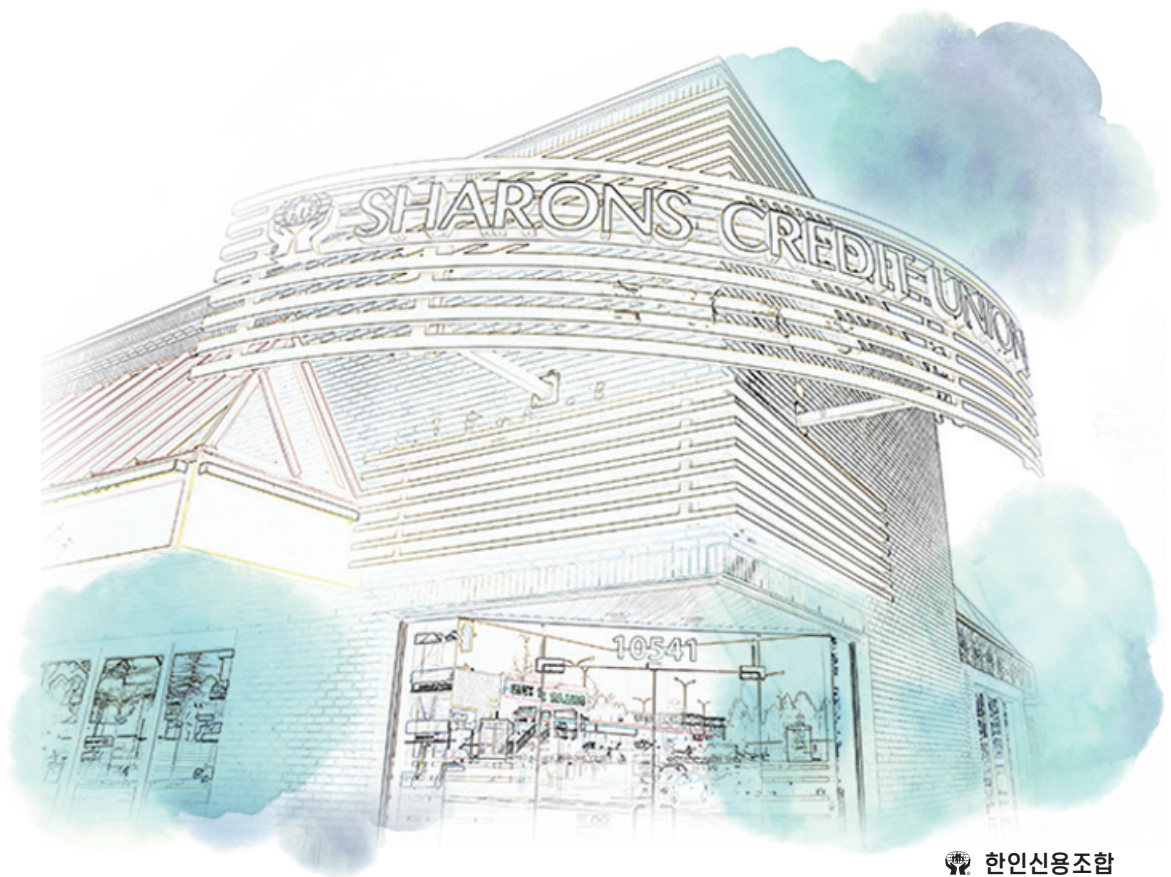


ANNUAL REPORT 2015

SHARONS CREDIT UNION



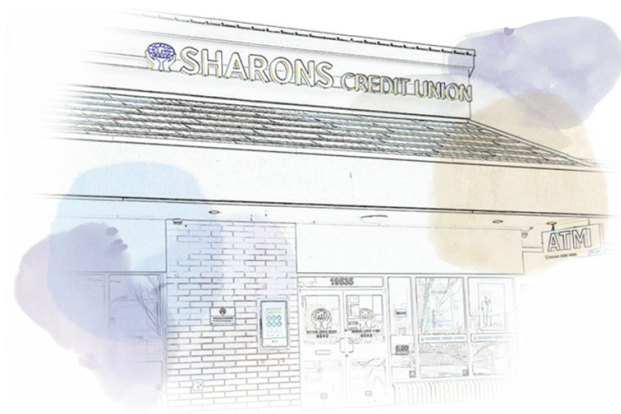
Cover Image: Sharons Credit Union Surrey Branch

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NOTICE OF ANNUAL GENERAL MEETING



이사후보추천

신용조합 정관 제4조 제1항-7항에 의거, 이사 정원 7명 중 임기가 만료되는 2명에 대한 이사 후보자의 신청을 받습니다.

이사후보추천 신청서

(Director Election Candidate Information Package)는

신협 영업점에 비치되어 있으며 [신협 웹사이트\(www.sharons.ca\)](http://www.sharons.ca) >>

[신협안내 >> 이사선출](#) 페이지에서도 다운로드할 수 있습니다.

신용조합 전형위원회에 결격사유가 없는 후보자를 2016년 3월 31일 오후 12시까지 서면으로 추천하여 주시기 바랍니다.

CALL FOR NOMINATION

According to Section 4.1-7 of the Rules of Sharons Credit Union, term of office of two incumbent directors will expire at the adjournment of 2015 AGM. If you would like to nominate a member to fill the vacating office of directors, please nominate a candidate from good standing members in a written form to the Nominating Committee by 12pm, March 31, 2016.



정기총회공고

제27차(2015년도) 신용조합 연차 총회가 2016년 4월 13일 오후 6시 10541 King George Blvd.에 위치한 신용조합 써리지점에서 다음과 같은 회순과 의제로 개최됩니다.

1. 개회선언
2. 임원소개
3. 의제채택
4. 전년도 회의록 승인
5. 회의록 관련 사항
6. 경영보고
7. 감사보고
8. 재무보고승인
9. 감사선임
10. 이사선임
11. 정관개정을 위한 특별결의
12. 일반결의
13. 기타
14. 폐회

NOTICE OF AGM

THE 27TH (2015) ANNUAL GENERAL MEETING OF SHARONS CREDIT UNION WILL BE HELD ON WEDNESDAY, APRIL 13, 2016 AT 6:00PM AT SURREY BRANCH LOCATED AT 10541 KING GEORGE BLVD., SURREY, BC.

1. Call to Order
2. Introduction of Officers
3. Adoption of Agenda
4. Approval of Minutes of the Previous Year
5. Business Arising out of the Minutes
6. Report from the Board & Management
7. Auditor's Report
8. Approval of Financial Reports
9. Appointment of Auditor
10. Elections
11. Special Resolution
12. Ordinary Resolution
13. Unfinished Business
14. Adjournment

REPORT FROM THE BOARD CHAIR AND CEO

YOUNGEST YET NOT SMALLEST...

Looking back our 27 years of operation, we can't help but be amazed at our accomplishments. It seems only yesterday that Sharons Credit Union opened the doors to Korean community. We've come a long way. Historically, we are the last credit union in BC (1988) to enter into the financial market place that had already matured and saturated. Trying to compete against well-established banks and credit unions was a tall order for survival. However, after 27 years in operation, we have not only survived but beaten the odds to become a mid-sized credit union in BC and within the top 100 largest credit unions in Canada. We may be the last chartered credit union in BC but certainly not the smallest! Our success is your success. This was only possible because of your dedication and support. We would like to take this opportunity to thank you, our loyal members, for your continuous support.

TOUGHER YET NOT COWER...

Operational climate in 2015 was tougher than ever. Struggling economy showed no signs of recovery, rather, as the instability of the domestic and global economic development deepened, the Bank of Canada unexpectedly cut the interest rate not once but twice during the year; thereby adding more pressure on our operation which was already dealing with the troubles in the rock-bottom interest rate environment. Furthermore, as the plummeting crude oil and commodity prices cast deeper shadow onto the Canadian economy, the possibility of further interest cuts was no longer a speculation.

Even in the midst of all this uncertainty and pessimistic environment, we are pleased to report to you that our operational result in 2015 was not as gloomy and discouraging considering all the odds are against us. It may not be said it was a splendid year but there's every reason to celebrate this much success in this given circumstance.

Sharons Credit Union continues to remain in strong in financial position, ending 2015 with total assets of \$299 million, an increase of 6.4% or \$18 million from the prior year. In spite of the low interest rates on deposits which prompted members to seek for alternative higher yielding investment vehicles, our total member deposits grew by about \$17 M in various types of deposits and this has been reflected in \$10 M net growth in total loan portfolio and \$8 M increase in cash and other investments.

On the other hand, net operating income for the year was \$1.07 M, a decrease of \$49,000 or 4.4% from 2014. The Board decided to share the profit with the members in the form of dividend and patronage refund in the total amount of \$554 thousand which was distributed as 2% dividend on share deposits and 8% refund on the interest paid on residential and commercial mortgages. Sharing the profit is the fundamental spirit of a credit union and we've returned to the members in the total accumulative amount of \$14 M since 1991. After the dividend payment and income tax, we were able to add \$489,348 to the retained earnings to make our capital base stronger.

The forecast for 2016 is not much different from the one we gave in 2015 and it is most likely that the current rock-bottom interest rate will

prevail for a while and there is even a possibility that the interest rate may go down even further during the year. If that becomes a reality, our bottom line would be deteriorated again as our current assets are still structured in a way that a declining interest rate affects the earning adversely. However, for the last couple of years, we've restructured the asset structure to absorb the effect of the decreasing interest rate and therefore, depending on the magnitude of decrease, the impact would much lesser this time. The Board and management together are determined to overcome this hardships by tightening our belts and the continue restructuring our assets, and we are confident that we will deliver a satisfactory report to you next year again.

CORPORATE GOVERNANCE ...

In 2015, your directors continued to work tremendously hard. As mentioned in previous years' reports, credit union directors are expected to be prudent enough in overseeing a credit union operation and your Board was never idle in performing its desired function in professional ways. Apart from the studying of the huge volume of materials for each meeting, all directors attended at least two training sessions led by professional instructors and some received training from webinars and on-line courses. Each director belongs to at least two different committees of total of seven statutory and ad-hog committees and each committee meets at least 4 times a year. This in addition to the 10 Board meetings, each direct had to attend minimum of two meetings a month in 2015.



Image: Michael Hwang, Board Chair

The Board will be operating in a similar fashion going forward and they will continuously serve the credit union selflessly and thus, we'd like to thank all directors for their devoted service to the credit union.

COMMUNITY INVOLVEMENT ...

