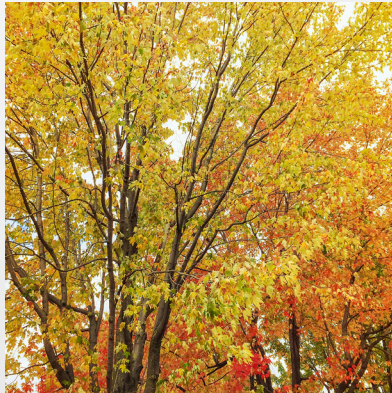
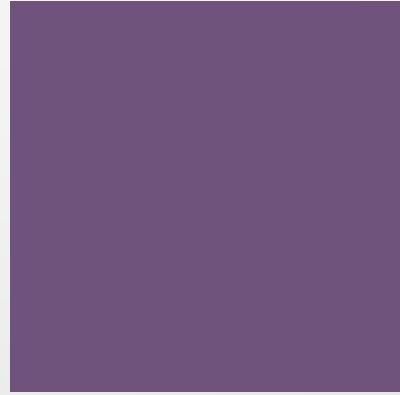
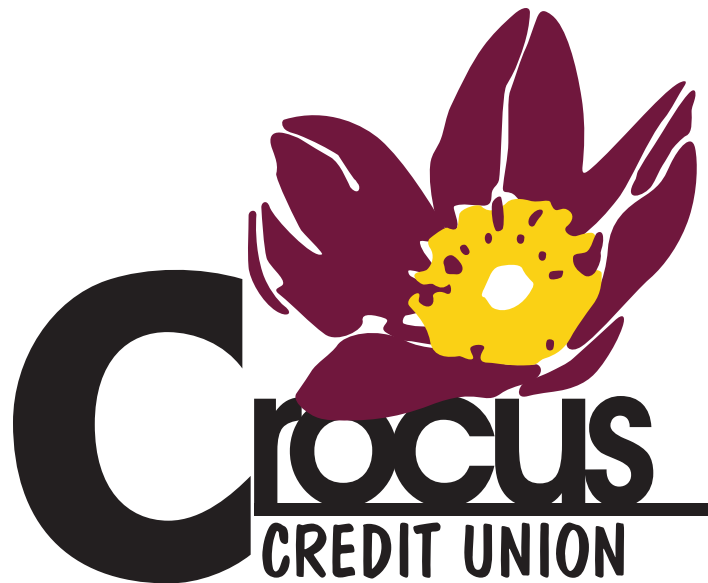


2017 ANNUAL REPORT





Serving YOU since 1952

MAIN BRANCH

1016 Rosser Avenue
Brandon, Manitoba R7A 0L6
Phone 729-4800

Open:
Monday to Thursday 9:00 a.m. to 5:00 p.m.
Friday 9:00 to 5:30 p.m.
Saturday 10:00 to 2:00 p.m.
ATM on-site

THOMAS MALL BRANCH

742 18th Street
Brandon, Manitoba R7A 5B5
Phone 729-4820

Open:
Monday to Friday 10:00 a.m. to 6:00 p.m.
ATM on-site

ON-LINE BANKING – MEMBER DIRECT

www.crocuscu.mb.ca

PHILLIPS INSURANCE AGENCY LTD.

B - 510 1st Street
Brandon, Manitoba R7A 2X1
Phone 727-0709

BOARD OF DIRECTORS:

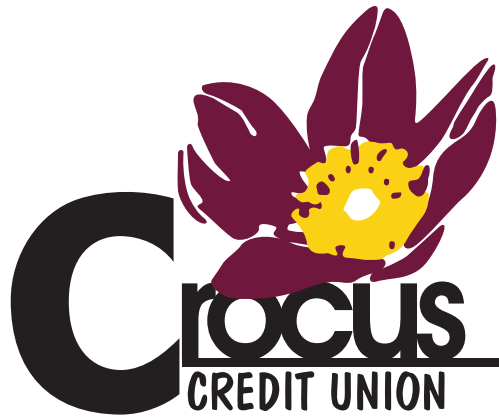
Term expires:

D'Arcy Barker – President	2018
Tony DeVliegere – Vice-President	2017
Quentin Derhak – Secretary	2017
JoAnn Pasklivich	2018
Merrilea Price	2019
Sue Palmer	2019
Phil Sieklicki	2019



STAFF:

Martina Adams – *Team Lead, Member Service*
 Jamie Antonation – *Manager of Accounting, Technology & Wealth Management*
 Morgan Belcher – *Accounting Clerk*
 Gladys Blakely – *Member Service Representative (MSR)*
 Arlene Cairns – *Consumer Loans Officer*
 Courtney Jewar – *Loans Clerk*
 Arnie Guist, FCUIC – *Chief Executive Officer*
 Susan Harris – *Wealth Management Specialist*
 Shirley Kozoroski – *MSR/Receptionist*
 Melanie Krauss-Wakely –
Acting Manager of Member Service & Administration
 Chevon Laylor - *MSR*
 Kelsey Levandoski – *Investment Assistant*
 Patrick Loewen – *Commercial Loans Officer*
 Jennifer Lowe – *Loans Clerk*
 Jennifer Maguire – *Loans Clerk*
 Caralee Marsh – *Manager of Member Service & Administration*
 Luis Martinez – *Business Development Officer, Ethnic Market*
 Courtney Millar – *MSR*
 Ingrid Miron de Cruz – *Loans/Clearing Clerk*
 Darcie Monk – *MSR*
 Troy Peel - *MSR*
 Corelei Poyser – *Chief Operating Officer*
 Mandi Shaw – *Consumer Loans Officer*
 Debra Smith – *MSR*
 Kerry VanBuskirk – *MSR*
 Alycia White, ACRML – *Consumer Loans Officer*



AGENDA

CROCUS CREDIT UNION ANNUAL GENERAL MEETING DECEMBER 19, 2017

Welcome & Call to Order

1 minute of silence in honor of departed Crocus members

Motion regarding quorum

Minutes of Previous Meeting (December 14, 2016)

Introduction of Board, Staff & Guests

Door prizes

Reports: 1) President

2) CEO

3) Audit Committee - motion re: appointment of auditor

4) Nomination Committee

Door Prizes

Presentation of Long-term service awards

Questions & Answers

Adjournment

PRESIDENT'S REPORT

You may have heard the term “punching above its weight”. In a nutshell, that has always described Crocus Credit Union. From 1952 when Brandon Terminal Credit Union Society was formed, to 1978 when the organization merged with Brandon Civil Servants, to 1984 when St. Hedwigs became part of the mix, to 1986 when Brandon United merged with the organization, to 1988 when Brandon Mental Hospital employees all decided that they wanted a financial institution more responsive to their needs, and to 2016 when the organization purchased majority interest in Phillips Insurance Agency Ltd., the resulting “Crocus Credit Union” has consistently delivered for its members and within its community.

The average credit union in Manitoba is \$1 billion in asset size. This is almost 7.7 times the size of Crocus. The financial landscape over the last year, not to mention the last decade, has changed immensely.

Housing prices, employment trends, changes in pension legislation, alterations to money laundering compliance regimes, investment risk calculations, and product portfolio analyses are all part of things that Crocus staff and management do every single day. With the strategic direction of the Board of Directors, our members should be proud of the daily efforts of our highly professional MSRs, lenders, investment counsellors, as well as of our technical staff in marketing, accounting, and management. We're proud of not just being a wonderful place to work and develop a career, but also of knowing that Crocus provides the very best in all financial services that are available in the marketplace.

Crocus is so proud of our position in the province that after 15 years of “quiet deliberations”, we are expanding our commercial and agricultural lending portfolios by merging with Erickson Credit Union Limited. Effective January 1, 2018 our merged credit union, with a new look and a new name but with the same professional staff to serve all of our members, we will become an extremely strong regional credit union with 3 branches, including a significant presence in the southern Parkland region. Both memberships overwhelmingly voted in October 2017 to merge the two credit unions to form a very powerful \$180 million financial operation.

2017 makes Crocus Credit Union 65 years old and we're proud of everything we've accomplished with and for our members. 2018 doesn't represent our first year of “retirement” as we all adjust with the merger. 2018 represents a very wonderful beginning, a beginning where our members will see more enhanced services and our staff will see our friends from Erickson become part of the family.

Respectfully,

D'Arcy E. Barker, B.Sc., REBC

President, Crocus Credit Union Limited

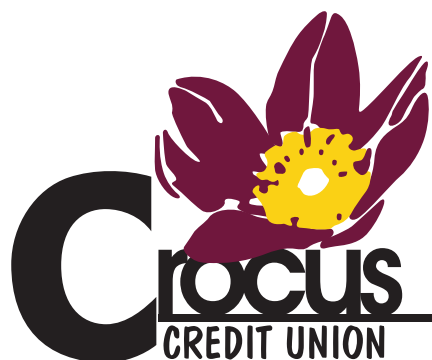
DIRECTORS & OFFICERS DISCLOSURE

Statutory provisions of the Credit Unions and Caisses Populaires Act of Manitoba require the disclosure of the aggregate remuneration paid to all Directors; the aggregate amount paid to Directors for reimbursement of expenses and the details of any loans made to Directors or Officers which do not conform to the Credit Union's ordinary lending practices.

