

한인신협

2022년도 연차보고서

SHARONS CREDIT UNION ANNUAL REPORT



2022



한인신협
SHARONS CREDIT UNION

Thank you for Your membership, and your continued trust in Sharons Credit Union.

This year marks an important milestone for Sharons Credit Union: we reach a milestone of celebrating our 35th anniversary.

Since 1988, Sharons Credit Union has put the needs of our members and community first and foremost as we grew to become a successful credit union. We are proud to say our Vision, Mission, and Values carried us forward.

We would like to thank our Members, past, present and future, for making the past 35 years possible. Together, we've worked hard to build a strong community that benefits our families and future.

믿음과 나눔의 정신을 바탕으로 조합원과 더불어 걸어온 신협 35년, 위기 때마다 신협에 대한 굳은 믿음으로 오랜 세월 함께한 조합원들, 흔들림없이 신협을 신뢰해준 조합원들이 있었기에 오늘 우리 신협이 있을수 있습니다.

지금 우리는 새로운 출발점에 서 있습니다. 이제 신협은 지난 35년 동안 쌓아온 신뢰와 전문성을 토대로 “이윤” 보다 “사람”을 우선시하는 가치를 지향하고 우리 모두 함께 잘사는 공동체를 향해 나아가며 공동의 이익 추구하고 사회적 가치 창출에 더욱 매진할 것입니다.

조합원 여러분, 감사합니다.

35th



We worked together to grow a healthy community for our families and future

We are a member-owned, community-based, full-service financial institution with physical branches and digital access. 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 Credit Union.

Our Vision

A trusted financial institution serving the members and communities

Our Mission

Through strong financial performance, we focus on members’ satisfaction

Our 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

Branch Information

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LANGLEY BRANCH

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PORT COQUITLAM BRANCH

100-1125 Nicola Ave.
Port Coquitlam, BC V3B 8B2
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F: 604-464-6468

COQUITLAM BRANCH

202-403 North Rd. Coquitlam,
BC V3K 3V9
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F: 604-936-5023

INSURANCE SERVICES

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BC V3K 3V9
T: 604-931-1132
F: 604-931-1137

OVERVIEW OF 2022

Connecting with Members

Building strong relationships with our members helps enable us to deliver our strategy in line with our long-term values. We continued to connect with members and communities through a range of events.

Top Award – 18 years in a row

In 2022's Financial Service Excellence Awards, credit unions were voted the best for customer service for the 18th year in a row. This is a national award announced by Ipsos, and the winner is chosen by customers across the financial service industry.



Keeping Your Money and Your Information Safe

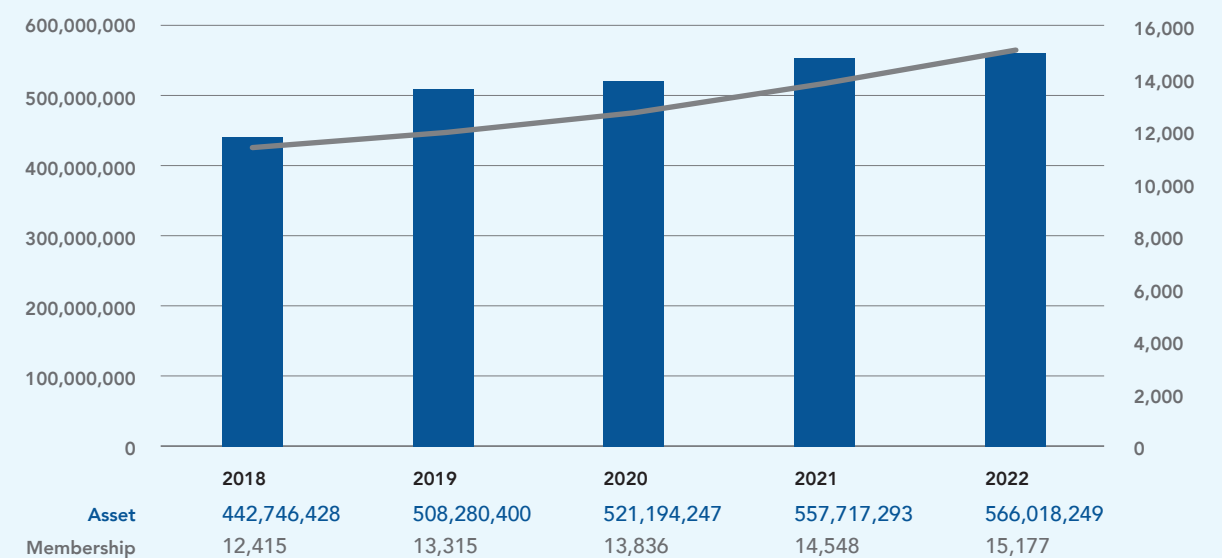
Cybersecurity remains a top priority for SCU, with the IT team continuously enhancing and strengthening the credit union's layer from evolving cyber threats. To help keep members' information safe and secure, we introduced a highly effective security measure called 2-Step Verification to help safeguard your account online. We regularly inform our members to give tips on avoiding scams, including setting up accounts and security alerts.

Keeping Member Informed

We regularly shared our updates through social media and e-mail newsletters, such as new promotions, community support, or how we are moving forward on goals.



Asset & Membership Growth



Building People, providing Opportunities

At Sharons Credit Union, we believe our employees are our greatest strength. Our employees bring SCU's Vision and Mission to life every day. We are proud to have such empowered, dedicated staff that remained committed to serving our members.

