



**Municipal Finance
Authority of BC**

Investor Presentation

Q2 2024



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.



- Formed in 1970 under the ***Municipal Finance Authority of British Columbia Act***
- MFA is the only Public Sector Regional Infrastructure Agency in the world that has direct and unfettered taxation powers
- Long term debt ratings of AAA/Aaa/AAA by S&P/Moody's/Fitch
- Infrastructure financing to local government in the Province of British Columbia
 - Access to stable and lowest cost funding for sewer, water, roads, public works, parks, etc.
- Provide competitive investment alternatives and quality financial education
- We have consistently been profitable from operations and benefit from direct taxation power and a stable and large capital base to support our lending
- Our borrowing program emphasizes predictable and large public offerings: BCMFA is the benchmark municipal issuer in Canada - offering the highest credit quality and most liquid bonds in the sector

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) <ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Borrowers guarantee each other's debt in event of default• Joint and several guarantees never been applied
Investments	Sinking Fund Methodology <ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• \$122 million in liquid investments for long-term debenture obligations• 1.00% cash withheld from all loan requests• Never been drawn against Retention Fund <ul style="list-style-type: none">• \$117 million in liquid investments from retained earnings• Never been drawn against
Balanced Budgets	Under provincial legislation, municipalities may not plan for a deficit



Balanced Budgets

- Under provincial legislation, municipalities may not plan for a deficit

Transparency and Disclosure

- Audited financial statements - PSAB, by May 15
- Annual Report - presented to residents, by June 30

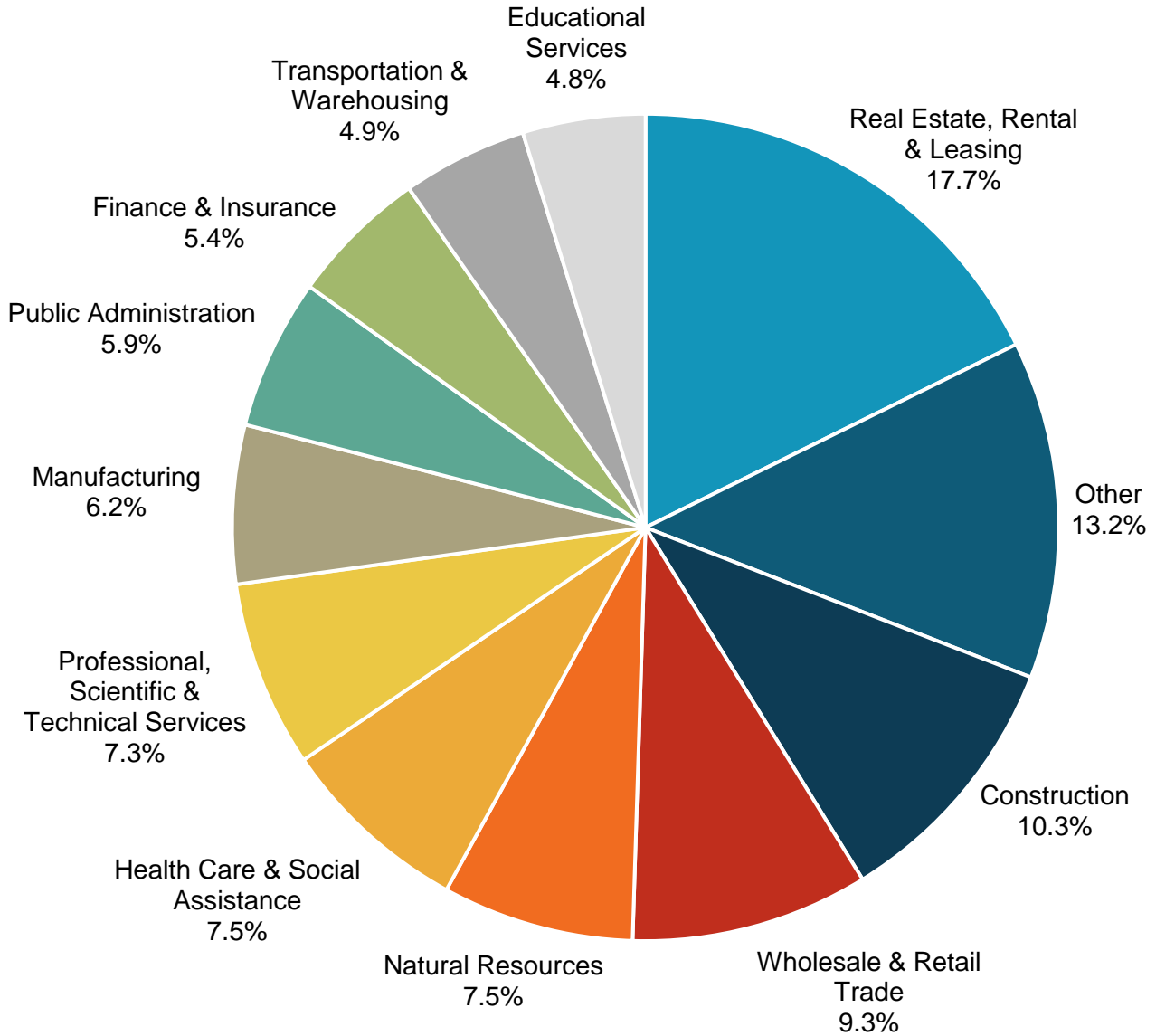
Long-Term Capital and Financial Planning

- Five-year financial plans - public consultation, by May 15



Debt Limits	Only 25% of recurring revenues eligible to service debt costs
Taxpayer	All long-term municipal debt in BC requires a public approval process
Province of BC	Legislation requires the Provincial Inspector to verify: <ul style="list-style-type: none">• Borrowings are legal and within debt limits• Municipalities have the financial ability to service debt
Regional District	Long-term debt is approved by the Regional District
MFA	<ul style="list-style-type: none">• Oversight and review• Due diligence and statutory reviews• Management credit review• Trustees and Members review loan requests• Members authorize the sale of securities

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)



MFA has recently released an updated sustainable bond framework to continually enhance transparency and help facilitate investors bond-level ESG evaluation. Under this updated framework the MFA will continue to issue Sustainability Bonds. Currently there is no intention of getting a third-party sustainability certification for our bonds.

