

한인신협 2021년도 연차보고서

SHARONS CREDIT UNION 2021 ANNUAL REPORT



한인신협
SHARONS CREDIT UNION



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WHO WE ARE

We work together to grow a healthy community for our brighter future.

We are guided by our Vision, Mission, and Values to help members and communities thrive. It mobilizes us to create meaningful value in everything we do as a Credit Union.

VISION

A trusted financial institution serving the members and communities.

MISSION

Through strong financial performance, we focus on members' satisfaction.

VALUES

Integrity
We will operate with utmost of integrity

Heritage
We will embrace our cultural heritage

Innovation
We will provide an innovative array of products and services

Empathy
We will strive for a long-term relationship with our members

OVERVIEW OF 2021

Responding to COVID-19

The impact of the Covid-19 has been immense on the global economic environment and outlook. It impacted our members and our performance, and the future effect of the outbreak remains uncertain.

To ensure the safety of our members and employees, we follow government recommendations and directives related to Covid-19. While our branches have remained open, we offered payment deferral options to those impacted by COVID-19 and assistance with accessing government support programs.

We kept in touch with our members through frequent communication on changes to business hours, health and safety protocols, and digital banking support.

Virtual AGM

With the continuing pandemic, the Board moved to virtual Board and Committee meetings and hosted the first-ever virtual AGM on April 22, 2021, through Zoom Conference.

Members were able to view the event anywhere, on any device, and participate just as they would at an in-person event.

New Website

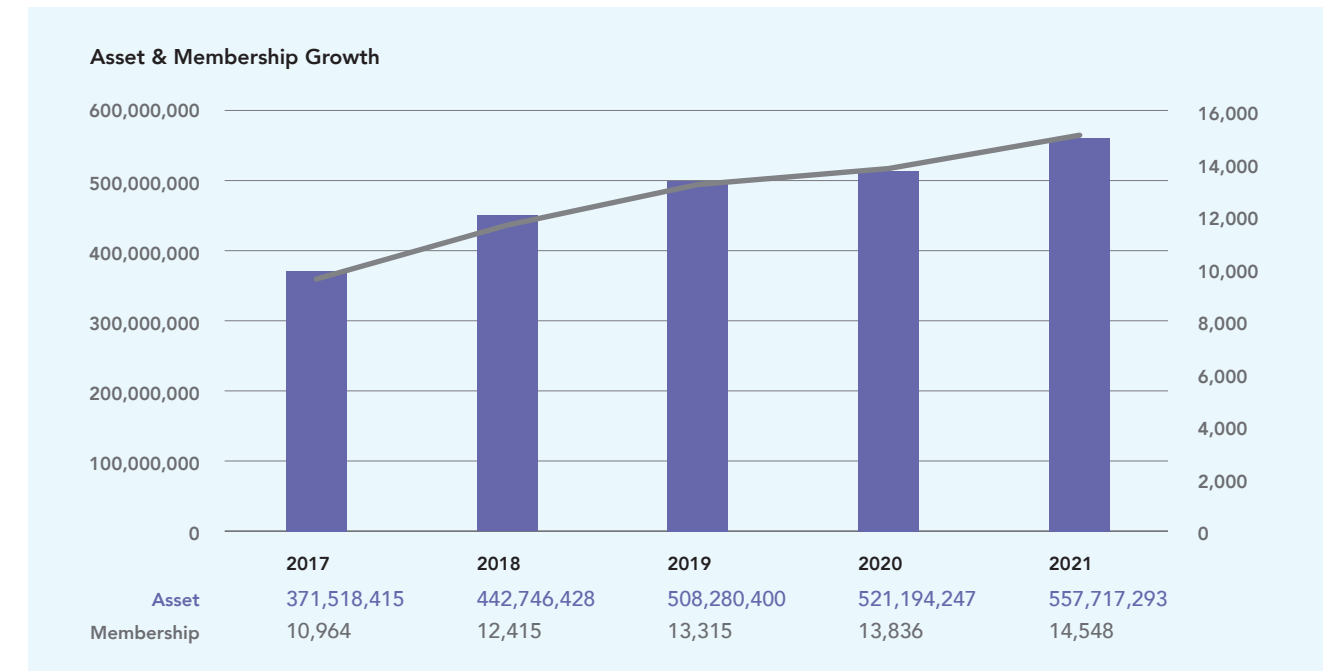
In the summer of 2021, a new website (www.sharons.ca) was launched with a brand-new look that reflected our values. The new website comes as a result of collaboration between Sharons Credit Union and Central 1 Credit Union, using the Forge Digital Banking Platform to build a member-focused digital experience.

The new website provides a better sense of who SCU is and better access to the products we are offering.



Growing our Membership

Our Members are why we exist. Member growth is a key metric of SCU's overall success.



Engaging with Members

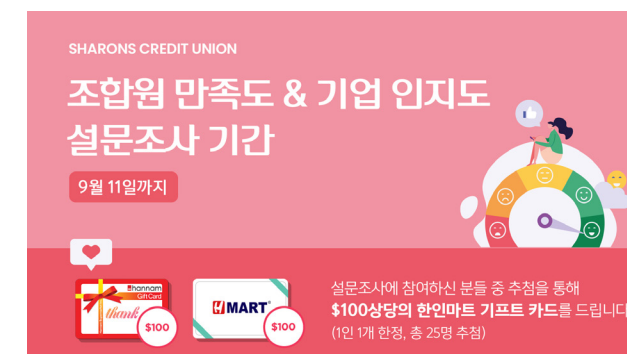
91% of members give SCU Good or Excellent rating for Member service

Building strong relationship with our members helps enable us to deliver our strategy in line with our long-term values. We exist because of our members. We aim to serve, creating values for our members. Sharons Credit Union conducted a Member Satisfaction Survey from August 23 to September 11, 2021. Our goal was to allow our members to convey their thoughts and opinions regarding the credit union's practice and overall impression of our service. We received overwhelmingly positive feedback from over 1,105 members who participated in the survey. Over 91% of members responded that our services were Good or Excellent.

Building People and Culture

Our team brings Sharons Credit Union's Vision and Mission to life every day. Sharons Credit Union invests in key areas, such as talent management and leadership development to create a diverse, confident, engaged and values-aligned workforce. To enhance the value of employees, we improved a diverse staff training system to expand career development. Many educational initiatives were launched and are being continuously managed.

To be connected with our employees, we conduct an annual Employee Satisfaction Survey.



REPORT FROM BOARD CHAIR & CEO

Overcoming Trying Times Together

Being unable to leave the COVID pandemic behind, we've started 2022 with hope that this year will be different. It has been two full years since we started to live with various restrictions which have put us all under great stress and pressure. All of us and our businesses are greatly fatigued, but we've managed to fight against it, and in a sense, we've been winning the battle. So, I'd like to take this opportunity to commend you all for the good fight you've been engaging in and encourage you to endure a little longer as the end seems near.

Although the environment was not in our favor, I'm proud to report that we adjusted well to the unavoidable odds to not only survive but prosper. Both asset and membership growth have amply surpassed that of the previous year, as well as the net operating income which also exceeded by far. Furthermore, all the indicators that measure the condition of the credit union's health are at optimal levels, proving we are a healthy credit union both financially and operationally.

