

Notice Pursuant to the Disclosure on Continuance Regulations (Federal Credit Unions)

Date: May 17, 2025

To: Members of Sunshine Coast Credit Union ("SCCU")

Members of SCCU will vote on a special resolution that authorizes SCCU to apply to become a federal credit union under the *Bank Act* and, immediately thereafter, amalgamate with Coast Capital Savings Federal Credit Union ("Coast Capital Savings") and Prospera Credit Union (subject to authorization from its members) (the "Federal Amalgamation Transaction") to form an amalgamated federal credit union (the "Amalgamated Federal Credit Union"). Members of SCCU should consider the information contained in this Notice before voting on the Federal Amalgamation Transaction.

Pursuant to the *Disclosure on Continuance Regulations (Federal Credit Unions)* (the "Regulations"), this Notice is provided to inform SCCU members of changes to deposit insurance that would apply to their eligible deposits held with SCCU in the event that the Federal Amalgamation Transaction is completed.

Deposit insurance is designed to protect eligible deposits in case the financial institution holding them fails. Deposit insurance automatically applies to eligible deposits held at a financial institution as long as that financial institution is a member of, or is otherwise covered by, a deposit protection agency.

Deposits held with SCCU are currently insured by the Credit Union Deposit Insurance Corporation of British Columbia ("CUDIC"), which insures deposits held at credit unions that are incorporated in B.C. If all member and necessary regulatory approvals are obtained and the Federal Amalgamation Transaction is completed, the Amalgamated Federal Credit Union will automatically become a member of Canada Deposit Insurance Corporation ("CDIC") and CUDIC deposit insurance will cease to apply to the deposits formerly held with SCCU.

WHAT THIS NOTICE COVERS

In accordance with the Regulations, this Notice provides information regarding certain changes that will come into effect if SCCU completes the Federal Amalgamation Transaction. Specifically, this Notice includes information on:

- the day on which CUDIC deposit insurance coverage for deposits held with SCCU would end and CDIC deposit insurance coverage would begin;
- CUDIC coverage that currently applies to deposits held with SCCU;
- CDIC coverage that would apply during the transition period to preexisting deposits held with the Amalgamated Federal Credit Union; and
- CDIC coverage that would apply after the transition period to deposits held with the Amalgamated Federal Credit Union and how this coverage differs from the pre-continuance CUDIC deposit insurance coverage applicable to SCCU prior to its completion of the Federal Amalgamation Transaction.

In addition to this Notice, information regarding the special resolution to authorize SCCU to undertake the Federal Amalgamation Transaction, resulting in the change from CUDIC coverage to CDIC coverage, is included in the member package prepared by SCCU in connection with the special resolution votes. This information is also available at any SCCU branch or by visiting www.powerthefuture.ca. SCCU has included examples to help members understand the changes to deposit insurance coverage and members should review this information in connection with their vote.

IMPORTANT QUALIFICATIONS

The information included in this Notice is current as of the date of this Notice. Deposit insurance coverage offered by CUDIC and/or CDIC may change in the future. If there are material changes to deposit insurance coverage offered by CUDIC and/or CDIC before and if the Federal Amalgamation Transaction is completed, SCCU may revise this Notice accordingly.

SCCU's members and Prospera Credit Union's members will each vote on special resolutions that authorize their respective organizations to undertake the Federal Amalgamation Transaction. Coast Capital Savings' members will vote on a special resolution that authorizes the amalgamation. Subject to all necessary regulatory approvals, the amalgamation will proceed if members from at least two of the three credit unions vote in favour, as long as one is Coast Capital Savings. Only the credit unions whose members vote in favour of the amalgamation will move forward with regulatory applications to become federal credit unions and immediately amalgamate with Coast Capital Savings.

The publishing of this Notice and a positive vote by the members of SCCU to pursue the Federal Amalgamation Transaction do not guarantee that approval will be granted by Canada's Minister of Finance and other regulatory bodies or that the Federal Amalgamation Transaction will occur on the dates referenced in this Notice or in any other document or that it will occur under the conditions stated in this Notice or in any other document.

As of the publication date of this Notice, SCCU has not submitted an application to undertake the Federal Amalgamation Transaction, and the Canadian Minister of Finance has not rendered a decision on the matter, nor has there been any indication of approval to occur in the future.

WHAT HAPPENS ON CONTINUATION AND AMALGAMATION DAY

The continuation and amalgamation day is the date SCCU (and, assuming its members vote in favour, Prospera Credit Union) would become federal credit unions and immediately amalgamate with Coast Capital Savings. This date would be indicated in the Letters Patent of Continuance and Letters Patent Amalgamation issued by Canada's Minister of Finance. On the continuation and amalgamation day, CUDIC deposit insurance will no longer apply to deposits held with SCCU, including to those deposits not eligible for CDIC coverage. Instead, CDIC deposit insurance will apply to deposits held with the Amalgamated Federal Credit Union that are eligible for CDIC coverage.

