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 2026	% of Portfolio	2025	% of Portfolio	Change $	Change %
Insured	567,248,335	26.1%	515,463,026	28.1%	51,785,309	10.0%
Uninsured – Prime	870,840,066	40.1%	667,396,426	36.4%	203,443,640	30.5%
Uninsured – Alt A	640,152,636	29.4%	583,006,246	31.8%	57,146,390	9.8%
Non-conforming	9,223,288	0.4%	8,384,752	0.5%	838,536	10.0%
Reverse	77,877,616	3.6%	53,532,615	2.9%	24,345,001	45.5%
HELOC	8,479,425	0.4%	4,408,904	0.2%	4,070,521	92.3%
Total	**2,173,821,366**	**100%**	**1,832,191,969**	**100%**	**341,629,397**	**18.6%**

Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	963	324,235,721	14.9%	336,693
10 – 15 years	533	41,939,139	1.9%	78,685
16 – 20 years	749	96,794,388	4.5%	129,231
21 – 25 years	3,722	727,948,357	33.5%	195,580
26 – 30 years	2056	865,733,658	39.8%	421,077
Greater than 30 years	626	117,170,103	5.4%	187,173
Total	**8,649**	**2,173,821,366**	**100%**	**251,338**

Residential Mortgage Portfolio by Province

Province	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,857	758,169,854	34.9%	156,090
Ontario	1,280	644,006,307	29.6%	503,290
Alberta	1,673	455,336,464	20.9%	272,204
British Columbia	465	223,841,148	10.3%	481,156
Manitoba	107	30,459,617	1.4%	284,538
Prince Edward Island	14	3,463,068	0.2%	247,248
Nova Scotia	89	19,651,525	0.9%	220,702
New Brunswick	117	27,396,250	1.3%	234,048
Newfoundland	40	8,664,884	0.4%	216,522
Territories	7	2,832,249	0.1%	404,420
Total	**8,649**	**2,173,821,366**	**100%**	**251,338**

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

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	839	40,665,646	1.9%	48,469
25% – 50%	1681	272,895,691	12.6%	162,341
50% – 60%	974	194,457,470	8.9%	199,648
60% – 70%	1443	363,185,016	16.7%	251,687
70% – 80%	2626	1,030,635,665	47.3%	392,474
80% – 90%	446	106,034,129	4.9%	237,745
Greater than 90%	576	151,280,663	7.0%	262,640
Total	**8,649**	**2,173,821,366**	**100%**	**251,338**

Residential Mortgage Loan Term Portfolio by Credit Score

Equifax Rating	Credit Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	800+	1,985	526,652,594	24.2%
Prime Plus	760 – 799	1,103	278,587,668	12.8%
Prime	720 – 759	1,286	327,637,859	15.1%
Near Prime	640 – 719	2,429	658,272,768	30.3%
Sub Prime	300 – 639	955	252,099,523	11.6%
No score		386	130,570,954	6.0%
Total		**8,144**	**2,173,821,366**	**100%**

Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	124	30,907,013	1.4%
25 to 34	1327	376,055,334	17.3%
35 to 44	2540	749,761,364	34.5%
45 to 54	1959	545,967,692	25.1%
55 to 64	1280	302,256,002	13.9%
65+	914	168,873,960	7.8%
Total	**8,144**	**2,173,821,366**	**100%**

Residential Mortgage Loan Portfolio by Delinquency category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	8,478	2,100,735,978	96.6%
1 – 29 days	94	39,459,768	1.8%
30 – 89 days	30	12,218,289	0.6%
90 – 179 days	8	2,973,864	0.1%
180-364 days	25	12,418,508	0.6%
365 days or greater	14	6,014,959	0.3%
Total	**8,649**	**2,173,821,366**	**100%**

Residential Mortgage Loan Portfolio by Write-offs

	Q2 - 2026	#	Q4 - 2025	#
Insured	7,495	4	83,694	6
Uninsured	9,927	1	540,472	5
Reverse	0	0	0	0
HELOC (Home Equity Line of Credit)	0	0	0	0
Total Loans	**17,422**	**5**	**624,166**	**11**

Residential Mortgage Third-Party Originated Portfolio

	Q2 - 2026	#	Q4 - 2025	#
Paradigm Quest	141,412,468	269	159,366,007	303
CMLS	397,707,975	1,019	375,356,807	956
MCAP	8,315,505	18	10,726,133	22
Community Trust	33,530,400	63	35,881,056	67
Home Equity Bank	71,334,220	246	72,348,096	252
Strive	320,261,066	886	212,651,205	544
Total Loans	**972,561,634**	**2,501**	**866,329,304**	**2,144**