	2014
Current Term	2014-2015 and 2015-2018
Committees	Chair, Community Development Plan Committee Member, Nominating Committee Member, Governance & HR Committee

John Jong Uk Park

Background	As a law lawyer, John Jong Uk Park brings his significant governance experience to the Sharons' board as well as his commitment of service to the community. Elected in 2015, John is serving his first term on Sharons' board. He has previous board experience at National Unification Advisory Council of Korea, Canada Korea Business Association and Vancouver Korean Scholarship Foundation. He's been legal advisor to the Korean Society of BC, Korean Businessmen's Cooperative Association, and Consulate General of the Republic of Korea.
Position	Director
Director Since	2015
Current Term	2015-2018
Committees	Chair, Conduct Review Committee Chair, Nominating Committee Member, Governance & Human Resources Committee

Sebastian Jung

Background	A Chartered Accountant, (CPA, CGA, CA) Sebastian has been our External Auditor for last 10 years. Sebastian brings a strong financial background and knowledge base in strategy, finance and risk management to the credit union. Sebastian's educational credentials and designations include a Bachelor of commerce and Chartered Accountant.
Position	Director
Director Since	2016
Current Term	2016-2019
Committees	Chair, Investment & Lending Committee Member, Audit & Risk Committee Member, Nominating Committee

2016 Past Director

The following director served Sharons credit union Board until April 2016.

Michael Seung Il Hwang

Background	As a lawyer in BC for 24 years, Mr. Hwang is specialized in business, real estate, immigration and non-profit laws. He brings in leadership and valuable experiences in governance to the Board through his active involvement in various organizations and societies as a volunteer and a board member locally and internationally.
Director Since	2012
Past term	2013 – 2016

Directors Meeting Attendance

Name	Board Meeting	Committee Meeting	Special Meeting & Training	TOTAL
John Jihan Kim, <i>Board Chair</i>	7	7	3	17
Howard Hyung Yul Lee, <i>Vice Chair</i>	7	14	6	27
Kyu Tae Kim	7	10	1	18
Victor ByungKyu Yoo	7	8	2	17
Insoon Lee	7	8	6	21
John Jong Uk Park	7	8	2	17
Sebastian Jung	5	7	2	14
Michael Seong Il Hwang	1	1	-	2

Director Compensation

Compensation Philosophy

Directors spend considerable time and effort carrying out their duties with care and due diligence against a backdrop of potential exposure to financial, reputation and personal risk.

In recognition of their service to Sharons Credit Union, directors receive remuneration. The amount is reviewed annually by the Board's Governance & Human Resources Committee.

When considering the appropriate level of remuneration, the Committee considers:

- Sharons Credit Union's position in the credit union community and its desire to maintain the co-operative spirit of volunteerism, yet recognizing the value of the important position of director,
- the level of responsibility and time commitment required of directors; and
- the need to attract and retain directors with the skills and attributes required to advance Sharons Credit Union's business model and strategic plans, and to manage and control its risks.

Remuneration for 2016-2017

Position	2016-2017	
Board Chair	\$	7,000
Committee Chair**	\$	4,000
Director	\$	3,000
Health Care (MSP + Extended Health Care)	\$	Approx. \$4225 per director

**The Chair of Standing Committees

In addition to the remuneration noted above, directors are entitled to compensation for attending various meeting as follows:

Meeting	Fee (2016-2017)	Fee (2015-2016)
Board meeting or board planning seminar		
In- Person & Conference Call	\$ 200	200
Email	-	-
Committee meeting		
In- Person & Conference Call	\$ 200	200
Conference Call or Email	-	-
Credit Union representative- industry related meetings	\$ 200	200
CUDA Program (full day)		
In- Person	\$ 200	200
Recorded Webinar	-	-
Live Webinar	\$ 200	200

If either a Vice Chair or Director acts as a Committee Chair, he or she will receive the higher amount, pro-rated in accordance with the term applicable to that role.

The Board Chair will not receive additional compensation irrespective of whether he or she serves as a Committee Chair.

Director Expenses

Sharons Credit Union also recognizes that directors will incur expenses as they carry out their duties during the Board year. The Director Expense Policy sets out the types of expenditure covered by the credit union, and, as contained in that policy, directors are expected to exercise discretion and good judgment in determining what is a reasonable and proper expense to be incurred on behalf of Sharons Credit Union and demonstrate a good example for the use of credit union resources.

