

*moya*  
FINANCIAL

LOOKING  
FORWARD

**2019 ANNUAL REPORT**



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## Mission

To deliver innovative and competitive financial services to help our members achieve their financial goals.

## Vision

We will be the financial institution of choice for our members.

## Values

### *Members First*

We put our members' interests at the forefront of all of our decision-making.

### *Trust and Integrity*

We conduct all of our business on the foundation of trust and integrity.

### *Community*

We actively support and help strengthen the fabric of our community.

### *Excellence*

We explore creative solutions to challenges and evolve for the benefit of our membership.

### *Employer of Choice*

We strive to create a work environment that allows our employees to maximize their potential.



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## BOARD OF DIRECTORS

- 1 **Val Končan, BSc** (term expires 2023)  
Chair; Audit & Risk Committee
- 2 **Barbara Udovič, MBA, BComm** (term expires 2023)  
Vice Chair; Audit & Risk Committee
- 3 **William (Bill) Stajan** (term expires 2021)  
Corporate Secretary; Chair, Governance & Human Resources Committee
- 4 **Lori Cimerman, BA** (term expires 2022)  
Director; Governance & Human Resources Committee
- 5 **Paul Dolenc, RGD** (term expires 2022)  
Director; Nominating & Member Community Relations Committee
- 6 **David Mezič, MBA, BA (Business and ITM)** (term expires 2022)  
Director; Chair, Nominating & Member Community Relations Committee
- 7 **Andrew Rovanešek, CPA, CA, BBA** (term expires 2023)  
Director; Chair, Audit & Risk Committee
- 8 **Jim Ulčar, BSc (Econ. & Business Admin.)** (term expires 2023)  
Director; Governance & Human Resources Committee
- 9 **Margaret Zalar, LLB, LLM (Tax), JD** (term expires 2021)  
Director; Nominating & Member Community Relations Committee
- 10 **Mark Žižek, BA (Commerce & Econ.)** (term expires 2022)  
Director; Audit & Risk Committee



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## A message from your Board chair

On behalf of the Board of Directors, I am pleased to report to you on a successful year for Moya Financial Credit Union. Moya Financial, having concluded four years of operations, has continued working toward its strategy of controlled growth and great member service.

Moya is governed by a Board of Directors elected by our owners – the Moya members who bank with us. Moya’s Board, composed of 10 directors elected to three-year terms, is your voice for how Moya is governed.

The Board is responsible for ensuring that the credit union is operated safely and prudently and that it adheres to standards of sound business and financial practice. In fulfilling its responsibilities, the Board ensures the credit union is operating in accordance with cooperative principles.

The Board carries out its duties by establishing, communicating, and monitoring the credit union’s adherence to its

- Corporate values
- Business philosophy and strategic direction
- Financial soundness and performance
- Quality of management
- Risk appetite with respect to the management of key inherent financial and operating risks and strategic risks

To fulfil this responsibility, the Board

- Exercises sound, unbiased judgement and decision-making
- Has appropriate qualifications and competencies individually and collectively that meet the competency requirements established in the *Ontario Credit Unions and Caisses Populaires Act, 1994, S.O. 1994, c. 11* (the Act)
- Diligently oversees risk management and control functions that are robust and independent of operating functions
- Follows good governance practices
- Seeks third-party advice on matters for which directors do not have direct knowledge and/or expertise

Over the past year, the Board has continued its focus on governance. Our strategic planning sessions reaffirmed our commitment to growth and prudent fiscal responsibility. Our growth strategy, with its three

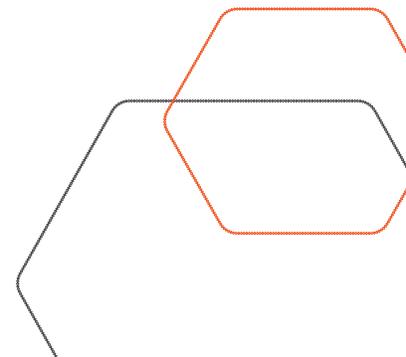
pillars – the Slovenian community, the non-Slovenian community, and small business – is aligned with the goal of measured, responsible growth, ensuring that we grow at a manageable pace. We have continued our efforts to automate all areas of the business so that regulatory compliance is less of a burden, enabling us to focus on other initiatives.