The MFAs Framework is based on four core components:

Use of Proceeds

- Projects are pre-vetted at multiple levels of government before approval by MFA. Allocation is predefined by legislative authority and ensure funds are used for the specified projects

Process for Evaluation and Selection

- By the very nature of local government mandates, we believe that all projects we fund can be considered as social, green, or both in nature
- Projects reviewed before any new bond issue to ensure that all meet the eligible categories

Management of Proceeds

- Allocations of net proceeds tracked from sale of bonds to eligible green and social assets to be equal to the amount of proceeds raised by the applicable bond

Reporting

- The intent is to make available Sustainable Bond impact reporting on select projects
- Working towards voluntarily aligning with the ISSB's sustainability disclosure standards

UPDATED MFA MAPPING TOOL FOR ESG CRITERIA



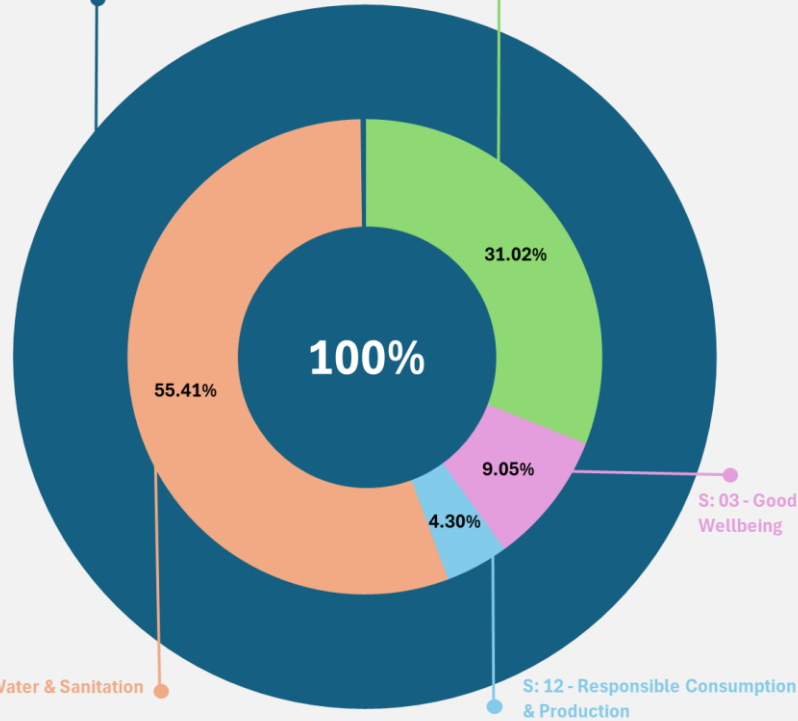
Environmental & Social Objectives		Borrowing Purpose	UN SDG Mapping	
Primary	Secondary		Primary	Secondary
Affordable Basic Infrastructure Access to Essential Services	Affordable Housing	Affordable/Supportive Housing & Shelters	UN SDG 9.1 - Build Resilient Infrastructure UN SDG 11 - Sustainable Cities & Communities	01 - No Poverty
	Socioeconomic Advancement & Empowerment	Healthcare & Social Services		03 - Good Health & Wellbeing
		Public Safety Facilities & Services		
	Sustainable Water & Wastewater Management	Storm & Wastewater Treatment & Management		06 - Clean Water & Sanitation
		Water Supply, Treatment & Distribution		
	Renewable Energy	Renewable Energy Systems		07 - Affordable & Clean Energy
	Socioeconomic Advancement & Empowerment	Public Parks, Civic Buildings & Land		10 - Reduced Inequalities
		Transportation & Mobility		
		Universal Broadband & Telecommunications		
	Pollution Prevention & Control	Solid Waste/Recycling/Organics Collection & Management		12 - Responsible Consumption & Production
Terrestrial & Aquatic Biodiversity Conservation	Environmental Conservation & Remediation	15 - Life on Land		
	Other			



2023 Debt Issuance by UN SDG (\$1.105B)

P: 9.1 - Build Resilient Infrastructure
11 - Sustainable Cities & Communities

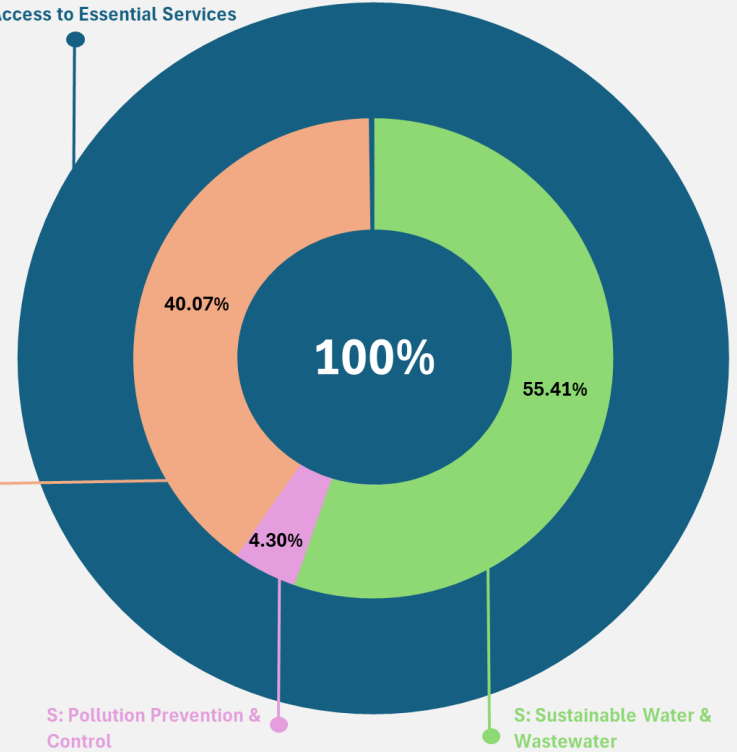
S: 10 - Reduced Inequalities



2023 Debt Issuance by Environmental and Social Objectives (\$1.105B)

P: Affordable Basic Infrastructure & Access to Essential Services

S: Socioeconomic Advancement & Empowerment



- MFA was created to increase the ability of local governments to enhance societal benefits across BC
- BC's local governments have a long tradition of focusing on sustainability and social equity

