Municipal Finance Authority of BC

2024 FINANCIAL STATEMENTS AND RELATED REPORTS

Financial Statements and Related Reports

REPORTS

SCHEDULES

Management Discussion and Analysis

This Management Discussion and Analysis provides commentary on the financial and operating results of the Municipal Finance Authority of British Columbia (MFA) for the 2024 fiscal year and should be read in conjunction with the 2024 audited financial statements and accompanying notes.

OVERVIEW OF BUSINESS

About MFA

The MFA was established in 1970 under the *Municipal Finance Authority Act* (the "Act") to provide long-term and short-term financing for regional districts and their member municipalities, regional hospital districts, and other prescribed institutions in British Columbia (BC) (collectively, the "clients"). Also included in the client base are the Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District, Emergency Communications for Southwest British Columbia (E-Comm), Capital Region Emergency Service Telecommunications (CREST), and the South Coast British Columbia Transportation Authority (TransLink). The City of Vancouver is also a member but functions under its own charter and retains the right to issue its own securities, however they remain jointly and severally liable for debt within the region. Long-term debt requirements of local governments (5 to 30 years), excluding the City of Vancouver, must be borrowed through the MFA. Long-term capital is raised through the issuance of securities, in the name of the Municipal Finance Authority of British Columbia, for the purposes of funding our client's projects within British Columbia.

Our mission is to finance municipal infrastructure and provide other low-cost and reliable financial solutions to local governments in BC. As part of our mission and mandate, our main services are built on three pillars: reliable and low-cost borrowing solutions, best-in-class investment funds, and financial support for professional development for local government leaders.

Long-term Lending

Sinking Fund Methodology

Long-term loan repayments follow a sinking fund methodology in which clients pay principal amounts in equal annual installments. Funds received are invested and held as an offset against the associated source of financing, typically accomplished through bullet debenture issuances. Clients are compensated for loan payments, received in advance of the associated debenture maturities, with the application of an actuarial credit applied to each principal payment. The credit is covered through earnings on investments held. Actuarial rates are set at the commencement of each loan and reviewed against actual investment performance. Earnings in excess of the actuarial rate are recorded as a surplus and form a component of equity at year end. If a surplus exists when the debenture matures, these funds will then be distributed to participating clients.

Taxation Authority

Under the provisions of its Act, the MFA has unfettered access to the full property assessment base in the Province of British Columbia without requiring approval of any senior level of government. Annually a nominal tax rate is applied to all taxable property to maintain the levy and preserve the collection process. The Act also requires the establishment of a Debt Reserve Fund where 1.00% of principal borrowed on each long-term loan request is held until the client has fulfilled its loan obligation, where their portion of the Debt Reserve Fund is then repaid. The total Debt Reserve Fund security required is calculated as half the average annual principal and interest requirements, with the 1.00% of principal borrowed on each long-term loan request held as cash and liquid fixed income securities and the remainder of the security held as a demand note. If the Debt Reserve Fund is required to meet these obligations and payments cannot be recovered under the terms of the loan agreements with the delinquent regional district, the Trustees may impose a tax on British Columbia taxable land and improvements to restore the fund. If the MFA does not have sufficient funds to meet payments or sinking fund contributions, the Trustees must levy or impose rates on all taxable land and improvements in British Columbia sufficient to meet the payments. Since inception in 1970, there has been no loan defaults and accordingly the funds held in the Debt Reserve Fund has never been called upon.

Joint & Several Liability

Local governments, within each regional district, are jointly and severally liable for each other's long-term debt borrowings. When a municipality passes a borrowing bylaw and presents it to its regional district for the purpose of issuing securities, all municipalities within the region must vote on their acceptance of that borrowing. Approval of the bylaw binds each municipality with joint and several obligations. In the normal course of business, debt servicing costs are collected from regional districts, which in turn requisition funds from the participating municipalities. If a municipality is unable to make payment, then the regional district incurs that deficiency and must work to recover any default from its member municipalities.

Short-term Lending

Short-term financing needs are met through a commercial paper program, authorized up to $1,250 million. This funding supports interim financing for short-term projects, equipment loans, and funding in anticipation of long-term borrowing or qualifying future revenue receipts. Proceeds raised, that are not immediately lent to clients, are invested in short-term investments or are held as cash for liquidity purposes.

Investment Products

Investment opportunities for clients are provided through the operation of a Pooled Investment Fund Program. These funds include high interest savings accounts, a money market fund, a government focused ultra-short bond fund, a short-term bond fund, a fossil fuel free short-term bond fund, diversified multi-asset class fund, a fossil fuel free diversified multi-asset class fund, and a mortgage fund. The funds are not included in the audited financial statements or annual report of MFA.

Support for Education

Our investment in education for our local government clients has been a cornerstone of our organization and is the third pillar of our mandate after providing low-cost lending solutions and investment products tailored to the BC local governments. By supporting training with a direct sightline to finance, risk management, and good governance, the MFA helps to reduce risk in the local government system and enhance financial knowledge and best practices.

INVESTOR CONFIDENCE

Financial strength is founded on the structure of the organization itself and the conservative nature of our clients. Through a combination of checks and balances over the borrowing process, joint and several obligations of regional districts and their member municipalities, an appropriate capital reserve, and the ability to levy a tax on all property in the Province, the MFA continues to maintain its high credit worthiness. To date, the MFA has never defaulted on any loan obligation, imposed a tax levy as a result of default nor made any claim against the Debt Reserve Fund.

The credit agencies have annually affirmed the MFA and its general obligation debenture debt as the highest investment quality available. Long-term credit ratings as at December 31, 2024; **Aaa (Moody's Investors Service), AAA (Standard & Poor's), and AAA (Fitch Ratings).**

The commercial paper program is rated with the highest credit worthiness for short-term money market instruments in Canada. Short-term credit ratings at December 31, 2024, **were P-1 high (Moody's Investors Service) and A-1+ (Standard & Poor's**).

FINANCIAL PERFORMANCE

Financial Results

The MFA continues to produce positive financial results with profits in all business lines including long-term financing, short-term financing and pooled investment programs. For the year ended 2024, total revenue amounted to $496 million against total expense of $337 million for an annual profit of $159 million. During the year, clients were allocated $120 million consisting of surplus payments, forgiven loan repayments, and actuarial credits. Earnings from all business lines continue to remain stable year over year with overall retained earnings increasing by $38 million to $226 million.

($millions)	**2024**	**2023**
Opening retained earnings	$188	$147
Earnings from business lines:		
Short-term lending	3	3
Long-term lending	27	30
Pooled investment products	4	4
Operations	4	3
	$ 38	$ 41
Ending retained earnings	**$226**	**$188**

Long-term Borrowing and Lending Program

During 2024, $1,300 million was raised in gross long-term debt through the re-opening of the December 2033 debenture for $415 million, the re-opening of the October 2029 debenture for $695 million, and the issuance of a new December 2034 debenture for $190 million. Long-term debt increased by $22 million reflecting the issuance of new debt of $605 million to fund new loans, repaying maturing debentures of $1,205 million, refinancing debt of $695 million and the remaining $73 million accounted for by the change in issue costs.

Long-term loans in 2024 increased by $103 million from 2023, with outstanding loans of $5.4 billion at year-end. This was due to new loans requested of $606 million requested for the year, offset by principal repayments of $385 million and recognizing actuarial credits of $118 million. Of the new loans issued, financing was focussed on projects related to sewer and water infrastructure, hospital capital, protective services, roads, and parks and recreation projects.

Short-term Borrowing and Lending Program

Our short-term borrowing program continues to be very active with $4.1 billion in commercial paper issued ($600 million of commercial paper outstanding at year-end), ranging from a term of 35-days to 340-days, with yields comparable to Provincial issuers. Commercial paper is benchmarked in relation to Government of Canada overnight and short-term provincial paper.

This program achieves the lowest rate amongst our peers and allowed us to provide short-term financing to local governments at rates of between 4.05% and 5.61% throughout 2024. We had 481 short-term loans outstanding to local governments in BC at the end of 2024, averaging $1,056,000 in size.

GOVERNANCE

The MFA has a long history of sound corporate governance and business principles, which has provided a solid foundation in helping us work towards our mission of providing low-cost and reliable financial solutions to local governments in BC. The MFA is managed through this mission along with defined business objectives, its enterprise risk management framework, and annual assessments and plans such as financial forecasts, capital and investing plans, operating plans, and budgets. Our commitment to strong corporate governance is emphasized in our key values and strategy and implemented in all our operations.

Governance Structure

British Columbia - Local Government

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

Members of the Authority

40 Members appointed by local government

Responsible for reviewing loans & electing trustees

Board of Trustees

10 Trustees responsible for overseeing operations & management

Authorize debt issuance

MFA Employees

Manage loans, debt & investments

Balance sheet of $10.2 billion

Complement of 19 professionals

Oversight is provided by 40 representative members appointed from the each of the 28 regional districts within the Province of British Columbia. A board of ten trustees is elected annually from the Members to exercise executive and administrative powers including policy, strategy, business plans, and enterprise risk management. The management team is led by the Chief Executive Officer (CEO) who oversees the day-to-day management in accordance with the Act, and the policies and guidelines as laid down by the Board of Trustees. The management team consists of the CEO, Chief Financial Officer, Chief Services Officer, and two staff directors, who sit on three internal committees with the following mandates:

- The Business & Sustainability Committee's purpose is to make operational decisions which have a material impact on our core services and to identify, monitor, and respond to risks and opportunities, ensure the delivery of core services adheres with all relevant legislation, policies, and procedures, and drive continuous improvement and execution on core services.
- The Credit Committee's overall function is to approve or otherwise make decisions on client credit and issuer (investment) ratings, client loan and investments status, and issuer limits and exemptions.
- The Investment Committee's purpose is to make investing related decisions with respect to the long-term and short-term investment portfolios, monitor investment credit ratings, monitor investment positions to ensure they are within approved MFA policies, and discuss any matters which are pertinent to our investing and funding related capital markets programs.

