

2024 ANNUAL REPORT

ANNUAL GENERAL MEETING
APRIL 17, 2025



KTCU
Korean (Toronto) Credit Union Ltd.



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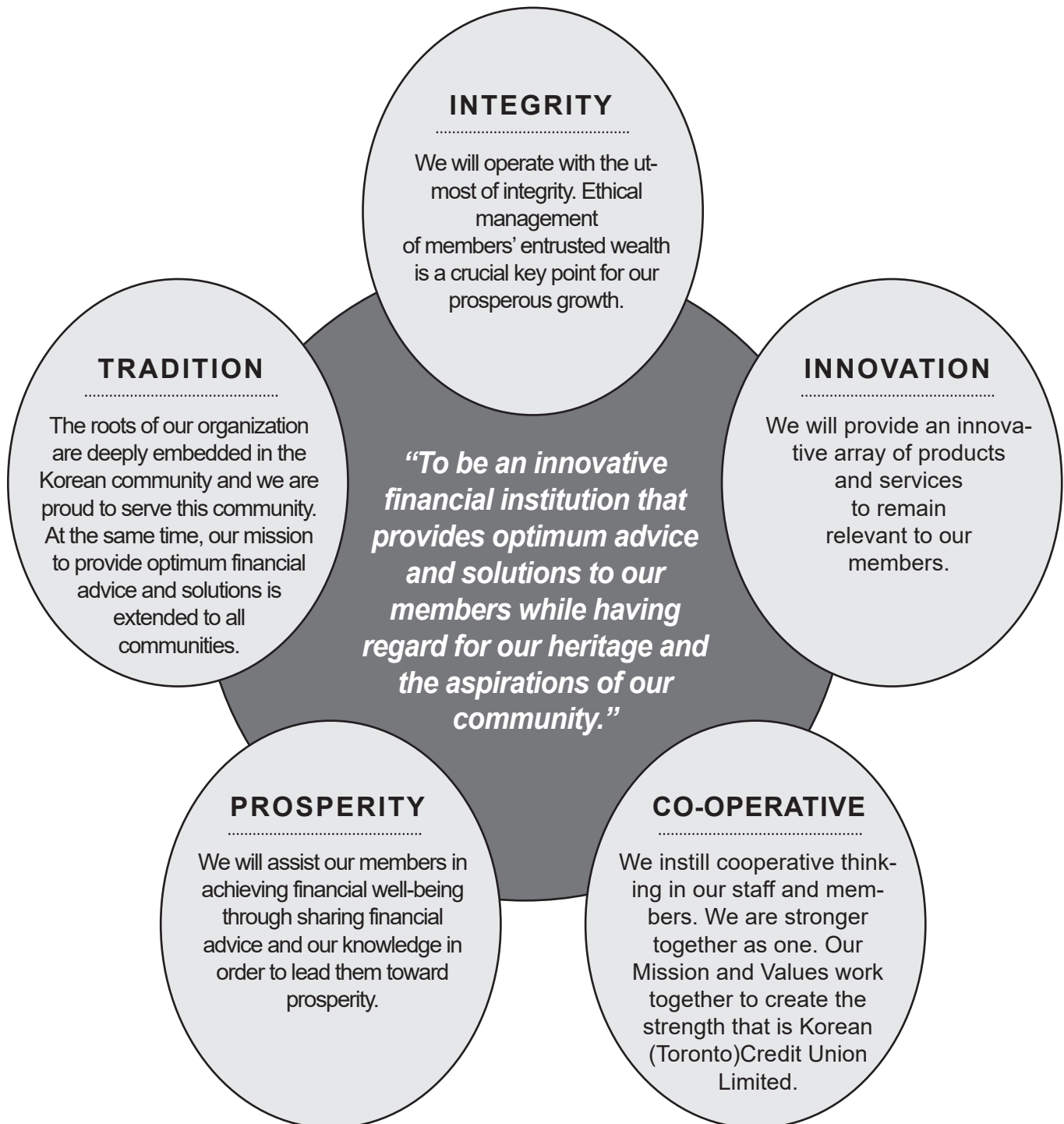
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THE MISSION STATEMENT

The Values are:



2024 ANNUAL REPORT

Annual General Meeting

April 17, 2025





NOTICE OF THE 48TH ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Korean (Toronto) Credit Union Limited will be held on Thursday, April 17, 2025, at 1:00 P.M. at 180 Steeles Ave. West Unit 3, Thornhill ON L4J 2L1.

