



**Municipal Finance
Authority of BC**

Investor Presentation

Q1 2025



This presentation, including the accompanying slides and subsequent discussion, contains certain forward-looking information, forecasts, projections, goals and strategies (the “forward-looking information”) with respect to revenues, funding, expenses, the financial condition, and results of operations. This forward-looking information represents the Municipal Finance Authority of British Columbia’s expectations or beliefs concerning future events and involves known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. This material is for information purposes only.

GLOBAL PUBLIC SECTOR FUNDING AGENCY PEERS



First Nations Finance Authority (Aa3/A+/NR)



GB Social Housing PLC (NR/A-/NR)



Agence France Locale (Aa3/AA-/NR)



Japan Finance Organization For Municipalities (A1/A+/NR)



KBN Kommunalbanken Norway (Aaa/AAA/NR)



KommuneKredit (Aaa/AAA/NR)



Kommuninvest I Sverige AB (Aaa/AAA/NR)



MORhomes PLC (NR/A-/NR)



Municipality Finance PLC (Aa1/AA+/NR)



New Zealand Local Government Funding Agency (NR/AA+/AA+)



The Housing Finance Corp. Ltd. (NR/A/NR)



CanDeal Update:

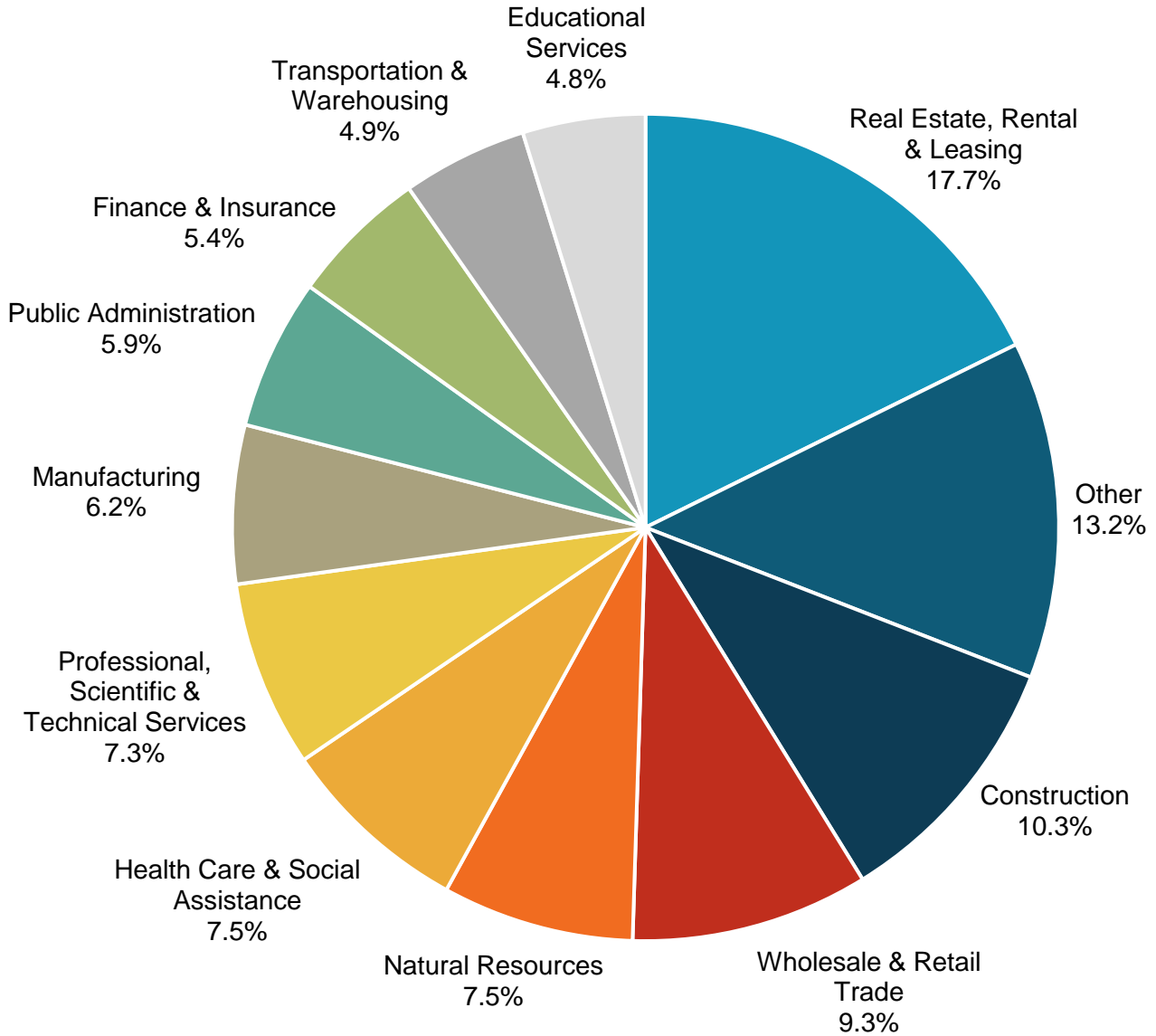
- Effective December 10, 2024, CanDeal Markets will reclassify The British Columbia Municipal Finance Authority (BCMFA) for display purposes within the Sell/Buy side applications to it's 'Agency' display pages as a Provincial Agency. BCMFA's primary function is to provide regional infrastructure financing for local and regional governments across British Columbia and this change is more reflective of it's peers within the space.
- Formed in 1970, MFABC is unique amongst its peers as the only public sector funding agency globally which has **direct taxation authority**.
- Because of MFA's ties to government and unlimited direct taxation power, MFA securities are liquid, AAA rated and considered **HQLA level 1** by many of its investors.