2021 will also be remembered as a year of honor as we received the presidential award from the president of Korea recognizing our contribution to the community. Our role as a community leader in promoting our culture and heritage and our willingness to become the economic backbone of the community was noted by the Korean government. This is the honor and pride we want to share with all our members.



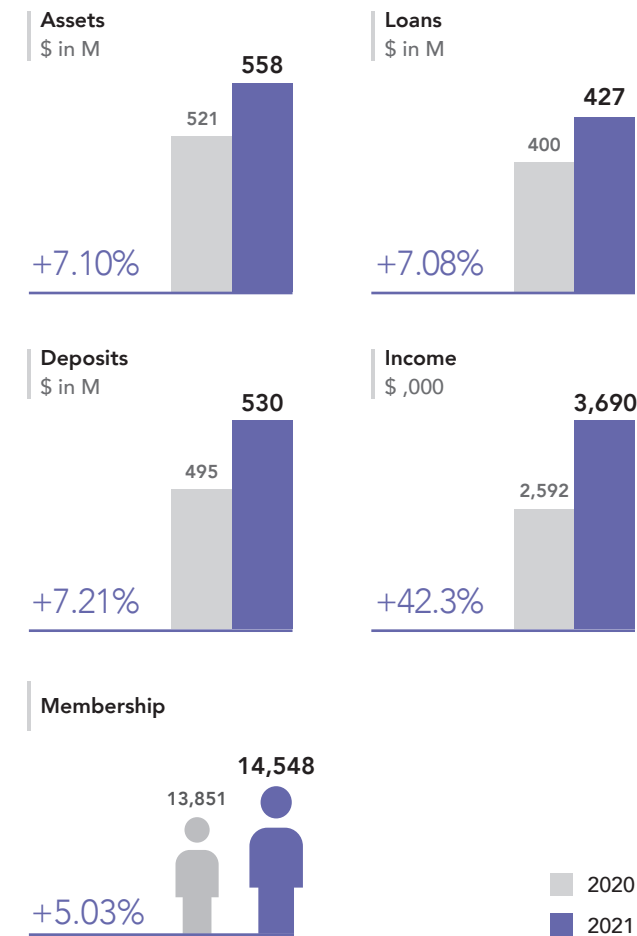
Suk, John Kwang Ik
President and CEO



Lee, Howard Hyung Yul
Chair, Board of Directors

Growing in the Midst of Adversity

Even though it was not up to the usual pre-pandemic growth rate of two digits, we've achieved much better growth in 2021 than in 2020 when we saw only 2.6% growth. It is summarized as follows:



Seeing a decent growth is one thing but ensuring that the growth is supported by strong fundamentals is another. To that extent, we're glad that all the indications are trending positively. As of December 31, our capital adequacy is 14.94%, liquidity ratio is 24.12%, efficiency ratio is 67.22%, ROA is 0.52, and over 30 days delinquency is 0.24%. Regarding the delinquency, we are so grateful to all our borrowing members that they have faithfully met their monthly obligations to keep the rate this low even in this financially difficult time.

Sharing with Members

Of the \$3.6 million net income, the Board decided to distribute \$733,000 as 1% share dividend and 6% patronage refund.

Although the income was much higher than the previous year, the Board regrettably had to choose the same amount of payment as last year. This was decided after a long discussion because of the mandate to strengthen our capital base to reinforce our fast growth of assets. Starting in 1991 with the total payouts of \$16,793, we've paid dividend consecutively for the last 31 years for the total amount of \$18.2 million.

Our regular active involvement in community support dwindled, as it did in 2020, due to the pandemic restrictions that prevented our usual events from being held. However, we were still able to support a few events that were held virtually. We also sent financial aid to a senior care home, scholarship fund, Foodbank, Backpack Buddies, and the flood victims. Most notably, we resumed our own scholarship program that started at our 30th anniversary and gave out \$30,000 to 12 recipients. This scholarship will be an annual event going forward and is not only for post-secondary students but for anyone who is in a career training program.

Safeguarding the Members' Assets

A priority of the Board is to keep the credit union healthy so it can safeguard the members' precious assets in the best way it can. As such, your Board could not be more diligent in overseeing the operation in the following ways: receiving various reports in a timely manner, being educated to upgrade their governance skills, creating and/or updating policies and procedures, questioning and challenging the management, mentoring the executives, and so on. In order to fulfill its duties, the Board met almost twice a month either online or in-person, and its effort to make the credit union strong and healthy is continuous.

Planning for the Future

Judging by the recent development in dealing with COVID-19, it is most likely that the world will return to normality before this summer, fleeing from the two-year abnormality caused by the pandemic. Even so, there are still plenty of uncertainties looming around such as political and economic variances in global and domestic settings. Furthermore, the competition will only get fiercer, and the regulatory requirement will only get heavier. Understanding that, it becomes clear what we should equip ourselves with the agility to cope with the ever changing environment and the stability to support further strong growth. As such, in 2022, we will do our best to brace ourselves by strengthening the fundamentals which will include reinforcing human resources, bolstering capital base, and enhancing policies and procedures. We will build up a stronger foundation to stride to the next level of a \$1 billion asset credit union.

All in all, our commitment to best serve you, our precious members, is an ongoing story as we know without a doubt that we cannot be here without you. Your success is our success and therefore, we definitely want to see you succeed with us! Thank you.

REPORT FROM BOARD CHAIR & CEO

운영현황 보고서

역경을 이겨내며

벌써 만 2년을 우리 모두는 이 코로나 바이러스로 인한 갖가지 제약과 제한 속에서 많은 스트레스를 받으며 살아왔고 이제 금년여야말로 이 팬데믹으로부터 자유로워지기를 간절히 바라는 마음과 함께 2022년을 맞았습니다. 각 개인은 물론 모든 사업체 전체가 거의 탈진 상태에 도달하도록 우리는 열심히 이 환경과 맞서 싸워 왔고 드디어 이 싸움에서 승기를 잡기 시작한 것 같습니다. 이에 지난 2년간 열심히 싸워오신 여러분께 찬사를 보내며 이제 그 끝이 머지않은 것 같으니 조금 더 힘을 내 보자는 부탁을 드립니다.

우리 신탁은, 환경은 비록 우리에게 불리하였지만, 이 역경에 잘 적응하며 싸워, 생존하는 것만으로 만족한 것이 아니라 번영까지 이루어움을 보고드리게 되어 매우 다행스럽고 자랑스럽게 생각합니다. 자산과 조합원 성장은 물론 영업 순이익도 전년도에 비해 월등히 높게 성취를 하였는데 이는 그저 외형만의 성장이 아닌 금융기관의 건전성을 반영하는 모든 수치가 건실한 모습을 보이는 성장이라 그 의미가 더욱 크다고 할 수가 있겠습니다.

2021년은 또한 우리에게 영광의 해로 기억될 것임은 우리 신탁이 한인사회 내에서의 우리 문화와 전통 계승을 적극 지원해 왔고 특히 한인사회 경제의 견인차 역할을 충실히 해 온 것을 인정받아 한국 대통령의 표창장을 받았기 때문입니다. 이는 우리 14,00 조합원 모두의 영광과 자랑이므로 조합원 모두와 또 한인사회와 함께 영광을 나누는 바입니다.

역경 속에서의 성장

팬데믹 이전에 누리던 두 자리 숫자의 성장에는 못 미쳤지만 2.6% 성장에 그쳤던 2020년에 비하면 작년 2021년에는 큰 성장을 이룬 한 해였는데 아래의 그래프와 같이 요약할 수 있습니다.

