
2016 ANNUAL REPORT

moya
FINANCIAL



Zakoreninjeni v tradiciji rastemo za prihodnost! | Planted in tradition, growing for the future!

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1ST ANNUAL GENERAL MEETING

Sunday, March 26, 2017,
at 4:00 PM

1. LETNI OBČNI ZBOR

v nedeljo, 26. marca 2017,
ob 4h popoldne

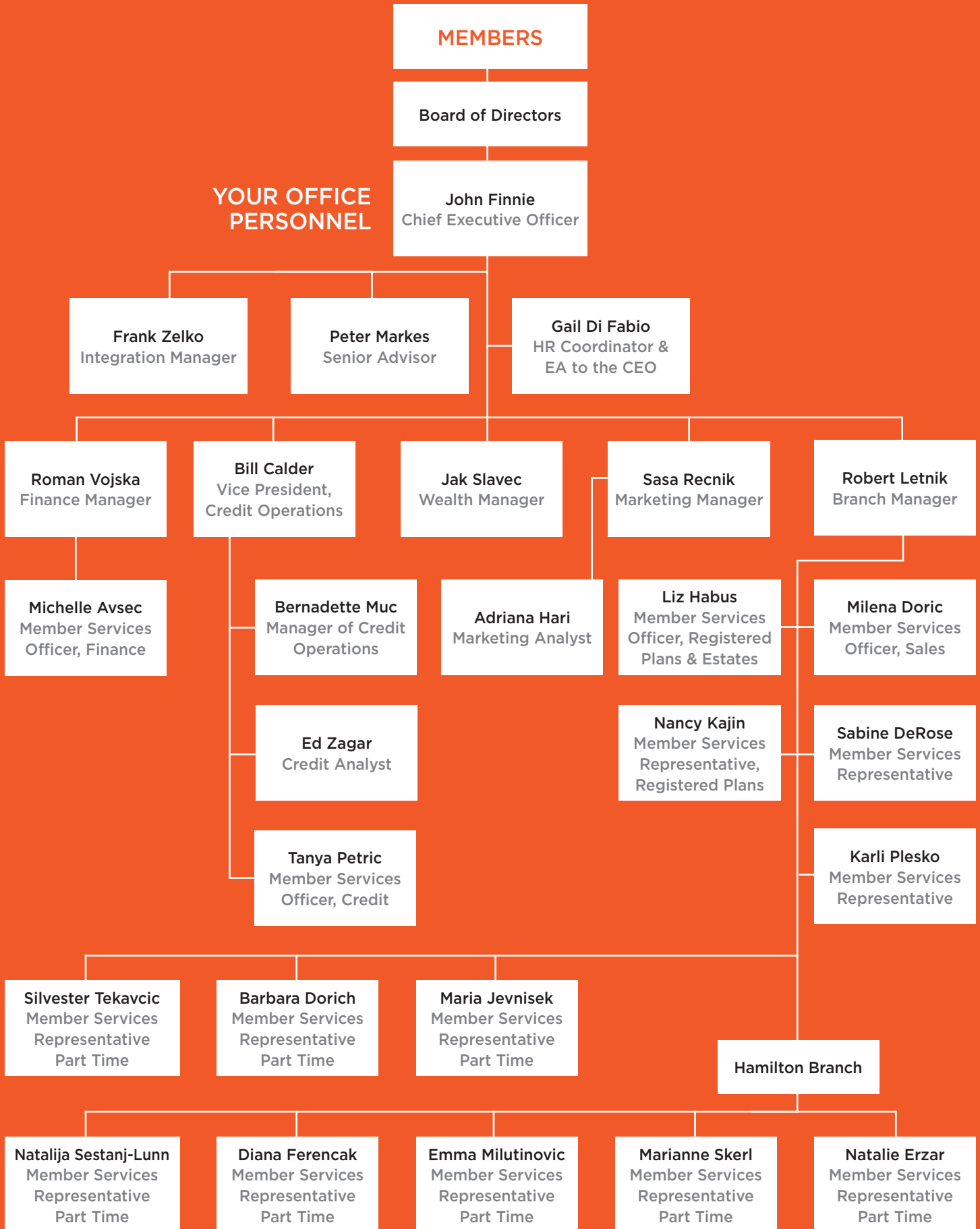
Our Lady of the Miraculous Medal Parish Hall

