

## 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 2024	% of Portfolio	2023	% of Portfolio	Change \$	Change %
Insured	491,617,529	31.7%	438,442,331	37.4%	43,194,359	9.9%
Uninsured - Prime	481,034,938	31.0%	494,857,583	36.8%	-33,206,006	-6.7%
Uninsured – Alt A	514,726,888	33.2%	455,301,793	24.7%	52,709,528	11.6%
Non-conforming	60,566,867	3.9%	14,192,775	0.7%	30,091,345	212.0%
HELOC	3,719,325	0.2%	3,035,615	0.4%	102,105	3.4%
<b>Total</b>	<b>1,551,665,547</b>	<b>100%</b>	<b>1,405,830,097</b>	<b>100.0%</b>	<b>92,891,331</b>	<b>6.6%</b>

### Residential Mortgage Portfolio by Amortization

Amortization Range	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 10 years	96	3,976,448	0.3%	41,421
10 – 15 years	538	31,790,006	2.0%	59,089
16 – 20 years	680	80,107,629	5.2%	117,805
21 – 25 years	3,258	577,768,364	37.2%	177,338
26 – 30 years	2027	827,019,308	53.3%	408,002

Greater than 30 years	195	31,003,792	2.0%	158,994
Total	6,794	1,551,665,547	100%	228,388

#### Residential Mortgage Portfolio by Province

Province	Number	Mortgage Balance	% of Portfolio	Average Balance
Saskatchewan	4,973	742,333,474	47.9%	149,273
Ontario	921	472,810,780	30.6%	513,367
Alberta	586	188,383,818	12.1%	321,474
British Columbia	264	133,522,163	8.6%	505,766
Manitoba	34	11,708,560	0.8%	344,369
Prince Edward Island	4	745,295	0.0%	186,324
Nova Scotia	3	516,296	0.0%	172,099
New Brunswick	3	703,335	0.0%	234,445
Newfoundland	5	594,573	0.0%	118,915
Yukon	1	347,253	0.0%	347,253
Total	6,794	1,551,665,547	100%	228,388

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

Loan to Value (LTV)	Number	Mortgage Balance	% of Portfolio	Average Balance
Less than 25%	675	28,291,508	1.8%	41,913
25% – 50%	1169	152,630,195	9.8%	130,565
50% – 60%	859	164,461,493	10.6%	191,457
60% – 70%	1165	270,877,846	17.5%	232,513
70% – 80%	2008	740,067,795	47.7%	368,560
80% – 90%	536	110,654,427	7.1%	206,445
Greater than 90%	382	84,682,283	5.5%	221,681
Total	6,794	1,551,665,547	100%	228,388

#### Residential Mortgage Loan Term Portfolio by Credit Score

Equifax Rating	Beacon Score	Number of Members	Mortgage Balance	% of Portfolio
Super Prime	741+	3,026	773,523,024	49.9%
Prime	681 – 740	1,274	407,128,177	26.2%
Near Prime	621 – 680	610	268,096,310	17.3%
Sub Prime	541 – 620	207	73,051,684	4.7%
Deep Sub Prime	< 540	53	7,791,061	0.5%
No score		162	22,075,291	1.4%
Total		5,332	1,551,665,547	100%

### Residential Mortgage Loan Portfolio by Age

Age	Number of Members	Mortgage Balance	% of Portfolio
19 to 24	94	24,749,923	1.6%
25 to 34	997	311,044,583	20.1%
35 to 44	1578	528,253,966	34.2%
45 to 54	1169	357,082,727	23.1%
55 to 64	872	211,847,017	13.7%
65+	597	112,183,353	7.3%
<b>Total</b>	<b>5,306</b>	<b>1,545,161,568</b>	<b>100%</b>

### Residential Mortgage Loan Portfolio by Delinquency category

Delinquency	Number	Mortgage Balance	% of Portfolio
Not Delinquent	6,666	1,502,958,911	96.9%
1 – 29 days	64	24,760,559	1.6%
30 – 89 days	28	12,698,708	0.8%
90 – 179 days	15	5,327,970	0.3%
180-364 days	12	2,936,435	0.2%
365 days or greater	9	2,982,964	0.2%
<b>Total</b>	<b>6,794</b>	<b>1,551,665,547</b>	<b>100%</b>

### Residential Mortgage Loan Portfolio by Write-offs

	Q3 - 2024	#	Q4 - 2023	#
Insured	63,776	5	173,902	13
Uninsured	95,233	2	748,094	3
HELOC (Home Equity Line of Credit)	0	0	0	0
<b>Total Loans</b>	<b>159,009</b>	<b>7</b>	<b>921,996</b>	<b>16</b>

### Residential Mortgage Third-Party Originated Portfolio

	Q3 - 2024	#	Q4 - 2023	#
Paradigm Quest	267,733,290	498	266,492,356	478
CMLS	425,365,885	1,028	298,718,880	688
MCAP	28,275,243	63	24,149,375	53
Community Trust	55,192,209	106	67,805,628	128
Home Equity Bank	19,616,625	72	0	0
Strive	13,185,990	24	0	0
<b>Total Loans</b>	<b>809,369,242</b>	<b>1,791</b>	<b>657,166,239</b>	<b>1,347</b>