We have embarked on a few interesting projects as well, such as our beehives, which spent all of last year on the property behind the branch office. That project focused attention on Slovenian traditions, in which beekeeping was and still is a pastime enjoyed by thousands. Slovenia is said to have a population of 2 million people, and 100,000 are beekeepers. The beehive project also focused attention on the environment. And many members who came into the branch late last year were rewarded with a sample of honey, a candle, or another bee-related product.

We have been visiting your clubs and sponsoring events all over the Golden Horseshoe. We have continued to support our Slovenian community with scholarships and we’ve held some of our own events, such as seminars on wealth and on estate planning. We are striving to remain relevant to our membership by providing the products and services you require from your financial institution.

Finally, I would like to take this opportunity to thank the staff and my fellow Moya Financial Board members for their commitment to providing our members with the friendly service that we’ve all grown accustomed to. I also thank our members for their trust and loyalty and for being a part of our success. The Board and staff are continuously looking to enhance your member experience so that Moya may be both relevant and meaningful to you, our member owners.

Val Končan  
Chair, Board of Directors



## A message from the CEO

It is an honour to report to you, our members, on the 2019 results for Moya Financial Credit Union.

We've had a successful and exciting year highlighted by strong growth in deposits plus a series of firsts here at Moya. In 2019, you have been the key to our success as many of you have taken advantage of our new product offerings and brought your money home to Moya Financial. I thank you for your trust and confidence.

In 2019 we launched our new mobile-friendly website, continued our industry-leading social media and content campaigns, and launched a podcast, Moya Financial Matters, which you can listen to from the comfort of your home, car, or wherever you might enjoy this content. All of these platforms are created and designed to both enhance our communication with our existing members and to speak to prospective or new members as well.

Last year we tied our financial support for the community to our success as a credit union, and in doing so more than doubled our financial contributions to the community. Hopefully you saw and felt our increased presence at the many events we participated in this past summer.

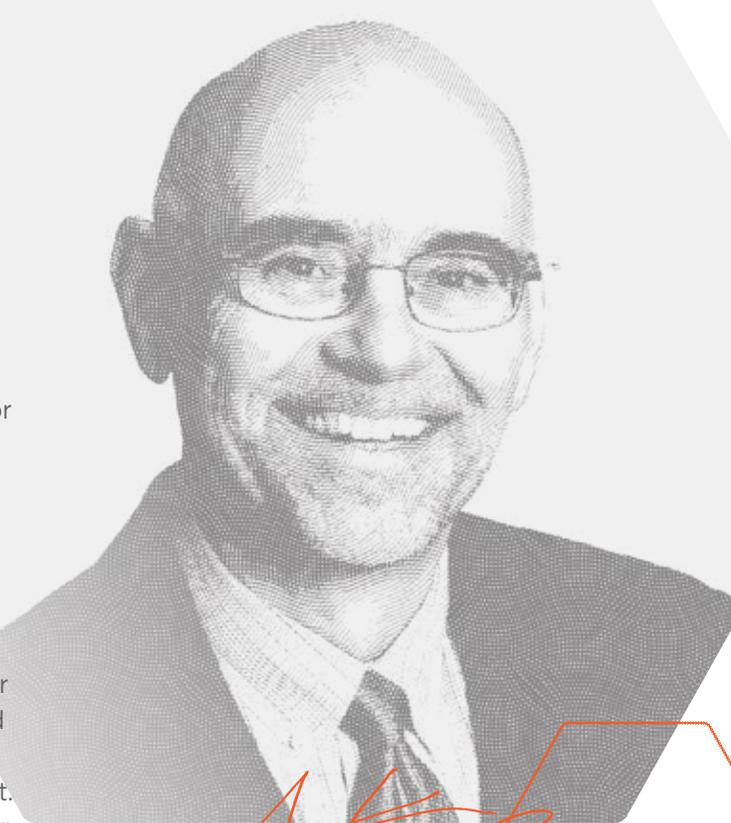
Our little brand ambassadors thrived, such that we grew our colony of honeybees to 60,000 strong. Our beehives have been a huge success, highlighted by three community events. We were happy to share with you the sweet results from their hard work. Like honeybees, food and cooking are important parts of our culture that we continue to embrace, as evidenced by our popular fourth annual recipe calendar, Moya-sponsored cooking classes, and made-in-Slovenia EMO cookware promotional gifts.

