

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 2026	% of Portfolio	2025	% of Portfolio	Change	
					\$	%
Insured	580,660,329	26.4%	515,463,026	28.1%	65,197,303	12.6%
Uninsured – Prime	886,958,926	40.3%	667,396,426	36.4%	219,562,500	32.9%
Uninsured – Alt A	640,627,412	29.1%	583,006,246	31.8%	57,621,166	9.9%
Non-conforming	8,545,129	0.4%	8,384,752	0.5%	160,377	1.9%
Reverse	75,125,832	3.4%	53,532,615	2.9%	21,593,217	40.3%
HELOC	8,772,239	0.4%	4,408,904	0.2%	4,363,335	99.0%
Total	2,200,689,867	100%	1,832,191,969	100%	368,497,898	20.1%

Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	1084	367,512,170	16.7%	339,033
10 – 15 years	516	41,219,247	1.9%	79,882
16 – 20 years	725	93,351,487	4.2%	128,761
21 – 25 years	3,701	727,668,296	33.1%	196,614
26 – 30 years	2000	857,339,773	38.9%	428,670
Greater than 30 years	625	113,598,894	5.2%	181,758
Total	8,651	2,200,689,867	100%	254,386

Residential Mortgage Portfolio by Province

Province	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,787	749,442,441	34.0%	156,551
Ontario	1,300	665,877,956	30.3%	512,371
Alberta	1,665	457,862,490	20.8%	275,031
British Columbia	461	218,716,222	9.9%	474,219
Manitoba	118	33,757,942	1.5%	285,952
Prince Edward Island	14	3,958,406	0.2%	282,613
Nova Scotia	110	24,819,265	1.1%	225,525
New Brunswick	138	31,998,054	1.5%	231,763
Newfoundland	49	10,697,273	0.5%	218,211
Territories	9	3,559,818	0.2%	395,352
Total	8,651	2,200,689,867	100%	254,386

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

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	800	39,586,777	1.8%	49,483
25% – 50%	1674	268,349,950	12.2%	160,305
50% – 60%	969	192,210,821	8.7%	198,360
60% – 70%	1419	361,107,780	16.4%	254,480
70% – 80%	2647	1,033,128,649	47.0%	390,302
80% – 90%	429	102,866,756	4.7%	239,783
Greater than 90%	652	190,138,502	8.6%	291,623
Total	8,651	2,200,689,867	100%	254,386

Residential Mortgage Loan Term Portfolio by Credit Score

Equifax Rating	Credit Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	800+	1,972	522,360,732	23.7%
Prime Plus	760 – 799	1,101	287,640,047	13.1%
Prime	720 – 759	1,311	340,588,223	15.5%
Near Prime	640 – 719	2,442	671,510,863	30.5%
Sub Prime	300 – 639	951	254,684,374	11.6%
No score		371	123,905,628	5.6%
Total		8,148	2,200,689,867	100%

Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	127	31,846,469	1.4%
25 to 34	1319	388,301,692	17.6%
35 to 44	2538	753,090,853	34.3%
45 to 54	1967	550,375,339	25.0%
55 to 64	1290	310,368,014	14.1%
65+	907	166,707,500	7.6%
Total	8,148	2,200,689,867	100%

Residential Mortgage Loan Portfolio by Delinquency category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	8,477	2,130,177,357	96.7%
1 – 29 days	93	32,803,367	1.5%
30 – 89 days	36	17,102,940	0.8%
90 – 179 days	11	4,364,327	0.2%
180-364 days	14	6,168,845	0.3%
365 days or greater	20	10,073,031	0.5%
Total	8,651	2,200,689,867	100%

Residential Mortgage Loan Portfolio by Write-offs

	Q3 - 2026	#	Q4 - 2025	#
Insured	7,495	4	83,694	6
Uninsured	185,014	2	540,472	5
Reverse	0	0	0	0
HELOC (Home Equity Line of Credit)	0	0	0	0
Total Loans	192,509	6	624,166	11

Residential Mortgage Third-Party Originated Portfolio

	Q3 - 2026	#	Q4 - 2025	#
Paradigm Quest	129,959,874	246	159,366,007	303
CMLS	378,105,908	972	375,356,807	956
MCAP	8,284,597	18	10,726,133	22
Community Trust	31,313,751	59	35,881,056	67
Home Equity Bank	69,819,578	245	72,348,096	252
Strive	363,140,182	1,011	212,651,205	544
Total Loans	980,623,890	2,551	866,329,304	2,144