	2021	2020	%
자산(\$ in M)	558	521	7.10
대출(\$ in M)	427	400	7.08
예금(\$ in M)	530	495	7.21
수입(\$,000)	3,690	2,592	42.3
조합원	14,548	13,851	5.03

바람직한 성장을 이루는 것도 중요하지만 그 성장이 튼튼한 기반 위에서 이루어졌을 때 그 의미가 더 크다고 할 수가 있겠습니다. 그러한 맥락에서 우리의 모든 지표가 긍정적인 모습을 보이고 있음은 매우 고무적이라 할 수 있습니다. 12월 말 현재, 우리의 자본적정률은 14.94%, 지불 준비율은 24.12%, 효율률 67.22%, ROA 0.52 그리고 30일 이상 연체율은 0.24%를 기록하고 있습니다. 특히 낮은 연체율에 대해서는 기업마다 불경기를 호소하고 있는 이 어려운 환경 속에서도 매월 불입금을 충실히 이행해 주신 덕분에 이처럼 낮은 연체율을 유지할 수 있었음에 대출 조합원님들께 심심한 감사의 뜻을 전합니다.

조합원과의 나눔

우리 이사회는 지난해 거둔 360만 달러의 순이익 중 77만 3천 달러를 1%의 배당금과 6%의 이용과 배분으로 조합원들께 나누어 드렸습니다. 장시간에 거친 토론 끝에 지난해보다도 월등히 많은 수익을 올렸음에도 불구하고 유감스럽지만 그 해와 같은 액수의 배당을 결정할 수밖에 없었는데 이는 가파르게 성장하고 있는 자산을 건실하게 유지하기 위해 그에 상응하는 자본금을 축적해야만 하는 법의 요구 때문임을 조합원 여러분들이 이해해 주시기를 바랍니다. 이로써 우리 신탁은 1991년 처음으로 16,793 달러의 배당을 실현한 이후 31년간 매년 배당을 실행하여 그 지불 총액이 1천8백2십만 달러에 달하게 되었습니다.

한편 우리가 활발하게 주관해 왔던 지역사회 행사 후원 활동은 2020년에 이어 팬데믹으로 인한 행사 취소로 말미암아 매우 저조했었습니다. 하지만 온라인으로 진행되었던 여러 행사를 후원하였고 한인 양로원, 장학 재단, Food Bank, Backpack Bodies와 지난여름 홍수 재해 지역에 성금을 보내므로 지역사회에 공헌하는 신탁 정신을 실천하였습니다. 특히 지난 30주년에 시작되었던 신탁 장학금을 재개하여 3만 달러를 12명이 수혜자들에게 전달하였는데 이 행사는 앞으로 매년 행하게 될 것이므로 학생들은 물론 각종 직업훈련 과정에 있는 많은 조합원들의 참여를 기대하고 있습니다.

이사회 운용

이사회 의 가장 큰 임무는 조합원 여러분의 귀중한 자산을 할 수 있는 한 가장 안전하게 보호하는 일이라 할 수 있습니다. 이에 이사회의 이사 전원은 최선을 다하여 조합 운영 전반을 감시, 감독함으로써 그 임무 수행에 전력을 다 했음을 여러분께 보고드립니다. 적시에 각종 관련 업무 보고를 받았고, 임무 효율을 높이기 위해 여러 과정의 교육을 이수하였으며, 필요한 법과 제도를 만들고 정비하고 보충하였고 운영진에게 필요에 따라 설명과 해명을 요구하기도 하고 도전을 주기도 하였으며 동시에 최고 경영진에게는 조언도 아끼지 않았습니다. 주어진 책임과 임무를 완수하기 위하여 이사회는 대면 또는 비대면으로 거의 한 달에 두 번씩 회의를 가졌고 신탁을 좀 더 건강하고 강한 금융으로 만들어 가기 위한 이러한 노력은 앞으로도 지속될 것입니다.

미래의 계획

현재 진행되고 있는 코로나 바이러스 전염 상황이나 그 방역대책의 흐름으로 보아 어쩌면 우리는 지난 2년간의 긴 비정상에서 탈출하여 정상적인 일상으로 머지않아 돌아갈 수 있을 것 같기도 합니다. 하지만 대 내외적인 정치적 혼란과 그에 따른 경제적 변수 등 불확실성은 도처에 산재해 있습니다. 더욱이 경쟁은 날로 더 치열해 갈 것이며 감독관 청의 금융기관에 요구하는 기대치는 날로 더 높아만 갈 것입니다. 우리는 그것을 너무나도 잘 이해하고 있고 따라서 우리의 갈 길 또한 뚜렷하게 직시하고 있는바 우리 스스로를 튼튼한 재무구조와 단단한 조직력으로 견비시켜 빠르게 변화하는 환경에 민첩하게 대응하며 더욱더 건실하게 성장하기 위한 기반을 더 튼튼하게 마련해 간다는 것입니다. 이에 우리는 2022년 한 해 동안 인력

구조를 재정비하고 자본금 구조를 강하게 하며 법과 제도를 정비하는 등 튼튼한 기반을 다지는데 최선을 다할 것입니다. 그리하여 향후 10억 자산의 신탁으로 성장하는 기초를 견고히 할 것입니다.

하지만 귀중한 신탁의 조합원님들, 여러분에게 최고의 금융 서비스를 제공하는 것이 이 모든 것 위에 우리 최고의 우선순위 임무임을 여러분께 말씀드리고 싶습니다. 왜냐하면 여러분 없이는 우리 신탁이 존재할 수 없음을 우리는 의심할 나위 없이 너무나 잘 알고 있기 때문입니다. 여러분의 성공이 우리 조합의 성공입니다 그러므로 우리는 여러분이 우리 신탁과 함께 성공하시기를 간절히 바라고 있습니다.

감사합니다.



대통령 표창 수상 1996 / 2021

COMMUNITY SUPPORT

As a financial co-operative, we are 100% member-owned.

Our shareholders are our neighbours, so we focus on building strong communities by keeping our assets and earnings within the community. This means that a good portion of every dollar earned from your deposits and loans is redirected to the community in the form of sponsorship & support.

Annually, we budget more than \$100,000 to benefit the Community.

In 2021, we contributed more than \$78,000 back to our communities.

Here are some highlights in 2021:

- \$30,000 to SCU Scholarship
- \$5,000 to BC Flood, Canadian Red Cross
- \$5,000 to Korean Education Society
- \$5,000 to Vancouver Korean Canadian Scholarship Foundation
- \$5,000 to Korean Care Home, New Vista
- \$5,000 to Backpack Buddies
- \$4,000 to Foodbank

WE ARE “NOT-FOR-PROFIT” ORGANIZATION

\$5,000 Donated to Backpack Buddies

Backpack Buddies is dedicated to ensuring the most vulnerable children in BC have access to food. As of the end of the recent school year, they supported 4,000 children in BC.

Sharons Credit Union donated \$5,000 to help purchase the food needed for 650 children in Surrey and Langley.



Staff raised donations for Vancouver Foodbank

As Covid-19 emerged, Sharons Credit Union staff identified increasing needs in the community. Staff raised donations of \$1,800 toward the Vancouver Foodbank. Sharons Credit Union also donated \$2,200 to offer a matching gift program, so a total \$4,000 donation was made to Vancouver Foodbank.



