

Minutes of 38th Annual General Meeting of Khalsa Credit Union held on May 12, 2024, at Crown Palace & Banquet Hall, Surrey, BC

1. Mrs. Gurminder Kaur Malik advised the membership that the Board Chair, Mr. Jagpaul Singh Sandhu is unable to attend the meeting due to his illness and being a Vice-Chair of the Board, she will Chair the Annual General Meeting
2. Mrs. Gurminder Kaur Malik called the meeting to order at 1:05 p.m. by declaring the quorum of 206 members.
3. Ardaas was recited by Bhai Nagina Singh Rang Ji.
4. Mrs. Gurminder Kaur requested Mr. Gurdeep Singh to do the Land acknowledgement. Mr. Gurdeep Singh welcomed all the attendees and acknowledged the First Nations people.
5. Mrs. Gurminder Kaur acknowledged the following Founding members who passed away by announcing their names with Bole So Nihaal Jaikara.
 - i. Mr. Ripudaman Singh Malik
 - ii. Mr. Hardial Singh Johal
 - iii. Mr. Ujagar Singh Sohi
 - iv. Mr. Sarjit Singh Gill
 - v. Mr. Wazir Singh Kahlon
 - vi. Mr. Harbhajan Singh Manhas
 - vii. Mr. Sohan Singh Khangura
 - viii. Mr. Phera Singh
 - ix. Mr. Tarlochan Singh Parhar
 - x. Mr. Malkit Singh Manhas
 - xi. Mr. Sukhdev Singh Sangha
6. Mrs. Gurminder Kaur Malik made the following announcements: -
 - i. Mr. Gurdeep Singh as Recording Secretary
 - ii. Ms. Angela Spencer Parter, BDO Canada LLP as Scrutineer
 - iii. Mr. Sukhbinder S. Nunnha as Parliamentarian and Legal Counsel
7. Agenda was approved.

Moved Mr. Jarnail Singh Rai Seconded Mr. Gudit Singh Rang Ji Carried
8. Gurminder Kaur Malik introduced the Board of Directors and advised that Mr. Parvkar Singh Dulai and Mr. Jagpaul Singh Sandhu are unable to attend today's meeting.
9. Minutes of 37th Annual General Meeting held on May 7, 2023 were presented by Mr. Gurdeep Singh and were approved.

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

Business arising out of the minutes.

NIL

Board Chair & Chief Executive Officer's report.

Mrs. Gurminder Kaur Malik advised that CEO & Board Chair has prepared the report collectively.

Mr. Hardeep Singh Bains welcomed the membership for attending the meeting. He also welcomed the regulatory partner, Mr. Kenta Hatamochi of BCFSa. Mr. Bains presented four different areas of banking namely: -

- a. Financial results
- b. KCU Member survey insights
- c. KCU Community highlights
- d. 2024 Goals and Priorities

Mr. Bains presented the slides and advised that as we reflect on 2023 it was an extension of the similar challenges and opportunities of 2022. He advised that after the summer of 2023 interest rates increase stabilized.

He advised that KCU gave 7% dividend for 2023 which was a record dividend to the KCU membership. KCU also achieved strong asset growth of 65 million i.e. 9.35% growth in 2023. We were able to win new business with existing and new business relationship despite competitive deposit environment. Loan growth of 4.25% i.e. \$24 million was achieved although it was limited due to rate qualification specially on mortgages. Membership growth was in line with previous years at 4.11%. He advised that net growth was \$9.2 million before taxes which is the highest since its inception. Net income is going to stabilize in 2024 & 2025/2026 as interest rates start to drop at a gradual pace. You will see direct impact on our revenue and income downwards in coming years.

Member Insights Survey 2023

Mr. Bains advised that our daily transactions member interactions scores continue towards to upward trend, and it is testament to our branch teams for their consistent focus and efforts. He advised that we have converted our personal account opening processes to digital techniques which will reduce paperwork. Our members are happier that we are using less paperwork during the account opening journey. He advised that when member open an account and they get a survey and highlighted those survey results.

