

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 2024		2023		Change	
		% of Portfolio		% of Portfolio	\$	%
Insured	498,196,359	31.6%	438,442,331	37.4%	59,754,028	13.6%
Uninsured - Prime	501,310,259	31.8%	494,857,583	36.8%	6,452,676	1.3%
Uninsured – Alt A	507,313,414	32.2%	455,301,793	24.7%	52,011,621	11.4%
Non-conforming	64,915,216	4.1%	14,192,775	0.7%	50,722,441	357.4%
HELOC	4,193,576	0.3%	3,035,615	0.4%	1,157,961	38.1%
Total	1,575,928,824	100%	1,405,830,097	100.0%	170,098,727	12.1%

Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	92	3,922,670	0.2%	42,638
10 – 15 years	473	29,593,663	1.9%	62,566
16 – 20 years	666	80,255,505	5.1%	120,504
21 – 25 years	3,275	594,888,167	37.7%	181,645
26 – 30 years	2031	832,205,661	52.9%	409,752
Greater than 30 years	287	35,063,158	2.2%	122,171
Total	6,824	1,575,928,824	100%	230,939

Residential Mortgage Portfolio by Province

Province	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,978	755,182,469	48.0%	151,704
Ontario	919	473,126,759	30.1%	514,828
Alberta	593	188,874,390	12.0%	318,507
British Columbia	278	142,839,223	9.1%	513,810
Manitoba	39	12,909,925	0.8%	331,024
Prince Edward Island	4	735,844	0.0%	183,961
Nova Scotia	3	509,682	0.0%	169,894
New Brunswick	3	699,473	0.0%	233,158
Newfoundland	6	706,515	0.0%	117,753
Yukon	1	344,544	0.0%	344,544
Total	6,824	1,575,928,824	100%	230,939

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

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	656	28,849,792	1.8%	43,978
25% – 50%	1188	156,530,215	9.9%	131,759
50% – 60%	848	162,701,891	10.3%	191,865
60% – 70%	1181	277,517,312	17.6%	234,985
70% – 80%	1998	741,988,656	47.2%	371,366
80% – 90%	530	112,308,257	7.1%	211,902
Greater than 90%	423	96,032,701	6.1%	227,028
Total	6,824	1,575,928,824	100%	230,939

Residential Mortgage Loan Term Portfolio by Credit Score

Equifax Rating	Beacon Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	741+	3,034	789,483,842	50.1%
Prime	681 – 740	1,279	412,110,145	26.2%
Near Prime	621 – 680	613	272,615,292	17.3%
Sub Prime	541 – 620	203	74,288,634	4.7%
Deep Sub Prime	< 540	49	6,784,415	0.4%
No score		150	20,646,496	1.3%
Total		5,328	1,575,928,824	100%

Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	83	22,332,402	1.4%
25 to 34	973	308,234,782	19.6%
35 to 44	1585	543,029,128	34.6%
45 to 54	1198	370,183,198	23.6%
55 to 64	859	215,115,989	13.7%
65+	609	111,511,602	7.1%
Total	5,306	1,570,407,101	100%

Residential Mortgage Loan Portfolio by Delinquency category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	6,682	1,521,385,685	96.5%
1 – 29 days	71	27,083,631	1.7%
30 – 89 days	31	13,809,918	0.9%
90 – 179 days	17	7,354,853	0.5%
180-364 days	17	5,483,668	0.3%
365 days or greater	6	811,069	0.1%
Total	6,824	1,575,928,824	100%

Residential Mortgage Loan Portfolio by Write-offs

	Q4 - 2024	#	Q4 - 2023	#
Insured	67,131	7	173,902	13
Uninsured	573,460	3	748,094	3
HELOC (Home Equity Line of Credit)	0	0	0	0
Total Loans	640,591	10	921,996	16

Residential Mortgage Third-Party Originated Portfolio

	Q4 - 2024	#	Q4 - 2023	#
Paradigm Quest	237,536,716	447	266,492,356	478
CMLS	436,574,946	1,066	298,718,880	688
MCAP	19,358,054	41	24,149,375	53
Community Trust	49,266,962	92	67,805,628	128
Home Equity Bank	19,616,625	72	0	0
Strive	48,754,772	110	0	0
Total Loans	811,108,075	1,828	657,166,239	1,347