We annually conduct Employee Satisfaction Survey to help leadership understand how employees feel about working at Sharons Credit Union and to guide efforts to advance the employee experience.

To enhance the value of employees, we improved a diverse staff training system to expand career development.

"Our team members are the centre of delivering an exceptional member experience."

We express our gratitude to our employees for their unwavering dedication and hard work throughout the year 2022."



한인신협 장학금 수여식, 2022



조합원 영화관람 이벤트, 2022



STAFF YEAR-END PARTY, 2022



REPORT FROM BOARD CHAIR & CEO

Year never before experienced

To summarize the year 2022 in a nutshell: not being able to escape completely from the pandemic is one thing; it's another to be shocked by the painful bites of an unprecedentedly high inflation rate and, consequently, the inevitable high interest rate. The surge of inflationary pressure was felt from late 2021 but when it began materializing from early 2022, the magnitude with which it increased has been almost uncontrollable, reaching to 8.1% in June. Throughout the year, the Bank of Canada, in an effort to tame inflation, has been intensifying the interest rate hike by raising its key rate by seven times, all the way up from 0.25% to 4.25%.

This aggressive move seems to be effective in stopping inflation from going up any higher but may not be effective enough to

bring it down to the desirable level. It is still hovering around 6%, with the food cost still around over 10%, and with this, the possibility of continuing interest rate hikes into the year 2023 is likely.

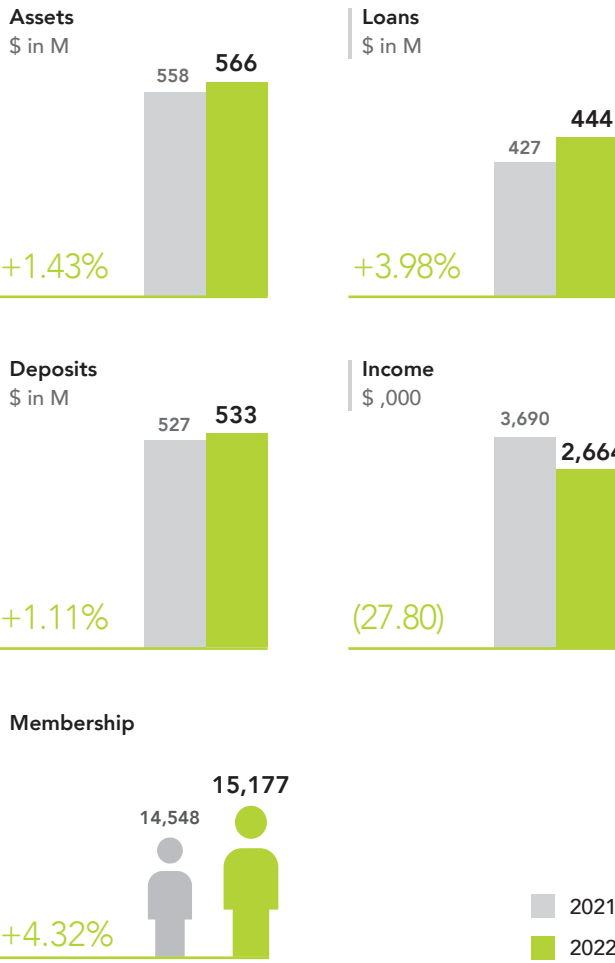
In an environment where the rate hikes are rapid, especially if they happen when the Bank Rate has been at rock bottom at close to zero percent for a long time, a so-called negative mismatching - where the pace of reprising of the deposits are much faster than that of the loans - is unavoidable. Obviously, the depositors previously chose shorter terms while the borrowers went for longer terms. This is the picture of our balance sheet structure, which has been increasing the pressure on our margin throughout the year.

However, I am pleased to report that considering all the adversity, we managed to finish the year quite strong with decent income

and growth. This is all because of the wise leadership of the Board and dedication of the staff and, most of all, the unchanging loyalty of the members. Therefore, I would like to take this opportunity to thank you all.

Endurance through adversity

In all our experience of asset growth fatigue for the past 4 years under the influence of the pandemic, the most unfavorable year seems to be 2022. The asset only grew marginally by less than \$10 million or 1.43% to \$566 million. There was no growth in deposit while the loan grew about 4%. The following table shows a summary of results from last year’s operation:



The most severe damage from the steep interest rate hike throughout the year landed on the net operating income. Due to the aforementioned negative mismatch caused by the huge rate jump, our net income was \$1 million less than the previous year. This structural unfriendly situation is not a case that can be fixed in a short period of time but rather, will gradually be improved

throughout the year and into the next year. Meanwhile, we will do our best to compensate the expected bruise by decreasing expenses and increasing other income.

On the other hand, all other operational indicators are in good shape. As of December 31, our capital adequacy is 14.46%, liquidity ratio is 21.81%, efficiency ratio is 72.75%, ROA is 0.51, and over 30 days delinquency is 0.21%. Regarding the delinquency, we express our gratitude to all our borrowing members for faithfully meeting their monthly obligations to keep the rate this low even in this financially difficult time.