RISK MANAGEMENT

Risk Management Framework

To achieve our business objectives, we understand that we must selectively and prudently take and manage risks within our risk appetite, and that a strong risk culture and approach to managing risk is critical to our success. Our risk management framework enables us to understand the risks that we are taking and ensure that the level of risk is acceptable. We do this by ensuring that appropriate governance is in place by ensuring the necessary policies, processes, controls, and reporting required to monitor and manage these risks exist.

While all risks cannot be eliminated or known with absolute certainty, the framework seeks to ensure that risks are appropriately managed to achieve our business objectives over time. The risk framework will ensure strategy and business objectives are aligned and risk management programs and protocols are embedded within every business unit.

Risk Governance and Structure

The Board of Trustees has ultimate responsibility for ensuring the governance of all risks across the organization and has primary responsibility for taking action to ensure risk management policies, programs and practices are in place. By providing ongoing oversight of risk management programs, the Board monitors that significant risks are appropriately identified and managed. While risk has always been a primary consideration for our organization in its decision-making process, we continue to enhance this framework each year.

We utilize a risk management structure that emphasizes and balances strong central oversight and control of risk and with clear accountability for and ownership of risk within each business unit. The first line of defense is represented by the business unit management who owns the risks and have primary responsibility to identify, measure, manage, monitor and report these risks. The second line of defense is the MFA's management team who are responsible for establishing the organization's enterprise risk management practices. The third line of defense is distinct from the first two lines as it provides independent assurance that risk management practices, internal controls, and governance practices are effective. Our Board of Trustees, with support from our independent auditors, acts as the third line of defense through their oversight and governance role.

Operational Risk

Operational risk is the risk associated with a breakdown in internal controls, systems or procedural failures, human errors, or malfeasance. These risks can never be fully eliminated but have been minimized by establishing appropriate policies and sound internal controls through segregation of duties, strong accountability and reporting practices with a specific focus on stringent controls over cash balances and cash movements.

Market Risk

Interest Rate Risk

To minimize exposure due to market volatility all borrowings are denominated in Canadian dollars and issuance of debentures are matched to the timing of funding for long-term loans. Lending rates are set on loans to cover the cash flow requirements of associated funding debentures. For clients with loan terms that extend beyond the maturity of the related debenture(s), an interest rate refinancing risk exists. At the time of refinancing, the lending rate on remaining loans will be reset in relation to the rate on the issuance of new debt.

Refinancing Risk

Refinancing risk is the risk related to refinancing debentures as the obligation comes due. The MFA has experienced uninterrupted access to the capital markets even during stressed scenarios. The MFA manages the risk of not being able to issue a debenture for the purpose of refinancing existing debt by retaining access to repurchase agreements with three Schedule I banks to backstop any potential risk arising from the timing of debenture refinancing. Further, a diversified funding strategy is pursued by cultivating a broad domestic and international investor base.

Investment Return Risk

Investment return risk is the risk that sinking fund investment returns are not sufficient to offset actuarial credits provided and extinguish the associated debt at maturity. To minimize exposure, investment policies require investments to be BBB or higher and sinking funds are constantly monitored for any necessary actuarial adjustments to ensure appropriate returns are achieved.

Liquidity Risk

Liquidity risk is the risk that the MFA will not have sufficient cash to meet its obligations as they become due. This risk is managed by monitoring cash flows on a daily basis, maintaining an adequate liquid capital base ($253 million as at December 31, 2024), ensuring access to a $100 million bank facility, actively participating in the commercial paper market and maintaining access to three committed general purpose facilities totaling $350 million. These facilities can be accessed if we are unable to issue or roll commercial paper and may also be accessed for general financing purposes if required. Under the Capital Adequacy Model, the MFA targets capital to maintain a minimum Liquidity Ratio of 1.0 times to service a full year of interest expense when the $350 million general purpose facilities and the $100 million bank facility is included.

Although never undertaken in its history, the MFA can also invoke the joint and several guarantee of its clients, call outstanding demand notes, and impose a property tax on all taxable land and improvements in British Columbia.

Credit Risk

Credit risk is the risk of loss due to a client failing to meet its obligations or an issuer of a debt security the MFA has invested in fails to remit its interest or principal when scheduled. Prior to funding any loans, clients must demonstrate the financial capacity to service debt as regulated by the Province and must adhere to a strict borrowing process. The MFA also monitors global and provincial economic conditions, assesses regional political issues, and analyzes the submission of client's financial records. The MFA limits its exposure to credit risk associated with investments by diversifying its portfolio and restricting the investment portfolio to investment grade (BBB or higher) fixed-income securities.

SUSTAINABILITY

In 2024, we built on the foundational work we began in 2023 to evolve our ESG program towards voluntary alignment with the International Sustainability Standard Board's standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures.

ESG Program

In 2023, the MFA established three core objectives and a topic-specific priority to guide our ESG program:

- 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

Climate-First Priority

As part of our climate-first priority, our approach is to advance these core objectives with an initial focus on identifying and assessing climate-related financial risks with the potential to materially affect our future cash flows, access to capital, and cost of capital over the near, medium, or long term. Through the development and implementation of our ESG Program strategy, we are integrating climate and sustainability into our enterprise-wide governance, risk management, business strategy, and impact measurement and reporting.

As a first step, we identified potentially material information about climate-related risks and opportunities by scanning the resources and relationships we depend on for our value creation, and the significant interactions which occur throughout our value chain. There are many areas of the province exposed to climate-related physical risk, the most relevant and pervasive being coastal or riverine flooding, wildfire, extreme heat, drought and water scarcity. While there is limited operational risk to our business from such acute events or chronic stressors, these climate events could potentially impact us if the financial risk inherent to our lending activities were to increase as a result of the direct or cascading effects on the financial health of BC local governments stemming from physical damage losses and/or economic losses sustained by these borrowers and their communities.

Given the credit risk mitigants in place for our lending activities, the effects of a provincially significant and pervasive climate-related disaster are only material effect to our future prospects should a small number of very significant changes to existing conditions occur. Within the external environment in which we, local governments and BC residents and businesses operate, there are a set of critical financial protections available to local governments and their resident and business taxpayers which currently shield them from the potentially devastating financial consequences of natural disasters. Specifically, where one or more of the market, policy, or legal changes described below to occur, the current capability of local governments and their communities' residents and businesses to proactively prepare for, or subsequently recover from, the financial effects of climate-related disasters (acute events) could be substantially affected.

- Access to affordable insurance for flood and fire protection in BC becomes restricted
- Disaster financial assistance mechanisms of the provincial and/or federal government are removed or significantly reduced in scope or coverage, and/or
- Precedence is established finding local governments guilty of negligence and/or nuisance when the capacity of their infrastructure is overwhelmed and private damages and losses are incurred

The MFA will continue to monitor for any proposed changes over the medium to long term that could expose us to a level of financial risk not able to be managed by our multi-layered credit risk protections.

The Evolution of Sustainability Disclosures in Future Years

We will continue to collaborate with local governments, partner organizations, and the Province of BC to improve data quality, completeness, relevance, and timeliness. The Province is expected to publish an updated climate risk assessment in winter 2025 which we will review for changes to likelihood or consequence of specific risk events and the inclusion of any new risk events or climate scenarios. Legislation requiring localized hazard risk and vulnerability assessments by municipalities and regional districts will enable us to evaluate climate risk and possible outcomes on a more granular level in future years. Finally, mandatory requirements for publicly available progress reporting related to asset management, long-term financial planning, and performance measurement will continue to enable more detailed assessments of the financial sustainability and resilience of BC local governments.

We anticipate these sustainability disclosures will evolve over the coming years to adapt to changing investor expectations and as we are able to scan the sustainability disclosure landscape, review how our industry peers are contextualizing these standards and the leading practices that emerge. We continue to develop practical strategies for incorporating and advancing emerging standards and approaches for integrated thinking and reporting.

CAPITAL ADEQUACY

In 2019, the Board of Trustees approved and implemented our first Capital Adequacy Policy which is operationally managed through the Capital Adequacy Framework. An assessment done annually ensures that the organization has the appropriate level of capital to support its Aaa/AAA credit rating and can credibly ensure to our rating agencies that this capital is a permanent component of the organization's overall financial structure and will remain at an adequate level to support a Aaa/AAA rating in the future. On-balance sheet risk capital targets for financial institutions is a formal requirement of financial regulatory bodies around the world. Capital is needed to absorb risks such as credit, operational, and market risk, or other losses and liquidity considerations at the financial institution providing protection to investors. These key risks are integrated and further monitored as part of the organization's enterprise risk management framework.

Since inception, the MFA has never experienced a loan or investment default and therefore has never had to access its capital. Total capital is made up of the Retention Fund which is retained earnings from operations and short-term lending, and the Debt Reserve Fund which is the variable capital provided from new loans. For 2024, the Retention Fund increased to $129 million by the end of 2024, a $13 million increase from 2023. This was accomplished by a combination of income from operations of $4 million, earnings on investment income of $6 million on the Retention Fund, and short-term debt fund earnings of $3 million. The Retention Fund and Debt Reserve Fund ($124 million) collectively comprise total capital ($253 million as at December 31, 2024). MFA raises capital through operating profits earned or via the replenishment of the Debt Reserve Fund through taxation.

The Capital Adequacy Model targets a capital level for the greater of a non-risk capital assessment ($204 million) and a risk-based capital assessment ($188 million). The MFA currently holds $253 million in capital which is appropriate given the riskiness of assets held.

