



2025

ANNUAL REPORT

ANNUAL GENERAL MEETING
APRIL 24, 2026

KTCU  **토론토신협**
Korean (Toronto) Credit Union Ltd.



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THE MISSION STATEMENT

The Values are:



2025 ANNUAL REPORT

Annual General Meeting

April 24, 2026





NOTICE OF THE 49TH ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Korean (Toronto) Credit Union Limited will be held on Friday, April 24, 2026, at 5:00 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 2026
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. Youngsam Park
Secretary	Mr. Hwa Young Jin*
Director	Mr. Francis Kim
Director	Mr. Byungjoo Kang
Director	Mr. Kwang Hoon Shin

** Term of office expires on April 24, 2026*

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	6/8	-
Youngsam Park	Vice Chair	6/8	7/7
Hwa Young Jin	Secretary	7/8	-
Francis Kim	Chair of the Audit Committee	7/8	7/7
Byungjoo Kang	Director	4/5	5/5
Kwang Hoon Shin	Director	2/2	-

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 48TH ANNUAL GENERAL MEETING

- **Date:** Thursday April 17, 2025, at 1:00 P.M
- **Chair:** Mr. Steve Yu
- **Venue:** 180 Steeles Ave. W. #3, Thornhill ON L4J 2L1
- **Members registered:** 25 members (Quorum 20)

1~2. Call to Order

With 12 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. Francis Kim, seconded by Mr. Hyung Lark Kim, 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 26, 2024, which had been previously circulated as presented. The motion was moved by Mr. Hyung Lark Kim and seconded by Mr. Francis Kim. 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 2024 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 2024 along with the Independent Auditor's report. The motion, made by Ms. Monica Lee and seconded by Mr. Gilbert Lee, was unanimously carried.

8. Loan Report

Mr. Gilbert Lee, Loan Officer, presented the Loan Report, which included details on lending activities and delinquent loans as reported in the 2024 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 2024 Annual Report. The report was unanimously accepted by the members.

10. Appointment of External Auditor for FY 2025

Upon the motion by Mr. Francis Kim and seconded by Ms. Jiyeon Hong, LEE CPA Chartered Accountant Professional Corporation was appointed as the external auditors for FY 2025. The motion was carried unanimously.

11. New Business

- **Election/Resignation of Directors**

The terms of directorship for Mr. Francis Kim, Mr. Sang Hoon Lee, and Mr. Youngsam Park concluded in April 2025. Mr. Francis Kim was subsequently re-elected as Chair of the Board for a three-year term, expiring in 2028. Mr. Byungjoo Kang was elected as a new Director.

The motion was moved by Ms. Sojin Park and seconded by Ms. Monica Lee, and it was unanimously carried.

- **By-law amendment**

S. 4.03 (2) has been revised to address FSRA's recommendation as follow:

No director shall serve on the board of the Credit Union for more than three consecutive terms or a total nine consecutive years, whichever occurs first. A former director is not permitted to return to the Board after a break following the nine years of service.

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

- **Other**

No issues

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. Hwa Young Jin and seconded by Mr. Francis Kim.



REPORT FROM THE BOARD AND MANAGEMENT

Dear valued members,

It is my privilege to present the Board Report for 2025, reflecting a year of resilience, disciplined growth, and continued commitment to our members.

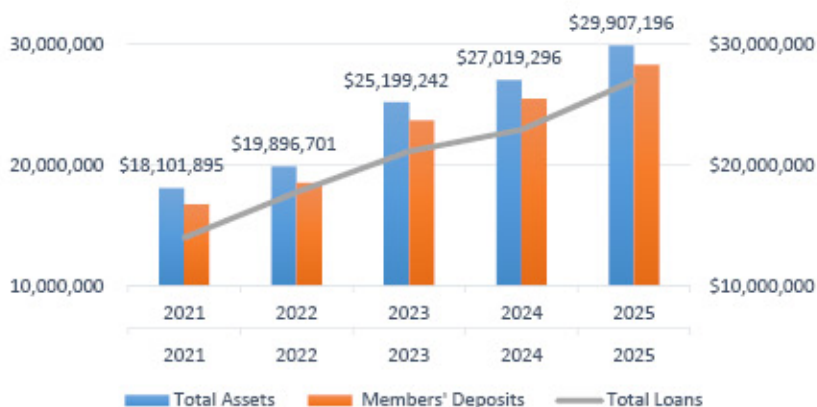
In the face of ongoing economic uncertainty and a dynamic operating environment, our Credit Union remained focused on its strategic priorities while upholding strong governance and prudent risk management. Management demonstrated sound leadership in navigating these challenges, ensuring that the organization continued to operate safely, securely, and in the best interests of its members.

Throughout the year, the Board worked closely with Management to monitor the economic landscape and provide oversight and guidance on key strategic initiatives. As a result, our Credit Union achieved stable growth in total assets, loans, and member deposits, reinforcing its financial strength and sustainability.