Our financial products and services continue to evolve and improve, ensuring that we compete with the market. I'm proud of our ability to provide our members with customized solutions for your financial needs. Whether it's loans, deposits, or mutual funds, our staff is eager to help. Please visit us in the branch or book an appointment online – let's get started right away.

When you bank with Moya, you are also helping our community and our younger generations. Together we will continue to grow stronger. Trust Moya for your financial needs.

I would like to thank our Board of Directors and staff for their continued hard work. Our dedicated team is passionate and committed to providing you with the best possible member experience and financial solutions.

**Hvala za zaupanje!**



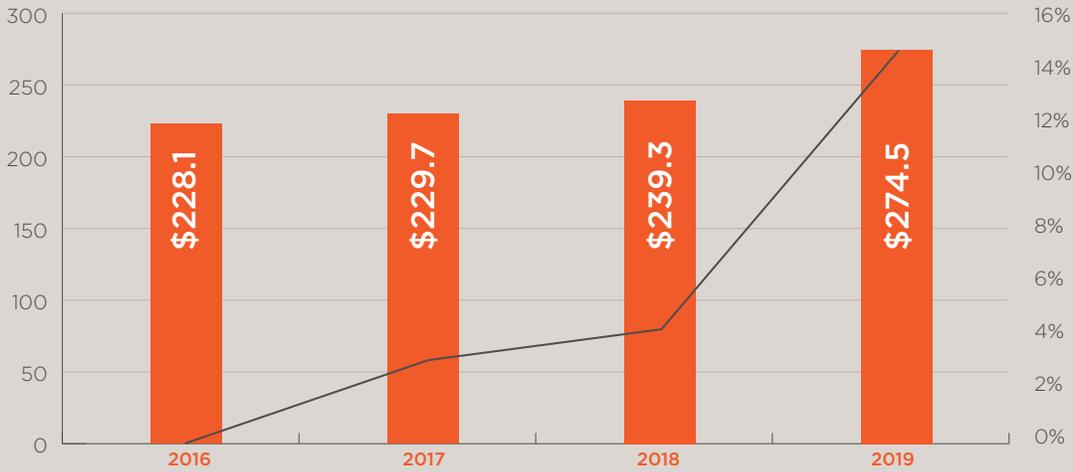
**Tony Krošel**  
CEO

### 2019 Highlights

**4% DIVIDEND**  
**ON MEMBERSHIP AND**  
**PATRONAGE SHARES**

**DEPOSIT GROWTH**  
**\$34M (15.6%)**

# Our Growth



	2016	2017	2018	2019
<b>ASSETS</b>	\$223.10	\$229.70	\$239.30	\$274.50
<b>GROWTH</b>	/	3.00%	4.20%	14.70%

2019 will go on record as a strong year for Moya Financial and its members. Not only have we had great growth in our assets, which are crucial to growing our lending and other areas of the business, but we also grew our membership and our team. We are growing *because of our loyal members and for our loyal members.*

There are basically two ways to grow as a financial institution: grow your relationships with your existing customers, or grow by attracting new customers. These objectives have common elements.

Our strategic investments in new services, technology, and efficient operations have helped us serve our existing members better and grow our membership base modestly in 2019. We also laid the foundation for accelerated new member growth in 2020 and beyond.

Our primary focus in 2019 was on deepening relationships with our current membership base and with our Slovenian community and beyond. Our efforts to improve communication with our members through outbound call

campaigns, mailing term maturity notices, and reaching out to inactive members really paid off: there is no question we saw members bringing their money home like never before.