As part of our commitments, we actively supported and sponsored various events and activities in the community. Our main goals of sponsorships were on the welfare of senior citizens and the development of our youths. We also pay much attention to promoting and maintaining our own culture and heritage. Especially in 2015, the Board created a Community Development Plan (CDP) Committee in order to make all decision makings on donations transparent, crystal clear and efficient. We are committed to be a partner or a leader in a certain occasion of the public events occurring in our community and we strongly encourage you to contact our CDP committee when you are planning special events for the benefit of the members of our community.

IN 2016 AND GOING FORWARD...

In 2016, we have some exciting plans to update and to expand our businesses. Launching of a new website, mobile banking, wealth management and some branch restructuring are some events taking place this year. Stay tuned for upcoming announcements. As our total asset will grow to over \$300 million this year, we will prepare a solid organizational base structure to further growth to \$400 and to \$500 million asset credit union in next decades. As mentioned in the beginning, we've come this far because of your loyal hearts toward the credit union. No one wouldn't disagree that the competitions in the financial industry are getting fiercer and fiercer and the environment is getting tougher and tougher. But as long as you continue to support us with this same hearts, our future looks bright. We will overcome any challenges ahead of us and continue to shine and prosper. In doing so, we need your unchanging and unwavering support and trust.

Closing the report, I thank you all and once again, ask your continuous participation in this wonderful movement of our credit union.

Michael Hwang, Board Chair

John Suk, CEO

운영현황 보고서 이사장 & CEO



존경하는 조합원 여러분,

BC 주 마지막 실험... 당당한 자리매김...

스물일곱 해의 영업을 마무리하며 우리가 밴쿠버 한인사회에 처음으로 문을 열었던 지난날을 생각하니 감회가 새롭습니다. 바로 한 두해 전의 일여었던 것 같은데 어느새 훌쩍 이만큼의 시간이 흘러갔습니다. 1988년 BC 주에서는 마지막으로 인가를 받은 신용조합으로 우리가 첫걸음을 내 디뎠을 때, 이미 금융시장은 엄청나게 복잡하고 세분화된 상품과 기술로 그 어느 때보다도 전문성이 요구되었고, 많은 사람들이 우리의 생존 여부에 의구심을 가졌던 것은 어쩌면 지극히 당연한 일이었는지도 모릅니다. 하지만 지난 27년 동안 우리는 사람들의 우려와는 달리 번성 발전하여 BC 주 내에 자산 순위 상 작금의 중견 실험으로 성장하며 캐나다 내 100대 실험으로 당당하게 자리매김할 수 있었습니다. 비록 BC 주의 마지막 인가 조합으로 생존을 위해 후발주자로서의 온갖 불리함을 감내해야 했지만, 우리는 치열한 경쟁과 악조건을 극복하면서 견고한 내실을 다진 실험으로 성장한데 대해 큰 자긍심을 느낍니다. 이는 조합원 여러분의 무한한 조합 사랑의 결과로 빛어진 값진 성과이기에 오늘 이 자리를 빌려 조합원 여러분께 진심 어린 감사를 드립니다.

침체속에서도 움추러 들지 않았던 운영... 2016 전망...

2015년 금융환경은 그 어느 때보다도 팍팍한 한 해였습니다. 수년째 불황의 늪에서 허덕이는 국내외 경기는 회복의 기미를 보이기는커녕 더 악화되어가는 중상이 뚜렷한 상황이었므로 중앙은행은 두 차례 전격적으로 이자율을 인하하였고 이는 장기간의 최저금리 기조에서 고전하고 있던 우리의 영업수지에 찬 물을 끼얹는 격이 되었습니다. 게다가 끝없이 추락하는 원유가와 원자재가는

캐나다 경제에 더 짙은 그림자를 드리우고 있는 현 상황에서 중앙은행 이자율의 추가 인하에 대한 여지가 여전히 남아 있어 가뜰이나 불안한 금융환경의 불안감은 더욱더 가중되고 있습니다.

그러나, 이러한 열악하고 불리한 여건들 속에서도 우리의 지난 한 해 실적은 실망스럽거나 비관적인 것이 아니라 충분히 고무적이었다고 보고드리게 되어 기쁘게 생각합니다. 비록, 최상의 성과를 거두었다고 말씀드릴 수는 없지만, 우리에게 주어진 여건을 견주어 볼 때 충분히 기쁘하고 축하할 만한 성과였다고 감히 말씀드리고 싶습니다.

우선 자산은 지속적으로 성장하여 전년도에 비해 6.4% 또는 1천8백만 달러 성장한 2억 9천9백만 달러로 2015년을 마감하였습니다. 비록 예탁금리가 낮아 상대적으로 투자수익률이 높은 부동산 등으로 예금이 다소 흘러 들어갔지만, 총 수신고는 1천7백만 달러 증가하여 1천만 달러의 대출 성장과 8백만 달러의 기타 투자 등의 원동력이 되었습니다.

반면 영업 순이익은 2014년 대비 49,000달러, 약 4.4% 감소한 1백7만 달러로 마감하였습니다. 이사회는 2015년에도 우리의 성과의 결실인 이 이익금 중 주택과 상가 담보대출 이자 납입액의 8%와 출자배당으로 출자액의 2%, 총 5천 5만 달러의 조합원 이용과 및 출자 배당을 책정하여 지급하였습니다. "조합원을 통해 창출된 이익을 조합원에게 다시 배분하는" 실험 고유의 기본이념 아래 우리는 이를 지난 1991년부터 실천하여 지금까지 총 누적액 1천4백만 달러를 조합원들에게 환원하였습니다.

또한, 배당과 법인세 차감 후 \$489,348를 잉여금 계정에 적립하여 신협만의 안정적 자본율을 높이는 동시에 내실을 더욱더 공고히 다져 재무구조를 튼실하게 하였습니다.

2016년에도 기존의 저금리 정책은 당분간 지속될 전망이고 어쩌면 금리가 현재 수준보다도 더 낮아질 수도 있다는 전망도 나오고 있습니다. 만일 이것이 현실이 된다면 저금리 환경에 다소 취약한 우리의 현 자산 구조로 인해 영업이익에 또 타격이 가해질 것입니다. 그러나, 우리는 지난해부터 지속적으로 자산을 재구성하여, 추가적인 금리 인하에 대한 영향을 최소화하는 등의 대비책을 강구하고 있어 그 영향은 전년도에 비해 상당히 줄어든 것으로 예상하고 있습니다. 뿐만 아니라 저희 임직원 일동은 건축경영은 물론이고 지속적인 자산 구조조정 등의 노력으로 이 난관을 극복해 나갈 각오를 날마다 새롭게 하고 있는 바, 내년에도 반드시 만족할 만한 경영 보고를 드릴 수 있게 될 것을 확약 드립니다.

이사회 운용...

2015년도 한 해도 다른 해 못지않게 이사님들의 헌신적인 봉사와 수고가 더욱더 깃들여졌던 한 해였습니다. 지난해 보고에 말씀드렸듯이 급변하는 금융환경에 적절히 대응하기 위해 신용조합 이사들의 신협 운영 감시 및 관리 능력이 그 어느 때보다도 강조되고, 또한 관리 감독 기관으로부터 세심히 요구되고 있습니다. 이러한 금융기관 감독 관리 환경 속에서 여러분의 이사회는 지난 한 해 충실히 또한 전문적이고 체계적으로 그 직책을 수행하였습니다. 매 회의를마다 주어진 장문의 보고서를 검토하는 일 외에도 최소 두 차례의 전문 교육 강사 초청 교육을 받았으며, 인터넷 강의에 참여하는가 하면 웨비나(Webinar)를 통한 교육도 전원이 이수하는 등 이사회의 질을 높이기 위한 교육에도 성심을 다 하였습니다. 각 이사는 일급 개의 위원회 중 최소 두 위원회에 속하여 월평균 2회 이상의 회의에 참석하여 신협 운영 전반에 걸쳐 보고를 받고 의논을 하며 경영진을 지도 편달하였습니다. 이는 지난 2015년 한 해에 국한된 것이 아니라 앞으로도 지속적인 이사회 운영 방침이므로 유지되어야 할 것으로 사료됩니다. 이러한 운영 방침을 묵묵히 수행하며 헌신적인 봉사를 해주신 이사님들께 진심으로 감사의 말씀을 드립니다.

지역사회와 함께 한 2015...

2015년도에 예년과 다름없이 신협은 지역사회 여러 행사를 후원하고 지원하였습니다. 특별히 차세대 리더 양성 교육과 노인 복지 후생에 관하여는 어느 때보다도 활발하게 참여하였고 우리의 문화와 전통을 계승 발전하는 행사에도 아낌없는 지원을 하였습니다. 한가지 특이할만한 사항은 이사회에서 지역사회 후원에 대한 결정을 투명하고 효율적으로 하기 위하여 "지역사회 발전 위원회"를 구성하였습니다. 이 위원회가 건전한 발전을 통해 신협이 추구하는 지역사회 발전에 이바지할 수 있는 시금석이 될 수 있기를 기대합니다. 아울러, 이 자리를 빌려 혹 여러분 중 지역사회 전반에 도움이 될 행사를 기획하고 계신 분들이 계시면 동 위원회에 연락해 주실 것을 당부드립니다.

2016년과 그 이후를 바라보며...

우리는 2016년 많은 새로운 일들을 계획하고 있습니다. 그중에는 새로운 신협의 인터넷 홈페이지 구축, 모바일뱅킹, Wealth Management, 지점 재 배치 등이 계획되고 있습니다. 어느 것은 빠르면 다음 달쯤 이루어질 것이고 어느 것은 연말쯤 이루어질 것으로 예상됩니다. 또한 신용조합은 올 연말로 3억 달러 이상의 자산성장을 달성할 것으로 기대하며, 나아가 향후에는 4억, 5억 달러 자산의 중대형 신협으로 성장하기 위해 조합원님과 더불어 힘차게 한걸음 한걸음

전진하는데 열과 성을 다 할 것입니다. 앞에서 언급 드렸듯이, 오늘날 우리가 괄목할 만한 성장을 할 수 있었던 것은 조합원 여러분의 열성적인 조합 사랑이 있었기 때문에 가능했습니다. 향후 금융시장의 경쟁은 더욱더 치열해 갈 것이며 금융환경 또한 더욱더 어려워져 갈 것이라는 의견에 어느 누구도 반론을 제기하는 사람은 없을 것입니다. 하지만 조합원 여러분들의 한결같은 신협 사랑의 마음을 가지고 있는 한 신협의 미래는 밝다고 우리는 확신합니다. 어떠한 어려움과 고난이라도 극복해 나가며 우리 신협은 끊임없이 발전하며 성장할 것입니다. 이에 우리는 여러분의 변함없고 흔들림 없는 지속적인 신협 사랑을 간곡히 당부드립니다.

