

2018 ANNUAL REPORT

[2018년도 정기총회 보고서]



■ BRANCH INFORMATION



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한인신협 창립 기념행사

2018년 10월 6일, 한인신협 창립 30주년 기념행사와 비전선포식이 열렸습니다.

석광익 CEO를 비롯해서 신협의 임직원들, 차동철 초대 전무이사, 김경한 초대 이사장과 이영률 현 이사 그리고 한인신협의 실제 주인인 조합원 900여명이 함께 모인 역사적인 자리였습니다.

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PAGE 18-23 CORPORATE GOVERNANCE 신협 이사회 운용 및 지배구조

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

2018 SHARONS CREDIT UNION CELEBRATING 30 YEARS



30년 전, 두 사람의 직원으로 출발했던 한인신협이 30년의 세월이 흐른 2018년, 광역 밴쿠버에 5개의 지점들과 50여 명의 임직원, 그리고 자산규모 5억 달러를 바라보는 탄탄한 금융기관으로 도약했다.

2018년 10월 6일, 한인신협 창립 30주년 기념행사와 비전선포식이 열렸다. 석광익 CEO를 비롯해서 신협의 임직원들, 차동철 초대 전무이사, 김경한 초대 이사장과 이형률 현 이사 그리고 한인신협의 실제 주인인 조합원 900여명이 함께 모인 역사적인 자리였다. 전통과 현대가 어우러진 성대한 공연들이 펼쳐졌고, 희망드림 장학생 12명을 선발해서 3만 달러의 장학금을 전달했다.

신협 성장의 실제 주역인 조합원들은 낯설고 어려웠던 이민생활을 하면서 신협에서 크고 작은 도움을 받으며 동반성장을 일구었다며 30년의 시간을 감격해 했다. 한편 이 자리에서는 앞으로의 100년을 바라보는 한인신협의 새로운 비전이 선포되었다.



- 1* 석광익 전무 기념사
- 2 희망드림 장학금 전달
- 3 국악 타악기 축하 공연
- 4 한국 전통문화 축하 공연
- 5 (왼쪽부터) 이형률 이사장, 석광익 전무, 차동철 초대 전무, 김경한 초대 이사장, (뒷줄) 이해수 상무
- 6 창립기념행사장 내부 전경

* 사진 Joy Vancouver 제공

한인사회와
 동반 성장을 꿈꾸며 걸어온 30년.
 과거와 현재로 이어지는 눈부신 미래.
 한인신협의 100년 청사진.

2018년 한인신협이
 눈부신 미래를 열며
 다짐하는 뜨거운 비전

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SHARONS CREDIT UNION

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SHARONS CREDIT UNION

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SHARONS CREDIT UNION

조합원 만족도 1위 신협

SHARONS CREDIT UNION

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REPORT FROM CEO AND THE BOARD CHAIR

GLORIOUS THIRTY YEARS

Year 2018 was especially a memorable year for us amongst the many momentous years we've had. Not only did we celebrate a notable milestone for our 30th year of operation, but there was continued growth with the highest substantial expansion we had witnessed in the recent few years.

Rapid growth can be a double-edged sword. The fact that definite positive aspects can be inevitably accompanied with possible risk cannot be disregarded. However, we are very pleased to report that our growth was well-balanced and the three most important factors: capital, liquidity and delinquency were adequately maintained.

Year 2018 will also be remembered as the year in which we carried out a large celebration to commemorate our 30th anniversary. More than a thousand participants, members and non-members, took part in the event and celebrated with us. It was a wonderful opportunity for members to confirm and be proud of their accomplishments and for non-members to realize and be impressed by the credit union's role and prevalence within the community. We're excited to report that since the celebration, the public attention on our credit union has significantly been elevated, where inquiries on products, services and opening new memberships have surged noticeably.

As to the external environment, we witnessed the Bank of Canada raising its key interest rate three times after two hikes in 2017. Although the rate has been halted for now due to local and global uncertainties, the Bank suggested the rate increase would be continued well into the next two to three years. Whether the rate fluctuates or maintains stationary, we will be prepared to face

the circumstances competently in safeguarding the assets of the credit union.