Credit union spirit in sharing

After being accustomed to a low interest and inflation rate for a long time, a sudden rise in interest and inflation could be a shock to many people and, to some, it could be beyond their ability to absorb. Though the weight of the impact may differ from one individual to another, everyone feels the sting of it in some way. Being well aware of this reality, the Board wanted to return more to the members in the hopes of relieving their pain, if at all, and declared the total of \$1,002,063 for 6% or \$721,000 as patronage refund and 4% or \$301,063 as share dividend. This is more than 37% of total net income and \$280,000 more than last year’s payouts. With this, we have paid dividend for 31 consecutive years starting in 1991.

As the pandemic restrictions were lifted, various activities in the community resumed and so did our support of those events. We sent financial aid to a senior care home, scholarship fund, Foodbank, Backpack Buddies, and the wildfire victims. The Sharons scholarship program chose 15 recipients to receive \$30,000. This scholarship is an annual event and is not only for post-secondary students but also for anyone who is in a career-training program.

Leadership in a trying time

It is the solid belief of our Board that it must remain focused on prudent governance to safeguard members’ precious assets by overseeing every aspect of the credit union’s operation. The importance of this can never be stressed enough especially when the economic cycle is abnormal and the foreseeable future is cloudy. As such, your Board has continued to exert its best effort to meet its mandate. During the year, the Board and committees met at least 24 times officially and many more unofficially. Various reports received at each meeting were verified for accuracy and trustworthiness by challenging the management, and guidance and mentoring were offered to the management as needed.

In addition, necessary policies and procedures were updated and added as required by the regulation. At the same time, every director has been diligently upgrading their governance skills by taking educational courses. As a result, one director has graduated from the CUDA program, which certifies him as a qualified credit union director, and two more directors are expected to graduate

within the year.

As the credit union grows, let alone the regulatory requirements, the oversight of the operation is getting more complicated and the Board feels that its workload is too heavy to be carried by seven directors. Therefore, during the course of the Rule review, the Board decided to increase the number of the directors in the Board from seven to up to nine and a special resolution to amend it is presented in this AGM.

Wisdom for the foggy future

Although the pandemic is deemed over, the consequences of this bizarre epidemic are felt directly by the operation of the credit union as much as by the life of every individual. In this year, we may have to endure the harshest time in all our history in terms of growth and income. In a sense, we are ready for it and bracing ourselves for the worst. To that extent, strengthening the fundamentals is the main objective that we will pursue throughout the year in order to be agile in coping with the bleak environment. Reinforcing prudent risk management is one of these fundamentals and strengthening the capital base is another. As we are looking forward to seeing Sharons as a stronger and healthier credit union, these two elements are the essentials that we must maintain at any cost.

At the same time, the Board and the management are well aware that a credit union is called to glow with the passion for its spirit, that is, ‘People before Money’. We understand our ‘doing’ as a cooperative financial institution is as equally important as our ‘being’ as a not-for-profit organization. Therefore, our commitment to best serve you and our community will never be dwindled. We will be more heedful with attentive ears to listen to your voice and more mindful with cooperative hearts to reach out to the community. We would like to remind you once more that your success is our success and therefore, we definitely want to see you succeed! Thank you.



Suk, John Kwang Ik
President and CEO



Lee, Howard Hyung Yul
Chair, Board of Directors

존경하는 조합원 여러분

팬데믹의 영향력에서 완전히 벗어 나지도 못한 상태에서 전례 없는 높은 물가상승과 그에 따른 필연적인 대책으로써의 가파른 이자율 인상으로 말미암아 우리 삶의 전반에 걸쳐 어려움이 많았던 2022년 한 해였습니다. 물가상승의 징조는 2021년 말부터 보이기 시작하더니 2022년에 들어서서는 거의 불통제 수준의 속도로 상승하여 6월에는 8.1% 까지 올라가는 양상을 보였고 이러한 물가상승을 억제하기 위하여 중앙은행은 급기야 일곱번에 걸친 기준금리 인상을 단행하여 연초에 0.25% 이었던 금리를 4.25% 까지 올리는 정책을 선택할 수 밖에 없었습니다.

이처럼 과감한 금리인상으로 더 이상의 물가상승 추세는 막았으나 정부의 목표인 2~3%의 물가 상승률로 끌어 내리기에는 역부족인 듯 하며, 아직도 우리는 6% 대의 인플레이션과 싸우고 있습니다. 특히 식품 가격의 상승은 아직도 10%를 웃돌고 있어 향후 추가적인 금리인상의 가능성도 시사하고 있습니다.

아시는 바와 같이 캐나다는 작년 초까지 거의 0%에 가까운 낮은 기준금리를 오랫동안 유지해 왔고 이러한 환경에서는 당연히 예금은 단기예금으로, 대출은 장기대출로 묶이게 됩니다. 이러한 상황에서 이자율이 급격히 상승하면 예금금리 상향조정이 대출금리 조정 보다 매우 빠르게 진행되므로 이른바 자산/부채 간 마이너스 불일치가 불가불 일어나게 됩니다. 이러한 상황이 작년 우리가 처해있던 사정이었고 이로 인해 우리는 예대마진에 큰 압박을 받을 수밖에 없었습니다.

하지만 우리는 지혜롭게 이 난관을 극복하고 자산성장과 순이익 부문에서 무난한 결실을 이룬 한 해를 마감할 수가 있었습니다. 물론 이는 이사회의 부단한 지도감독과 직원 모두의 헌신 그리고 특별히 조합원 여러분의 지속적인 조합사랑으로 가능했던 일 인 만큼 모두의 조합사랑에 심심한 감사의 뜻을 표합니다.