The following is the disclosure of remuneration and expenses for the Board of Directors and Officers for the year ending September 30, 2017:

Aggregate amount of Board of Directors honoraria and per diems	\$13,425
Aggregate amount of Board of Directors related expenses	\$ 2,479
Aggregate amount of Board of Directors meeting, training & conference costs	\$ 3,061
Aggregate amount of benefits in loan interest foregone or discounted to Board of Directors	0.00
TOTAL	\$18,965

There were no loans advanced to Directors or Officers that did not conform to the Credit Union's ordinary lending practices.



MISSION STATEMENT

To be a dynamic, socially responsible, co-operative financial organization that provides personal, quality service to our membership and community. Not the biggest; simply the best!

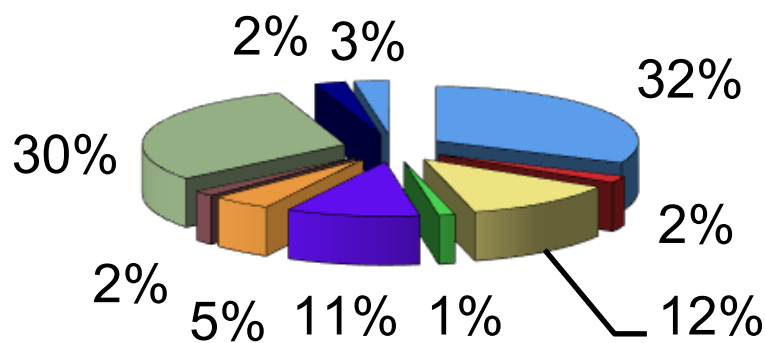
BOARD OF DIRECTORS' ATTENDANCE – OCTOBER 1, 2016 TO SEPTEMBER 30, 2017

Director	Board Meetings	Audit Committee	Nominating Committee	CEO Performance Appraisal Meeting	Strategic Planning
D'Arcy Barker, Chair	12/12			1/1	1/1
Tony DeVliegere, Vice-President	12/12	1/1		1/1	1/1
Quentin Derhak, Secretary	10/12			0/1	0/1
JoAnn Pasklivich (1)	11/12		1/1	1/1	1/1
Merrilea Price (1) (2)	9/10		0/1	1/1	
Sue Palmer (1) (2)	9/10	1/1	1/1	1/1	
Phil Sieklicki (1) (2)	9/10	1/1	0/1	1/1	

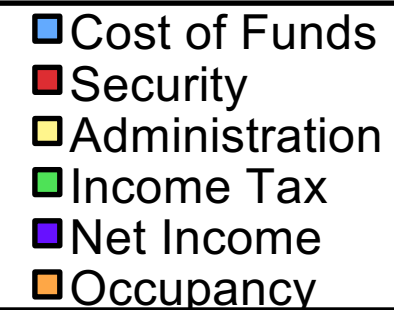
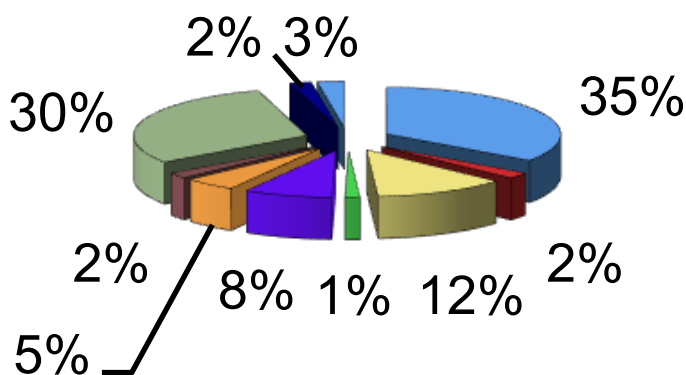
(1) Director

(2) Elected to the Board Dec/16

2016 FINANCIAL PIE



2017 FINANCIAL PIE



Crocus Credit Union Limited
Consolidated Summary Financial Statements
For the year ended September 30, 2017

Independent Auditors' Report

To the Members of Crocus Credit Union Limited:

The accompanying consolidated summary financial statements of Crocus Credit Union Limited, which comprise the consolidated summary statement of financial position as at September 30, 2017, and the consolidated summary income statement, consolidated statements of changes in members' equity and cash flows for the year then ended are derived from the audited consolidated financial statements of Crocus Credit Union Limited for the year ended September 30, 2017. We expressed an unmodified audit opinion on those financial statements in our report dated December 7, 2017.