Top Loyalty Drivers

Mr. Bains presented the results of survey in comparison with other financial institutions in the industry network. He advised that Mobile and Online banking platforms are largely meeting our member needs. We are competitive in the technology area.

Mr. Bains also highlighted the work our team is doing in the community like tree planting & adopting a street.

He also updated the membership on branch renovations.

Areas of Focus for 2024

Mr. Bains highlighted that digitization will continue with business account digitalization in 2024 and we will start the process of adding other products our new ASAPP platform. He advised that we will make every effort to complete credit adjudication on this platform which may take one or two quarter into 2025 for full completion. Apple pay will also be available in a short time. He advised that higher limits on email transfers will soon be available for members who need that service. He also advised that we are in the discovery phase of a call center launch in future.

Mr. Bains presented a slide and advised that there was a misconception what kind of membership we are onboarding, where is our focus as we move forward. Different age bands like business membership, and different age groups were shown in the slide.

Mr. Bains also presented the asset growth results from 2000 to 2023. He advised that we grew from \$97 million to \$745 million which shows that we are growing faster. He advised that our goal is to reach to \$1 billion. Size of credit unions matters, and we need to grow. Right now, we have 31 credit unions from 100 credit unions. We need to be competitive to grow the assets. We serve the Sikh community; we have our value proposition. The membership is to grow with us. He asked membership to come to talk to us if they have business with other financial institutions. We will work with them. Challenge is for \$1 billion. It would be nice if we get this by 2026. It is a big challenge to grow for all of us.

He thanked everyone.

Mrs. Gurminder Kaur translated Mr. Bains's English report part in Punjabi to the membership. She requested membership to support the credit by giving more business & increasing membership to keep KCU thriving in the competitive market.

Mrs. Gurminder Kaur read the Standing Rules of Order for AGM.

Matters arising

1. Jasbir Singh Banwait - Talked about Harbans Singh Kandola who left KCU and joined VanCity and retired from there in 2005 after 10 years of service. That time VanCity one branch had \$780 Million assets and KCU has only \$745 million after 33/34 years. In our community, developers have that amount of money. He said that he has 11 businesses, and all have account and have big family who also have accounts with KCU and when we need loan, then we have to get from other institutions, it is a big question.

Gurminder Kaur answered that it is comment other than a question and we acknowledge the contribution of everyone to KCU. We cannot discuss personal matters here & we have presented the plan of KCU to membership.

2. Giani Darbara Singh - With God blessings we had opened KCU 1st branch in 1986. Our purpose to open KCU was to prPuilq Sikhi and now in these days it is not seen followed. Our directors should be Amrit Dhari & should follow Sikhi Rehatmaryada. Why this time, some director candidates were recommended to vote? This type of system should not be started in KCU.

Gurminder Kaur advised that it is a request and not a question & requested membership to question on the presented report.

3. Hardeep Singh Malik - Congratulated the Board and CEO on the growth of assets. There was wrong information spread in the community during the election time and is glad that they shared the correct information with the membership.
Gurminder Kaur thanked Hardeep Singh for the comments.

4. Manmohan Singh Samra – He questioned about membership survey that the survey should come to Head Office & deal with it. But Head office has told the branch manager about that a member has given 2 numbers out of 10 on the survey question, then branch member called back the member to ask why it was scored 2. In this situation, member has to deal with the branch manager on a regular basis and why they will give an honest answer in future. We should take care of people's privacy.

CEO thanked Mr. Samar replied that if a member has any complaint, they should directly come to Head Office and talk to them & they will help them.