SOLID OPERATION

We enjoyed healthy and strong growth in the midst of fierce competition in the financial market and the adverse conditions such as rising interest

rates and tougher regulations on mortgage lending. On this remarkable achievement, I'd like to bring light to the success of our Port Coquitlam branch. Opened to the public in October 2016 and being in business just over two years, the branch quickly passed the break-even point late 2018. This accomplishment is highly attributed to our



Suk, John Kwang Ik
President and Chief Executive Officer

loyal staff who have been diligently pouring their effort in branch prosperity. I'd like to take this opportunity to thank all Port Coquitlam branch for their devotion and enthusiastic operations.

As briefly mentioned above, the magnitude of growth in 2018 was the largest within the recent decade. By the end of 2018, our total assets grew well over \$400 million to \$454 million, a 22% or \$82 million increase from \$372 million in 2017. Despite the distinctive sign of slowdown in the real estate market in BC, both residential and commercial mortgage lending activity was continually robust adding \$63 million or 20% more onto the portfolio totaling \$377 million. The deposit side showed equally strong growth adding \$66 million in aggregate deposit total, a 19% growth to reach the total member deposits at \$416 million.

Net operating income for the year was \$2.38 million, a 69% or \$980K increase compared to 2017. We were able to obtain this outstanding result with a much improved asset structure and effective cost control coupling with the aid of the higher interest rate. The Board again decided to share this profit with the members in the form of dividend and patronage refunds in the total amount of \$813K, a 17% increase from 2017 payouts. This amount was distributed as 3.0% dividend on share deposits and 7.5% refund on the interest paid on residential and commercial mortgages.

GROWING WITH THE COMMUNITY

We hold a firm belief that we are able to maximize the meaning of our existence when we work together with the community we are based on and as such, we continued to diligently provide our support in 2018. We strongly believe that a strong community makes a strong credit union.

As our policy prioritizes the development of the second generations and the welfare of the senior citizens, we actively sought to support these groups. However, we also reached out to groups beyond our priorities and made sure to be involved in almost all local Korean-Canadian community events in 2018 either through sponsorships or subsidizations. Alongside supporting community events, with much excitement, we also planned

and executed the credit union's independent Scholarship Program, the "Dream Scholarship". The 2018 inauguration of this program began with granting \$2,500 valued scholarships to 12 recipients, totaling \$30,000. We are happy to report approximately \$120,000 was distributed to the community in expression of our support.

STRENGTHENED GOVERNANCE

Seven of our directors elected by you, our members, fulfilled their duties as the members of the Board as a whole and also as members of five statutory and two ad hoc committees. Ad hoc committees met as needed while statutory committees met at least once every quarter to receive operational reports and to discuss the various focus matters. The Board met seven times to receive reports from each committee and resolve critical items essential to the overall operations of the credit union. The Board also spent a significant amount of time contemplating and laying out the future direction for the credit union to pursue.

Accurate oversight of management and prudent governing the credit union direction are only possible with overall proficiency. Truly understanding this, the Board performed earnest assessment of its own functionality and that of the chair and committee chairs. The outcome was discussed in detail and whatever was deemed necessary for betterment was implemented. As a key element of seeking governance expertise, all the directors enthusiastically participated in upgrading their skills by taking courses and attending seminars.

PROMISING 2019

Due to the widely expected slowdown of the real estate market in the Lower Mainland, the pace of growth in 2019 is anticipated less robust. Accordingly, we have budgeted our growth for the future year a little less ambitiously. Instead, we plan to concentrate on strengthening our capital. We will patiently lay up a strong foundation in pursuit of growing into a billion dollar-asset credit union that provides quality services.

The Board and staff alike, have the same mindset of going back to the basics, that is, "To be an

innovative credit union devoted to the members and the community." Another year is given to us and we will devote ourselves to make this credit union for the members, of the members and by the members. We dare to promise you to keep the credit union continuously strong and healthy and to provide genuine support to our members and to our communities.