	2024	2023
NON-RISK BASED CAPITAL ASSESSMENT		
Capital Leverage Ratio:		
Total Assets	$10.2 billion	$10.2 billion
Target %	2.00%	2.00%
Non-Risk Based Target Level	**$204 million**	**$204 million**
Current %	2.49%	2.34%
RISK BASED CAPITAL ASSESSMENT		
Part A - Capital Adequacy Ratio		
Total Risk Weighted Assets	$1.9 billion	$1.8 billion
Target %	9.77%	9.73%
Risk-Based Target Level A (credit, operational & market risk)	**$183 million**	**$173 million**
Current %	13.56%	13.42%
Part B - Key Internal Risks:		
Risk-Based Target Level B (investment return & long-term debt refinancing risk)	**$5 million**	**$6 million**
Combined Risk-Based Target Level (Part A + Part B)	**$188 million**	**$179 million**
Total Capital (Retention Fund & Debt Reserve Fund)	**$253 million**	**$239 million**

Management Report

The financial statements of the Municipal Finance Authority of British Columbia (the "Authority") are the responsibility of management and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available as at April 24, 2025.

Management has developed and maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded, and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel, and appropriate delegation of authority and segregation of responsibilities within the organization.

The financial statements have been examined by KPMG LLP, the Authority's independent external auditor. The external auditor's responsibility is to express their opinion on whether the financial statements fairly present, in all material respects, the Authority's financial position, results of operations, and cash flows in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. Their Independent Auditor's Report, which follows, outlines the scope of their examination and their opinion.

The Board of Trustees monitors management's responsibility for financial reporting and internal controls. The Board meets with the external auditor and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Members of the Authority. The external auditor has full and open access to the Board, with and without the presence of management.

Matthew O'Rae, MBA, CPA, CA
Chief Financial Officer
Victoria, British Columbia, Canada

Independent Auditor's Report

To the Members of the Municipal Finance Authority of British Columbia

Opinion

We have audited the financial statements of the Municipal Finance Authority of British Columbia (the Authority), which comprise:

- the statements of financial position as at December 31, 2024 and December 31, 2023
- the statements of comprehensive income for the years then ended
- the statements of changes in equity for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of material accounting policy information
  (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Authority as at December 31, 2024 and December 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the document entitled "Management's Discussion and Analysis".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the "Management's Discussion and Analysis" as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

April 24, 2025
Victoria, British Columbia, Canada

Statements of Financial Position

AS AT DECEMBER 31

THOUSANDS OF DOLLARS		
	2024	2023
ASSETS		
Cash and cash equivalents	**$ 271,489**	$ 604,998
Investments (Note 4)	**3,923,385**	3,950,212
Accrued interest and other receivables	**68,949**	102,498
Short-term loans to clients (Note 5)	**507,894**	244,135
Long-term loans to clients (Note 6)	**5,405,159**	5,302,580
Property and equipment (Note 7)	**551**	708
Total Assets	**$ 10,177,427**	$ 10,205,131
LIABILITIES		
Trade and other payables (Note 8)	**$ 44,336**	$ 45,558
Bank and short-term indebtedness (Note 9)	**598,098**	696,324
Lease liability	**611**	771
Due to clients (Note 10)	**123,933**	121,527
Long-term debt (Note 11)	**9,343,487**	9,321,585
Total Liabilities	**10,110,465**	10,185,765
EQUITY		
Accumulated other comprehensive income	**(159,152)**	(168,289)
Retained earnings	**226,114**	187,655
Total Equity	**66,962**	19,366
Total Liabilities and Equity	**$ 10,177,427**	$ 10,205,131

The accompanying notes are an integral part of these financial statements

Matthew O'Rae, MBA, CPA, CA

Chief Financial Officer
Victoria, British Columbia, Canada

Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31

THOUSANDS OF DOLLARS	2024	2023
REVENUE		
Interest from loans to clients	**$ 288,739**	$ 267,858
Investment income	**182,989**	195,361
Amortization of premiums on long-term debt	**19,414**	18,612
Financial service fees	**4,108**	3,739
Operating levy	**637**	609
Total Revenue	**495,887**	486,179
EXPENSE		
Interest on long-term debt	**284,873**	274,021
Interest on bank and short-term indebtedness	**28,704**	31,616
Interest on lease liability	**19**	24
Amortization of discounts on long-term debt	**12,263**	8,563
Administration	**4,877**	4,377
Investment income due to clients (Note 10)	**6,185**	5,385
Impairment loss (gain) on investments and loans to clients	**19**	(60)
Debt management and marketing	**167**	153
Total Expense	**337,107**	324,079
Profit for the year	**158,780**	162,100
OTHER COMPREHENSIVE INCOME		
Items that are or may be reclassified subsequently to profit or loss		
Financial instruments at FVOCI – net change in fair value	**(11,293)**	70,784
Financial instruments at FVOCI – reclassified to profit or loss	**20,432**	35,733
Financial instruments at FVOCI – net remeasurement in loss allowance	**(2)**	-
Other Comprehensive Income for the year	**9,137**	106,517
Total Comprehensive Income for the year	**$ 167,917**	$ 268,617

The accompanying notes are an integral part of these financial statements

Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31

THOUSANDS OF DOLLARS	Accumulated other comprehensive income*	Retained earnings	Total
Balance December 31, 2022	$ (274,806)	$ 146,782	**$ (128,024)**
Profit for the year	—	162,100	**162,100**
Allocations to clients (Note 12)	—	(121,227)	**(121,227)**
Net change in fair value of FVOCI financial assets			
Financial instruments at FVOCI – net change in fair value	70,784	—	70,784
Financial instruments at FVOCI – reclassified to profit or loss	35,733	—	**35,733**
Financial instruments at FVOCI – net remeasurement in loss allowance	-	—	-
Balance December 31, 2023	$ (168,289)	$ 187,655	**$ 19,366**
Profit for the year	—	158,780	**158,780**
Allocations to clients (Note 12)	—	(120,321)	**(120,321)**
Net change in fair value of FVOCI financial assets			
Financial instruments at FVOCI – net change in fair value	(11,293)	—	**(11,293)**
Financial instruments at FVOCI – reclassified to profit or loss	20,432	—	**20,432**
Financial instruments at FVOCI – net remeasurement in loss allowance	(2)	—	**(2)**
Balance December 31, 2024	$ (159,152)	$ 226,114	**$ 66,962**

The accompanying notes are an integral part of these financial statements

** Accumulated other comprehensive income represents unrealized gain (loss) on fair value through other comprehensive income investments.*

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31

THOUSANDS OF DOLLARS	2024	2023
OPERATING ACTIVITIES		
Profit for the year	**$ 158,780**	$ 162,100
Non-cash items:		
Gain on disposal of assets	**-**	(341)
Accretion of discounts on investments	**(95,134)**	(97,137)
Amortization of premiums and discounts on long-term debt	**(7,151)**	(10,050)
Investment income due to clients	**6,185**	5,385
Depreciation on property and equipment	**157**	184
Interest expense on lease liability	**19**	24
Impairment loss (gain) on investments and loans to clients	**19**	(60)
Expected credit loss allowance on cash and cash equivalents	**3**	-
Changes in accrued interest and other receivables	**33,549**	(7,378)
Changes in trade and other payables	**(1,222)**	(370)
Net cash provided by operating activities	**95,205**	52,357
INVESTING ACTIVITIES		
Investments sold or matured	**611,125**	689,812
Investments purchased	**(480,025)**	(475,608)
Net cash provided by (applied to) investing activities	**131,100**	214,204
FINANCING ACTIVITIES		
New debt issued	**1,234,453**	1,101,882
Debt retired	**(1,205,401)**	(1,522,777)
Loan repayments from clients	**581,431**	536,888
New loans to clients	**(1,065,411)**	(439,347)
Bank indebtedness and commercial paper issued	**4,023,054**	4,121,944
Bank indebtedness and commercial paper repaid	**(4,121,280)**	(4,023,298)
Contributions from clients for new long-term loans	**6,055**	2,315
Contributions and earnings refunded to clients	**(9,834)**	(5,754)
Surplus payments to clients (Note 12)	**(2,702)**	(910)
Lease liability repaid	**(179)**	(179)
Net cash provided (applied) by financing activities	**(559,814)**	(229,236)
Increase in cash and cash equivalents	**(333,509)**	37,325
Cash and cash equivalents, beginning of the year	**604,998**	567,673
Cash and cash equivalents, end of the year	**$ 271,489**	$ 604,998

The accompanying notes are an integral part of these financial statements

Supplementary cash flow information (Note 13)

Notes to the Financial Statements

1. Reporting entity

The Municipal Finance Authority of British Columbia (the "Authority") has its head office at 3680 Uptown Boulevard, Victoria, British Columbia. It operates under the *Municipal Finance Authority Act* (the "Act") as a central borrowing agency for the financing of capital requirements of regional districts and their member municipalities, regional hospital districts, and other special purpose municipal bodies (collectively the "clients"). The Authority issues its own securities and lends the proceeds to clients at whose request the financing is undertaken. Obligations of the Authority are not obligations of the Province of British Columbia (the "Province") and are not guaranteed, directly or indirectly, by the Province.

The Authority may annually impose rates, not exceeding prescribed amounts, on all taxable land and improvements in the Province to meet the annual operating budget. Additional rates will be levied if the Board of Trustees is of the opinion that debt repayments may not be recovered within a reasonable time under the long-term loan agreements with clients.

Under Section 149 (1) (c) of the *Income Tax Act*, the Authority is exempt from income taxes.