5. Manjit Singh Manhas – He pray for the Chardi Kala of KCU. Out of 22,000 memberships, only 206 members are present in AGM and only 13% votes were casted. Working of Nominating Committee was not appreciated. We were told that we will be interviewed. I was asked a question in the interview that how much a director should be paid, and I answered '0'. They should tell us if they are getting something, why this question was asked from me. This was a question from Jagpaul Singh.
2nd thing you spent over \$100,000 on election. When Nominating Committee called us for taking oath in Gurdwara, what was the performance of Nominating Committee & recommended 4 candidates for directors voting. CEO should give input in this and no need for having election because head of the institution run the whole system and your Nominating committee's recommendation to membership was questioned by me and nobody answered that why they are doing that. In this way I don't think you will reach at \$1 billion goal.

Gurminder Kaur again reminded of time limit of 2 minutes and to ask question on CEO & Chairman's report.

6. Jaswinder Singh Badesha – Asked a question to CEO on Growth as advised in the report. Is this growth of \$745 million since its inception, in his opinion, is a good growth?
2nd question – membership growth of 800 something members in a year in six branches is it a good growth? How many members per branch comes in a day? Why is membership not growing? You have Free Chequing Account, where do you clearly advertise that? Coast Capital became successful because of Free Chequing Account and people opened accounts with them. When a person once comes to credit union, then they look for other products. Tell us your method of advertising.

Gurminder Kaur thanked Mr. Badesha, appreciated the questions on the report and asked CEO to answer the questions.

Hardeep Singh thanked Mr. Badesha & answered that he cannot comment on the prior years growth and advised that for the last 5 years we have good growth. Every year we sit with the Board and set the goals for the year & that should be realistic. Whatever Board asked CEO & management, we follow that. Increasing membership does not increase assets, that we should learn. There is a hope that increase your assets that does not. Our work has been that from existing membership can we get another dollar, can we get another loan, that has been our energy. We cannot spend our energy to bring more people in, we cannot service them. Our energy is spent on if this member has one product how can we give him more. That is more important to us at this point, it is not to grow another 30,000 members but our balance don't grow. So, it is important that we balance both. Yes, we need to grow membership, but we also need to grow our assets.

Mr. Bains gave example of KCU credit card revenue which was very low back in 2019 and was in thousands of dollars. In five years, it is hundreds of thousand of dollars in 5 years, all we do place a credit card in member's pocket, and he uses it, and we have no other way. We have done a couple of hundreds of thousands in credit cards already in three years, so, there is potential. We will try to bring in the membership as we need based on the numbers that we have every year, but we need to grow our business with existing members to. Don't make us run after everyone. That is more important because everybody has something with us, they have a loan, they have an RRSP, but they don't have other products. So, it is our job to reach out to them and get that other business. He appreciated the question and advised that he can speak to what the growth has been in the last five years.

7. Kanwaljeet Singh Kochar - He quoted saying of Giani Ji that cooking is hard and enjoying eating is easy and running an institution is not an easy task. He congratulated the whole team that you are working very well, and CEO is answering very promptly. Own multiple companies & have been dealing with KCU since 1996 and nothing but good things to say about this institution.
Mr. Kochar congratulated all the membership and advised that instead of looking for new members, it is better to concentrate the existing membership to serve as they are also multimillionaire, and we will do very good and will achieve \$1 billion goal by 2026.

8. Baldeep Singh Hare – As advised, there are 71 employees in KCU. How many are loans managers and how many are there in each branch?
2nd question is about survey, what is the total percentage of total membership that surveyed?

Mr. Bains replied that we have changed loans officers from branches to Centralized in Head Office. Members seeking loans can meet branch managers and senior advisors for their need. They will do the loan origination and adjudication team will underwrite. Loan process has changed. The person who brought the loan and that person should not adjudicate. Regulatory body says there should be a separation of duties. It is everywhere in credit union system. Adjudicate team is separate from the loan originator that is required. That is the process.

2nd question of survey percentage - Mr. Bains advised that 350 people responded the survey out 10,000 surveys sent.

