

THE MOYA FINANCIAL
ANNUAL REPORT

20
22



BUILDING A STRONGER
FUTURE TOGETHER

moya
FINANCIAL

CONTENTS

Board of Directors.....	1
Message from your Board Chair.....	2
Message from your CEO.....	3
How we grew in 2022.....	4
Community giving.....	6
Environmental & sustainability report.....	8
Credit report.....	10
Audit & Risk Committee report.....	11
Management's responsibility.....	12
Report of the independent auditor on summary financial statements.....	13
Financial statements.....	14

Board of Directors

Mark Žižek, BA (Commerce & Econ.) *(term expires 2025)*

Chair; Audit & Risk Committee

John Sustersic, MBA, BA *(term expires 2025)*

Vice Chair; Governance & Human Resources Committee;
Nominating & Member Community Relations Committee

Margaret Zalar, LL.B, LL.M (Tax), J.D. *(term expires 2024)*

Corporate Secretary; Governance & Human Resources Committee;
Nominating & Member Community Relations Committee

Jason Gorel, CFA, CPA, CA, CPA (Illinois), ICD.D, BBA, CSC *(term expires 2024)*

Chair, Governance & Human Resources Committee;
Chair, Nominating & Member Community Relations Committee

Peter Levstik, BA (Econ. & Accounting), FLMI, CFE *(term expires 2023)*

Audit & Risk Committee

Matt Paznar, P.Eng, BA (Science), EP *(term expires 2025)*

Governance & Human Resources Committee;
Nominating & Member Community Relations Committee

Barbara Udovič, MBA, BComm *(term expires 2023)*

Chair, Audit & Risk Committee

Our Board is comprised of 71.4% people who are he/him and 28.6% people who are she/her.



A MESSAGE FROM YOUR BOARD CHAIR

Your Board of Directors is responsible for the stewardship of Moya Financial and for ensuring that our credit union can successfully meet the challenges of the rapidly changing financial services industry and its growing regulatory requirements. Elected by the members, we always act in the best interests of Moya Financial and our members.

2022 was characterized by change and evolution within Moya. The dynamics of the financial marketplace changed dramatically, with seven Bank of Canada interest rate increases over the last 10 months of the year, ranging from 0.25% to 1.00%, at each Bank of Canada meeting. For the first time in a generation, inflation rates for the essentials of life became an important factor in our financial planning. Within Moya, this year we hired a new CEO, Andrew Rovanišek. Andrew is leading the organization into a future filled with challenges and opportunities.

Moya Financial operated as an essential service during the pandemic while demonstrating a commitment to providing its staff and members with a safe environment. We continued to work together, assisting our members with their financial needs while keeping their health and well-being top of mind. The dedication of our staff is a demonstration of our cooperative values, and their commitment and resourcefulness humble us.

In 2022,

- Moya Financial's assets grew by 5.9% to \$370.3 million;
- Member deposits increased by \$16.2 million to \$337.9 million; and
- Income before other items increased by \$1.1 million (124.8%) to \$2.0 million.

Given our strong results, we declared and paid a 4% dividend on both membership shares and Class A Investment Shares.

Our credit union continues to prosper because of our ongoing focus on excelling in serving our members' day-to-day needs and developing long-term relationships for a lifetime of financial well-being.

The Board recognizes that the continued success of our credit union depends not only on our ability to serve our existing members but also on generating new business and attracting more members. We support Andrew's team in regularly evaluating our services and we are encouraged by the staff's efforts to look for new products that will add value and new ways to communicate with prospective members.

In 2022, the Board and Senior Management worked on the Recovery Planning Guidance. The Board is accountable to, and Senior Management is responsible for demonstrating to, the credit union governing body, the Financial Services Regulatory Authority of Ontario, that Moya is meeting the outcomes and prudently managing risk. We are ultimately responsible for the prudent governance and management of the credit union and accountable for its safety, soundness, and compliance with governing legislation.

We are encouraged that our credit union continues to play an essential role in our community. We remain committed to preserving our Slovenian culture by supporting and sponsoring various groups and institutions, such as Dom Lipa Seniors' Home and others in the community.

We continued to support students seeking a post-secondary education by awarding Moya Financial Scholarships this year to Owen Byrne, Adam Horvat, Paul Orazem, Christopher Pinnington, and Calista Stergar. The award recognizes their outstanding achievement, involvement in extracurricular activities, and commitment to the Slovenian Canadian community.