다시 한번 신협을 믿고 지원해 주신 여러분께 감사드리고 2016년에도 지속적인 지도편달을 부탁드립니다. 이사회 보고를 마칩니다.



이사장 황승일



전무 석광익



Image: John Suk, CEO

INDEPENDENT AUDITOR'S REPORT



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TO THE MEMBERS OF SHARONS CREDIT UNION

We have audited the accompanying consolidated financial statements of Sharons Credit Union, which comprise the Consolidated Statement of Financial Position as at December 31, 2015 and the Consolidated Statements of Comprehensive Income, Changes in Members' Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sharons Credit Union as at December 31, 2015 and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

OTHER MATTERS

The consolidated financial statements for the year ended December 31, 2014 were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion in their report dated March 19, 2015.



Chartered Professional Accountants

Vancouver, British Columbia
March 8, 2016

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(December 31, 2015)

	2015	2014
ASSETS		
Cash resources (Note 3)	\$ 38,830,746	47,193,055
Investments (Note 4)	40,088,108	23,688,344
Member loans (Note 5)	216,555,368	206,588,341
Property and equipment (Note 7)	2,716,674	2,900,441
Other assets (Note 8)	700,278	846,557
TOTAL ASSETS	\$ 298,891,174	281,216,738
LIABILITIES		
Member deposits (Note 9)	280,536,928	263,719,642
Accounts payable and other liabilities (Note 10)	1,971,751	1,644,151
Member shares (Note 12)	3,005,043	2,928,796
TOTAL LIABILITIES	285,513,722	268,292,589
MEMBER'S EQUITY		
Member equity shares (Note 12)	613,281	598,449
Retained earnings	12,764,171	12,325,700
TOTAL MEMBER'S EQUITY	13,377,452	12,924,149
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 298,891,174	281,216,738

Approved on behalf of the Board:



HWANG, MICHAEL SEONG IL
Chair, Board of Directors



YOO, VICTOR BYUNGKYU
Board of Director

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the Year Ended December 31)

	2015	2014
INTEREST REVENUE		
Loans	\$ 7,632,086	7,623,485
Cash resources and investments	858,679	1,114,565
	8,490,765	8,738,050
INTEREST EXPENSE		
Deposits	3,633,061	3,950,037
NET INTEREST INCOME	4,857,704	4,788,013
Loan impairment expense (Note 6)	(115,107)	(180,000)
Other income	1,542,740	1,548,130
NET INTEREST AND OTHER INCOME	6,285,337	6,156,143
OPERATING EXPENSES		
Advertising and promotion	68,977	74,361
Audit and legal	223,547	139,981
Cheque and Mastercard processing	140,241	167,502
Community event sponsorship	44,023	60,500
Data processing	419,135	413,457
Depreciation of property and equipment	250,193	255,141
Insurance and dues assessment	555,582	529,196
Office	338,429	227,253
Other administrative and management fee	227,604	186,664
Rent and utilities	530,128	509,299
Repairs and maintenance	38,395	32,971
Salaries and benefits	2,377,536	2,438,634
	5,213,790	5,034,959
INCOME BEFORE DIVIDENDS ON MEMBER DEPOSIT SHARES	1,071,547	1,121,184
DISTRIBUTION TO MEMBERS	493,183	664,171
INCOME BEFORE INCOME TAXES	578,364	457,013
Income taxes - Current	104,335	79,894
Income taxes - Deferred	(15,319)	(10,981)
PROVISION FOR INCOME TAXES (Note 11)	89,016	68,913
COMPREHENSIVE INCOME	\$ 489,348	388,100

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY

(for the Year Ended December 31)

	MEMBERS' SHARE	RETAINED EARNINGS	TOTAL
BALANCE AT JANUARY 1, 2014	\$ 555,484	11,988,315	12,543,799
Net Income	-	388,100	388,100
Distribution on members' equity shares	-	(59,735)	(59,735)
Share issuance (redemption) - net	42,965	-	42,965
Income tax deduction on dividend	-	9,020	9,020
BALANCE ON DECEMBER 31, 2014	\$ 598,449	12,325,700	12,924,149
Net Income	-	489,348	489,348
Distribution on members' equity shares	-	(60,496)	(60,496)
Share addition (redemption) - net	14,832	-	14,832
Income tax deduction on dividend	-	9,619	9,619
BALANCE ON DECEMBER 31, 2015	\$ 613,281	12,764,171	13,377,452

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

(for the Year Ended December 31)

Cash provided by (used in)

OPERATING ACTIVITIES

	2015	2014
Income for the year	\$ 489,348	388,100
Adjustment for non-cash items:		
Depreciation of property and equipment	250,193	255,141
Deferred income taxes	(15,319)	(10,981)
Provision for loan losses	115,107	180,000
Loss on write off of property and equipment	19,550	-
	858,879	812,260
Change in other assets	106,528	70,328
Change in accounts payable and other liabilities	327,600	(194,350)
	1,293,007	688,238
Changes in member activities		
Change in member loans	(10,082,134)	(15,551,913)
Change in member deposits	16,817,286	11,626,189
	6,735,152	(3,925,724)

TOTAL CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES

INVESTING ACTIVITIES

Increase (decrease) in investments, net	(16,399,764)	(5,683,542)
Purchase of property and equipment	(81,784)	(81,469)
TOTAL CASH INFLOWS (OUTFLOWS) FROM INVESTING ACTIVITIES	(16,481,548)	(5,765,011)

FINANCING ACTIVITIES

Change in membership shares	91,080	222,759
INCREASE IN CASH RESOURCES, NET	(8,362,309)	(8,779,738)
CASH RESOURCES, NET, beginning of year	47,193,055	55,972,793
CASH RESOURCES, NET, end of year	\$ 38,830,746	47,193,055

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Sharons Credit Union (the Credit Union) is incorporated under the Credit Union Incorporation Act of British Columbia and is a member of Central 1 Credit Union Limited (Central 1). The Credit Union operates as one operating segment in the loans and deposit taking industry in British Columbia. Products and services offered to its members include mortgages, personal and commercial loans, chequing and savings accounts, term deposits, RRSPs, RRIAs, mutual funds, automated banking machines (ABMs), debit and credit cards, and internet banking. The Credit Union head office is located at 1055 Kingsway, Vancouver, BC.

On December 9, 2004, Sharons Insurance Services Ltd. was incorporated under the Business Corporation Act of British Columbia. Its primary business activity is providing insurance services to the members of the Credit Union. These consolidated financial statements have been authorized for issue by the Board of Directors on March 8, 2016.

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements were prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments measured at fair value.

The Credit Union's functional and presentation currency is the Canadian dollar.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Credit Union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.

CONSOLIDATION

The consolidated financial statements include the assets and liabilities and results of operation of the Credit Union and its wholly-owned subsidiary, Sharons Insurance Services Ltd., after the elimination of intercompany transactions and balances.

SIGNIFICANT ACCOUNTING POLICIES

CASH RESOURCES

Cash resources includes cash on hand, deposits with Central 1, other short-term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows, bank overdrafts that are repayable on demand.

Cash resources are classified as loans and receivables and are carried at amortized cost, which is equivalent to fair value.

MEMBER LOANS

All member loans are:

- non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been classified as loans and receivables;
- initially recorded at fair value, net of loan origination fees and inclusive of transaction costs incurred;
- subsequently measured at amortized cost, using the effective interest rate method, less any impairment; and
- reported at their recoverable amount representing the aggregate amount of principal, less any allowance for provision for impaired loans, plus accrued interest. Interest is accounted for on the accrual basis for all loans.

If there is objective evidence that an impairment loss on member loans carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the loans' carrying amount and the present value of expected cash flows discounted at the loans' original effective interest rate. Short-term balances are not discounted.

The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The expected future cash outflows for a group of financial assets with similar credit risk characteristics are estimated based on historical loss experience.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in net income.

ALLOWANCE FOR IMPAIRED LOANS

Member loans are written off as determined by management and approved by the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the loan provisions for impairment, if a provision for impairment had previously been recognized. If no provision had been recognized, the write offs are recognized as expenses in net income.

PROPERTY AND EQUIPMENT

Property and equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, with the exception of land which is not depreciated. Depreciation is recognized in net income and is provided on a straight-line basis over the estimated useful life of the assets as follows:

BUILDING	25 YEARS
COMPUTER HARDWARE	3 YEARS
FURNITURE AND FIXTURES	5 YEARS
LEASEHOLD IMPROVEMENT	5 YEARS

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an assets exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows.

Impairment charges are included in net income, except to the extent they reverse gains previously recognized in other comprehensive income.

INCOME TAXES

Income tax expense comprise of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are measured at the amount expected to be paid to or recovered from the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by year end.

Deferred tax assets or liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

Deferred tax assets or liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by year end and are expected to apply when the liability or asset is settled or recovered.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allows the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

MEMBER DEPOSITS

All member deposits are:

- initially recorded at fair value, net of any transaction costs directly attributable to the issuance of the instrument; and
- subsequently measured at amortized cost, using the effective interest rate method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

ACCOUNTS PAYABLE AND OTHER PAYABLES

Liabilities for trade creditors and other payables are classified as other financial liabilities and initially measured at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method.

MEMBER SHARES

Member shares issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Shares that contain redemption features subject to the Credit Union maintaining adequate regulatory capital are accounted for using the partial treatment requirement of IFRIC 2 Members' Shares in Cooperative Entities and Similar Instruments.

DISTRIBUTION TO MEMBERS

Patronage distributions related to member equity shares carried as a liability are recognized in net income when circumstances indicate the Credit Union has a constructive obligation, it has little or no discretion to avoid this obligation, and it can make a reasonable estimate of the amount required to settle the obligation. Distributions to members related to shares included in member equity are treated as a reduction of equity net of the related income tax impact.

REVENUE RECOGNITION

Revenue from the provision of services to members is recognized when earned; specifically, when amounts can be determined and the ability to collect is reasonably assured.

