Statement of Transitional Coverage
Pursuant to the Canada Deposit Insurance Corporation (CDIC) Deposit Insurance Information By-law

From November 22, 2017 to December 8, 2017, the members of Innovation Credit Union (“Innovation”) voted on a special resolution to authorize Innovation to make an application to become a federal credit union. The outcome was an 82% vote in favour, officially announced on December 12th, 2017.

The positive vote from members gave consent to the Board of Directors and Management team to begin the process of applying for a federal credit union charter. The application process began in 2018. Since that time, the Board of Directors and Management have worked with both Federal and Provincial regulators to complete the application and review work required to receive approval to continue operation as a federal credit union effective June 23, 2023.

In accordance with the CDIC Deposit Insurance Information By-law [the “By-law”], this statement of transitional coverage is provided to inform Innovation members of changes to deposit insurance coverage that apply to their deposits held with Innovation now that Innovation is a federal credit union and a member of the Canada Deposit Insurance Corporation (“CDIC”).

Deposit insurance automatically applies to eligible deposits held at financial institutions that are members of deposit insurance protection agencies. It protects depositors’ savings in case of financial institution failure.

Deposits held with Innovation have been insured by the Credit Union Deposit Guarantee Corporation (“CUDGC”), which insures deposits held at credit unions incorporated in Saskatchewan. Now that Innovation is a federal credit union, it is automatically a member of the CDIC, and CUDGC deposit insurance coverage will cease to apply. The CDIC insures deposits held by its member institutions, which include banks, federal credit unions, and trust and loan companies.

Important qualifications
Deposit insurance coverage offered by CDIC may change in the future. Please visit www.cdic.ca for more information.

Continuation day - June 23, 2023
The continuation day is the date that Innovation became a federal credit union, as indicated in the letters patent issued by Canada’s Minister of Finance granting Innovation continuance. On that same day, Innovation became a member of the CDIC, CUDGC deposit insurance coverage ends, and CDIC deposit insurance coverage begins.

Credit Union Deposit Guarantee Corporation (CUDGC) deposit insurance coverage
Until the continuation day, the full amount of deposits held with Innovation, including accrued interest, was insured by CUDGC as described in Table 1.
Table 1: Credit Union Deposit Guarantee Corporation (CUDGC) deposit insurance coverage

<table>
<thead>
<tr>
<th>Deposits held in one name</th>
<th>Deposits in more than one name (joint deposits)</th>
<th>Deposits in a trust account</th>
<th>Deposits in an RRSP</th>
<th>Deposits in a RRIF</th>
<th>Deposits in a TFSA</th>
<th>Deposits in a FHSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits fully insured</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings accounts*</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Chequing accounts*</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>GIC and other terms*† regardless of term to maturity</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Money orders, certified cheques, traveler’s cheques, drafts, and prepaid letters of credit in respect of which a credit union is primarily liable</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

*Including the Canadian dollar equivalent of foreign currency deposits
†Including the principal on index-linked term deposits and the return once the credit union is holding it

What is NOT covered by the CUDGC deposit insurance: (1) membership shares issued by a credit union; (2) investment shares issued by a credit union; (3) securities and shares issued by other corporations; (4) mutual funds; (5) bonds, notes, treasury bills, and debentures issued by governments or corporations; (6) money orders, certified cheques, traveler’s cheques, debentures, drafts, and prepaid letters of credit in respect of which a credit union is not primarily liable; and (7) the return on index-linked term deposits before it is paid to the credit union; safety deposit box contents and other securities held for safekeeping.

Transitional CDIC coverage - June 23, 2023 to December 19, 2023
CDIC provides transitional coverage (the same coverage you have now) starting on the day we became a federal credit union and ending after 180 days. Term deposits are also fully insured until they mature or are redeemed.

We can work with you during this transitional period to ensure you receive the most coverage available once we fully transition to CDIC.

The CDIC transitional coverage does not apply to deposits that are made with Innovation on or after the continuation day. During the transition period, these deposits are treated as separate deposits from any pre-existing deposits and would be covered in accordance with the CDIC standard deposit insurance coverage that is described in the next section.

