

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

	Q4 2023	% of Portfolio	2022	% of Portfolio	Change	
					\$	%
Insured	438,442,331	31.2%	434,385,443	37.4%	4,056,888	0.9%
Uninsured - Prime	494,857,583	35.2%	428,004,662	36.8%	66,852,921	15.6%
Uninsured – Alt A	455,301,793	32.4%	287,826,930	24.7%	167,474,863	58.2%
Non-conforming	14,192,775	1.0%	7,982,114	0.7%	6,210,661	77.8%
HELOC	3,035,615	0.2%	4,614,157	0.4%	-1,578,542	-34.2%
Total	1,405,830,097	100%	1,162,813,306	100%	243,016,791	20.9%

Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	828	37,869,988	2.7%	45,737
10 – 15 years	1,123	119,855,485	8.5%	106,728
16 – 20 years	1,673	285,990,444	20.4%	170,945
21 – 25 years	1,453	332,150,943	23.6%	228,597
26 – 30 years	1266	629,534,434	44.8%	497,263
Greater than 30 years	3	428,803	0.0%	142,934
Total	6,346	1,405,830,097	100%	221,530

Residential Mortgage Portfolio by Province

Province	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,897	727,319,174	51.7%	148,523
Ontario	776	420,282,741	29.9%	541,601
Alberta	445	142,451,110	10.1%	320,115
British Columbia	198	106,636,103	7.6%	538,566
Manitoba	20	7,444,634	0.5%	372,232
Prince Edward Island	3	611,020	0.1%	203,673
Nova Scotia	3	533,586	0.1%	177,862
Newfoundland	3	195,718	0.0%	65,239
Yukon	1	356,011	0.0%	356,011
Total	6,346	1,405,830,097	100%	221,530

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

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	629	26,766,407	1.9%	42,554
25% – 50%	1121	139,857,329	9.9%	124,761
50% – 60%	800	147,262,604	10.5%	184,078
60% – 70%	1076	248,588,176	17.7%	231,030
70% – 80%	1858	660,960,417	47.0%	355,738
80% – 90%	478	94,157,200	6.7%	196,982
Greater than 90%	384	88,237,964	6.3%	229,786
Total	6,346	1,405,830,097	100%	221,530

Residential Mortgage Loan Term Portfolio by Credit Score

Equifax Rating	Beacon Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	741+	2,902	708,801,856	50.4%
Prime	681 – 740	1,286	383,075,768	27.2%
Near Prime	621 – 680	587	222,316,738	15.8%
Sub Prime	541 – 620	213	57,523,318	4.1%
Deep Sub Prime	< 540	59	8,202,479	0.6%
No score		181	25,909,938	1.9%
Total		5,228	1,405,830,097	100%

Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	95	23,931,808	1.7%
25 to 34	1042	302,289,371	21.5%
35 to 44	1511	470,721,889	33.5%
45 to 54	1134	306,338,656	21.8%
55 to 64	875	202,909,510	14.4%
65+	571	99,638,863	7.1%
Total	5,228	1,405,830,097	100%

Residential Mortgage Loan Portfolio by Delinquency category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	6,225	1,374,422,004	97.8%
1 – 29 days	76	22,736,643	1.6%
30 – 89 days	19	2,696,181	0.2%
90 – 179 days	8	1,089,396	0.1%
180-364 days	13	3,813,728	0.2%
365 days or greater	5	1,072,145	0.1%
Total	6,346	1,405,830,097	100%

Residential Mortgage Loan Portfolio by Write-offs

	Q4 - 2023	#	Q4 - 2022	#
Insured	173,902	13	12,931	7
Uninsured	748,094	3	276,716	5
HELOC (Home Equity Line of Credit)	0	0	0	0
Total Loans	921,996	16	289,646	12

Residential Mortgage Third-Party Originated Portfolio

	Q4 - 2023	#	Q4 - 2022	#
Paradigm Quest	266,492,356	478	187,519,530	303
CMLS	298,718,880	688	165,268,221	403
MCAP	24,149,375	53	0	0
Community Trust	67,805,628	128	62,442,896	125
Total Loans	657,166,239	1,347	415,230,647	831