739 Brown's Line, Toronto, Ontario

AGENDA

1. Registration of Members | **Registracija članov** (3:00 PM)
2. Chair's Opening Remarks | **Predsednica začne občni zbor** (4:00 PM)
3. Approval of Agenda | **Sprejem dnevnega reda**
4. Adoption of the Minutes of the Last Annual Meeting | **Potrditev zapisnika zadnjega občnega zbora**
5. Acknowledgment of Past Service | **Zahvala uslužbencem za pretekle storitve**
6. Reports | **Poročila**
 - a) Chair of the Board of Directors | **Predsednica upravnega odbora**
 - b) Chief Executive Officer | **Glavni upravnik**
 - c) Finance Manager | **Finančni direktor**
 - d) VP of Credit Operations | **Direktor za posojila**
 - e) Audit Committee Chair | **Predsednik nadzornega odbora**
 - f) External Auditor | **Zunanji revizor**
7. Election and Appointment of External Auditor | **Volitve in imenovanje zunanjega revizorja**
8. Open Forum and Door Prizes | **Slučajnosti in žrebanje nagrad**
9. Adjournment of Meeting | **Zaključek občnega zbora**

Refreshments to follow. | **Sledi družabni del s prigrizki.**



YOUR BOARD OF DIRECTORS



Barbara Udovic, MBA,
BComm (term expires
2020)

**Chair; Member,
Nominations & Member
Relations Committee**

With a background in finance, Barbara is currently an Associate Director in the Global Banking & Markets division at Scotiabank. Elected to the Board of Directors of Krek Slovenian Credit Union in 2006.



Val Koncan
(term expires 2020)

**Vice Chair; Chair,
Governance & Human
Resources Committee**

Val holds a degree in computer science and has amassed extensive experience in software development and information technology both in the public and private sectors. He currently works for Hewlett Packard Enterprise. Elected to the Board of Directors of Slovenia Parishes Credit Union in 2003.



William (Bill) Stajan
(term expires 2018)

**Corporate Secretary;
Member, Governance
& Human Resources
Committee**

Bill is co-owner and CEO of ABC Fire Door, a longstanding manufacturing firm in Mississauga. He has extensive knowledge of the construction industry and has volunteered on many community groups. Elected to the Board of Directors of Slovenia Parishes Credit Union in 1976, where he served for 12 years as Chair.



David Mezc, MBA, BA
(Business and ITM)
(term expires 2019)

**Director; Chair,
Nominations & Member
Relations Committee**

David is Director of IT at J.M. Die Ltd. He previously held positions at the Royal Bank of Canada and Bank of America. Elected to the Board of Directors of Krek Slovenian Credit Union in 2011.



Andrew Rovanse, CPA,
CA, BBA (term expires
2020)

**Director; Chair, Audit &
Risk Committee**

Andrew is Director of Finance at Veolia North America. He previously held roles as Associate Director of Finance at Bell Canada and Manager at KPMG LLP. Elected to the Board of Directors of Krek Slovenian Credit Union in 2011.



Tony Krosel, CFA
(term expires 2018)

**Director; Member, Audit &
Risk Committee**

Tony is a Chartered Financial Analyst and has been managing investment portfolios for over 30 years. Elected to the Board of Directors of Slovenia Parishes Credit Union in 2005.



Joseph Levstik, BA (Econ.),
BAS (term expires 2018)

**Director; Member,
Governance & Human
Resources Committee**

Joseph retired after 25 years' service at the Canada Revenue Agency, most recently as a team leader in the Legislative Policy and Regulatory Affairs division. Elected to the Board of Directors of Krek Slovenian Credit Union in 2007.



Margaret Zalar Sparling,
LL.B., LL.M.(Tax), J.D.,
Lawyer (term expires 2018)

**Director; Member,
Governance & Human
Resources Committee**

Margaret served on the Board of Directors of Krek Slovenian Credit Union from 1994 to 1997 and from 2002 to 2016.



