

Frequently Asked Questions (FAQ)

Why is DUCA making these changes?

These amendments are required to ensure DUCA remains compliant with all regulatory and legal requirements. Specifically, they align **Class A Shares** with the definition of **Patronage Shares** under the **Credit Unions and Caisses Populaires Act, 2020**, ensuring they qualify under the regulatory framework.

How will these changes affect me as a Shareholder?

There is no material or practical impact to existing Class A Shareholders as a result of the proposed changes, specifically:

- The value of existing shares is not impacted by the changes.
- Regarding transfers: DUCA currently does not allow Members to transfer Class A Shares to other Members, and this procedure is not impacted by these changes. Terms and conditions of the Class A Shares are being amended to align with DUCA's existing procedure and the requirements of the Act.
- Regarding dividends: DUCA discontinued payment of dividends on Class A Shares since 2022 when it introduced the Do More Profit-Sharing Program. Consequently, the amendment to remove dividend rights will not further affect holders of Class A Shares.

Why don't Class A Shares provide dividends, and how does this relate to the Credit Unions and Caisses Populaires Act?

Class A Shares are designed as patronage shares, which, under Section 45 of the Act (captured below), are profit-sharing shares issued to Members based on the business volume they conduct with the credit union. These shares typically do not carry dividend rights.

Patronage shares

45 (1) The articles of a credit union may provide for a class of shares known as patronage shares to be payable to members as a dividend under section 57 or as a patronage return under section 58.

Nature of share

(2) A patronage share does not confer on the holder the right to vote at meetings of the members of the credit union, the right to notice of any meeting of members of the credit union, the right to receive dividends or the right to receive the remaining property of the credit union on dissolution.

Transfer prohibited

(3) The holder of a patronage share may not transfer an interest in the share to a person other than the credit union or another credit union and any transaction that purports to make such a transfer is void.

For more details, you can refer to the Act here: Credit Unions and Caisses Populaires Act, 2020

<https://www.ontario.ca/laws/statute/20c36>.

Can I still redeem my shares?

Yes. The existing redemption provisions remain unchanged. Redemption requests are time-stamped and processed on a first-come, first-served basis, subject to an annual redemption limit of 10% of the previous year's ending share balance, as required by regulation pursuant to the Credit Union and Caisses Populaires Act, 2020. To submit a redemption request, contact your local branch or call Member Connect at 1.866.900.3822. For more information regarding the Class A redemption process, please visit <https://www.duca.com/faq> under Class A Shares, or visit your local branch and they will be happy to assist you.

What happens if the amendment is not approved?

If these changes are not approved, Class A Shares will not qualify as Patronage Shares or Tier 1 capital. This would require DUCA to consider other changes to Class A Shares and/or source additional Tier 1 capital.

Are dividends currently declared on Class A Shares?

No. Dividends on Class A shares are discretionary and determined solely by the Board of Directors. The Board has not declared dividends on Class A Shares since 2022. This is because starting in 2023, DUCA's profit-sharing program was replaced with the Do More Profit-Sharing Program (<https://www.duca.com/about-us/profit-sharing>). Currently, there is no intention to resume paying dividends on Class A Shares, regardless of the vote outcome.

What is the impact on me if Class A Shares can no longer be transferred to another Member?

Historically, DUCA has not received requests for share transfers between Members and procedurally this is not allowed. Shareholders can continue to redeem their shares for cash, and this redemption process remains unchanged. For more information regarding the Class A redemption process, please visit <https://www.duca.com/faq> under Class A Shares, or visit your local branch and they will be happy to assist you.

By voting YES, you are ensuring DUCA remains compliant with all regulatory and legal requirements, aligning Class A Shares with the applicable legislative framework.

What if I can't attend the meeting?

- Class A Shareholders can submit a Proxy Form to have their vote counted.
- DUCA Members must attend the meeting to vote.

What happens if I don't vote in favour?

If a 2/3 majority vote is not reached:

- Class A Shares will not qualify as Patronage Shares under the applicable legislation.
- DUCA will need to consider other potential changes to Class A Shares and/or source additional Tier 1 capital to meet regulatory requirements.

Will my Membership benefits change?

No. These changes strictly impact the classification of Class A Shares and do not affect your ability to bank with DUCA or participate in the Do More Profit-Sharing Program.

Will this affect my day-to-day banking with DUCA?

No. These changes only impact the terms and conditions of Class A Shares. Your accounts, services, and benefits as a Member remain unchanged.

For additional Frequently Asked Questions please visit <https://www.duca.com/about-us/leadership-team-governance>