BRITISH COLUMBIA LOCATION & QUICK FACTS



BC Statistic's	Data	Comparable
Population (January 1, 2024)	5.610 Million	14% of Canada's Population
Size:	944,735 Square km	Size of France and UK Combined
Nominal GDP (2021)	C\$351 Billion	14% of Canadian nominal GDP

BRITISH COLUMBIA'S DIVERSE ECONOMY



Note: Shares of B.C. GDP at basic prices by major industry, 2022

Source: British Columbia Financial and Economic Review – 83rd Ed. (September 2023)

RESPONSIBILITIES OF CANADIAN GOVERNMENTS



Levels	Key Responsibilities	Main Sources of Income
Local/Municipal	Utility systems (water, sewage, wastewater), Local government buildings and facilities, Cultural and recreational facilities, Local/public transportation, Waste disposal, Local police, Local land use, Fire protection, Public transportation	Property tax, Government transfers, User fees, DCCs & other contributions
Provincial	Education, Healthcare, Social development and poverty reduction, Highways, Family development, Dams, Pipelines, Disaster recovery/preparedness	Income Taxes (Corporate and Personal) within province, Taxes applied on goods and services in province (PST), Sale and lease of public lands, timber and natural resources, Government contributions
Federal	National defense, Elderly benefits, Employment insurance, Child benefits, Health and social programs, Student loans, Pipelines, Fisheries, Oceans and national parks	Income Taxes (Corporate and Personal), Taxes applied on goods and services in all provinces (GST).

LINES OF BUSINESS



MFA Line of Business	Description	Market Positioning
Long-Term Financing	MFA's core business activity is providing long-term financing to local governments.	No competitors. By legislation, all long-term borrowing by municipalities and regional districts in British Columbia must be provided by MFA.
Short-Term Financing	MFA provides optional short-term financing to local governments.	Low competition. MFA is able to offer highly competitive short-term lending rates to BC local governments.
Pooled Investment Products	MFA provides optional investment products to local governments through its pooled fund offerings.	Highly competitive. However, MFA is able to provide local governments with broad exposure to different asset classes (vs. strict limitations set out in the Community Charter).
Financial Education	MFA provides high quality financial education.	Highly competitive. However, MFA provides local governments with unique financing and investing educational opportunities directly or through our key partners.



British Columbia – Local Government

- 28 Regional Governments made up of municipalities, cities, towns & villages

Board of Directors

- 40 Members appointed by local government
- Responsible for reviewing loans, electing trustees

10 Trustees

- Trustees responsible for overseeing operations and management
- Authorize debt issuance

MFA Employees

- Manage loans, debt and investments
- Balance sheet of \$10.2bn
- Complement of 19 professionals



Taxation Authority

- Taxable land and improvements to restore Debt Reserve Fund (DRF)
- Senior-level government approval not required
- Property values assessed at \$2.4 trillion
- Never been used for the DRF, tested every year via operational levy

Joint Liability

- Borrowers' long-term debt with MFA is a Regional District liability
- Borrowers guarantee each other's debt in event of default
- Joint and several guarantees never been applied

Investments

- Sinking Fund Methodology
- Semi-annual billing of interest to match debenture coupons
- Annual billing of principal for debt retirement
- \$4.1 billion in assets (44% of gross long-term debt)

Capital Policy

- Debt Reserve Fund
- \$122 million in liquid investments for long-term debenture obligations
- 1.00% cash withheld from all loan requests
- Never been drawn against
- Retention Fund
- \$117 million in liquid investments from retained earnings
- Never been drawn against