Agenda

1. Call to Order
2. Report on Registration
3. Adoption of Agenda
4. Approval of Minutes of Previous Year
5. Report from the Board and Management
6. Report of the External Auditor
7. Approval of Financial Report
8. Loan Report
9. Report of the Audit Committee
10. Appointment of External Auditor for FY 2025
11. New Business
 - A. By-Law amendment
 - B. Election of Directors
 - C. Other
12. Adjournment

Hwa Young Jin
Secretary



MEMBERS OF THE BOARD OF DIRECTORS & STAFF

Board of Directors

Chair	Mr. Steve Yu
Vice-Chair	Mr. Byung Kap Lee
Secretary	Mr. Hwa Young Jin
Director	Mr. Francis Kim*
Director	Mr. Sang Hoon Lee*
Director	Mr. Youngsam Park*

** Term of office expires on April 17, 2025*

Staff

CEO	Ms. Sojin Park
Accounting Officer	Ms. Monica Lee
Compliance Officer	Ms. Jenny Baek
Member Service Rep.	Ms. Helen Shin
Loan Processing	Mr. Gilbert Lee
Member Service Rep.	Ms. Stella Lee

Board of Attendance

DIRECTOR	POSITION	BOARD MEETING	AUDIT COMMITTEE MEETING
Steve Yu	Chair of the Board	7/8	-
Byung Kap Lee	Vice Chair	7/8	-
Hwa Young Jin	Secretary	7/8	-
Francis Kim	Chair of the Audit Committee	8/8	7/7
Sang Hoon Lee	Director	7/8	7/7
Youngsam Park	Director	4/8	7/7

Location

180 Steeles Avenue West, Unit 3, Thornhill, ON. L4J 2L1
Tel. 905-889-2703 **Fax** 905-889-9995
E-mail info@koreancu.com **Website** www.Koreancu.com



MINUTES OF THE 47TH ANNUAL GENERAL MEETING

- **Date:** Friday, April 26, 2024, at 1:00 P.M.
- **Chair:** Mr. Steve Yu
- **Venue:** 180 Steeles Ave. W. #3, Thornhill ON L4J 2L1
- **Members registered:** 28 members (Quorum 20)

1~2. Call to Order

With 15 members having signed the proxy voting form and 13 members present, Mr. Steve Yu, Chair of the Board of Directors, declared the meeting properly constituted and called it to order.

3. Adoption of Agenda

Mr. Steve Yu tabled the agenda contained in the Notice of Meeting. On a motion duly made by Mr. Soon Keun Kwon, seconded by Mr. Sanghoon Lee, and unanimously carried. It was resolved to approve the agenda as presented.

4. Approval of Minutes of Previous Annual General Meeting

Mr. Steve Yu tabled for adoption the Minutes of the Korean (Toronto) Credit Union's AGM held on April 21, 2023, which had been previously circulated as presented. The motion was moved by Mr. Sang Hoon Lee and seconded by Mr. Seunggyun Lee. It was resolved to approve the Minutes of the Last Annual General Meeting as presented, and the motion carried unanimously.

5. Report from the Board and the Management

Mr. Steve Yu presented the Report of the Board, a copy of which is appended to form part of these minutes. Members accepted the report with applause.

6. Approval of Financial Report from the Management

The CEO presented the Audited Annual Financial Statement, which is contained in the 2023 Annual Report, to the members. The report was unanimously accepted by the members.

7. External Auditor's Report

At the AGM, Ms. Natalie Lee, external auditor, from LEE CAPC presented the audited financial statements for FY 2023 along with the Independent Auditor's report. The motion, made by Mr. Byung Kap Lee and seconded by Mr. Hyung Lark Kim, was unanimously carried.

8. Loan Report

Mr. Seunggyun Lee, loan processing staff, presented the Loan Report, which included details on lending activities and delinquent loans as reported in the 2023 Annual Report. The report was unanimously accepted by the members.