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



Suk, John Kwang Ik
President and CEO



Lee, Howard Hyung Yul
Chair, Board of Directors

운영현황 보고서

존경하는 조합원 여러분,

영광의 30년

2018년도는 역사적으로 신협이 창립된 지 30주년이 된 한해였던 동시에 최근 들어 최고의 괄목할 만한 성장을 이룬 의미 있는 한해였습니다. 그러나, 이러한 급격한 성장은 마치 양날의 칼과 같아서 외형적 성장의 긍정적 요소와 더불어 수반되는 내면적 지표의 균형성 침해 등 여러 가지 위험요소가 상존하는 것 또한 사실입니다. 하지만, 우리 신협은 지난 30년간의 운영에서 비롯된 많은 경험과 노하우 그리고, 안정된 금융경영을 바탕으로 금융기관 운영의 3대 경영지표인 자본적정률, 지불준비율, 대출연체율 모두가 금융감독 기관이 요구하는 적정선 보다 훨씬 상회하는 범주 내에서 달성된 성장이기에 더욱더 의미 있다고 할 것입니다.



Lee, Howard Hyung Yul
Chair, Board of Directors

한편, 지난 신협 창립 30주년 기념행사는 우리 신협 역사에 한 획을 긋는 매우 감명 깊은 행사로 우리 신협인 모두의 마음에 영원히 간직될 것이라 생각합니다. 이날 행사에는 신협 조합원 여러분과 밴쿠버에 거주하는 한인 교민 천여명 이상이 참석하여 지난 30년간의 우리 신협 발자취와 성과를 확인하고 신협조합원이라는 자긍심을 불러일으키기에 충분했을 뿐만 아니라, 그동안 신협 거래가 없었던 비조합원들에게도 신협의 위상과 본질을 천명하는 매우 중요한 계기가 되었습니다. 결과적으로, 행사 이후 신협의 금융상품에 대한 빈번한 문의와 더불어 조합원 가입의 증가세가 이루어져 우리 신협에 대한 인지도 확산과 성장의 또 다른 요인이 되기도 했습니다.

외적인 요인으로는, 캐나다 중앙은행이 2017년 두 차례 기준금리 인상에 이어 2018년도에는 세 차례의 금리 인상을 감행했습니다. 지금 현재로는 국내외에 산적해 있는 다양한 변수로 당분간의 금리 인상은 유보상태이나, 향후 2, 3년 내 매년 한두 차례의 기준금리 인상은 불가피하다는 것이 캐나다 중앙은행과 재계의 전망입니다. 그러나, 우리 신협은 외부의 금리적 환경이 변화하더라도 금융감독 기관이 정한 규정을 엄격히 준수하면서 금리리스크에 탄력적으로 대응할 수 있는 자산 포트폴리오의 재구성 등의 자구적인 노력을 통해 신협자산이 보다 안전하게 운영될 수 있도록 업무에 만전을 다할 것입니다.

탄탄한 운영

최근의 점진적인 금리 인상과 더불어 주, 지방 정부의 부동산 투기 억제 정책, 연방정부의 주택 모기지 대출 규제 정책의 악조건과 날로 첨예해 가는 금융기관 간의 치열한 경쟁속에서도, 우리 신협은 건전하고 안정적인 성장을 이루었습니다. 특히, 이러한 열악한 환경하에서 쾌거를 이룬 주목할 만한 성과는 포트코퀼람 지점의 경영성과였습니다. 지난, 2016년 10월에 개점한 포코 지점이 영업 2년 차인 지난해 2018중 손익분기점을 넘겼습니다. 이에 우리는 할 수 있다는 무한한 자신감과 성취감을 가 수 있었고 모든 직원이 한마음이 되는 계기가 되기도

하였습니다. 이는 지점 흑자경영을 조기에 달성하기 위해 온 힘을 기울여 지점을 일구어 온 직원들의 뜨거운 헌신 사랑이 있었기에 가능한 일이었음은 두말할 나위 없습니다.

다른 경영성과에 있어서도 앞서 언급한 바와 같이, 2018년도는 지난 10년 중 가장 큰 폭으로 성장한 한 해였습니다. 2018년 12월 말 기준, 신협은 총자산은 4억 달러를 크게 상회한 4억 5천4백만 달러를 기록하여 2017년 12월 말 자산인 3억7천 2백만 달러 대비 8천 2백만 달러가 증가한 22%의 경이로운 성장을 하였습니다. BC주내의 부동산 경기가 지속적으로 침체되고 있는 어려운 상황에도 불구하고 우리 신협의 주택담보 모기지과 상업용 모기지는 오히려 전년대비 20% 증가한 6천 3백만 달러가 성장하여 총 3억 7천 7백만 달러에 이르렀습니다. 또한, 대출의 성장에 부응하여 예탁금 부분에도 큰 폭의 성장세를 보여 2017년 12월 말 대비 19% 성장한 6천 6백만 달러가 증가하여 4억 1천 6백만 달러의 예탁금을 보유하게 되었습니다.