Our deposits grew by 15.6 percent in the past year. We introduced new products and campaigns that create value for our members and our community:

- 1% cash back + 1% community donation RRSP promotion, which resulted in a \$4,000 donation to Dom Lipa
- Invest Smart, Eat Well with 2.70% for 18 months + \$50 in free groceries
- Save for your child's education RESP campaign + \$100 Indigo gift card



- Harvest Your Savings with a Growing-Rate Term Deposit + \$50 in free groceries

Another key component of our growth trajectory is that we are always looking for member feedback. Whether good or bad, we want to hear it. Members gave us **93 percent** positive “happy faces” at our Happy or Not terminal in our main branch. During the last quarter of 2019, we launched an online member satisfaction survey to start collecting more comprehensive feedback. Measuring member satisfaction is vital for growth because it provides insights into what works and offers opportunities to fix what isn’t working and to optimize the member experience. On the member service level, we implemented new tools, such as a portfolio dashboard, and increased staff training to empower our branch to serve you better. All of this was on top of keeping up with increasingly demanding regulatory and compliance requirements. Importantly, we launched a key new-member acquisition program, **Get Your Share**, which offers new members a

\$200 incentive to join Moya Financial and offers existing members a benefit of \$50 for referring new members. This new-member campaign will continue to be a major focus for 2020.

One of the factors contributing to our overall growth in 2019 was a well-defined marketing strategy and consistent usage of promotions and advertising. In the past year, we particularly focused on digital channels, investing in paid social media advertising and our own website development and optimization. Through the year, we continued to build our narrative with our brand in mind.

Everything we do connects to our core values, from hosting honeybee hives to raise awareness of urban beekeeping and to celebrate bees’ importance in Slovenian culture, to our new Moya Financial Matters podcast, which discusses perspectives on financial and other relevant matters on a platform popular with our younger generation.

## Looking Ahead

Although the credit union business model is based on “high-touch” service and a face-to-face relationship with members, today all members – but particularly younger members – expect to interact with Moya Financial through multiple channels (including in-branch, mobile apps, social media, and our website). And we all want a seamless and consistent experience.

To satisfy changing member and organizational needs and preferences, and to continue to attract new members, Moya Financial must invest in and implement powerful technologies that help us compete and succeed as a modern financial institution.

Our goals for 2020:

- Offer solutions that make it easier for members to do business with Moya.
- Offer solutions that make becoming a new member of Moya compelling and easy.
- Deliver a better experience and create additional value for our members.
- Achieve automated, synchronized, and efficient in-branch operations.
- Increase productivity, lower long-term costs, and improve product quality.

## Interac Flash® contactless debit cards

Moya partnered with Everlink Payment Services Inc., a leading provider of comprehensive, innovative, and integrated payment solutions and services for credit unions across Canada, to bring our member debit cards to a global standard of convenience. By August 2020 our MemberCard debit cards will fully support Interac Flash® contactless payments. All cardholders will be able to participate in a more convenient check-out experience.



## Forge digital banking platform

Moya is very excited to announce that we started a project with Central 1 to implement all three channels of the Forge digital banking platform. This means a new mobile app, an online banking platform, and a new content management system for our website with the existing customer-facing design. The project is expected to conclude by the end of 2020.

Forge includes everything about digital banking, all on one modern, streamlined platform designed to transform the member experience. Through this offering, Moya will gradually introduce innovative digital banking technologies and solutions that members want and expect to use now and in the future, and that new members are looking for.



## You First. Banking Second.

Moya will participate in the 2020 National Credit Union Awareness Campaign, **You First. Banking Second.** We are part of a national movement of credit unions with unique principles, benefits, and customer goals. Like our fellow credit unions, our principles establish us as completely and unabashedly different from traditional banks and what they stand for. As part of the campaign, Moya will define our principles in terms of unique, customer-first benefits, and we'll show how those benefits help people achieve their goals.

## Working toward green initiatives

We recognize that a sustainable environment is an important foundation for our community and for future generations. In 2020 we will start working toward becoming a Certified B Corporation, a business that balances purpose and profit. Earning the certificate requires us to consider the impact of every decision we make – on workers, members, partners, the community, and the environment.

