

## A Letter from SDCCU President and CEO Teresa Campbell

May 1, 2026

Dear Members,

On behalf of San Diego County Credit Union (SDCCU), I am writing to update you on a positive ruling in the legal proceedings stemming from our decision last year to terminate our merger agreement with California Coast Credit Union (Cal Coast).

On April 30, 2026, the Court issued a ruling denying Cal Coast's request for a preliminary injunction – which they had sought to compel us to move forward with the merger – and validated many of our arguments for pulling out of the combination. This is a decisive step toward putting the previously planned merger behind us.

As you may recall, SDCCU terminated the merger process in November 2025 after our due diligence unearthed serious compliance lapses and a lack of basic compliance infrastructure at Cal Coast. Their regulatory and compliance culture and practices deviated sharply from ours – in ways we concluded would be detrimental to our members.

Unfortunately, Cal Coast then attempted to prevent our termination by filing suit in the San Diego Superior Court, seeking an emergency order to force us to move forward. The Court has now resoundingly denied that request.

The Judge's order was thorough and well-reasoned. She found that the “evidence supports the conclusion that there were widespread institutional compliance issues” at Cal Coast, and concluded Cal Coast had failed to show the proposed merger would receive regulatory approval.

Of course, Cal Coast has the right to either appeal the Court's decision or simply move forward with the lawsuit, but it is unclear what they would gain given the detailed nature of the Judge's ruling and her finding that they would be unlikely to succeed in their lawsuit. In a May 1, 2026 hearing, Cal Coast asked for two weeks to weigh its options.

While we are confident in our position should the litigation proceed, it is our hope that Cal Coast recognizes that pressing ahead does not serve the best interests of our respective institutions or members.

At this point, SDCCU remains free to continue operating without any restrictions contained in the merger agreement. While this litigation has been an unfortunate distraction, it has not changed our focus on the communities and members we serve. SDCCU remains deeply grateful for your continued support – thank you.

Respectfully,



Teresa Campbell, President & CEO