9. Report of Audit Committee

Mr. Francis Kim, Chair of the Audit Committee, presented the activities of the Audit Committee as detailed in the 2023 Annual Report. The report was unanimously accepted by the members.

10. Appointment of External Auditor for FY 2024

Upon the motion by Mr. Hyung Lark Kim and seconded by Ms. Youn Hee Baek, LEE Chartered Accountant Professional Corporation was appointed as the external auditors for FY 2024. The motion was carried unanimously.

11. New Business

- **Election/Resignation of Directors**

Mr. Steve Yu's term of the director has been terminated in April 2024. He delivered short speeches to accept his re-election as a Chair of the Board for a three-year term, expiring in 2027.

The motion was moved by Ms. Sojin Park and seconded by Mr. Byung Kap Lee and it was unanimously carried.

- **Minimum Membership share increase**

To maximize the capital capacity, the minimum Membership share has been increased from \$200 to \$300.

The motion was moved by Ms. Sojin Park and seconded by Mr. Hyung Lark Kim, and that the motion was carried out unanimously.

- **Other**

FSRA EDC program will be facilitated by the end of 2024.

12. Adjournment

On behalf of the Board of Directors, Mr. Steve Yu expressed appreciation for all the members attending the meeting and acknowledged the dedication of the staff in completing the year's business. The meeting was adjourned. The motion to adjourn was moved by Mr. Soon Keun Kwon Lee and seconded by Mr. Sang Hoon Lee.



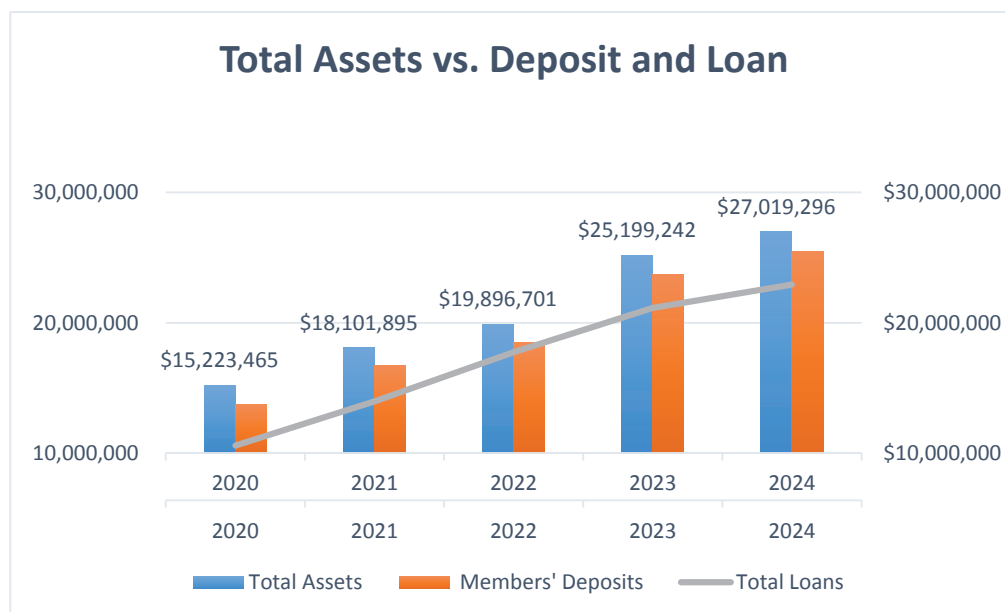
REPORT FROM THE BOARD AND MANAGEMENT

Dear valued members,

It is my pleasure to present the Board report for 2024, a year defined by continued financial strength, dedicated employees, and the unwavering trust of our members at our Credit Union. Despite ongoing economic uncertainties and evolving market conditions, we remained committed to delivering exceptional service and expanding our offerings to better serve our members' needs.

