

2017 한인신협 연차보고서

SHARONS CREDIT UNION ANNUAL REPORT



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1989

SHRONS CU
THE VERY FIRST HOME
OF SCU



1990

AGM
VANCOUVER MAIN BRANCH



2018

STAFF
KICK-OFF MEETING
FOR THE YEAR



30TH ANNIVERSARY

In 1988, Sharons Credit Union became Greater Vancouver's first Credit Union to dedicate its services to Korean-Canadians and went on to play a critical role in facilitating the accessibility of financial services in the community. In 2018, we're proud to celebrate our 30th anniversary and invite you to explore our story and trace the growth of Sharons Credit Union and our valuable member relationships.

MESSAGE FROM THE BOARD CHAIR AND CEO



Lee, Howard Hyung Yul
Chair, Board of Directors

BOARD OF DIRECTORS

Howard Hyung Yul Lee
Board Chair

John Jong Uk Park
Vice Chair

John Jihan Kim
Director

Victor Byungkyu Yoo
Director

Insoon Lee
Director

Sebastian Jung
Director

Ha Sung Jung
Director

CONTINUAL GRATITUDE

Year 2017 may be the first year since more than a decade that people began hearing positive comments and forecasts on the overall economic development in Canada as well as in the global perspective. There was a noticeable shifting of the economical current and this was reflected in the Bank of Canada's two interest rate hikes in 2017. In the midst of this encouraging environment, Sharons' growth trend was as equally positive and encouraging as this long-awaited hopeful advancement in economy. We are very pleased to report to you that we have completed once again a very successful year of 2017 in terms of growth and profitability.

Strong support from the membership, without a doubt, is the utmost powerful engine that has driven robust growth year after year and the support in 2017 was exceptionally splendid. In conjunction with member's loyalty, selfless and recognized employee devotion is a critical element to the backbone of our credit union's prosperity. With the mindset and attitude of enthusiastic operators of this credit union, our employees' willingness and commitment drives the meaningful relationships we establish with community. Lastly but not least of course, the wisdom of the board of directors is another unsung hero that has led this credit union toward success after success.

In light of celebrating another year of success, we'd like to take this opportunity to express our sincere thanks to all the fellow members, to the faithful employees and to the caring members of the Board. Thank you all!

OPERATIONAL BRIEF

The competition in the financial industry is becoming fiercer and especially in our niche market, with another Korean bank joining in the on race, the rivalry was the much intense during the recent years. However, attributed to member loyalty coupled with our much enhanced market image, Sharons' enjoyed recent healthy and strong growth that had not been witnessed for more than 15 years.

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\$69 million or close to 40% more onto the portfolio. With this boost, we saw 32% or \$77 million rise in our total loan portfolio that totals \$313 million. Deposits also experienced a strong growth, although relatively less intense to loan growth; the total member deposits grew about \$56 million or 19%. Instantaneous growth tends to accompany risk related to capital, liquidity, and risk control. Nevertheless, while achieving our expansion in 2017, no regulatory requirements were jeopardized.

Net operating income for the year, meanwhile, was increased by about 10% or by \$122,000 compared to the previous year recording a total amount of \$1,407,000. It is very encouraging to see operating income continuously improving even with the inevitably rising operating expenses with the enlargement of the organization. The Board decided again to share this profit with the members in the form of dividend and patronage refund in the total amount of \$693,000 which is a 37% increase from 2017 payouts. This amount was distributed as 2.5% dividend on share deposits and 8.5% refund on the interest paid on residential and commercial mortgages. With this year's distribution, the accumulated total amount of dividend and patronage refund since 1991 has added up to \$15.3 million and we are proud to say that we've been fulfilling credit union spirit of member-centeredness.

Reaching out to the community is another important mission for Sharons and in 2017, we continued to support and sponsor a large portion of the events that took place in our community. As our policy prioritizes the development of the second generations and the welfare of the senior citizens, we especially attended to the various youth groups in the community and the Senior Citizens' Association. Our care was not limited to these two tiers but extended to cultural events, sports, counselling, arts, etc. with focus on making a contribution to the wild fire recoveries and local food banks. In these sponsorship, we contributed over \$100,000.

As mentioned at the beginning of the report, there is every reason to be hopeful in the future economic development and one can easily predict this year will be at least better than the past few years even if there is an unsettled issues such as the renegotiation of NAFTA and the disagreement on Trans Mountain Pipeline lingering around. At Sharons, we hold an optimistic view that we will do much better

in 2018. Our views are not based on ambiguous feelings or impressions but founded on the well thought plans and strategies supported by a much more solid infrastructure. In 2018, we have an ambitious budget to grow \$400 million in assets and over \$2 million in net operating income. We will be diligently laying down a sturdy foundation to become a \$500 million asset credit union that provides the best banking services to our members.