DEPOSITS TO WHICH CUDIC DEPOSIT INSURANCE CURRENTLY APPLIES

Until the continuation and amalgamation day, the full amount of eligible deposits held with SCCU, including accrued interest, in any currency, is covered by CUDIC's deposit insurance as described in Table 1.

Table 1: CUDIC deposit insurance coverage

| | Deposits Held in One Name | Deposits in a Trust Account | Deposits in an RRSP | Deposits in an RRIF | Deposits in a TFSA | Deposits in an FHSA | Deposits in an RESP | Deposits in an RDSP | Deposits in More Than One Name (Joint Deposits) |
|--|---------------------------|-----------------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---|
| Savings accounts (including foreign currency deposits) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Chequing accounts (including foreign currency deposits) | Yes | Yes | N/A | N/A | N/A | N/A | N/A | N/A | Yes |
| GIC and other term deposits (including foreign currency deposits, and regardless of term to maturity) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Non-equity shares ¹ and declared but unpaid dividends on such shares | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Money orders, certified cheques, traveller's cheques, debentures, bank drafts and prepaid letters of credit in respect of which a credit union is primarily liable | Yes | Yes | N/A | N/A | N/A | N/A | N/A | N/A | Yes |

WHAT IS NOT COVERED BY CUDIC DEPOSIT INSURANCE?

CUDIC deposit insurance does not apply to all financial instruments or securities held with SCCU. Specifically, the following are not covered by CUDIC deposit insurance:

1. membership shares issued by a credit union;
2. equity shares issued by a credit union;
3. shares issued by other corporations;
4. mutual funds, including money market funds;
5. bonds, notes, treasury bills and debentures issued by governments or corporations;
6. money orders, certified cheques, traveller's cheques, debentures, drafts and prepaid letters of credit in respect of which a credit union is not primarily liable;
7. principal-protected notes;
8. safe-deposit boxes;
9. RRSP equity plans;
10. non-equity shares issued by a B.C. credit union after January 1, 2020, including declared but unpaid dividends on such non-equity shares;
11. deposits made by savings institutions (unless it is a brokered deposit where no savings institution has any beneficial interest in the deposit);
12. Exchange Traded Funds (ETFs); and
13. cryptocurrencies

ABOUT TRANSITIONAL CDIC INSURANCE COVERAGE

Starting on the continuation and amalgamation day, deposits held with the Amalgamated Federal Credit Union would be covered by CDIC deposit insurance so long as those deposits are eligible for CDIC coverage. On the continuation and amalgamation day, CUDIC deposit insurance would no longer apply, including to those deposits not eligible for CDIC coverage.

¹ “Non-equity shares” are those issued by a B.C. credit union prior to January 1, 2020.

A transition period would begin on the continuation and amalgamation day. During the transition period, any “preexisting” deposits—deposits that were made with SCCU before the continuation and amalgamation day and that remain outstanding on such day that are eligible under CDIC’s deposit insurance coverage—would be insured by CDIC to the same extent as the current CUDIC deposit insurance coverage described above. On completion of the amalgamation on the continuation and amalgamation day, these deposits will become deposits with the Amalgamated Federal Credit Union.

During the transition period, CDIC deposit insurance coverage would not apply to the following:

- deposits that are payable outside of Canada
- deposits in respect of which the Government of Canada is a preferred claimant;
- investments in non-equity shares and declared but unpaid dividends on those shares; and
- traveller’s cheques.

The transition period for preexisting demand deposits would end 180 days after the continuation and amalgamation day. In the case of a preexisting deposit that is to be repaid on a fixed day (i.e., a term deposit or a GIC), the transition period would end on the maturity date or when it is cashed out.

For example, and keeping in mind the exceptions to CDIC coverage noted in this Notice, if the continuation and amalgamation day was January 1, 2026, any eligible preexisting deposit that is not for a fixed period would have unlimited coverage until June 29, 2026, inclusive, less any amounts withdrawn during this period. Any eligible preexisting deposit that is for a fixed term, keeping in mind the exceptions to CDIC coverage noted in this Notice, would have unlimited coverage until the end of that fixed term.