Notes: P: Primary Mapping Category, S: Secondary Mapping Category

PROGRAM & ANTICIPATED BORROWINGS



Year	2025	2024
5 Year (\$mm)	\$850 to \$950	\$645 to \$695
10 / 20 Year (\$mm)	\$950 to \$1,050	\$415 to \$625
Total (\$mm)	\$1,800 to \$2,000	\$1,060 to \$1,320

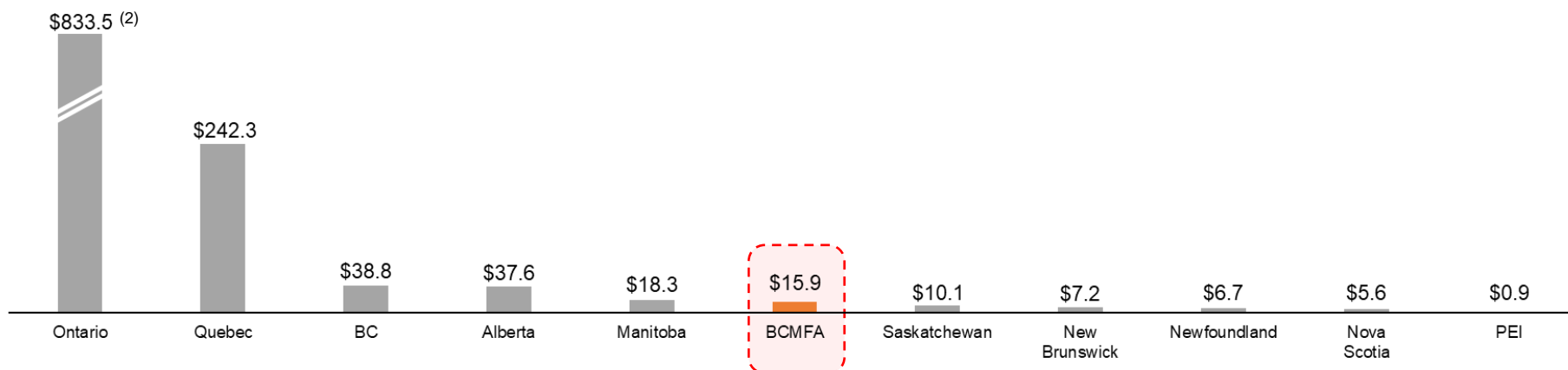
- Typically issue new 10-year in spring (April) and re-open in fall (September) to fund new loan requirements
 - Reopened Dec 2033 in April for \$415mm bringing total size to \$650mm
- New 5-year refinancing issues are typically aligned with existing debt maturities
 - Bonds maturing 06/03/2024 and 10/14/2024
 - Intend to reopen Oct 2029 debenture in mid to late May for ~\$400mm
 - Refinancing could be done in one or two deals
- Focused on building benchmark issues over \$500mm:
 - Currently 11 outstanding issues >\$500mm
 - Well defined curve out to 2033