MATURE GOVERNANCE

As in the previous years, the board of directors attentively carried out its duty and mandate in order to shape the credit union with regard to the safeguarding of its precious assets. Especially in 2017, as we experienced a phenomenal pace in growth rate, we were all vigilant in checking and balancing between the risk and prudence of the operation. With close collaboration with the management, the Board received related reports in timely manner and addressed the preventive measures as quickly as possible to ensure the unwanted not becoming a reality.

It is never enough to stress the importance of the prudent governance of a credit union in such an evolved and sophisticated financial industry. Fully understanding this fact, all the directors have enthusiastically participated in upgrading their governance skills by taking courses and attending seminars.

BRIGHT FUTURE

Last year we revisited our mission statement and revised it to a simple phrase in plain language which reads, "To be an innovative credit union devoted to the members and the community". To some this may read flat or less inspirational. However, with this mission statement, we want to ensure ourselves of our authentic identity. As a credit union existing for our members and community, we stand out from other financial institutions that are only eager to reap high business profits. We want to achieve our goal with an innovative and corporative mind set. This statement will continue to direct the Board and our employees towards the path that will lead Sharons from a better credit union to the best credit union.

Year 2018 will be an especially meaningful year for us because this is our 30th year of operation. We are planning to celebrate this 30th anniversary bountifully with all our members and the community and everyone is invited. Let's come together and celebrate our successful 30 years!

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.

Lee, Howard Hyung Yul
Chair, Board of Directors

Suk, John Kwang Ik
President and Chief Executive Officer

운영현황 보고서



Suk, John Kwang Ik
President and Chief Executive Officer

우리는 신협을 슬로건을 “조합원과 지역사회에 헌신하는 혁신적인 신협”으로 정하였습니다. 한인신협은 이익 창출만을 위한 금융기관이 아니라 조합원과 지역사회를 위한 명실공히 진정한 의미의 신협임을 우리 스스로에게 재확인하기를 원합니다. 우리는 협동조합 정신에 입각한 혁신적인 사고로 이 목표를 향해 전진해 나갈 것 입니다.

끝없는 감사

2017년은 지난 십수 년 만에 처음으로 캐나다 경제와 글로벌 경제에 대한 고무적인 소식과 전망이 들리기 시작했던 한 해였습니다. 피부로 바로 직감할 수는 없었을지라도, 경기가 호전될 것이라는 소식을 실은 훈풍이 불기 시작했고, 그 분위기는 중앙은행의 두 번에 걸친 이자율 인상으로 단순한 바람이 아닌 현실임이 증명되었습니다. 이러한 긍정적인 환경 속에서 우리 신협의 성장 추세 또한 그토록 오래 기다려 왔던 희망적인 경제 전망만큼이나 고무적인 한 해였습니다. 그러므로, 2017년은, 성장적인 면에서나 수익적인 면에서 또 한 번의 성공적인 해로 마무리되었음을 보고드리게 되어 기쁘게 생각합니다.

조합원 여러분의 끊임없는 성원과 참여가 의심할 여지없이, 지금까지 신협 성공의 가장 견고한 견인차 역할을 해 왔던 것처럼, 조합원 여러분의 조합 사랑은 지난 2017년에도 지속되었습니다. 조합원 여러분의 조합 사랑과 더불어, 우리 직원들의 헌신적인 애사 정신 또한 조합의 번영을 이룩해 온 중추 역할에 이바지하였다고 자부할 수 있습니다. 우리 직원들이야말로 조합의 이익을 위해서라면 기꺼이 개인적인 이해관계나 욕망도 희생할 준비가 되어 있는 아름다운 신협의 전사들입니다. 마지막으로, 이사회와 지혜와 지원은 해가 거듭될수록 날이 발전하는 신협 성공의 숨은 공로자임을 말씀드리지 않을 수가 없습니다.

또 한 해의 성공적인 운영을 축하하는 시점에 이 자리를 빌려 모든 조합원 제위와, 충성스러운 직원 여러분과 그리고 막중한 책무를 위해 노력하시는 이사님들께 심심한 감사의 뜻을 전합니다. 감사합니다!