Lori Cimerman, BA
(term expires 2019)

**Director; Member,
Nominations & Member
Relations Committee**

Lori is Director of Compliance for HomeLife Realty Services Inc. and Broker of Record for HomeLife/Cimerman Real Estate Ltd., Brokerage. Elected to the Board of Directors of Slovenia Parishes Credit Union in 2006.



Paul Dolenc, RGD
(term expires 2019)

**Director; Member,
Nominations & Member
Relations Committee**

Paul works in the marketing industry as Director, Project Management & Design at Harbinger Communications Inc. Elected to the Board of Directors of Slovenia Parishes Credit Union in 2004.



Mark Zizek, BA (Commerce
& Econ.) (term expires
2019)

**Director; Member, Audit &
Risk Committee**

Mark is the Sales Administration Manager at CGC Inc., a drywall and ceiling tile manufacturing company. Elected to the Board of Directors of Krek Slovenian Credit Union in 1992.



Jim Ulcar, BSc (Econ.
& Business Admin.)
(term expires 2020)

**Director; Member, Audit &
Risk Committee**

Jim is Assistant Vice President in Corporate Compliance with State Street Trust Company Canada, a large custodian bank. Elected to the Board of Directors of Slovenia Parishes Credit Union in 2013.

REPORT OF THE BOARD OF DIRECTORS



As is the case with most ethnic credit unions in recent years, both Krek Slovenian Credit Union and Slovenian Parishes Credit Union were facing the challenges of an aging and declining membership, intense pressures on profitability, and difficulty attracting younger members. With the ever-increasing

demands of our regulator and the challenge of staying relevant and competing in the financial services universe, we needed to make some drastic changes to ensure our continued operation well into the future. Simply merging the two credit unions wasn't enough; our survival required making bold decisions to propel us forward.

We undertook this process earnestly and drew extensively from specialists with a wide range of expertise. Decisions surrounding our name, our brand, our vision, and our strategy were all reviewed in detailed collaboration with the specialists we engaged. Our decision to start with a fresh name and a vibrant new colour signals a new and bolder direction for the future. We feel confident that our new brand, coupled with improved services, such as our new mobile banking application, will contribute towards attracting our youth and enticing others to give us a second look.

My fellow Board members and I are very deeply invested in our credit union and extremely proud of our Slovenian heritage. Supporting the community through sponsorship and engagement in a wide range of endeavours will always be part of what we do. We feel that this union of institutions ensures that we will be able to continue supporting our community for many years to come.

We are delighted to report on the first year of operation of Moya Financial Credit Union Limited. 2016 was a busy year as we combined two distinct entities into one. Internally, we focused our efforts on aligning policies, sharing best practices, and seeking opportunities for efficiencies. We also focused on moving both credit unions onto one banking platform, enhancing our online banking application, and launching our mobile banking application.

We are happy to highlight a few of our successes:

Achieved business case financial targets

- Grew loans, net income, and assets

Completed conversion

- Converted banking and financial systems onto one platform
- Relocated services for convenience of our membership

Supported our community

- Invested over \$10,000 in the Slovenian community
- Established the first annual Moya Financial Scholarship Program
- Continued to build on the Community Events Calendar
- Developed the first annual Moya Financial Recipe Calendar

As mentioned, and in keeping with our foundation of serving the Slovenian community, Moya Financial provided financial support to over 20 cultural, educational, and community events. We remain committed to the preservation of our Slovenian culture by providing our support and sponsorship to various clubs, such as Slovenian School, Dom Lipa Retirement Home, Slovenian Radio Hour, Slovenian Farm Youth Tournaments, and other events in the community. We also supported our student members of high academic achievement and community consciousness through a scholarship program. This year, the Moya Financial Scholarship was awarded to Leah Skerl and Stephanie Cestnik.