Note: (1) Private placements may be used for small refinancing requirements

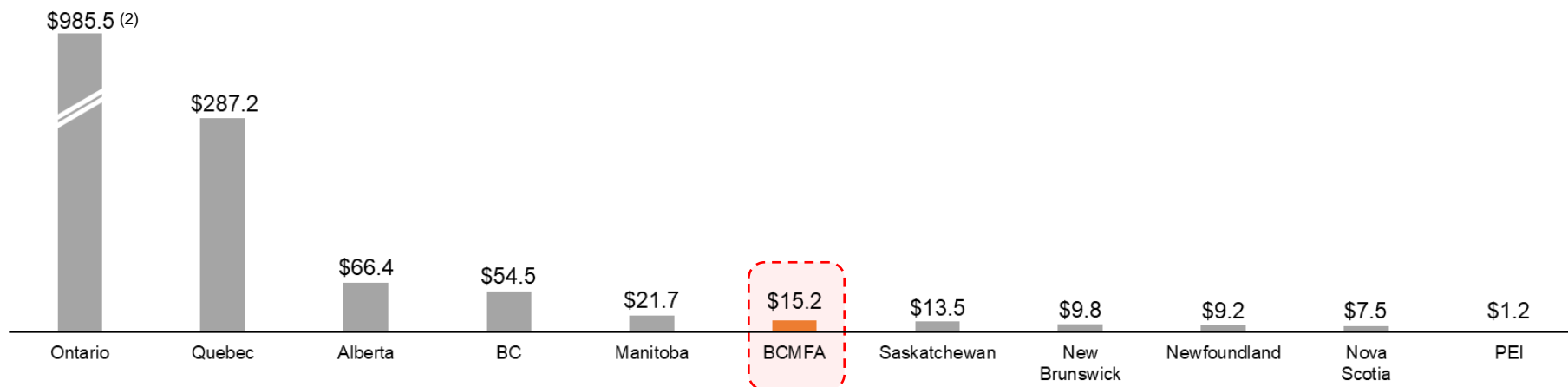
IMPLIED PROVINCIAL BOND SECONDARY TRADING VOLUME



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



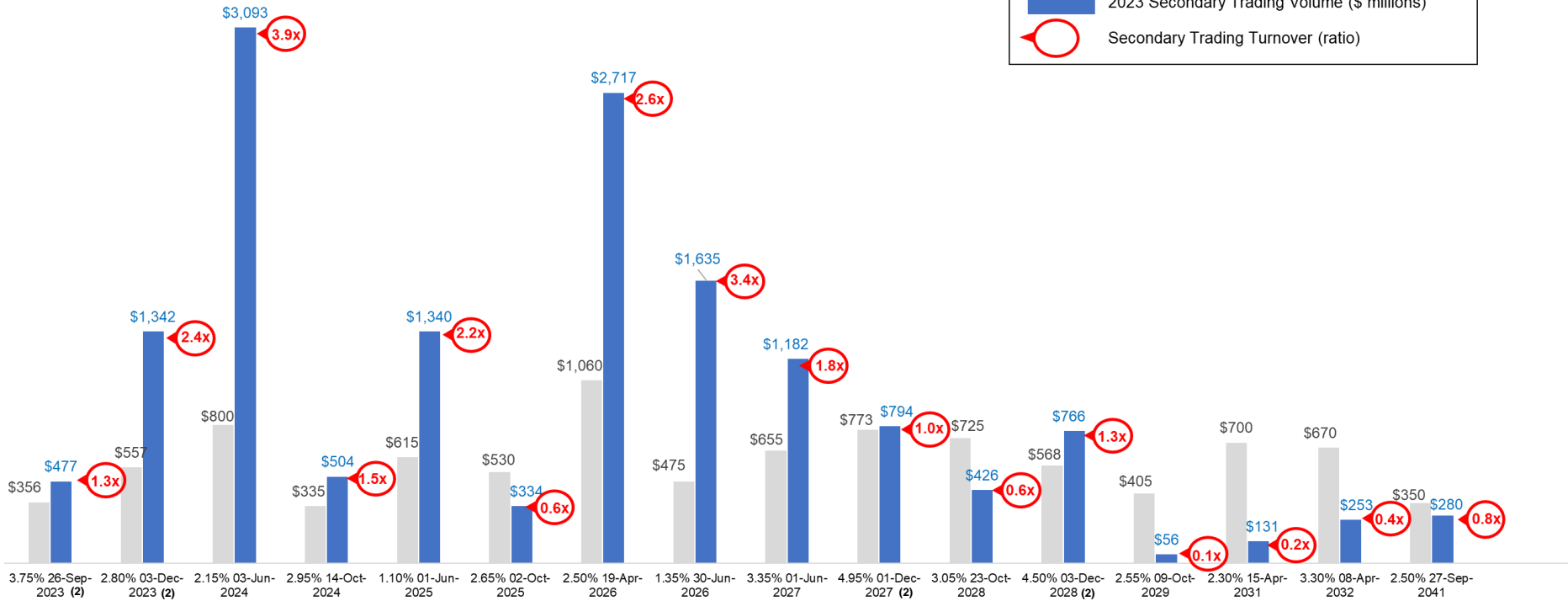
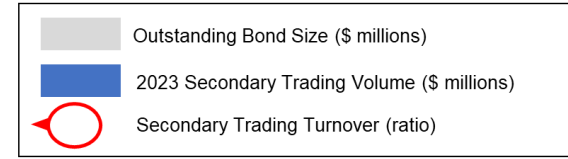
2022 PROVINCIAL SECONDARY TRADING VOLUME (\$ billions)⁽¹⁾



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 trading volume on chart is not shown to scale.

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.

MFABC BOND LIQUIDITY: SECONDARY TRADING TURNOVER ⁽¹⁾



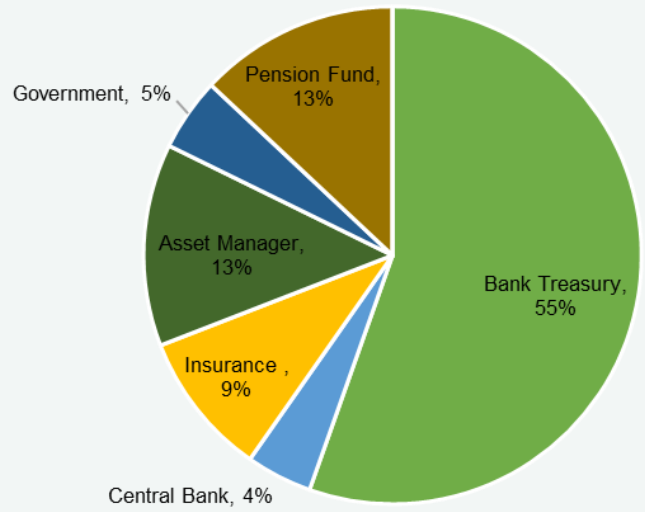
Throughout 2023, the outstanding stock of MFABC bonds turned over 1.6x, with large benchmark issues turning over up to 3.9x

Notes: (1) Includes MFA bonds with an outstanding balance >\$150mm for the calendar year 2023.
 (2) Indicates outstanding bond size was adjusted for maturity or new-issuance/re-opening part way through the calendar year 2023.
Source: BMO Capital Markets, Scotia Capital, Casgrain Capital Markets, CIBC World Markets, Laurentian Bank Securities, National Bank Financial, RBC Capital Markets, and TD Securities.