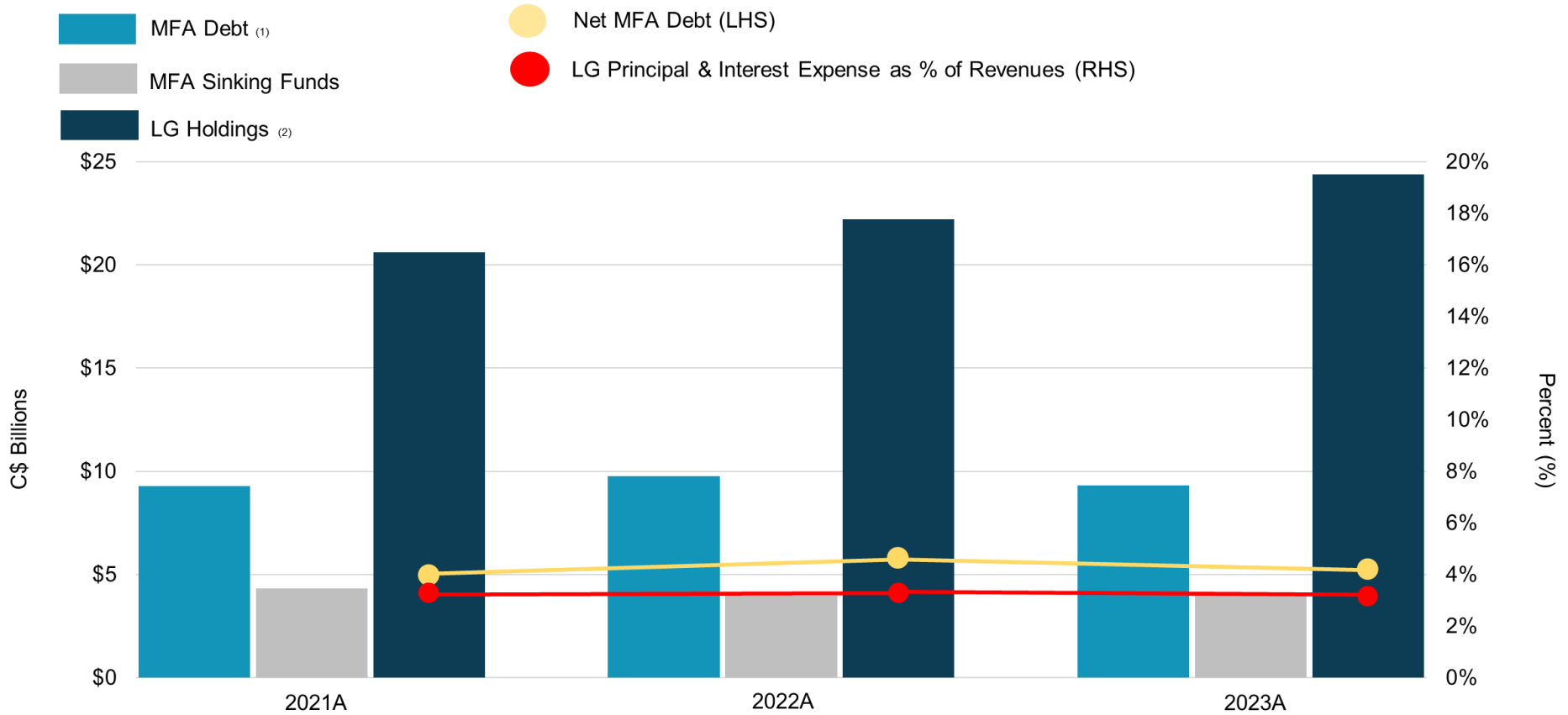
Balanced Budgets

Under provincial legislation, municipalities may not plan for a deficit

Debt Limits

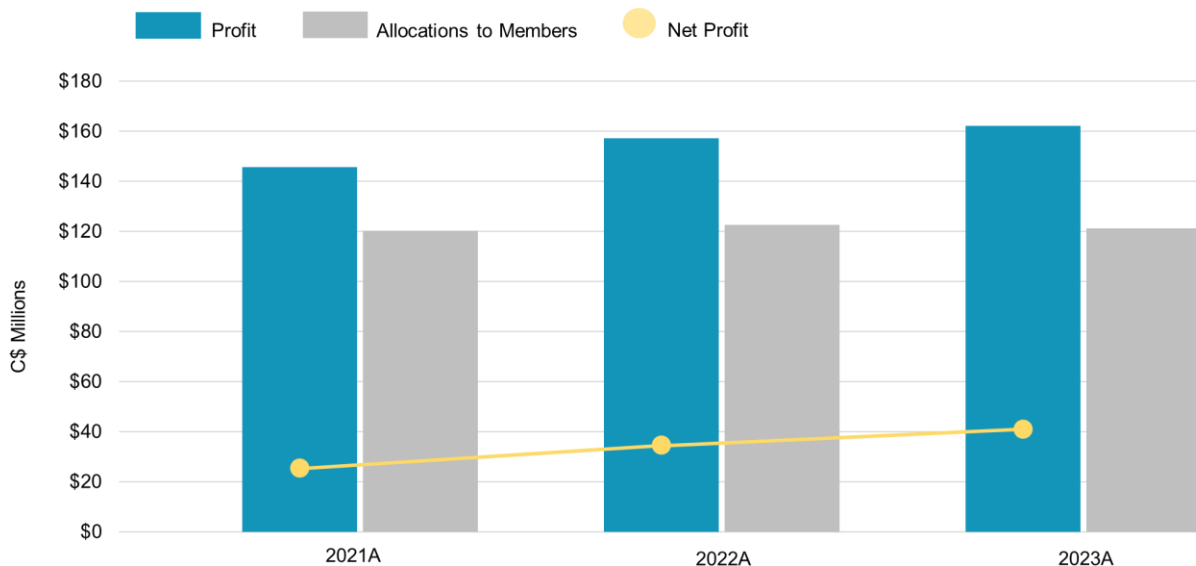
Only 25% of recurring revenues eligible to service debt costs

DEBT, SINKING FUNDS & RESERVES



Notes: (1) MFA debt excludes short-term debt
 (2) LG Holdings is comprised of cash and investments

PROFIT, CAPITAL & LIQUIDITY METRICS



- Profits primarily come from our long-term lending program (earnings on sinking funds) where we allocate funds back to our clients in the form of an actuarial credit that reduces their annual loan payments
- The small net profit associated with long-term lending is held as retained earnings until distributed in the future
- Remaining profit from other lines of business and earnings on the retention fund form MFA's capital base alongside the debt reserve fund
- MFA has adopted a Capital Adequacy Policy & Framework that is structured on the same principals as OSFI Guidelines for Banks and provides capital and liquidity targets