Amid all this change, the one constant is that we continue to pursue our shared goal of remaining a safe, secure, and viable alternative to the big banks. Our key priorities are to increase deposits and our loan portfolio, maintain strong credit quantity, manage capital efficiently, and remain responsive to our community.

Our success this year was due to our dedicated staff, hardworking committee members, and my fellow Board members. The trust and loyalty of our members have allowed us to continue building a strong and successful credit union. We are honoured to be your financial institution of choice and look forward to serving all your future financial needs.

Mark Žižek
Chair, Board of Directors



"I offer personal thanks, in this year of change, to the people behind the scenes at Moya for their support, dedication, and enthusiasm in my first year as CEO."



A MESSAGE FROM YOUR CEO

When asked to reflect on 2022 and describe it to my family, three words came to mind: change, hope, and the future.

After being a Moya Financial Board member for many years, I was privileged to step into the CEO operating role. My experience on the Board was one of respect for the staff and people behind the Moya brand. My experience leading the team delivering the customer service you expect, award-winning marketing, and strong financial results was remarkable.

Our financial performance was solid, and we declared a 4% cash dividend on membership and Class A Investment Shares. Our assets grew by \$20.6 million (5.9%) and members' equity as of December 31, 2022, was \$24.8 million.

As the world opened up and our lives started to return to normal after the pandemic, we also looked to the future with hope. Saturday hours returned to the branch, and we instituted programs to drive efficiencies, the benefits of which started to be realized in late 2022 and will continue into 2023. We moved forward with

- Banking regulation updates, including the replacement of Bylaw #5 with Sound Business Practices;
- The introduction of the Recovery Plan;
- The new 2020 *Credit Unions and Caisses Populaires Act* replacing the 1994 Act; and
- New reporting on our capital/liquidity ratios.

And, of course, we continue our drive to remain relevant and current for all generations by investing in ongoing technological upgrades.

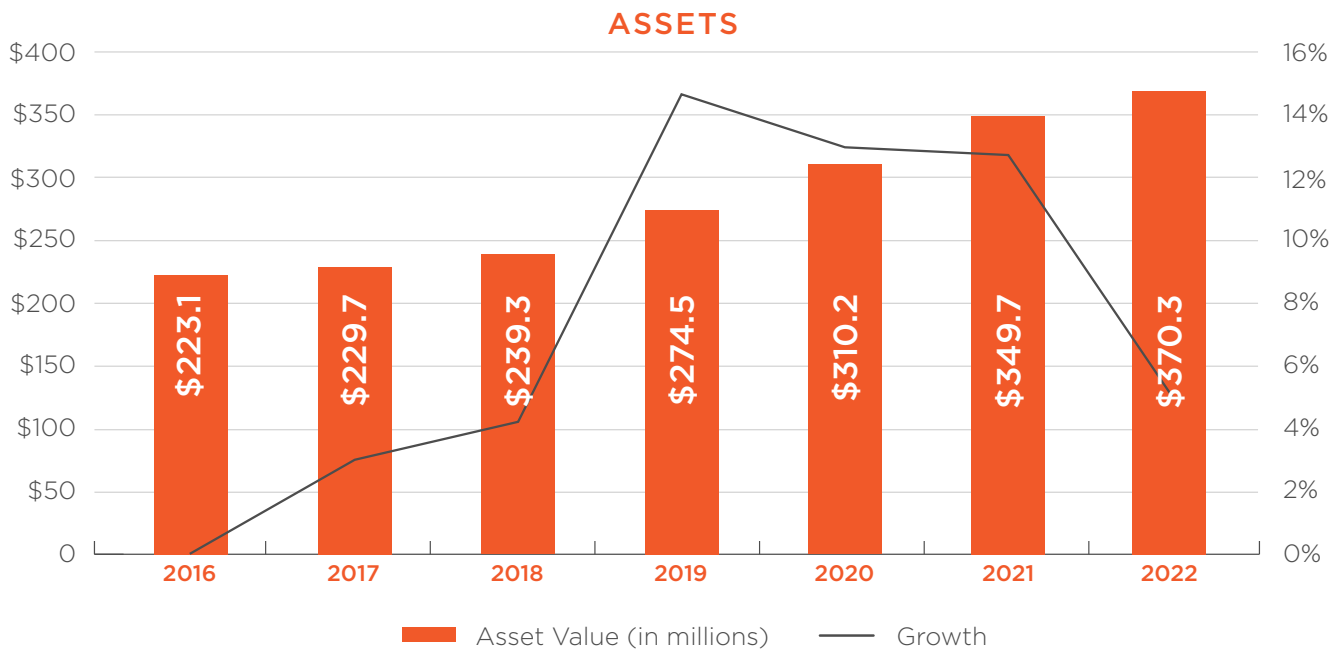
We were thrilled to be able to support so many community events and gatherings once again. Along with the great folks at Moya, I was happy to join in the fun in person. For the first time this year, we hosted a New Year's Eve party in conjunction with Our Lady of the Miraculous Medal, demonstrating a relationship with our neighbour we'll continue to foster.

