

Minutes of 39th Annual General Meeting of Khalsa Credit Union Held on May 4, 2025, at Crown Palace & Banquet Hall, Surrey, BC

1. Ardaas was recited by Bhai Nagina Singh Rangji Ji.
2. Mr. Jagpaul Singh Sandhu called the meeting to order at 1:11 p.m. by declaring the quorum of 70 members.
3. Mr. Gurdeep Singh delivered the land acknowledgement and welcomed all attendees, acknowledging the First Nations people.
4. Mr. Gurdeep Singh acknowledged the following founding members who had passed away by announcing their names, followed by a one-minute silence and the Bole So Nihaal Jaikara.
 - i. Mr. Satnam Singh Khunkhun
 - ii. Mr. Swarn Singh Sidhu
5. Mr. Gurdeep Singh read the standing rules of order for AGM attendees.
6. Mr. Jagpaul Singh Sandhu made the following announcements:
 - i. Mr. Gurdeep Singh was appointed as Recording Secretary.
 - ii. Ms. Angela Spencer, Partner, BDO Canada LLP, was appointed as Scrutineer.
 - iii. Mr. Sukhbinder S. Nurrha was appointed as Parliamentarian and Legal Counsel.
7. Agenda was approved.

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

8. Mr. Jagpaul Singh Sandhu introduced the Board of Directors and the Chief Executive Officer, Mr. Hardeep Singh Bains. He advised that Mr. Parvkar Singh Dulai and Mr. Joga Singh Sangha were unable to attend today's meeting due to personal reasons.
9. Minutes of 38th Annual General Meeting held on May 12, 2024, 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's Report

Mr. Jagpaul Singh Sandhu thanked the membership for attending KCU AGM. He presented Board's report and advised that Khalsa Credit Union was established to provide the best financial services and support to the community and the organization continues to strive to fulfill that commitment.

He noted that, in the past few years, Khalsa Credit Union has faced several challenges, including COVID, rising bank rates, and increasing costs. However, through the dedication of our staff and member cooperation, we have met those challenges gracefully, resulting in strong profitability.

Mr. Sandhu advised that our growth over the past five years has exceeded that of other institutions. Compared to other institutions, Khalsa Credit Union has generated higher revenues and was able to declare dividends of 6.50% on both Class A & Class B shares. He advised that last year the Net income was \$500,000. Our staff have contributed more than 2,000 hours of volunteer work and we have given \$100,000 towards scholarships & bursaries.

Technology Investment: Mr. Sandhu also emphasized the importance of investing in technology to improve efficiency and enhance member services. He advised that investments in technology are planned over the next few years to stay competitive in the market.

Mr. Jagpaul Singh Sandhu advised that we are approaching our \$1 billion asset goal. He also advised that next year we will be celebrating 40 years and are planning some special celebrations.

In closing, he advised that when the three main drivers of our success, namely, the KCU team, our members, and our community partners work together and pull in one direction, with this the organization becomes stronger, more resilient, and better prepared for the future.

Board's report was received.

Moved Mr. Jarnail Singh Rai

Seconded Mr. Avtar Singh Dhillon

Carried.

Chief Executive Officer's report

Mr. Hardeep Singh Bains welcomed KCU members, the Board, staff, guests, and regulatory partner, Mr. Kenta Hatamochi from BCFSa.

He advised that our asset, loan & deposit growth was very strong in 2024. The change in income from 2023 to 2024 was attributed primarily to variable rate mortgages. He explained the factors affecting our income. Loan provisioning also impacts our income, however, overall income growth remained strong.

Mr. Bains advised plans to launch Call Centre to address general inquiries promptly and resolve member issues through call-back or with branch support. He advised that the Call Centre will

be implemented in phases and that increased use of online and mobile banking platforms will be promoted and advised that we are excited about this new addition.

Mr. Bains further advised members that, over the next two years, we will be transitioning away from existing platforms to new system. This change will affect the entire credit union system. He also provided an update that marketing initiatives including increased engagement through social media and websites, were also highlighted, along with plans to add video content.

Branch Renovations: Mr. Bains updated the renovation plans for six branches of which Surrey, Vancouver & Victoria branches renovations were already done, and next project is Newton branch renovations. He advised that we aim to complete the renovations by the end of the year, depending on the construction timeline and advised that we plan to submit the construction plans to the city soon and start the work. These renovations support branding initiatives.

Credit Union Mergers: Mr. Bains presented the slides and highlighted what is happening in the credit union environment, including the ongoing mergers in the credit union industry and the consolidation of smaller credit unions into larger entities. He also provided an update on current mergers. He explained the efficiency ratios and advised that Khalsa Credit Union continues to demonstrate strong performance compared to other financial institutions with normalization expected going forward.