코로나바이러스의 여파로 한인신탁 성장에 제동이 걸렸었던 지난 4년 중 아마도 작년 2022년도가 가장 어려웠던 한 해가 아니었나 싶습니다. 총 자산은 1.43% 증가, 약 천만 달러가 성장하여 5억6천6백만 달러에 머물렀고 대출은 약 4% 증가 하였으나 예금의 실질적인 성장은 없었던 한 해로 연말 현재 상황을 다음 표와 같이 요약할 수가 있습니다.

	2022	2021	%
자산(\$ in M)	566	558	1.43
대출(\$ in M)	444	427	3.98
예금(\$ in M)	533	527	1.11
수입(\$,000)	2,664	3,690	(27.80)
조합원	15,177	14,548	4.32

COMMUNITY SUPPORT

연중 지속되었던 가파른 이자율 상승 여파로 가장 큰 타격을 입은 부문은 영업순이익이라 할 수가 있습니다. 상기에 언급한 바와 같이 이자율의 급상승으로 인한 자산/부채 간 마이너스 불일치의 영향으로 순이익은 전년도에 비해 백여만 달러나 감소한 2백6십만 달러로 마감을 하였습니다. 이 상황은 단시일 내에 호전되는 것이 아니라 금년 내내 그리고 내년 한 해 장기간에 걸쳐 점진적으로 개선되어질 것입니다. 따라서 우리는 금년과 내년 이로 인한 예대마진의 감소에 대비하여 경상비용을 줄이고 여타 수입의 증가를 꾀하는 등 다방면의 대책을 모색해 나갈 것입니다.

한편 그 외 다른 경영지표들은 건실한 모습을 보이고 있음을 보고 드립니다. 2022년 12월31일 현재 자기자본 적정률은 14.46%, 지불준비율 21.81%, 영업계수 72.75%, ROA 0.51, 그리고 30일 이상 연체율은 0.21% 에 머물고 있습니다. 특히 낮은 연체율에 대해서는 기업마다 불경기를 호소하고 있는 어려운 환경 속에서도 매월 불입금을 충실히 이행해 주신 덕분에 이처럼 낮은 연체율을 유지 할 수 있었음에 대해 조합원님들께 다시 한번 심심한 감사의 뜻을 전합니다.

장기간에 걸친 최저금리의 환경에 너무 익숙해진 터라 급작스러운 이자율 상승은 많은 사람들에게 적지 않은 충격이었고 또 어떤 이들에게는 감당하지 못할 만큼의 큰 타격이기도 합니다. 그 충격의 경중은 개개인에 따라 다르겠으나 아무도 그 영향력으로부터 자유롭지는 못할 것입니다. 이러한 상황을 인지하고 있는 이사회는 조합원님들의 고통을 조금이라도 덜어 드리고자 하는 바램으로 백만 달러에 이르는 액수를 책정하여 그 금액의 6%, 7십2만1천 달러를 이용고 배분으로 환불 예정이며, 또한 4%의 금액, 3십만 1천 달러를 출자배당으로 결정 하였습니다. 이는 전체 이익의 37%를 상회하는 액수로서 작년 보다2십8만 달러가 증가한 금액입니다. 이로써 우리는 1991년 이후 지난 31년간 지속적으로 매년 배당을 실현하였습니다.

작년 중반 부터 팬데믹 규제가 완화됨에 따라 지역사회 의 각종 행사들이 다시 활기를 찾기 시작했고 우리 조합의 후원 또한 재개되었습니다. 각종 행사 후원 외에도 양로원, 한글학교, 장학회, Food Bank, Backpack Buddies, 그리고 산불이재민 구호 등에 성금을 보냈습니다. 우리 자체 장학금 프로그램을 통해서도 15명의 장학생을 선발하여 총 3만 달러를 수여 하였습니다. 이 장학금 프로그램은 매년 시행하는 연례 행사로서 대학 재학생 뿐만 아니라 직업훈련 과정에 있는 누구라도 신청할 수 있는 프로그램입니다.

이사회는 조합원 여러분의 소중한 자산을 안전하게 지키기 위해 조합운영 전반을 통찰하고 관리하는데 온 노력을 경주해야 함을 모든 이사님들은 너무나 잘 인지하고 있습니다. 더욱이 경기의 흐름이 불안정하여 가까운 미래의 일 조차도 예측이 어려울 때는 그 임무의 중요성이 더욱더 강조 되어짐은 두말할 나위가 없습니다. 이러한 관점에서 이사회는 그 주어진 임무를 완수하고자 지난 한 해도 모든 노력을 아끼지 않았습니다. 지난 일 년간 이사회와 분과위원회는 총 24회의 정기모임을 가졌고 그 외에도 많은 비정기 모임을 통하여 조합의 업무를 관리하였습니다. 회의 때 마다 제반 보고서를 검토하고 그 정확성과 신뢰도를 확인하기 위하여 운영진과 심도있는 토의도 하고 또 지도편달도 아끼지 않았습니다.

한편으로는 관련 법규정과 금융감독원의 요구에 따라 갖추어야 하는 제반 규정과 규칙을 정비하고 첨가 하였습니다. 동시에 각 이사님들은 모두 조합관리 능력을 향상 시키기 위하여 지속적으로 교육과정을 통한 자기계발

노력도 게을리 하지 않았으며, 이사님 중 한 분이 작년 신탁이사 자격을 수여하는 CUDA 전 교육과정을 이수 하였고 금년에 두 분이 더 이 과정을 졸업할 예정에 있습니다.

