

March 6, 2015
File No.: 450-04
Ref. No.: 0877

To: BC Credit Unions

Re: Research Report on Residential Mortgage Default Probability

This letter announces a new research report by the Financial Institutions Commission (FICOM) on models and methods for analyzing the probability of default of residential mortgages.

FICOM has conducted a review of academic literature to identify some of the theories and models for estimating the probability of default for credit union personal real estate secured loans. Please find the report summarizing the results at

<http://www.fic.gov.bc.ca/index.aspx?p=fid/publications>.

We anticipate that the information presented will be of assistance to credit unions in developing more effective credit risk models that can potentially be used for stress testing and other risk management activities.

For any questions or concern regarding the report, please contact me at mehrdad.rastan@ficombc.ca.

Yours truly,



Mehrdad Rastan
Executive Director, Risk Surveillance &
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