

Residential Mortgage Portfolio

In accordance with regulatory guidelines, Innovation Credit Union is required to provide additional credit disclosures regarding our residential mortgage portfolio.

Innovation is limited to providing residential mortgages of no more than 80% of the collateral value. Lending at a higher loan-to-value (LTV) is permitted but requires default insurance. The insurance is contractual coverage that protects Innovation’s real estate secured lending portfolio against potential losses caused by borrower default. Default insurance can be provided by either government backed entities or other approved private mortgage insurers. Currently Innovation uses Canada Mortgage and Housing Corporation (CMHC) and Sagen to provide mortgage default insurance.

A Home Equity Line of Credit (HELOC) is a form of non-amortizing (revolving) credit that is secured by a residential property. Unlike a traditional residential mortgage, most HELOCs are not structured to fit a predetermined amortization, although regular, minimum periodic payments are required. Innovation is limited to providing HELOCs of no more than 65% of the collateral value.

To determine the potential impact of an economic downturn, which may result in an increase in defaults and a decrease in housing prices, Innovation performs stress tests. The stress testing uses historical delinquency and write-off information over the past 5 years. Our results show that in an economic downturn, Innovation’s capital position would be sufficient to absorb residential mortgage and HELOC losses.

The following tables provide details of Innovation’s residential mortgage portfolio to allow for evaluation of the soundness and condition of Innovation’s residential mortgage operations.

Residential Mortgage Loan Portfolio

	Q1 2023	% of Portfolio	2022	% of Portfolio	Change	
					\$	%
Insured	434,326,564	34.8%	434,385,443	37.4%	-58,879	(0.01%)
Uninsured - Prime	447,752,585	35.8%	428,004,662	36.8%	19,747,923	4.6%
Uninsured – Alt A	355,367,093	28.4%	287,826,930	24.7%	67,540,163	23.5%
Non-conforming	8,629,673	0.7%	7,982,114	0.7%	647,559	8.1%
HELOC	3,453,477	0.3%	4,614,157	0.4%	-1,160,680	(25.1%)
Total	1,249,529,392	100%	1,162,813,306	100%	86,716,086	7.46%

Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	930	45,315,485	3.6%	48,726
10 – 15 years	1,137	127,492,362	10.2%	112,130
16 – 20 years	1,723	303,548,054	24.3%	176,174
21 – 25 years	1,235	275,789,547	22.1%	223,311
26 – 30 years	980	496,949,737	39.8%	507,092
Greater than 30 years	1	434,208	0.0%	434,208
Total	6,006	1,249,529,393	100%	208,047

Residential Mortgage Portfolio by Province

Province	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,840	706,833,577	56.6%	146,040
Ontario	655	356,285,249	28.5%	543,947
Alberta	329	96,056,042	7.7%	291,964
British Columbia	162	84,269,703	6.7%	520,183
Manitoba	11	4,331,170	0.3%	393,743
Prince Edward Island	3	638,877	0.1%	212,959
Nova Scotia	3	550,358	0.1%	183,453
Newfoundland	2	200,438	0.0%	100,219
Yukon	1	363,979	0.0%	363,979
Total	6,006	1,249,529,393	100%	208,047

Residential Mortgage Loan Term Portfolio by Loan to Value (LTV)

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	598	22,891,040	1.8%	38,280
25% – 50%	1127	138,931,069	11.1%	123,275
50% – 60%	715	125,994,308	10.1%	176,216
60% – 70%	995	229,394,574	18.4%	230,547
70% – 80%	1712	557,613,528	44.6%	325,709
80% – 90%	462	85,644,265	6.9%	185,377
Greater than 90%	397	89,060,609	7.1%	224,334
Total	6,006	1,249,529,393	100%	208,047

Residential Mortgage Loan Term Portfolio by Credit Score

Equifax Rating	Beacon Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	741+	2,732	625,496,731	50.1%
Prime	681 – 740	1,293	340,299,052	27.2%
Near Prime	621 – 680	611	200,858,717	16.1%
Sub Prime	541 – 620	199	52,234,063	4.2%
Deep Sub Prime	< 540	68	9,279,156	0.7%
No score		170	21,361,673	1.8%
Total		5,073	1,249,529,393	100%

Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	103	24,835,819	2.0%
25 to 34	990	265,827,631	21.3%
35 to 44	1441	413,847,631	33.1%
45 to 54	1082	272,157,586	22.4%
55 to 64	874	178,473,501	14.2%
65+	552	87,117,551	7.0%
Total	5,070	1,249,529,393	100%

Residential Mortgage Loan Portfolio by Delinquency category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	5,940	1,233,485,965	98.7%
1 – 29 days	36	8,437,120	0.6%
30 – 89 days	26	5,909,865	0.5%
90 – 179 days	3	228,183	0.0%
180-364 days	5	622,950	0.0%
365 days or greater	6	845,310	0.1%
Total	6,006	1,249,529,393	100%

Residential Mortgage Loan Portfolio by Write offs

	Q1 - 2023	#	Q4 - 2022	#
Insured	66,588	3	12,931	7
Uninsured	332,211	1	276,716	5
HELOC (Home Equity Line of Credit)	0	0	0	0
Total Loans	398,799	4	289,646	12

Residential Mortgage Purchased Portfolio

	Q1 - 2023	#	Q4 - 2022	#
Paradigm Quest	203,081,330	344	187,519,530	303
CMLS	215,605,342	522	165,268,221	403
Community Trust	95,767,161	178	62,442,896	125
Total Loans	514,453,833	1,044	415,230,647	831