운영요약

금융기관 간 경쟁이 날로 첨예해 가는 현 금융환경 속에서 우리 한인사회에는 또 하나의 새로운 한국계 은행이 영업점을 개설함으로써 그 경쟁 구도가 절정에 달했습니다. 그러나, 이러한 극심한 환경하에서도, 조합원 여러분의 한결같이 충성된 조합 이용과 현저히 개선된 우리 신협의 이미지에 힘입어, 우리는 지난 15여 년 동안 보지 못했었던 괄목할 만한 성장을 이룩하였습니다.



2017년 말 우리의 자산은 전년도보다 18%인 5천백만 달러 성장한 3억 7천2백만 달러에 도달했습니다. 특히, 주택물게지의 성장이 두드러졌는데, 6천9백만 달러, 약 40%의 성장세를 보였습니다. 그러한 성장에 힘입어 우리의 대출 총액은 7천7백만 달러, 32%가 증가한 3억 1천3백만 달러가 되었습니다. 반면, 여신 성장에 비해 다소 미흡하였지만, 수신부문에서도 19%, 약 5천6백만 달러의 결코 적지 않은 성장세를 보였습니다. 한편, 이러한 급성장율은 조합의 발전에 고무적인 요소이긴 하지만, 자칫, 자본적정율, 지불준비금, 위험관리 등 조합 번영에 저해될 수 있는 위험요소로 작용될 수 있는 우려를 낳을 수 있었습니다. 그러나, 우리 신협은 금융 감독규정의 그 어떠한 항목에도 저촉될 없이, 고도의 질적, 양적인 균형 잡힌 성장을 이루어냄에 더욱더 그 성과가 자랑스럽다 할 수 있겠습니다.

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2017년 말 우리의 자산은 전년도보다 18%인 5천백만 달러 성장한 3억 7천2백만 달러에 도달했습니다. 특히, 주택물게지의 성장이 두드러졌는데, 6천9백만 달러, 약 40%의 성장세를 보였습니다.

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한편, 당기 순이익도 전년 대비 약 10%, 122,000달러 증가한 1백4십만 7천 달러를 기록하였습니다. 조합의 자산 규모 비례하여 불가피한 경상비 증가 상황 속에서도 순이익이 꾸준히 성장하였음은 대단히 고무적이라 말할 수 있습니다. 이사회는 2017년에도 그 성과를 조합원과 함께 나누기 위해 당기순이익 총액의 37%에 달하는 693,000 달러를 배당금과 이용고 배분으로 책정하여 출자배당으로 2.5%, 이용고 배분으로 주택과 상업물게지 이자 지불 총액의 8.5%를 조합원께 환원하였습니다. 우리는 1991년 이후 매년 배당금을 지불하여 왔고 그 누적 총액은 약 1천5백3십만 달러에 달합니다. 이것은 우리 신협이 “조합원이 주인”이 되는 신협 운영 철학을 실천하는데 결코 소홀히 하지 않았음을 스스로 입증하는 좋은 예라 하겠습니다.

지역사회에 이바지함 또한 우리 신협이 추구하는 중요한 경영철학입니다. 따라서 지난해에도 우리는 한인사회에서 있었던 거의 모든 행사에 협찬하고 지원하였습니다. 우리 신협의 기본 정책은 차세대 육성과 노년층의 복지증진을 우선시하는 것을 골자로 하고 있어, 노인회와 각종 어린이, 청장년 층의 단체들에 대해 적극적으로 후원하였습니다. 아울러, 우리의 손길은 더 나아가 문화행사, 스포츠행사, 예술행사, 지역사회의 산불 진화, Food Bank 등 각계각층에 다가감으로써 지난 한 해 총 \$100,000이 넘는 금액을 지원하였습니다.

전반부에서 언급하였듯이, 비록, 향후 국내 경제전망은 NAFTA나 파이프라인 등 해결해야 할 산적한 문제들이 아직 많이 남아 있지만, 대부분 전문가들은 2018년은 예년에 비해 비교적 밝게 전망하고 있습니다. 우리 신협 또한 2018 한 해를 낙관하고 있으며, 막연하고 추상적인 예측이 아닌, 견고하게 다져진 조직운영 토대 위에 신중하게 마련된

계획과 전략에 근거한 전망이기에 설득력이 있다 할 것입니다. 우리는 2018년 말까지 자산 4억달러 달성 및 당기 순이익 2백만 달러 이상의 고도 달성이라는 사업 계획을 설정해 놓고 전사적으로 매진하고 있습니다. 올 한 해 우리 신협은 다시 한번, 모든 조합원에게 만족을 줄 수 있는 신협, 자산 5억 달러 신협으로 성장하기 위한 견고한 주춧돌을 끊임없이 그리고 성실하게 놓아갈 것입니다.