Mr. Bains advised that Khalsa Credit Union has a strong value proposition and a clear understanding of its target markets and member needs. He advised members that we monitor our expenses and technology spend carefully and ensure all functions are running smoothly.

He thanked the membership for its resilience describing “Chardhi Kala” as the best way to describe it. He advised that we are happy with what our members have done and that we have strong connections with our membership. He encouraged everyone to always stay in Chardhi Kala.

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

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 and the Province of B.C. She advised that the summarized financial statements were already provided to the membership.

The 2024 financial statements and auditor’s report were received.

Moved Mrs. Baljinder Kaur Brar Seconded Mr. Rashpal Singh Lalri Carried

Appointment of External Auditors

Mr. Jagpaul Singh Sandhu recommended the following motion on behalf of Board for the appointment of auditors for 2025.

“Be it resolved to appoint the firm of BDO Canada LLP, Chartered Professional Accountants, as external auditors for 2025 and that the Board of Directors be authorized to set the remuneration for the auditors.”

Moved Mr. Avtar Singh Dhillon Seconded Mr. Amarjit Singh Sandhu Carried

Unfinished Business:

Member Questions and Suggestions:

Mr. Hardeep Singh Malik congratulated the management and the board on the wonderful year. He suggested expanding the number of branches to better serve the growing community as it is almost 10 years since we have had 6 branches and it is time to add more branches. He suggested that Abbotsford branch is very busy and suggested opening one more branch in Abbotsford.

He also raised concerns about the percentage of 10% income given back to the community. He stated that approximately \$700,000 was given to the community last year, whereas only \$500,000 has been contributed. It was short of \$200,000. He asked if Credit Union is banking that amount to give later on, that should be looked at.

Mr. Jagpaul Singh Sandhu answered that we do bank that amount of daswandh. He advised that we have bigger projects to decide. Amanpreet Singh Chugh also confirmed that we bank that amount in separate GL account.

Malik suggested that when Khalsa Credit Union's income reaches a certain level, KCU should consider raising the daswand percentage.

He suggested that credit union has stagnant rules and procedures in place for so many years, KCU should look at how we can increase the involvement in the community. He also expressed concern that KCU Instagram account does not show all the different contributions that KCU gives. That piece is missing out.

Mr. Jagpaul Singh Sandhu acknowledged the suggestion and mentioned that it would be considered.

Mr. Satwant Singh Sandhu reported that individuals from Ontario have inquired about the possibility of establishing a Khalsa Credit Union branch in their region. He has those contacts there who have the desire.

Second question: There are nine directors on the Board. How many are business owners, and if any are, do they have accounts with Khalsa Credit Union?

Mr. Hardeep Singh Bains answered that the interprovincial credit union conversation has started, and we need to work with regulatory bodies to open that discussion, which has not happened yet. However, given the current tariff environment, discussion has increased and there may be a possibility in the future. He advised that we have looked at two markets, Alberta and Ontario, and that we will provide an update at the next AGM.

Mr. Jagpaul Singh Sandhu advised that the discussion is also taking place at the Board and management levels regarding interprovincial expansion. He advised that regulatory requirements currently limit the options and that next year we will be investing a large amount in technology. He added that we are considering all available options.

Mr. Parmvir Singh Boparai thanked the Board. He suggested attracting more young members and investing in technology to attract more Sikh members to the credit union.

Mr. Jagpaul Singh Sandhu answered that, to attract the younger generation, we are reaching out through social media channels and partnering with community organizations to celebrate Sikh Heritage Month. He stated that we are investing in technology to enhance our functionality and will keep doing so.

Mr. Satwant Singh Sandhu suggested updating the membership about the future plans and goals that board and management are making.

Mr. Jagpaul Singh Sandhu answered that we do have goals, and that within two years we aim to reach our \$1 billion goal. He advised that we could highlight what Khalsa Credit Union has achieved in 40 years.

A member from the floor asked that if KCU gives 10% of its income as donations, does it donate that money or advertise it? He noted that, on one side, it shows donations and, on the other side, it shows scholarships. He gave the example that KCU advised the names of 25 organizations it donated to, which he felt was a form of advertising.

Mr. Jagpaul Singh Sandhu answered that we need to advise the membership where the amount is used. Mrs. Gurminder Kaur Malik also advised that we have separated marketing and donations. She explained how they encourage students to engage with credit union by giving scholarships and opening accounts with KCU. She advised that we also increase the amount of scholarships every year.

Mr. Kulwant Singh Sahota suggested speaking in Punjabi, if possible, and explaining in English for those who cannot understand Punjabi. He further proposed that displaying the agenda side by side would help members track the meeting's progress more easily.

Mr. Parmvir Singh Boparai thanked KCU for the donation given for the Gatka support and hoped to get more in future.

Lucky draws were distributed to members.

Mr. Jagpaul Singh thanked all the members for attending the AGM.

Adjourned at 3:28 p.m.