These financial statements reflect the capital financing and general operations of the Authority. The Authority also has established pooled investment funds which are appropriately not consolidated in the financial statements.

2. Basis of presentation

(a) Statement of compliance:
These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The financial statements were authorized for issue by the Members of the Authority on April 24, 2025.

(b) Basis of measurement:
The financial statements have been prepared on the historical cost basis except for financial assets designated as fair value through other comprehensive income (FVOCI), including investments, which are measured at fair value.

(c) Functional and presentation currency:
These financial statements are presented in Canadian dollars, which is the Authority's functional currency. All tabular financial information presented has been rounded to the nearest thousand.

(d) Use of estimates and judgments:
The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty are the areas where assumptions and estimates have a risk of causing a material adjustment to the carrying amount of assets and liabilities. These are:

(i) Investments – in determining the valuation of FVOCI financial assets where quoted prices in active markets are not available, the Authority determines the fair value of future payments to be received utilizing appropriate discount rates based on comparable market transactions and the estimated effect of credit risk for the transaction.

(ii) The amounts recognized in the notes to the financial statements regarding estimated principal payments on loans to clients (note 6) are based on expectations of interest income earned on investments. Actual income realized will differ from the estimates, perhaps materially.

(iii) Expected credit loss on financial assets - the determination of the allowance for expected credit losses on investments and loans to clients is another source of estimation uncertainty. This requires the Authority to make complex, subjective judgments on the credit risk of its financial assets.

Notes to the Financial Statements continued

3. Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

(a) Retained earnings:
The Authority has no authorized or issued share capital.

The Authority is required under the Act to segregate certain activities by fund.

The amount of retained earnings reallocated to clients is disclosed in the statements of changes in equity (note 12).

(b) Revenue recognition:
Financial service fee revenue is recognized as earned and measured at the rate of 1.00% per annum of the book value of the investment holdings.

(c) Interest revenue and expense:
Interest revenue and expense for all interest-bearing financial instruments is recognized within interest revenue and interest expense in the statements of comprehensive income using the effective interest method. The effective interest method is the rate that exactly discounts the estimated future cash flow through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Authority estimates future cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation of the effective interest method includes all fees and costs paid or received between parties to the contract that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest revenue and expense presented in the statements of comprehensive income includes:

- interest on financial assets and financial liabilities measured at amortized cost, calculated on an effective interest basis
- interest on investment securities measured at FVOCI is calculated on an effective interest basis

(d) Financial instruments:
(i) Recognition and initial measurement:

Financial assets and financial liabilities are initially recognized when the Authority becomes a party to the contractual provisions of the instrument.

At initial recognition, the Authority measures a financial asset or a financial liability at its fair value plus, in the case of an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement:

Financial assets
The Authority classifies its financial assets between those to be measured subsequently at FVOCI and those to be measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Notes to the Financial Statements continued

3. **Material accounting policy information** (continued)

(d) Financial instruments (continued):

(iii) Classification and subsequent measurement (continued):

Loans to clients are classified as financial assets at amortized cost which is consistent with the Authority's business model of holding loans to collect contractual cash flows that are solely for payments of principal and interest. Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.

Investments and cash are measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Such financial assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other comprehensive income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities:

The Authority classifies bank and short-term indebtedness, trade and other payables, due to clients and long-term debt as other financial liabilities measured at amortized cost. A financial liability is derecognized when its contractual obligations are discharged, cancelled or expire. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Any gain or loss on derecognition is recognized in profit or loss.

(e) Investments:

The investment purchasing and trading policy of the Authority is to match the maturity of investments with the applicable obligation dates of the related debt.

Investment acquisitions and disposals are recorded as of the trade date. Although investments are typically held to maturity, all investments have been designated as FVOCI and stated at fair value. Any unrealized change in fair value is reflected in accumulated other comprehensive income and subsequently transferred to profit or loss when realized.

Fair values of investments are determined using quoted market prices where available. Where quoted market prices are not available, fair values are calculated based on discounted cash flow analysis with an incorporation of credit risk as applicable.

(f) Impairment:

(i) Financial assets (including receivables):

The Authority recognizes loss allowances for expected credit losses (ECL) on its financial assets.

The Authority measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL; financial assets determined to have low credit risk at the reporting date, and financial assets to clients for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Financial assets that satisfy these criteria are considered to be in Stage 1. If credit risk has increased significantly since initial recognition but the investment or loan is not credit-impaired, the financial asset would move into Stage 2. Once the financial asset is determined to be credit impaired, it is considered to have moved into Stage 3.

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Authority in accordance with the contract and the cash flows that the Authority expects to receive).

Measurement of ECLs:

ECLs are a probability-weighted estimate of credit losses. ECLs are a function of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment to reflect factors not captured in ECL models.

The Authority assumes that the credit risk on a loan to clients has increased significantly if a principal or interest payment is past due in a calendar year or the client's internal credit rating drops below an acceptable level based on various financial, economic, governance, and institutional factors. Loans to clients are considered credit-impaired when the borrower is unlikely to pay its credit obligations to the Authority in full or a principal or interest payment is between 180 and 365 days past due. A loan is in default when a principal or interest payment is 366 days past due.

Notes to the Financial Statements continued

3. Material accounting policy information (continued)

(f) Impairment (continued):

(i) Financial assets (including receivables) continued:

The Authority generally requires all investments held within its portfolios to have investment grade credit ratings from a recognized rating agency of BBB or higher. Credit risk on an investment is assumed to have increased significantly in credit risk if the credit rating drops below BBB. A similar approach is taken for Cash and cash equivalents, where if the financial institution that holds the deposits drops below BBB, a significant increase in risk is assumed to have occurred.

Presentation of allowance for ECL in the statement of financial position:
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to profit or loss. For investments at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

4. Investments

Investments consist of the following debt securities and maturities:

THOUSANDS OF DOLLARS						
	within 1yr	*1-3yrs*	*3-5yrs*	*over 5yrs*	**2024**	2023
Government of Canada	*$ 79,235*	*99,901*	*90,826*	*52,491*	**$ 322,453**	$ 246,870
Provincial governments	*272,748*	*384,565*	*396,375*	*1,822,460*	**2,876,148**	2,912,566
Chartered banks	*78,463*	*27,494*	*1,310*	*12,892*	**120,159**	178,464
Local governments	*10,851*	*31,082*	*18,331*	*544,361*	**604,625**	612,312
	$ 441,297	*543,042*	*506,842*	*2,432,204*	**$ 3,923,385**	$ 3,950,212

Investments in Government of Canada, Provincial governments, and chartered banks may be direct or guaranteed.

The 12-month expected credit loss for investments is $14,486 (2023 – $15,998), the net remeasurement gain is $1,512 (2023 - $324 gain), with no transfer to lifetime expected credit losses.

5. Short-term loans to clients

Short-term loans represent loans of 1 to 5 years and are provided for under Section 11 of the Act. The Authority offers a revolving credit facility for clients under two programs:

Equipment Financing Program: *short-term funding of capital assets.*

Short-term Financing Program*: tax revenue anticipation, interim funding requirements and bridge financing of capital projects.*

Short-term loans to clients represent loans receivable for the following purposes:

THOUSANDS OF DOLLARS		
	2024	2023
Temporary financing of capital projects	**$ 395,713**	$ 138,331
Short-term capital borrowing	**112,221**	105,830
	507,934	244,161
Expected credit loss provision	**40**	26
	$ 507,894	$ 244,135

Short-term loans are charged interest based on the weighted average cost of commercial paper plus 0.50% and carry a maximum term of 5 years.

The amounts due within one year are $7,381,975 (2023 – $9,295,452).

The 12-month expected credit loss for short-term loans to clients is $40,241 (2023- $25,951), the net remeasurement loss is $14,290 (2023 – $7,566 loss), with no transfer to lifetime expected credit losses.

Notes to the Financial Statements continued

6. Long-term loans to clients

Long-term loans are initially measured at fair value and subsequently reflected at amortized cost using the effective interest method. Lending rates on loans are fixed for borrowing terms commencing with the initial period of the loan. The Authority conducts an annual evaluation of loan impairment to determine if an impairment write-down is necessary. No impairments have been taken in the current or previous years. A reduction in the carrying value of a loan may be recovered by an offsetting transfer from the Debt Reserve Fund and ultimately through a levy on taxable land and improvements if it is believed that payments under loan agreements may not be recovered within a reasonable time.

The principal payments recoverable from clients in each of the next five years and aggregated to maturity (excluding principal payments forgiven as outlined in note 12) are as follows:

THOUSANDS OF DOLLARS		
2025	$	**383,994**
2026		**358,427**
2027		**335,197**
2028		**304,101**
2029		**283,156**
2030 – 2034		**1,166,658**
2035 and thereafter		**968,386**
		3,799,919
Actuarial adjustment, budgeted		**1,605,609**
Expected credit loss provision		**369**
	$	**5,405,159**

These scheduled principal payments require management to estimate an expected earnings rate on investments on commencement (rates currently range from 1.75% to 5.00%), therefore included in loans to clients are budgeted non-cash actuarial adjustments of $1,605,608,951. This actuarial adjustment represents the estimated interest income on the investment portfolio for principal payments collected from clients and invested by the Authority until the related debt is retired. As principal payments are received annually, the associated actuarial adjustments are credited to the loan balance outstanding.

When the Authority, under Section 14 of the Act, has determined that the value of the assets in the sinking fund, together with the anticipated earnings for that fund, is greater than the value that will be required to repay the debt or discharge the obligation and has declared that there is an anticipated surplus in the fund of a specified amount, the scheduled future payments of both principal and interest from clients under the related loan agreements are forgiven.

