

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	417,180,639	38.4%	364,937,399	40.9%	52,243,240	14.3%
Uninsured - Prime	428,050,517	39.4%	428,436,027	48.0%	-385,510	(0.1%)
Uninsured – Alt A	228,176,820	21.0%	84,852,934	9.5%	143,323,886	168.9%
Non-conforming	8,170,741	0.8%	8,829,239	1.0%	-658,498	(7.5%)
HELOC	4,832,654	0.4%	5,018,501	0.6%	-185,847	(3.7%)
Total	1,086,411,370	100%	892,074,100	100%	194,337,271	21.8%

Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	696	28,541,505	2.6%	41,007
10 – 15 years	963	91,726,609	8.4%	95,251
16 – 20 years	1,606	250,465,230	23.1%	155,956
21 – 25 years	1,516	322,562,406	29.7%	212,772
Greater than 25 years	935	393,115,620	36.2%	420,445
Total	5,716	1,086,411,370	100%	190,065

Residential Mortgage Portfolio by Province

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,910	718,787,984	66.2%	146,393
Ontario	447	246,639,237	22.7%	551,766
Alberta	235	62,992,189	5.8%	268,052
British Columbia	115	56,407,317	5.2%	490,498
Prince Edward Island	3	657,654	0.1%	219,218
Manitoba	2	387,888	0.0%	193,944
Nova Scotia	2	338,742	0.0%	169,371
Newfoundland	2	204,195	0.0%	102,098
Total	5,716	1,086,411,370	100%	190,065

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

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	600	21,106,428	1.9%	35,177
25% – 50%	1078	125,873,492	11.6%	116,767
50% – 60%	664	112,263,184	10.3%	169,071
60% – 70%	931	195,431,201	18.0%	209,915
70% – 80%	1521	442,963,194	40.8%	291,232
80% – 90%	491	93,678,206	8.6%	190,791
Greater than 90%	431	95,095,665	8.8%	220,640
Total	5,716	1,086,411,370	100%	190,065

Residential Mortgage Loan Term Portfolio by Beacon Score

Equifax Rating	Beacon Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	741+	2,767	581,791,436	53.6%
Prime	681 – 740	1,212	263,482,643	24.3%
Near Prime	621 – 680	583	168,591,108	15.5%
Sub Prime	541 – 620	205	44,995,064	4.1%
Deep Sub Prime	< 540	53	7,575,528	0.7%
No score		166	19,975,591	1.8%
Total		4,986	1,086,411,370	100%

Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	115	22,747,248	2.1%
25 to 34	1026	243,673,684	22.4%
35 to 44	1400	355,656,884	32.7%
45 to 54	1028	229,714,832	21.1%
55 to 64	865	157,543,651	14.5%
65+	552	77,075,071	7.1%
Total	4,986	1,086,411,370	100%

Residential Mortgage Loan Portfolio by Delinquency Category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	5,652	1,074,609,429	98.9%
1 – 29 days	38	7,813,173	0.7%
30 – 89 days	11	2,160,385	0.2%
90 – 179 days	6	1,007,960	0.1%
180-364 days	5	414,289	0.0%
365 days or greater	4	406,134	0.0%
Total	5,716	1,086,411,370	100%

Residential Mortgage Loan Portfolio by Write-Offs

	Q3 - 2022	#	Q4 - 2021	#
Insured	\$ 10,331	6	\$ 32,350	6
Uninsured	\$271,533	4	\$248,661	9
HELOC (Home Equity Line of Credit)	0	0	0	0
Total Loans	\$ 281,864	10	\$281,011	15