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팬데믹의 시대는 이제 끝난 것으로 간주되고 있으나 그로 인한 여파의 후유증은 각 개인에게와 마찬가지로 우리 신탁운영에 직접적으로 영향을 끼치고 있습니다. 아마도 금년 한해 우리 신탁은 성장과 순이익 면에서 우리 신탁 역사 중 가장 어려운 한 해로 견디어 내야 할지도 모르겠습니다. 하지만 일면으로 우리는 최악의 상황에 대비하기 위한 준비도 이미 갖추고 있음을 보고 드리는 바 입니다. 어려운 때 일수록 기본에 충실하는 것이 그 타개책 중의 하나이며 따라서 우리는 금년 한 해 혹독한 현실의 도전에 민첩하게 대응해 나가기 위하여 기본에 충실할 것입니다. 위기관리 기능의 강화가 그 한 가지 이며 자기자본 확대가 또 다른 한 가지 입니다. 우리가 더욱더 건실하고 건강한 신탁을 만들어감을 지상목표로 삼고 있는 만큼 이 두 가지는 어떠한 희생을 감수하고라도 지켜나가야 할 우리의 과제입니다.

우리 이사회와 운영진은 ‘돈 보다 사람이 먼저’ 라는 신탁이념이 바로 우리 한인신탁을 통하여 빛을 발해야함을 누구 보다도 잘 알고 있습니다. 따라서 우리 신탁의 금융조합으로서의 ‘행함’이 비영리 금융으로서의 신탁 ‘이념’ 만큼이나 중요함 또한 가슴에 항상 새기고 있습니다. 따라서 조합원 여러분에게 또 우리 지역사회에 최고의 서비스를 제공할 우리의 각오는 추후도 변질되지 않을 것입니다. 우리는 조합원 여러분의 목소리를 경청하기 위하여 우리의 모든 청각을 열 것이며 지역사회에는 협동의 정신과 마음으로 다가갈 것입니다.

다시 한번 강조 드립니다. 조합원 여러분의 성공이 바로 우리 신탁의 성공인 바 우리는 여러분 모두 또 우리 한인사회 전체가 성공하기를 진심으로 바랍니다. 감사합니다.

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

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 2022, we contributed more than \$88,000 back to our communities.

Here are some highlights in 2022:

- \$30,000 to SCU Scholarship
- \$8,815 to Greater Vancouver Foodbank
- \$5,000 to Backpack Buddies
- \$5,000 to Camp Korea
- \$5,000 to Korean Education Society
- \$5,000 to Vancouver Korean Canadian Scholarship Foundation

SCU go BEYOND FINANCIAL TRANSACTION to find
Meaningful engagement with our Community

\$15,000 DONATED TO FOOD BANKS AND
BACKPACK BUDDIES

We donated more than \$15,000 to the Food Banks and Backpack Buddies this year, more than our usual amount due to the severe need caused by the high inflation and low social assistance.

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 children in Surrey and Langley

When you bank with SCU,
profits are shared with members

- PATRONAGE REWARDS \$721,000
- DIVIDEND ON SHARES \$301,063
- COMMUNITY GIVING \$88,000

SPONSORED 1ST KOREAN ESSAY CONTEST
AWARD

제 1회 청소년 글짓기 공모전 장학금 전액 후원

한인신협은 캐나다 밴쿠버 거주한인 중고등학생들이 우리말과 글을 잊지 않고, 한글사랑과 한글의 바른 장착을 도모하기 위한 취지로 진행된 제 1회 청소년 글짓기 공모전에 장학금 전액을 후원하였습니다

“Over \$1,110,000 has been
given back last year!”






Scholarship

IN 2022, WE HAVE AWARDED \$30,000
TO STUDENTS THROUGH OUR ROBUST
SCHOLARSHIP PROGRAM.

Aligned with our purpose, Sharons Credit Union reinvest 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.



 \$2,000.00 Yun Kyoung Alice Lee	 \$2,000.00 Yushin Kim	 \$2,000.00 Hana Kuri	 \$2,000.00 Lael Jung	 \$2,000.00 Tae Heon Yu
 \$2,000.00 Juhee Jessica Yun	 \$2,000.00 Hyeonseong Jason Ra	 \$2,000.00 Kaylie Yoon	 \$2,000.00 Chae Won Jung	 \$2,000.00 Yoonsoo Clara Park
 \$2,000.00 Jennifer Cho	 \$2,000.00 Koeun Kim	 \$2,000.00 Wesley Choi	 \$2,000.00 Chanam Han	 \$2,000.00 Sung Woo Pai

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
프레이지밸리 한국어 학교

Vancouver Onnuri Korean School
온누리 한국어 학교

AKCSE
캐나다 한인과학 기술자협회기술자협회

Korean Traditional Art Society
한국전통예술원

Namsadang Cultural Institute
남사당

Korean Culture Heritage Society

Canadian Association of Multicultural Counsellors
아름다운 상담 센터

Korean Evergreen Seniors Society of Canada
늘푸른 장년대학

Vancouver Education Post
청소년 글짓기

C3 Korean Canadian Community Society
(C3 Camp Korea, C3 Career Conference)

First Step

Rose of Sharons Foundation

Backpack Buddies

Canadian Red Cross

The Greater 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

Overseas Korean Traders Association
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

Asian Credit Union Development Fund (ACCU)