The Board is confident that the Credit Union's performance in 2025 reflects a strong foundation built on sound governance, operational discipline, and a continued focus on member value. The following sections highlight key achievements and strategic initiatives that supported these outcomes.

	Total Assets	Members' Deposits	Total Loans	Retained Earning	Regulatory Capital
2021	\$18,101,895	\$16,746,246	\$13,962,616	\$11,865	\$943,271
2022	\$19,896,701	\$18,521,436	\$17,746,068	\$137,648	\$1,030,342
2023	\$25,199,242	\$23,715,608	\$21,150,411	\$267,897	\$1,181,070
2024	\$27,019,296	\$25,500,628	\$22,934,791	\$378,569	\$1,277,112
2025	\$29,907,196	\$28,312,602	\$27,016,425	\$531,672	\$1,402,058

Total Assets vs. Deposit and Loan



ASSET

Total assets increased by approximately \$2.9 million year over year, reaching over \$29.9 million as at the end of 2025. This growth reflects the successful execution of the Credit Union's 2025 budget and business plan, supported primarily by increases in member loans and deposits.

Looking ahead, Management projects continued momentum, with total assets expected to exceed \$34 million in 2026, consistent with the Credit Union's strategic growth objectives.

MEMBERS' LOAN AND DEPOSIT

In 2025, both loan and deposit portfolios demonstrated strong growth, reflecting the Credit Union's continued focus on financial stability and member service.

The loan portfolio increased by \$4.0 million year over year, from \$22.9 million to \$27.0 million, driven primarily by fully secured residential mortgage lending. A disciplined approach to underwriting and portfolio management has supported the maintenance of a zero-delinquency rate since 2015.

Member deposits grew to \$28.3 million from \$25.5 million, largely due to increases in registered term deposits (RRSPs and TFSAs), which rose by \$2.4 million to \$6.3 million at year-end.

Despite a declining interest rate environment, the Credit Union maintained its focus on preserving gross operating margin through prudent balance sheet management, ensuring long-term financial sustainability.

CAPITAL RATIO

The Credit Union's Risk-Weighted Capital Ratio decreased slightly from 12.21% to 11.78% in 2025, while remaining well above both the minimum regulatory requirement of 8% and the supervisory target of 10.5% established by Financial Services Regulatory Authority of Ontario.

The leverage ratio strengthened to 4.66%, exceeding both FSRA's minimum requirement of 3.0% and the Board-approved internal threshold of 4.5%. In addition, the retained earnings to risk-weighted assets ratio was 4.47%, comfortably above the minimum requirement of 3.0%.

Overall, the Credit Union continues to maintain capital levels that exceed all regulatory and internal policy requirements. These results reflect a strong capital position and reinforce the organization's financial resilience, ensuring it remains well-positioned to support its members and sustain future growth.

As we move into 2026, our Credit Union will continue to monitor key financial indicators, adapt to changing market conditions, and strengthen its capital position. Notably, 2026 marks our 50th anniversary—a significant milestone reflecting decades of resilience and commitment to our members. The Board remains confident in the Credit Union's direction and extends its sincere appreciation for the continued trust and support of our members.

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, 2025

	2025	2024
Assets		
Cash and cash equivalents (Note 3)	\$ 1,413,150	\$ 2,563,833
Investments (Note 4)	1,182,060	1,147,928
Loans to members (Note 5, 6)	27,016,425	22,934,791
Property, Plant and equipment (Note 7)	130,827	153,886
Right of use asset (Note 7)	161,378	214,485
Other assets (Note 8)	3,356	4,373
Income tax refund receivable	-	-
Total Assets	\$29,907,196	\$ 27,019,296
Liabilities		
Accounts payable (Note 11)	\$ 18,663	\$ 15,329
Members' deposits (Note 9)	28,312,602	25,500,628
Lease liability (Note 19)	183,099	240,304
Deferred tax liability	4,418	4,418
Income tax payable	13,232	2,666
Total Liabilities	28,532,014	25,763,345
Members' Equity		
Subordinated notes shares (Note 12)	\$ 175,000	\$ 175,000
Members' shares (Note 12)	665,539	710,986
Retained earnings	531,672	378,569
Accumulated other comprehensive income	2,970	(8,604)
Total Members' Equity	1,375,182	1,255,951
	29,907,196	27,019,296

See the accompanying notes to financial statements.