\$5,000 donated to Korean Care Home

In 2021, we donated \$5,000 to the Rose of Sharon Foundation, combining for a total donation of \$15,000.00 over the past two years. We are grateful to support Korean Care Home in New Vista.



We responded to BC Flood

As community-based financial institutions with deep roots in the areas we serve, credit unions have a long history of coming together to support Canadian Communities.

Sharons Credit Union and credit unions across Canada have come together to support the Canadian Red Cross in helping those who were impacted by the flooding in southern BC. We donated \$5,000.00 to Canadian Red Cross.

We are here for you

**Credit unions across Canada
are helping those impacted
by the BC floods.**

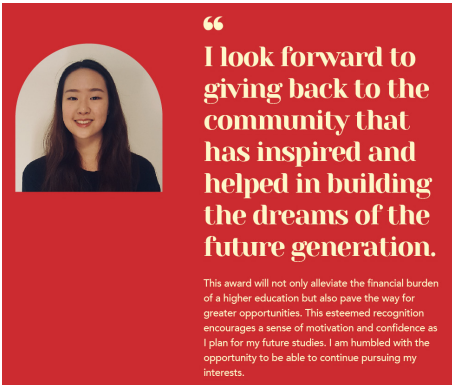
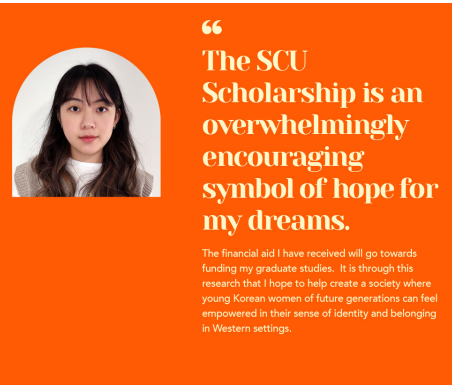
Join the effort. Donate today.



SCHOLARSHIP

\$2,500 Scholarship for 12 Students

Aligned with our purpose, Sharons Credit Union reinvests our profit into young leaders. SCU Scholarship program provides financial support to our members by relieving financial burdens on their path to pursuing their dream.



사회공헌

한인신협, 세계 한인의 날 대통령 표창 수상

한인신협은 지난 30여년간 밴쿠버 한인 대표 금융기관으로 흔들림 없이 성장해 오면서 다양한 사회공헌 활동을 해온 것을 높이 평가받아 제 15회 세계 한인의날 기념 유공자 포상에서 단체 포상으로는 최고 등급인 대통령 표창을 수상하였습니다.

밴쿠버 한인사회와 동반 성장하며 걸어온 33년동안 한인신협은 단 한순간도 '조합원이 주인'이라는 이념에 소홀하지 않으며 창출된 이익을 밴쿠버 한인사회와 지역사회 공헌 활동을 통해 꾸준히 환원하고 있습니다.

한인들을 위한 각종 지역행사와 문화사업을 후원하고 교육장학사업을 통해 장학금을 지원하고 있습니다. 청소년 캠프를 후원하고 각 지점의 세미나실을 무상임대하여 한인커뮤니티를 돕고 있습니다.

한인신협을 매년 평균 10여만 달러를 사회공헌 사업으로 책정하여 지원합니다.

In 2021, we have awarded \$30,000 to students through our robust scholarship program.

As a financial co-operative, SCU goes beyond financial transactions to find meaningful engagement with our community.

Sharons Credit Union received 'Presidential Commendation' at the 15th International Korean Heritage Day Award Ceremony on November 10, 2021. Our role as community leader in promoting our culture and heritage and our willingness to become the economic backbone of the community was noted by the Korean government. This is honour and pride we want to share with our members. Thank you to our members for embarking on this journey with us to build financially healthy communities.



좌측부터 정병원 전 총영사, 이형률 이사장, 석광익 전무, 최윤정 과장

Here's how we've made a difference in the last 10 years

한인신협 사회공헌사업 후원 단체명

- Vancouver Korean - Canadian Scholarship Foundation
밴쿠버 한인 장학재단
- Rose of Sharon Foundation
밴쿠버 무궁화 재단
- Korean War Veterans Association
6.25 참전용사 유공자회
- Vancouver Korean Canadian Women's Society
밴쿠버 여성회
- Korean Society of BC
한인회
- Korean Seniors' Citizens Society of Greater Vancouver
노인회
- Korean Education Society
광역밴쿠버 한글학교
- Fraser Valley Korean School
프레이저밸리 한국어 학교
- Vancouver Onnuri Korean School
온누리 한국어 학교
- C3 Korean Canadian Community Society
(C3 Camp Korea, C3 Career Conference)
- The Yes Summer Camp
- First Step
- Backpack Buddies
- Canadian Red Cross
- Vancouver Food Bank
- Surrey Food Bank
- SUCCESS Burnaby & New Westminster
- New Vista Society korean Seniors
뉴비스타 시니어
- KO-CA Foundation of culture Exchange Association
한카문화산업 교류 재단
- OKTA Vancouver
세계한인무역협회 옥타 밴쿠버
- KOCUPSS
UBC 한인 약대생 동아리(senior citizens 건강상담)
- Grace Evergreen Academy Society
- Asia Pacific War 70th Anniversary Vancouver
- Bethesda Parents Society
베데스다 부모회
- Wheat Mission Society in Vancouver
밀알
- Vancouver Bros Baseball Club
- NUAC
민주평화통일 자문회의 밴쿠버
- AKCSE
캐나다 한인과학 기술자 협회
- Canadian Association of Multicultural Counsellors
아름다운 상담 센터
- 재향군인회 캐나다 서부지회(KVA)
- 휴전협정일 기념식
- 재캐나다 독일 동우회
- 밴쿠버 이북 도민회
- Korean Traditional Art Society
한국전통예술원
- Namsadang Cultural Institute
남사당
- Korean Culture Heritage Society
- Hanuree Drama Club
하누리 극단
- Love We Share Foundation
- Felice Choir Society
- Star Youth Symphony
- 밴쿠버 합창단
- 밴쿠버 필그림 오케스트라
- 밴쿠버 뮤즈 청소년 교향악단
- Jireh Music and Arts
- Jubilate Clarinet Ensemble Symphony Orchestra

INDEPENDENT AUDITOR'S REPORT

On the summary
consolidated financial
statements



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BDO Canada LLP
1100 Royal Center
1055 West Georgia Street
Vancouver, BC V6E 3P3, Canada

TO THE MEMBERS OF SHARONS CREDIT UNION

Opinion

We have audited the consolidated financial statements of Sharons Credit Union, which comprise the Consolidated Statement of Financial Position as at December 31, 2021 and the Consolidated Statement of Comprehensive Income, Changes in Members' Equity, and Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sharons Credit Union as at December 31, 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally-accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Sharons Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing Sharons Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Sharons Credit Union, or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing Sharons Credit Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally-accepted auditing standards we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Sharons Credit Union's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sharons Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause Sharons Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Sharons Credit Union to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants
Vancouver, British Columbia
March 9, 2022