Vancouver Bros Baseball Club

BC Lacrosse Association

NUAC
민주평화통일 자문회의 밴쿠버

재향군인회(KVA)

휴전협정일 기념식

재캐나다 독일 동우회

밴쿠버 이북 도민회

Love We Share Foundation

Felice Choir Society

Star Youth Symphony

밴쿠버 합창단

밴쿠버 필그림 오케스트라

밴쿠버 필그림 합창단

캐나다 뮤즈 청소년 교향악단

Jireh Music and Arts

Jubilate Clarinet Ensemble Symphony Orchestra

포트무디 청소년 교향악단

메트로 밴쿠버 남성 합창단

INDEPENDENT AUDITOR'S REPORT



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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, 2022 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 consolidated financial position of Sharons Credit Union as at December 31, 2022 and its consolidated financial performance and consolidated 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 consolidated 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. 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 15, 2023

Summary Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
December 31		2022	2021
Assets			
Cash resources	\$	31,705,747	43,630,373
Liquidity deposits		84,476,927	82,694,064
Investments		284,362	284,689
Member loans		443,834,789	427,089,856
Property and equipment		2,069,770	2,173,745
Right of use assets		669,762	253,079
Other assets		2,976,892	1,886,421
Total Assets	\$	566,018,249	558,012,227
Liabilities			
Member deposits	\$	533,425,741	527,593,227
Accounts payable and other liabilities		1,961,527	1,596,711
Derivative financial instruments		3,285,088	311,550
Lease liabilities		708,587	286,267
Member shares		6,779,716	7,102,447
Total Liabilities	\$	546,160,659	536,890,202
Members' Equity			
Member equity shares	\$	1,016,652	999,393
Retained earnings		22,195,792	20,640,267
Accumulated other comprehensive loss		(3,354,854)	(517,635)
Total Members' Equity	\$	19,857,590	21,122,025
Total Liabilities and Members' Equity	\$	566,018,249	558,012,227

Approved on behalf of the Board:

Howard Lee

Lee, Howard Hyung Yul
Chair, Board of Directors



Yoo, Victor Byungkyu
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
For the year ended December 31		2022	2021
Interest revenue			
Loans	\$	14,709,587	13,050,597
Cash resources and investments		1,814,739	1,117,944
		16,524,326	14,168,541
Interest expense			
Deposits		7,823,267	4,467,731
Loan impairment expense		12,772	227,310
Net financial margin		8,688,287	9,473,500
Other income		2,570,623	2,596,924
Financial margin and other income		11,258,910	12,070,424
Operating expenses			
Advertising and promotion		277,696	218,500
Cheque and MasterCard processing		173,095	235,297
Community events sponsorship		78,695	38,389
Data processing		800,581	1,118,676
Depreciation of property and equipment		415,488	438,009
Insurance and dues assessment		620,989	611,512
Lease interest expense		16,424	9,525
Office		405,585	474,931
Other administrative and management fee		570,149	490,500
Patronage refund		721,000	670,225
Professional fees		261,669	340,172
Rent and utilities		494,924	453,082
Repairs and maintenance		16,178	24,906
Salaries and benefits		4,207,180	4,138,939
		9,059,653	9,262,663
Income before income taxes		2,199,257	2,807,761
Income taxes - Current		326,001	460,534
Income taxes - Deferred		16,668	5,806
Provision for income taxes		342,669	466,340
Net income for the year		1,856,588	2,341,421
Other comprehensive loss for the year			
Change in unrealized (loss) gain on cash flow hedges, net of tax effect		(2,164,324)	(291,853)
Change in unrealized (loss) gain on HQLA, net of tax effect		(672,895)	(225,782)
Total comprehensive income(liss) for the year		\$ (980,631)	1,823,786

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, 2021	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
Net income	-	-	1,856,588	1,856,588
Distribution on members' equity shares	-	-	(301,063)	(301,063)
Share issuance - net	17,259	-	-	17,259
Other comprehensive (loss)	-	(2,837,219)	-	(2,837,219)
Balance at December 31, 2022	\$ 1,016,652	(3,354,854)	22,195,792	19,857,590

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating Activities		
Net income for the year	\$ 1,856,588	2,341,421
Adjustment for non-cash items:		
Depreciation of property and equipment	415,488	438,009
Deferred income taxes	16,668	5,806
Provision for loan losses	12,772	227,310
Loss on disposal of equipment	2,148	-
Interest included on lease payments	16,424	12,712
	2,320,088	3,025,258
Change in other assets	(1,107,139)	(353,266)
Change in accounts payable and other liabilities	364,808	(145,005)
	1,577,757	2,526,987
Change in member activities		
Change in member loans	(17,430,594)	(28,538,605)
Change in member deposits	5,832,514	34,910,641
	(11,598,080)	6,372,036
Total cash flows from operating activities	\$ (10,020,323)	8,899,023
Investing activities		
Increase in investments and liquid deposits	(1,782,536)	(24,610,785)
Purchase of property and equipment	(128,743)	(86,371)
Proceeds from sale of property and equipment	7,000	30,870
Total cash flows from investing activities	\$ (1,904,279)	(24,666,286)
Financing activities		
Change in membership shares	(305,472)	(52,436)
Payment of lease liabilities	(202,703)	(187,829)
Unrealized loss /(gain) on cash flow hedges	809,214	19,697
Dividend on membership equity shares	(301,063)	(74,190)
Total cash flows from financing activities	(24)	(294,758)
Decrease in cash resources	(11,924,626)	(16,062,021)
Cash resources, beginning of year	43,630,373	59,692,394
Cash resources, end of year	\$ 31,705,747	43,630,373
Supplementary information		
Interest received	\$ 16,524,326	14,168,541
Interest paid	(7,823,267)	(4,467,731)



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 by the BCFSA 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."

