

## A Letter from SDCCU President and CEO Teresa Campbell

January 16, 2026

Dear Members,

On behalf of San Diego County Credit Union (SDCCU), we're writing to you today to provide an update on our previously announced merger agreement with California Coast Credit Union (Cal Coast).

SDCCU entered into this partnership in April of last year with the hope of creating an even better, stronger financial institution for SDCCU members, employees and the communities we serve. As with everything we do, we had your interests top of mind when pursuing a transaction that could better enable us to meet your financial needs for many years to come.

Unfortunately, as you may have seen in the legal proceeding we filed, SDCCU came to believe during our due diligence that there are worrisome shortcomings in Cal Coast's culture and practices, which simply do not align with SDCCU's values of transparency, trust and reliability. As our engagement with Cal Coast continued, we were dismayed to spot what we believe to be several concerning compliance failures and certain governance, accountability and risk management issues. Before we started working on integration, these potential red flags were not visible to us and, in fact, Cal Coast had assured us that, to the best of their knowledge, they complied with all laws, rules, and regulations.

In an effort to complete the merger with Cal Coast on terms that were best and safest for you, we spent the last half of 2025 attempting to help remediate these issues. Among other steps, we retained outside counsel to conduct expert legal analysis and shared these findings transparently with Cal Coast leadership. SDCCU then proposed a responsible solution: have our proven and high-integrity management undertake the challenge of remediating Cal Coast's compliance issues. To our disappointment, Cal Coast instead sued SDCCU to try and force a merger that we believe is not in your best interests.

As of now, we continue to face strong resistance from Cal Coast leadership. The organization's CEO seems entrenched in his position and, as far as we believe, will not allow us to meaningfully change Cal Coast's compliance posture. We have therefore come to the conclusion, regrettably, that the merger poses an unacceptable risk to you and action must be taken to prevent Cal Coast's issues from adversely impacting our institution, our members, and our employees.

**Because of these persisting issues and our duty to protect our members, SDCCU has no intention of combining with Cal Coast and has exercised its contractual right to terminate the merger agreement with Cal Coast.** We have retained leading legal counsel to defend that decision and protect your interests through litigation that is currently proceeding in California Superior Court.

Going forward, you can count on SDCCU to remain San Diego's largest locally-owned financial institution — our fervent commitment to serving our members and communities at large will never be diminished. We are grateful to you — our members — and our community for the continued support. Thank you.

Respectfully,



Teresa Campbell, President & CEO