S&P Global Ratings

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Research Update:

British Columbia Investment Management Corp. Downgraded To 'AA+' From 'AAA' Following Downgrade On Province

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Overview

- On April 2, 2026, S&P Global Ratings lowered its rating on the Province of British Columbia (B.C.) to 'A' from 'A+' with a negative outlook.
- We limit our ratings on British Columbia Investment Management Corp. (BCI) to four notches above those on the related government.
- Accordingly, S&P Global Ratings lowered its long-term issuer credit and senior unsecured debt ratings on BCI to 'AA+' from 'AAA'. We maintained our stand-alone credit profile on BCI at 'aaa'.
- The negative outlook reflects that on the province.

Rating Action

On April 6, 2026, S&P Global Ratings lowered its long-term issuer credit and senior unsecured debt ratings on British Columbia Investment Management Corp. (BCI) to 'AA+' from 'AAA'. The outlook is negative.

Outlook

The negative outlook mirrors the negative outlook on the fund's related government, B.C. (A/Negative/A-1). Nevertheless, we believe BCI is a sophisticated global investor with solid governance standards, sizable net assets, low debt levels, and strong liquidity. We expect the fund will continue to realize good medium-term investment returns, liquidity levels will remain healthy, leverage will remain low and manageable, and risk management practices will remain sound in the next two years. In addition, we do not anticipate any change to our assessment of a moderate likelihood that B.C. would provide extraordinary support to the fund in the event of financial distress.

Downside scenario

Because we limit our ratings on BCI to four notches above those on the related government, another downgrade on the province would lead to a similar action on the fund. In addition, we could lower the rating if liabilities increased substantially, such that total liabilities exceeded 50% of total assets in the next two years. We could also lower the rating in the event of a large investment loss, a substantial drop in liquidity, or what we consider significant deterioration in the quality of management (including risk management). Although unlikely, we could also lower the rating if we expected the province to deviate from its hands-off approach through legislative changes that undermined BCI's operational or financial independence. In this instance, we could revise our assessment of the likelihood of extraordinary support of the fund, which could lead us to lower the rating.

Upside scenario

Conversely, we could revise the outlook to stable if we revised the outlook on the province to stable.

Rationale

The downgrade follows the April 2, 2026, downgrade on B.C. to 'A' from 'A+' because we limit our ratings on BCI to four notches above those on the related government.

The rating on BCI, an investment manager that invests on behalf of pension plans and insurance funds, among other clients, in B.C., is based on a stand-alone credit profile (SACP), which we maintained at 'aaa'. We believe BCI is a sophisticated global investor with solid governance standards, sizable net assets, low debt levels, and strong liquidity. Moreover, unlike pension funds, BCI does not administer, and is not liable for, its depositors' diverse array of pension benefit obligations. The SACP also indicates the fund's operational independence from the B.C. government, high operational effectiveness, well-diversified portfolio, and strong management and governance. We believe the fund will continue to realize good medium-term investment returns and has sufficient liquidity to meet existing and planned debt obligations.

The rating also reflects our opinion of a moderate likelihood that the provincial government would provide extraordinary support in the event of financial distress.

Under our government-related entities analysis, we have capped BCI's maximum upward rating potential at four notches above our rating on B.C. This reflects our view of the inherent connection between the fund and the province, the latter of which created BCI through legislation and whose client base includes the province and its jointly trusteed public sector pension plans (College Pension Plan, Municipal Pension Plan, Public Service Pension Plan, and Teachers' Pension Plan). The cap is higher than the three-notch rating cap we apply to pension funds above their sponsoring governments. Our decision to apply a higher cap reflects our opinion that the fund's relationship with B.C. is clearly less direct than what exists between pension funds and their related sponsors. Unlike pension funds, BCI does not administer, nor is it liable for, its depositors' diverse array of funding obligations.

We apply a ratings to principles approach, using our "Principles Of Credit Ratings" in conjunction with "U.S. Public Finance: Public Pension Funds," and "Rating Government-Related Entities: Methodology And Assumptions," as our criteria foundation for our analysis of BCI's creditworthiness. In our view, the fund's qualitative credit factors, like management (including operational effectiveness and financial risk management) and independence, are similar to those of rated pension funds and pension fund investment boards.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Governments | U.S. Public Finance: Public Pension Funds, June 27, 2007

Related Research

- Province of British Columbia Downgraded To 'A' From 'A+' On Persistent Large Deficits; Outlook Negative, April 2, 2026
- S&P Global Ratings Definitions, Dec. 16, 2025

Ratings List

Ratings List		
Downgraded		
	To	**From**
British Columbia Investment Management Corporation		
Issuer Credit Rating	AA+/Negative/--	AAA/Negative/--
Senior Unsecured	AA+	AAA