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
December 31		2021	2020
Assets			
Cash resources	\$	43,630,373	59,692,394
Liquidity deposits		82,694,064	56,229,801
Investments		284,689	2,138,167
Member loans		427,089,856	399,004,337
Property and equipment		2,173,745	2,378,887
Right of use assets		253,079	439,593
Other assets		1,886,421	1,538,961
Total Assets	\$	558,012,227	521,422,140
Liabilities			
Member deposits	\$	527,593,227	492,682,586
Accounts payable and other liabilities		1,596,711	1,741,709
Derivative financial instruments		311,550	-
Lease liabilities		286,267	470,533
Member shares		7,102,447	7,166,067
Total Liabilities	\$	536,890,202	502,060,895
Members' Equity			
Member equity shares	\$	999,393	988,209
Retained earnings		20,640,267	18,373,036
Accumulated other comprehensive loss		(517,635)	-
Total Members' Equity	\$	21,122,025	19,361,245
Total Liabilities and Members' Equity	\$	558,012,227	521,422,140

Approved on behalf of the Board:



Lee, Howard Hyung Yul
Chair, Board of Directors



Yoo, Victor Byungkyu
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
For the year ended December 31		2021	2020
Interest revenue			
Loans	\$	13,050,597	14,782,480
Cash resources and investments		1,117,944	1,127,296
		14,168,541	15,909,776
Interest expense			
Deposits		4,467,731	7,869,394
Loan impairment expense		227,310	224,414
Net financial margin		9,473,500	7,869,968
Other income		2,596,924	2,448,387
Financial margin and other income		12,070,424	10,264,355
Operating expenses			
Advertising and promotion		218,500	178,867
Cheque and MasterCard processing		235,297	138,896
Community events sponsorship		38,389	61,111
Data processing		1,118,676	679,595
Depreciation of property and equipment		438,009	468,154
Insurance and dues assessment		611,512	405,523
Lease interest expense		9,525	14,490
Office		474,931	427,022
Other administrative and management fee		490,500	472,535
Patronage refund		670,225	524,408
Professional fees		340,172	358,124
Rent and utilities		453,082	434,879
Repairs and maintenance		24,906	26,631
Salaries and benefits		4,138,939	3,904,591
		9,262,663	8,094,826
Income before income taxes		2,807,761	2,169,529
Income taxes - Current		460,534	388,344
Income taxes - Deferred		5,806	3,790
Provision for income taxes		466,340	392,134
Net income for the year		2,341,421	1,777,395
Other comprehensive loss for the year			
Change in unrealized (loss) gain on cash flow hedges		(291,853)	32,370
Change in unrealized (loss) gain on HQLA		(225,782)	-
Total comprehensive income for the year	\$	1,823,786	1,809,765

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended December 31	MEMBER'S SHARES	TOTAL ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	TOTAL
Balance at January 1, 2020	945,382	(32,370)	16,692,798	17,605,810
Net income	-	-	1,777,395	1,777,395
Distribution on members' equity shares	-	-	(97,157)	(97,157)
Share issuance - net	42,827	-	-	42,827
Other comprehensive gain	-	32,370	-	32,370
Balance at December 31, 2020	988,209	-	18,373,036	19,361,245
Net income	-	-	2,341,421	2,341,421
Distribution on members' equity shares	-	-	(74,190)	(74,190)
Share issuance - net	11,184	-	-	11,184
Other comprehensive (loss)	-	(517,635)	-	(517,635)
Balance at December 31, 2021	\$ 999,393	(517,635)	20,640,267	21,122,025

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2021	2020
Cash provided by (used in)		
Operating Activities		
Net income for the year	\$ 2,341,421	1,777,395
Adjustment for non-cash items:		
Depreciation of property and equipment	438,009	468,154
Deferred income taxes	5,806	3,790
Provision for loan losses	227,310	224,414
Unrealized loss / (gain) on cash flow hedges	19,697	17,728
Dividend on membership equity shares	(74,190)	(97,157)
Interest included on lease payments	12,712	14,490
	2,970,765	2,408,814
Change in other assets	(353,266)	(195,773)
Change in accounts payable and other liabilities	(145,005)	(279,807)
	2,472,494	1,933,234
Change in member activities		
Change in member loans	(28,538,605)	20,993,293
Change in member deposits	34,910,641	11,071,395
	6,372,036	32,064,688
Total cash flows from operating activities	\$ 8,844,530	33,997,922
Investing activities		
Increase in investments and liquid deposits	(24,610,785)	(25,421,664)
Purchase of property and equipment	(86,371)	(56,748)
Proceeds from sale of property and equipment	30,870	-
Total cash flows from investing activities	\$ (24,666,286)	(25,478,412)
Financing activities		
Change in membership shares	(52,436)	116,955
Payment of lease liabilities	(187,829)	(192,078)
Total cash flows from financing activities	(240,265)	(75,123)
Increase in cash resources	(16,062,021)	8,44,387
Cash resources , beginning of year	59,692,394	51,248,007
Cash resources , end of year	\$ 43,630,373	59,692,394

GOVERNANCE REPORT

The Credit Union is established under legislation of Province of British Columbia

It is regulated by the BC Financial Services Authority (“BCFSA”). Key legislation that regulates the operations of the Credit Union includes the Financial Institutions Act (FIA), the Credit Union Incorporation Act (CUIA) and applicable sections of the Business Corporation Act (BC). It is requirement of the legislation that the Credit Union provides to BCFSA monthly, quarterly and annual reports and filings, and other such reports as may be requested.

In its Governance Guideline issued in September 2013, the Financial Institution Commission (as of Nov. 2019, BCFSA replaces the FICOM) notes that it “holds the Board of Directors (Board) accountable for the stewardship of a credit union. BCFSA relies on the Board, as a core oversight function, to take all reasonable steps to ensure the safety, stability and sustainability of its credit union. The successful operation of a credit union contributes to maintaining and enhancing trust and confidence in the province’s credit union system and the economy as a whole.”

1 Source:
Governance Guideline,
Office of the Superintendent of Financial Institutions Canada, September 2013

Board of Directors

Sharons Credit Union is a financial co-operative governed by a Board of Directors and accountable to the members of the credit union. The Board of Directors of Sharons Credit Union comprises seven elected member representatives who serve three-year terms. The Board of Directors continues to be committed to the highest standards of Corporate Governance in order to demonstrate its stewardship to members, employees and the communities it serves.

The Board selects the chief executive officer (CEO), establishes the CEO’s accountabilities and evaluates the CEO’s performance. The Board also communicates with members and other stakeholders by reporting its activities through the annual report and the annual general meeting. Directors approve Sharons’ vision and strategy and oversee core business operations while building relationships with members and the community.

The Sharons’ Board always acts in good faith, with due diligence and in the best interest of its members, employees and the communities the Credit Union serves.

The Role of the Board

A Board’s responsibilities include:

- Defining and approving the credit union’s risk appetite;
- Setting, approving and monitoring the credit union’s strategy and performance and overseeing its planning process; and
- Ensuring that the credit union has the capability and culture to support its risk appetite and achieve its strategy, including:
 - Oversight of the credit union and executive team;
 - Choosing and evaluating the CEO; and
 - Recruitment and renewal of the Board

Source:
Governance Guideline
Office of the Superintendent of Financial Institutions Canada, September

To fulfill these responsibilities, a board;

- Approves and implements a risk governance framework that effectively monitors activities and progress related to these responsibilities and initiates prompt corrective action when necessary; and
- Implements a framework for accountability and disclosure that effectively informs the credit union’s members and other stakeholders of its risks and progress toward achieving its objectives.