Management's Responsibility for the Consolidated Summary Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "*Engagements to Report on Summary Financial Statements*."

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

Opinion

In our opinion, the consolidated summary financial statements, derived from the audited consolidated financial statements of Crocus Credit Union Limited for the year ended September 30, 2017 are a fair summary of those consolidated financial statements.

Report on Other Legal and Regulatory Requirements

As at September 30, 2017, the Credit Union met the capital and liquidity reserve requirements established by Sections 15, 21, and 21(1) of the Regulations to the Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary consolidated financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity reserve requirements, the reader must refer to the audited consolidated financial statements and notes for the year ended September 30, 2017.

Brandon, Manitoba

December 7, 2017

MNP LLP

Chartered Professional Accountants

Crocus Credit Union Limited
Consolidated Summary Statement of Financial Position
As at September 30, 2017

	2017	2016
Assets		
Cash and cash equivalents	5,314,510	5,741,747
Investments and accrued interest	15,678,808	12,537,071
Members' loans receivable and accrued interest	103,078,954	103,040,745
Trade and other receivables	133,534	157,013
Current tax receivable	21,647	10,536
Prepaid expenses	58,105	62,805
Property and equipment	1,290,742	1,405,796
Intangible assets and goodwill	1,132,637	1,016,629
	126,708,937	123,972,342
Liabilities		
Member deposits and accrued interest	116,549,494	113,624,165
Accounts payable	388,009	880,125
Deferred tax	111,000	99,000
	117,048,503	114,603,290
Members' equity		
Member shares	1,203,701	1,309,123
Retained earnings	8,400,989	7,987,959
Non-controlling interest	55,744	71,970
	9,660,434	9,369,052
	126,708,937	123,972,342
Approved on behalf of the board		
<u>Signed "Tony DeVliegere"</u> Director	<u>Signed "Sue Palmer"</u> Director	

Crocus Credit Union Limited
Consolidated Summary Income Statement
For the year ended September 30, 2017

	2017	2016
Interest income		
Member loans	3,744,931	3,738,291
Investments	425,533	345,775
	4,170,464	4,084,066
Interest expense		
Deposits	1,774,196	1,595,044
Gross financial margin	2,396,268	2,489,022
Operating expenses		
Administration	625,218	625,035
Amortization	128,481	140,255
Member security	106,996	100,180
Occupancy	245,454	238,280
Organizational	103,007	125,329
Personnel	1,544,830	1,536,672
	2,753,986	2,765,751
Net operating expenses	(357,718)	(276,729)
Other income	954,278	968,922
Income before provision for impaired loans, patronage refund and income taxes	596,560	692,193
Provision for impaired loans	99,286	83,745
Income before patronage refund and income taxes	497,274	608,448
Provision for patronage refund	5,500	6,000
Net income before income taxes	491,774	602,448
Provision for income taxes		
Current	73,980	64,760
Deferred	(3,000)	1,000
	70,980	65,760
Net income	420,794	536,688
Net income attributable to:		
Members of the Credit Union	413,030	532,318
Non-controlling interest	7,764	4,370
Net income	420,794	536,688

Crocus Credit Union Limited
Consolidated Summary Statement of Changes in Members' Equity
For the year ended September 30, 2017

	<i>Member shares</i>	<i>Retained earnings</i>	<i>Attributable to members of the Credit Union</i>	<i>Non- controlling interest</i>	<i>Total equity</i>
Balance September 30, 2015	1,417,823	7,455,641	8,873,464	-	8,873,464
Net income	-	532,318	532,318	4,370	536,688
Acquired through business combination	-	-	-	67,600	67,600
Issuance of member shares	31,488	-	31,488	-	31,488
Redemption of member shares	(140,188)	-	(140,188)	-	(140,188)
Balance September 30, 2016	1,309,123	7,987,959	9,297,082	71,970	9,369,052
Net income	-	413,030	413,030	7,764	420,794
Acquired through business combination	-	-	-	(23,990)	(23,990)
Issuance of member shares	47,338	-	47,338	-	47,338
Redemption of member shares	(152,760)	-	(152,760)	-	(152,760)
Balance September 30, 2017	1,203,701	8,400,989	9,604,690	55,744	9,660,434