Total Remuneration Paid to Each Directors

Name	Meeting Attendance	Meeting Fee	Position Fee	Total Amount
John Jihan Kim	17	\$ 3,400	\$ 7,000	\$ 10,400
Howard Hyung Yul Lee	27	\$ 5,400	\$ 4,000	\$ 9,400
Kyu Tae Kim	18	\$ 3,600	\$ 3,000	\$ 6,600
Victor ByungKyu Yoo	17	\$ 3,400	\$ 4,000	\$ 7,400
Insoon Lee	21	\$ 4,200	\$ 3,000	\$ 7,200
John Jong Uk Park	17	\$ 3,400	\$ 4,000	\$ 7,400
Sebastian Jung	14	\$ 2,800	\$ 4,000	\$ 6,800
Michael Seong Il Hwang	2	\$ 400	-	\$ 400

Summary of Compensation and Expenses for 2016

Type	Amount
Compensation and Meeting fee	\$ 55,600
Health Care Benefit	\$ 32,291
Governance Consulting	\$ 17,530
Board Portal - APRIO	\$ 5,600
Board Education / Training/ Conference	\$ 7,837
Other Expense	\$ 11,156
Total	\$ 130,014

CEO Compensation Disclosure

CEO Compensation Philosophy

Sharons Credit Union's Employee Compensation Philosophy applies equally to the CEO compensation. The CEO compensation consists of a base salary and benefits and insurance.

CEO Compensation Summary

The CEO's full compensation package is reviewed by the Board annually based on comparison to a peer group. The Board carefully select this peer group through a review of the Compensation Survey in Canadian Credit Union System provided by Central 1. Sharons targets the 50th percentile for base salary when the annual goal of performance is achieved. For the fiscal year ending December 31, 2016, the CEO earned the total compensation in the amount of \$219,844.10 (Base Salary: &175,000, Benefits, Pension, and others: \$38,844.10, Car Allowance: \$6,000.)

Benefits, Pension and Perquisites

The Health and Wellness Benefits provided to the CEO are consistent with those received by all other employee groups within Sharons Credit Union. The pension plan is also consistent with all other employees where a percentile of the previous year's earning prescribed in the HR Policy is being deposited into a RRSP account with the credit union.

No additional benefits and perquisites are provided to the CEO.

Credit Union Compensation Policies

Compensation for all Sharons Credit Union employee is governed by the Compensation Philosophy set in the credit union's HR Policy. Sharons' compensation practices are as follows:

Annual Base Salary

Salary ranges are developed in accordance with our compensation philosophy. Base salary levels are determined by performance, knowledge, skills, and experience of the employee.

Bonus Plan

The annual Sharons Credit Union bonus plan is set and offered each year at the discretion of CEO and Board of Directors, based on a minimum level of profit being achieved and pay-outs are not guaranteed. Every employee plays an important role in the success of the credit union and through this plan staff is able to share in the success.

Health and Wellness Benefit

Sharons Credit Union provides a comprehensive benefit program. Full-time permanent employees are eligible for full benefits coverage at the end of 6 months employment probationary period but dental coverage will be eligible after completing the first year of employment. Part-time employees, once eligible (completed probation and continuous work of 1 year period working days), participate in the benefits plan which will be same as a full timer.

Pension Plan

Plan contributions made by Sharons Credit Union are based on the employee's previous year's salary and years of employment and invested in the term deposit type RRSP at the credit union. Contributions made by employee must be matched with credit union's contributions.

2016 Sharons CU New Branch Open

Sharons Credit Union has expanded our branch network to include a new Port Coquitlam location in 2016. By doing so, we increased the total number of branches available to serve our members within the Greater Vancouver Region and ensured our service radius is widened for the banking convenience of our members.

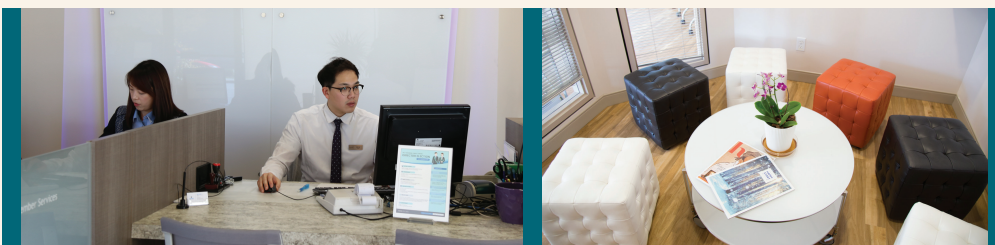


Port Coquitlam Branch

Port Coquitlam is home to many new shopping destinations and growing communities. Sharons Credit Union's Port Coquitlam branch has settled into this important commercial center, offering it's full service to the community. With our accredited people, members and prospective members can rest assured the branch will be a convenient one stop location for general financial inquiries and extensive financial discussions and planning.