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

RISK APPETITE

By approving a risk appetite, the board ensures that the credit union only takes on risks that are within its capabilities to manage. The credit union's risk appetite outlines the amount and type of risk a credit union is willing to accept in order to pursue its strategic plan; it provides boundaries to the strategic planning and ongoing operations of a credit union. The risk appetite drives the credit union's culture by embedding itself in functions and business activities at all levels.

STRATEGY, PLANNING AND PERFORMANCE

The Board approves the credit union's strategic plan. The approval process involves a thorough discussion of the advantages and disadvantages of possible strategic directions and includes challenging assumptions and identifying risks for each option. The strategic plan is connected to a credit union's risk appetite and sets out goals, objectives, timelines, and performance indicators that are clear and specific enough to allow effective monitoring and reporting of the credit union performance to members and stakeholders.

RISK GOVERNANCE FRAMEWORK

The board's role is not to minimize risk, but rather to fully understand the credit union's risk exposure and to ensure the processes and systems that are in place to control risk are appropriate given the credit union's strategic plan and operating environment.

A risk governance framework is the set of tools, policies and processes that a credit union has in place to identify, measure and manage its risks. The board's role is to ensure a credit union's risk governance framework is:

- Comprehensive
- Appropriate
- Adequately resourced
- Effective
- Monitored

ASSEMBLING AN EFFECTIVE TEAM

A credit union's success is determined by its talent and its culture. Talent is a function of education, skills and experience, and culture is a function of values and behaviours. Talent and culture at the staff, management and board level reinforce each other to develop a strong credit union.

Board of Directors

Sharons Credit Union is a financial cooperative 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

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

THE ROLE OF THE COMMITTEE CHAIR

The Committee Chairs provide leadership to the Board in the area of expertise covered by the Committee. These positions require excellence in leadership skills, having the capacity to complete the day-to-day work and oversight of the Board while making qualify suggestions and recommendations that support the progress of the organization.

Responsibilities:

- Providing Leadership steps to ensure that the Committee works as a cohesive group and providing the leadership essential to achieve this;
- Ensuring all Committee members have the necessary information to perform their role
- Ensuring Committee work is germane to the stated goals
- Providing the Board with updates as required



Board Chair graduating CUDA



Board of Directors meeting, 2023



Business Strategic Meeting, 2022

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.

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.

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 assesses 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.

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 2022

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

The Board is committed to effective governance and continuous improvement. Annually, the Governance & Human Resource committee facilitates 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.

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.

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. Accordingly, all first-time directors are required under BC law to complete Level A of the Credit Union Director Achievement (CUDA) Program within 12 months of being elected to the board. All directors of Sharons Credit Union have fulfilled this requirement. In addition, all directors must complete anti-money laundering and cyber security training on an annual basis.

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.

A listing of the educational opportunities pursued by each director in 2022 is included in Corporate Governance Disclosure.



CORPORATE GOVERNANCE DISCLOSURE

Howard Hyung Yul Lee

/ Chair of the Board

BOARD POSITION	Member of Governance & HR Committee Member of Audit & Risk Committee Member of Real Estate Committee
CURRENT TERM	2021-2024
DIRECTOR SINCE	2015
ATTENDANCE	32

DIRECTOR EDUCATION

- CUDA Level A Completion
 - Strategy: Planning & Oversight
 - Board Performance, Development and Evaluation
 - HR Governance
 - Risk Oversight
 - CUDA Level B Completion
 - Governing Credit Risk
 - The role of the Audit Committee
 - Crisis Management & Recovery System
 - Applied CEO Performance Planning & Evaluation
 - Role Clarity and Risk Ownership around Board Tables
 - Covid-19 & Liquidity Governance
 - ICAAP Training
 - Governing IT, the Director Role*
 - CUDA Level C Completion*
 - CUDA Grad Certificate*
 - Central 1 AGM*
 - Stabilization Central Credit Union AGM*
 - Canadian Credit Union Association's (CCUA) AGM*
 - Stabilization Central Effective Workshop*
 - AML and Compliance 2022*
- *course completed in 2022

BACKGROUND

First nominated in 2015, Howard is in his 6th term as Chair of the Board. He also serves as a member of Governance & HR Committee, as well as the Audit & Risk Committee, and Real Estate Committee. 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 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. He recently completed the requirement for the Credit Union Director Achievement Program (CUDA®) and was awarded a CUDA grad certificate in August 2022. Howard is a strategic thinker who thrives in a team environment and values building strong working relationships. He believes in setting clear vision, goals, and directions, and providing responsible oversight to help guide 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	2009
ATTENDANCE	24

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
 - Commercial Credit-Governance, Delinquency and Risk
 - CUDA Level C Completion
 - Role Clarity and Risk Ownership around Board Tables
 - Covid-19 & Liquidity Governance
 - ICAAP Training
 - Audit & Risk Chair PRA Training
 - HR Governance*
 - Building an Effective Board of Directors*
 - Stabilization Central Board Effective Workshop*
 - Canadian Credit Union Association's (CCUA) AGM*
 - AML and Compliance 2022*
- *course completed in 2022