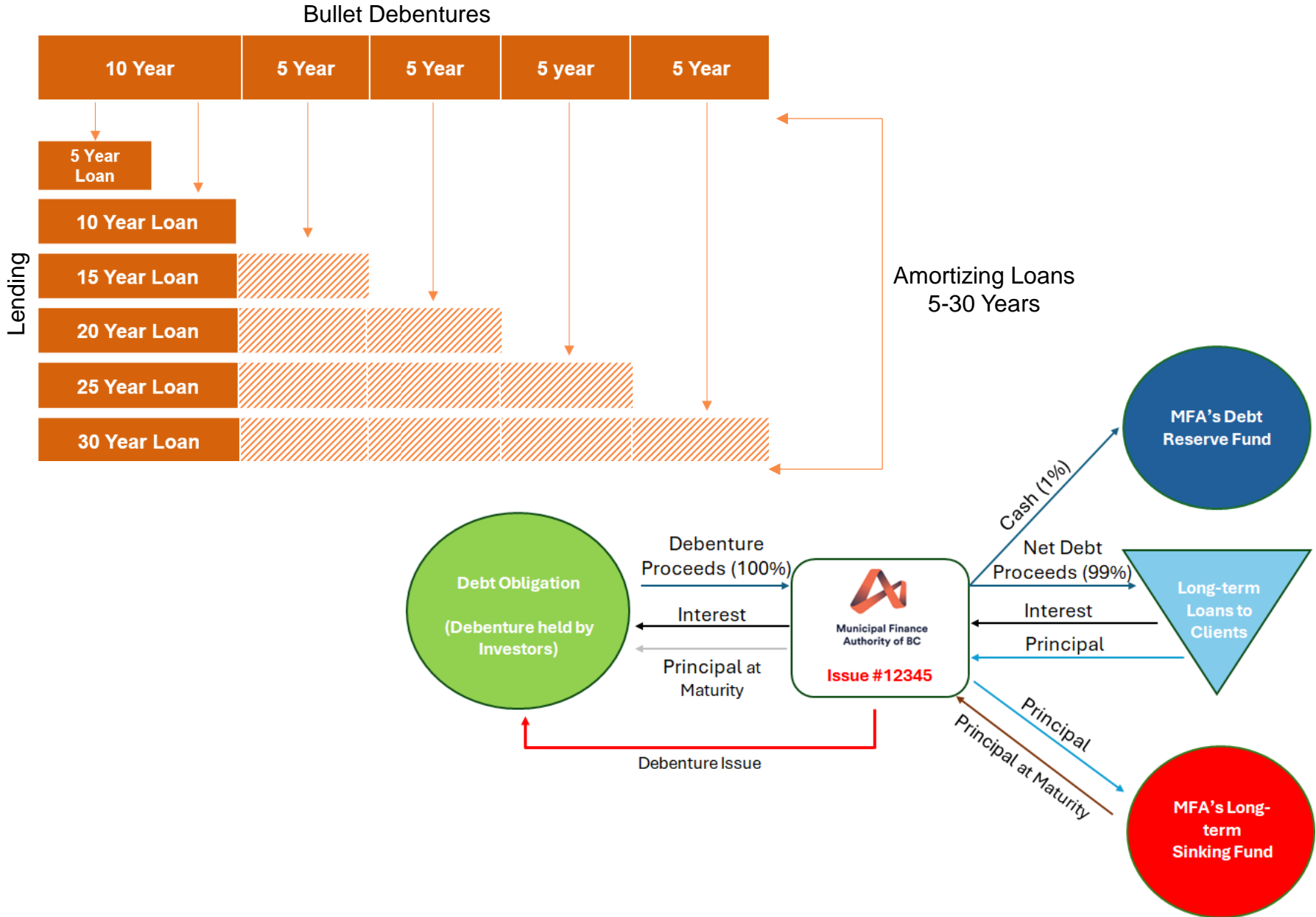
Capital & Liquidity Metrics

	2021	2022	2023	Targets
Capital	\$225M	\$224M	\$239M	2% of total assets
Non-Risk Based Capital Ratio (1)	2.2%	2.2%	2.3%	
Risk-Based Capital Ratio (2)	12.5%	12.6%	13.4%	9 to 11%
Liquidity Coverage Ratio (3)	2.7x	2.5x	2.2x	1.0x

(1) - % of total assets

(2) - Total capital / RWA

(3) - Liquidity sources include capital, credit facility and general purpose facilities (exclude all loan interest and investment income) / Interest obligations



PROGRAM & ANTICIPATED BORROWINGS



Year	2025	2024
5 Year (\$mm)	\$850 to \$950	\$695
10 / 20 Year (\$mm)	\$950 to \$1,050	\$605
Total (\$mm)	\$1,800 to \$2,000	\$1,300

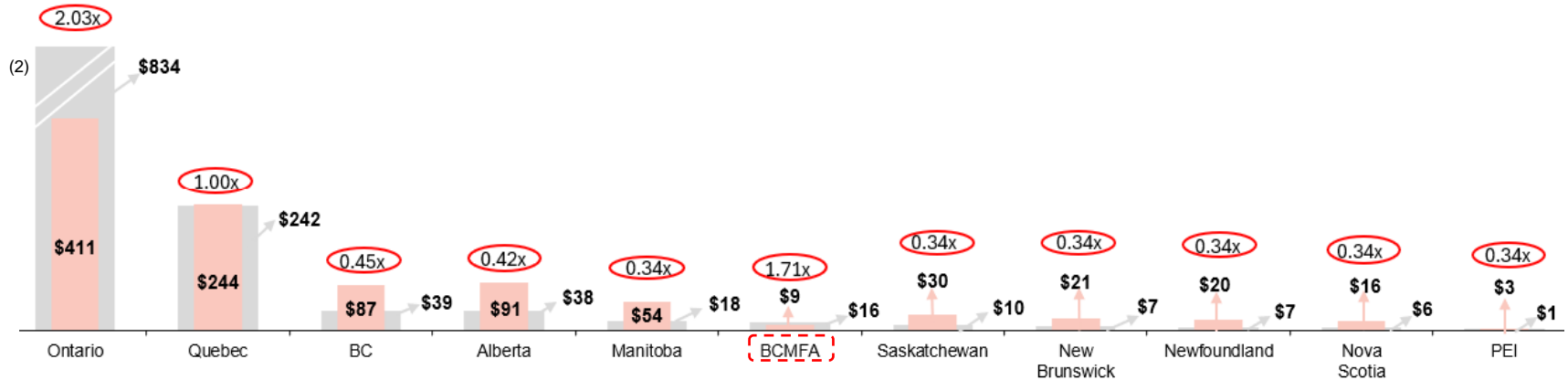
- Typically issue new 10-year in spring (April) and re-open in fall (September) to fund new loan requirements
 - Reopened Dec 2033 in April for \$415mm bringing total size to \$650mm
 - New \$190mm Dec 2034 completed in Sep 2024, Intend to Re-open at later date to bring to benchmark size
- New 5-year refinancing issues are typically aligned with existing debt maturities
 - Reopened Oct 2029 in May for \$695mm bringing total size to \$1.1bn
- Focused on building benchmark issues over \$500mm:
 - Currently 11 outstanding issues >\$500mm
 - Well defined curve out to 2033