The 12-month expected credit loss for long-term loans to clients is $369,424 (2023 - $360,996), the net remeasurement loss is $8,428 (2023 - $67,165 gain), with no transfer to lifetime expected credit losses (2023 - $0).

Notes to the Financial Statements continued

7. Property and equipment

Property and equipment consists of a right-of-use asset related to a leased facility out of which the Authority operates, and the net book value of the leasehold improvements on that facility.

THOUSANDS OF DOLLARS				
		2024		2023
Right-of-use assets	**$**	**551**	$	708
	$	**551**	$	708

The right-of-use asset balance as at December 31, 2024 is $1,495,651, which is reflected net of accumulated depreciation of $944,621 (2024 - $787,185).

8. Trade and other payables

Trade and other payables consist of:

THOUSANDS OF DOLLARS				
		2024		2023
Interest payable – Long-term debt	**$**	**42,026**	$	43,940
Other payables		**2,310**		1,618
	$	**44,336**	$	45,558

9. Bank and short-term indebtedness

The Authority has a commercial paper program which enables it to issue commercial paper up to a maximum aggregate principal amount of $1,250 million through the issuance of short-term notes in the name of the Authority of up to 365 days in duration. At year end, total commercial paper borrowings outstanding were $598 million and the average interest rate on commercial paper issued was 3.55% (2023 – 5.05%).

The Authority has authorized access to three general corporate purpose committed facilities totalling $350 million with three Canadian chartered banks. Under these agreements, the Authority may borrow on a floating rate basis of Adjusted Term Corra. All amounts drawn are repayable by the agreement maturity date unless an extension is requested by the Authority. During the year, the Authority did not borrow against any of these facilities nor hold any associated floating term debt at the beginning of the year or at year end.

The Authority has an agreement under which a chartered bank provides a revolving credit facility of up to $100 million. Under that agreement, the Authority may borrow at a daily floating rate based on the prime rate or at negotiated rates for fixed terms up to one year in length. Floating-rate borrowings are subject to repayment within 30 days following demand by the bank while fixed-term borrowings are repayable at maturity. During the year, the Authority did not borrow against this revolving credit facility nor hold any associated floating or fixed term debt at the beginning of the year or at year end.

Notes to the Financial Statements continued

10. Due to clients

At the commencement of each long-term loan, the Act requires that each regional district deposit with the Authority: (a) an amount equal to one-half the average annual installment of principal and interest in respect of its own borrowing, and (b) an amount equal to one-half the average annual installment of principal and interest as set out in the borrowing agreements entered into with its member municipalities. Amounts are payable either in full or in an amount equal to 1.00% of the total principal amount borrowed, with the balance secured by a non-interest-bearing demand note.

The Act requires the Authority to place these deposits into a Debt Reserve Fund whose primary purpose is to provide security for debenture payments to bondholders. If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions must be made from the Debt Reserve Fund. Once the regional districts or member municipalities have made the final payment under their respective loan agreements, then these deposits are repaid to clients.

Scheduled payments to clients in each of the next five years and to the maturity of all loans are as follows:

THOUSANDS OF DOLLARS		
2025	$	**8,018**
2026		**13,724**
2027		**10,614**
2028		**5,987**
2029		**6,566**
2030 – 2034		**22,998**
2035 and thereafter		**56,026**
	$	**123,933**

The balance held in the Debt Reserve Fund, to be applied to pay amounts Due to clients, is as follows:

THOUSANDS OF DOLLARS				
		2024		2023
Cash	**$**	**38,497**	$	39,415
Accrued interest receivable		**176**		105
Investments		**85,260**		82,007
	$	**123,933**	$	121,527

Investments of the Debt Reserve Fund consist of the following securities:

THOUSANDS OF DOLLARS				
		2024		2023
Government of Canada	**$**	**35,800**	$	34,696
Provincial governments		**44,524**		42,510
Local governments		**4,936**		4,801
	$	**85,260**	$	82,007

Also integral to the Debt Reserve Fund, but not presented on the statements of financial position, are Demand Notes Receivable from clients of $246,968,608 (2023 – $252,560,218) which are entered into upon commencement of a loan and are callable on demand to meet long-term obligations. Once clients have made the final payment under their respective loan agreements, the demand notes will be extinguished. For financial statement presentation, these demand notes receivable have been classified against Due to clients, reflecting their contingent nature. Throughout the history of the organization, the Authority has never called upon any demand note.

If the Board of Trustees of the Authority is of the opinion that the payments made from the Debt Reserve Fund may not be recovered under the terms of the loan agreements within a reasonable time, they may levy or impose upon substantially all taxable land and improvements in the Province of British Columbia, rates sufficient to maintain the Debt Reserve Fund at a level not exceeding the amount which would have been in the Fund had no such payments been made. Further, the Board of Trustees must impose such rates when the balance in the Fund is less than 50% of the amount that would have been in the Fund had no such payments been made.

During the year, the Debt Reserve Fund recognized total revenue of $4,324,894 (2023 – $3,931,863). Included in accumulated other comprehensive income is an unrealized mark-to-market valuation gain on the investments of $1,859,846 (2023 – $1,453,151 gain). The Authority's practice is to hold investments until maturity to minimize the impact of fluctuations of market pricing on investment values. The excess of revenue over expenses, including valuation adjustment on investments, in the Fund was $6,184,740 (2023 – $5,385,014) and is recorded as investment income due to clients.

Notes to the Financial Statements continued

11. Long-term debt

The aggregate long-term debt maturities in each of the next five years and aggregated to maturity are as follows (including provision for early calls by the Authority and redemptions at the option of the bondholder):

THOUSANDS OF DOLLARS		
2025	$	**1,159,940**
2026		**1,592,816**
2027		**1,451,569**
2028		**1,481,632**
2029		**1,106,700**
2030 – 2034		**2,234,497**
2035 and thereafter		**376,867**
		9,404,021
Transaction costs, net of accumulated amortization		**(60,534)**
	$	**9,343,487**

Client bylaw terms (up to 30 years) may not coincide with the Authority's debenture terms (typically 5 or 10 years), and therefore many borrowing requests may require some level of refinancing. Refinancing is dependent on a number of considerations such as maturity date of related long-term loans, investment holdings, estimated future investment income, and estimated future interest rates.

12. Allocations to clients

Allocations to clients comprise the total of surpluses earned (earnings in excess of debenture interest cost) by the investments relating to specific debenture issues that have matured and were distributed back to clients for whom the financing was undertaken. Accruals of investment income due to clients and allocations of net profit to clients, which apply to the Debt Reserve Fund, are shown separately.

During the year, the following amounts were allocated:

THOUSANDS OF DOLLARS				
		2024		2023
Cash surplus repayments	$	**2,702**	$	910
Actuarial earnings recognized		**117,619**		120,317
	$	**120,321**	$	121,227

Included in actuarial earnings recognized is $45,828,151 (2023 – $49,334,680) of accrued earnings calculated from the last principal payment dates to December 31, 2024.

13. Supplemental cash flow information

During the year, the Authority received the following cash payments:

THOUSANDS OF DOLLARS				
		2024		2023
Interest from clients on long-term loans	$	**269,517**	$	256,300
Interest from clients on short-term loans		**14,889**		9,925
Interest from investments		**92,093**		53,218

During the year, the Authority made the following cash payments:

THOUSANDS OF DOLLARS				
		2024		2023
Interest on long-term debt	$	**286,750**	$	275,168
Interest on short-term indebtedness		**32,739**		27,647

The amounts shown on the statements of comprehensive income are recorded on an accrual basis and may differ from the information presented above on a cash basis.

Notes to the Financial Statements continued

14. Financial instruments

(a) Risk management:
Management is responsible for safeguarding systems, identifying risks, and recommending the appropriate policies and framework. The Board of Trustees reviews and approves the risk management policies and associated reporting procedures to enable them to monitor the adherence to these policies. The Authority has additional controls in place through the establishment of the Business and Sustainability, Credit, and Investment Committees to assist in managing key credit, investment, and financial risks.

The Authority has a restrictive investment policy as defined in the Act which limits investments to fixed income securities of the Government of Canada and its agencies, Provinces in Canada, local governments in Canada, Canadian chartered banks, and Canadian saving institutions. No equity investments are permitted.

All long-term loans to clients are approved according to Provincial legal and financial requirements and each loan request must be reviewed by the Members of the Authority prior to funding. One percent of each borrowing request must be deposited as a refundable cash contribution and held in the Debt Reserve Fund as security against possible loan default. Furthermore, the Authority has the power to levy a province-wide property tax to meet operational requirements.

(b) Liquidity risk:
Liquidity risk is the risk that a portfolio may not be able to settle or meet its obligation on time or at a reasonable price.

Each long-term loan request is funded at the time the Authority raises monies in capital markets and the cash flow on debt repayment is matched to the cash flow on loan collections. The Authority monitors cash resources daily and continually reviews future cash flow requirements to ensure obligations are met.

The Authority utilizes a commercial paper facility with an authorized limit of $1,250 million, has access to bank demand facilities of $100 million, and maintains a Debt Reserve Fund which is available to ensure timely payment of its obligations. Committed term facilities of $350 million are also maintained for general corporate purposes if required. Further, the Authority retains access to repurchase agreements with three Schedule I banks and the Bank of Canada to backstop any potential risk arising from timing of debenture refinancing.