With these principles in mind, and as just one example, we will expand our bee farm and find a new, more suitable home for the hives. We will continue to spread awareness of the importance of these little workers for our environment and of their connection to our heritage and culture. As well, we will look to shift our branch and head office to renewable energy solutions, eliminating our energy-related emissions footprint.





## Community Giving

Moya Financial is a cooperative financial institution and we truly care about improving the lives of our members and communities. Our vision is to be a leader in our community by being more than a financial institution. We do this by offering an enriched retail banking experience, including great competitive rates and no-fee banking, while actively supporting the communities we all live in.

We are proud of the work we completed in 2019. Our commitment to community is real. We now allocate up to four percent of our organization's net profit each year to foster education, transformation, and collaboration where we live, work, and play. We approach this goal with purpose through sponsorships, donations, and grants.

We plan to expand our community giving with a Heritage Fund, an initiative dedicated to honouring our members' legacy through a scholarship provided to our youth.

20

Number of causes we supported



4

Number of scholarships presented,  
totalling \$5,000

\$50,000+

Amount donated  
to the community

12

Number of summer events  
Moya Financial participated in



120

Total hours spent at  
community events

60,000+

Number of bees in  
our hives

14 kg

Amount of honey  
produced by our bees

2

Number of Slovenian cooking  
classes we put on





## Credit Report

Moya Financial’s total loan portfolio at the close of the 2019 fiscal year was \$208.5 million. This represents an increase of \$11.7 million, or just under six percent, over 2018. While there was significant growth in most loan classes, with over \$60 million in new loans disbursed, the portfolio did sustain several unexpected large payouts on syndicated commercial loans, tempering the overall results. The loan portfolio at the 2019 year-end was 76 percent of Moya’s reported assets.

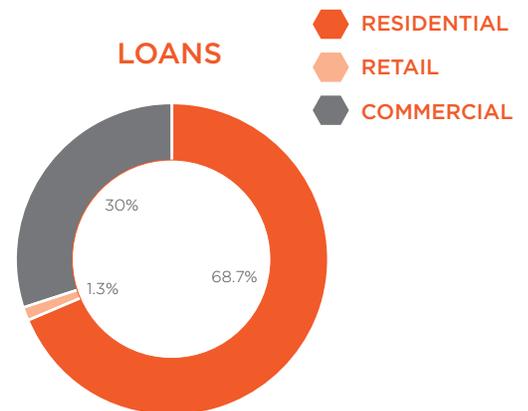
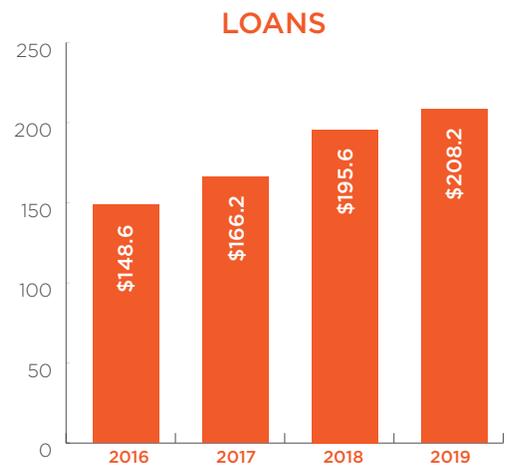
We continue to maintain a well-balanced loan portfolio: 70 percent of the total loan portfolio is made up of retail/residential loans, including \$143.2 million in mortgage-secured facilities and \$2.6 million in personal loans and lines of credit. The other 30 percent of the portfolio comprises commercial facilities, including mortgages, business loans, and lines of credit.

During the review period, Moya Financial received and reviewed 168 new loan applications, 149 of which we approved – an approval rate of almost 89 percent.

Historically our loan losses have been consistently below industry standards and this remains so. During the year, seven loans were identified as unrecoverable and written off. This included six small personal loans and one large commercial syndicated loan that had been in a work-out situation and under a court appointed receivership for the last several years. The losses under these loans were anticipated and properly provisioned for (see the financial statements for the corresponding accounting treatment). At the end of fiscal 2019, loan delinquencies and unsatisfactory loans identified over the period remain less than one percent of the lending portfolio and the relevant provisions are in place.

