

Minutes of 36th Annual General Meeting of Khalsa Credit Union held virtually on May 1, 2022 via Go To Webinar

1. Mr. Hardeep Singh Bains welcomed members and guests for attending KCU virtual AGM. He explained about house-keeping items by advising how members can join the AGM on desktops by using computer audio to participate in asking questions and via conference line by audio mode only. He advised that the material for AGM is uploaded on-line. He explained the main features, both in Punjabi & English that Members can raise questions & put motions by demonstrating on the screen & showing the 1st mute and unmute button, 2nd raising hands and 3rd question & answer. He also advised on how to ask question by typing their message and raising hand.

He advised that the following documents are available on-line:-

- Rules of order both in English & Punjabi
- Minutes of 2021 Annual General meeting
- Annual report and
- Summary of Financial Statement

He advised that the participants can also call on 604-507-2374 if they have question and our team member can help in technical issues and requested to bear with us and to keep patience for any technical difficulty if it arises.

2. Mr. Hardeep Singh Bains introduced Mrs. Gurminder Kaur Malik as Board Secretary.
3. Mrs. Gurminder Kaur Malik welcomed the membership for joining virtual meeting and called the meeting to order at 2:04 p.m. by declaring the quorum of 114 members. She requested Board Chair, Mr. Jagpaul Singh Sandhu to further carry forward the meeting.

Mr. Jagpaul Singh Sandhu welcomed and thanked the membership for taking time to join KCU virtual AGM. He requested Mr. Jaswinder Singh Gill to do the Ardaas.

4. Mr. Jagpaul Singh Sandhu announced the following appointments:-
- i. Mrs. Gurminder Kaur Malik as Recording Secretary
 - ii. Mr. Malvinder Grewal & Mr. Ian Scott, Ernst & Young LLP, Canada as Scrutineer
 - iii. Mr. Sukhbinder S. Nurnha as Parliamentarian and Legal Counsel.

5. Agenda was approved.

Moved Mr. Avtar Singh Dhillon Seconded Mr. Jarnail Singh Rai Carried

6. Mr. Jagpaul Singh Sandhu introduced the Board members & the CEO.
7. Minutes of the 35th Annual General Meeting held on May 2, 2021 were presented by Mrs. Gurminder Kaur Malik and were approved.

Moved Mr. Jarnail Singh Rai Seconded Mr. Jaspal Singh Rai Carried

Business arising out of minutes:-

NIL

8. **Chairman's report**

Mr. Jagpaul Singh Sandhu presented the Board Chair report.

He advised that in the last year, our balance sheet continued to show accelerated growth, despite the continued COVID 19 impacts, assets surpassing \$683 million & Board declared a dividend of 5% on Class "A" Membership shares and 5% on Class B Equity Shares. We continue to support our community with scholarship awards and various other programs. He advised that KCU has distributed \$55,000 scholarships & also continue donating money for community projects initiatives.

We continue to practice safety at our branches based on the Health Authorities guidelines. He thanked each and every employee for remaining committed to maintaining a safe work environment for each other and for our members.

Khalsa's financial have always been strong and the strength of our balance sheet showed its resiliency in a low interest rate environment. Mr. Sandhu advised that with a rising interest rate environment we will continue to strengthen our financials and see even more positive results. Behind the scenes, we are working on investing in our technology infrastructure which will allow our member's more flexibility in using our banking services online, via mobile and in person.

He advised that Inflation is at an all-time high and the real estate market continues to defy predictions, but we will continue to support our members and the community at large with donations and other support. We just wrapped up a successful food drive in partnership with Khalsa Aid Canada to help individuals with food security issues throughout the lower mainland. Our donations to local organizations and charities are more crucial now than ever and we will support our community through these times. We will also continue to offer competitive rates and services to our members and provide financial literacy to our youth so they can have a strong financial base to grow from.