We closely monitored the economic landscape, providing strategic guidance to help our members navigate challenges with confidence throughout the year. Our proactive approach led to sustained growth in total assets, loans, and member deposits, building on the momentum we established in 2024. As we reflect on 2024, our success is a testament to our meticulous attention to detail and steadfast commitment to our core values. The following section provides a detailed overview of our achievements and key initiatives:

	Total Assets	Members' Deposits	Total Loans	Net income	Reserves
2020	\$15,223,465	\$13,737,043	\$10,578,601	\$17,782	-\$98,864
2021	\$18,101,895	\$16,746,246	\$13,962,616	\$110,726	\$11,865
2022	\$19,896,701	\$18,521,436	\$17,746,068	\$125,784	\$137,648
2023	\$25,199,242	\$23,715,608	\$21,150,411	\$130,249	\$267,897
2024	\$27,019,296	\$25,500,628	\$22,934,791	\$110,672	\$378,569



ASSET

Our total assets increased by approximately \$1.8 million compared to the previous year, reaching over \$27 million in 2024. This growth reflects the successful performance of our 2024 budget and business plan. The primary drivers of this increase were the growth in Members' Loans and Members' Deposits.

Management anticipates further growth, with total assets expected to exceed \$30 million in the 2025 budget.

MEMBERS' LOAN AND DEPOSIT

In 2024, both our loan and deposit portfolios experienced significant growth, reflecting our continued commitment to financial stability and member-focused services.

Our loan portfolio performed exceptionally well, increasing by \$1.8 million compared to the previous year. Most of these loans were fully secured mortgage loans for residential property purchases and refinancing. We have diligently managed all loan types from initial document review to final repayment with a prudent and thorough approach, successfully maintaining a zero-delinquency rate since 2015.

Total member deposits also saw substantial growth, reaching \$25.5 million, up from \$23.7 million in the previous year. This increase was primarily driven by the growth in Registered Term Deposits, including RRSPs and TFSAs, which rose by \$1 million, bringing the total balance to \$3.9 million by the end of 2024. Non-registered deposits also grew by \$0.8 million, reaching a total balance of \$21.6 million.

Despite ongoing interest rate cuts throughout the year, we remain committed to maximizing our gross operating margin while maintaining a balanced approach to interest expenses and income to ensure sustainable financial performance.

CAPITAL RATIO

Our Credit Union's Risk-Weighted Capital Ratio increased to 12.21%, up from 11.12%, surpassing both the minimum regulatory requirement of 8% and the supervisory capital ratio of 10.5% set by the Financial Services Regulatory Authority of Ontario (FSRA).

Additionally, our leverage ratio reached 4.69%, exceeding both the FSRA's minimum requirement of 3% and our internal Board policy limit of 4.5%. Furthermore, our retained earnings to risk-weighted capital ratio stood at 3.62%, surpassing the 3.0% minimum requirement. As a result, we have met and exceeded all capital ratios requirements by FSRA. These capital ratios demonstrate our financial stability and resilience, ensuring that we remain well-positioned to serve our members effectively.

As we move forward into 2025, we will continue to monitor key financial factors, proactively adapt to market changes, and explore innovative strategies to further strengthen our capital position. Our commitment to service excellence, financial stability, and member satisfaction remains unwavering, and we deeply appreciate your continued trust and confidence in our Credit Union.

Mr. Steve Yu
Chair, Board of Directors

Ms. Sojin Park
Chief Executive Officer




AUDITED FINANCIAL STATEMENT

Korean Toronto Credit Union Limited Statement of Financial Position For The Year Ended December 31, 2024

	2024	2023
Assets		
Cash and cash equivalents (Note 3)	\$ 2,563,833	\$ 2,502,834
Investments (Note 4)	1,147,928	1,095,180
Loans to members (Note 5, 6)	22,934,791	21,150,411
Property, Plant and equipment (Note 7)	153,886	173,271
Right of use asset (Note 7)	214,485	272,919
Other assets (Note 8)	4,373	4,320
Income tax refund receivable	-	307
Total Assets	\$ 27,019,296	\$ 25,199,242
Liabilities		
Accounts payable (Note 11)	\$ 15,329	\$ 12,914
Members' deposits (Note 9)	25,500,628	23,715,608
Lease liability (Note 19)	240,304	301,342
Deferred tax liability	4,418	1,727
Income tax payable	2,666	-
Total Liabilities	25,763,345	24,031,591
Members' Equity		
Subordinated notes shares (Note 12)	\$ 175,000	\$ 175,000
Members' shares (Note 12)	710,986	732,196
Retained earnings	378,569	267,897
Accumulated other comprehensive income	(8,604)	(7,442)
Total Members' Equity	1,255,951	1,167,651
	27,019,296	25,199,242

See the accompanying notes to financial statements.