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.

The Role of the Chair of the Board

The Chair of the Board provides leadership to the Board and the CEO of SCU. The Board Chair’s key role is to take all reasonable measures to ensure that the Board:

- Has structures and procedures in place to enable it to function independently of management;
- Carries out its responsibilities effectively and;
- Clearly understands and respects the boundaries between Board and management responsibilities.

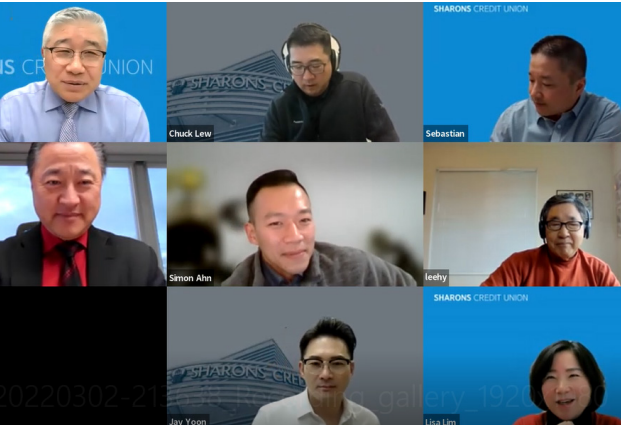
The position of Board Chair requires excellence in leadership skills, having the capacity to control discussion appropriately, manage dissent, and communicate persuasively with colleagues and members.

Responsibilities:

- Providing Leadership to Enhance Board Effectiveness
- Managing the Board
- Ensuring Board Quality and Continuity
- Acting as Liaison between Board and Management and Representing SCU to External Groups



Board Chair, Annual General Meeting



Virtual Audit & Risk Committee meeting

Board Committee

SCU's Board of directors is responsible for overseeing and stewarding the credit union's operations on behalf of members.

It is Sharons Credit Union's policy that, as a general rule, Committees make recommendations to the Board, which has the decision authority unless otherwise required by law. However, the Board may, from time to time, delegates its decision authority or part thereof to a Committee or an individual, subject to applicable laws.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee has oversight responsibility for financial reporting, internal and external audit processes, and internal controls. The Committee ensures policies and related internal controls are in place to manage risks to which the organization is exposed. The Committee provides advice to the Board in relation to current and potential future risk exposures, including determination of risk appetite and tolerance.

The Committee acts as the liaison between the internal auditors and the internal resources, as well as the external auditors, and the Board of Directors.

GOVERNANCE & HUMAN RESOURCE COMMITTEE

The Governance & Human Resource Committee has oversight responsibility for Board Governance. The Committee develops and monitors policies or guidelines to enhance the Board's effectiveness and oversees processes to assess the performance of the Board and individual directors. The Committee is also responsible for overseeing the compensation philosophy, policies and procedures including the succession of the CEO and Senior Management. It also accesses the performance of the CEO and determines his compensation. In addition, the Committee ensures that human resources policies are in place, implemented, and maintained.

CONDUCT REVIEW COMMITTEE

The Conduct Review Committee has oversight responsibility for monitoring compliance with the credit union's policies with respect to conflict of interest, related parties and confidentiality. The Committee ensures procedures are designed to prevent conflicts of interest, resolve them if they occur, and review and approve specific transactions and classes of transactions between the Credit union and related parties.

To assist it with its work, the Board has established following five standing committees:

- Audit & Risk Committee
- Governance & Human Resource Committee
- Conduct Review Committee
- Investment & Lending Committee
- Nominating Committee

The members of the Committees are recommended to the Board by the Board Chair in consultation with the Governance & Human Resource Committee. The Board has adopted, and annually reviews, the Terms of Reference for the Board Committees.

INVESTMENT & LENDING COMMITTEE

The Investment & Lending Committee has oversight responsibility for lending and investment activities in accordance with the credit union's Investment & Lending policy. The purpose of the Investment & Lending Committee is to ensure that the Credit Union has written Investment and Lending Policies that reflect prudent standards and ensure procedures are followed and on a regular basis review asset quality, new loan reports and delinquent accounts

NOMINATING COMMITTEE

The Nominating Committee oversees the nominating and election of Directors in accordance with the Rules of Sharons Credit Union. The Nomination Committee recruits and recommends candidates to ensure the Board has a strategic and diverse mix of relevant skills, attributes, and business knowledge to meet the needs of the credit union's leadership and strategic talent.

AD-HOC COMMITTEE

Ad-Hoc Committees fulfill the duties and responsibilities as assigned by the Board of Directors. We have the following two Ad-Hoc Committees:

- Community Support Committee
- Real Estate Committee

Committee Composition for 2021

Governance & HR	Kim, Ji Han / Kwon, Tae In* / Lee, Howard / Yoo, Byung Kyu
Conduct Review	Ahn, Simon / Kim, Ji Han* / Lim, Lisa
Audit & Risk	Ahn, Simon / Jung, Sebastian / Lim, Lisa / Yoo, Byung Kyu*
Investment & Lending	Jung, Sebastian* / Lee, Howard / Yoo, Byung Kyu / Suk, John
Nominating	Ahn, Simon* / Lee, Howard / Kwon, Tae In
Community Support	Lim, Lisa / Kwon, Tae In / Suk, John* / Choi, Joanne
Real Estate	Jung, Sebastian* / Kim, Ji Han / Suk, John

* Chairman of Board Committee

Rules & Policies

Like all governing bodies, the SCU's Board of Directors is guided by a number of important policies. And as a credit union, SCU has a set of formal rules. The rules and some of the most important policies include:

SHARONS CREDIT UNION RULES

All credit unions are required to have a set of rules that govern its conduct. The rules include high-level guidance on how memberships may be acquired or withdrawn, how shares and deposits are treated, how borrowing and lending are conducted, how directors are elected, how general meetings are conducted and more.

PERFORMANCE STANDARDS FOR THE BOARD OF DIRECTORS

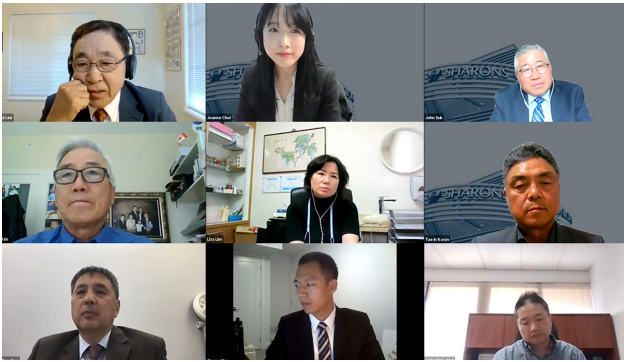
All directors of Sharons Credit Union (SCU) shall act in the best interests of the credit union in accordance with their fiduciary duties prescribed by law and the policies of SCU adopted by the Board and the members from time to time. Directors are required to be familiar with these duties and policies, as well as the business and affairs of SCU, in order to be capable of making appropriate contributions and decisions.

Board Effectiveness

SCU's Board of Directors has a responsibility to ensure the continuity of the credit union and its subsidiaries to its membership by safeguarding and strengthening itself to meet the credit union's strategy and oversight of its needs.