한편, 당기순이익은 전년 대비 69% 성장, 9십 8만 달러가 증가한 2백 3십 8만 달러를 기록하였습니다. 이러한 당기순이익의 증가는 지속적인 비용 및 수익구조 개선, 수익성 자산의 양적 성장 및 기준금리 인상의 결과입니다. 이와 같은 2018년도 괄목할 만한 성과에 힘입어 신협 이사회는 조합원에게 출자 배당을 3%, 주택 및 상업용 모기지 이용과 배당을 7.5%로 전년 대비 17% 증가한 총 8십 1만 3천 달러를 책정하여 조합원에게 환원하였습니다.

지역사회와 동반 성장

“지역사회와 더불어 공존하고 발전한다.”는 신협의 근본이념을 토대로 우리 신협은 우리의 지역사회인 밴쿠버 한인사회를 중심으로 각계각층의 단체 및 개인에게 후원하고 협력해 왔었습니다. 또한, 신협의 지역사회 후원에 대한 규정은 “차세대 유년층과 연로한 노년층에 대한 지원을 우선시한다.”고 명시되어 있으나, 그러한 특정 분야에만 국한된 것이 아니라, 한인사회 전반에

걸쳐 각종 행사 및 이벤트 지원 및 협력사업에 동참하여 한인사회 발전에 크게 이바지하였다고 자부할 수 있습니다. 특히, 지난해에는 한인사회 내에 경제적인 어려움이 배움의 길에도 어려움의 걸림돌이 되는 학생들에게 희망을 주고자 “희망드림 장학금”을 신설하여 총 12명의 장학생을 선발하여 각 2,500달러, 총 3만 달러의 장학금을 지불하기도 하였습니다. 이를 포함 신협은 지난 2018년 1년간 총 1십 2만 달러를 지역사회에 후원하여 한인사회로부터 훈훈한 귀감이 되었습니다.

견고한 이사회

조합원이 선출한 7명의 이사님들은 이사회의 일원으로서 그리고 또 신행정관에서 규정된 각 분과 소위원회 위원으로서 할당된 책임과 의무를 성실히 수행해 왔습니다. 각 분과 소위원회는 각 사안에 따라 회기가 소집되어 활동하였고, 운영 및 인사관리, 여·수신, 리스크관리 및 감사 위원회는 분기별로 회의가 이루어져 정기적으로 신행 운영진으로부터 신행운영 전반에 관해 보고를 받고 현안을 심의토의 하여 결정하였습니다. 이사회는 총 7회 개최되어 각 소위원회의 현안 및 심의 의결사항을 보고받는 등 신행의 미래설계와 발전 방향을 제시하여 운영진과 긴밀한 협력체계를 구축해 가고 있습니다.

신행의 운영을 효율적으로 관리 감독하기 위하여 금융감독기관은 이사회의 전문성을 지속적으로 강조해 오고 있습니다. 이에 따라, 우리 신행 이사회는 이사의 자질 향상과 전문성을 갖추기 위해 주어진 이사교육 과정을 이사 전원이 성실히 이수함과 동시에 자체 내부 평가제도를 통해 그 전문성을 향상 시키는 노력을 하였습니다.

2019년의 밝은 전망

2019년도는 BC주내의 전반적 부동산 경기 및 지역경제가 다소 둔화될 것으로 전망되어 신행의 성장률 또한 예년보다 감소될 것으로 예상되는바, 2019년은 성장성보다는 내실 있는 안정적인 자산구조 개선에 심혈을 기울임으로써 미래의 신행

자산 10억 불 달성의 원대한 목표달성의 원년의 해로 계획하고 있습니다.