MFA LONG-TERM DEBT DISTRIBUTION

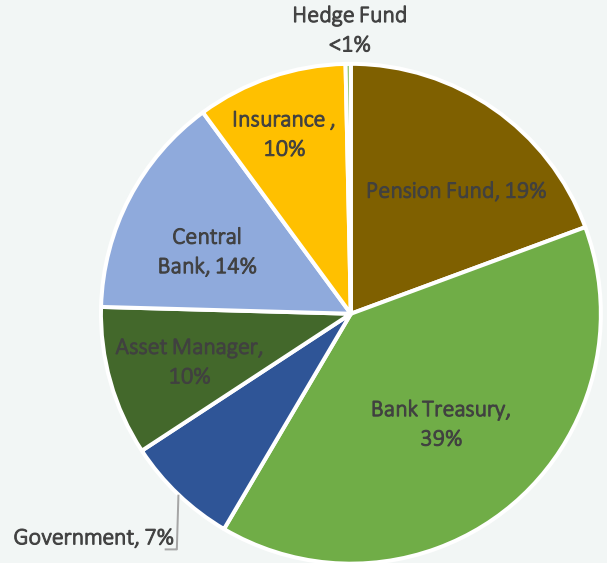


2022

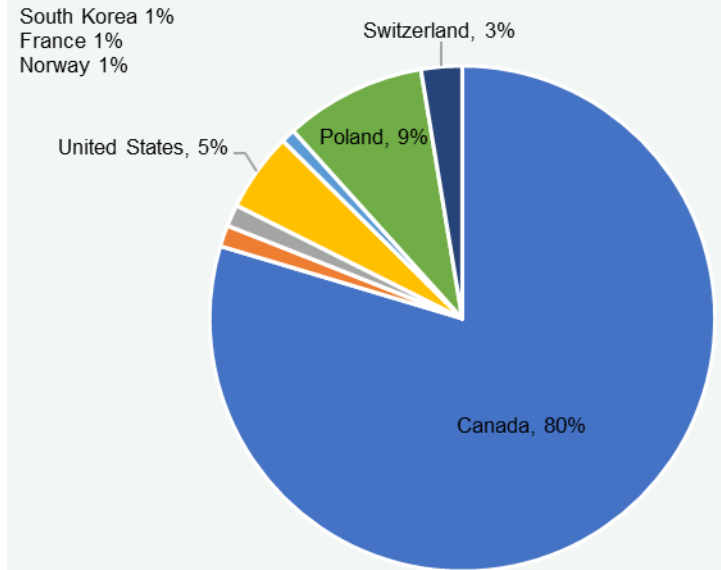
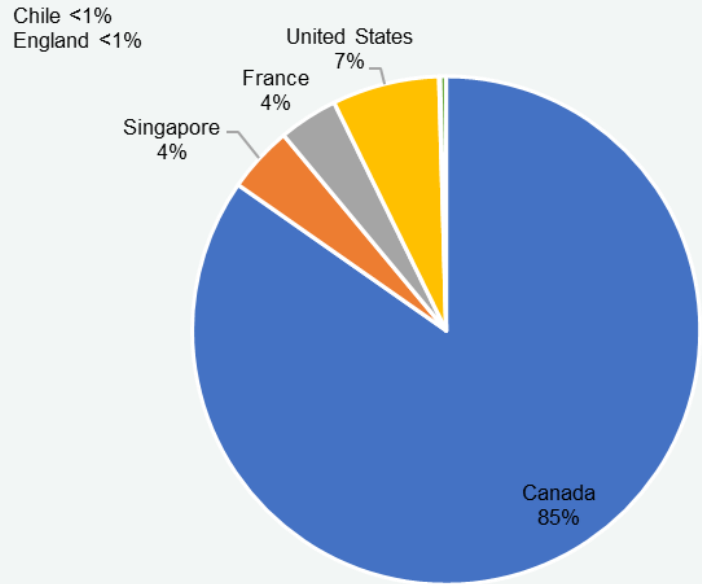


By Investor Type:

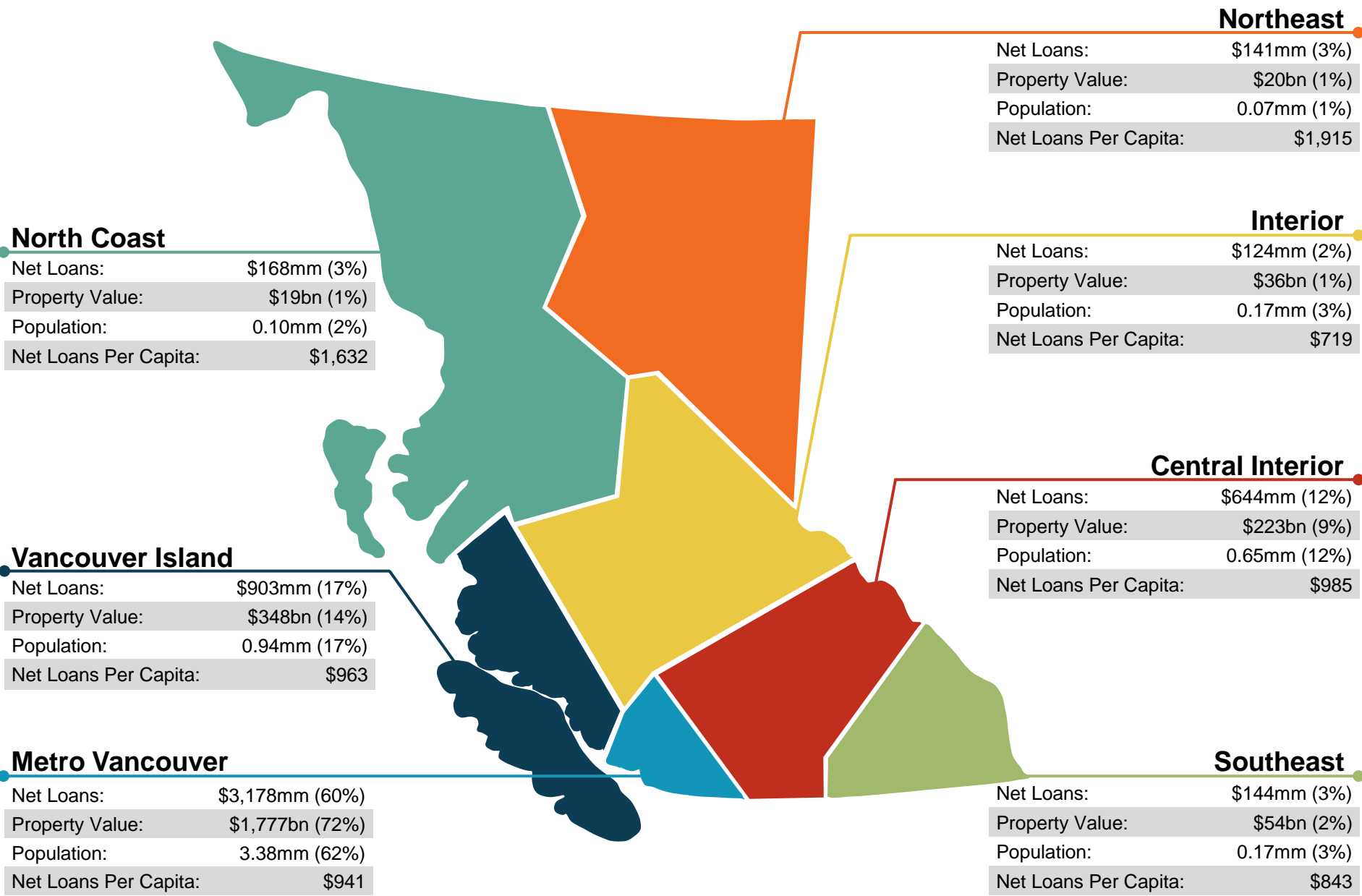
2023



By Geography:



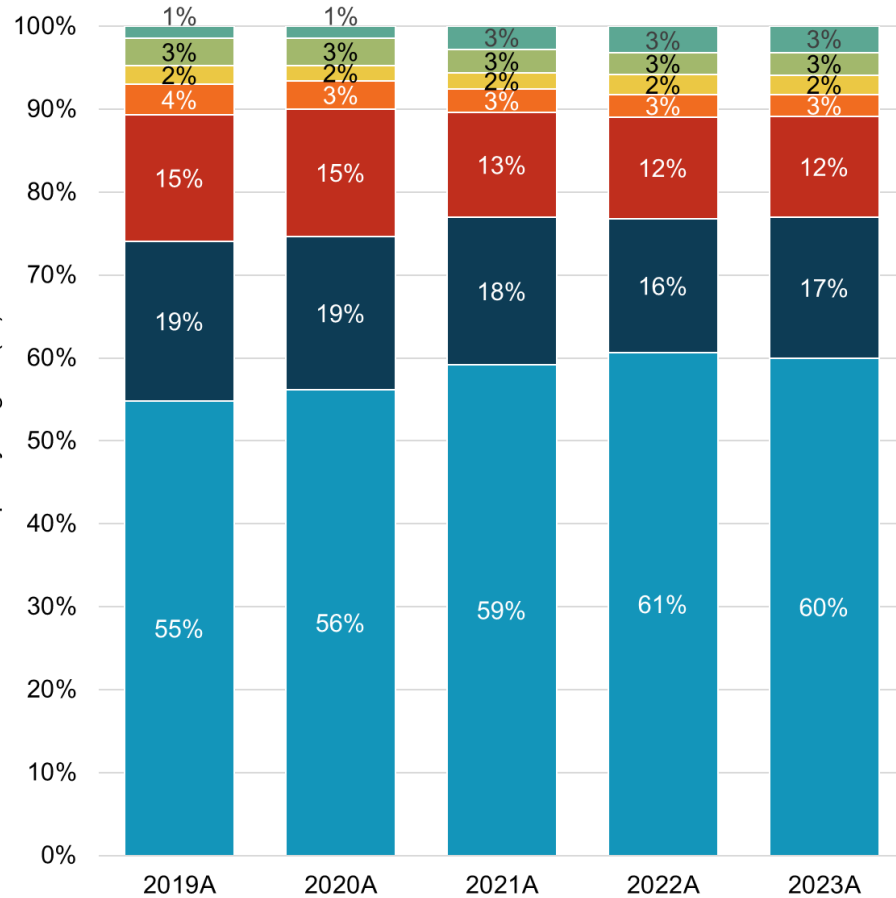
LONG-TERM LOAN PORTFOLIO DIVERSIFICATION



LONG-TERM LOAN PORTFOLIO COMPOSITION

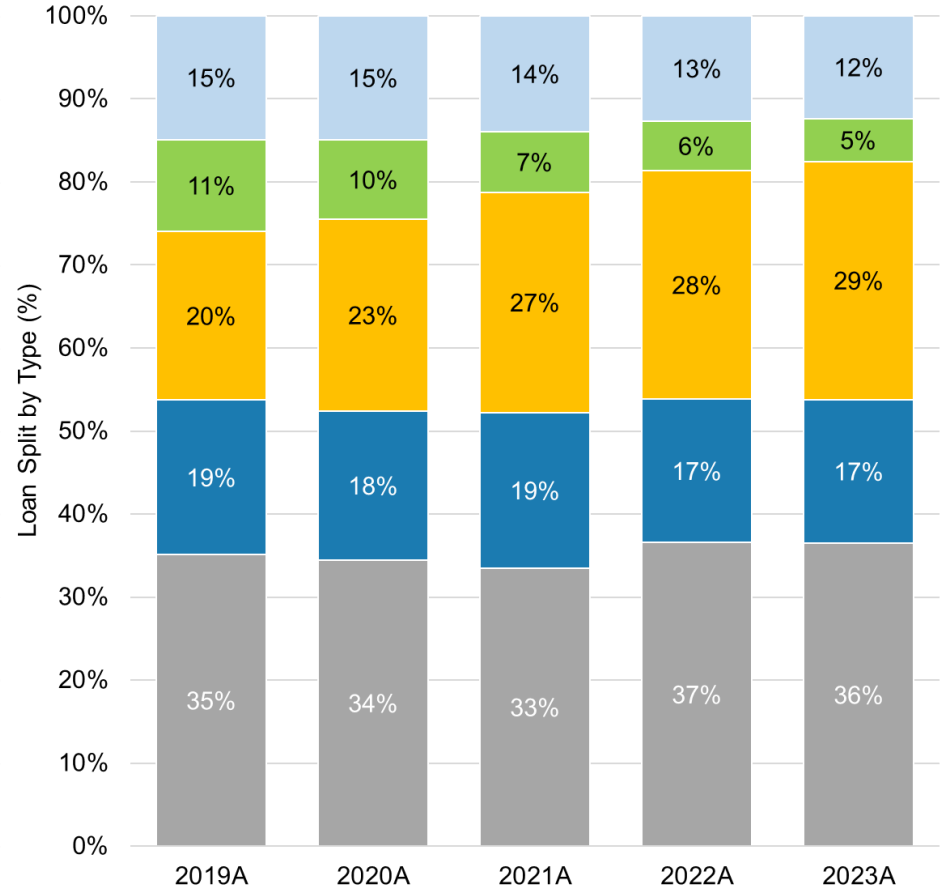


LOAN SPLIT BY REGION



- Metro
- Vancouver Island
- Central Interior
- Northeast
- Interior
- Southeast
- North Coast

LOAN SPLIT BY BORROWING TYPE



- Property Tax
- Water
- Sewer
- Transit
- Hospital

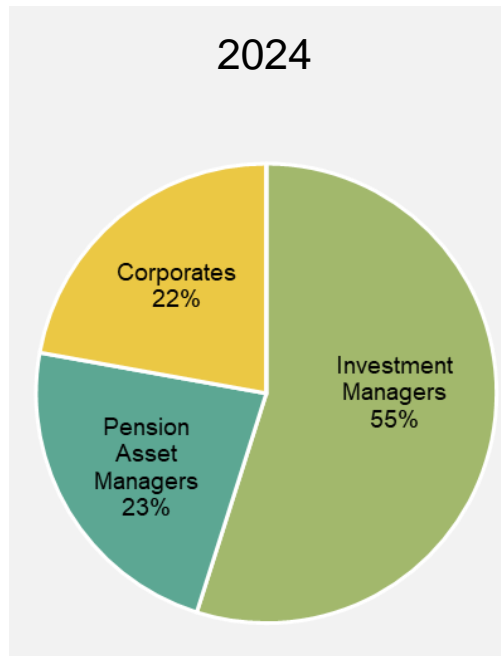
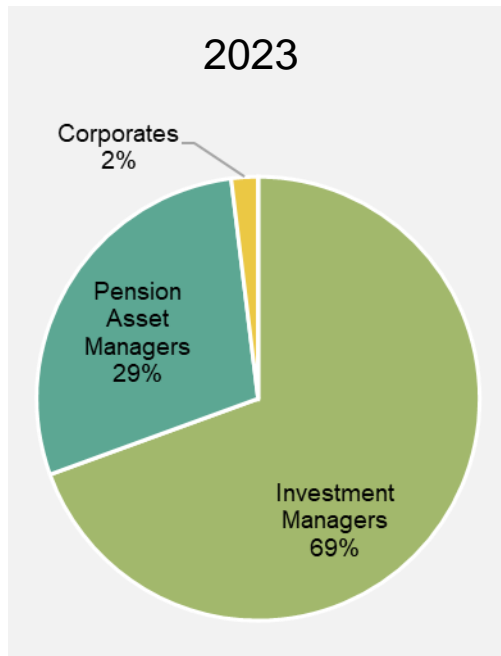
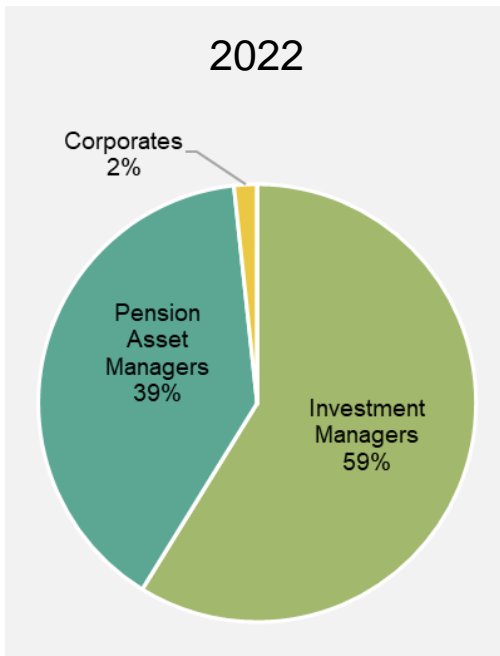


- \$700 million approved program size
- Rated A-1+ / P-1 by S&P/Moody's
- Strong dealer network of 7 banks
- Typically priced around 4 to 6 basis points back of provincial issuance levels
- Issued every Wednesday in 1-month, 3-month and 6-month terms