The knowledge, experience and skill of each Director and the Board as a whole, are important elements in the success and viability of the credit union. It is important that Directors have appropriate competencies to effectively fulfill their responsibilities to the credit union and its members, thereby, contributing to the performance and sustainability of the credit union system.

The process of recruiting candidates is guided by the Nominating Committee who sets out the general qualifications to be used in the identification of potential candidates as well as the key qualifications and core competencies required for the Board as a whole.



Virtual Board of Directors Meeting

Orientation and Board Education

Sharons Credit Union recognizes the importance of education and training for directors to ensure effective oversight of the credit union and ensure its directors understand the financial industry and the issues that credit unions face.

New Directors are offered a comprehensive orientation program to familiarize themselves with Sharons' governance processes and operations. Since 1988, all new directors elected or appointed to a credit union in British Columbia are required to complete mandatory director training. Each Director who is elected or appointed is required to complete Level A of the Credit Union Directors Achievement (CUDA) Program within one year of becoming a director.

The Chair of the Governance & HR Committee, with assistance from the CEO and the Corporate Secretary, is responsible for ensuring and coordinating continuing education programs at the Board level. Ongoing director development is provided, comprising a combination of external course offerings, written materials relevant to a director's role, regular education presentations provided by internal and external experts, and one-on-one sessions between a director and an internal and external expert on specific subject matters.



CORPORATE GOVERNANCE DISCLOSURE

Howard Hyung Yul Lee Chair of the Board

BOARD POSITION	Member of Governance & HR Committee Member of Investment & Lending Committee Member of Nominating Committee
CURRENT TERM	2021-2024
DIRECTOR SINCE	2015
ATTENDANCE	40

DIRECTOR EDUCATION

- CUDA Level A Completion
 - Strategy: Planning & Oversight
 - Board Performance, Development and Evaluation
 - Risk Oversight*
 - Governing Credit Risk
 - CUDA Level B Completion*
 - The role of the Audit Committee
 - Crisis Management & Recovery System
 - Role Clarity and Risk Ownership around Board Tables
 - Covid-19 & Liquidity Governance
 - ICAAP Training
 - Applied CEO Performance Planning & Evaluation*
 - Central 1 Member Forum & AGM*
 - Stabilization Central Credit Union AGM*
 - Canadian Credit Union Association's (CCUA) AGM*
 - 2021 National Conference for Canada's Credit Union*
 - BCFSa BC Credit Union Director Joint Forum*
 - AML and Compliance*
- *course completed in 2021

BACKGROUND

Howard Hyung Yul 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's current responsibilities include serving on the Governance & Human Resources, Investment & Lending, and Nominating committees.

Howard holds a Master's degree in Finance from the University of Dallas and has experience in the financial service sector. Howard retired from the Korean Airline Vancouver District Office as a District Sales Manager after 25 years of experience. Howard is a dedicated member contributing years of prized management experience to the Board and effectively brings the directors into a coherent whole. With a high focus on member well-being and community development, Howard is respected as a credible voice for the Board.



Chair of the Board
Howard Hyung Yul Lee

Victor Byungkyu Yoo Vice-Chair of the Board

BOARD POSITION	Chair of Audit & Risk Committee Member of Governance & HR Committee Member of Investment & Lending Committee
CURRENT TERM	2020-2023
DIRECTOR SINCE	2011, AND 2014-2017
ATTENDANCE	27

DIRECTOR EDUCATION

- CUDA Level A Completion
- Strategy: Planning & Oversight
- Board Performance, Development and Evaluation
- The role of the Audit Committee
- Crisis Management & Recovery System
- Commercial Credit-Governance, Delinquency and Risk
- Role Clarity and Risk Ownership around Board Tables
- Covid-19 & Liquidity Governance
- ICAAP Training
- Audit & Risk Chair PRA Training
- Governing Credit Risk*
- BCFSA BC Credit Union Director Joint Forum*
- AML and Compliance*
- *course completed in 2021

BACKGROUND

Victor Byungkyu, a Chartered Professional Accountant for more than 21 years, was elected to Sharons Credit Union’s Board in 2011. His current committee responsibilities include serving as a Chair on Audit & Risk, and serving on Investment & Lending, and Governance & Human Resources committees. Victor has been a long-time credit union and co-operative supporter. Currently holding his position as Vice-Chair of the Board, Victor is distinguished by his abilities in analytical analysis and financial acumen. 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.



Vice-Chair of the Board
Victor Byungkyu Yoo

Simon Ahn

BOARD POSITION	Chair of Nominating Committee Member of Audit & Risk Committee Member of Conduct Review Committee
CURRENT TERM	2020-2023
DIRECTOR SINCE	2020
ATTENDANCE	25

DIRECTOR EDUCATION

- CUDA Level A Completion
- The Role of the Audit Committee*
- Governing IT, the Director’s Role*
- BCFSA BC Credit Union Director Joint Forum*
- AML and Compliance*
- *course completed in 2021

BACKGROUND

Simon, elected in 2020, is a first-term board member of Sharons Credit Union. Simon has Bachelor’s degree in Mechatronics Engineering from McMaster University. As the President of Pro Omnis Telecommunication Ltd, Simon has been involved in the business community for over 10 years.

Simon currently holds his position as Chair of the Nominating Committee and is a member of the Audit & Risk and Conduct Review Committee.

Simon has strong communication skills and recognizes the importance of attracting younger generations by meeting their unique expectations and requirements. He is an advocate of exploring new ways to stay technologically current while being mindful of the costs of pursuing such excellence.



Director
Simon Ahn

Sebastian Jung

BOARD POSITION	Chair of Investment & Lending Committee Chair of Real Estate Committee Member of Audit & Risk Committee
CURRENT TERM	2019 - 2022
DIRECTOR SINCE	2016
ATTENDANCE	24

DIRECTOR EDUCATION

- CUDA Level A Completion
- HR Governance
- The role of the Audit Committee
- Crisis Management & Recovery System
- Commercial Credit-Governance, Delinquency and Risk
- Role Clarity and Risk Ownership around Board Tables
- Covid-19 & Liquidity Governance
- ICAAP Training
- Governing Credit Risk*
- BCFSA BC Credit Union Director Joint Forum*
- AML and Compliance*
- *course completed in 2021

BACKGROUND

As a Chartered Professional Accountant (CPA, CGA, CA), Sebastian brings his accounting, auditing, tax and general business knowledge to the Board. Sebastian has maintained a long-term relationship with the credit union for 10 years as an external auditor.

Sebastian currently holds his position as Chair of the Investment & Lending Committee, and he brings a strong financial knowledge base in risk management and Finance to the credit union.

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.



Director
Sebastian Jung

John Jihan Kim

BOARD POSITION	Chair of Conduct Review Committee Member of Governance & HR Committee Member of Community Support Committee Member of Real Estate Committee
CURRENT TERM	2020-2023
DIRECTOR SINCE	2001-2011, and 2013-2016
ATTENDANCE	20

DIRECTOR EDUCATION

- CUDA Level A Completion
- Strategy: Planning & Oversight
- Board Performance, Development and Evaluation
- Governing Credit Risk
- The role of the Audit Committee
- Crisis Management & Recovery System
- Role Clarity and Risk Ownership around Board Tables
- Covid-19 & Liquidity Governance
- ICAAP Training
- HR Governance*
- BCFSA BC Credit Union Director Joint Forum*
- AML and Compliance*
- *course completed in 2021

BACKGROUND

Jihan has been a member of the Board since 2001 and served as past Board Chair of Sharons Credit Union in year 2016 where he contributes his valuable insight into Greater Vancouver’s growth and perspective. As an early Korean immigrant, Jihan has witnessed Vancouver’s evolving economic growth since 1968. Jihan has served as President of the Vancouver Korean Society in 1988 and maintained his position as Director of the credit union for a decade since 2001.