Moya’s 2020 budget is ambitious and calls for growth across all areas of the portfolio. Our lending team will continue to serve our members’ borrowing requirements while ensuring the loan portfolio remains strong and well-balanced. We look forward to the opportunity to continue serving our members’ financial needs.

Paula-Jean Lyn  
Director of Credit





## Audit & Risk Report

The Audit & Risk Committee of the Board of Directors fulfills the responsibilities of the Audit & Risk Committee as set out in the *Credit Unions and Caisses Populaires Act* (Ontario) (the Act) and conducts its affairs in accordance with the requirements of Section 125 of the Act and Section 27(2) of Ontario Regulation 237/09.

The committee, which consists of four directors, has a mandate to cover all of the duties specified to be performed by the Audit & Risk Committee in the Act and accompanying Regulations. We would like to report that we have reviewed the audited financial statements for the year ending December 31, 2019, and confirm that they fairly represent Moya Financial Credit Union's position and comply with International Financial Reporting Standards. We have met with the external auditors both before and after the preparation of the statements to review the scope of the audit and any findings brought forth on completion of the audit.

The mandate of the Audit & Risk Committee is to assist the Board in fulfilling its responsibility to the membership, the investment community, and regulatory authorities with respect to corporate governance, financial reporting, internal control procedures, and oversight of the internal audit function. A written report is prepared and presented at Board meetings to discuss any items of concern and the necessary corrective actions.

The following duties were performed by the Audit & Risk Committee during 2019:

- Reviewed complaints and issues concerning privacy and ensured compliance with the *Personal Information Protection and Electronic Documents Act* (PIPEDA) initiated in 2001. We can report that Moya Financial is in compliance with the legislation as of December 31, 2019.
- Reviewed results of the external audit provided by MNP LLP.
- Reviewed results of the internal audit provided by a third-party service provider covering a variety of topics as requested by the Audit & Risk Committee.
- Reviewed the risk management policies and procedures of Moya Financial. This review pointed to no major areas of weakness that require correction.

- Received and reviewed quarterly reports under the Enterprise Risk Management program.
- Reviewed the policies, procedures, and controls used by management relating to legislative compliance with a particular focus on capital, liquidity management, investment, and interest rate risk.
- Reviewed regular reports provided by management to ensure that Moya Financial complies with the *Proceeds of Crime* (Money Laundering) and *Terrorist Financing Act*.
- Reviewed asset liability management reports prepared by a third-party service provider.
- Reviewed the credit union's disaster recovery and business continuity plans.

During 2019, the Audit & Risk Committee held 13 meetings, arranging the agenda to fulfill the annual mandate.

We report that all significant recommendations made by the Audit & Risk Committee have been, or are in the process of being, implemented. In addition, there are no matters that the Audit & Risk Committee believes should be reported to the members, nor are there any further matters that are required to be disclosed pursuant to the Act or the Regulations thereto. The Audit & Risk Committee had the full cooperation of Moya Financial's senior leadership team, MNP LLP, and our third-party internal auditor. We thank them all for their dedication to ensuring that Moya adequately monitors and protects the assets of our members.

I would also like to take this opportunity to thank all the members of the committee who worked so diligently this past year to achieve so much.

In our opinion, Moya Financial Credit Union Limited continues to thrive on financial strength and stability.

Andrew Rovanišek  
Chair, Audit & Risk Committee

## Report of the Independent Auditor on the Summary Financial Statements

To the Members of Moya Financial Credit Union Limited:

### Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2019, and the summary statements of income and comprehensive income and changes in members' equity for the year then ended, and related notes, are derived from the audited financial statements of Moya Financial Credit Union Ltd. (the "Credit Union") for the year ended December 31, 2019.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements on the basis described in Note 1.

### Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements and the auditors' report thereon.

### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statement in our report dated February 6, 2020.

### Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1.

### Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

**MNP**

Chartered Professional Accountants  
Licensed Public Accountants

Mississauga, Ontario  
February 28, 2020

# Summary Statement of Financial Position

As at December 31, 2019

In \$	2019	2018
<b>Assets</b>		
Cash	7,825,697	10,113,989
Investments	54,928,878	29,621,150
Member loans	208,168,741	195,590,267
Accrued interest receivable	539,434	556,265
Prepaid expenses	210,260	66,243
Taxes recoverable	224,689	292,244
Deferred taxes	28,779	1,078
Interest rate swaps	467,218	1,016,413
Property and equipment	1,926,488	2,002,335
Intangible assets	144,714	235,006
	<b>274,464,898</b>	<b>239,494,990</b>
<b>Liabilities</b>		
Member deposits	252,285,237	218,647,264
Accrued interest payable	1,948,138	1,286,419
Accounts payable and other liabilities	1,408,631	725,057
Member shares	655,011	673,384
	<b>256,297,017</b>	<b>221,332,124</b>
<b>Members' Equity</b>		
Contributed surplus	8,352,253	8,352,253
Retained earnings	9,815,628	9,810,613
	<b>18,167,881</b>	<b>18,162,866</b>
	<b>274,464,898</b>	<b>239,494,990</b>

Approved on behalf of the Board



Val Končan, Chair



Andrew Rovanišek, Director

The accompanying note forms part of the financial statements.

## Summary Statement of Income and Comprehensive Income

For the year ended December 31, 2019

In \$	2019	2018
<b>Interest income</b>		
Member loans	7,343,257	6,728,943
Investments	1,131,452	892,748
	8,474,709	7,621,691
<b>Interest expense</b>		
Member deposits	3,853,820	2,445,038
<b>Net interest income</b>	4,620,889	5,176,653
<b>Provision for loan losses</b>	444,961	398,290
<b>Net interest income after provision for loan losses</b>	4,175,928	4,778,363
<b>Other income</b>	386,875	313,314
<b>Net interest and other income</b>	4,562,803	5,091,677
<b>Operating expenses</b>		
Administrative expenses	1,705,503	1,543,223
Salaries and benefits	2,235,069	2,036,567
	3,940,572	3,579,790
<b>Income before distributions and other items</b>	622,231	1,511,887
<b>Distribution to members</b>	(44,419)	(285,346)
<b>Income before other items</b>	577,812	1,226,541
<b>Other items</b>		
Amortization of amalgamation fair value adjustments	(82,436)	(192,869)
Unrealized change in fair value of financial instruments	(489,060)	(318,834)
<b>Income before income taxes</b>	6,316	714,838
<b>Income taxes</b>		
Current	29,002	184,689
Deferred	(27,701)	2,500
	1,301	187,189
<b>Net income and comprehensive income</b>	5,015	527,649

The accompanying note forms part of the financial statements.

## Summary Statement of Changes in Members' Equity

For the year ended December 31, 2019

In \$	Accumulated other comprehensive income	Contributed surplus	Retained earnings	Total
<b>Balance, December 31, 2017</b>	10,730	8,352,253	9,700,795	18,063,778
Adjustment on transition to IFRS 9	(10,730)	-	(417,831)	(428,561)
Balance January 1, 2018	-	8,352,253	9,282,964	17,635,217
Net income for the year	-	-	527,649	527,649
<b>Balance, December 31, 2018</b>	-	8,352,253	9,810,613	18,162,866
<b>Net income for the year</b>	-	-	5,015	5,015
<b>Balance, December 31, 2019</b>	-	8,352,253	9,815,628	18,167,881

## Note to the Summary Financial Statements

For the year ended December 31, 2019

### 1. Basis of presentation

Management is responsible for the preparation of the summary financial statements. The summary financial statements presented include the summary statement of financial position, and the summary statements of income and comprehensive income and changes in members' equity. They do not include the summary statement of cash flows, summary of significant accounting policies, or notes to the financial statements and accompanying schedules. The summary statements of financial position, income and comprehensive income and changes in members' equity are presented in the same detail as the audited financial statements except the note referencing has been removed.

# Life at Moya





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