Approved on behalf of the Board

Steve Yu

Steve Yu

Chair of the Board

Hwayoung Jin

Hwayoung Jin

Secretary

Korean Toronto Credit Union Limited
Statement of Comprehensive Income
For The Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
Interest Revenue		
Interest on consumer loans	\$ 1,120,867	\$ 1,034,492
Interest on mortgage loans	501,534	379,111
Interest on commercial loans	-	108,813
Interest on investments	78,782	134,915
	<u>1,701,183</u>	<u>1,657,331</u>
Interest And Loan Related Expenses		
Interest on members' deposits	<u>1,066,451</u>	<u>1,069,669</u>
Financial Margin	<u>634,732</u>	<u>587,662</u>
Other Income (Note 13)	254,778	211,509
Operating Expenses		
Employee salaries and benefits (Note 22)	366,596	347,384
General and administrative cost (Note 14)	203,521	174,760
Amortization of property and equipment (Note 7)	47,942	46,152
Amortization of right of use asset (Note 7)	46,231	46,364
Insurance (Note 20)	41,298	44,812
Allowance for losses	4,566	8,892
Total Non-Interest Expenses	<u>710,154</u>	<u>668,364</u>
Net Income (Loss) Before Taxes	179,356	130,807
Provision for (Recovery of) income taxes (Note 10)	<u>26,253</u>	<u>20,135</u>
Net Income	\$ 153,103	\$ 110,672
Other Comprehensive Income/(Loss)		
Unrealized gains/(losses)	11,574	(1,162)
Comprehensive Income (Loss)	<u>\$ 164,677</u>	<u>\$ 109,510</u>

See accompanying notes to financial statements.

Korean Toronto Credit Union Limited
Statement of Changes In Members' Equity
For The Year Ended December 31, 2025

	Subordinated Notes Payable	Accumulated Other Comprehensive Income	Members' Shares	Retained Earnings (Deficit)	Total
Balance On January 01, 2024	\$ 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
Net income (Loss)	-	-	-	153,103	153,103
Issuance of member shares (net)	-	-	(45,447)	-	(45,447)
Change in unrealized gains/(losses) on investments	-	11,574	-	-	11,574
Balance December 31, 2025	\$ 175,000	\$ 2,970	\$ 665,539	\$ 531,672	\$ 1,375,182

See accompanying notes to financial statements.

Korean Toronto Credit Union Limited
Statement of Cash Flows
For The Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
Operating Activities		
Total Comprehensive Income	\$ 164,677	\$ 109,510
Add back non-cash items:		
Amortization of property and equipment	47,942	46,152
Amortization of right of use asset	46,231	46,364
Adjustment to right of use asset	6,876	12,070
Allowance for bad debt	4,566	8,892
Unrealized gain/(loss) from investment	(11,574)	1,162
Net difference of income tax & deferred tax	10,566	5,664
	<u>269,284</u>	<u>229,814</u>
Change in operating assets and liabilities		
Other operating assets	1,017	(53)
Other operating liabilities	3,334	2,415
Loans to members	(4,086,200)	(1,793,272)
Members' deposits	2,811,974	1,785,020
Repayment of lease liability	(57,205)	(61,038)
	<u>(1,327,080)</u>	<u>(66,928)</u>
	<u>(1,057,795)</u>	<u>162,886</u>
Investing Activities		
Net change in investments	(22,558)	(53,910)
Purchase of tangible and intangible assets	(24,882)	(26,767)
	<u>(47,440)</u>	<u>(80,677)</u>
Financing Activities		
Issuance of Membership shares	19,154	12,686
Redemption of Preferred Share "B"	-	-
Redemption of Share "C"	-	-
Redemption of Share "D"	-	-
Redemption of Dormant Shares	(64,601)	(33,896)
	<u>(45,447)</u>	<u>(21,210)</u>
Net Increase (Decrease) In Cash	(1,150,683)	60,999
Cash, Beginning of year	2,563,833	2,502,834
Cash, End of year (Note 3)	<u>1,413,150</u>	<u>2,563,833</u>



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, 2025, 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, 2025, 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 13, 2026
Toronto, Ontario
Canada



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LOAN REPORT

Lending Activities

(from January 1, 2025 to December 31, 2025)

Classification	Number of Application		Declined		Approved		Amount Approved	
	2025	2024	2025	2024	2025	2024	2025	2024
Personal Loans	26	41	0	0	26	41	\$ 420,000	\$ 1,584,851
Residential Mortgages	18	3	0	0	18	3	\$ 5,889,500	\$ 657,000
Subtotal	44	44	0	0	44	44	\$ 6,309,500	\$ 2,241,851
Line of Credit (including HELOC)	24	23	7	11	17	12	\$ 4,841,500	\$ 4,322,000
Total	68	67	7	11	61	56	\$ 11,151,000	\$ 6,563,851

The number of loan applications increased slightly from 67 in 2024 to 68 in 2025. The approval rate of loan applications improved from 83.6% (56 out of 67) in 2024 to 89.7% (61 out of 68) in 2025. This increase was primarily driven by a shift in loan composition, with a decrease in personal loans and a significant rise in mortgages and lines of credit including HELOC, reflecting the impact of the Bank of Canada's continued policy interest rate cuts. As the policy interest rates declined, the interest rates on mortgages and lines of credit also decreased, making these products more accessible and allowing more applicants to qualify for approval. The total amount of loans advanced in 2025 was \$11.25M, while the total amount of discharged loans was \$5.96M. As a result, the total loan portfolio increased by \$5.29M compared to the previous year.

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

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

Gilbert Lee / *Loan Officer*



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 2025.

- FY 2024 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



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