Approved on behalf of the Board

DocuSigned by:

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Steve Yu

Chair of the Board

DocuSigned by:

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Hwayoung Jin

Secretary

Korean Toronto Credit Union Limited
Statement of Income and Comprehensive Income
For The Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u>
Interest Revenue		
Interest on consumer loans	\$ 1,034,492	\$ 885,338
Interest on mortgage loans	379,111	303,053
Interest on commercial loans	108,813	121,589
Interest on investments	134,915	149,946
	<u>1,657,331</u>	<u>1,459,926</u>
Interest And Loan Related Expenses		
Interest on members' deposits	1,069,669	895,493
Financial Margin	<u>587,662</u>	<u>564,433</u>
 Other Income (Note 13)	 211,509	 197,716
Operating Expenses		
Employee salaries and benefits (Note 22)	347,384	310,312
General and administrative cost (Note 14)	174,760	165,557
Amortization of property and equipment (Note 7)	46,152	48,929
Amortization of right of use asset (Note 7)	46,364	47,452
Insurance (Note 20)	44,812	39,396
Allowance for losses	8,892	428
Total Non-Interest Expenses	<u>668,364</u>	<u>612,074</u>
 Net Income (Loss) Before Taxes	 130,807	 150,075
 Provision for (Recovery of) income taxes (Note 10)	 <u>20,135</u>	 <u>19,826</u>
Net Income	\$ 110,672	\$ 130,249
Other Comprehensive Income/(Loss)		
Unrealized gains/(losses)	(1,162)	19,192
Comprehensive Income (Loss)	<u>\$ 109,510</u>	<u>\$ 149,441</u>

See the accompanying notes to financial statements.

Korean Toronto Credit Union Limited
Statement of Changes In Members' Equity
For The Year Ended December 31, 2024

	Subordinated Notes Payable	Accumulated Other Comprehensive Income	Members' Shares	Retained Earnings (Deficit)	Total
Balance On January 01, 2023	\$ 175,000	\$ (26,634)	\$ 717,694	\$ 137,648	\$ 1,003,708
Net income (Loss)	-	-	-	130,249	130,249
Issuance of member shares (net)	-	-	14,502	-	14,502
Change in unrealized gains/(losses) on investments	-	19,192	-	-	19,192
Balance December 31, 2023	\$ 175,000	\$ (7,442)	\$ 732,196	\$ 267,897	\$ 1,167,651
Net income (Loss)	-	-	-	110,672	110,672
Issuance of member shares (net)	-	-	(21,210)	-	(21,210)
Change in unrealized gains/(losses) on investments	-	(1,162)	-	-	(1,162)
Balance December 31, 2024	\$ 175,000	\$ (8,604)	\$ 710,986	\$ 378,569	\$ 1,255,951

See accompanying notes to financial statements.

Korean Toronto Credit Union Limited
Statement of Cash Flows
For The Year Ended December 31, 2024