성숙한 이사회운영

지난 수년간, 이사회를 구성하는 7명의 신협 이사님들은 조합의 소중한 자산을 최선의 노력으로 관리 감독하였습니다. 그리고, 조합을 가장 건설한 모습으로 유지해야 하는 막중한 책임과 의무를 다하기 위해 지난해에도 혼신의 힘을 다해 노력하였습니다. 특히, 지난 한 해는 우리 신협의 경이적 성장에 반감될 수 있는 위험적, 부정적 요소의 악영향에 대한 대비로 운영진과 긴밀히 의논하며 필요한 제반 정책과 제도를 적시에 결정 시행함으로써, 그 어떤 어려움도 현실화되지 않도록 철저히 선관의 주의 의무를 다하였습니다.

날로 복잡해지고 진보해 가고 있는 금융환경 속에서 신협의 중요 정책방향을 결정 및 제시해주는 이사회 기능의 중요성은 아무리 강조해도 결코 부족함이 없다 하겠습니다. 이러한 환경에 능동적이고 철저히 대처하기 위해 우리 이사회의 이사님들은 자발적이고 열정적인 교육과정과 세미나 참석 등을 통해 끊임없이 자기계발과 자질 향상에 심혈을 기울이고 있습니다.

밝은 미래

지난해에 우리는 신협의 경영이념을 토대로 새로운 신협의 슬로건을 “조합원과 지역사회에 헌신하는 혁신적인 신협”으로 정하였습니다. 우리의 의로운 슬로건이 너무나 단순하고 추상적으로 들릴 수 있다고 생각할 수 있습니다. 그러나, 우리는 우리 신협이 이익 창출에만 집착하는 그러한 금융기관이 아니라 우리의 조합원과 지역사회를 위하는 명실공히 진정한 의미의 신협임을 우리 스스로에게 확인에 재확인하기를 원합니다. 우리는 협동조합 정신에 입각한 혁신적인 사고로 이 목표를 향해 전진해 나갈 것 입니다. 이 슬로건은 앞으로 우리 이사회와 임직원을 보다 나은 신협으로 또 나아가서는 최고의 신협으로 만들어 가는 길로 인도해 나갈 것입니다.

올 2018년은 우리의 창립 30주년이 되는 대단히 역사적이고 의미 깊은 해라고 생각합니다. 우리는 조합원 여러분과 지역사회와 함께 기념하고 축하하기 위한 풍성한 기념행사를 계획하고 있습니다. 신협 조합원 및 한인사회 교민 모두를 위한 기념행사에 참석하셔서 함께 축하해 주시길 간곡히 당부드립니다.

이제 경영보고를 마치며 다시 한번 조합원 여러분의 변함없는 성원에 감사드립니다. 여러분의 신협 사랑이 있어 오늘 우리 신협이 이렇듯 견재하고 있습니다. 여러분이 우리를 믿어 주시는 한 우리는 지속적으로 여러분과 지역사회를 위하여 발전해 나갈 것입니다.

감사합니다.

이사장, 이 형 룰

전무, 석 광 의

CORPORATE INFORMATION

SENIOR MANAGEMENT TEAM

JOHN SUK
President and Chief Executive Officer

JAY YOON
Senior Finance Manager

RICHARD HC YOO
Senior Credit Manager

SHARON KIM
Vancouver Main Branch Manager

ANNA RO
Port Coquitlam Branch Manager

HELEN HWEWON JUN
Langley Branch Manager

HAE SOO LEE
Chief Operating Officer

CHUCK LEW
Senior Systems Manager

SUSAN KIM
Senior Operations Manager

ADRIAN JEON
Coquitlam Branch Manager

YOUNJA CHUNG
Surrey Branch Manager

BRANCH INFORMATION

VANCOUVER HEAD OFFICE
1055 Kingsway
Vancouver, BC V5V 3C7
T: 604-873-6490
F: 604-873-6498

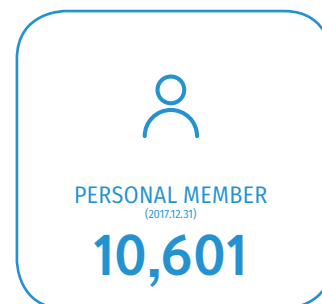
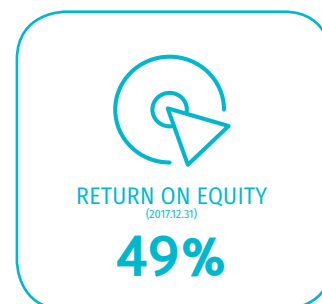
COQUITLAM BRANCH
202-403 North Road
Coquitlam, BC V3K 3V9
T: 604-936-5058
F: 604-936-5023

