

Your Credit Union – Shelter from the Financial Storm Questions & Answers

Deposit Insurance

1) Are my deposits insured?

Your money is safe and secure with your Credit Union. No member of an Ontario credit union has ever lost a cent of his or her deposits. The Deposit Insurance Corporation of Ontario insures Canadian currency deposits, including interest, to a maximum of \$100,000 per individual. It also insures each separate RRSP, RRIF and RESP contract and each unique trust or joint account to a maximum of \$100,000 per account.

For full details on deposit protection, visit www.dico.com

The maximum basic coverage that is available for all eligible deposits that are held in the name of a depositor at a single member institution is \$100,000 (includes interest and dividends). DICO provides separate coverage up to a maximum of \$100,000 (includes interest and dividends) for each of the following types of eligible deposits:

- Deposits held jointly, in the name of two or more persons
- Deposits held in trust for one or more beneficiaries;
- Deposits held in registered plans such as RRSPs, RRIFs, RESPs, and OHOSPs
- Deposits held in the name of a corporation, partnership or association.

Eligible deposits held at different credit unions are separately insured. Eligible deposits held at different branches of the same credit union are combined for the purposes of determining the maximum insurance coverage.

2) How can I structure my accounts to get the most protection?

Deposits at different credit unions are separately guaranteed by DICO in Ontario. By arranging your deposits to conform to the definitions of a deposit in the province, insurance protection can reach many times the insured limit of \$100,000. Corporate and business accounts are insured separately, as are joint accounts and trusts.

3) If the Canada Deposit Insurance Corporation (CDIC) increases its deposit insurance from \$100,000 to some higher amount, will credit unions receive the same coverage?

Central 1 Credit Union is in discussions with both provincial governments to ensure that credit unions are not disadvantaged by any changes in the protection afforded to bank depositors.

Safety and Stability

4) Is my credit union financially stable?

Yes, we are secure and financially stable. We are closely regulated and follow conservative investing and lending practices and our balance sheet reflects our strong local focus.

5) Is the provincial credit union system stable?

Yes. The credit union system has a long history of prudent financial management and conservative practices. It is closely regulated by the provincial government. Both the provincial government and the federal government regulate our central credit union. Credit unions follow a disciplined approach to fiscal management during upswings and downswings in the economy. Ensuring the safety of members' deposits is always a top priority. Our focus is on our communities and helping our members. Credit unions have not been involved in the sub-prime lending that has caused problems in the U.S.

6) How safe is our deposit insurer?

The deposit insurer is a provincial government entity.

7) How stable is the Canadian banking system?

Canada has one of the most, if not the most, financially stable banking systems in the world. The Canada Deposit Insurance Corporation (CDIC) has said that the Canadian financial system is in good shape and that Canada's banks are well capitalized.

Credit unions have a solid deposit base, a sound portfolio of loans in their local communities and prudent capitalization levels. Credit unions are regulated financial institutions with excellent liquidity support at the local, provincial and national levels that are designed to withstand financial market turbulence.

8) Are credit unions funded differently than banks?

Yes, credit unions are primarily funded by member deposits, not borrowings, as many U.S. banks are.

Economic Situation

9) What is happening to the markets and the economy? What does it mean for me?

Chief Economist Helmut Pastrick of Central 1 Credit Union says that the crisis we are facing is a financial crisis, not an economic one. The problem is largely confined to the financial and credit markets and the impact on jobs and the economy is expected to be less. We may face an economic slowdown, but not a dramatic downturn.