We would like to take this opportunity to thank our staff and Board members for their continued commitment to providing our members with exceptional service during this year of change. It is also the trust and loyalty of our members that allow us to continue to build a strong and united credit union to serve the needs of our Slovenian community. We are embarking on exciting times, with endless possibilities. We have our sights set on the year ahead full of optimism and purpose, as we strive to make a difference in our members' lives and share their milestones and memories.

Zahvaljujemo se vam za izkazano podporo!

Barbara Udovic

Chair of the Board of Directors

CEO'S MESSAGE



We are in the midst of significant changes designed to ensure we are able to deliver value to our members, their families, and their businesses well into the future.

We believe that Moya Financial, the product of the recent amalgamation of two proud and successful credit unions,

is built on the core values of the Slovenian community in Canada - hard work, trust, family, community service, and care for others. We proudly carry on that tradition while transforming to ensure ongoing relevance and competitiveness for successive generations. From the founders to each new member we welcome today, Moya Financial is committed to always putting our members first.

While the past year was challenging, it also yielded many rewards. We are placing an organizational focus on securing the patronage of the next generation and to accomplish this, we are embracing ease of access as a competitive cornerstone. To this end, we have recently launched mobile banking, and we look forward to providing more digital solutions and financial education for our members in 2017.

Our calling card is and must continue to be exceptional member service, with tailored advice to help our membership prioritize and reach their financial goals. Achieving this level of service starts with taking the time to understand what matters most to each member and being proactive in our approach to deliver value through customized solutions. Your credit union is committed to building a strong relationship with each individual member based on trust.

We are reviewing our product offerings with the objective of providing a full range of competitive solutions and advice. For example, we are retooling our wealth management offerings to provide relevant solutions for our members regardless of where they may be in their financial life cycle.

You may have noticed that we have consolidated the operations of our two Etobicoke branches at 725 Brown's Line. Our corporate office, credit, and estate services are located at 747 Brown's Line. These changes are consistent with our ongoing reorganization to put a premium on advice.

Moya Financial is different from our competitors. We are a proud product of hard-working, community-minded Slovenian Canadians. We bring trusted advice, professionalism, and real value together with a commitment to the financial success and well-being of all our members. We are family and are therefore dedicated to our members, our employees, and our community.

Najlepša hvala za vaše zaupanje!

John Finnie
CEO



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

To the Members of Moya Financial Credit Union Limited:

The accompanying summary financial statements and the complete financial statements of Moya Financial Credit Union Limited (collectively, the "financial statements") are the responsibility of management and have been approved by the Board of Directors.

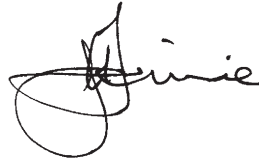
Management is responsible for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting policies 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 are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Audit and 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 and 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 and Risk Committee and management to discuss their audit findings.

March 6, 2017



John Finnie
CEO

CREDIT MANAGER'S REPORT



Our total loans portfolio at the close of the 2016 fiscal year stood at approximately \$148 million. This total reflects a very satisfactory year of growth in most loan classes and significantly exceeded the new approvals budget set for the newly merged entity.

Our expectation is that we will continue to be challenged by extremely fine price competition and member generational wealth transfer. Accordingly, our 2017 budget calls for more moderate growth in all sectors and for maintaining our current asset mix and loan diversification.

During the review period, Moya Financial received 173 new loan applications, of which we approved 159:

Number of Loans	Type of Loan	Total Amount
17	Personal loan	\$ 315,382
38	Personal line of credit	6,255,750
65	Residential mortgage	23,749,661
7	Bridge loan	3,565,737
32	Commercial loan	20,179,264
Total		\$ 54,565,794

While I am obliged to declare to you certain loan delinquencies and loan losses, we are extremely pleased to be able to report that for fiscal 2016, this figure is less than 0.2 of 1% of the portfolio, and in contrast to previous years there will be no increase to the credit union's loan loss provisions.

Our lending portfolio remains very safe and we look forward to the opportunity to continue our assistance and service to you, our members, over the remainder of 2017.



Bill Calder
Vice President, Credit Operations

AUDIT & RISK COMMITTEE REPORT



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 to the Board each month to discuss any items of concern and the necessary corrective actions.