BACKGROUND

Victor Byungkyu is the Vice Chair of the Board, as well as the Chair of the Audit & Risk Committee, and serves on the Investment & Lending and Governance & HR Committees. As a Chartered Professional Accountant (CPA) with over 21 years of experience, Victor brings a wealth of financial expertise and passion to the Board. His insight and valuable input help guide the Board in making informed decisions. Victor has been a long-time credit union and cooperative supporter. He has a deep-rooted background in the financial sector and 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 Conduct Review Committee Member of Governance & HR Committee Member of Audit & Risk Committee
CURRENT TERM	2020-2023
DIRECTOR SINCE	2020
ATTENDANCE	32

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
 - Strategy: Planning and Oversight*
 - The Board's Role in Member Representation*
 - Building an Effective Board of Directors*
 - Stabilization Central Board Effective Workshop*
 - AML and Compliance*
- *course completed in 2022

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	26

DIRECTOR EDUCATION

- CUDA Level A Completion
- HR Governance
- Governing Credit Risk
- Crisis Management & Recovery System
- Commercial Credit-Governance, Delinquency and Risk
- CUDA Level C Completion
- Role Clarity and Risk Ownership around Board Tables
- Covid-19 & Liquidity Governance
- ICAAP Training
- BCFSA BC Credit Union Director Joint Forum
- The role of the Audit Committee*
- Building an Effective Board of Directors*
- Stabilization Central Board Effective Workshop*
- AML and Compliance*
- *course completed in 2022

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 Nominating Committee Member of Conduct Review Committee Member of Investment & Lending Committee
CURRENT TERM	2020-2023
DIRECTOR SINCE	2001-2011, and 2013 -
ATTENDANCE	29

DIRECTOR EDUCATION

- CUDA Level A Completion
- Strategy: Planning & Oversight
- Board Performance, Development and Evaluation
- HR Governance
- CUDA Level B Completion
- 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
- BCFSA BC Credit Union Director Joint Forum
- Risk Oversight*
- The Board's Role in Member Representation*
- Building an Effective Board of Directors*
- Stabilization Central Board Effective Workshop*
- AML and Compliance*
- *course completed in 2022

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 Conduct Review Committee Member of Nominating Committee Member of Community Support Committee
CURRENT TERM	2021-2024
DIRECTOR SINCE	2018
ATTENDANCE	27

DIRECTOR EDUCATION

- CUDA Level A Completion
- The role of the Audit Committee
- Role Clarity and Risk Ownership around Board Tables
- Covid-19 & Liquidity Governance
- ICAAP Training
- HR Governance
- Governing IT, the Director's Role
- Risk Oversight*
- Building an Effective Board of Directors*
- Stabilization Central Board Effective Workshop*
- AML and Compliance 2022*
- *course completed in 2022

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 Conduct Review Committee Member of Nominating Committee Member of Community Support Committee
CURRENT TERM	2021-2024
DIRECTOR SINCE	2020
ATTENDANCE	24

DIRECTOR EDUCATION

- CUDA Level A Completion
- Strategy: Planning and Oversight*
- Building an Effective Board of Directors*
- Stabilization Central Board Effective Workshop*
- AML and Compliance 2022*
- *course completed in 2022

BACKGROUND

Lisa was elected to the Board of Directors in 2021 and was a former employee of Sharons Credit Union from 1989 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

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:

ANNUAL RETAINER

BOARD CHAIR	COMMITTEE CHAIR*	BOARD MEMBER
\$7,000	\$4,000	\$3,000

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

Board and Committee meeting Attendance

Reporting attendance is widely defined as a governance best practice and required by the BCFSa Governance Guideline for B.C. Credit Unions.

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 2022:

	Board Meeting Attended (Include Strategic Meeting)	Committee Meeting Attended	Orientationd / Training	Credit Union Delegate- Industry Related	Annual Retainer	Total Compensation
Howard HY Lee Board Chair	10 of 10	12 of 12	4 of 4	6 of 6	\$7,000.00	\$15,700.00
Byung Kyu Yoo Vice-Chair, Audit&Risk Committee Chair	10 of 10	14 of 14	7 of 7	3 of 3	\$4,000.00	\$12,600.00
Simon Ahn Conduct Review Committee Chair	9 of 10	13 of 15	10 of 10	-	\$4,000.00	\$11,500.00
Sebastian Jung Investment & Lending Committee Chair	10 of 10	9 of 10	7 of 7	-	\$4,000.00	\$10,150.00
Jihan Kim Nominating Committee Chair	10 of 10	9 of 9	10 of 10	-	\$4,000.00	\$10,750.00
Tae In Kwon Governance & HR Committee Chair	10 of 10	8 of 8	9 of 9	-	\$4,000.00	\$10,300.00
Lisa Lim Director	9 of 10	6 of 6	9 of 9	-	\$3,000.00	\$8,550.00

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, 2022, the CEO earned the total compensation in the amount of \$308,630.89 (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.

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

Email
governance@sharons.ca

Mail
Sharons Credit Union c/o Corporate Secretary
1055 Kingsway Vancouver, BC V5V 3C7

Credit Union Compensation Policies

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

ANNUAL BASE SALARY

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

BONUS PLAN

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

HEALTH AND WELLNESS BENEFIT

Sharons Credit Union provides a comprehensive 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.

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.





한인신협
SHARONS CREDIT UNION