

Residential Mortgage Portfolio

In accordance with regulatory guidelines, Innovation Federal 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

	Q3 2023	% of Portfolio	2022	% of Portfolio	Change	
					\$	%
Insured	435,890,789	31.7%	434,385,443	37.4%	1,505,346	0.3%
Uninsured - Prime	488,948,722	35.6%	428,004,662	36.8%	60,944,060	14.2%
Uninsured – Alt A	436,418,505	31.8%	287,826,930	24.7%	148,591,575	51.6%
Non-conforming	9,362,540	0.7%	7,982,114	0.7%	1,380,426	17.3%
HELOC	2,980,750	0.2%	4,614,157	0.4%	-1,633,407	-35.4%
Total	1,373,601,306	100%	1,162,813,306	100%	210,788,000	18.1%

Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	863	40,036,542	2.9%	46,392
10 – 15 years	1,125	120,671,782	8.8%	107,263
16 – 20 years	1,694	290,723,547	21.2%	171,619
21 – 25 years	1,404	313,965,588	22.9%	223,622
26 – 30 years	1206	607,773,497	44.2%	503,958
Greater than 30 years	2	430,350	0.0%	215,175

Total	6,294	1,373,601,306	100%	218,240
Residential Mortgage Portfolio by Province				
Province	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,899	720,263,441	52.5%	147,023
Ontario	764	413,815,823	30.1%	541,644
Alberta	409	127,681,481	9.3%	312,180
British Columbia	197	103,877,875	7.6%	527,299
Manitoba	16	6,247,400	0.5%	390,463
Prince Edward Island	3	619,987	0.0%	206,662
Nova Scotia	3	539,476	0.0%	179,825
Newfoundland	2	197,263	0.0%	98,632
Yukon	1	358,560	0.0%	358,560
Total	6,294	1,373,601,306	100%	218,240

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

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	620	23,937,996	1.8%	38,610
25% – 50%	1,125	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%	1,779	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
Total	6,294	1,373,601,306	100%	218,240

Residential Mortgage Loan Term Portfolio by Credit Score

Equifax Rating	Beacon Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	741+	2,927	704,268,518	51.3%
Prime	681 – 740	1,284	365,682,231	26.6%
Near Prime	621 – 680	603	218,590,390	15.9%
Sub Prime	541 – 620	191	54,956,466	4.0%
Deep Sub Prime	< 540	64	8,147,486	0.6%
No score		160	21,956,215	1.6%
Total		5,229	1,373,601,306	100%

Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	104	25,905,816	1.9%
25 to 34	1037	296,196,706	21.6%
35 to 44	1502	454,005,500	33.1%
45 to 54	1134	303,328,419	22.1%
55 to 64	879	196,113,565	14.3%
65+	572	98,051,302	7.1%
Total	5,229	1,373,601,306	100%

Residential Mortgage Loan Portfolio by Delinquency category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	6,191	1,346,170,013	98.0%
1 – 29 days	55	13,492,386	1.0%
30 – 89 days	23	6,879,788	0.5%
90 – 179 days	14	4,175,601	0.3%
180-364 days	8	2,546,085	0.2%
365 days or greater	3	337,433	0.0%
Total	6,294	1,373,601,306	100%

Residential Mortgage Loan Portfolio by Write offs

	Q3 - 2023	#	Q4 - 2022	#
Insured	169,280	12	12,931	7
Uninsured	332,211	1	276,716	5
HELOC (Home Equity Line of Credit)	0	0	0	0
Total Loans	501,491	13	289,646	12

Residential Mortgage Purchased Portfolio

	Q3 - 2023	#	Q4 - 2022	#
Paradigm Quest	263,582,756	468	187,519,530	303
CMLS	274,448,637	632	165,268,221	403
Community Trust	81,433,460	153	62,442,896	125
Total Loans	619,464,853	1,253	415,230,647	831