Note: Private placements may be used for small refinancing requirements

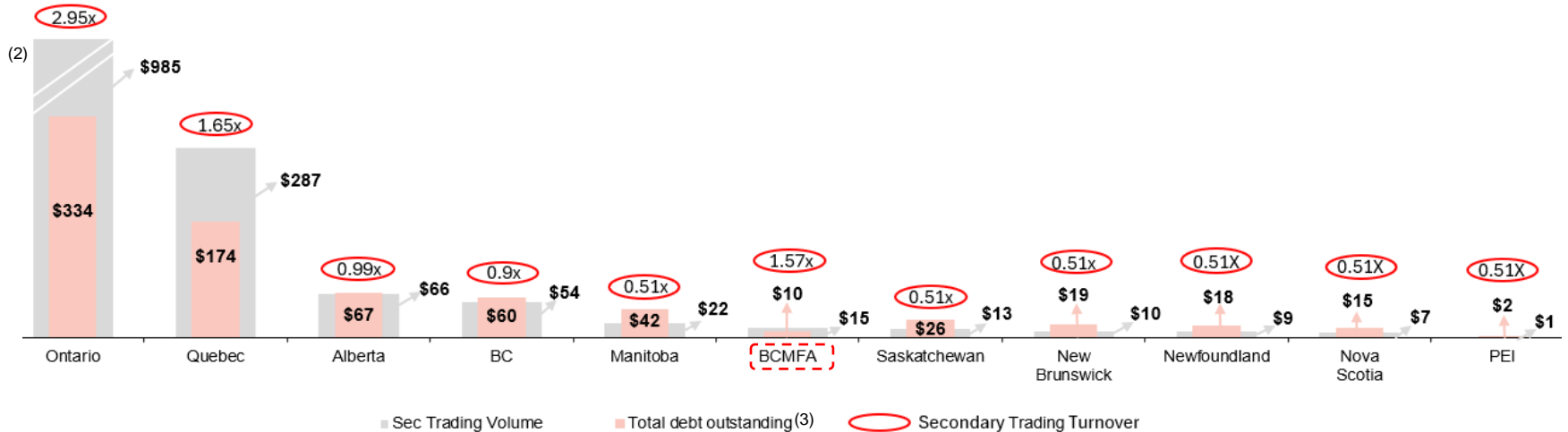
IMPLIED PROVINCIAL BOND SECONDARY TRADING VOLUME



2023 PROVINCIAL SECONDARY TRADING VOLUME (\$ billions)⁽¹⁾



2022 PROVINCIAL SECONDARY TRADING VOLUME (\$ billions)⁽¹⁾



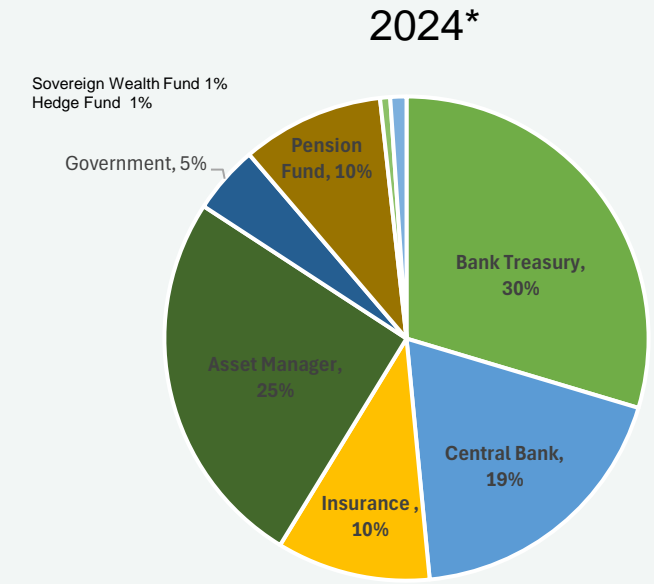
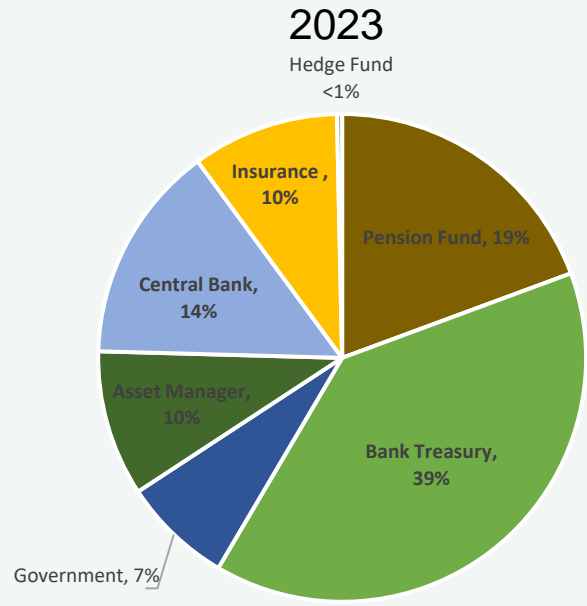
Note: (1) IIROC provides specific secondary trading volume figures for Alberta, BC, Ontario, and Quebec and a consolidated figure for “Total Provinces”. Secondary trading volumes shown in the charts above for Manitoba, New Brunswick, Newfoundland, Nova Scotia, PEI and Saskatchewan are estimates based on their respective outstanding debt weighted pro-rata share of the “Total Provinces” category. **(2)** Ontario Secondary trading volume on chart is not shown to scale. **(3)** Debt outstanding is as of Dec 31 22/23

Source: Bloomberg, BMO Capital Markets, Scotia Capital, Casgrain Capital Markets, CIBC World Markets, Laurentian Bank Securities, National Bank Financial, RBC Capital Markets, TD Securities and IIROC MTRS 2.0 Reporting.