Loan interest income is recorded using the effective interest rate method. Investment income is recorded using the effective interest rate method. Commission and service charges are recognized in income when the related service is provided or entitlement to receive income is earned. Loan negotiation fees are recorded using the effective interest rate method with income recorded on prepayment or renegotiation of fixed term loans being recognized when received.

FOREIGN CURRENCY TRANSLATION

Foreign currency accounts are translated into Canadian dollars. At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on nonmonetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

The Credit Union has no foreign non-monetary assets and liabilities.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

i) New standards, interpretations and amendments not yet effective

Certain new standards, amendments and interpretations have been published that are mandatory for the Credit Union's accounting periods beginning on or after January 1, 2016 or later periods that the Credit Union has decided not to early adopt.

- IFRS 9 Financial Instruments provides a new approach for the classification of financial assets, which shall be based on the cash flow characteristics of the asset and the business model of the portfolio in which the asset is held. IFRS 9 also introduces an expected loss model, entities are required to recognize 12 month expected credit losses from the date of a financial instrument is first recognized and to recognize lifetime expected credit losses when the credit risk on the financial instrument has increased significantly. The standard is effective for annual periods beginning on or after January 1, 2018. The Credit Union is in the process of evaluating the impact of the new standard.
- IFRS 15 Revenue from Contracts with Customers has established principles for recognizing revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expected to be entitled in exchange for those goods or services. The new standard does not apply to financial instruments or lease contracts, which fall in the scope of other IFRSs. The standard is effective for annual periods beginning on or after January 1, 2017. The Credit Union is in the process of evaluating the impact of the new standard.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Credit Union's future financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Credit Union makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

JUDGMENTS

ALLOWANCE FOR LOAN LOSSES

In determining whether an impairment loss should be recorded in the consolidated statement of comprehensive income, the Credit Union makes judgment on whether objective evidence of impairment exists for financial assets that are individually significant. Where this does not exist, the Credit Union uses its judgment to group member loans with similar credit risk characteristics to allow a collective assessment of the group to determine any impairment loss.

ESTIMATES

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Credit Union determines the fair value of financial instruments that are not quoted in an active market, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realized immediately.

ALLOWANCE FOR LOAN LOSSES

In determining the collective loan loss provision, management uses estimates based on historical loss experience for assets with similar credit risk characteristics and objective evidence of impairment. Further details on the estimates used to determine the allowance for impaired loans collective provision are provided in Note 6.

INCOME TAXES

The Credit Union periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Credit Union records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

3. CASH RESOURCES

The Credit Union's cash and current accounts are held with Central 1. The average yield on the accounts at December 31, 2015 is 0.58% (2014 - 1.04%). Short-term deposits are also held with Central 1. The average yield on the accounts at December 31, 2015 is 1.11% (2014 - 1.31%).

	2015	2014
Cash	\$ 14,006,720	12,486,434
Short-term deposit, Central 1 Credit Union	24,768,250	34,581,080
Accrued interest	28,788	125,541
Clearing accounts	26,988	-
	\$ 38,830,746	47,193,055

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

In accordance with provincial legislation and the terms of arrangement with Central 1, credit unions are required to maintain deposits with Central 1 totaling 8% of their deposit and debt liabilities. Total 2015 deposits were 11.59% (2014 - 14.91%) of its member deposit and debt liabilities. The deposits can be withdrawn only if there is a sufficient reduction in the Credit Union's total assets or upon withdrawal of membership from Central 1.

4. INVESTMENTS

The following tables provide information on the investments by type of security and issuer. The maximum exposure to credit risk would be the fair value as detailed below.

DEPOSITS	2015	2014
Central 1 liquidity deposit	\$ 9,600,000	12,531,215
Central 1 accrued interest	16,502	46,800
Concentra term deposit	29,000,000	10,000,000
Concentra accrued interest	296,659	37,260
	\$ 38,913,161	22,615,275

Deposits are held with Central 1 and Concentra. The average yield on the accounts at December 31, 2015 is 1.69% (2014 - 1.31%).

EQUITY INSTRUMENTS	2015	2014
Central 1 Credit Union - Class A	\$ 1,113,329	1,011,451
Central 1 Credit Union - Class E	109	109
Stabilization Central Credit Union	202	202
CUPP Services Ltd.	61,307	61,307
	\$ 1,174,947	1,073,069

The shares in Central 1 are required as a condition of membership and are redeemable upon withdrawal of membership or at the discretion of the Board of Directors of Central 1. In addition, the member credit unions are subject to additional capital calls at the discretion of the Board of Directors of Central 1.

The Credit Union is not intending to dispose of any Central 1 shares as the services supplied by Central 1 are relevant to the daily activities of the Credit Union. Dividends on these shares are at the discretion of the Board of Directors of Central 1.

Central 1 Class A shares are subject to an annual rebalancing mechanism and are issued and redeemable at par value. There is no separately quoted market value for these shares; however, fair value is determined to be equivalent to the par value due to the fact transactions occur at par value on a regular and recurring basis.

Central 1 Class E shares are issued with a par value however are redeemable at \$109 at the option of Central 1. There is no separately quoted market value for these shares and the fair value could not be measured reliably. Fair value cannot be determined, therefore, the range of reasonable fair value estimates is significant and the probabilities of various estimates cannot reasonably assessed. Therefore, they are recorded at cost.

The shares of Stabilization Central Credit Union and CUPP Services Ltd. also have no separately quoted market value and fair value could not be measured reliably. Therefore, they are recorded at cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

5. MEMBER LOANS

		PERSONAL	COMMERCIAL	2015 TOTAL	2014 TOTAL
Loans	\$	165,162,653	51,410,846	216,573,499	206,640,638
Accrued interest		356,349	166,591	522,940	482,295
		165,519,002	51,577,437	217,096,439	207,122,933
Provision for impaired loans (Note 6)		(439,493)	(101,578)	(541,071)	(534,592)
	\$	165,079,509	51,475,859	216,555,368	206,588,341

TERMS AND CONDITIONS

Member loans can have either a variable or fixed rate of interest and they mature within five years.

Variable rate loans are based on a "prime rate" formula. The rate is determined by the type of security offered and the member's credit worthiness. The Credit Union's prime rate at December 31, 2015 was 2.70% (2014 - 3.00%).

The interest rate offered on fixed rate loans being advanced at December 31, 2015 ranges from 2.70% to 15.00%. The rate offered to a member varies with the type of security offered and the member's credit worthiness.

Residential mortgages and lines of credit secured by residential property are generally repayable monthly with either blended payments of principal and interest or interest only.

Commercial loans consist of term loans, operating lines of credit and mortgages to individuals, partnerships and corporations, and have various repayment terms. They are secured by various types of collateral, including mortgages on real property, general security agreements, charges on specific equipment, investment and personal guarantees.

AVERAGE YIELDS TO MATURITY

Loans bear interest at both variable and fixed rates with the following average yields at:

		2015 PRINCIPAL	2015 YIELD	2014 PRINCIPAL	2014 YIELD
Variable rate	\$	65,594,792	3.62%	70,286,461	4.50%
Fixed rate due less than one year		74,010,515	3.26%	105,707,014	3.42%
Fixed rate due between one and five years		77,491,132	3.13%	31,129,458	3.35%
	\$	217,096,439	3.34%	207,122,933	3.78%

CREDIT QUALITY OF LOANS

It is not practical to value all collateral as at the year-end date due to the variety of assets and conditions. A breakdown of the security held on a portfolio basis is as follows:

		2015	2014
Unsecured loans	\$	8,852,171	12,720,480
Loans secured by cash, member deposits		4,276,870	1,565,664
Real estate secured mortgage		201,049,620	186,826,612
Otherwise secured mortgage		1,479,903	3,986,007
Residential mortgages insured by government		1,437,875	2,024,170
	\$	217,096,439	207,122,933

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

FAIR VALUE

The fair value of member loans at December 31, 2015 was \$216,691,277 (2014 - \$206,790,884).

The estimated fair value of the variable rate loans is assumed to be equal to book value as the interest rates on these loans re-price to market on a periodic basis. The estimated fair value of fixed rate loans is determined by discounting the expected future cash flows at current market rates for products with similar terms and credit risks.

CONCENTRATION OF RISK

The Credit Union has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments as follows:

		2015	2014
Residential mortgages	\$	154,148,165	143,387,181
Personal loans		11,370,838	9,351,058
Commercial loans		51,577,436	54,384,694
	\$	217,096,439	207,122,933

The Credit Union has branches only in British Columbia, Canada and substantially all security for loans is located in British Columbia.

6. ALLOWANCE FOR IMPAIRED LOANS

		2015	2014
Collective provision	\$	127,742	181,000
Individual specific provision		413,329	353,592
Total provision	\$	541,071	534,592

Movement in individual specific provision and collective provision for loan impairment:

2015		PERSONAL	COMMERCIAL	COLLECTIVE	TOTAL
Balance at January 1, 2015	\$	261,538	92,054	181,000	534,592
Recoveries of loans previously written off		14,063	-	-	14,063
Provision charged to net income		147,940	20,426	(53,259)	115,107
Loans written off		(111,789)	10,902	-	(100,887)
Balance at December 31, 2015		311,752	101,578	127,741	541,071
Carrying value of individually impaired loans	\$	352,753	101,578	-	454,331

2014		PERSONAL	COMMERCIAL	COLLECTIVE	TOTAL
Balance at January 1, 2014	\$	296,372	38,731	150,100	485,203
Recoveries of loans previously written off		3,186	3,053	-	6,239
Provision charged to net income		60,000	89,100	30,900	180,000
Loans written off		(98,020)	(38,830)	-	(136,850)
Balance at December 31, 2014		261,538	92,054	181,000	534,592
Gross principal balance of individually impaired loans	\$	260,069	92,187	-	352,256

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

Analysis of individual loans that are impaired or potentially impaired based on age of repayments outstanding:

		DECEMBER 31, 2015	DECEMBER 31, 2015	DECEMBER 31, 2014	DECEMBER 31, 2014
		CARRYING	INDIVIDUAL	CARRYING	INDIVIDUAL
PERIOD OF DELINQUENCY		VALUE	SPECIFIC	VALUE	SPECIFIC
			PROVISION		PROVISION
Less than 30 days	\$	3,897,819	-	3,578,004	-
30 to 90 days		60,195	-	92,361	-
Over 90 days		2,096,328	413,329	757,373	353,592
Total loans in arrears		6,054,342	413,329	4,427,738	353,592
Total loans not in arrears		211,042,097	-	202,695,195	-
Total loans	\$	217,096,439	-	207,122,933	-

KEY ASSUMPTIONS IN DETERMINING THE ALLOWANCE FOR IMPAIRED LOANS COLLECTIVE PROVISION

The Credit Union has determined the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as industrial restructuring, job losses or economic circumstances. In identifying the impairment likely from these events, the Credit Union estimates the potential impairment using the loan type, industry, geographic location, type of loan security, the length of time the loans are past due, and the historical loss experience. The circumstances may vary for each loan over time, resulting in higher or lower impairment (losses). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Credit Union to reduce any differences between loss estimates and actual loss experience.