THOUSANDS OF DOLLARS							
December 31, 2024	Carrying amount	Contractual cash flows	*6 months or less*	*6-12 months*	*1-2 years*	*2-5 years*	*more than 5 years*
Non-derivative financial liabilities							
Trade and other payables	**$ 44,336**	$ 44,336	*44,336*	-	-	-	-
Bank and short-term indebtedness	**598,098**	598,098	*598,098*	-	-	-	-
Due to clients	**123,933**	123,933	*4,156*	*3,862*	*13,724*	*23,167*	*79,024*
Long-term debt	**9,343,487**	10,759,670	*767,847*	*673,086*	*3,506,620*	*2,953,756*	*2,858,361*
	$ 10,109,854	$ 11,526,037	*1,414,437*	*676,948*	*3,520,344*	*2,976,923*	*2,937,385*

THOUSANDS OF DOLLARS							
December 31, 2023	Carrying amount	Contractual cash flows	*6 months or less*	*6-12 months*	*1-2 years*	*2-5 years*	*more than 5 years*
Non-derivative financial liabilities							
Trade and other payables	**$ 45,558**	$ 45,558	*45,558*	-	-	-	-
Bank and short-term indebtedness	**696,324**	696,324	*696,324*	-	-	-	-
Due to clients	**121,527**	121,527	*4,186*	*5,261*	*7,631*	*28,863*	*75,586*
Long-term debt	**9,321,585**	10,618,589	*947,977*	*522,072*	*3,195,974*	*3,713,383*	*2,239,183*
	$ 10,184,994	$ 11,481,998	*1,694,045*	*527,333*	*3,203,605*	*3,742,246*	*2,314,769*

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements continued

14. Financial instruments (continued)

(c) Interest rate risk:
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Although investments are purchased with the intention to hold to maturity, they are designated as FVOCI. Changes in the fair value of investments have parallel changes in value in equity. Investment trading will only occur if the transaction is within the investing policy and enhances the overall position of the portfolio. Trading is not done on speculation of interest rate changes and investments are not liquidated in response to declines in market prices.

The Authority sets the lending rates on long-term loans at similar levels to the yield realized on debenture issuances such that the cash flow obligations on debentures and loans financed are matched. Any changes in interest rates during the period in which loans and the related debentures are outstanding will have no impact on profit.

At the reporting date the interest rate profile of the Authority`s interest-bearing financial instruments was:

THOUSANDS OF DOLLARS	**2024**	2023
Fixed rate instruments		
Financial assets	**$ 9,397,493**	$ 9,355,290
Financial liabilities	**(9,473,259)**	(9,449,256)
	$ (75,766)	$ (93,966)
Variable rate instruments		
Financial assets	**$ 779,383**	$ 849,133
Financial liabilities	**(636,595)**	(735,738)
	$ 142,788	$ 113,395

Fair value sensitivity analysis for fixed rate instruments

The Authority does not account for any fixed rate financial assets and liabilities at fair value through profit or loss therefore a change in interest rates at the reporting date would not affect profit or loss.

A 100 basis point change in interest rates would have an inverse change in equity, at the reporting date, by $1,255,016 (2023 – $2,178,872).

Cash flow sensitivity analysis for variable rate instruments

A 100 basis point change in interest rates at the reporting date would have an inverse change on profit or loss by $1,775,728 (2023 – $1,106,544). This analysis assumes that all other variables remain constant.

Notes to the Financial Statements continued

14. Financial instruments (continued)

(d) Credit risk:
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligation or commitment.

The Authority limits its exposure to credit risk associated with investments by restricting the investment portfolio to investment grade (BBB or higher from a recognized rating agency) fixed income-securities with the preservation of capital as the highest priority. On a quarterly basis, all available credit ratings on investment holdings are reviewed by the Authority's Investment Committee and any change in ratings discussed.

The Authority's cash and cash equivalents are held solely with reputable financial institutions. For transactions that engage financial institutions as counterparties, the Authority will only enter into agreements with Schedule I or Schedule II banks with a credit rating of single A or better.

Credit risk on loans to clients is reduced by ensuring that all clients must first comply with provincially imposed financial criteria which define borrowing limits and assess the ability to service new and existing debt. Within each regional district, each member municipality has joint and several obligations for all long-term loans undertaken. The general credit strength of each individual municipality supports the credit worthiness of the Authority.

The Authority uses an internal credit rating model which looks at various financial and economic factors as well as the governance and institutional framework that clients work within. The Authority's Credit Committee regularly monitors global and provincial economic conditions, analyzes the submission of financial records, and assesses regional political issues to determine if there has been a significant increase in risk and to determine an overall internal credit rating.

The following table represents an analysis of the credit quality of financial instruments at amortized cost and FVOCI. It indicates whether assets measured at amortized cost or FVOCI were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired. The table also details the carrying amount of financial assets, which represents the Authority's maximum exposure to credit risk at the report date.

THOUSANDS OF DOLLARS				
December 31, 2024	Investments	Cash and cash equivalents & Loans to clients		
	Stage 1	Stage 1	Stage 2	Stage 3
Gross carrying amount	$3,923,385	$6,184,953	$ -	$ -
Loss allowance	14	411	-	-
Carrying amount	$3,923,371	$6,184,542	$ -	$ -

THOUSANDS OF DOLLARS				
December 31, 2023	Investments	Cash and cash equivalents & Loans to clients		
	Stage 1	Stage 1	Stage 2	Stage 3
Gross carrying amount	$3,950,212	$6,152,103	$ -	$ -
Loss allowance	16	390	-	-
Carrying amount	$3,950,196	$6,151,713	$ -	$ -

In 2024, the loss allowance for financial assets at Stage 2 was $0 (2023 - $0). There were no transfers between stages during the year.

Notes to the Financial Statements continued

14. Financial instruments (continued)

(e) Other price risk and currency risk:
Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices.

All long-term loans and long-term debt are recorded at amortized cost using the effective interest method. Clients that pay out loan obligations prior to maturity must cover all cash flow requirements to that maturity date.

The Authority is not subject to currency risk. The functional currency is the Canadian dollar and all transactions are denominated in Canadian dollars.

(f) Fair value:
Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date. The fair value of a financial instrument on initial recognition is the value of the consideration given or received. Subsequent to initial recognition, financial assets measured at fair value that are quoted in active markets are based on mid prices. For certain investments and derivative contracts where an active market does not exist, fair values are determined using valuation techniques that refer to observable market data, including discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

The table below analyzes financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observables for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

THOUSANDS OF DOLLARS	**2024**	2023
FVOCI financial assets		
Level 1	**$ -**	$ -
Level 2	**3,923,385**	3,950,212
Level 3	**-**	-
	$ 3,923,385	$ 3,950,212

Level 2 and 3 financial instruments are measured using either a market approach valuation technique using third party pricing information without adjustment, or an income approach valuation technique where the cash flows the Authority expects to receive at maturity are discounted. The significant unobservable inputs for level 2 instruments are third party pricing information and the discount rate. If the discount rate was higher (lower), the estimated fair value would decrease (increase). There were no transfers between levels during the year.

Notes to the Financial Statements continued

14. Financial instruments (continued)

(f) Fair value (continued):
Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

THOUSANDS OF DOLLARS	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Investments	**$ 3,923,385**	**$ 3,923,385**	$ 3,950,212	$ 3,950,212
Assets carried at amortized cost				
Cash and cash equivalents	**$ 271,489**	**$ 271,489**	$ 604,998	$ 604,998
Accrued interest and other receivables	**68,949**	**68,949**	102,498	102,498
Short-term loans to clients	**507,894**	**507,894**	244,135	244,135
Long-term loans to clients	**5,405,159**	**5,340,189**	5,302,580	5,155,863
	$ 6,253,491	**$ 6,188,521**	$ 6,254,211	$ 6,107,494
Liabilities carried at amortized cost				
Trade and other payables	**$ (44,336)**	**$ (44,336)**	$ (45,558)	$ (45,558)
Bank and short-term indebtedness	**(598,098)**	**(598,098)**	(696,324)	(696,324)
Due to clients	**(123,933)**	**(123,933)**	(121,527)	(121,527)
Long-term debt	**(9,343,487)**	**(9,233,410)**	(9,321,585)	(9,072,990)
	$ (10,109,854)	**$ (9,999,777)**	$ (10,184,994)	$ (9,936,399)

The table below classifies the fair value of financial instruments not carried at fair value, by valuation method.

THOUSANDS OF DOLLARS	2024		2023	
	Level 1	Level 2	Level 1	Level 2
Accrued interest and other receivables	**-**	**68,949**	-	102,498
Short-term loans to clients	**-**	**507,894**	-	244,135
Long-term loans to clients	**-**	**5,340,189**	-	5,155,863
	$ -	**$ 5,917,032**	$ -	$ 5,502,496
Trade and other payables	**$ -**	**$ (44,336)**	$ -	$ (45,558)
Bank and short-term indebtedness	**(598,098)**	**-**	(696,324)	-
Due to clients	**-**	**(123,933)**	-	(121,527)
Long-term debt	**-**	**(9,233,410)**	-	(9,072,990)
	$ (598,098)	**$ (9,401,679)**	$ (696,324)	$ (9,240,075)

Notes to the Financial Statements continued

15. Capital management

The Authority manages its capital, defined as retained earnings, debt, investments, and the Debt Reserve Fund, with an objective to safeguard the ability to continue as a going concern, and to preserve investor, creditor, and market confidence while maintaining uninterrupted access to capital markets and bank loan facilities.

The Authority monitors its debt servicing costs and matches those obligations to cash flows arising from the lending of funds with the goal of providing clients with low-cost financing.

At commencement of a loan, the Authority sets a budgeted earnings target (actuarial level) for the expected return on the investment of annual loan repayments. The Authority monitors investment performance and retains the right to adjust actuarial levels as market conditions warrant. Where a deficiency to budget exists, or is projected, the Authority may reduce actuarial levels prospectively thereby increasing annual principal repayment requirements of clients. At the expiry of a loan and the repayment of the associated debenture, any earnings on investments in excess of these budgeted actuarial levels accumulated in retained earnings are to be paid to clients.