이사회와 직원 일동은 모두가 한마음으로 초심, 즉 “지역사회와 조합원께 헌신하는 혁신적인 신행”으로 돌아가는데 혼신을 다할 것입니다. 또 우리에게 주어진 이 한 해 동안 우리는 신행을 조합원에 의한, 조합원을 위한, 조합원의 신행으로 만들어 가는데 우리의 온 힘과 노력을 다 할 것입니다. 우리는 조합원과 지역사회에 보다 더 많은 이익을 환원해 주는 돌려 드리는 투실한 신행으로 지속적으로 성장해 나갈 것을 감히 여러분께 약속을 드리는 바입니다.

경영보고를 마치며 조합원 여러분의 흔들림 없는 신뢰와 협조에 다시 한번 감사를 드립니다. 여러분의 변함없는 사랑이 있어 오늘 우리 신행이 존재할 수 있었습니다. 여러분이 우리 신행을 믿어 주시는 한 우리는 조합원 여러분과 지역사회를 위한 신행이 될 것입니다.

감사합니다.



전무, 석 광 의



이사장, 이 형 룰

CORPORATE INFORMATION

■ SENIOR MANAGEMENT TEAM

JOHN SUK
President and Chief Executive Officer

HAE SOO LEE
Chief Operating Officer

JAY YOON
Senior Finance Manager

RICHARD HC YOO
Senior Credit Manager

CHUCK LEW
Senior Systems Manager

SUSAN KIM
Senior Operations Manager

SHARON KIM
Vancouver Main Branch Manager

ADRIAN JEON
Coquitlam Branch Manager

ANNA RO
Port Coquitlam Branch Manager

YOUNJA CHUNG
Surrey Branch Manager

HELEN HWEWON JUN
Langley Branch Manager

■ MISSION STATEMENT

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

■ VISION

- To Grow to a \$1 Billion Asset Credit Union
- To Branch Out Nationwide within Canada
- To Expand Community Support through Continued Sharing
- To Maintain Top Member Satisfaction



VALUES

INTEGRITY

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

INNOVATION

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

TRADITION

The roots of our organization are deeply embedded in the Korean community and we are proud to serve this community. At the same time, our mission to provide optimum financial advice and solutions is extended to all communities.

PROSPERITY

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

COOPERATIVE

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

DEVOTION

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



REPORT OF THE

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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, 2018 and the Consolidated Statements of Comprehensive Income, Changes in Members' Equity, and Cash Flows for the year then ended, and notes to the 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, 2018 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 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.

OTHER INFORMATION

Management is responsible for the other



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Vancouver, BC V6C 3L2 Canada

information. The other information comprises other sections in the Annual Report but does not include the financial statements and our auditor's report thereon.

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 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 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.

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.

Chartered Professional Accountants
Vancouver, British Columbia
March 6, 2019

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
For the year ended December 31	2018	2017
Assets		
Cash resources	\$ 47,841,483	34,602,874
Liquidity deposits	23,154,382	19,569,648
Investments	2,005,808	1,239,568
Member loans	376,990,153	313,521,940
Property and equipment	2,548,123	2,556,440
Other assets	1,492,062	776,171
Total Assets	\$ 454,032,011	372,266,641
Liabilities		
Member deposits	\$ 419,605,880	351,821,062
Accounts payable and other liabilities	2,549,813	1,742,200
Derivative financial instruments	105,150	154,868
Demand loan facility	10,000,000	-
Member shares	5,767,452	4,025,892
Total Liabilities	\$ 438,028,295	357,744,022
Member's equity		
Member equity shares	\$ 828,822	706,894
Retained earnings	15,262,168	13,941,425
Accumulated other comprehensive loss	(87,274)	(125,700)
Total Member's Equity	\$ 16,003,716	14,522,619
Total Liabilities and Member's Equity	\$ 454,032,011	372,266,641

Approved on behalf of the Board:



Lee, Howard Hyung Yul
Director



Yoo, Victor Byungkyu
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31	2018	2017
Interest revenue		
Loans	\$ 12,447,624	9,318,869
Cash resources and investments	1,505,546	770,627
	13,953,170	10,089,496
Interest expense		
Deposits	6,190,803	3,816,732
Loan impairment expense	162,324	300,000
Net financial margin	7,600,043	5,972,764
Other income	2,030,730	1,914,758
Financial margin and other income	9,630,773	7,887,522
Operating expenses		
Advertising and promotion	282,035	142,818
Cheque and Mastercard processing	122,769	117,288
Community events sponsorship	108,925	68,786
Data processing	630,507	574,462
Depreciation of property and equipment	210,298	233,245
Insurance and dues assessment	603,122	575,834
Office	459,851	405,533
Other administrative and management fee	353,013	357,699
Professional fees	314,823	283,372
Rent and utilities	606,785	590,135
Repairs and maintenance	36,360	36,977
Salaries and benefits	3,525,781	3,093,643
	7,254,269	6,479,792
Income before dividends on member deposit shares	2,376,504	1,407,730
Distribution to members	685,980	606,867
Income before income taxes	1,690,524	800,863
Income taxes - Current	232,559	167,791
Income taxes - Deferred	21,952	10,743
Provision for income taxes	254,511	178,534
Net income for the year	1,436,013	622,329
Other comprehensive loss for the year		
Change in unrealized losses on cash flow hedges	(87,274)	(125,700)
Total comprehensive income for the year	\$ 1,348,739	496,629

CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY

For the year ended December 31		MEMBERS' SHARE	TOTAL ACCUMULATED OTHER COMPREHENSIVE LOSS	RETAINED EARNINGS	TOTAL
Balance at January 1, 2017	\$	625,810		13,390,671	14,016,481
Net Income		-	-	622,329	622,329
Distribution on members' equity shares		-	-	(86,363)	(86,363)
Share issuance (redemption) - net		81,084	-	-	81,084
Income tax deduction on dividend		-	-	14,788	14,788
Other comprehensive loss		-	(125,700)	-	(125,700)
Balance on December 31, 2017	\$	706,894	(125,700)	13,941,425	14,522,619
IFRS 9 transition adjustment on January 1, 2018		-	-	-	-
Net Income		-	-	1,436,013	1,436,013
Distribution on members' equity shares		-	-	(130,989)	(130,989)
Share issuance (redemption) - net		121,928	-	-	121,928
Income tax deduction on dividend		-	-	15,719	15,719
Other comprehensive gain		-	38,426	-	38,426
Balance on December 31, 2018	\$	828,822	(87,274)	15,262,168	16,003,716

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2018	2017
Cash provided by (used in)		
Operating Activities		
Income for the year	\$ 1,348,739	496,629
Adjustment for non-cash items:		
Depreciation of property and equipment	210,298	233,245
Deferred income taxes	21,952	10,743
Provision for loan losses	162,324	300,000
Unrealized loss on cash flow hedges	105,150	154,871
Dividend on membership equity shares	(115,270)	(71,575)
	1,733,193	1,123,913
Change in other assets	(737,843)	(7,892)
Change in accounts payable and other liabilities	807,615	137,984
Increase in demand loan	10,000,000	-
	11,802,965	1,254,005
Changes in member activities		
Change in member loans	(63,658,235)	(76,857,307)
Change in member deposits	67,784,818	55,714,290
	4,126,583	(21,143,017)
Total cash flows from operating activities	15,929,548	(19,889,012)
Investing activities		
(Increase) decrease in investments, net	(4,350,974)	5,644,519
Purchase of property and equipment	(203,453)	(97,553)
Total cash flows from investing activities	(4,554,427)	5,546,966
Financing activities		
Change in membership shares, net	1,863,488	1,038,591
Increase (decrease) in cash resources	13,238,609	(13,303,455)
Cash resources, beginning of year	34,602,874	47,906,329
Cash resources, end of year	\$ 47,841,483	34,602,874

BOARD OF DIRECTORS

DIRECTOR BACKGROUND AND COMPENSATION DISCLOSURE

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

Directors establish Sharons' vision and strategy and oversee core business operation while building relationships with members and community.