An estimate of the collective provision loans are classified into separate groups with similar risk characteristics, based on the type of product and type of security.

Loans with repayments past due but not regarded as individually impaired and considered in determining the collective provision:

2015		RESIDENTIAL MORTGAGE	PERSONAL	COMMERCIAL	TOTAL
30 to 90 days	\$	-	56,137	1,922	58,059
Over 90 days		809,045	430,174	857,108	2,096,327
Balance at December 31, 2015	\$	809,045	486,311	859,030	2,154,386

2014		RESIDENTIAL MORTGAGE	PERSONAL	COMMERCIAL	TOTAL
30 to 90 days	\$	-	325,123	103,990	429,113
Over 90 days		-	199,926	412,781	612,707
Balance at December 31, 2014	\$	-	525,049	516,771	1,041,820

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

7. PROPERTY AND EQUIPMENT

		LAND	BUILDING	LEASEHOLD IMPROVEMENT	COMPUTER HARDWARE	FURNITURE & FIXTURES	TOTAL
COST							
Balance at January 1, 2014	\$	1,022,125	2,327,467	549,256	1,788,619	924,278	6,611,745
Additions		-	9,320	26,432	38,601	7,116	81,469
Disposals		-	-	-	-	-	-
Balance on December 31, 2014		1,022,125	2,336,787	575,688	1,827,220	931,394	6,693,214
Additions		-	-	-	48,504	33,280	81,784
Disposals		-	-	(140,514)	-	(68,482)	(208,996)
Balance on December 31, 2015	\$	1,022,125	2,336,787	435,174	1,875,724	896,192	6,566,002
ACCUMULATED DEPRECIATION							
Balance at January 1, 2014	\$	-	761,711	527,517	1,378,175	866,036	3,533,439
Depreciation expense		-	89,447	7,385	133,768	24,541	255,141
Impairment losses		-	-	-	4,193	-	4,193
Disposals		-	-	-	-	-	-
Balance at December 31, 2014		-	851,158	534,902	1,516,136	890,577	3,792,773
Depreciation expense		-	92,648	10,996	134,906	11,241	249,791
Disposals		-	-	(140,460)	(4,153)	(48,623)	(193,236)
Balance on December 31, 2015	\$	-	943,806	405,438	1,646,889	853,195	3,849,328
NET BOOK VALUE							
December 31, 2014	\$	1,022,125	1,485,629	40,786	311,084	40,817	2,900,441
December 31, 2015	\$	1,022,125	1,392,981	29,736	228,835	42,997	2,716,674

8. OTHER ASSETS

		2015	2014
Prepaid expenses	\$	93,021	171,312
Accounts receivable		176,352	259,659
Deferred income tax		135,905	120,586
Autoplan license		295,000	295,000
	\$	700,278	846,557

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

9. MEMBER DEPOSITS

		2015	2014
Chequing	\$	21,734,849	16,767,819
Demand		41,999,324	34,132,193
Term		170,205,288	167,961,808
Registered savings plans		27,917,583	28,158,391
Registered retirement income funds		2,028,641	1,627,579
Tax free savings account		16,651,243	15,071,852
	\$	280,536,928	263,719,642

TERMS AND CONDITIONS

Chequing deposits are due on demand and bear interest at a variable rate up to 0.00% (2014 - 0.00%) at December 31, 2015.

Demand deposits are due on demand and bear interest at a variable rate up to 0.10% (2014 - 0.10%) at December 31, 2015.

Term deposits bear fixed rates of interest for terms of up to five years. Interest can be paid annually, semi annually, monthly or upon maturity. The interest rates offered on term deposits issued on December 31, 2015 range from 0.70% to 2.07% (2014 - 1.00% to 2.25%).

The registered retirement savings plan (RRSP) accounts can be fixed or variable rate. The fixed rate RRSPs have terms and rates similar to the term deposit accounts described above. The variable rate RRSPs bear interest at rates up to 1.75% (2014 - 2.00%) at December 31, 2015.

Registered retirement income funds (RRIFs) consist of both fixed and variable rate products with terms and conditions similar to those of the RRSPs described above. Members may make withdrawals from a RRIF account on a monthly, semi-annual or annual basis. The regular withdrawal amounts vary according to individual needs and statutory requirements.

The tax-free savings accounts can be fixed or variable rate with terms and conditions similar to those of the RRSPs described above.

Included in chequing and demand deposits is an amount of \$5,363,900 denominated in US dollars (2014 - \$4,900,193).

FAIR VALUE

The fair value of member deposits at December 31, 2015 was \$280,465,011 (2014 - \$263,476,794).

The estimated fair value of the demand deposits and variable rate deposits are assumed to be equal to book value as the interest rates on these loans and deposits re-price to market on a periodic basis. The estimated fair value of fixed rate deposits is determined by discounting the expected future cash flows of these deposits at current market rates for products with similar terms and credit risks.

AVERAGE YIELDS TO MATURITY

Members' deposits bear interest at both variable and fixed rates with the following average yields at:

		2015 PRINCIPAL	2015 YIELD	2014 PRINCIPAL	2014 YIELD
Variable rate	\$	6,466,965	1.91%	50,876,049	1.92%
Fixed rate due less than one year		246,886,401	1.48%	195,394,362	1.76%
Fixed rate due between one and five years		27,183,562	1.80%	17,449,231	2.17%
	\$	280,536,928	1.73%	263,719,642	1.46%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2015	2014
Dividends and patronage distributions payable	\$ 553,895	705,957
Trade payable	1,417,856	938,194
Balance, end of year	\$ 1,971,751	1,644,151

11. INCOME TAXES

The significant components of tax expense included in net income are composed of:

	2015	2014
Current tax expense Based on current year taxable income	\$ 104,335	79,894
Deferred tax expense Origination and reversal of temporary differences	(15,319)	(10,981)
	\$ 89,016	68,913

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory rate of 26% (2014 - 26%) are as follows:

	2015	2014
Net income before taxes for the year	\$ 578,364	457,013
Statutory rate	26%	26%
Expected taxes based on the statutory rate	150,375	118,823
Impact of credit union deduction	(58,415)	(51,713)
Other non-deductible portion of expenses	1,771	1,803
Over (under) provision in prior years	(4,715)	-
Total income tax expense (recovery)	\$ 89,016	68,913

The movement in 2015 deferred tax liabilities and assets is as follows:

	OPENING BALANCE AT JANUARY 1, 2015	RECOGNIZE IN NET INCOME	CLOSING BALANCE AT DECEMBER 31, 2015
DEFERRED TAX ASSETS			
Unused non-capital losses	\$ 52,379	7,979	60,358
Property and equipment	52,253	20,039	72,292
Reserves	34,401	(6,166)	28,235
Deferred tax assets	\$ 139,033	21,852	160,885
DEFERRED TAX LIABILITY			
Other asset (autoplan license)	18,447	6,533	24,980
2015 net deferred tax asset	\$ 120,586	15,319	135,905

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

The tax rate applicable to deferred income tax reversals is 16.7% (2014 - 15.9%). The increase is due to phase out of the preferred rate amount.

As at December 31, 2015, there are unused non-capital losses of \$232,148 (2014 - \$272,806) These losses expire by 2029.

The movement in 2014 deferred tax liabilities and assets is as follows:

	OPENING BALANCE AT JANUARY 1, 2014	RECOGNIZE IN NET INCOME	CLOSING BALANCE AT DECEMBER 31, 2014
DEFERRED TAX ASSETS			
Unused non-capital losses	\$ 51,743	636	52,379
Property and equipment	43,294	8,959	52,253
Reserves	30,613	3,788	34,401
Deferred tax assets	\$ 125,650	13,383	139,033
DEFERRED TAX LIABILITY			
Other asset (autoplan license)	\$ (16,045)	(2,402)	(18,447)
2015 net deferred tax asset	\$ 109,605	10,981	120,586

	2015	2014
Deferred tax assets to be settled within 12 months	\$ 28,235	34,401
Deferred tax assets to be settled over 12 months	107,670	86,185
	\$ 135,905	120,586

12. MEMBER SHARES

All following types of member shares have unlimited authorized quantities of shares.

	2015 EQUITY	2015 LIABILITY	2014 EQUITY	2014 LIABILITY
Membership Shares	\$ 608,541	2,704,628	593,914	2,639,617
Patronage Shares	4,740	99,908	4,535	86,800
Investment Shares	-	200,507	-	202,379
	\$ 613,281	3,005,043	598,449	2,928,796

Patronage or investment shares are recognized as a liability, equity or compound instrument, based on the terms and in accordance with IAS 32, Financial Instrument Presentation and IFRIC 2 Members' shares in Cooperative Entities and Similar Instruments. If they are classified as equity, they are recognized at cost. If they are classified as liability, they are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using effective interest rate method.

TERM AND CONDITIONS

MEMBERSHIP SHARES

As a condition of membership, which is required to use the services of the Credit Union, each member is required to hold \$25 in membership shares. These membership shares are redeemable at par only when a membership is withdrawn. Dividends are at the discretion of the Board of Directors.

Funds invested by members in member shares are not insured by the Credit Union Deposit Insurance Corporation (CUDIC). The withdrawal of member shares is subject to the Credit Union maintaining adequate regulatory capital (see Note 16) and limited to 10% per year, as is the payment of any dividends on these shares. Membership shares that are available for redemption are classified as a liability. Any difference between the total membership shares and the liability amount are classified as equity.

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PATRONAGE SHARES

Patronage shares are issued as part of patronage rebates. They are non-voting, can be issued only to members of the Credit Union, and are redeemable at par only when a membership is withdrawn. There is no limit on the number of shares which can be held by a member. The withdrawal of patronage shares is subject to the Credit Union maintaining adequate regulatory capital (see Note 16), as is the payment of any distribution on these shares. Patronage shares that are available for redemption are classified as a liability. Any difference between the total patronage share and the liability amount are classified as equity.