Retained earnings and sinking funds are monitored to assess sufficiency of capital for operations, debt obligation extinguishment and additional distributions to clients as approved by the Authority.

The bank has imposed certain covenants in connection with the short-term loan facilities. As at December 31, 2024 and 2023 the Authority was in compliance with these covenants.

There were no changes to the approach to capital management during the year.

16. Industry segment

The Authority operates in one segment, being the central borrowing agency for the financing of capital requirements of regional districts, regional hospital districts, and municipalities in British Columbia. As at December 31, 2024 and 2023, the Authority has no assets or operations outside of British Columbia.

17. Related party transactions

Compensation of key management personnel and trustees, including executive management, during the years ended December 31, 2024 and 2023 were as follows:

THOUSANDS OF DOLLARS		**2024**		2023
Compensation	**$**	**1,287**	$	1,076

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2024 and 2023.

Notes to the Financial Statements continued

18. Employee future benefit obligations

The Authority and its employees contribute to the Municipal Pension Plan (Plan), a jointly trusteed pension plan. A board of trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2024, the Plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation of the entire Plan on December 31, 2021 indicated a surplus of $3,761 million for basic pension benefits. The next valuation will be as at December 31, 2024, with results available in 2025. Employers participating in the plan record their pension expense at the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan. In relation to its nineteen employees during the fiscal year, the Authority paid $238,399 (2023 – $217,166) for employer contributions and Authority employees paid $220,475 (2023 – $190,416) to the Plan. Employer contributions are expected to be consistent in future years with minor increases for inflation and Plan deficits.

Schedule of Long-term Debt

Unaudited – for information purposes only

THOUSANDS OF DOLLARS

CUSIP / ISSUE	YEAR OF ISSUE	MATURITY DATE	INTEREST RATE PERCENT	ORIGINAL AMOUNT	DECEMBER 31, 2024 LONG-TERM DEBT OUTSTANDING	DECEMBER 31, 2023 LONG-TERM DEBT OUTSTANDING	REFERENCES
Issued by the Authority:							
62620DAJ0	2019	June 03, 2024	2.150	800,000	-	800,000	(1)
626209JP6	2014	October 14, 2024	2.950	335,000	-	335,000	(1)
626209HG8	2004	December 02, 2024	5.350	50,000	-	50,000	(1)
626209HV5	2005	April 06, 2025	4.978	118,300	**4,590**	13,437	(1)
62620DAK7	2020	June 01, 2025	1.100	615,000	**615,000**	615,000	(1)
626209AD2	2015	October 02, 2025	2.650	530,000	**530,000**	530,000	(1)
626209HX1	2005	April 02, 2026	4.600	50,000	**50,000**	50,000	(1)
626209JR2	2016	April 19, 2026	2.500	1,060,000	**1,060,000**	1,060,000	(1)
62620DAM3	2021	June 30, 2026	1.350	475,000	**475,000**	475,000	(1)
62620DAQ4	2022	June 01, 2027	3.350	655,000	**655,000**	655,000	(1)
626209JC5	2007	December 01, 2027	4.950	790,000	**790,000**	790,000	(1)
62620DAF8	2018	October 23, 2028	3.050	725,000	**725,000**	725,000	(1)
62620DAS0	2023	December 03, 2028	4.500	750,000	**750,000**	750,000	(1)
62620DAH4	2019	October 09, 2029	2.550	1,100,000	**1,100,000**	405,000	(1)
62620DAL5	2021	April 15, 2031	2.300	700,000	**700,000**	700,000	(1)
62620DAP6	2022	April 08, 2032	3.300	670,000	**670,000**	670,000	(1)
62620DAR2	2023	December 03, 2033	4.050	650,000	**650,000**	235,000	(1)
62620DAT8	2024	December 03, 2034	3.750	190,000	**190,000**	-	(1)
62620DAN1	2021	September 27, 2041	2.500	350,000	**350,000**	350,000	(1)
62620DAC5	2017	January 19, 2042	3.505	61,250	**50,709**	52,779	(1)
			carried forward	$ 10,674,550	**$ 9,365,299**	$ 9,261,216	

continued on next page

Schedule of Long-term Debt

Unaudited – for information purposes only

THOUSANDS OF DOLLARS

ISSUE	YEAR OF ISSUE	MATURITY DATE	INTEREST RATE PERCENT	ORIGINAL AMOUNT	DECEMBER 31, 2024 LONG-TERM DEBT OUTSTANDING	DECEMBER 31, 2023 LONG-TERM DEBT OUTSTANDING	REFERENCES
			brought forward	$ 10,674,550	**$ 9,365,299**	$ 9,261,216	
Issued through the Federation of Canadian Municipalities:							
132	2015	June 12, 2025	2.250	7,408	**370**	1,111	(1) (4)
134	2015	October 14, 2025	2.250	10,000	**1,000**	2,000	(1) (4)
136	2015	November 30, 2025	2.250	4,629	**463**	926	(1) (4)
144	2018	April 10, 2028	3.410	837	**293**	376	(1) (4)
108	2009	November 16, 2029	2.230	1,769	**454**	544	(1) (4)
128	2014	November 16, 2029	1.030	1,770	**571**	685	(1) (4)
122	2012	November 01, 2032	2.000	1,999	**800**	900	(1) (4)
123	2013	March 28, 2033	2.000	3,142	**1,335**	1,493	(1) (4)
129	2014	July 31, 2034	2.000	10,000	**5,000**	5,500	(1) (4)
135	2015	November 20, 2035	3.000	1,000	**550**	600	(1) (4)
138	2016	September 01, 2036	2.000	10,000	**6,000**	6,500	(1) (4)
148	2019	June 21, 2039	4.000	1,258	**912**	975	(1) (4)
155	2021	June 30, 2031	3.590	20,000	**13,000**	16,000	(1) (4)
				73,812	**30,748**	37,610	
Issued through the Canada Mortgage and Housing Corporation:							
111	2010	October 01, 2025	3.350	10,187	**847**	1,666	(1) (5)
114	2011	March 29, 2026	3.650	15,920	**2,648**	3,903	(1) (5)
115	2011	March 29, 2031	3.890	10,200	**4,479**	5,027	(1) (5)
				36,307	**7,974**	10,596	
Debt due to bondholders				$ 10,784,669	**9,404,021**	9,309,422	
Unamortized premiums and discounts:					**(60,534)**	12,163	
Long-term debt					**$ 9,343,487**	$ 9,321,585	

References to Schedule of Long-term Debt

Unaudited – for information purposes only

DECEMBER 31, 2024 AND 2023

1. Non-callable prior to maturity.
2. Debentures issued through the Federation of Canadian Municipalities and administered by the Authority.
3. Debentures issued through the Canada Mortgage and Housing Corporation and administered by the Authority.

Schedule of Long-term Loans to Clients

Unaudited – for information purposes only

THOUSANDS OF DOLLARS	BALANCE OUTSTANDING 2023	NEW LOANS	LOANS REPAID	BALANCE OUTSTANDING 2024	PRINCIPAL TO BE REPAID 2024	PRINCIPAL TO BE REPAID 2023
REGIONAL DISTRICTS					Note (a)	Note (a)
Alberni-Clayoquot	$ 29,010	10,000	1,082	**$ 37,928**	**$ 21,727**	16,588
Bulkley-Nechako	6,998	-	576	**6,422**	**4,123**	4,541
Capital	340,928	31,331	30,198	**342,061**	**238,832**	239,230
Cariboo	33,283	-	2,800	**30,483**	**20,699**	22,825
Central Kootenay	48,541	2,250	3,985	**46,806**	**28,119**	29,021
Central Okanagan	108,254	-	12,333	**95,921**	**61,579**	70,205
Columbia Shuswap	43,615	3,415	3,479	**43,551**	**24,110**	24,037
Comox Valley	93,697	-	6,227	**87,470**	**64,631**	69,626
Cowichan Valley	60,527	-	4,581	**55,946**	**38,141**	41,570
East Kootenay	58,707	250	4,528	**54,429**	**36,197**	39,530
Fraser Valley	60,764	3,500	6,415	**57,849**	**33,706**	35,235
Fraser-Fort George	90,819	5,324	6,802	**89,341**	**65,505**	67,232
Kitimat-Stikine	21,753	-	1,806	**19,947**	**13,151**	14,496
Kootenay Boundary	36,804	1,843	2,369	**36,278**	**21,987**	22,243
Metro Vancouver (Note b)	2,909,678	448,630	271,549	**3,086,759**	**2,254,056**	2,136,972
Mount Waddington	3,630	-	317	**3,313**	**2,316**	2,558
Nanaimo	116,633	3,938	8,746	**111,825**	**75,810**	79,916
North Coast	29,118	-	1,754	**27,364**	**18,843**	20,157
North Okanagan	58,503	35,000	6,253	**87,250**	**51,716**	35,251
Northern Rockies	22,774	-	1,203	**21,571**	**11,379**	12,123
Okanagan-Similkameen	79,813	4,532	8,063	**76,282**	**48,281**	50,430
Peace River	64,218	10,074	8,939	**65,353**	**43,030**	42,195
qathet	39,255	-	1,162	**38,093**	**22,979**	23,983
Squamish-Lillooet	52,299	854	6,751	**46,402**	**31,572**	36,081
Strathcona	10,844	1,250	945	**11,149**	**7,948**	7,921
Sunshine Coast	22,078	6,329	3,372	**25,035**	**15,729**	13,911
Thompson-Nicola	77,278	273	10,755	**66,796**	**44,434**	52,055
OTHER						
CREST	10,918	10,000	2,720	**18,198**	**14,494**	8,925
E-COMM	22,320	-	8,712	**13,608**	**11,122**	17,898
TransLink	88,191	-	15,006	**73,185**	**38,619**	47,014
Hospital Districts	661,691	26,655	59,433	**628,913**	**435,084**	462,728
Expected Credit Losses	(361)			**(369)**		
	$5,302,580	605,448	502,861	**$5,405,159**	**$ 3,799,919**	3,746,497