PORT COQUITLAM BRANCH
100-1125 Nicola Avenue
Port Coquitlam, BC V3B 8B2
T: 604-464-4461
F: 604-464-6468

SURREY BRANCH
10541 King George Blvd.
Surrey, BC V3T 2X1
T: 604-582-7272
F: 604-582-7209

LANGLEY BRANCH
19535 Fraser Highway
Surrey, BC V3S 6K7
T: 604-530-6869
F: 604-530-6563

INSURANCE SERVICES
103-403 North Road
Coquitlam, BC V3K 3V9
T: 604-931-1132
F: 604-931-1137





MISSION AND VALUE

MISSION STATEMENT

To be an innovative credit union devoted to the members and the community.

VALUES

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

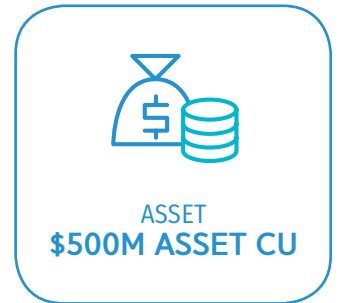
We will assist our members in achieving financial well-being through sharing financial advice and our knowledge in order to lead them toward prosperity.

COOPERATIVE

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

DEVOTION

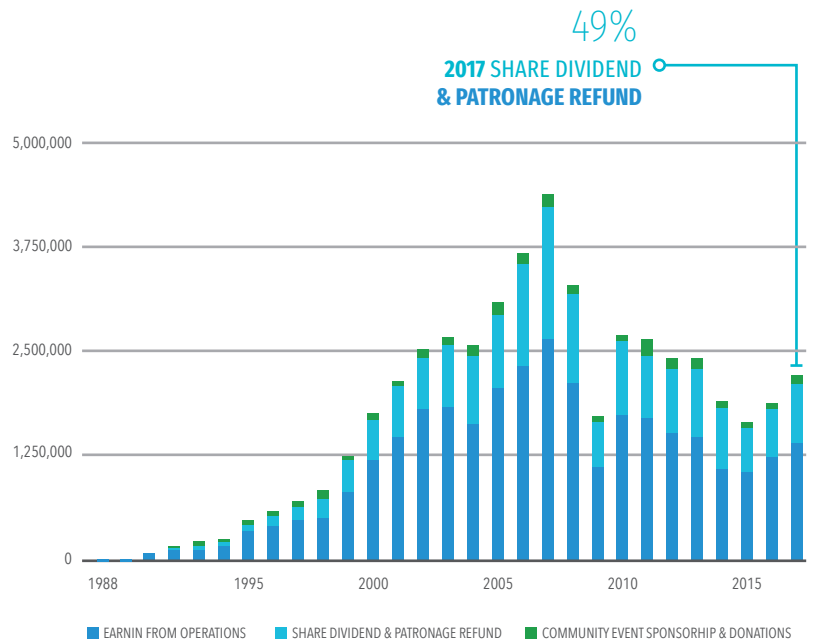
We exist to exert our best effort to build a credit union that best accommodates the needs of the members and the community. Our ultimate goal is to make Sharons a credit union of the members, by the members and for the members.



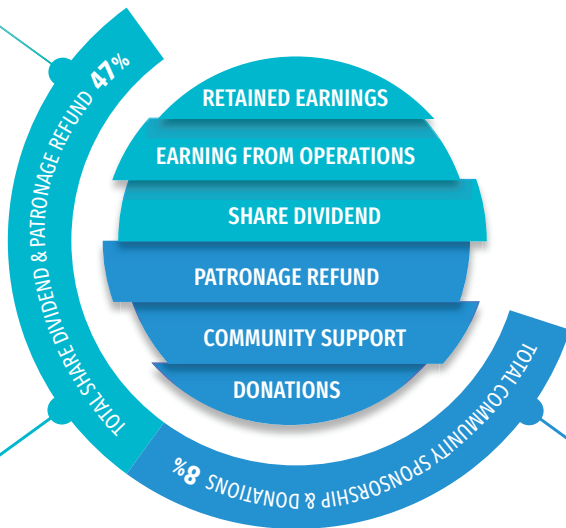
OUR COMMON GOAL

Best Working Place, Best Banking Place, \$500 Million Asset Credit Union.

