

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

	Q1 2024	% of Portfolio	2023	% of Portfolio	Change \$	Change %
Insured	464,654,436	32.6%	438,442,331	37.4%	26,212,105	6.0%
Uninsured - Prime	464,751,954	32.6%	494,857,583	36.8%	-30,105,629	-6.1%
Uninsured – Alt A	468,285,170	32.8%	455,301,793	24.7%	12,983,377	2.9%
Non-conforming	25,007,461	1.8%	14,192,775	0.7%	10,814,686	76.2%
HELOC	3,263,393	0.2%	3,035,615	0.4%	227,778	7.5%
Total	1,425,962,414	100%	1,405,830,097	100.0%	20,132,317	1.4%

Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	90	3,072,054	0.2%	34,134
10 – 15 years	554	31,816,300	2.2%	57,430
16 – 20 years	687	77,530,132	5.5%	112,853
21 – 25 years	3,107	547,416,304	38.4%	176,188
26 – 30 years	1784	735,715,071	51.6%	412,396

Greater than 30 years	189	30,412,553	2.1%	160,913
Total	6,411	1,425,962,414	100%	222,424

Residential Mortgage Portfolio by Province

Province	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,895	724,607,396	50.8%	148,030
Ontario	803	430,312,206	30.2%	535,881
Alberta	468	147,756,392	10.4%	315,719
British Columbia	213	113,527,599	8.0%	532,993
Manitoba	22	7,891,258	0.6%	358,694
Prince Edward Island	3	602,927	0.0%	200,976
Nova Scotia	3	527,935	0.0%	175,978
Newfoundland	3	383,715	0.0%	127,905
Yukon	1	352,986	0.0%	352,986
Total	6,411	1,425,962,414	100%	222,424

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

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	642	26,214,780	1.8%	40,833
25% – 50%	1137	143,978,545	10.1%	126,630
50% – 60%	813	150,427,195	10.5%	185,027
60% – 70%	1081	247,992,884	17.4%	229,411
70% – 80%	1895	679,785,940	47.7%	358,726
80% – 90%	478	93,632,695	6.6%	195,884
Greater than 90%	365	83,930,375	5.9%	229,946
Total	6,411	1,425,962,414	100%	222,424

Residential Mortgage Loan Term Portfolio by Credit Score

Equifax Rating	Beacon Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	741+	2,923	723,982,083	50.8%
Prime	681 – 740	1,259	382,474,254	26.8%
Near Prime	621 – 680	593	226,963,533	15.9%
Sub Prime	541 – 620	214	62,516,526	4.4%
Deep Sub Prime	< 540	58	7,696,497	0.5%
No score		172	22,329,521	1.6%
Total		5,219	1,425,962,414	100%

Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	88	23,011,624	1.6%
25 to 34	1014	298,569,245	21.0%
35 to 44	1511	476,685,527	33.7%
45 to 54	1136	317,058,909	22.3%
55 to 64	869	202,919,310	14.3%
65+	574	101,016,785	7.1%
Total	5,191	1,419,261,401	100%

Residential Mortgage Loan Portfolio by Delinquency category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	6,282	1,388,866,870	97.4%
1 – 29 days	72	20,738,358	1.5%
30 – 89 days	31	10,484,869	0.7%
90 – 179 days	10	1,127,120	0.1%
180-364 days	10	3,540,499	0.2%
365 days or greater	6	1,204,698	0.1%
Total	6,411	1,425,962,414	100%

Residential Mortgage Loan Portfolio by Write-offs

	Q1 - 2024	#	Q4 - 2023	#
Insured	26,982	3	173,902	13
Uninsured	6,452	1	748,094	3
HELOC (Home Equity Line of Credit)	0	0	0	0
Total Loans	33,434	4	921,996	16

Residential Mortgage Third-Party Originated Portfolio

	Q1 - 2024	#	Q4 - 2023	#
Paradigm Quest	273,458,387	496	266,492,356	478
CMLS	325,290,873	761	298,718,880	688
MCAP	31,293,037	69	24,149,375	53
Community Trust	70,285,001	131	67,805,628	128
Total Loans	700,327,298	1,457	657,166,239	1,347