	2024	2023
Operating Activities		
Total Comprehensive Income	\$ 109,510	\$ 149,441
Add back non-cash items:		
Amortization of property and equipment	46,152	48,929
Amortization of right of use asset	46,364	47,452
Adjustment to right of use asset	12,070	-
Allowance for bad debt	8,892	428
Unrealized gain/(loss) from investment	1,162	(19,192)
Net difference of income tax & deferred tax	5,664	(4,471)
	<u>229,814</u>	<u>222,587</u>
Change in operating assets and liabilities		
Other operating assets	(53)	12,130
Other operating liabilities	2,415	3,167
Loans to members	(1,793,272)	(3,404,771)
Members' deposits	1,785,020	5,194,172
Repayment of lease liability	(61,038)	(47,334)
	<u>(66,928)</u>	<u>1,757,364</u>
	<u>162,886</u>	<u>1,979,951</u>
Investing Activities		
Net change in investments	(53,910)	(28,832)
Purchase of tangible and intangible assets	(26,767)	(29,407)
	<u>(80,677)</u>	<u>(58,239)</u>
Financing Activities		
Issuance of Membership shares	12,686	144,281
Redemption of Preferred Share "B"	-	(1,250)
Redemption of Share "C"	-	(27,000)
Redemption of Share "D"	-	(45,500)
Redemption of Dormant Shares	(33,896)	(56,030)
	<u>(21,210)</u>	<u>14,501</u>
Net Increase (Decrease) In Cash	60,999	1,936,213
Cash, Beginning of year	2,502,834	566,621
Cash, End of year (Note 3)	<u>2,563,833</u>	<u>2,502,834</u>

See accompanying notes to financial statements.



INDEPENDENT AUDITOR'S REPORT

To the Members of Korean Toronto Credit Union Limited,

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Korean Toronto Credit Union Limited (the "Credit Union"), which comprise of the statement of financial position as of December 31, 2024, and the statement of comprehensive income, the statement of changes in Member's equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 the 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 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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 the Credit Union or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 considered material if, individually or in 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 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 the 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 the events or conditions that may cast significant doubt on the 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 the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the 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.

Lee CPA

Lee Chartered Professional Accountant Professional Corporation

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario

March 14, 2025

Toronto, Ontario

Canada



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LOAN REPORT

Lending Activities

(from January 1, 2024 to December 31, 2024)

Classification	Number of Application		Declined		Approved		Amount Approved	
	2023	2024	2023	2024	2023	2024	2023	2024
Personal Loans	27	41	3	0	24	41	\$ 404,842	\$ 1,584,851
Residential Mortgages	5	3	0	0	5	3	\$ 1,179,000	\$ 657,000
Commercial Loan	2	0	0	0	2	0	\$ 268,000	\$ -
Subtotal	34	44	3	0	31	44	\$ 1,851,842	\$ 2,241,851
Line of Credit (including HELOC)	28	23	15	11	13	12	\$ 4,334,000	\$ 4,322,000
Total	62	67	18	11	44	56	\$ 6,185,842	\$ 6,563,851

The number of loan applications increased by 8% compared to last year. The approval rate of loan applications rose from 71% to 83% due to the significant increase in personal loans and the Bank of Canada's policy interest rate decrease. As it was decided to discontinue commercial loans, there were no new commercial loan in 2024. The total amount of loans advanced in 2024 was \$6.56 million, while the total amount of discharged loans in 2024 was 4.36 million. As a result, the total amount of loans increased by \$2 million from \$21 million to 23 million in 2024.

The number and amount of delinquent loans were zero for ten consecutive years.

We will strive to manage thoroughly from the loan application evaluation to the final loan repayment.

Gilbert Lee / Loan Processing



REPORT OF THE AUDIT COMMITTEE

Pursuant to section 104 of the Credit Unions and Caisses Populaire's Act 2020 and section 35.1 of Ontario Regulation 105/22, the Board of Directors appointed a minimum of three (3) directors to the Audit Committee, a sub-committee of the board.

The Audit Committee met quarterly to fulfill their responsibilities outlined in the Act, Regulation, and the credit union's policies and procedures. The following duties were performed by the Audit Committee and reported to the Board during 2024.

- FY 2023 Audited Financial Statements and Management Letter provided by LEE CAPC
- Internal Auditor's Engagement letter/Audit plan/Proposal/Reports
- External Auditor's Engagement letter/Audit plan
- Updated Risk Management Policy
- The Board meeting minutes
- Updated Disaster Recovery Plan
- Internal/External auditors performance evaluation

The Audit Committee reviews the internal and external documents and materials and, when necessary, provides opinions and recommendations to Board of Directors.

The Committee is pleased to report that all staff members have diligently worked towards achieving the Credit Union's business goals, ensuring compliance with the Credit Unions Act and regulations, FSRA guidelines, KTCU By-law, and policies.

Respectively submitted,

Francis Kim
Chair of the Audit Committee