Patronage rebates are at the discretion of the Board of Directors unless a constructive obligation exists for distribution.

INVESTMENT SHARES

Investment shares are non-voting, can be issued only to members of the Credit Union, and pay dividends at the discretion of the Board of Directors in the form of cash or additional shares. They are redeemable at par.

Where the Credit Union has met its regulatory capital requirements, though subordinate classes of shares, the investment shares are deemed to be a compound instrument. The liability component is measured as the present value of the amount redeemable and the equity component which represents the discretionary dividends, is measured as the residual.

PATRONAGE DISTRIBUTION

		2015 NET INCOME	2015 EQUITY	2014 NET INCOME	2014 EQUITY
Dividends on investment shares	\$	-	60,496	-	59,735
Income tax deduction on dividend		-	(9,619)	-	(9,020)
Dividends on membership shares		493,183	-	664,171	-
	\$	493,183	50,877	664,171	50,715

13. RELATED PARTY TRANSACTIONS

The Credit Union entered into the following transactions with key management personnel, which are defined by IAS 24, Related Party Disclosures, as those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, including directors and management.

		2015	2014
<i>Compensation</i>			
Salaries and other short-term employee benefits	\$	562,424	514,000
Total post-employment benefits		26,438	-
Other long-term benefits		34,346	-
Director remuneration		106,650	-
	\$	729,858	514,000

The Credit Union's policy for lending to related parties is that the loans are approved and deposits accepted on the same terms and conditions which apply to members for each type of loan.

		2015	2014
<i>Loans to key management personnel</i>			
Aggregate value of loans and lines of credit approved	\$	1,642,000	1,089,000
Aggregate value of loans and lines of credit advanced		1,247,226	906,000
Interest received on loans advanced		31,230	24,000

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(December 31, 2015)

The Credit Union's policy for receiving deposits from related parties is that all transactions are approved and deposits accepted on the same terms and conditions which apply to members for each type of deposit. There are no benefits or concessional terms and conditions applicable.

		2015	2014
<i>Deposits from related parties</i>			
Aggregate value of term and savings deposits	\$	1,183,785	325,000
Total interest paid on term and saving deposits	\$	13,403	5,700

The Credit Union also expensed \$5,473 to pay for various expenses for the Credit Union's previous CEO. These expenses were not stipulated in the previous CEO's severance package.

14. FINANCIAL INSTRUMENT CLASSIFICATION AND FAIR VALUE

		AVAILABLE- FOR-SALE	FAIR VALUE THROUGH PROFIT OR LOSS	CASH FLOW HEDGES	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES
Cash	\$	-	-	-	38,830,746	-
Investments		1,174,947	-	-	38,913,161	-
Member loans		-	-	-	216,555,368	-
Accounts receivable		-	-	-	176,352	-
Member deposits		-	-	-	-	280,536,928
Member shares		-	-	-	-	3,005,043
Accounts payable & other liabilities		-	-	-	-	1,971,751
DECEMBER 31, 2015	\$	1,174,947	-	-	294,475,627	295,650,574
Cash	\$	-	-	-	47,193,055	-
Investments		1,073,069	-	-	22,615,275	-
Member loans		-	-	-	206,588,341	-
Accounts receivable		-	-	-	259,659	-
Member deposits		-	-	-	-	263,719,642
Member shares		-	-	-	-	2,928,796
Accounts payable & other liabilities		-	-	-	-	1,644,151
DECEMBER 31, 2014	\$	1,073,069	-	-	276,656,330	268,292,589

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The following table sets out the assets and liabilities for which fair values are disclosed in the notes.

DESCRIPTION	2015 FAIR VALUE	2014 FAIR VALUE	VALUATION TECHNIQUE	FAIR VALUE HIERARCHY LEVEL	SIGNIFICANT UNOBSERVABLE INPUTS
Member deposits	\$ 280,485,071	\$ 263,476,794	The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.	Level 2	Discount spot rates vary between 0.70% to 2.00% based on maturity date of the deposit.
Member loans	\$ 216,691,277	\$ 206,790,884	The fair value of member loans is calculated based on the present value of future cash flows. To determine present value, future cash flows are discounted by the current rate curve by which the asset or liability is originally priced.	Level 2	Discount spot rates between 3.00% to 8.25% for consumer loans and 4.00% to 7.25% for commercial loans based on maturity date of the loan.

15. FINANCIAL INSTRUMENT RISK MANAGEMENT

GENERAL OBJECTIVES, POLICIES AND PROCESSES

The Board of Directors have overall responsibility for the determination of the Credit Union's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Credit Union's finance function. The Board of Directors receive quarterly reports from the Credit Union's Chief Executive Officer through which it reviews the effectiveness of the process put in place and the appropriateness of the objectives and policies it sets.

CREDIT RISK

Credit risk is the risk of financial loss to the Credit Union if a counterparty to a financial instrument fails to make payments of interest and principal when due. The Credit Union is exposed to credit risk from claims against a debtor or indirectly from claims against a guarantor of credit obligations.

RISK MEASUREMENT

Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Credit Union takes into consideration the member's character, ability to pay and value of collateral available to secure the loan.

The Credit Union's credit risk management principles are guided by its overall risk management principles. The Board of Directors ensures that management has a framework, and policies, processes and procedures in place to managed credit risks, and that the overall credit risk policies are complied with at the business and transaction level.

The Credit Union's credit risk policies set out the minimum requirements for management of credit risk in a variety of transactional and portfolio management contexts. Its credit risk policies comprise the following:

- General loan policy statements including approval of lending policies, eligibility for loans, exceptions to policy, policy violations, liquidity, and loan administration;

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- Loan lending limits including Board of Directors limits, schedule of assigned limits and exceptions from aggregate indebtedness;
- Loan collateral security classifications which set loan classifications, advance ratios and amortization periods;
- Procedures outlining loan overdrafts, release or substitution of collateral, temporary suspension of payments and loan renegotiations;
- Loan delinquency controls regarding procedures followed for loans in arrears; and
- Audit procedures and processes are in existence for the Credit Union's lending activities.

With respect to credit risk, the Investment and Lending Committee receives quarterly reports summarizing new loans, delinquent loans and overdraft utilization. The Board of Directors also receives an analysis of bad debts and allowance.

For the current year, the amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is \$nil.

A sizeable portfolio of the loan book is secured by residential property in Greater Vancouver, British Columbia. Therefore, the Credit Union is exposed to the risks in reduction of the loan to valuation ratio (LVR) cover should the property market be subject to a decline. The risk of losses from loans undertaken is primarily reduced by the nature and quality of the security taken.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

LIQUIDITY RISK

Liquidity risk is the risk that the Credit Union will not be able to meet all cash outflow obligations as they come due. The Credit Union mitigates this risk by monitoring cash activities and expected outflows so as to meet all cash outflow obligations as they fall due.

RISK MEASUREMENT

The assessment of the Credit Union's liquidity position reflects management's estimates, assumptions and judgments pertaining to current and prospective firm specific and market conditions and the related behaviour of its members and counterparties.

OBJECTIVES, POLICIES AND PROCESSES

The Credit Union's liquidity management framework is designed to ensure that adequate sources of reliable and cost effective cash or its equivalents are continually available to satisfy its current and prospective financial commitments under normal and contemplated stress conditions.

Provisions of the Financial Institution Act require the Credit Union to maintain a prudent amount of liquid assets in order to meet member withdrawals. The Credit Union has set a minimum liquidity ratio of 8%. The Credit Union has 27.34% of liquid assets to total member deposit.

The Credit Union manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- Monitoring the liquidity ratios monthly.

The Board of Directors receives quarterly liquidity reports as well as information regarding cash balances in order for it to monitor the Credit Union's liquidity framework. The Credit Union was in compliance with the liquidity requirements throughout the fiscal year.

As at December 31, 2015, the position of the Credit Union is as follows:

Qualifying liquid assets on hand

Cash eligible for inclusion in liquidity calculation	\$	1,054,153
Liquidity reserve deposit		46,396,952
		47,451,105
Total liquidity requirement		22,419,028
Excess liquidity	\$	25,032,077

The maturities of liabilities are shown below under market risk. The Credit Union has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

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MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk, and equity risk.

INTEREST RATE RISK

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Credit Union is exposed to this risk through traditional banking activities, such as deposit taking and lending.

The Credit Union's goal is to manage the interest rate risk of the statement of financial position to a target level. The Credit Union continually monitors the effectiveness of its interest rate mitigation activities.

RISK MEASUREMENT

The Credit Union's position is measured quarterly. Measurement of risk is based on rates charged to clients as well as funds transfer pricing rates.

OBJECTIVES, POLICIES AND PROCEDURES

The Credit Union's major source of income is financial margin, the difference between interest earned on investments and member loans and interest paid on member deposits. The objective of asset/liability management is to match interest sensitive assets with interest sensitive liabilities as to amount and as to term to their interest rate repricing dates, thus minimizing fluctuations of income during periods of changing interest rates.

Schedules of matching and interest rate vulnerability are regularly prepared and monitored by Credit Union management and reported to the Credit Union Deposit Insurance Corporation of BC in accordance with the Credit Union's policy. This policy has been approved by the Board of Directors and filed with the Credit Union Deposit Insurance Corporation of BC as required by Credit Union regulations. For the year ended 2015, the Credit Union was in compliance with this policy.

The following schedule shows the Credit Union's sensitivity to interest rate changes. Amounts with floating rates or due or payable on demand are classified as maturing within three months, regardless of maturity. A significant amount of loans and deposit can be settled before maturity on payment of a penalty, but no adjustment has been made for repayments that occur prior to maturity. Amounts that are not interest sensitive have been grouped together, regardless of maturity.