FINANCIAL HIGHLIGHTS



2017 ASSETS
\$372,266,641



1988 - 2017
COMMUNITY INVESTMENT
\$2,451,361

COMMUNITY INVESTMENT

DIVIDEND

1988 - 2017
DIVIDEND & PATRONAGE DISTRIBUTIONS
\$15,290,034



FINANCIAL REPORT

Independent Auditors Report

Consolidated Financial Statements

- Financial Position
- Comprehensive Income
- Changes in member's equity
- Cash Flow

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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, 2017 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 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, 2017 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, 2018

TEL (604) 688-5421
FAX (604) 688-5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver, BC V6C 3L2 Canada





CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended December 31

	2017	2016
Assets		
Cash resources	\$ 34,602,874	47,906,329
Investments	20,809,216	26,453,735
Member loans	313,521,940	236,964,633
Property and equipment	2,556,440	2,692,133
Other assets	776,171	779,022
Total Assets	\$ 372,266,641	314,795,852
Liabilities		
Member deposits	\$ 351,821,062	296,106,772
Accounts payable and other liabilities	1,742,200	1,604,214
Derivative financial instruments	154,868	-
Member shares	4,025,892	3,068,385
Total Liabilities	\$ 357,744,022	300,779,371
Member's equity		
Member equity shares	\$ 706,894	625,810
Retained earnings	13,941,425	13,390,671
Accumulated other comprehensive loss	(125,700)	-
Total Member's Equity	\$ 14,522,619	14,016,481
Total Liabilities and Member's Equity	\$ 372,266,641	314,795,852

Approved on behalf of the Board:

Lee, Howard Hyung Yul
Director

Yoo, Victor Byungkyu
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31	2017	2016
Interest revenue		
Loans	\$ 9,318,869	7,692,476
Cash resources and investments	770,627	887,382
	10,089,496	8,579,858
Interest expense		
Deposits	3,816,732	3,235,554
Net interest income	6,272,764	5,344,304
Loan impairment expense	(300,000)	(124,631)
Other income	1,914,758	1,687,363
Net interest and other income	7,887,522	6,907,036
Operating expenses		
Advertising and promotion	142,818	106,110
Cheque and Mastercard processing	117,288	141,429
Community event sponsorship	68,786	56,914
Data processing	574,462	501,352
Depreciation of property and equipment	233,245	249,254
Insurance and dues assessment	575,834	632,702
Office	405,533	309,513
Other administrative and management fee	357,699	205,520
Professional fees	283,372	203,396
Rent and utilities	590,135	531,720
Repairs and maintenance	36,977	32,850
Salaries and benefits	3,093,643	2,650,716
	6,479,792	5,621,476
Income before dividends on member deposit shares	1,407,730	1,285,560
Distribution to members	606,867	505,334
Income before income taxes	800,863	780,226
Income taxes - Current	167,791	144,110
Income taxes - Deferred	10,743	(27,791)
Provision for income taxes	178,534	116,319
Net income for the year	622,329	663,907
Other comprehensive loss for the year		
Change in unrealized losses on cash flow hedges	(125,700)	
Comprehensive income	\$ 496,629	663,907



CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY

For the year ended December 31		MEMBERS' SHARE	TOTAL ACCUMULATED OTHER COMPREHENSIVE LOSS	RETAINED EARNINGS	TOTAL
Balance at January 1, 2016	\$	613,281	-	12,764,171	13,377,452
Net Income		-	-	663,907	663,907
Distribution on members' equity shares		-	-	(45,786)	(45,786)
Share issuance (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
Net Income		-	-	622,329	622,329
Distribution on members' equity shares		-	-	(86,363)	(86,363)
Share addition (redemption) - net		81,084	-	-	81,084
Income tax deduction on dividend		-	-	14,788	14,788
Other comprehensive loss (net of income tax impact of \$25,970)		-	(125,700)	-	(125,700)
Balance on December 31, 2017	\$	\$ 706,894	(125,700)	13,941,425	14,522,619

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2017	2016
Cash provided by (used in)		
Operating Activities		
Income for the year	\$ 496,629	663,907
Adjustment for non-cash items:		
Depreciation of property and equipment	233,245	249,254
Deferred income taxes	10,743	(27,791)
Provision for loan losses	300,000	124,631
Unrealized loss on cash flow hedges	154,871	-
Dividend on membership equity shares	(71,575)	(37,407)
	1,123,913	972,594
Change in other assets	(7,892)	(50,953)
Change in accounts payable and other liabilities	137,984	(367,537)
	1,254,005	554,104
Changes in member activities		
Change in member loans	(76,857,307)	(20,533,896)
Change in member deposits	55,714,290	15,569,844
	(21,143,017)	(4,964,052)
Total cash inflows (outflows) from operating activities	(19,889,012)	(4,409,948)
Investing activities		
Increase (decrease) in investments, net	5,644,519	13,634,373
Purchase of property and equipment	(97,553)	(224,713)
Total cash inflows (outflows) from investing activities	5,546,966	13,409,660
Financing activities		
Change in membership shares	1,038,591	75,871
Increase (decrease) in cash resources	(13,303,455)	9,075,583
Cash resources, net, beginning of year	47,906,329	38,830,746
Cash resources, net, end of year	\$ 34,602,874	47,906,329