Over the past year, the Audit & Risk Committee emphasized the review of corporate governance, internal policies, the progress of system conversion implementation, budgets, outlooks, and procedures to ensure industry practices and government regulations are followed. We continue to ensure that policy guidelines and systems are in place to ensure that enterprise risks are at an acceptable level. In addition, the Audit & Risk Committee plays a key role in ensuring that a robust process for identifying, managing, and monitoring critical risks is in place.

These requirements demand greater knowledge, competencies, and involvement from Directors and additional reporting to regulatory bodies by our management. To effectively fulfill present and future responsibilities, the Audit & Risk Committee identified and participated in professional development and training to meet increased Director competencies required by legislation.

In our opinion, the first year of the amalgamated Moya Financial Credit Union Ltd. was one of financial strength and stability.

The support of the staff and management in helping us fulfill our mandate is greatly appreciated.

Andrew Rovansek
Audit & Risk Committee Chair

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of Moya Financial Credit Union Limited:

The accompanying summary financial statements, which comprise the summary statement of financial position as at December 31, 2016, the summary statements of income, comprehensive income and changes in members' equity for the 15-month period then ended, are derived from the audited financial statements of Moya Financial Credit Union Limited for 15-month period ended December 31, 2016. We expressed an unmodified audit opinion on those financial statements in our report dated February 9, 2017.

The summary financial statements do not contain all the disclosure required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Moya Financial Credit Union Limited.

Management's Responsibility for the Summary Financial Statements

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

Auditors' Responsibility

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

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Moya Financial Credit Union Limited for the 15-month period ended December 31, 2016 are a fair summary of those financial statements, on the basis described in Note 1.

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
March 6, 2017

SUMMARY STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

In \$	December 31, 2016	September 30, 2015
Assets		
Cash	8,724,644	6,260,907
Investments	62,986,395	46,319,080
Member loans	148,623,986	58,633,673
Prepaid expenses	83,306	83,906
Deferred income taxes	-	1,357
Interest rate swaps	532,391	-
Property and equipment	1,766,110	578,912
Intangible assets	401,362	-
	223,118,194	111,877,835
Liabilities		
Member deposits	204,769,735	103,880,750
Accounts payable and accrued liabilities	358,825	80,760
Taxes payable	290,551	2,462
Deferred income taxes	169,873	-
Member shares	659,711	479,519
	206,248,695	104,443,491
Members' Equity		
Contributed surplus	8,352,253	-
Retained earnings	8,244,507	7,171,664
Accumulated other comprehensive income	272,739	262,680
	16,869,499	7,434,344
	223,118,194	111,877,835

Approved on behalf of the Board


Barbara Udovic, Chair

Andrew Rovanseck, Director

The accompanying note forms part of the summary financial statements.

SUMMARY STATEMENT OF INCOME

For the 15 months ended December 31, 2016

In \$	December 31, 2016 (15 months)	September 30, 2015 (12 months)
Interest income		
Member loans	5,051,390	1,815,238
Investments	1,338,199	800,324
	6,389,589	2,615,562
Interest expense		
Member deposits	2,322,674	1,007,630
Net interest income	4,066,915	1,607,932
Provision for (recovery of) impaired loans	7,745	(33,245)
Net interest income after provision for impaired loans	4,059,170	1,641,177
Other income	360,516	73,606
Net interest and other income	4,419,686	1,714,783
Operating expenses		
Administrative expenses	1,713,513	676,226
Salaries and benefits	1,738,277	619,265
	3,451,790	1,295,491
Income before other items	967,896	419,292
Other items		
Amortization of amalgamation fair value adjustments	(264,831)	-
Unrealized gain on interest rate swap agreements	637,538	-
Income before income taxes	1,340,603	419,292
Income taxes		
Current	436,176	69,204
Deferred	(168,416)	-
	267,760	69,204
Net income	1,072,843	350,088

The accompanying note forms part of the summary financial statements.

