

## 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

	Q2 2023	% of Portfolio	2022	% of Portfolio	Change \$	Change %
Insured	435,316,210	33.3%	434,385,443	37.4%	930,767	0.2%
Uninsured - Prime	462,276,455	35.4%	428,004,662	36.8%	34,271,793	8.0%
Uninsured – Alt A	396,115,601	30.3%	287,826,930	24.7%	108,288,671	37.6%
Non-conforming	8,942,675	0.7%	7,982,114	0.7%	960,561	12.0%
HELOC	3,611,093	0.3%	4,614,157	0.4%	-1,003,0640	(21.7%)
<b>Total</b>	<b>1,306,262,034</b>	<b>100%</b>	<b>1,162,813,306</b>	<b>100%</b>	<b>143,448,728</b>	<b>12.34%</b>

### Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	887	42,191,640	3.2%	47,567
10 – 15 years	1,130	123,943,695	9.5%	109,685
16 – 20 years	1,709	298,591,260	22.9%	174,717
21 – 25 years	1,323	289,594,225	22.2%	218,892
26 – 30 years	1098	551,508,926	42.2%	502,285
Greater than 30 years	1	432,288	0.0%	432,288

<b>Total</b>	<b>6,148</b>	<b>1,306,262,034</b>	<b>100%</b>	<b>212,469</b>
<b>Residential Mortgage Portfolio by Province</b>				
<b>Province</b>	<b>Number</b>	<b>Mortgage Balance</b>	<b>% of Portfolio</b>	<b>Average Balance</b>
Saskatchewan	4,862	707,941,538	54.2%	145,607
Ontario	709	381,920,753	29.2%	538,675
Alberta	371	112,399,712	8.6%	302,964
British Columbia	184	97,462,122	7.5%	529,685
Manitoba	13	4,804,037	0.4%	369,541
Prince Edward Island	3	628,854	0.0%	209,618
Nova Scotia	3	544,742	0.0%	181,581
Newfoundland	2	198,780	0.0%	99,390
Yukon	1	361,496	0.0%	361,496
<b>Total</b>	<b>6,148</b>	<b>1,306,262,034</b>	<b>100%</b>	<b>212,469</b>

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

<b>Loan to Value (LTV)</b>	<b>Number</b>	<b>Mortgage Balance</b>	<b>% of Portfolio</b>	<b>Average Balance</b>
Less than 25%	620	23,937,996	1.8%	38,610
25% – 50%	1125	140,626,710	10.8%	125,002
50% – 60%	767	137,048,947	10.5%	178,682
60% – 70%	994	233,331,337	17.9%	234,740
70% – 80%	1779	595,140,898	45.6%	334,537
80% – 90%	454	85,567,150	6.6%	188,474
Greater than 90%	409	90,608,996	6.9%	221,538
<b>Total</b>	<b>6,148</b>	<b>1,306,262,034</b>	<b>100%</b>	<b>212,469</b>

#### Residential Mortgage Loan Term Portfolio by Credit Score

<b>Equifax Rating</b>	<b>Beacon Score</b>	<b>Number of Members</b>	<b>Mortgage Balance</b>	<b>% of Portfolio</b>
Super Prime	741+	2,845	661,258,792	50.6%
Prime	681 – 740	1,280	355,214,193	27.2%
Near Prime	621 – 680	576	203,996,961	15.6%
Sub Prime	541 – 620	195	53,219,071	4.1%
Deep Sub Prime	< 540	70	9,162,343	0.7%
No score		170	23,410,674	1.8%
<b>Total</b>		<b>5,136</b>	<b>1,306,262,034</b>	<b>100%</b>

### Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	108	26,286,454	2.0%
25 to 34	1021	281,272,709	21.5%
35 to 44	1458	427,373,070	32.7%
45 to 54	1109	289,301,249	22.2%
55 to 64	875	187,695,190	14.4%
65+	565	94,333,361	7.2%
<b>Total</b>	<b>5,136</b>	<b>1,306,262,034</b>	<b>100%</b>

### Residential Mortgage Loan Portfolio by Delinquency category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	6,079	1,286,547,196	98.6%
1 – 29 days	36	12,347,011	0.9%
30 – 89 days	13	3,638,485	0.3%
90 – 179 days	11	2,730,815	0.2%
180-364 days	5	611,435	0.0%
365 days or greater	4	387,092	0.0%
<b>Total</b>	<b>6,148</b>	<b>1,306,262,034</b>	<b>100%</b>

### Residential Mortgage Loan Portfolio by Write offs

	Q2 - 2023	#	Q4 - 2022	#
Insured	152,391	8	12,931	7
Uninsured	332,211	1	276,716	5
HELOC (Home Equity Line of Credit)	0	0	0	0
<b>Total Loans</b>	<b>484,602</b>	<b>9</b>	<b>289,646</b>	<b>12</b>

### Residential Mortgage Purchased Portfolio

	Q2 - 2023	#	Q4 - 2022	#
Paradigm Quest	227,185,643	395	187,519,530	303
CMLS	247,785,789	582	165,268,221	403
Community Trust	90,844,977	168	62,442,896	125
<b>Total Loans</b>	<b>565,816,409</b>	<b>1,145</b>	<b>415,230,647</b>	<b>831</b>