CORPORATE GOVERNANCE

Board of Directors
CEO Compensation Disclosure
Credit Union Compensation Policies

BOARD OF DIRECTORS

DIRECTOR BACKGROUND AND COMPENSATION DISCLOSURE

CURRENT DIRECTORS (As of December 31, 2017)

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.

HOWARD HYUNG YUL LEE

BACKGROUND	Howard Hyung Yul Lee has been a member of the board of directors at Sharons Credit Union since 2015 and currently holds the position as Chair of the Board. Howard is a dedicated member contributing years of prized management experience to the board and effectively brings the directors into a coherent whole. Howard holds a Master's degree in Finance from the University of Dallas and has 25 years of experience as a District Sales Manager at the Korean Airline Vancouver District Office. With a high focus on member well-being and community development, Howard is respected as a credible voice for the board.
POSITION	Board Chair
DIRECTOR SINCE	2015
CURRENT TERM	2015-2018
COMMITTEES	Member, Governance & Human Resource Committee Investment & Lending Committee Member, Audit & Risk Committee / Member, Real Estate Committee

JOHN JONG UK PARK

BACKGROUND	John Jong Uk Park, elected in 2015 is a valued first term board member of Sharons Credit Union, currently holding his position as the Vice Chair, the Chair of the Conduct Review Committee, and the Chair of Governance & HR Committee. As a Lawyer, John's governance experience comes from serving as Director at the National Unification Advisory Council of Korea and Vancouver Korean Canadian Scholarship Foundation. John has also contributed his time as a Legal Advisor to the Korean Society of British Columbia and the Consulate General of the Republic of Korea. With such respectable experience John contributes his sound legal perspective in governing the credit union.
POSITION	Vice Chair
DIRECTOR SINCE	2015
CURRENT TERM	2015-2018
COMMITTEES	Chair, Governance & Human Resource Committee Chair, Conduct Review Committee Member, Real Estate Committee Member, Community Development Plan Committee



JOHN JIHAN KIM

BACKGROUND	John Jihan Kim has been a member of the board of directors at Sharons Credit Union since 2013 where he contributes his valuable insight of Greater Vancouver's growth and prospective. As an early Korean immigrant, John has witnessed Vancouver's evolving economic growth since 1968. Having served as President of the Vancouver Korean Society in the 90s, and maintaining his position as Director of the credit union for a decade since 2001, John is recognized for his ability to voice the community perspective and proudly performs his duty as a director of a credit union focused on community growth.
POSITION	Director
DIRECTOR SINCE	2001 – 2011, and 2013 – 2016
CURRENT TERM	2016 – 2019
COMMITTEES	Chair, Nominating Committee Member, Conduct Review Committee Member, Investment & Lending Committee Member, Real Estate Committee

VICTOR BYUNGKYU YOO

BACKGROUND	Victor Byungkyu Yoo has been a member of the board of directors at Sharons Credit Union since 2011. Currently holding his position as Chair of the Audit and Risk Committee, Victor is distinguished by his abilities in analytical analysis and financial acumen. Holding years of valued experience as a Chartered Professional Account, Victor's background is deeply rooted in the financial sector having served as an Internal Auditor for financial institutions in Korea. Identifying potential top risks, Victor effectively governs the safety and security of the credit union.
POSITION	Director
DIRECTOR SINCE	2011, and 2014 - 2017
CURRENT TERM	2017-2020
COMMITTEES	Chair, Audit and Risk Committee Member, Investment and Lending Committee Member, Community Development Plan Committee

INSOON LEE

BACKGROUND	Insoon Lee has been serving the board at Sharons Credit Union since 2015 and currently holds her position as Chair of the Community and Development Plan Committee. As the founder of the Korean Women's International Network (KOWIN) and President of Vancouver Korean-Canadian Women's Society, Insoon is recognized for her exceptional leadership influence on the Vancouver's Korean-Women's movement. With focus on community well-being, Insoon dedicates constant involvement strategies and engagement opportunities for the credit union.
POSITION	Director
DIRECTOR SINCE	2014
CURRENT TERM	2015-2018
COMMITTEES	Chair, Community Development Plan Committee Member, Conduct Review Committee Member, Governance & HR Committee