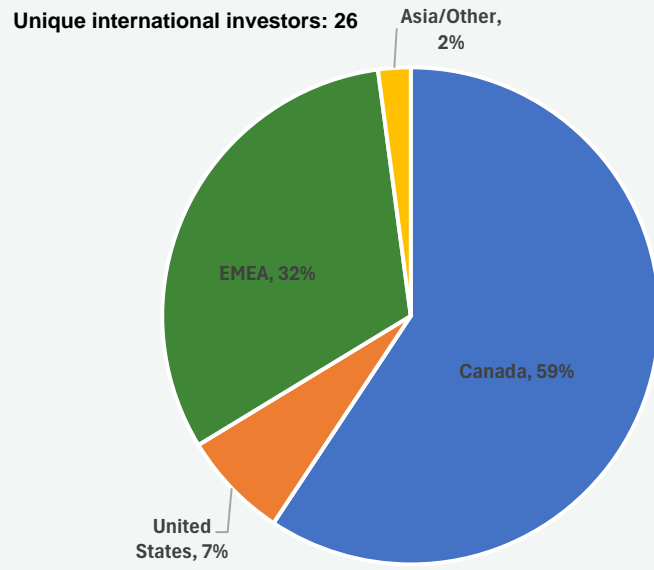
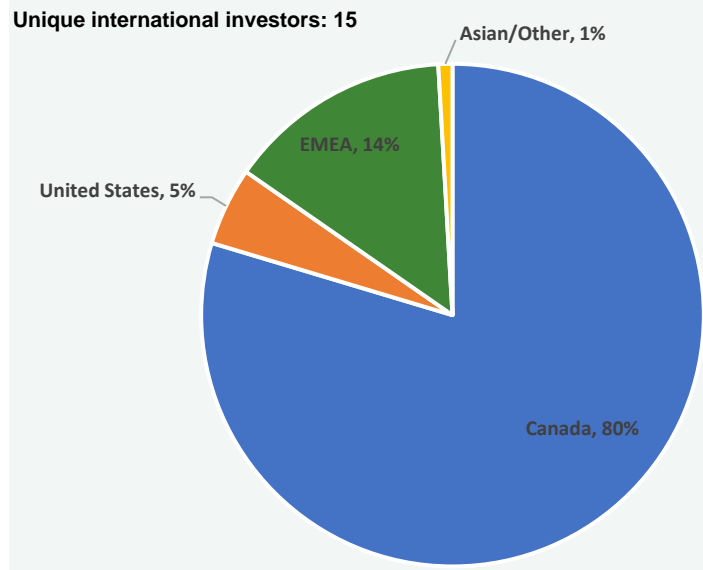
MFA LONG-TERM DEBT DISTRIBUTION(New slide)



By Investor Type:



By Geography:



*2024 distribution is made up of new issuance to date.



Core ESG Objectives

- To reduce the negative impact of our operations on the environment and society
- To manage material risk to our core business and thereby retain access to the lowest attainable cost of capital for our members
- To pursue opportunities for transformative and material impact with local governments through our core lending and investing activities

Issuance

The MFA continues to issue sustainability bonds based on our sustainable bond framework, we aim to provide investors with as much detail on the use of proceeds as possible. Currently we will not obtain a second party opinion, we are assessing other avenues with our auditors for example to provide limited assurance.

Reporting

The following are issuance or annual issuer/entity-level reporting that we are currently doing or are working towards.

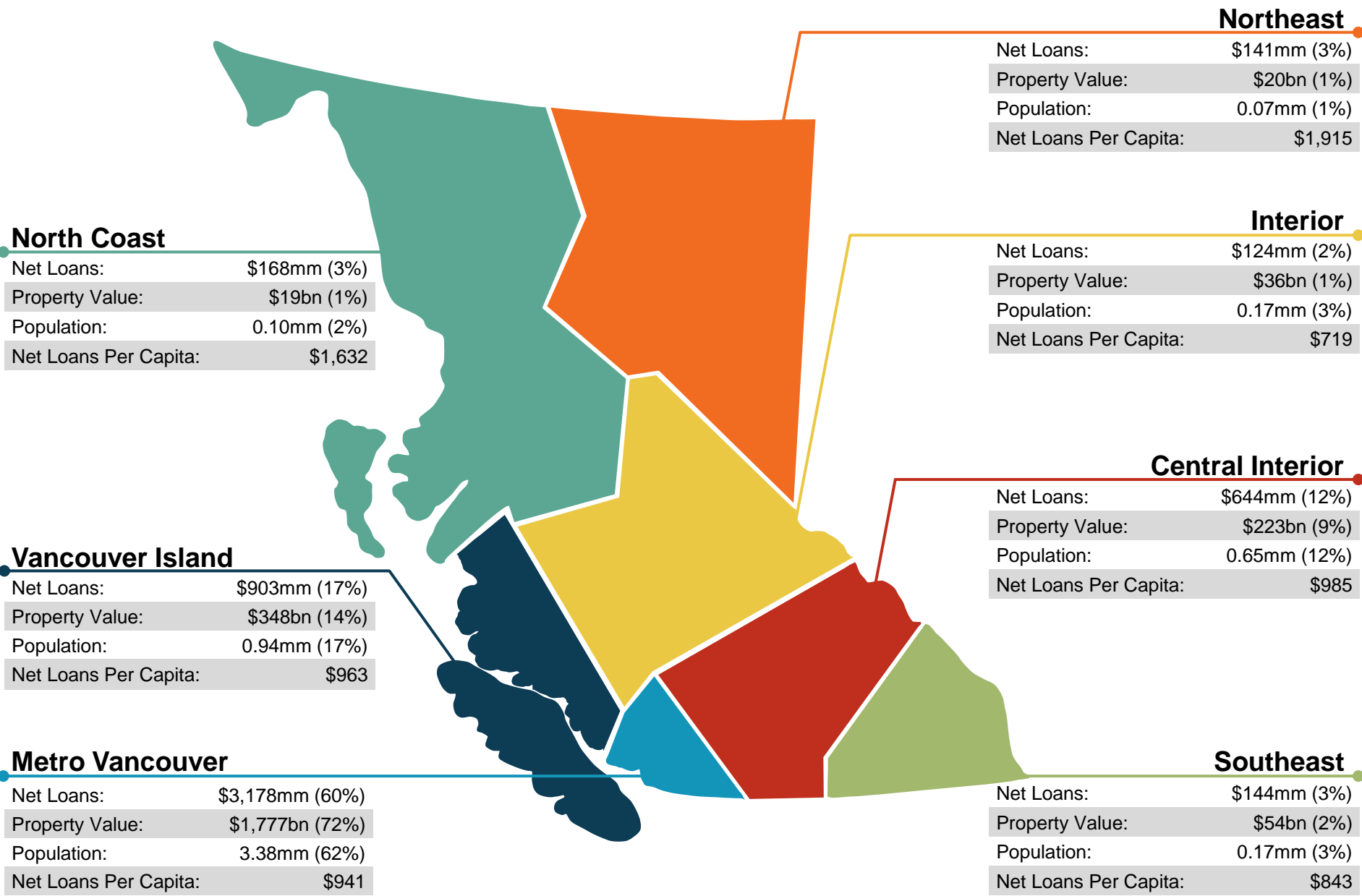
- Before each bond issue, use of proceeds and detailed project information outlined in our Appendix A and B will be made available and will remain on our website post bond issue
- Annual Bond Allocation and Impact Reporting on all active Sustainability bonds which will report on the allocation of proceeds to each of the MFA borrowing purposes, UN SDG's and Environmental and Social Objectives (aligned with ICMA categories)
- Annual GHG reporting on MFA's emissions from operations, but more significantly, our financed emissions from lending and investing activities
- Working towards including sustainability disclosures in our annual financial reports that will voluntarily conform to ISSB Standards (IFRS S1 and IFRS S2) in accordance with IFRS Voluntary Reporting Guide