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

For the 15 months ended December 31, 2016

In \$	December 31, 2016 (15 months)	September 30, 2015 (12 months)
Net income for the period	1,072,843	350,088
Other comprehensive income		
<i>Will be reclassified to net income when certain conditions are met:</i>		
Unrealized gain on available for sale investments	11,904	16,670
Income tax expense relating to other comprehensive income	(1,845)	(2,670)
Total other comprehensive income	10,059	14,000
Total comprehensive income for the period	1,082,902	364,088

SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the 15 months ended December 31, 2016

In \$	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total
Balance, September 30, 2014	-	6,821,576	246,010	7,067,586
Net income for the year	-	350,088	-	350,088
Other comprehensive income for the year, net of tax	-	-	16,670	16,670
Balance, September 30, 2015	-	7,171,664	262,680	7,434,344
Net income for the period	-	1,072,843	-	1,072,843
Other comprehensive income for the period, net of tax	-	-	10,059	10,059
Amalgamation of Slovenia Parishes (Toronto) Credit Union Limited and Krek Slovenian Credit Union Ltd.	8,352,253	-	-	8,352,253
Balance, December 31, 2016	8,352,253	8,244,507	272,739	16,869,499

The accompanying note forms part of the summary financial statements.

NOTE TO THE SUMMARY FINANCIAL STATEMENTS

For the 15 months ended December 31, 2016

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, 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, 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.

OUR COMMUNITY IS IMPORTANT TO US

Credit unions are about people helping people. At Moya Financial, we take that philosophy one step further by giving back to our Slovenian community. Community giving is an enhanced core value that distinguishes our credit union, setting us apart from other financial institutions. It is the strength of community leadership that guarantees results that will last a lifetime!



The following are just some of our 2016 support efforts:

- Toronto Slovenian Scouts
- Slovenian Home Association
- All Slovenian Cultural Committee
- Belokranjski Club
- Victoria Fund
- Dom Lipa Retirement Home - T-shirts for walk-a-thon
- Slovenski Park
- Slovenian Summer Camp
- Slovenian Hunters and Anglers Club
- Mladi Glas & Planika Dance Groups
- Holiday Gardens
- Slovenian Canadian Historical Society
- Sava Club
- Vecerni Zvon
- Canadian Slovenian Chamber of Commerce
- Bled Planica Social Club

Moya Financial supported events:

- Dom Lipa Walk-a-Thon
- Slovenian Open Golf Tournament
- Two scholarships



SERVICE SUMMARY

BANKING SERVICES

Chequing Account
Daily Interest Savings Account
Savings Account
Student Account
Trust Account
US Funds Account

LENDING SERVICES

Mortgages
Residential Mortgage
MeritLine
Loans
Personal Loans
RRSP Loans
Car Loans
Student Loans
Lines of Credit
Personal Line of Credit
Student Line of Credit

INVESTMENT SERVICES

Mutual Funds
Term Deposits
Guaranteed Investment
Certificate

BUSINESS SERVICES

Business Chequing and
Savings Account
Commercial Loans
Commercial Mortgages
Commercial Line of Credit
Government Guaranteed Loans

REGISTERED PLANS

Registered Education Savings
Plan (RESP)
Registered Retirement Savings
Plan (RRSP)
Registered Retirement Income
Fund (RRIF)
Tax-Free Savings Account
(TFSA)

ACCOUNT ACCESS SERVICES

MemberCard
Mobile Banking App
Deposit Anywhere™
Online Banking
Free Interac e-Transfer®

ADDITIONAL SERVICES

Bill Payment
Deposit Insurance
Direct Deposit
Moya Financial Scholarship
Primary Cheque
Travel Insurance
Wire Transfers

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Tel: 416-255-1742 Fax: 416-255-3871
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HAMILTON BRANCH

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Hamilton, ON L8E 3N6
Tel: 905-578-7511 Fax: 905-578-5130

MANNING BRANCH

611 Manning Ave, Toronto, ON M6G 2V9
Tel: 416-531-8475

See moyafinancial.ca for our business hours.

Email: main@moyafinancial.ca

Moya Financial is a business name used by Moya Financial Credit Union Limited.