As we look to the future, we are optimistic that the best days for Moya Financial and for our members lie ahead. Like our famous hardworking honeybees, we look forward to serving our membership and community while we grow together.

I offer personal thanks, in this year of change, to the people behind the scenes at Moya for their support, dedication, and enthusiasm in my first year as CEO. They continued to support our goals and our members. Together we will continue to make Moya Financial Credit Union a top-rated and well-respected member of the financial community and the community around us.

Andrew Rovanišek
Chief Executive Officer

HOW WE GREW IN 2022



	2016	2017	2018	2019	2020	2021	2022
ASSETS (IN MILLIONS)	\$223.1	\$229.7	\$239.3	\$274.5	\$310.2	\$349.7	\$370.3
GROWTH	—	3.0%	4.2%	14.7%	13.0%	12.7%	5.9%

While 2022 was a year of change for Moya Financial, our focus never wavered: the financial well-being of our members and community. We responded to changes in the broader economy and to our members’ need for financial security with a number of campaigns and initiatives that not only strengthened our business, but also benefited our members and the community.

Each campaign was designed to provide our members with attractive investment options, to offer fun and engaging incentives to reward existing members for their loyalty, and to attract new prospective members.

Introducing a refreshed digital banking experience

We are continuously trying, testing, learning, and listening because meeting members' needs matters most. In 2020, we upgraded the platform we use for our website and digital banking services so that we can continue to offer you more – more features, more accessibility, and more value.

In early 2022, we leveraged our platform and launched a refreshed online banking and mobile app for our members. The upgrade included a new user interface, which brings an improved look and feel, and enhanced navigation. The refreshed experience also includes additional security for your protection, drastically reducing the chances of having the personal information in your account stolen.

MoyaFinancial.ca got a makeover

In early summer, we launched our new and improved member-facing website. You may be asking yourself, “didn't they recently do that?” Yes, we did. And from the time we launched our brand-new website, we've found ways to make it even better. We kept the same look and feel, but greatly improved the functionality and site navigation (and speed!).

Building sustainable partnerships

As we create new financial products and services, one of our guiding principles is carefully considering who we partner with or promote as part of our marketing and product campaigns.

Important in these choices are mutual benefits related to Moya's sustainability goals. Our partners must align with our perspective and be in sync with our brand values. No matter what service we are looking for, there is almost always an option that is cost-competitive and high quality but doesn't come at the planet's expense. We have included products from companies we believe in, such as Alvéole, etobiGrow, Sprout, YETI, Mountain Equipment Co-op (MEC), and many more.

We managed a lot of change in 2022 and accomplished much to prepare for 2023 and beyond. We laid the groundwork for future growth and success while positioning ourselves to navigate a changing economic environment.

Overall, 2022 was a year of notable growth and progress for Moya Financial. We are proud of the campaigns and initiatives we launched and are confident that the changes we made will position us for growth and success in the future. We look forward to continuing to serve our members and the community in the years to come.



➤ In early 2022, we launched a refreshed online banking and mobile app for our members.



Community Giving

At Moya Financial, we are committed to being a part of our community, leveraging our skills and financial resources and giving back. Everyone has a role to play in making our community a better place. That's why we are dedicated to giving a percentage of our net profits back to our community every year to foster education, transformation, and collaboration where we live, work, and play. We strive to create a positive lasting impact through sponsorships, donations, and grants.

In 2022, we were thrilled to get back to community events and have the opportunity to introduce our new CEO. We felt it was essential to be present and give our members and community a chance to meet and interact with our new leader and learn more about our credit union's vision and goals.