Standard CDIC coverage
The CDIC’s standard deposit insurance coverage applies to all eligible deposits that are made with Innovation after the continuation day. This is the same deposit insurance coverage that applies to all CDIC member institutions.

There are certain differences between the deposit insurance coverage provided by the CDIC and CUDGC:

- **Coverage limit:** The CDIC provides deposit insurance coverage for all eligible deposits up to a maximum amount of $100,000 for each of the categories, in each of its member institutions (please refer to 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 that you have deposits with.

- **Government of Canada as a preferred claimant:** The CDIC does not provide deposit insurance coverage for deposits in respect of which the Government of Canada is a preferred claimant.
**Table 2: CDIC standard deposit insurance coverage**

<table>
<thead>
<tr>
<th>Deposits held in one name</th>
<th>Deposits in a trust account</th>
<th>Deposits in an RRSP</th>
<th>Deposits in a RRIF</th>
<th>Deposits in a TFSA</th>
<th>Deposits in more than one name (joint deposits)</th>
<th>Deposits in RESP</th>
<th>Deposits in RDSP</th>
<th>Deposits in FHSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Savings accounts (including foreign currency deposits)

Chequing accounts (including foreign currency deposits)

GIC and other term deposits* (regardless of term to maturity)

Money orders, certified cheques, bank drafts, and prepaid letters of credit in respect of which a CDIC member institution is primarily liable

Debentures issued as proof of deposit for CDIC member institutions (other than banks)

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*An index-linked deposit would be insurable only if the principal is fully repayable (at maturity or otherwise).*

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**What is NOT covered by standard CDIC Deposit Insurance coverage:**

1. membership shares issued by a federal credit union;
2. any shares issued by a federal credit union;
3. deposits that are payable outside Canada;
4. debentures issued by a federal credit union;
5. shares issued by other corporations;
6. mutual funds;
7. bonds, notes, treasury bills, and debentures issued by governments or corporations;
8. money orders, certified cheques, drafts, and prepaid letters of credit in respect of which a federal credit union is not primarily liable;
9. principal protected notes (with some exceptions);
10. safety deposit box contents;
11. securities held for safekeeping;
12. travelers’ cheques.
Example: CUDGC deposit insurance

Sally Smith currently has these Innovation CUDGC products:

<table>
<thead>
<tr>
<th>Product</th>
<th>Amount</th>
<th>Amount insured by CUDGC</th>
</tr>
</thead>
<tbody>
<tr>
<td>No-Fee Account</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Savings Account</td>
<td>$45,000</td>
<td>$45,000</td>
</tr>
<tr>
<td>US Account</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>3-Year Term Deposit</td>
<td>$75,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>5-Year Term Deposit</td>
<td>$175,000</td>
<td>$175,000</td>
</tr>
<tr>
<td>US Account</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>3-Year Term Deposit</td>
<td>$75,000</td>
<td>$75,000, until maturity</td>
</tr>
<tr>
<td>5-Year Term Deposit</td>
<td>$175,000</td>
<td>$175,000, until maturity</td>
</tr>
<tr>
<td>Mutual Fund</td>
<td>$80,000</td>
<td>Not eligible</td>
</tr>
</tbody>
</table>

CDIC transitional coverage

For the first 180 days after becoming a federal credit union:

- All Sally’s pre-existing deposit accounts, minus any withdrawals she makes, will be eligible for deposit insurance through CDIC.
- All Sally’s pre-existing term deposits will be fully eligible for CDIC insurance until they mature or she redeems them.
- Any new eligible deposits Sally makes are separately insured by CDIC’s standard coverage.

CDIC standard coverage

After the 180 day transition period:

- Sally’s deposit accounts are covered by CDIC’s standard coverage.
- Sally’s term deposits are fully eligible for CDIC insurance until they mature or she redeems them. After that, CDIC standard coverage will apply.

After the transition period, some of Sally’s deposits would exceed eligible CDIC coverage limits. We could help her maximize her coverage using a strategy such as putting funds into a TFSA or putting funds into a joint account with her spouse.

If you have any questions on deposit insurance, you can also visit the Canada Deposit Insurance Corporation website: www.cdic.ca.