Jihan currently holds his position as Chair of the Conduct Review Committee, and he 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.



Director
John Jihan Kim

Tae In Kwon

BOARD POSITION	Chair of Governance & HR Committee Member of Nominating Committee Member of Community Support Committee
CURRENT TERM	2021-2024
DIRECTOR SINCE	2018
ATTENDANCE	21

DIRECTOR EDUCATION

- CUDA Level A Completion
 - HR Governance
 - Role Clarity and Risk
 - Ownership around Board Tables
 - Covid-19 & Liquidity Governance
 - ICAAP Training
 - HR Governance*
 - Governing IT, the Director’s Role*
 - BCFSa BC Credit Union Director Joint Forum*
 - AML and Compliance*
- *course completed in 2021

BACKGROUND

Through his work at Telus Communication, over 36 years as an Engineering Technologist, Tae In has a solid understanding of information technology. His educational background and experience, skills and passion are just some of the attributes that enable him to provide valuable input to the Board.

Tae In currently holding his position as Chair of the Governance & Human Resource Committee, and he inherently understands that people are the most important factor in the Credit Union’s success, and is energetic in the pursuit of member-driven focus, preferences, and experiences.



Director
Tae In Kwon

Lisa Lim

BOARD POSITION	Member of Audit & Risk Committee Member of Conduct Review Committee Member of Community Support Committee
CURRENT TERM	2021-2024
DIRECTOR SINCE	2020
ATTENDANCE	23

DIRECTOR EDUCATION

- New Director Orientation*
 - Foundations of Governance (six modules)*
 - Foundation of Governance in Theory and Action*
 - CUDA Level A Completion*
 - BCFSa BC Credit Union Director Joint Forum*
 - AML and Compliance*
- *course completed in 2021

BACKGROUND

Lisa was elected to the Board of Directors in 2021 and was a former employee of Sharons Credit Union from 198 to 1994. She has been a member of a credit union for more than 32 years. She enjoys the positive impact that the Credit Union has on the development of the communities it serves.

Lisa is the founder and Director of Juillet Beauty Centre and has more than 20 years of business experience. Along with her background, Lisa brings her marketing, branding, communication and general business knowledge to the credit union.



Director
Lisa Lim

Board Assessment

The Board is committed to effective governance and continuous improvement. Annually, the Governance & Human Resource committee facilitate a Board Assessment process to assess the effectiveness of the Board and Committee, Board Chair and Committee Chair. The Board Chair and Committee Chairs take into consideration the overall results and suggestions derived from the annual Board performance assessment in order to improve the functioning and activities of the Board and Board Committee.

Compensation

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.

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.

*The Chair of Standing Committees

In addition to the annual amounts noted above, directors are entitled to compensation for attending various meetings as follows:

Meeting	Fee
Board meeting or board planning seminar In-Person & Conference Call Email	\$250 -
Committees meeting In-Person & Conference Call Email	\$250 -
Credit Union representative- industry-related meetings Domestic meeting International meeting	\$400 -
CUDA Program (Full day) In-Person Recorded Webinar Live Webinar	\$250 - \$200

ANNUAL RETAINER

BOARD CHAIR
\$7,000

COMMITTEE CHAIR*
\$4,000

BOARD MEMBER
\$3,000

Board and Committee meeting Attendance

Attendance at Board meetings is considered one measure of the commitment and contribution of an individual director to corporate governance at an organization.

SCU directors are expected to attend Board meetings and all committee meetings in which they serve. In keeping with good governance practice of disclosure, the table below summarizes the total compensation received by each Director during 2021:

	Board Meeting Attended (Include Strategic Meeting)	Committee Meeting Attended	Orientation / Training	Credit Union Delegate- Industry Related	Annual Retainer	Total Compensation
Howard HY Lee Board Chair	8 of 8	16 of 16	7 of 7	9 of 9	\$7,000.00	\$18,000.00
Byung Kyu Yoo² Vice-Chair & Audit & Risk Committee Chair	8 of 8	16 of 16	2 of 2	1 of 1	\$4,000.00	\$10,800.00
Simon Ahn Nominating Committee Chair	8 of 8	11 of 11	5 of 5	1 of 1	\$4,000.00	\$10,150.00
Sebastian Jung Investment & Lending Committee Chair	8 of 8	12 of 12	2 of 2	2 of 2	\$4,000.00	\$10,200.00
Jihan Kim¹ Conduct Review Committee Chair	8 of 8	9 of 9	2 of 2	1 of 1	\$4,000.00	\$9,050.00
Tae In Kwon Governance & HR Committee Chair	8 of 8	7 of 7	5 of 5	1 of 1	\$4,000.00	\$9,150.00
Lisa Lim Director	8 of 8	9 of 9	5 of 5	1 of 1	\$3,000.00	\$8,650.00

¹ Vice-Chair until April 28, 2021

² Vice-Chair as of April 28, 2021

EXECUTIVE
COMPENSATION & CEO
PERFORMANCE
MANAGEMENT

The Governance & Human Resources Committee, together with the CEO, develop each year corporate and personal objectives that the CEO is responsible for meeting, which objectives are submitted to the Board for review and approval. Every year, the CEO is assessed against these objectives and all other relevant criteria. After a review of the CEO’s performance by the Governance & Human Resources Committee, that Committee’s chair and the Board Chair meet with the CEO to discuss such review and the Governance & Human Resources Committee chair then reports to the Board on the results of the review and recommendations for Board approval of the CEO’s objectives for the following year.

CEO Compensation Philosophy

The Compensation Philosophy is to help attract, motivate, and retain top-level CEO talent and to reinforce a results-oriented culture to deliver sustained high performance to our members and the community. The Compensation philosophy is to define the desired market positioning (i.e. to pay at the average or median of the relevant market, or to target at the higher end (e.g. the 75 percentile) for specific reasons/strategies.) Other factors influencing the pay strategy may include: economic conditions, strategic direction, pay mix (base plus variable) and overall ability to pay.

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.

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.

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, 2021, the CEO earned the total compensation in the amount of \$299,825.46 (which includes Base Salary & Bonus, Vacation, RRSP Pension, Health Benefit, and Car Allowance)

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.

HEALTH AND WELLNESS BENEFIT

Sharons Credit Union provides a comprehensive benefits program. Full-time permanent employees are eligible for full benefits coverage at the end of 3 months employment probationary period. Part-time employees, once eligible (completed probation and continuous work of 6 months period working days), participate in the benefits plan which will be the same as a full-timer.

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.

PENSION PLAN

All regulatory full-time and part-time employees (min 24 hrs. / week) become members of the Pension Plan after one year of continuous employment. 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.

You may contact the Board through our Corporate Secretary by writing to:

Email
governance@sharons.ca

Mail
Sharons Credit Union c/o Corporate Secretary
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한인신협
SHARONS CREDIT UNION