Gurminder Kaur advised that when there is a transaction done in the branch, then that member is given a survey to do it truthfully. We don't have control who has responded back. We are starting transactional survey. It is not done once a year whosoever get time and responded. We are trying to get higher response by doing transactional survey.

9. Gurcharan Singh Manhas - He suggested that survey should be done by 3rd party and should be anonymous otherwise no one is going to do the survey.
Mr. Manhas asked how many designated commercial loans officers are there. If a person comes for \$5 million loan, do we have money to lend?
He asked that you mentioned that our credit union is doing very well better than other credit union. Do you have comparison with our Peer Group credit unions instead of showing comparison with bigger credit unions. In future, please bring the comparison with our own peer group credit unions vs bigger credit unions.

Mr. Bains answered that his point was not to compare with small credit unions. Their challenges are the same as ours. My main point was to show that bigger credit unions are also facing the same challenges as faced by the smaller credit unions.

Gurminder Kaur noted the suggestion to present the comparison of Peer Group.

Mr. Manhas also suggested to tell the membership that out of total 22,000 membership, how many are active members minus dormant accounts.

Amanpreet Chugh advised that if a person have total 5 accounts and member use only one account.

10. Arshdeep Singh – He asked what is the percentage of \$1 billion goal to achieve within 5 years, how many percent you grow in one year and how many percent you grew in the last 5 years?

What kind of tips you can give as a CEO, what kind of business is growing in KCU.
Mr. Bains asked Amanpreet to show the growth percentage in the last 5 years.

Mr. Bains advised that the best way to look at active member is if a members' payroll is with us that means more cash flow is in that account. With that member comes to the branch, use the mobile app, online banking, it is very important. Credit card is such an important part. Our try is that our card should be member's first choice to use. If a member does not have business deal with us that is not our priority. We do have restraints. We want to do more business with member who is already have business with us. We have liquidity. Cap is an issue on commercial side. Deposits are our lifeline. We cannot do business with cashable deposits and with longer term deposits, we can lend to members.

11. Mr. Nagina Singh Ranghi – Asked about credit card limit is with very low limit. I went to other financial institution, and they offered \$8,000 limit.

Hardeep Singh answered that Banks have different system and they have their own credit cards and set preauthorized limit. We deal with 3rd party for credit card. They look after everything. Our team can talk to them for increase the limit. Our business cards limits are high, and we have given up to \$500,000 limit and our members are availing those limits.

12. Gurcharan Singh Minhas – He asked that he had asked question in the last year AGM and did not get any response for that as promised that you will reach out to me. He asked if KCU have \$5 million to lend for commercial loan.

Mr. Bains advised that he had also reached out to branch and branch reached out to Head Office, and our commercial manager advised that we cannot do that.

Gurcharan asked Mr. Bains why he is getting personal.

Gurminder Kaur advised Mr. Minhas that she will get back to him with answers.

13. Mr. Jaswinder Singh Badesha – Asked that he don't agree with the CEO as he mentioned that we don't want to get more membership, how can you get more business when you don't get membership and offer the products. When you run a business, you need more membership.

Mr. Badesha asked that you had best RRSP rates during RRSP season, tell me where you advertised and you are saying that you are coaching, do you have any data, answer me.

Gurminder Kaur answered that CEO said in his report that they do better job in advertising that has been noted and need to do better job in advertising. She thanked Mr. Badesha for not agreeing to grow the membership.

14. Manjit Singh Manhas – You reported that there are 71 employees. Two weeks before election, we sent our volunteer to Newton, Scott Road & Little India branches, an average of 52 members per branch were noted attending branch and you can see how many members average comes for per staff. He advised that he went to Abbotsford

branch for his business account one day before election and has to wait one & half hour. Manager & Senior advisor were opening the account, why other staff member cannot open the accounts and we two people were waiting for one and half an hour. We need to look at average as you are more educated to calculate average. Gurminder Kaur advised that our CEO has reported that we are doing lots of online transactions. As assets increase business also grow.