On behalf of the entire Board, I would like to extend our sincere thanks to members, employees and management for their continued support and dedication in making Khalsa Credit Union such a successful and dynamic organization. We will continue to work together with your support during these unpredictable times.

Moved Mr. Kuldip Singh Sidhu Seconded Ms. Parm Sidhu Carried

9. **Chief Executive Officer's report**

Mrs. Jessie Kaur Sidhu presented her report and shared 2021 results and provided insights on focus on the past year. She advised that every decision we make and every action we take has you, our members at the forefront. We are honoured that you choose to trust us as your primary financial institution and we will continue to demonstrate our commitment to you.

Mrs. Sidhu advised that in the Annual Report under our Financial Results; we shared a chart reflecting our financial and member growth trends. She advised that over the last 5 years, we have seen impressive growth, despite the challenges we have faced through Covid-19 and other economic

pressures such as inflation. Our total assets have grown significantly since 2017 and the growth rate exceeded 13% in 2021. These results demonstrate our resilience and tenacity in the face of adversity. Our assets represent our relevance in our market today, as we work to meet our member needs, and our members choose to invest more business with us and recommend others to invest with us as well. This allows each of us to thrive financially while maintaining a firm commitment to our Sikh values.

She advised that our retained earnings have also grown, and this demonstrates our ability to be profitable as an organization and attract new members to join KCU. It demonstrates our ability to efficiently manage our expenses while expanding our revenues through increased volumes or new revenue streams. Increasing our retained earnings enables us to invest in future technology enhancements and additional products and service offerings.

Pertaining to Community Involvement, she advised that as a credit union based on the Sikh faith, we are actively involved in 'seva' and have supported for many worthy causes, events, and people. Our scholarship and bursary program provided \$55,000 to 31 deserving students. We have also donated over \$425,000 to 30 community projects across Surrey, Vancouver, and the Fraser Valley, as well as where our Sikh values aligned beyond these communities in 2021. We know that by contributing to the communities our members live, work, and learn in, we directly support our members, their family, friends, and neighbours.

She advised that she is proud to share few examples of the projects we supported in Fiscal 2021:

- We partnered with Guru Nanak's Free Kitchen to raise money for development of their new building in Vancouver's Downtown East Side neighbourhood. Our members and generous community provided donations of over \$121,000 and in addition we as an organization contributed \$100,000 towards this worthy cause.
- We donated \$50,000 to PICS for Guru Nanak Diversity Village which will be a 3-storey, 125 bed, residential care facility that will have the ability to provide culturally sensitive Long-Term Complex Care to seniors with a South Asian background in a sustained and purposeful manner.
- We partnered with SAF International to match funds up to \$36,000 that went towards providing safe and secure housing for communities in India.
- During the academic school year Khalsa Credit Union hosted a handful of virtual presentations regarding financial literacy programs within local Sikh schools. The sessions were held in collaboration with Junior Achievement and included topics such as budgeting and savings.
- We also contributed \$25,000 to the Maritime Sikh Society in Halifax to assist with construction costs for building and expanding the Gurdwara. Members from the society were able to visit our Head Office in Surrey and meet with some of our team.
- We donated \$25,000 to Engaged Communities Canada Society. This organization aims to address the systemic gaps that exist for underserved communities across British Columbia's lower mainland region in accessing equitable solutions to complex health challenges.

Mrs. Sidhu also advised that regarding Employee Recognition these results are made possible because of the dedication of our leadership team and employees that work diligently and tirelessly. Many of these team members you see regularly in branches, while several others are working hard in the background to provide support in order to exceed our members' expectations. She recognized the

continued strong contribution of the KCU Employees and advised that looking ahead, these are the individuals that will take us through our next endeavours in 2022. She advised that while it is important to recognize what we have accomplished in 2021, we have not forgotten that we are constantly working towards improving Khalsa Credit Union to serve you as your needs change throughout your life.

