

## Residential Mortgage Portfolio

In accordance with regulatory guidelines, Innovation 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

	2022		2021		Change	
		% of Portfolio		% of Portfolio	\$	%
Insured	370,272,796	38.1%	364,937,399	40.9%	5,335,397	1.5%
Uninsured - Prime	452,224,396	46.6%	428,436,027	48.0%	23,788,369	5.5%
Uninsured – Alt A	135,818,637	14.0%	84,852,934	9.5%	50,965,703	60.0%
Non-conforming	8,324,128	0.9%	8,829,239	1.0%	(505,111)	(5.7%)
HELOC	4,628,586	0.5%	5,018,501	0.6%	(389,915)	(7.8%)
<b>Total</b>	<b>971,268,543</b>	<b>100%</b>	<b>892,074,100</b>	<b>100%</b>	<b>79,194,443</b>	<b>8.9%</b>

## Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	776	32,859,602	3.4%	43,806
10 – 15 years	1,001	97,432,895	10.0%	97,336
16 – 20 years	1,686	271,492,787	28.0%	161,028
21 – 25 years	1,554	337,421,840	34.7%	217,131
Greater than 25 years	527	232,061,419	23.9%	440,344
<b>Total</b>	<b>5,544</b>	<b>971,268,543</b>	<b>100%</b>	<b>175,193</b>

## Residential Mortgage Portfolio by Province

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,947	714,421,020	73.6%	144,415
Ontario	328	173,284,367	17.8%	528,306
Alberta	168	40,231,900	4.1%	239,476
British Columbia	90	41,294,183	4.3%	458,824
Prince Edward Island	5	1,091,593	0.1%	218,319
Manitoba	2	393,208	0.0%	196,604
Newfoundland	2	209,707	0.0%	104,854
Nova Scotia	2	342,565	0.0%	171,282
<b>Total</b>	<b>5,544</b>	<b>971,268,543</b>	<b>100%</b>	<b>175,193</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%	650	22,041,165	2.3%	33,910
25% – 50%	1050	120,185,033	12.4%	114,462
50% – 60%	623	97,754,507	10.1%	156,909
60% – 70%	918	181,220,934	18.7%	197,408
70% – 80%	1339	354,224,611	36.5%	264,544
80% – 90%	556	107,563,707	11.1%	193,460
Greater than 90%	408	88,278,586	9.1%	216,369
<b>Total</b>	<b>5,544</b>	<b>971,268,543</b>	<b>100%</b>	<b>175,193</b>

## Residential Mortgage Loan Term Portfolio by Beacon Score

Equifax Rating	Beacon Score	Number of Members	Mortgage Balance	% Of Portfolio
Super Prime	741+	2,738	528,307,582	54.4%
Prime	681 – 740	1,203	240,285,951	24.7%
Near Prime	621 – 680	568	139,065,330	14.3%
Sub Prime	541 – 620	195	37,267,315	3.8%
Deep Sub Prime	< 540	46	6,160,170	0.6%
No score		172	20,182,195	2.1%
<b>Total</b>		<b>4,919</b>	<b>971,268,543</b>	<b>100%</b>

## Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% Of Portfolio
19 to 24	102	17,685,577	1.8%
25 to 34	1019	221,128,054	22.8%
35 to 44	1361	313,647,767	32.3%
45 to 54	1003	205,733,346	21.2%
55 to 64	874	144,990,661	14.9%
65+	559	68,083,138	7.0%
<b>Total</b>	<b>4,919</b>	<b>971,268,543</b>	<b>100%</b>

## Residential Mortgage Loan Portfolio by Delinquency Category

Delinquency	Number	Mortgage Balance	% Of Portfolio
Not Delinquent	5,472	959,248,019	98.8%
1 – 29 days	43	7,026,982	0.7%
30 – 89 days	18	2,761,079	0.3%
90 – 179 days	4	1,189,990	0.1%
180-364 days	0	0	0.0%
365 days or greater	7	1,042,473	0.1%
<b>Total</b>	<b>5,544</b>	<b>971,268,543</b>	<b>100%</b>

## Residential Mortgage Loan Portfolio by Write-Offs

	Q1 - 2022	#	Q4 - 2021	#
Insured	\$ 9,603	4	\$ 32,350	6
Uninsured	\$62,011	1	\$248,661	9
HELOC (Home Equity Line of Credit)	0	0	0	0
<b>Total Loans</b>	<b>\$ 71,614</b>	<b>5</b>	<b>\$281,011</b>	<b>15</b>

## Residential Mortgage Loan Portfolio Purchases

	Q1 - 2022	#	Q4 - 2021	#
Paradigm Quest	\$94,916,247	160	\$61,817,014	102
CMLS	\$62,236,519	157	\$44,346,089	109
Community Trust	\$65,956,271	132	\$33,383,983	62
<b>Total Loans</b>	<b>\$ 223,109,037</b>	<b>449</b>	<b>\$139,547,086</b>	<b>273</b>