\$45,000+

DONATED TO THE COMMUNITY

21

Causes supported

5

Scholarships presented
totalling \$6,250

7th

Moya Recipe Calendar produced



\$20,000

Donated to Dom Lipa for a wheelchair washer

23 hours spent at **5 events** on our Summer Tour, attended by **1,140+ community members**

2nd Annual VSKO Zimski Market supported



Environmental & Sustainability Report

Moya Financial believes that a sustainable environment is an essential foundation for our communities and for future generations. With every action, reducing our carbon footprint, repairing, reusing, and recycling, we make a small contribution to the solution.

Moya is fully committed to mitigating the negative impact and environmental burden of climate change by proactively reducing our environmental impact. With this in mind, it is vital that our partners share our commitment to social responsibility and align their values with ours.



Alvéole

Honeybees are an important part of both Slovenian culture and the environment we live in. But their lives are not easy in urban environments, so we decided to do something real to help. Moya Financial is proud to take part in the great movement for more eco-conscious cities by installing beehives in Toronto. Our thousands of little colleagues pollinate the urban flora that surrounds them during the summer months. At the end of the season in October, we harvest the Moya honey, put it in jars, and share it with our community.



Tree Canada

We've partnered with Tree Canada to support its National Greening Program. Every year, we plant trees to mark our Youth Account members' birthdays.

How does it work? The National Greening Program targets regions across Canada where reforestation or afforestation is needed as a result of human activity or other causes. In addition to the restoration of forests and wildlife habitat, trees planted through the National Greening Program contribute to cleaner air, cleaner soil, and cleaner waterways.



Bullfrog Power

We're reducing our carbon footprint and supporting the renewable energy transition by partnering with Bullfrog Power. We bullfrogpower power both our branches on Brown's Line with green electricity.

How does it work? Bullfrog Power's producers put green electricity onto the grid to match the amount of conventional electricity our offices use. Bullfrog ensures the energy going onto the energy grid on our behalf is from clean sources – displacing energy from polluting sources.

Bullfrog's green electricity comes from a blend of wind, solar, and low-impact hydroelectric power sourced from new Canadian renewable energy facilities. Our green energy purchase also helps support new, community-based renewable energy projects in our region and across Canada.

Going Green

Taking Steps Toward Sustainability

In 2020 we started actively working on initiatives that help the environment. We are happy to announce that we use recycled paper for nearly all our promotional printing to save energy, water, and landfill space. We continue to make an effort to reduce unnecessary plastics in our display stands, shipping packaging, and related printing.

What's the buzz?



240,000+

bees in our hives



55 kg

of honey produced by our bees (that's 400 jars!)

1,200

beeswax products given to members

08

bee workshops hosted with Alvéole

46 tonnes of CO₂

avoided with Bullfrog Power

500 trees planted

via Tree Canada partnership

Nearly all promotional one-time use postcards eliminated
(350 printed last year vs. 10,000+)

Newsletter went digital
(700 printed last year vs. 9,000+)

Credit Report

2022 was all about building on the momentum of 2021's record growth and moving to a more controlled pace, in line with the economic conditions and Moya Financial's goals.

High inflation and a heated housing market led to the Bank of Canada using its monetary policy tools to contain inflation and cool the housing market. Through seven incremental changes, the central bank's benchmark rate moved from 0.25% on January 1, 2022, to 4.25% at the year's end. The year-end rate was the highest Bank of Canada overnight rate since early 2008.

These monetary policy interventions have increased the cost of borrowing by triggering higher prime and mortgage rates. It is expected that the positive impact of these measures on inflation will take some time to develop, but we are already seeing incremental declines in the Consumer Price Index (CPI) inflation rate, which was down to 6.3% in December 2022 from 8.1% in June 2022.

We have also seen the reduction of housing prices, which reportedly have fallen by 20% in the Greater Toronto Area since their peak in February 2022. The microeconomic impact of high inflation on households is significant – it can be seen in the increased cost of groceries, household essentials, and the cost of housing.

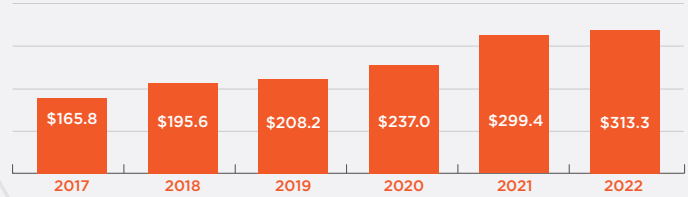
Despite these challenges and the resulting tempered demand for mortgages and loans, Moya Financial achieved moderate growth in our loan portfolio. In 2022 we reviewed over 130 applications, of which only 13 were declined.

