CREDIT OPINION
5 May 2026

Update

Send Your Feedback

RATINGS

British Columbia Investment Management Corp

Domicile	British Columbia, Canada
Long Term CRR	Not Assigned
Long Term Issuer Rating	Aaa
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Robert Colangelo +1.416.214.3847
VP-Sr Credit Officer
robert.colangelo@moodys.com

Sam Lilly +1 212.553.4983
Ratings Associate
sam.lilly@moodys.com

Megan Fox +1.212.553.4986
Associate Managing Director
megan.fox@moodys.com

Antonello Aquino +44.20.7772.1582
MD-Financial Institutions
antonello.aquino@moodys.com

British Columbia Investment Management Corporation

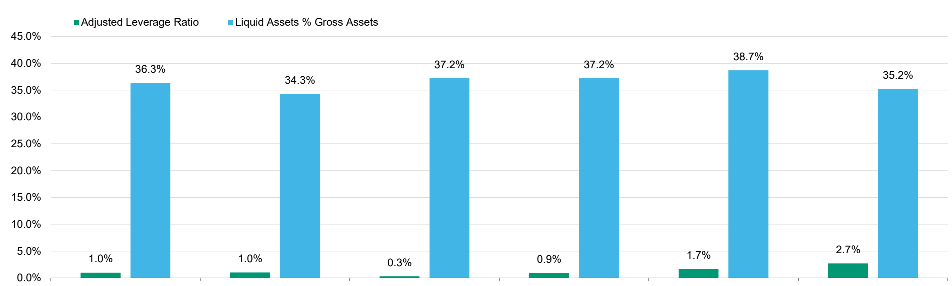
Update following ratings affirmation

Summary

British Columbia Investment Management Corporation (BCI) has a Baseline Credit Assessment (BCA) of aa2 which reflects the asset manager's good liquidity, conservative financial policies and low leverage. BCI was established under governing legislation as an independent provider of investment management services to public sector pension and other clients in the Province of British Columbia, although clients are not mandated to use BCI. As such, we consider BCI to be fully funded for analytical purposes as the asset manager cannot have a pension shortfall or a surplus. These credit strengths are offset by BCI's high level of less-liquid assets and high proportion of high-risk assets (as defined in our methodology). In addition, BCI has limited visibility around net depositor contributions or withdrawals, though BCI does regularly communicate with the BC Pension Corporation, which administers the cash flows for BCI's pension plan depositors, as well as its insurance clients.

BCI's long-term issuer rating of Aaa is based on its aa2 BCA and uplift due to asset coverage because we expect that BCI creditors will have an effective priority claim over BCI's pension clients in the event of default. This provides a substantial cushion of assets and supports expected recoveries for BCI's creditors. While we still have a high assumption of extraordinary support from BCI's sponsor, the Province of British Columbia (BC, Aa2 negative), the asset manager's ratings do not benefit from any uplift since, following the downgrade of Province of British Columbia's issuer rating to Aa2 from Aa1, its issuer rating is in line with the aa2 BCA of BCI.

Exhibit 1
Adjusted leverage is modest, with liquid assets providing strong coverage of obligations



Note: Fiscal year ending December 31. Liquid assets represent cash, receivables, securities purchased under reverse repurchase agreements, Government of Canada bonds and money market investments.
Source: Company financials and Moody's Ratings

For the fiscal year ending 31 March 2025, BCI posted an annualized investment return of 10.0% for its Combined Pension Plan clients, which was below its benchmark return of 12.3% as losses in the real estate portfolio offset positive returns in all other asset classes. Pension plan assets increased by CAD34.7 billion in fiscal 2025. Over a 10-year and 20-year period, BCI generated an annualized return of 7.4% and 7.8%, respectively, compared to benchmark returns of 7.1% and 7.2%, respectively.

Credit strengths

» Governing legislation that established BCI as an independent provider of investment management services to public sector pension plans and other clients in the Province of BC, though clients are not mandated to use BCI;

» BCI does not have responsibility for the underlying pension obligations, with creditors having an effective priority claim over BCI's clients. BCI's creditors also benefit from good asset coverage supported by high quality liquid assets;

» Sound financial policies, including currency hedging to minimize risks from foreign currency exposure.

Credit challenges

» Limited visibility around net depositor contributions or withdrawals, though BCI does regularly communicate with the BC Pension Corporation, which administers the cash flows for BCI's pension plan depositors, and its insurance clients;

» A high level of high-risk assets, which we define as all investments excluding investment grade fixed income investments, although BCI's ratio is below the average level of Moody's rated peers;

» Growing exposure to illiquid and private market assets, which reduces liquidity for creditors.

Rating outlook

The stable outlook reflects our expectation that BCI's key credit fundamentals will remain largely unchanged over the next 12 to 18 months. In addition, the stable outlook reflects our view that BCI has limited dependence on the Province of British Columbia, with structural protections in place from provincial interference. BCI has operational and financial autonomy, with its rating reflecting the asset manager's strong standalone credit profile. As a result, downward pressure from the province's rating may not impact the BCA of BCI should the Province of British Columbia's rating fall to a lower credit quality.