2015 Interest sensitive Maturity dates		ASSETS	YIELD (%)	LIABILITIES/ EQUITY	COST (%)	ASSET/ LIABILITY GAP
0 - 3 months	\$	121,757,428	2.44	64,507,356	1.78	57,250,072
4 - 12 months		94,546,947	2.03	134,181,220	1.41	(39,634,273)
1 - 2 years		63,641,317	3.09	15,063,037	1.85	48,578,280
2 - 5 years		13,484,987	3.46	6,255,261	1.87	7,229,726
Interest sensitive		293,430,679	-	220,006,874	-	73,423,805
Non-interest sensitive		5,460,495	0.47	78,884,300	0.04	(73,423,805)
Total	\$	298,891,174	-	298,891,174	-	-

2014 Interest sensitive Maturity dates		ASSETS	YIELD (%)	LIABILITIES/ EQUITY	COST (%)	ASSET/ LIABILITY GAP
0 - 3 months	\$	142,119,070	3.05	56,567,443	1.86	85,551,627
4 - 12 months		101,195,924	2.92	141,841,104	1.74	(40,645,180)
1 - 2 years		8,808,915	3.94	11,734,135	2.15	(2,925,220)
2 - 5 years		22,320,544	3.39	5,715,095	2.15	16,605,449
Interest sensitive		274,444,453	-	215,857,777	-	58,586,676
Non-interest sensitive		6,772,285	0.64	65,358,961	0.04	(58,586,676)
Total	\$	281,216,738	-	281,216,738	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

Interest sensitive assets and liabilities cannot normally be perfectly matched by amount and term to maturity. The Credit Union may utilize interest rate swaps to assist in managing this rate gap. One of the roles of a credit union is to intermediate between the expectations of borrowers and depositors. At year end, the Credit Union did not hold any interest rate swaps.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

CURRENCY RISK

Currency risk relates to the Credit Union operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The Credit Union's foreign exchange risk is related to US dollar deposits and loans denominated in US dollars. Foreign currency changes are continually monitored by the Investment and Lending Committee for effectiveness of its foreign exchange mitigation activities and holdings are adjusted when offside of the investment policy.

RISK MEASUREMENT

The Credit Union's position is measured weekly. Measurement of risk is based on rates charged to clients as well as currency purchase costs.

OBJECTIVES, POLICIES AND PROCEDURES

The Credit Union's exposure to changes in currency exchange rates shall be controlled by limiting the unhedged foreign currency exposure to 0.5% of total Credit Union assets.

For the year ended December 31, 2015, the Credit Union's exposure to foreign exchange risk is within policy.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

EQUITY RISK

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Credit Union is not exposed to this risk.

16. CAPITAL MANAGEMENT

The Credit Union's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory requirements and to best utilize capital allocations.

Regulations to the Financial Institutions Act (the Act) require that the Credit Union establish and maintain a level of capital that meets or exceeds the following:

- Capital calculated in accordance with the Act shall not be less than 8% of the risk weighted assets.

The Credit Union maintains an internal policy that total members' capital as shown on the statement of financial position shall not be less than 13.50% of the risk weighted assets.

The Credit Union considers its capital to include membership shares (member shares, patronage shares, investment shares) and undivided earnings. There have been no changes in what the Credit Union considers to be capital since the previous period.

The Credit Union establishes the risk weighted value of its assets in accordance with the Regulations of Credit Union and Financial Institution Act of 1994 which establishes the applicable percentage for each class of assets. The Credit Union's risk weighted value of its assets as at December 31, 2015 was \$126,176,827 (2014 - \$116,453,128).

As at December 31, 2015, the Credit Union met the capital requirements of the Act with a calculated risk weighted assets ratio of 14.33% (2014 - 14.99%).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(December 31, 2015)

17. COMMITMENTS

CREDIT FACILITIES

The Credit Union has a Central 1 \$9,500,000 CAD clearing facility balance and a \$500,000USD clearing facility balance. No amounts were drawn from these facilities at December 31, 2015 (2014 - \$Nil).

MEMBER LOANS

The Credit Union has the following commitments to its members at the year end date on account of loans and unused lines of credit:

Unused lines of credit	\$	29,527,361
Outstanding letters of credit	\$	1,980,307

CONTRACTUAL OBLIGATIONS

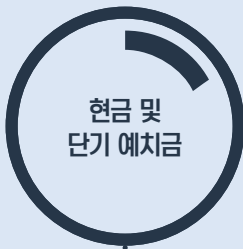
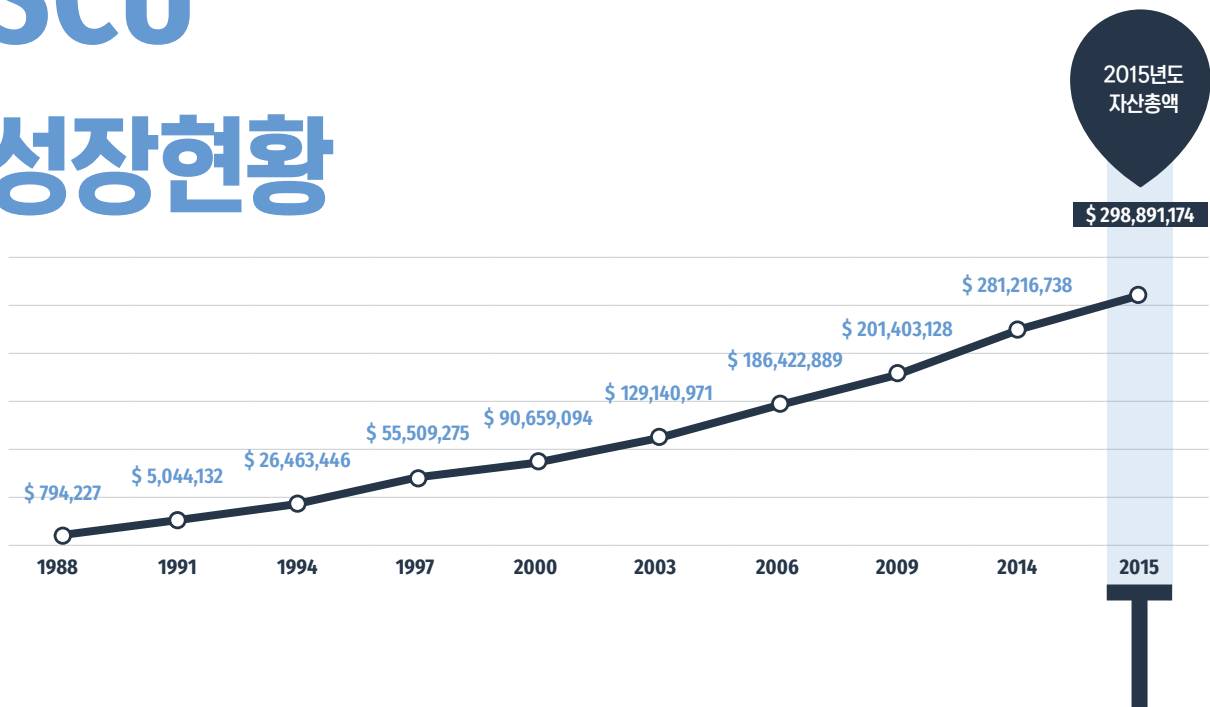
The Credit Union leases land and building for the Burnaby, Coquitlam and Langley offices. The lease terms end on January 31, 2016, July 31, 2016, and January 31, 2017, respectively. The remaining lease commitments for these locations are as follows:

2016	\$	104,299
2017	\$	5,845

The Credit Union has an agreement with Open Solution which provides the Credit Union with data processing services and access to various automated banking machines and electronic funds transfer at point of sale networks, at a minimum charge of \$12,740 per month. The agreement expires August 12, 2019.

SCU

성장현황



\$38,830,746



\$216,555,368



\$40,088,108



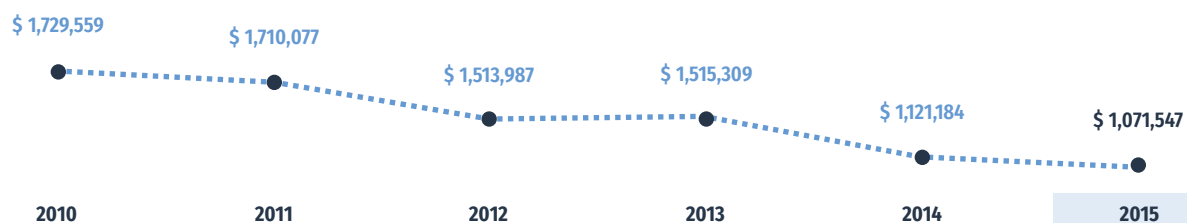
\$3,416,952



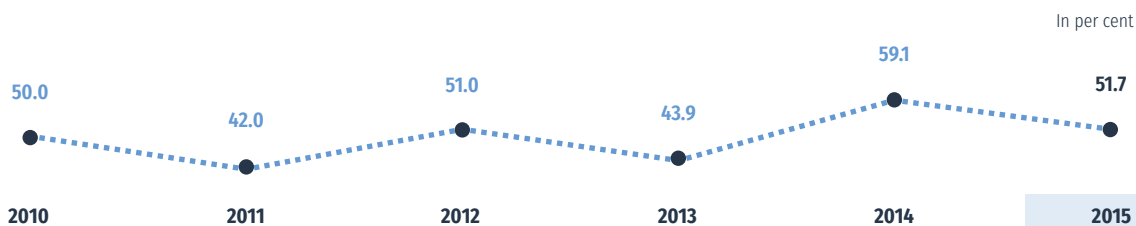
2015년도 말 기준 자산 총액
\$298,891,174

FINANCIAL HIGHLIGHTS

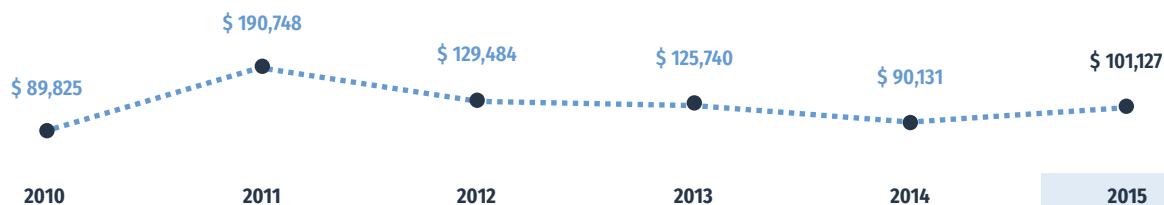
EARNING FROM OPERATIONS



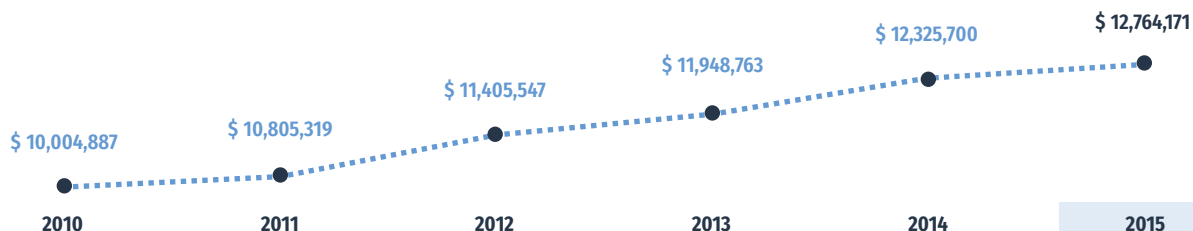
SHARE DIVIDEND & PATRONAGE



COMMUNITY EVENT SPONSORSHIP & DONATIONS



RETAINED EARNINGS AT YEAR END



BOARD OF DIRECTORS

1. 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.