MAPPING FOR FOR ESG CRITERIA (APPENDIX A)



Environmental & Social Objectives		Borrowing Purpose and Example Project Descriptions	UN SDG Mapping	
Primary	Secondary		Primary	Secondary
Affordable Basic Infrastructure Access to Essential Services	Affordable Housing	Affordable/Supportive Housing & Shelters	UN SDG 9.1 - Build Resilient Infrastructure UN SDG 11 - Sustainable Cities & Communities	01 - No Poverty
	Socioeconomic Advancement & Empowerment	Healthcare & Social Services Construction, expansion or redevelopment of hospitals, wellness centres, specialty facilities, residential care projects		03 - Good Health & Wellbeing
		Public Safety Facilities & Services Fire halls, fire trucks, public safety buildings, RCMP/police facilities, emergency communications facilities and equipment		06 - Clean Water & Sanitation
	Sustainable Water & Wastewater Management	Storm & Wastewater Treatment & Management Sewage collection, conveyance and treatment, drainage, outfall relocations, stormwater management, dyking		
		Water Supply, Treatment & Distribution Water supply, storage, treatment and distribution, irrigation, water metering		07 - Affordable & Clean Energy
	Renewable Energy	Renewable Energy Systems Hydroelectric generation facilities, substations		10 - Reduced Inequalities
	Socioeconomic Advancement & Empowerment	Public Parks, Civic Buildings & Land Park land and improvements, rec centres, libraries, administration buildings, community halls, operations centres, cemeteries		
		Transportation & Mobility Road construction or rehabilitation, sidewalks, bike lanes, bridges, airport improvements, harbours		
		Universal Broadband & Telecommunications Fibreoptic broadband infrastructure		
	Pollution Prevention & Control	Solid Waste/Recycling/Organics Collection & Management Transfer stations, recycling, compost and solid waste facilities		12 - Responsible Consumption & Production
Terrestrial & Aquatic Biodiversity Conservation	Environmental Conservation & Remediation Remediation of land, estuary environmental stewardship, riverbank erosion protection	15 - Life on Land		
	Other			

