

## 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

	Q2 2024	% of Portfolio	2023	% of Portfolio	Change	
					\$	%
Insured	481,636,690	32.1%	438,442,331	37.4%	43,194,359	9.9%
Uninsured - Prime	461,651,577	30.8%	494,857,583	36.8%	-33,206,006	-6.7%
Uninsured – Alt A	508,011,321	33.9%	455,301,793	24.7%	52,709,528	11.6%
Non-conforming	44,284,120	3.0%	14,192,775	0.7%	30,091,345	212.0%
HELOC	3,137,720	0.2%	3,035,615	0.4%	102,105	3.4%
<b>Total</b>	<b>1,498,721,428</b>	<b>100%</b>	<b>1,405,830,097</b>	<b>100.0%</b>	<b>92,891,331</b>	<b>6.6%</b>

### Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	95	3,408,340	0.2%	35,877
10 – 15 years	546	31,406,474	2.1%	57,521
16 – 20 years	691	78,553,748	5.3%	113,681
21 – 25 years	3,167	558,184,518	37.2%	176,250
26 – 30 years	1934	795,496,187	53.1%	411,322
Greater than 30 years	194	31,672,161	2.1%	163,259
<b>Total</b>	<b>6,627</b>	<b>1,498,721,428</b>	<b>100%</b>	<b>226,154</b>

### Residential Mortgage Portfolio by Province

Province	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,935	729,150,950	48.8%	147,751
Ontario	884	462,862,652	30.9%	523,600
Alberta	539	173,360,267	11.6%	321,633
British Columbia	233	121,912,706	8.1%	523,230
Manitoba	26	9,586,862	0.6%	368,725
Prince Edward Island	3	593,835	0.0%	197,945
Nova Scotia	3	522,061	0.0%	174,020
Newfoundland	3	381,738	0.0%	127,246
Yukon	1	350,357	0.0%	350,357
<b>Total</b>	<b>6,627</b>	<b>1,498,721,428</b>	<b>100%</b>	<b>226,154</b>

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

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	667	27,033,308	1.8%	40,530
25% – 50%	1147	149,279,546	10.0%	130,148
50% – 60%	838	155,376,314	10.4%	185,413
60% – 70%	1140	263,823,285	17.6%	231,424
70% – 80%	1967	721,967,991	48.1%	367,040
80% – 90%	506	100,538,756	6.7%	198,693
Greater than 90%	362	80,702,228	5.4%	222,934
<b>Total</b>	<b>6,627</b>	<b>1,498,721,428</b>	<b>100%</b>	<b>226,154</b>

### Residential Mortgage Loan Term Portfolio by Credit Score

Equifax Rating	Beacon Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	741+	2,963	749,674,312	50.2%
Prime	681 – 740	1,260	394,883,523	26.3%
Near Prime	621 – 680	616	256,565,731	17.1%
Sub Prime	541 – 620	215	68,061,511	4.5%
Deep Sub Prime	< 540	57	7,882,556	0.5%
No score		168	21,653,795	1.4%
<b>Total</b>		<b>5,279</b>	<b>1,498,721,428</b>	<b>100%</b>

### Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	86	22,551,819	1.5%
25 to 34	1005	311,189,467	20.8%
35 to 44	1542	501,387,910	33.6%
45 to 54	1149	335,417,633	22.5%
55 to 64	876	214,540,509	14.4%
65+	594	108,938,561	7.3%
<b>Total</b>	<b>5,252</b>	<b>1,494,025,898</b>	<b>100%</b>

### Residential Mortgage Loan Portfolio by Delinquency category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	6,507	1,460,561,749	97.5%
1 – 29 days	66	2,959,638	0.2%
30 – 89 days	22	1,236,877	0.1%
90 – 179 days	13	4,955,676	0.3%
180-364 days	9	7,827,103	0.5%
365 days or greater	10	21,180,385	1.4%
<b>Total</b>	<b>6,627</b>	<b>1,498,721,428</b>	<b>100%</b>

### Residential Mortgage Loan Portfolio by Write-offs

	Q2 - 2024	#	Q4 - 2023	#
Insured	26,982	3	173,902	13
Uninsured	6,452	1	748,094	3
HELOC (Home Equity Line of Credit)	0	0	0	0
<b>Total Loans</b>	<b>33,434</b>	<b>4</b>	<b>921,996</b>	<b>16</b>

## Residential Mortgage Third-Party Originated Portfolio

	<b>Q2 - 2024</b>	<b>#</b>	<b>Q4 - 2023</b>	<b>#</b>
Paradigm Quest	283,709,172	520	266,492,356	478
CMLS	383,904,500	912	298,718,880	688
MCAP	31,203,466	69	24,149,375	53
Community Trust	59,599,102	114	67,805,628	128
Home Equity Bank	19,695,125	75	0	0
<b>Total Loans</b>	<b>778,111,365</b>	<b>1,690</b>	<b>657,166,239</b>	<b>1,347</b>