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



COMMITTEE

DIRECTOR	GOVERNANCE & HR COMMITTEE	CONDUCT REVIEW COMMITTEE	AUDIT & RISK COMMITTEE	INVESTMENT & LENDING COMMITTEE	NOMINATING COMMITTEE	COMMUNITY SUPPORT COMMITTEE*	REAL ESTATE COMMITTEE**
HOWARD HYUNG YUL LEE	●	-	-	-	●	●	●
JOHN JONG UK PARK	●	●	-	-	●	-	-
JOHN JI HAN KIM	●	●	●	-	-	●	-
VICTOR BYUNG KYU YOO	●	-	●	●	-	-	-
SEBASTIAN JUNG	-	-	●	●	-	-	●
HA SUNG JUNG	-	●	-	●	-	●	-
TAE IN KWON	-	-	●	●	●	-	-

● Chairman of Committee ● Member of Committee

* Committee Chair
John Suk
Member
Joanne Choi

** Member
John Suk
Richard HC Yoo

BOARD OF DIRECTORS

HOWARD HYUNG YUL LEE	
CHAIR OF THE BOARD (SINCE 2017)	
DIRECTOR SINCE 2015	
TERM Currently serving a second term (2018-2021)	
BACKGROUND Howard Hyung Yul Lee has been a member of the board of directors at Sharons Credit Union since 2015 and currently holds the position as Chair of the Board. Howard is a dedicated member contributing years of prized management experience to the board and effectively brings the directors into a coherent whole. Howard holds a Master's degree in Finance from the University of Dallas and has 25 years of experience as a District Sales Manager at the Korean Airline Vancouver District Office. With a high focus on member well-being and community development, Howard is respected as a credible voice for the board.	

JOHN JONG UK PARK	
VICE CHAIR OF THE BOARD (SINCE 2017)	
DIRECTOR SINCE 2015	
TERM Currently serving a second term (2018-2021)	
BACKGROUND John Jong Uk Park, elected in 2015 is a valued second term board member of Sharons Credit Union, currently holding his position as the Vice Chair, the Chair of the Conduct Review Committee, and the Chair of Governance & HR Committee. As a Lawyer, John's governance experience comes from serving as Director at the National Unification Advisory Council of Korea and Vancouver Korean Canadian Scholarship Foundation. John has also contributed his time as a Legal Advisor to the Korean Society of British Columbia and the Consulate General of the Republic of Korea. With such respectable experience John contributes his sound legal perspective in governing the credit union.	

JOHN JIHAN KIM	
DIRECTOR	
DIRECTOR SINCE 2001 – 2011, AND 2013 – 2016	
TERM Currently serving a six term (2016 – 2019)	
BACKGROUND John Jihan Kim has been a member of the board of directors at Sharons Credit Union since 2001 where he contributes his valuable insight of Greater Vancouver's growth and prospective. As an early Korean immigrant, John has witnessed Vancouver's evolving economic growth since 1968. Having served as President of the Vancouver Korean Society in the 90s, and maintaining his position as Director of the credit union for a decade since 2001, John is recognized for his ability to voice the community perspective and proudly performs his duty as a director of a credit union focused on community growth.	



VICTOR BYUNGKYU YOO
DIRECTOR
DIRECTOR SINCE 2011, AND 2014 – 2017
TERM Currently serving a third term (2017-2020)
BACKGROUND Victor Byungkyu Yoo has been a member of the board of directors at Sharons Credit Union since 2011. Currently holding his position as Chair of the Audit and Risk Committee, Victor is distinguished by his abilities in analytical analysis and financial acumen. Holding years of valued experience as a Chartered Professional Account, Victor's background is deeply rooted in the financial sector having served as an Internal Auditor for financial institutions in Korea. Identifying potential top risks, Victor effectively governs the safety and security of the credit union.

SEBASTIAN JUNG
DIRECTOR
DIRECTOR SINCE 2016
TERM Currently serving a first term (2016-2019)
BACKGROUND As a Chartered Professional Accountant (CPA, CGA, CA), Sebastian has maintained a long-term relationship with the credit union for 10 years as an external auditor. Sebastian currently holding 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.

HA SUNG JUNG
DIRECTOR
DIRECTOR SINCE DIRECTOR SINCE 2017
TERM Currently serving a first term (2017-2020)
BACKGROUND Ha Sung Jung, elected in 2017 is a first term board member of Sharons Credit Union involved in the community as an accomplished business man. Attributed to his specialization in Business Management and exposure to the current commerce market, Ha Sung contributes professional operational insight. With having served as a board member at Vancouver Korean-Canadian Scholarship Foundation and current involvement as an Advisor for the Korean Veteran Association, Ha Sung is an active community engaged member dedicated to the well-being of the credit union.