15. Balbir Singh Nijjar – I am a founding member. When we started the credit union, in the beginning, when a person needs to withdraw money from his account even \$500, he has to give one day notice to withdraw cash then we were able to give. According to me the growth is very good. When we applied for this credit union, Khalsa Credit Union permit was issued for the Sikh Religion Community based not for the lower mainland or everybody. There was a condition that when the assets go on certain level, then you would be able to open other accounts. It was a small community and reached out to this level. There was an attempt to close it, but it remains in Chardi Kala. He requested membership to try and take it to Chardi Kala and requested membership to keep their membership active.

Gurminder Kaur thanked and requested to talk separately afterwards for comments. She appreciated the criticism and requested to ask questions on CEO's report.

16. Kirpal Singh Banwait – Commented on to make credit union successful & bring more business to credit union. He has personal account as well as business account. Somehow, he did not use personal account for the last three years. Business account has enough money. Applied for credit card for business account. Staff who did the application for credit card, promised to call back but never received any call. After one week, member called the staff and were advised that the card is declined whereas the limit requested was 10 times less than the money in his business account. It happened to member 7/8 times. He asked, do you think, member will keep that account with KCU as other banks call us to give credit cards without visiting their institution whereas he personally came in KCU and applied & declined. Member complained that he applied for business credit card and but instead issued personal credit card which he never used.

Gurminder requested member to give his name to resolve the issue personally.

17. Jasvir Singh Banwait – I want to ask question, but question could be asked from people who are elected democratically. Asked that Nominating Committee should be neutral and to have election in a fair way. But they did two (bajjar) mistakes, I want to give a message that this is not going to stay here, the case will go to court.

Board Chair & CEO's report was approved.

Moved Mr. Hardeep Singh Mailk Seconded Mr. Karnail Singh Rai Carried

9. External Auditor's report

External auditor's report was presented by Ms. Angela Spencer of BDO Canada LLP, Chartered Accountants. She advised that the financial statements are presented fairly and are in accordance with international financial reporting standards which are of course required to be adopted by all credit unions across Canada.

The 2023 financial statements and auditor's report were received.

Moved Mr. Jaskirat Singh Grewal Seconded Mr. Avtar Singh Dhillon Carried

10. Appointment of External Auditors

Mrs. Gurminder Kaur Malik recommended the following motion on behalf of Board for the appointment of auditors for 2024.

"Be it resolved to appoint the firm of BDO Canada LLP, Chartered Professional Accountants, as external auditors for 2024 and that the Board of Directors be authorized to set the remuneration for the auditors."

Moved Mr. Jarnail Singh Rai Seconded Mr. Jaskirat Singh Grewal Carried

11. Report on Election of Directors

Mrs. Gurminder Kaur Malik thanked Mr. Harinder Singh Sohi & Mr. Harpal Singh on behalf of the Board and Khalsa Credit Union's team for their 12 years of service to Khalsa Credit Union. She invited both of them to the stage to present plaques with Jaikara.

She announced the names of newly elected/re-elected directors to the membership and reported that they are elected as follows: -

Mr. Navnit Singh Arora 6-year term

Mr. Jaskaran Singh Gill 6-year term

Mr. Gurdeep Singh 6-year term

Mr. Manmohan Singh Samra 2-year term

Mr. Gurdeep Singh

She introduced all of them by inviting them on the stage with Jaikara.

12. Election of Nominating Committee

Mrs. Gurminder Kaur Malik read qualifications of Nominating Committee members as per KCU Rule 4.26.1 advising that the Nominating Committee members must have the same qualifications as directors including Amritdhari, following Rehat Maryada, knowledge of FI Act, not having Bankruptcy, not having criminal record. She called Nominations for Nominating Committee from the floor. Following nominations were recommended from the floor, namely: -

Mr. Arshvir Singh nominated Mr. Jarnail Singh Rai Seconded by Mr. Gurdit Singh
Mr. Jarnail Singh Rai accepted his nomination.