The branch also offers a member lounge complete with accommodations varying from beverages to magazines, providing comfort during wait times upon early arrival for scheduled appointments or for family and friends to complete their banking.

Visit our Port Coquitlam branch today to discover the best service you deserve.



Corporate Information

Board of Directors (as of December 31, 2016)

- John Ji Han Kim**, Board Chair
- Howard Hyung Yul Kim**, Chair, Governance & Human Resource Committee
- Kyu Tae Kim**, Director
- Victor Byungkyu Yoo**, Chair, Audit and Risk Committee
- Insoon Lee**, Chair, Community Development Plan Committee
- John Jong Uk Park**, Chair, Conduct Review Committee & Nominating Committee
- Sebastian Jung**, Chair, Investment & Lending Committee

Executive and Management Committee (as of March 30, 2017)

- | | | |
|----------------------------------------------------------|---------------------------------------------------|-------------------------------------------------|
| John Suk
President and Chief Executive Officer | Hae Soo Lee
Chief Operating Officer | Jay Yoon
Senior Finance Manager |
| Susan Kim
Senior Operations Manager | Richard HC Yoo
Senior Credit Manager | Chuck Lew
Senior Systems Manager |
| Sharon Kim
Vancouver Main Branch Manager | Adrian Jeon
Coquitlam Branch Manager | Anna Ro
Port Coquitlam Branch Manager |
| Younja Chung
Surrey Branch Manager | Helen Hwewon Jun
Langley Branch Manager | |

Contact Information

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Port Coquitlam Branch

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Port Coquitlam, BC V3B 8B2
T: 604-464-4461
F: 604-464-6468

Surrey Branch

10541 King George Blvd.
Surrey, BC V3T 2X1
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F: 604-582-7209

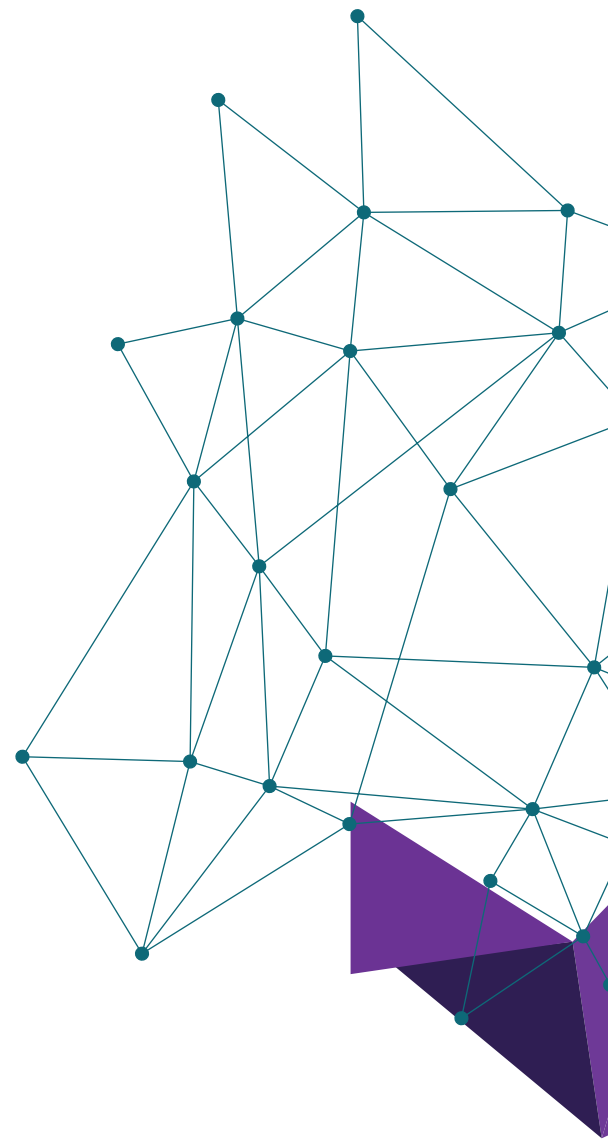
Langley Branch

19535 Fraser Highway
Surrey, BC V3S 6K7
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F: 604-530-6563



SHARONS CREDIT UNION

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따뜻한 금융 한인신협

2016 ANNUAL REPORT