We will dedicate our resources to enable our members, to easily access both personal and business financial services while focusing on continuing to build the capabilities of our team. As mentioned earlier, the implementation of new technology and digital services is a priority for our team.

Our 2021 Annual Report is entitled “Our Community Continues to Grow” and describes our results that was proudly able to present to you today. Mrs. Sidhu thanked the KCU employees for their dedication, as well as their commitment to staying true to our values and beliefs and would like to thank every one of our members for their continued support of KCU.

Mrs. Sidhu turned the meeting over to our Board Chair.

Moved Ms. Davinder Kaur Seconded Mrs. Harloveleen Kaur Dhillon Carried

10. External Auditor’s report

External auditor’s report was presented by Mr. Ian Scott of Ernst & Young LLP Canada, Chartered Accountants and advised that as membership has received the full condensed financial statements which included our opinion that they are derived from the full financial statements. The Financial Statements are the responsibility of the management and we provided our opinion stating that they fairly presented the financial position and results of operations in accordance with international Financial Reporting standards. We expressed an unmodified opinion in the Financial Statements as at and for the year ending December 31, 2021.

The 2021 financial statements and auditor’s report were received & approved.

Moved Mrs. Baljinder Kaur Brar Seconded Ms. Davinder Kaur Carried

Board Chair, Mr. Jagpaul Singh Sandhu recommended the following motion on behalf of Board for the appointment of auditors for 2022.

“Be it resolved to appoint the firm of BDO Canada LLP, Chartered Professional Accountants, as external auditors for 2022 and that the Board of Directors be authorized to set the remuneration for the auditors.”

Moved Mr. Sukhwinder Singh Purewal Seconded Ms. Gurvinder Kaur Chahal Carried

Mr. Jagpaul Singh Sandhu turned over the meeting to Mrs. Gurminder Kaur Malik.

11. Report on Election of Directors

Mrs. Gurminder Kaur Malik, Board Secretary presented the report on Election of Direction. She advised that the following two directors were appointed by acclamation:-

1. Mr. Joga Singh Sangha
2. Ms. Harleen Kaur Minhas

She advised that Mr. Sangha has started his career with Khalsa Credit Union and worked for many years in Credit Union system and Harleen Kaur Minhas is a CEO of Save More Lighting and doing her MBA with SFU. She advised that Mr. Jagpaul Singh Sandhu was reappointed to the Board and he is a Chartered Professional Accountant.

Mr. Jagpaul Singh Sandhu welcomed Mr. Joga Singh Sangha and Ms. Harleen Kaur Minhas to KCU Board as directors.

Mr. Sandhu also thanked Mr. Jaswinder Singh Gill and Mr. Daljit Singh Sidhu on behalf of the Board and Khalsa Credit Union's team for their 12 years of service to Khalsa Credit Union and we will miss their unique perspective and strengths and work they had done for the KCU and members at large. We look forward for their continued support to KCU through their means.

12. **Election of Nominating Committee**

Mr. Jagpaul Singh Sandhu called for nominations from the floor for Nominating Committee and advised that the Nominating Committee members must have the same qualifications as directors including being Amritdhari, following Rehat Maryada, knowledge of FI Act, not having Bankruptcy, not having criminal record. He asked that two members are to be appointed today from the membership. He called for Nominations for Nominating Committee from the floor. Following nominations were recommended from the floor, namely:-

Mr. Jaswinder Singh Gill, Mr. Jarnail Singh Rai and Satwant Singh Sandhu names were recommended from the floor.

Mr. Sandhu advised that as we have two positions for nominating committee, we need to vote to determine for appointment

He asked to set up poll for nominations.

He asked if the recommended accept the nomination

Mr. Jarnail Singh Rai accepted the nomination

Mr. Jaswinder Singh Gill did not accept the nomination

Mr. Satwant Singh Sandhu accepted the nomination

Mr. Jarnail Singh Rai & Mr. Satwant Singh Sandhu were appointed to the Nominating Committee for two years 2022 & 2023 term.