Crocus Credit Union Limited
Consolidated Summary Statement of Cash Flows
For the year ended September 30, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Interest received from members' loans	3,727,662	3,734,500
Interest and dividends received from investments	440,291	359,957
Other income received	954,279	811,909
Cash paid to suppliers and employees	(3,110,992)	(2,423,529)
Interest paid to members	(1,731,065)	(1,668,133)
Income taxes paid	(69,040)	(90,410)
	211,135	724,294
Financing activities		
Net change in member deposits	2,882,198	5,289,030
Issuance of member shares	47,340	31,488
Redemption of member shares	(152,762)	(140,188)
	2,776,776	5,180,330
Investing activities		
Net change in members' loans receivable	(120,226)	(9,554,517)
Net purchases of investments	(3,156,495)	-
Proceeds on disposal of investments	-	6,798,735
Purchases of property and equipment	(13,427)	(41,283)
Proceeds from disposal of property and equipment	-	225,631
Cash acquired on business combination	-	11,317
Purchases of intangible assets	(125,000)	(883,986)
	(3,415,148)	(3,444,103)
Increase (decrease) in cash resources	(427,237)	2,460,521
Cash resources, beginning of year	5,741,747	3,281,226
Cash resources, end of year	5,314,510	5,741,747



DEPOSIT GUARANTEE CORPORATION OF MANITOBA

DEPOSIT GUARANTEE IS A LEGAL RESPONSIBILITY OF THE DEPOSIT GUARANTEE CORPORATION OF MANITOBA

Manitoba provincial law requires the Corporation to guarantee credit union deposits. The exact wording under Section 143 of The Credit Unions and Caisses Populaires Act is:

“Purposes of a deposit guarantee corporation:

The purposes of a guarantee corporation are to guarantee the deposits of members of credit unions and to ensure and promote the development of sound financial procedures and controls to protect credit unions against financial losses and, without limiting the generality of the foregoing, a guarantee corporation shall do such things as are necessary to enable a credit union assigned to it to satisfy the claims of the members of the credit union for withdrawals of deposits.”

What is the Corporation?

Formed in 1965 as The Credit Union Stabilization Fund, the Corporation was originally created by initiative of the Manitoba credit union system. Since 1970, the role of the Corporation has been set out in legislation in The Credit Unions and Caisses Populaires Act.

How does it Work?

As the ultimate guarantor of your deposits, the Corporation continually monitors critical practices and procedures throughout the Manitoba credit union system. Corporation staff regularly inspect and analyze lending practices, financial performance, and operating procedures of each credit union in the Province.

Any issues identified are brought to the attention of the credit union’s Board and management. The Corporation has authority under the Credit Unions and Caisses Populaires Act, to require prompt resolution of any issues it raises with a credit union.

Mission Statement

To guarantee deposits in Manitoba credit unions and promote sound business practices through the authority provided in The Credit Unions and Caisses Populaires Act, and by working cooperatively with Credit Unions, Credit Union Central and the Government of Manitoba.

Guiding Principles

In all that it does, the Credit Union Deposit Guarantee Corporation will strive to:

- Act in a prudent and ethical manner.
- Consider the needs and viewpoints of Credit Unions, Credit Union Central and Government
- Recognize and acknowledge the value of individuals by relating to them fairly, honestly and respectfully.
- Seek proactive, innovative and equitable solutions to issues and problems.
- Employ balanced, common-sense measures which will minimize undue risk.
- Communicate clearly with individuals and stakeholder organizations.



SERVICES AND MORE

DEPOSITS

- Maximizer Chequing / Savings
- US \$ Chequing
- Golden Accounts
- Plan 24 – Daily Savings
- Regular Chequing
- RRSP; RRIF & RESP
- Special Savings
- Term Deposits
- Full-Package Service Plan
- Transaction 30 Service Plan
- Transaction 60 Service Plan
- Tax Free Savings Accounts



LOANS

- Commercial Lines of Credit
- Commercial Loans
- Interim financing
- Mortgages
- Overdraft Protection
- Personal / Equity Lines of Credit
- Personal Loans
- Student Loans

OTHER

- Automated Teller Machine- in Branch
- Automatic Transfers
- Commissioner for Oaths
- Credit Union MasterCard®
- Credential Securities®
- CU @ Home – internet banking
- Direct Payroll / Pension Deposits
- Electronic Statements
- Extended Hours of Operation
- Insurance: Travel, Home , Life, Mortgage & Disability
- MemberCard® Debit Card
- Mobile Banking
- Money Orders & Drafts
- Mutual Funds
- Night Depository
- Interac E-Transfers
- Qtrade® Investor Brokerage Service
- Safety Deposit Boxes / Safe Keeping
- Travellers Cheques
- Utility Bill Payments & Transfers by Phone & Internet
- Website – www.crocuscu.mb.ca