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.

CURRENT DIRECTORS

As of December 31, 2015, Sharons' directors are:



MICHAEL SEONG IL HWANG

POSITION	Board Chair
DIRECTOR SINCE	2012
CURRENT TERM	2013 - 2016
COMMITTEES	Chair, Governance & Human Resources Committee Member, Real Estate Committee

As a lawyer in BC for 24 years, Mr. Hwang is specialized in business, real estate, immigration and non-profit laws. He brings in leadership and valuable experiences in governance to the Board through his active involvement in various organizations and societies as a volunteer and a board member locally and internationally.

JOHN JIHAN KIM

POSITION Board Vice Chair
DIRECTOR SINCE 2001 - 2011, and 2013
CURRENT TERM 2013 - 2016
COMMITTEES Chair, Conduct Review Committee
Member, Investment and Lending Committee
Member, Real Estate Committee

Mr. Kim is one of the very well-known person in the community as one of the first Korean immigrants to Vancouver who came in 1968 and once served as the president of Korean Society in 1990's. He brings a great understanding and knowledge of the credit union as he served as a director of the credit union from 2001 to 2011, the last three years of which he served as the Board Chair.



KYU TAE KIM

POSITION Director
DIRECTOR SINCE 2011
CURRENT TERM 2014 - 2017
COMMITTEES Chair, Investment and Lending Committee
Member, Governance & Human Resources Committee
Member, Nominating Committee
Member, Real Estate Committee



Being an organizer and general manager for investor groups for more than 20 years, Mr. Kim possesses a strong leadership and innovative ideas in investment. His in-depth knowledge in the business world enriches the future direction and strategies of the credit union.

VICTOR BYUNGKYU YOO

POSITION Director
DIRECTOR SINCE 2011
CURRENT TERM 2014 - 2017
COMMITTEES Chair, Audit and Risk Committee
Member, Investment and Lending Committee

Along with his Chartered Professional Accountant designation, Mr. Yoo brings a strong financial background and risk management. His experience with a financial institution as an internal auditor back in homeland also brings invaluable expertise in overlooking credit union's daily operations in terms of risk management.





INSOON LEE

POSITION	Director
DIRECTOR SINCE	2014
CURRENT TERM	2014-2015 and 2015 - 2018
COMMITTEES	Chair, Community Development Plan Committee Member, Audit and Risk Committee Member, Nominating Committee Member, Conduct Review Committee

Currently serving as the President of Vancouver Korean-Canadian Women's Society and the founder of KOWIN (Korean Women's International Network) Vancouver, Ms. Lee brings a broad knowledge on women movement in our community. She is passionate for more women's involvement in the organizations that exist for and work for the community and Sharons Credit Union is one them.

HOWARD HYUNG YUL LEE

POSITION	Director
DIRECTOR SINCE	2015
CURRENT TERM	2015 - 2018
COMMITTEES	Chair, Governance & Human Resource Committee Member, Community Development Plan Committee Member, Nominating Committee Member, Conduct Review Committee

Mr. Howard Lee's background is in the airline industry. He has held district sales manager position with Korean Airline Vancouver district office for 25 years. Mr. Lee also holds a Master degree in Finance from University of Dallas.

Mr. Lee is a passionate defender of Sharon's vision and model. He is strong believer in the co-operative model and believes that member well-being and community building are as important as making profit. Mr. Lee brings leadership and broad governance experience to the Sharons' Board.



JOHN JONG UK PARK

POSITION	Director
DIRECTOR SINCE	2015
CURRENT TERM	2015 - 2018
COMMITTEES	Member, Audit and Risk Committee Member, Governance & Human Resources Committee

As a law lawyer, John Jong Uk Park brings his significant governance experience to the Sharons' board as well as his commitment of service to the community.

Elected in 2015, John is serving his first term on Sharons' board. He has previous board experience at National Unification Advisory Council of Korea, Canada Korea Business Association and Vancouver Korean Scholarship Foundation.

He's been legal advisor to the Korean Society of BC, Korean Businessmen's Cooperative Association, and Consulate General of the Republic of Korea.



2015 PAST DIRECTOR

The following two directors served Sharons credit union Board until April 2015.

IAN INSIK KIM

POSITION Director
DIRECTOR SINCE 2009
CURRENT TERM 2012-2015

As a professional photographer, Mr. Kim has been running a photo studio for over 30 years during which he has developed a phenomenal people skill. And being a member since the beginning of the credit union, he has a compassion and understanding of the credit union culture more than anybody else.

TERRY TACK HUN SONG

POSITION Director
DIRECTOR SINCE 2011
CURRENT TERM 2012-2015

Mr. Song became a member of the credit union by the influence of his mother who has been a member since the beginning of the credit union. As a pharmacist who serves a number of seniors in the community, he has a passion in seniors' welfare and strongly believes that Sharons should take an important role on the issue as not only the credit union's membership consists of large number of seniors but the majority of the population in our community are aging fast now.

DIRECTORS MEETING ATTENDANCE

NAME	BOARD MEETING	COMMITTEE MEETING	SPECIAL MEETING & TRAINING	TOTAL
HWANG, MICHAEL SEONG IL	9	10	7	26
KIM, JOHN JIHAN	9	14	4	27
KIM, KYU TAE	10	17	3	30
YOO, VICTOR BYUNGKYU	10	9	3	22
LEE, INSOON	10	11	4	25
LEE, HOWARD HYUNG YUL	6	10	5	21
PARK, JOHN JONG UK	5	6	4	15
KIM, IAN IN SIK	3	5	-	8
SONG, TERRY TACK HUN	2	2	-	4

DIRECTOR COMPENSATION

The Board's compensation is designed to recognize directors' service to Sharons Credit Union. The amount is reviewed annually by the Board's Governance & Human Resources Committee.

When considering the appropriate level of compensation, the Committee considers:

- Sharons Credit Union's position in the credit union community and its desire to maintain the co-operative spirit of volunteerism, yet recognizing the value of the important position of director,
- the level of responsibility and time commitment required of directors; and
- the need to attract and retain directors with the skills and attributes required to advance Sharons Credit Union's business model and strategic plans, and to manage and control its risks.

Even with these considerations, the most important factor that the Committee takes as a decision making tool is the level that is set by the peer credit unions in the system that can be found in the survey prepared and provided by Central 1.

The current compensation levels are shown below:

POSITION	AMOUNT
BOARD CHAIR	\$ 7,000
COMMITTEE CHAIR	\$ 4,000
DIRECTOR	\$ 3,000
PER MEETING FEE	\$ 200

If either a Vice Chair or Director acts as a Committee Chair, he or she will receive the higher amount, pro-rated in accordance with the term applicable to that role. The Board Chair will not receive additional compensation irrespective of whether he or she serves as a Committee Chair

TOTAL REMUNERATION PAID TO EACH DIRECTORS

NAME	MEETING ATTENDANCE	MEETING FEE	COMPENSATION	TOTAL REMUNERATION PAID FOR YEAR
HWANG, MICHAEL SEONG IL	26	\$ 5,200	\$ 7,000	\$ 12,200
KIM, JOHN JIHAN	27	5,400	4,000	9,400
KIM, KYU TAE	30	6,000	4,000	10,000
YOO, VICTOR BYUNGKYU	22	4,400	4,000	8,400
LEE, INSOON	25	5,000	4,000	9,000
LEE, HOWARD HYUNG YUL	21	4,200	4,000	8,200
PARK, JOHN JONG UK	15	3,000	3,000	6,000
KIM, IAN IN SIK	8	1,600	-	1,600
SONG, TERRY TACK HUN	4	800	-	800
SUB TOTAL		\$ 35,600	\$ 30,000	
TOTAL				\$ 65,600

DIRECTOR EXPENSES

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.

SUMMARY OF COMPENSATION AND EXPENSES FOR 2015

TYPE	AMOUNT
COMPENSATION	\$ 30,000
PER MEETING FEE	35,600
HEALTH CARE BENEFIT	25,883
GOVERNANCE CONSULTING	14,690
BOARD PORTAL - APRIO	7,280
BOARD EDUCATION / TRAINING / CONFERENCE	12,061
OTHER EXPENSE	19,275
TOTAL	\$ 144,789

2. CEO COMPENSATION DISCLOSURE

CEO COMPENSATION PHILOSOPHY

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 select this peer group through a review of the Compensation Survey in Canadian Credit Union System provided by Central 1. Sharons targets the 50th percentile for base salary when the annual goal of performance is achieved.

For the fiscal year ending December 31, 2015, the CEO earned the following compensation:

DESCRIPTION	AMOUNT
BASE SALARY	\$ 167,500
BENEFITS AND PENSION	45,575
CAR ALLOWANCE	6,000
TOTAL	\$ 219,075

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.

3. 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.

SHARONS CREDIT UNION **BRANCH LOCATIONS**

VANCOUVER HEAD OFFICE

1055 KINGSWAY, VANCOUVER, BC V5V 3C7

TEL 604.873.6490 **FAX** 604.873.6498

BURNABY BRANCH

185-5665 KINGSWAY, BURNABY, BC V5H 2G4

TEL 604.425.6606 **FAX** 604.435.6605

COQUITLAM BRANCH

202-403 NORTH ROAD, COQUITLAM, BC V3K 3V9

TEL 604.936.5058 **FAX** 604.936.5023

LANGLEY BRANCH

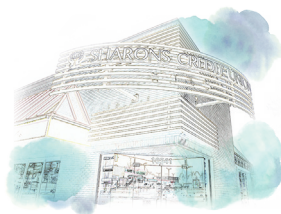
19535 FRASER HIGHWAY, SURREY, BC V3S 6K7

TEL 604.530.6869 **FAX** 604.530.6563

SURREY BRANCH

10541 KING GEORGE BLVD., SURREY, BC V3T 2X1

TEL 604.582.7272 **FAX** 604.582.7209



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SHARONS
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