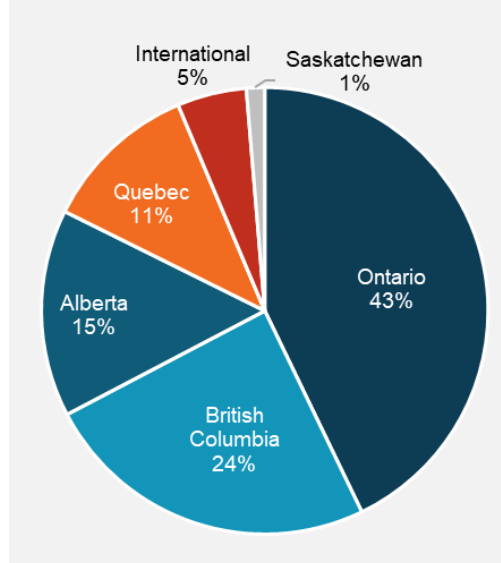
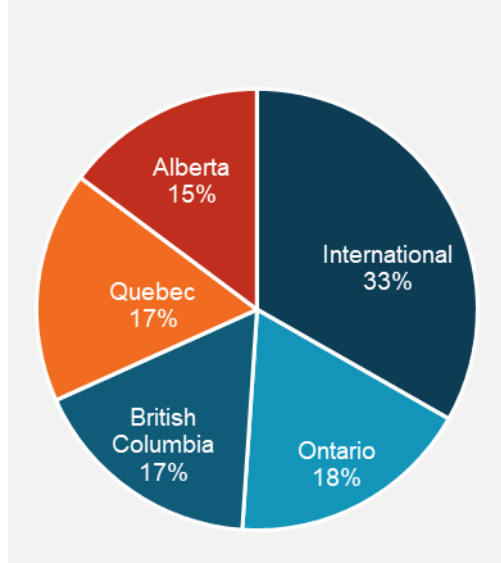
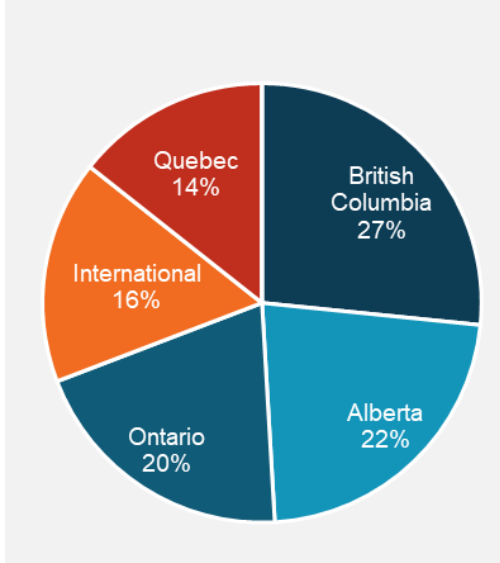
COMMERCIAL PAPER DISTRIBUTION



By Investor Type:

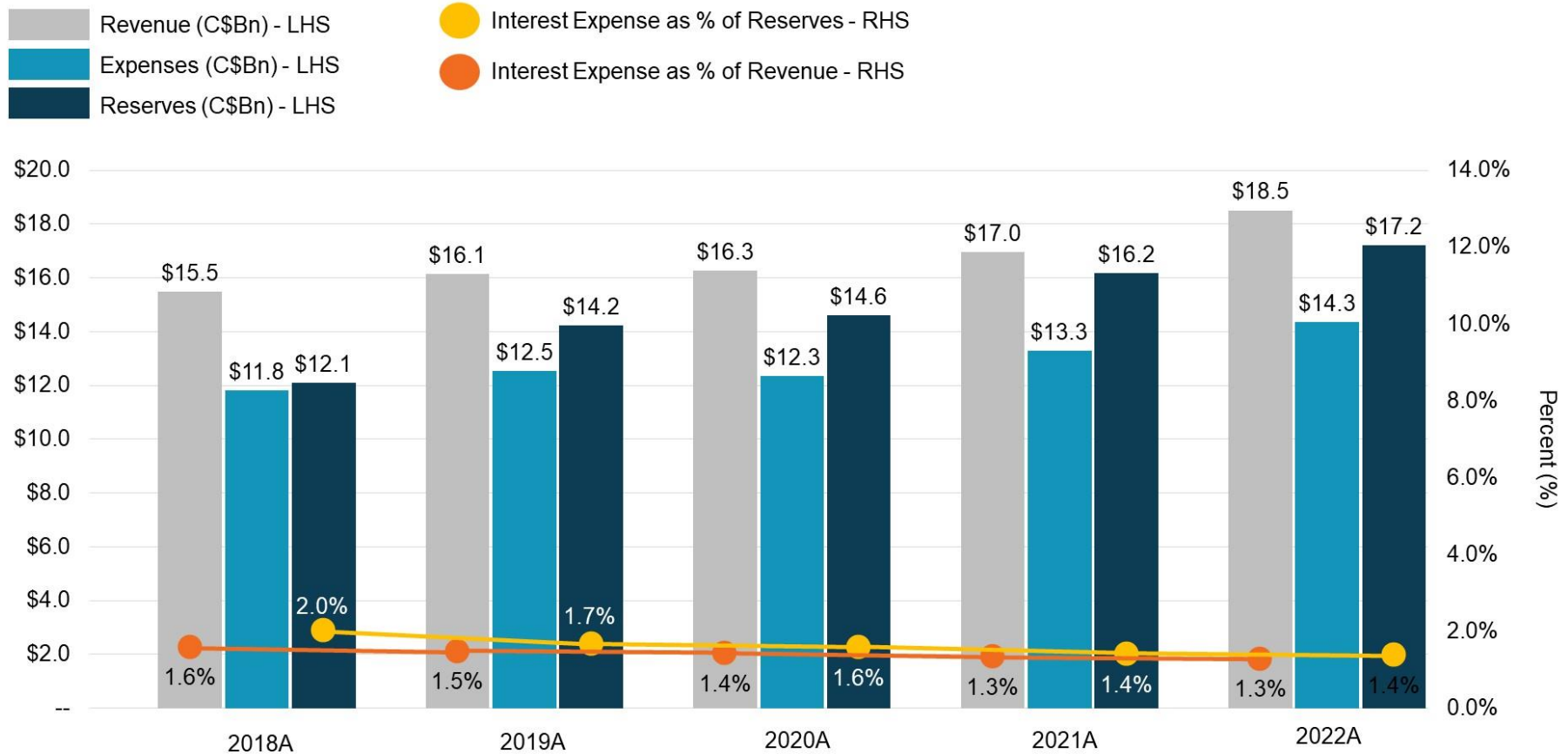


By Geography:



Note: All figures shown as of February 28/29

BC LOCAL GOVERNMENT LOAN SERVICING ABILITY





Long-Term Ratings:

Agency	Rating	Outlook	Date
S&P	AAA	Stable	May 16, 2023
Moody's	Aaa	Stable	April 24, 2024
Fitch	AAA	Stable	July 27, 2023

Short-Term Ratings:

Agency	Rating	Outlook	Date
S&P	A-1+	Stable	May 16, 2023
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/investor-relations>

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