ATTENDANCE

DIRECTOR	ATTENDANCE			TERM IN 2018	% OF MEETINGS ATTENDED
	BOARD MEETING	COMMITTEE MEETING	SPECIAL MEETING & TRAINING		
HOWARD HYUNG YUL LEE	6/6	9/10	11/11	January 1 - December 31	96 %
JOHN JONG UK PARK	6/6	9/9	3/3	January 1 - December 31	100 %
JOHN JI HAN KIM	5/6	13/13	3/3	January 1 - December 31	95 %
VICTOR BYUNGKYU YOO	6/6	11/11	3/3	January 1 - December 31	100 %
SEBASTIAN JUNG	6/6	12/12	3/3	January 1 - December 31	100 %
HA SUNG JUNG	6/6	8/10	3/3	January 1 - December 31	89 %
TAE IN KWON	3/4	7/7	5/5	April 19 - December 31	94 %

TAE IN KWON
DIRECTOR
DIRECTOR SINCE 2018
TERM Currently serving a first term (2018-2021)
BACKGROUND Tae In Kwon, elected in 2018 is a first term board member of Sharons Credit Union. Tae In has over 36 years of experience as an Engineering Technologist in Telus Communication. His educational background and experience, skills and passion are just some of his attributes that enable him to provide valuable input to the Board.

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

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1 김윤식 회장 방문 (한국신협중앙회)
2 정병원 총영사, 이강준 영사 방문 (주 밴쿠버 총영사관)

TOTAL REMUNERATION PAID TO EACH DIRECTORS

NAME	MEETING ATTENDANCE	MEETING FEE	UNPAID REMUNERATION FROM PREVIOUS YEAR	POSITION FEE	TOTAL AMOUNT
HOWARD HYUNG YUL LEE	26	\$ 5,200	-	\$ 7,000	\$ 12,200
JOHN JONG UK PARK	18	\$ 3,600	\$ 1,000	\$ 6,000	\$ 10,600
JOHN JI HAN KIM	21	\$ 4,200	-	\$ 3,000	\$ 7,200
VICTOR BYUNGKYU YOO	20	\$ 4,000	-	\$ 4,000	\$ 8,000
SEBASTIAN JUNG	21	\$ 4,200	-	\$ 4,000	\$ 8,200
HA SUNG JUNG	17	\$ 3,400	-	\$ 3,000	\$ 6,400
TAE IN KWON	15	\$ 3,000	-	\$ 3,000	\$ 6,000
IN SOON LEE	3	\$ 600	-	-	\$ 600

ONGOING DIRECTOR EDUCATION

During 2018, all directors attended a number of education trainings. The following is a list of training sessions held in 2018:

ATTENDEES	TRAINING
Board Members	Basel III and You
Board Members	RMUG and FICOM Supervisory framework training
Board Members	AML and Compliance
Howard HY Lee (Board Chair)	Central 1 Member Forum & AGM CCUA National Conference Stabilization Central Credit Union AGM Cybersecurity
Tae In Kwon (New Director)	New Director Orientation Foundation of Governance CUDA Level A Graduate

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.



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- 1 2017년도 정기총회
- 2 자동차철전 전무 공로패 수여
- 3 이형률 이사장
- 4 (왼쪽부터) 박종익 부이사장, 김지한 이사, 유병규 이사



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4

CEO COMPENSATION DISCLOSURE

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

CEO COMPENSATION SUMMARY

The CEO's full compensation package is reviewed by the Board annually based on comparison to a peer group. The Board carefully selects this peer group through a review of the Compensation Survey in Canadian Credit Union System provided by Central 1. Sharons target the 50th percentile for base salary when the annual goal of performance is achieved. For the fiscal year ending December 31, 2018, the CEO earned the total compensation in the amount of \$271,645.27 (Base Salary & Bonus: \$211,912.67, Vacation: \$20,000.00, RRSP Pension: \$26,062.52, Health Benefit: \$7681.08, Car Allowance: \$6,000.)

BENEFITS, PENSION AND PERQUISITES

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

No additional benefits and perquisites are provided to the CEO.

CREDIT UNION COMPENSATION POLICIES

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

ANNUAL BASE SALARY

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

BONUS PLAN

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

HEALTH AND WELLNESS BENEFIT

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

PENSION PLAN

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