CDIC transitional coverage does not apply to deposits made with the Amalgamated Federal Credit Union on or after the continuation and amalgamation day. If a deposit is made with the Amalgamated Federal Credit Union during the transition period, the deposit would be treated as a separate deposit from any preexisting deposits and would be covered by the standard CDIC deposit insurance described below. The CDIC transitional coverage also does not apply to any deposits held with Coast Capital Savings prior to the amalgamation because Coast Capital Savings is currently a CDIC member institution.

Once the transition period ends, the CDIC standard deposit insurance coverage described in the next section would apply to all CDIC eligible deposits held with the Amalgamated Federal Credit Union. For the purpose of determining deposit insurance coverage per insurance category, eligible preexisting deposits held with SCCU (together with preexisting deposits held with Prospera Credit Union, if it were also completing the Federal Amalgamation Transaction with SCCU and Coast Capital Savings) would be combined with eligible deposits made on or after the continuation and amalgamation day and any eligible deposits made with Coast Capital Savings prior to the continuation and amalgamation day.

ABOUT STANDARD CDIC INSURANCE COVERAGE

CDIC eligible deposits made with the Amalgamated Federal Credit Union on or after the continuation and amalgamation day would be covered by CDIC’s standard insurance coverage. This CDIC coverage is the same for all CDIC member institutions.

Below is a summary of certain differences between the insurance coverage provided by CDIC and CUDIC:

- **Coverage limit:** Eligible deposits currently held with SCCU are subject to CUDIC’s insurance coverage and CUDIC provides deposit insurance for the full amount of the eligible deposit. Eligible deposits held with CDIC member institutions are subject to CDIC’s deposit insurance coverage and CDIC provides deposit insurance to a maximum of \$100,000 (including principal and interest) for each of the categories, in each of its member institutions (categories are summarized in Table 2). This means that, if you have deposits in more than one category, you will be insured for up to \$100,000 in each of those categories, for each CDIC member institution. The Amalgamated Federal Credit Union will be a single CDIC member institution and all eligible deposits in each category with the Amalgamated Federal Credit Union will be covered up to this maximum, regardless of the number of accounts, except for the additional coverage described in this Notice that is provided for preexisting deposits during the transition period.
- **Government of Canada as a preferred claimant:** CDIC does not provide deposit insurance coverage for deposits in respect of which the Government of Canada is a preferred claimant. No such restriction is expressed in respect of CUDIC deposit insurance.

- **Investments in non-equity shares:** CDIC does not provide deposit insurance coverage for money invested in non-equity shares. CUDIC provides insurance coverage for money invested in non-equity shares and dividends declared on such shares that have not been paid ('non-equity shares' are those issued by a credit union prior to January 1, 2020). Also, note that credit union membership shares and equity shares are not insured by either CUDIC or CDIC.
- **Traveller's cheques:** CDIC does not provide deposit insurance coverage for traveller's cheques. CUDIC provides insurance coverage for traveller's cheques in respect of which a credit union is primarily liable.

Table 2: CDIC deposit insurance coverage

| | Deposits Held in One Name | Deposits in a Trust Account | Deposits in an RRSP | Deposits in an RRIF | Deposits in a TFSA | Deposits in an FHSA | Deposits in an RESP | Deposits in an RDSP | Deposits in More Than One Name (Joint Deposits) |
|--|---------------------------|-----------------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---|
| Savings accounts (including foreign currency deposits) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Chequing accounts (including foreign currency deposits) | Yes | Yes | N/A | N/A | N/A | N/A | N/A | N/A | Yes |
| GIC and other term deposits (including foreign currency deposits, and regardless of term to maturity) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Money orders, certified cheques, bank drafts and prepaid letters of credit in respect of which a CDIC member institution is primarily liable | Yes | Yes | N/A | N/A | N/A | N/A | N/A | N/A | Yes |
| Debentures issued as proof of deposit for CDIC member institutions (other than banks) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

WHAT IS NOT COVERED BY CDIC INSURANCE COVERAGE?

1. membership shares issued by a federal credit union;
2. any shares issued by a federal credit union;
3. debentures issued by a federal credit union;
4. deposits not payable in Canada;
5. shares issued by other corporations;
6. mutual funds;
7. traveller's cheques;
8. bonds, notes, treasury bills, and debentures issued by governments or corporations;
9. money orders, certified cheques, drafts, and prepaid letters of credit in respect of which a federal credit union is not primarily liable;
10. principal-protected notes (with some exceptions);
11. safe-deposit box contents;
12. securities held for safekeeping;
13. Exchange Traded Funds (ETFs); and
14. cryptocurrencies.

QUESTIONS

More information on deposit insurance may be found at:

- Credit Union Deposit Insurance Corporation of British Columbia: www.cudicbc.ca
- Canada Deposit Insurance Corporation: www.cdic.ca