

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	395,619,367	37.7%	364,937,399	40.9%	30,681,968	8.4%
Uninsured - Prime	443,813,310	42.3%	428,436,027	48.0%	15,377,283	3.6%
Uninsured – Alt A	195,930,464	18.7%	84,852,934	9.5%	111,077,530	130.9%
Non-conforming	7,998,612	0.8%	8,829,239	1.0%	(830,627)	(9.4%)
HELOC	5,192,593	0.5%	5,018,501	0.6%	174,092	3.5%
Total	1,048,554,346	100%	892,074,100	100%	156,480,246	17.5%

Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	749	31,310,207	3.0%	41,803
10 – 15 years	990	96,013,430	9.2%	96,983
16 – 20 years	1,642	260,687,783	24.8%	158,762
21 – 25 years	1,546	333,252,011	31.8%	215,558
Greater than 25 years	752	327,290,915	31.2%	435,227
Total	5,679	1,048,554,346	100%	184,637

Residential Mortgage Portfolio by Province

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,958	723,092,875	69.0%	145,844
Ontario	398	220,247,787	21.0%	553,386
British Columbia	110	53,761,779	5.1%	488,743
Alberta	203	49,843,851	4.8%	245,536
Prince Edward Island	4	671,969	0.1%	167,992
Manitoba	2	390,671	0.0%	195,335
Newfoundland	2	206,672	0.0%	103,336
Nova Scotia	2	338,742	0.0%	169,371
Total	5,679	1,048,554,346	100%	184,637

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

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	637	21,204,599	2.0%	33,288
25% – 50%	1069	123,876,920	11.8%	115,881
50% – 60%	643	106,989,123	10.2%	166,391
60% – 70%	919	188,233,301	18.0%	204,824
70% – 80%	1459	415,479,338	39.6%	284,770
80% – 90%	529	99,698,506	9.5%	188,466
Greater than 90%	423	93,072,559	8.9%	220,030
Total	5,679	1,048,554,346	100%	184,637

Residential Mortgage Loan Term Portfolio by Beacon Score

Equifax Rating	Beacon Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	741+	2,761	566,063,312	54.0%
Prime	681 – 740	1,198	251,846,770	24.0%
Near Prime	621 – 680	560	156,831,007	15.0%
Sub Prime	541 – 620	212	45,209,533	4.3%
Deep Sub Prime	< 540	54	7,234,534	0.7%
No score		177	21,369,190	2.0%
Total		4,962	1,048,554,346	100%

Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	104	20,225,991	1.9%
25 to 34	1020	236,630,563	22.6%
35 to 44	1383	340,716,690	32.5%
45 to 54	1033	225,115,880	21.5%
55 to 64	861	151,384,131	14.4%
65+	561	74,481,091	7.1%
Total	4,962	1,048,554,346	100%

Residential Mortgage Loan Portfolio by Delinquency Category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	5,614	1,038,011,360	99.0%
1 – 29 days	36	6,007,612	0.6%
30 – 89 days	13	2,795,932	0.3%
90 – 179 days	9	939,767	0.1%
180-364 days	2	276,118	0.0%
365 days or greater	5	523,557	0.0%
Total	5,679	1,048,554,346	100%

Residential Mortgage Loan Portfolio by Write-Offs

	Q2 - 2022	#	Q4 - 2021	#
Insured	\$ 9,963	5	\$ 32,350	6
Uninsured	\$67,483	2	\$248,661	9
HELOC (Home Equity Line of Credit)	0	0	0	0
Total Loans	\$ 77,446	7	\$281,011	15

Residential Mortgage Purchased Portfolio

	Q2 - 2022	#	Q4 - 2021	#
Paradigm Quest	\$144,069,471	228	\$61,817,014	102
CMLS	\$96,363,280	238	\$44,346,089	109
Community Trust	\$52,146,312	108	\$33,383,983	62
Total Loans	\$ 292,579,063	574	\$139,547,086	273