Mr. Balbir Singh Nijjar nominated Mr. Jaswinder Singh Khaira Seconded by Rupinderjit
Singh Kahlon
Mr. Jaswinder Singh Khair accepted the nomination.

Mr. Harjinder Singh Sohi recommended Mr. Amarjit Singh Sandhu Seconded by Gurbachan
Singh Kahlon
Mr. Amarjit Singh Sandhu accepted the nomination.

Gurminder Kaur requested membership to raise their hands for Mr. Jarnail Singh Rai and
requested independent person Angela Spenser and CEO to count.

She again requested to raise hands for Mr. Jaswinder Singh Khaira and requested
independent person Angela Spenser and CEO to count.

She again requested to raise hands for Mr. Amarjit Singh Sandhu and requested
independent person Angela Spenser and CEO to count.

Ms. Angela Spencer announced the following appointments of Nominating Committee
members based on the results of show hands.

Mr. Jarnail Singh Rai
Mr. Jaswinder Singh Khaira

13. Unfinished Business

NIL

14. New Business

- a. Kulwant Singh Sahota – Asked about the notice sent to members, there was an error of mentioning the dates of AGM and requested to send notice with correct dates. He also mentioned that only one candidate's number is given and requested to give all candidates numbers so that members can talk to them to ask why they are running for directorship and what is their agenda so that member can decide whom they should vote instead of recommending.
- b. Mr. Manmohan Singh Samra – During election, it is Nominating Committee's duty to have fair election, but it did not happen. Some Nominating Committee worked for only one side. It was not advised if they can use phone or not. He demanded video recording of that day so that they can show that one nominating committee member was taking only one slate side. They should also have their rules.

- c. Mr. Samra's sister – I was presiding officer in India for many times but this the first time she did that in Canada. Observer should get signatures after giving ballots. After 2/3 hours they should match the numbers, how many were voted and spoiled.
- d. Hardeep Singh Malik – Congratulated Mr. Samra and requested him not to spread misinformation in the community and requested that credit union should fight & stop a person for giving misinformation.
- e. Mr. Baldeep Singh Hare – All the 5 members of the Nominating Committee should be from the community; no director should be a nominating Committee member. Asked to call a special meeting to pass this resolution. There should not any personal attack on anybody. We all are Amritdhari.
- f. Mr. Jaswinder Singh Badesha – Talked about misinformation where it was circulated that all directors term will be for 6 years. How it is decided that Mr. Samra is only for two years. Who is responsible for that. Who did the proofread the pamphlet, that person should face the consequences.
Three members of Board in the nominating committee is not fair and need to change.

Gurminder Kaur advised that there is a process to change the rules and Mr. Badesha agreed and requested to consider the rule changes in future.

- g. Unknown – concern about election day – some observers were using phones, talking to people and requested to set rules for them too to avoid the conflict.
- h. Mr. Manmohan Singh Samra – Commented on Notices sent to membership that it is not required to be fancy and on glossy paper in small words. Some people even cannot read it. He requested that it should be printed on plain paper in big wording.
- i. Unknown – Thanked everyone from the beginning, who opened the credit union and to now membership. It is our own community's institution. If few members want to bring negativity, please stay home. I was watching everything from the back and sitting at the front do not know what is happening at the back. Please bring productive questions in a proper way and congratulated the new directors & wished them success.
- j. Baldeep Singh Hare – As per your notice some people registered for virtual meeting and are not able to join virtually. Please advise the reason.

CEO advised that it is a misprint of virtual meeting.

Gurminder Kaur Malik requested to move the resolution to adjourn the meeting.

Moved Mr. Jarnail Singh Rai Seconded Mr. Jaswinder Singh Khaira Carried.

Adjourned at 3:28 p.m.