With keen attention to quality, our loan portfolio grew by almost \$14 million in 2022 to \$313.3 million (net of provisions) at the close of the year. This represents a 5% increase over 2021's results and provides a moderate loan-to-asset ratio of about 85%.

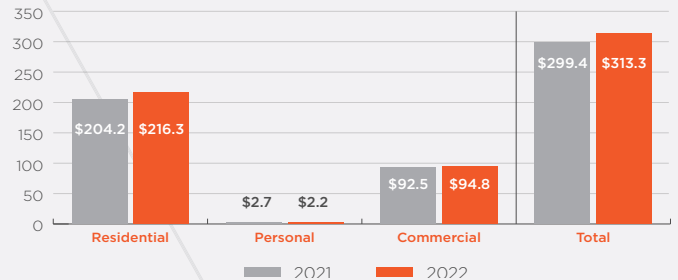
The majority of our portfolio growth was from residential mortgages, which grew by approximately \$12.1 million. Our commercial loan portfolio grew by a modest \$2.3 million. We maintained a well-balanced loan portfolio with an approximately 30/70 mix of commercial and retail/residential loans.

Our prudent underwriting practices are aligned to ensure our default risk remains within our risk tolerance, especially during economic uncertainty. This careful approach has allowed us to consistently maintain a delinquency rate below 1%.

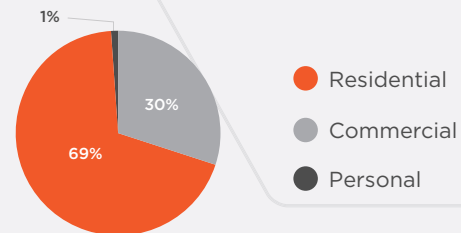
LOAN PORTFOLIO (MILLIONS)



LOAN TYPE (MILLIONS)



LOAN PORTFOLIO



Even with Moya's historically low delinquency rate, we had a conservative provision of \$800,000 for defaulted loans at December 31, 2022, meeting the IFRS9 accounting standards. At year-end Moya held one impaired loan of \$53,000; that loan has been sufficiently provisioned for and collection efforts are ongoing.

We are acutely aware of the looming economic downturn and the possibility of a recession in 2023/24. Moya remains ready to stand with our members to ride the waves of uncertainty.

Paula-Jean Lyn
Director of Credit



Audit & Risk Committee Report

The Audit & Risk Committee is a committee of the Board of Directors, as per Section 104 of the *Credit Unions and Caisses Populaires Act, 2020* (Ontario) and Section 35 of Ontario Regulation 105/22. The four-member committee has a mandate to perform all duties prescribed in the Regulations of the Act.

The Audit & Risk Committee is pleased to report to the members of the credit union that it has fulfilled its annual mandate and is conducting its affairs in accordance with the Act and related Regulations. As directors of the credit union, the members of the Audit & Risk Committee also attend every Board meeting, which facilitates ongoing review and monitoring of the financial performance of the credit union. In addition to attending all Board meetings, the Audit & Risk Committee met 10 times during 2022, completing the following significant activities:

- Reviewed the committee's duties and responsibilities as currently mandated by the Regulations of the Act and developed an annual work plan to ensure all aspects of the committee's legal responsibilities are met.
- Reviewed the credit union's policies, procedures, and controls for compliance with the current requirements of the Act and Regulations, with a particular focus on requirements for credit risk, market risk, structural risk, and liquidity management risk.
- Obtained an understanding of the elements of internal controls that are important to safeguarding the assets of the credit union, ensuring the accuracy of financial reports and ensuring compliance with policies and procedures.
- Reviewed changes to legal and regulatory requirements and worked with management to ensure that all policies, procedures, and controls of the credit union comply with those requirements.

- Reviewed the internal audit mandate and work plan as well as reports prepared by the credit union's internal auditors, Jones & O'Connell. We ensured that the Board and management took proper steps to address those issues identified during the internal audit program.
- Reviewed the terms of engagement, scope of audit, and findings of the credit union's external auditor, MNP LLP, and recommended that the Board accept the audited financial statements as presented by MNP.

Most notably, in 2022, the committee received updates on Moya's Recovery Plan, a regulatory requirement with which the credit union must comply by early 2023.

