

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

On June 25, 2025, the members of ABCU Credit Union Ltd. (“ABCU”) voted in favor of a special resolution to authorize ABCU to make an application to become a federal credit union under the Bank Act followed by an immediate amalgamation with Innovation Federal Credit Union (“Innovation”).

In accordance with the CDIC Deposit Insurance Information By-law [the “By-law”], this statement is provided to inform ABCU members of changes to deposit insurance coverage that apply to their eligible deposits held with ABCU and, on that same day, when ABCU joins Innovation, becoming a federal credit union and 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 is designed to protect certain deposits in case the financial institution holding them fails.

Deposits held with ABCU are currently insured by the Credit Union Deposit Guarantee Corporation (“CUDGC”), which insures deposits held at credit unions incorporated in Alberta. When ABCU joins Innovation, becoming a federal credit union, it will automatically become 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, trust and loan companies.

### What is covered in this Statement?

In accordance with the By-law, this statement includes the following:

- **Continuation day:** information about the day on which current CUDGC deposit insurance coverage for deposits held with ABCU will end and CDIC deposit insurance coverage with Innovation will begin;
- **Current CUDGC deposit insurance coverage:** a description of the CUDGC coverage that currently applies to deposits held with ABCU;
- **Transitional CDIC coverage:** a description of the CDIC coverage that will apply during the transition period to pre-existing deposits held with ABCU; and
- **Standard CDIC coverage:** a description of the CDIC coverage that will apply after the transition period to deposits held with Innovation and how this coverage differs from the pre-continuance CUDGC deposit insurance coverage applicable to ABCU.

### Important Qualifications

- Deposit insurance coverage offered by CDIC may change in the future. Please visit [www.cdic.ca](http://www.cdic.ca) for more information.
- Transitional CDIC coverage does not apply to Innovation members.

### Continuation Day

The continuation day, April 1, 2026, is the date ABCU will become a federal credit union and amalgamate with Innovation. This date is indicated in the Letters Patent of Continuance and Letters Patent of Amalgamation issued by Canada’s Minister of Finance. On the continuation day, ABCU will join Innovation and become a member of CDIC. On the same day, CUDGC deposit insurance will no longer apply to deposits held by members, including to those deposits not eligible for CDIC coverage. Instead, CDIC deposit insurance will apply to deposits with that are eligible for CDIC coverage.

## Current Credit Union Deposit Guarantee Corporation (CUDGC) Deposit Insurance

Until the continuation day, the full amount of deposits held with ABCU, including accrued interest, is insured by CUDGC as described in Table 1. The insurance applies to all forms of personal, business and trust deposits held in Alberta credit unions. The insurance covers all deposits in Alberta credit unions regardless of membership, citizenship, or residence of the depositor.

**Table 1: Credit Union Deposit Guarantee Corporation (CUDGC) Deposit Insurance Coverage**

	Deposits Held in One Name	Deposits Held in More Than One Name (Joint Accounts)	Deposits in a Trust Account	Deposits in an RRSP	Deposits in a RRIF	Deposits in a TFSA	Deposits in an FHSA
<b>Deposits Fully Insured</b>							
Savings accounts*	✔	✔	✔	✔	✔	✔	✔
Chequing accounts*	✔	✔	✔	Not Applicable	Not Applicable	Not Applicable	Not Applicable
GIC and other terms regardless of length to maturity*†	✔	✔	✔	✔	✔	✔	✔
Money orders, certified cheques, traveler's cheques, drafts, and prepaid letters of credit in respect of which a credit union is primarily liable	✔	✔	✔	Not Applicable	Not Applicable	Not Applicable	Not Applicable

\*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 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

Starting on the continuation day, April 1, 2026, deposit insurance coverage for deposits will be covered by the CDIC so long as deposits are eligible for CDIC coverage. CUDGC deposit insurance will no longer apply, including to those deposits not eligible for CDIC coverage.

A transition period would begin on the continuation day. During this transition period, any "pre-existing deposits" — deposits that were made with ABCU before it became a federal credit union and amalgamated with Innovation and that remain outstanding on the continuation day — will be insured by the CDIC to the same extent as the current CUDGC deposit insurance coverage described above. During this period CDIC deposit insurance coverage will not apply to

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

The transition period for pre-existing ABCU demand deposits would end 180 days after the continuation day, September 28, 2026.

In the case of a pre-existing ABCU 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 bearing in mind the above-noted exceptions to CDIC coverage, for a continuation date of April 1, 2026, any eligible pre-existing deposit that is not for a fixed period would have unlimited coverage until September 28, 2026, inclusive, minus any amount withdrawn from the eligible pre-existing deposits during this period. Any eligible pre-existing ABCU deposit that is for a fixed term, bearing in mind the above-noted exceptions to CDIC coverage, would have unlimited coverage until the end of that fixed term.

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 would be treated as separate deposits from any pre-existing ABCU deposits and would be covered in accordance with the CDIC standard deposit insurance coverage that is described in the next section.

Once the transition period ends, the CDIC standard deposit insurance coverage that is described in the next section would apply to all eligible deposits with Innovation. For the purpose of determining deposit insurance coverage per insurance category, eligible pre-existing ABCU deposits would be combined with eligible deposits made on or after the continuation day with Innovation.

## Standard CDIC Coverage

The CDIC's standard deposit insurance coverage would apply to all eligible deposits that are made with Innovation on or 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. CUDGC provides deposit insurance for the full amount of the deposits.
- Investments in non-equity shares: CDIC does not provide deposit insurance coverage for money invested in non-equity shares.
- Traveller's cheques: CDIC does not provide deposit insurance coverage for traveller's cheques.
- 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. No such restriction is expressed in respect of CUDGC deposit insurance.



**Table 2: CDIC Standard Deposit Coverage**

	Deposits Held in One Name	Deposits Held in Joint Accounts	Deposits in a Trust Account	Deposits in an RRSP	Deposits in a RRIF	Deposits in a TFSA	Deposits in an FHSA	Deposits in RESP	Deposits in RDSP
<b>Deposits insured up to \$100,000 (principal and interest combined) per category listed above. Must be payable in Canada. Includes foreign currency deposits.</b>									
Savings accounts	✔	✔	✔	✔	✔	✔	✔	✔	✔
Chequing accounts	✔	✔	✔	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
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	✔	✔	✔	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Debentures issued as proof of deposit for CDIC member institutions (other than banks)	✔	✔	✔	✔	✔	✔	✔	✔	✔

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

### 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) 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) safety deposit box contents and
- (12) securities held for safekeeping.

### Questions

Specific examples of how transitional coverage works are available at [www.cdic.ca](http://www.cdic.ca).

If you have any questions on deposit insurance, you can also visit:

- Innovation Federal Credit Union: [www.innovationcu.ca](http://www.innovationcu.ca)
- Credit Union Deposit Guarantee Corporation: [www.cudgc.ab.ca](http://www.cudgc.ab.ca)