Note a: *The Authority finances client borrowing requests through the issuance of bullet debentures. Clients discharge their loan obligations with annual principal repayments which are invested until the maturity date of the associated financing. The Authority budgets to earn a specified return on these investments and annually credits the clients' loan balances with this amount. The difference between the Principal Outstanding of $5,405,159,000 and the Principal To Be Repaid of $3,799,919,000 represents expected future earnings by the Authority.*

Note b: *Included in the Metro Vancouver loan balance outstanding are borrowings of the region's transportation authority (TransLink) in the amount of $143,328,783 (2023 - $189,534,952) which are in the name of and administered through the Metro Vancouver Regional District. Direct borrowings of TransLink are shown under OTHER loan balances. Both loans portfolios are joint and several obligations of the underlying municipalities within the Metro Vancouver Regional District.*

Schedule of Long-term Loans to Regional Hospital Districts

Unaudited – for information purposes only

THOUSANDS OF DOLLARS	BALANCE OUTSTANDING 2023	NEW LOANS	LOANS REPAID	BALANCE OUTSTANDING 2024	PRINCIPAL TO BE REPAID 2024	PRINCIPAL TO BE REPAID 2023
REGIONAL HOSPITAL DISTRICTS						
Alberni-Clayoquot	$ 11	-	5	**$ 6**	**$ 6**	11
Capital	98,468	1,145	15,437	**84,176**	**76,570**	87,732
Central Okanagan	60,174	-	6,566	**53,608**	**32,365**	36,741
Comox-Strathcona	48,011	-	9,201	**38,810**	**31,400**	39,259
Cowichan Valley	21	-	11	**10**	**11**	22
Fraser Valley	16,215	-	3,698	**12,517**	**6,752**	8,789
Fraser-Fort George	125	-	46	**79**	**46**	69
Mount Waddington	266	-	52	**214**	**176**	220
Nanaimo	34,854	5,491	2,895	**37,450**	**25,777**	24,118
North Okanagan/Columbia-Shuswap	51,694	-	3,727	**47,967**	**26,070**	28,502
North West	110,253	10,101	4,149	**116,205**	**78,907**	75,941
Okanagan-Similkameen	61,572	-	2,292	**59,280**	**44,702**	46,831
Peace River	54,009	-	3,108	**50,901**	**26,194**	28,218
qathet	16,160	-	1,254	**14,906**	**9,711**	10,642
Sea to Sky	2,777	-	439	**2,338**	**1,244**	1,492
Sunshine Coast	3,955	-	949	**3,006**	**1,686**	2,247
Thompson	103,126	-	5,604	**97,522**	**67,101**	71,894
West Kootenay-Boundary	-	9,918	-	**9,918**	**6,366**	
	$ 661,691	26,655	59,433	**$ 628,913**	**$ 435,084**	462,728

Five-Year Review Unaudited – for information purposes only

THOUSANDS OF DOLLARS	2024	2023	2022	2021	2020
ASSETS					
Cash and cash equivalents	**$ 271,489**	$ 604,998	$ 567,673	$ 431,882	$ 701,217
Investments	**3,923,385**	3,950,212	3,960,421	4,357,762	4,359,127
Accrued interest and other receivables	**68,949**	102,498	95,120	82,300	75,387
Short-term loans to clients	**507,894**	244,135	168,029	182,281	143,185
Long-term loans to clients	**5,405,159**	5,302,580	5,596,484	5,435,435	4,803,080
Property and equipment	**551**	708	892	1,104	1,316
Total Assets	**$ 10,177,427**	$ 10,205,131	$ 10,388,619	$ 10,490,764	$ 10,083,312
LIABILITIES					
Trade and other payables	**$ 44,336**	$ 45,558	$ 45,928	$ 40,645	$ 36,974
Bank and short-term indebtedness	**598,098**	696,324	597,678	499,923	609,926
Lease liability	**611**	771	926	1,076	1,222
Due to clients	**123,933**	121,527	119,581	123,171	120,070
Derivative contracts	-	-	-	-	-
Long-term debt	**9,343,487**	9,321,585	9,752,530	9,284,079	8,535,118
Total Liabilities	**10,110,465**	10,185,765	10,516,643	9,948,894	9,303,310
Equity	**66,962**	19,366	(128,024)	541,870	780,002
Total Liabilities and Equity	**$ 10,177,427**	$ 10,205,131	$ 10,388,619	$ 10,490,764	$ 10,083,312
REVENUE					
Interest from loans to clients	**$ 288,739**	$ 267,858	$ 247,044	$ 230,246	$ 231,749
Investment income	**182,989**	195,361	164,239	143,905	141,398
Amortization of premiums on long-term debt	**7,151**	10,049	13,040	16,455	16,498
Financial service fees	**4,108**	3,739	3,398	3,088	2,631
Recoveries from new issues	**-**	-	-	8	-
Operating levy	**637**	609	549	440	438
Total Revenue	**483,624**	477,616	428,270	394,142	392,714
EXPENSE					
Interest on long-term debt	**284,873**	274,021	259,882	244,773	247,376
Interest on bank and short-term indebtedness	**28,704**	31,616	10,066	974	3,871
Interest on lease liability	**19**	24	28	33	38
Administration	**4,877**	4,377	3,775	3,683	3,623
Investment income (loss) due to clients	**6,185**	5,385	(2,840)	(1,171)	6,336
Impairment (gain) loss on investments and loans to clients	**19**	(60)	(2)	24	(66)
Debt management and marketing	**167**	153	153	97	56
Loss from change in fair value of derivative contracts	**-**	-	-	-	-
Total Expense	**324,844**	315,516	271,062	248,413	261,234
Profit for the year	**158,780**	162,100	157,208	145,729	131,480
Equity, beginning of the year	**19,366**	(128,024)	541,870	780,002	492,067
Adjustment on initial application of IFRS 9	**-**	-	-	-	-
Allocations to clients	**(120,321)**	(121,227)	(122,666)	(120,329)	(115,158)
Unrealized gains (losses) from change in fair value of FVOCI investments	**9,139**	106,517	(704,433)	(263,531)	271,612
Net remeasurement on loss allowance	**(2)**	-	(3)	(1)	1
Equity, end of the year	**$ 66,962**	$ 19,366	$ (128,024)	$ 541,870	$ 780,002

Bond Issues Unaudited – for information purposes only

CANADIAN DOLLAR BONDS ISSUED IN CANADA

CUSIP/ ISSUE	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 2024 $(000)	INTEREST
CANADIAN DOLLAR BONDS ISSUED IN CANADA					
626209HV5	4.978% Amortizing Debentures due April 06, 2025	April 06, 2005	118,300	4,590	Semi-annual April 06 October 06
62620DAK7	1.100% Debentures due June 01, 2025	June 01, 2020	615,000	615,000	Semi-annual June 01 December 01
626209AD2	2.650% Debentures due October 02, 2025	October 02, 2015	530,000	530,000	Semi-annual April 02 October 02
626209HX1	4.600% Debentures due April 02, 2026	October 13, 2005	50,000	50,000	Semi-annual April 02 October 02
626209JR2	2.500% Debentures due April 19, 2026	April 19, 2016	1,060,000	1,060,000	Semi-annual April 19 October 19
62620DAM3	1.350% Debentures due June 30, 2026	May 28, 2021	475,000	475,000	Semi-annual June 30 December 30
62620DAQ4	3.350% Debentures Due June 1, 2027	June 01, 2022	655,000	655,000	Semi-annual June 01 December 01
626209JC5	4.950% Debentures due December 01, 2027	November 01, 2007	790,000	790,000	Semi-annual June 01 December 01
62620DAF8	3.050% Debentures due October 23, 2028	April 23, 2018	725,000	725,000	Semi-annual April 23 October 23
62620DAS0	4.500% Debentures Due December 3, 2028	August 29, 2023	750,000	750,000	Semi-annual June 03 December 03
62620DAH4	2.550% Debentures Due October 09, 2029	April 09, 2019	1,100,000	1,100,000	Semi-annual April 09 October 09

Bond Issues: All fully registered in denominations of $1,000 and multiples thereof, non-callable, non-retractable, non-extendable, and without sinking fund provisions.

Bond Issues Unaudited – for information purposes only

CANADIAN DOLLAR BONDS ISSUED IN CANADA

CUSIP / ISSUE	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 2024 $(000)	INTEREST
62620DAL5	2.300% Debentures Due April 15, 2031	April 15, 2021	700,000	700,000	Semi-annual April 15 October 15
62620DAP6	3.300% Debentures Due April 08, 2032	April 08, 2022	670,000	670,000	Semi-annual April 08 October 08
62620DAR2	4.050% Debentures Due December 3, 2033	June 05, 2023	650,000	650,000	Semi-annual June 03 December 03
62620DAT8	3.750% Debentures Due December 03, 2034	September 27, 2024	190,000	190,000	Semi-annual June 03 December 03
62620DAN1	2.500% Debentures due September 27, 2041	September 27, 2021	350,000	350,000	Semi-annual March 27 September 27
62620DAC5	3.505% Amortizing Debentures due January 19, 2042	January 19, 2017	61,250	50,709	Semi-annual January 19 July 19

Contact Information

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Cindy Wong	Controller
Connor Neuman	Portfolio Manager
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Dylan Luscombe	Financial Analyst
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