Factors that could lead to an upgrade

Given BCI's Aaa issuer rating, an upgrade is not possible. An upgrade of BCI's aa2 BCA could be driven by a sustained decrease in the level of BCI's high-risk assets or a sustained increase in liquidity.

Factors that could lead to a downgrade

A downgrade of BCI's BCA could be driven by a material reduction in the asset manager's liquid assets or a sustained increase in its leverage above 25%. The ratings could also be downgraded if there was a change in BCI's governing legislation or a legal precedent that casts doubt on the status of BCI's obligations as having preference over pension obligations, although we view the probability of this occurring to be very low given the publicized and political nature of such changes to the governing legislation. However, a downgrade in the BCA alone is unlikely to result in a downgrade of the long-term issuer rating because of our expectation of asset coverage considerations.

Key indicators

Exhibit 2

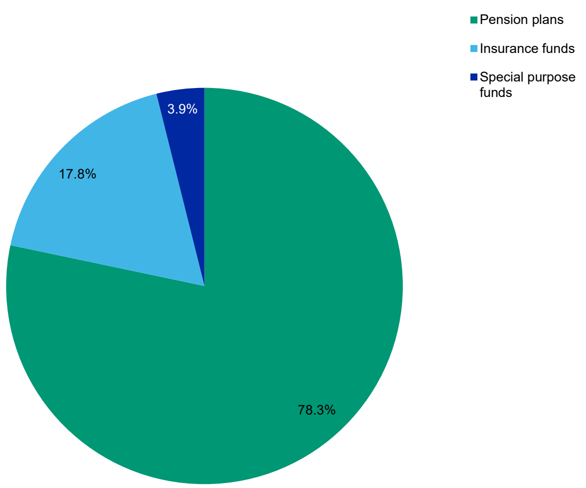
	2024	2023	2022	2021	2020
Gross Assets (CAD millions)	203,884	178,650	164,307	175,267	154,818
Net Assets (CAD millions)	176,396	156,759	145,532	158,547	139,743
Gross Investments (CAD millions)	201,764	174,644	161,323	173,466	151,284
Fixed Income % Gross Investments	52%	56%	55%	51%	48%
Public Equities % Gross Investments	20%	17%	18%	28%	32%
Private Equity % Gross Investments	13%	13%	15%	12%	12%
Real Estate % Gross Investments	0%	0%	0%	0%	0%
Infrastructure % Gross Investments	10%	9%	9%	8%	8%
Absolute Return % Gross Investments	5%	4%	3%	2%	1%
Payables under Repurchase Agreements	20,184	18,856	15,772	15,669	13,152
Derivative Notionals (CAD millions)	91,176	88,698	76,842	62,519	45,039

Fiscal year ending December 31. Gross investments are those related to BCI's Pooled Investment Portfolios (Combined Funds).
Source: Company financials and Moody's Ratings

Profile

British Columbia Investment Management Corporation, which is one of Canada's largest institutional investors, was established under the Public Sector Pension Plans Act (1999) to provide investment management services to public sector pension plans, and insurance and special purpose funds in the Province of British Columbia. BCI is headquartered in Victoria, BC and has offices in Vancouver, New York and London, England. As of 31 March 2025, BCI had gross assets under management of CAD295 billion.

Exhibit 3
Majority of BCI's net assets are related to the Province of British Columbia's public sector pension plans
BCI's net assets per account as of 31 March 2025



Sources: Company financials and Moody's Ratings

Detailed credit considerations

Funded Status - BCI does not have responsibility for pension obligations of depositors, though has limited visibility into such obligations

As an asset manager, BCI is not responsible for the administration of pension benefits, nor in setting actuarial assumptions of the underlying pension obligations. Rather both are the responsibility of BCI's pension depositors and as such, BCI cannot have a pension shortfall or surplus. Therefore, for analytical purposes, we consider it to be fully funded.

As of December 31, 2024, 71% of BCI's assets under management (AUM) are held in Combined Funds (pooled investment portfolios), with 15% of AUM in real estate and real estate debt funds (non-recourse funds). The remaining 14% of AUM is held outside of pooled investment portfolios. BCI does maintain access and control over the AUM in its pooled funds, including using these assets to meet funding obligations of its pension plan depositors.

Given our view that BCI is fully funded for analytical purposes, we assign a Funding Ratio score of aaa.

Liquidity – Benefits of liquid fixed income portfolio offset by modest levels of asset encumbrance

BCI has good coverage of liquid assets to cash obligations, with a ratio of discounted liquid asset inflows to recognized obligation outflows of 172% as of 31 December 2024, though this ratio is at the lower end of Moody's rated peers. BCI's ratio is supported by high levels of federal and provincial debt securities that mitigates BCI's limited visibility around net contribution flows from depositors. In addition, BCI has a modest level of asset encumbrance from government bond repurchase agreements, with approximately 10% of gross assets funded by repos as of 31 December 2024.

We assign a Liquidity score of aa3, reflecting BCI's modest level of asset encumbrance.