SEBASTIAN JUNG

BACKGROUND	Sebastian Jung, elected in 2016 is a first term board member of Sharons Credit Union currently holding his position as Chair of the Investment and Lending Committee. As a Chartered Accountant (CPA, CGA, CA), Sebastian has maintained a long-term relationship with the credit union for 10 years as an external auditor. With direct relevant exposure, Sebastian's focus lies in potential risks to the sustainability and profitability of the credit union. Sebastian is a key member of the board for voicing awareness and knowledge in risk management.
POSITION	Director
DIRECTOR SINCE	2016
CURRENT TERM	2016-2019
COMMITTEES	Chair, Investment & Lending Committee Member, Audit & Risk Committee / Member, Nominating Committee Member, Governance & Human Resources Committee Member, Real Estate Committee

HA SUNG JUNG

BACKGROUND	Ha Sung Jung, elected in 2017 is a first term board member of Sharons Credit Union involved in the community as an accomplished business man. Attributed to his specialization in Business Management and exposure to the current commerce market, Ha Sung contributes professional operational insight. With having served as a board member at Vancouver Korean-Canadian Scholarship Foundation and current involvement as an Advisor for the Korean Veteran Association, Ha Sung is an active community engaged member dedicated to the well-being of the credit union.
POSITION	Director
DIRECTOR SINCE	2017
CURRENT TERM	2017-2020
COMMITTEES	Member, Audit & Risk Committee Member, Investment & Lending Committee Member, Nominating Committee

2017 PAST DIRECTORS

The following director served Sharons credit union Board until April 2017.

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.
DIRECTOR SINCE	2011
PAST TERM	2014-2017



DIRECTORS MEETING ATTENDANCE

NAME	BOARD MEETING	COMMITTEE MEETING	SPECIAL MEETING & TRAINING	TOTAL
Lee, Howard, <i>Board Chair</i>	7	11	5	23
Park, Jong Uk, <i>Vice Chair</i>	7	10	1	18
Kim, Ji Han	7	10	4	21
Yoo, Byung Kyu	7	8	-	15
Lee, Insoon	7	9	1	17
Jung, Sebastian	7	13	2	22
Jung, Ha Sung	5	7	4	16
Kim, Kyu Tae	1	2	-	3

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 2017-2018

POSITION	2017-2018	
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 meetings as follows:

MEETING	FEE (2017-2018)	FEE (2016-2017)
BOARD MEETING OR BOARD PLANNING SEMINAR		
In- Person & Conference Call	\$ 200	200
Email	-	-
COMMITTEE MEETING		
In- Person & Conference Call	\$ 200	200
Email	-	-

CREDIT UNION REPRESENTATIVE- INDUSTRY RELATED MEETINGS			
Domestic meeting	\$	200	200
International meeting		-	-
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.

TOTAL COMPENSATION

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
Lee, Howard, <i>Board Chair</i>	23	\$ 4,600	\$ 7,000	\$ 11,600.00
Park, Jong Uk, <i>Vice Chair</i>	18	\$ 3,600	\$ 4,000	\$ 7,600.00
Kim, Ji Han	21	\$ 4,200	\$ 4,000	\$ 8,200.00
Yoo, Byung Kyu	15	\$ 3,000	\$ 4,000	\$ 7,000.00
Lee, Insoon	17	\$ 3,400	\$ 3,000	\$ 6,400.00
Jung, Sebastian	22	\$ 4,400	\$ 4,000	\$ 8,400.00
Jung, Ha Sung	16	\$ 3,200	\$ 3,000	\$ 6,200.00
Kim, Kyu Tae	3	\$ 600	-	\$ 600.00

Summary of Compensation and Expenses for 2016

TYPE	AMOUNT
Compensation and Meeting fee	\$ 55,600.00
Health Care Benefit	\$ 46,775.92
Governance Consulting	\$ 2,660.00
Board Portal - APRIO	\$ 5,880.00
Board Education / Training/ Conference	\$ 20,683.92
Other Expense	\$ 12,518.91
TOTAL	\$ 145,518.75



CEO COMPENSATION DISCLOSURE

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 selects this peer group through a review of the Compensation Survey in Canadian Credit Union System provided by Central 1. Sharons target the 50th percentile for base salary when the annual goal of performance is achieved. For the fiscal year ending December 31, 2017, the CEO earned the total compensation in the amount of \$246,932.48 (Base Salary: \$175,000, Bonus, Pension, RRSP, and Vacation: \$57,767.26, Health Benefit: \$8165.22, 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.

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.