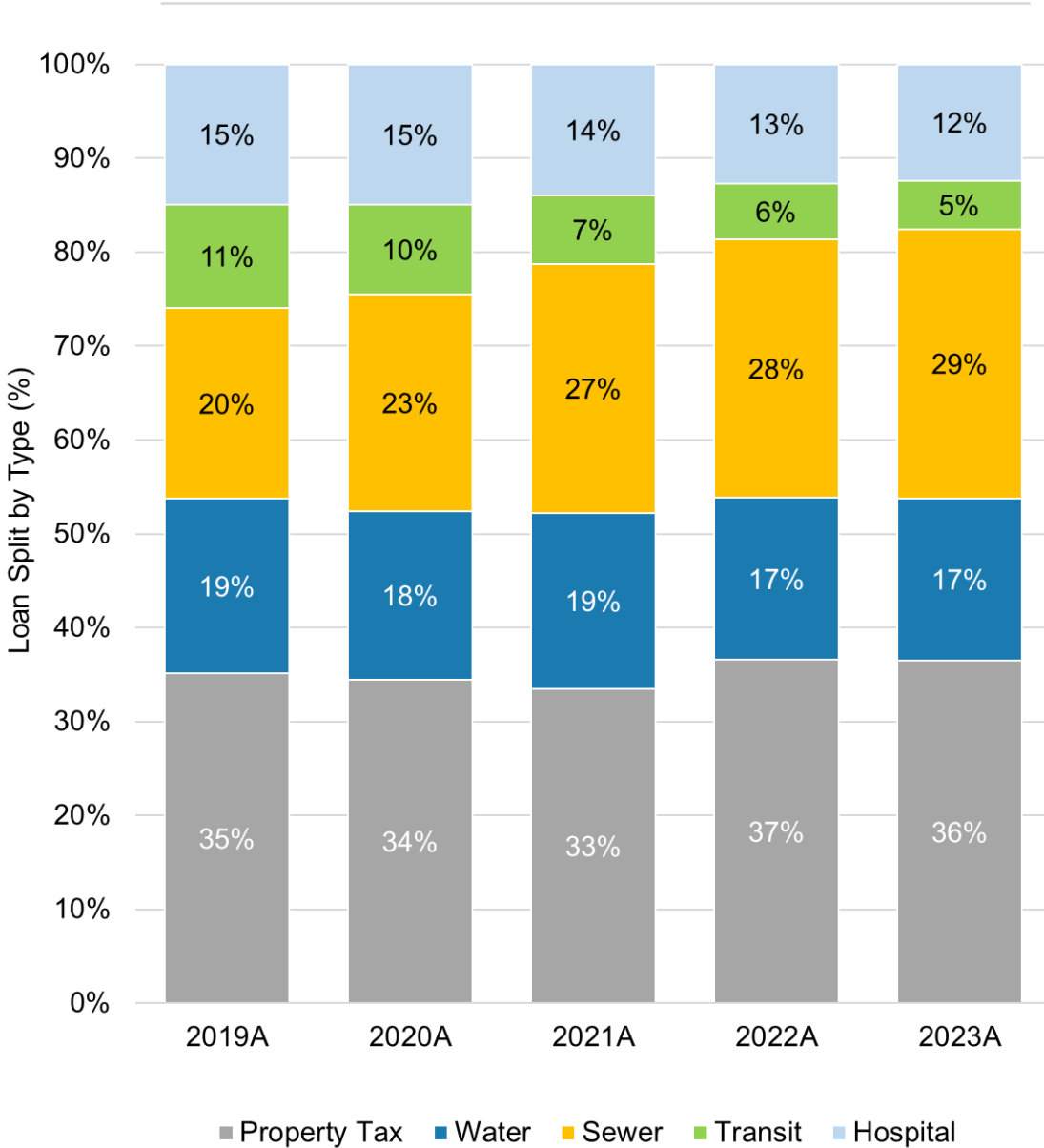
LONG-TERM LOAN PORTFOLIO DIVERSIFICATION



LONG-TERM LOAN PORTFOLIO COMPOSITION



LOAN SPLIT BY BORROWING TYPE

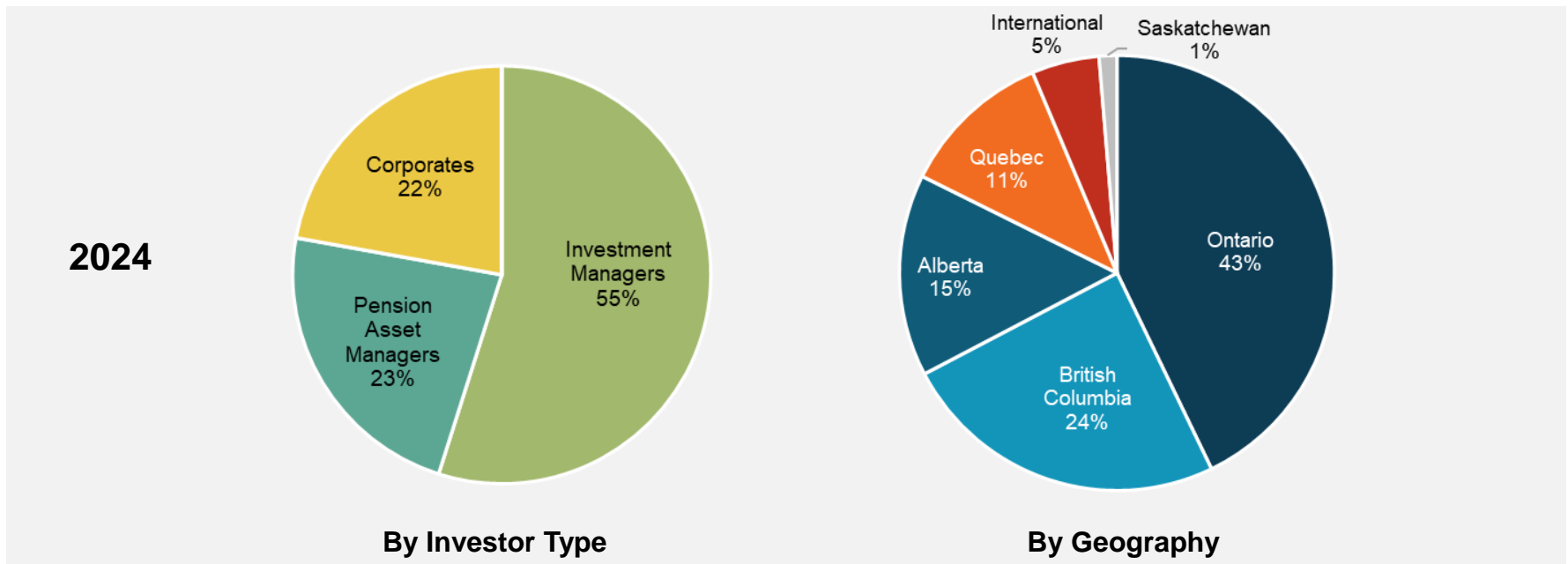


- Hospital – supported through requisition from member municipalities
- Transit – supported by share of motor fuel tax, transit fares, parking tax and portion of property tax
- Sewer – supported through user fees typically separate from property taxes
- Water – supported through user fees typically separate from property taxes
- Property Tax – supported by general taxation

COMMERCIAL PAPER ACTIVITY



- \$1.25 billion authorized program size
- Rated A-1+ / P-1 by S&P/Moody's
- Strong dealer network of 7 banks
- Typically priced around 4 to 6 basis points back of provincial issuance levels
- Issued every Wednesday in 1-month, 3-month and 6-month terms





Long-Term Ratings:

Agency	Rating	Outlook	Date
S&P	AAA	Stable	May 16, 2024
Moody's	Aaa	Stable	April 24, 2024
Fitch	AAA	Stable	August 13, 2024

Short-Term Ratings:

Agency	Rating	Outlook	Date
S&P	A-1+	Stable	May 16, 2024
Moody's	P-1	Stable	April 24, 2024

Other Information:

Annual Report & Financial Statements	https://mfa.bc.ca/annual-report
Sustainable Bond Framework	https://mfa.bc.ca/investors/sustainability
Bloomberg Ticker	BCMFA



Municipal Finance Authority of BC

Peter Urbanc

Chief Executive Officer

peter@mfa.bc.ca

(250) 419-4760

Matt O'Rae

Chief Financial Officer

matt@mfa.bc.ca

(250) 419-4761

Connor Neuman

Portfolio Manager

connor@mfa.bc.ca

(250) 419-4775

217 – 3680 Uptown Boulevard

Victoria, British Columbia

Canada, V8Z 0B9

www.mfa.bc.ca

(250) 383-1181