It is the opinion of the Audit & Risk Committee that all operations of the credit union are in accordance with the requirements of the *Credit Unions Act* and related Regulations. All significant Audit & Risk Committee recommendations have either been implemented 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 of the credit union, nor are there any further matters that are required to be disclosed pursuant to the Act or the Regulations.

The Audit & Risk Committee had the full cooperation of Moya's senior leadership team, MNP, and Jones & O'Connell. We thank them all for their dedication to ensuring Moya Financial adequately monitors and protects the assets of our members.

Barbara Udovič
Chair, Audit &
Risk Committee



TO THE MEMBERS OF MOYA FINANCIAL CREDIT UNION LIMITED:

The accompanying financial statements of Moya Financial Credit Union Limited are the responsibility of management and have been approved by the Board of Directors.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting policies and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Audit & Risk Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Audit & Risk Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit & Risk Committee and management to discuss their audit findings.



Andrew Rovanišek
Chief Executive Officer



Amal Fernando
Director Compliance and Reporting

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, 2022, 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, 2022.

In our opinion, the accompanying 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 auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated February 13, 2023.

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.

Auditor's 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 13, 2023

Summary Statement of Financial Position

As at December 31, 2022

In \$	2022	2021
Assets		
Cash	13,095,761	8,818,397
Investments	38,533,471	37,893,726
Member loans	313,322,979	299,438,468
Accrued interest receivable	513,555	358,644
Prepaid expenses	537,577	184,659
Deferred taxes	73,884	52,196
Interest rate swaps	1,972,502	507,850
Property and equipment	1,753,507	1,837,121
Intangible assets	498,087	597,841
	370,301,323	349,688,902
Liabilities		
Member deposits	337,933,288	321,683,049
Accrued interest payable	2,815,726	1,979,224
Accounts payable and other liabilities	3,891,061	2,094,419
Taxes payable	175,179	18,625
Member shares	717,680	688,876
	345,532,934	326,464,193
Members' Equity		
Contributed surplus	8,352,253	8,352,253
Share capital	3,988,264	3,974,250
Retained earnings	12,427,872	10,898,206
	24,768,389	23,224,709
	370,301,323	349,688,902

Approved on behalf of the Board



Mark Žižek, Director



Barbara Udovič, Director

The accompanying note forms part of the financial statements.

Summary Statement of Income and Comprehensive Income

For the year ended December 31, 2022

In \$	2022	2021
Interest income		
Member loans	10,821,191	9,142,826
Investments	667,648	284,214
	11,488,839	9,427,040
Interest expense		
Member deposits	5,287,983	4,182,049
Net interest income	6,200,856	5,244,991
Provision for loan losses	126,122	349,980
Net interest income after provision for loan losses	6,074,734	4,895,011
Other income	538,740	777,466
Net interest and other income	6,613,474	5,672,477
Operating expenses		
Administrative expenses	1,828,116	1,940,009
Salaries and benefits	2,759,853	2,831,445
	4,587,969	4,771,454
Income before distributions and other items	2,025,505	901,023
Distribution to members	(191,000)	(56,300)
Income before other items	1,834,505	844,723
Other items		
Unrealized change in fair value of financial instruments	-	68,819
Income before income taxes	1,834,505	913,542
Income taxes		
Current	326,527	141,352
Deferred	(21,688)	24,804
	304,839	166,156
Net income and comprehensive income	1,529,666	747,386

The accompanying note forms part of the financial statements.

Summary Statement of Changes in Members' Equity

For the year ended December 31, 2022

In \$	Contributed surplus	Retained earnings	Share capital	Total
Balance January 1, 2021	8,352,253	10,150,820	-	18,503,073
Net income for the year	-	747,386	-	747,386
Share capital issued - Class A (Investment shares)	-	-	3,947,438	3,947,438
Share capital issued - Class B (Capital patronage shares)	-	-	26,812	26,812
Balance, December 31, 2021	8,352,253	10,898,206	3,974,250	23,224,709
Net income for the year	-	1,529,666	-	1,529,666
Share capital issued - Class A (Investment shares)	-	-	-	-
Share capital issued - Class B (Capital patronage shares)	-	-	14,014	14,014
Balance, December 31, 2022	8,352,253	12,427,872	3,988,264	24,768,389

Note to the Summary Financial Statements

For the year ended December 31, 2022

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.



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Visit us online at [MoyaFinancial.ca](https://www.MoyaFinancial.ca)

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-  Moya Financial