13. **Unfinished Business**

NIL

14. **New Business**

NIL

General Questions

1. Mr. Satwant Singh Sandhu asked question if we followed rule Clause 4.24A & B

Mr. Jagpaul Singh Sandhu answered that Mr. Jaswinder Singh Gill in question was not originally appointed to the nominating Committee. So, the member cannot fulfill their duties. As a result, Mr. Gill was willing to serve so he was appointed and the reason he was appointed he was not up for a re-election. So, he did not have a conflict of interest in being in choosing new director and that was his rational. In this case, it should not have happened. We will make sure this should not happen in future and the wording of Rule 4.24A & B should be refined.

2. Mr. Avtar Singh Randhawa asked that lots of members wants to listen AGM in Punjabi and asked if there is a possibility to do in Punjabi for future.

Mr. Jagpaul Singh Sandhu answered that we try to do in Punjabi where we can. To meet the requirement, we need to do in English as these meetings are minuted and it is hard to do all in Punjabi.

3. A. Mr. Jaswinder Singh Badesha asked earlier how many active members KCU have right now?
Mrs. Sidhu advised that currently over 20,000 active members.

B. Please provide explanation on member deposits increase and interest rates on deposits decreased?

Mr. Chugh answered that the reason why the interest expense was low because most of this increase was seen in demand deposits as members were keeping funds in their chequing and saving accounts. Those benefits were received from Government and from investment sales & they were looking to keep those funds for short period. We did see that trend Interest paid on those deposit quite less compared to any long-term funds.

C. Interest paid was lower, what is that tie to?

Mr. Chugh advised that the reason that those deposits were not kept in long term GIC period with KCU. Members were keeping their deposits at their disposal so that they come and take those funds to invest. That is why interest was less. Also, the interest rates on loans were historic low during COVID and interest paid on deposits were also low.

D. Please provide details on donations paid in 2021?

Mr. Jagpaul Singh Sandhu answered that this information is provided in CEO's & Chair's report and if you need any other question, you can reach out to us any time.

E. Please provide information on other comprehensive loss and why the provision for credit loss is quite high on the cash flow statement?

Mr. Chugh advised that the reason was as our portfolio has increased and the loans have

increased, similarly our loan loss provisioning has increased not in similar proportion. We have a model in place which we run and based on that we allocate the certain provisioning number for that.

- F. the reason for general operating & admin expenses were higher than previous year on the income statement

Mr. Chugh explained that the expenses includes everything, KCU has to spend for running the operations. We saw quite increase from vendors because of inflation. The trend has been on all the sectors and not only financial sector. That is reflecting our expenses as well.

- G. Any plans for KCU administration to attract new members from the community?

Mr. Sandhu answered that it is ongoing thing we always want to attract new members and you saw the increase significantly in membership.

- H. Does current rules KCU allow nomination committee to bold the names of candidates they are nominating on the election forms sent.

Mr. Sandhu answered that it does not disallow it.

- I. Just to clarify on the nomination committee rule question raised earlier.

Mr. Sandhu advised that rule 4.2 clarifies that question raised by Mr. Satwant Singh Sandhu as that rule supersedes rule 4.24.

4. Mr. Satwant Singh Sandhu asked Mrs. Jessie Kaur Sidhu – is there any rule/guidelines from FINTRAC to ask question specially making deposits?

Mrs. Sidhu thanked Mr. Sandhu for bringing to our attention. The limit is for deposits is \$10K & up. It is requirement by FINTRAC for asking more questions. The rules do change annually. The individuals can be fined if we don't follow those rules. We will take this question away and train our team.

Mr. Jagpaul Singh Sandhu again thanked all the guests, members and employees for joining the AGM. He advised that if any member have any question at any time, they can reach to him or any other Board member and management at any time and we would be happy to answer those question.

15. Adjournment

Meeting adjourned at 2:59 p.m.