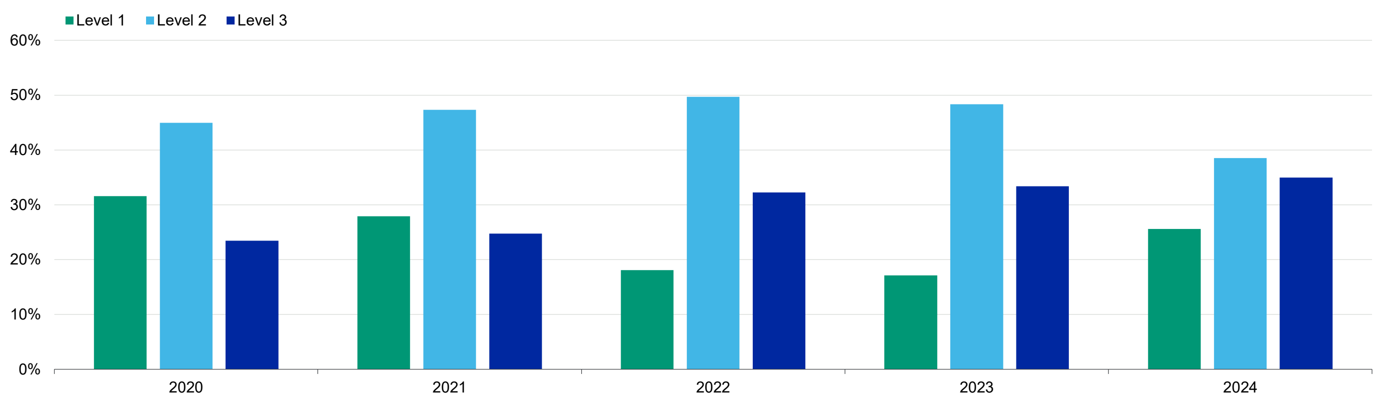
Asset Risk – high levels of less-liquid assets, although mitigated by broad geography and sector diversification

BCI has a ratio of high-risk assets to gross assets of 59%, although this is at the lower end of our rated pension fund peer group. BCI has a comparably lower rate of less-liquid Level 3 assets such as infrastructure and renewable resources, and private equity; however, BCI's Level 3 assets have grown in recent years (Exhibit 4), similar to its peers. While these asset classes align to BCI's depositor-driven mandates that require the asset manager to invest over a long-time horizon and offer attractive risk-adjusted returns, they also add incremental liquidity and operational risks to the funds it manages on behalf of depositors.

Exhibit 4

BCI's less liquid Level 3 assets have grown, while it maintains strong liquidity

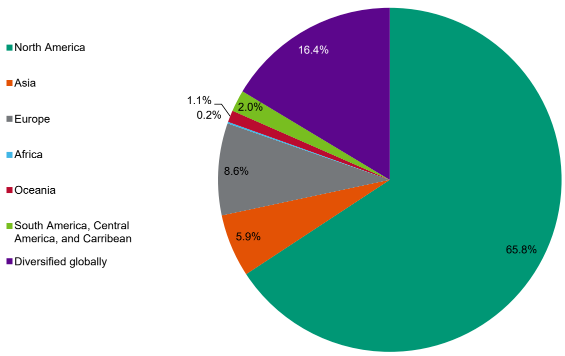
Fair value hierarchy as a % of gross assets



Sources: Company financials and Moody's Ratings

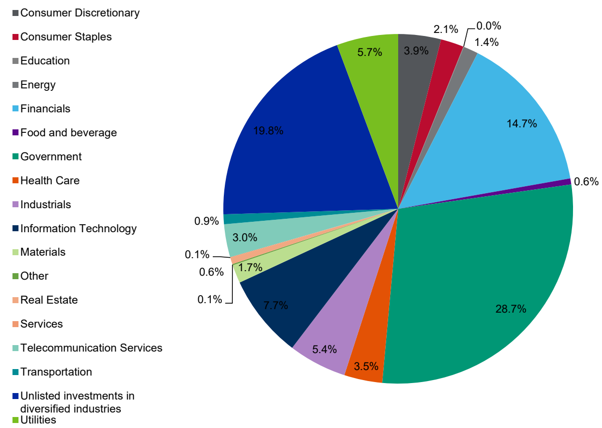
These risks are somewhat mitigated by BCI's investment portfolio being well diversified by geography and sector (Exhibits 5 and 6), with approximately two-thirds invested in Canada and the US. BCI's exposure to outside of North America provides diversification away from the geographic location of its depositor pension obligations and related contribution cash flows.

Exhibit 5
BCI's investment portfolio by geography



As of 31 December 2024
Sources: Company financials and Moody's Ratings

Exhibit 6
BCI's investment portfolio by sector



As of 31 December 2024
Sources: Company financials and Moody's Ratings

BCI's assigned Asset Quality score is baa1 reflecting the benefits of geographic and sector diversification of its portfolio.

Financial Policy - conservative financial policies and investment profile provides natural hedge to creditor obligations

BCI's financial policies are broadly conservative as expressed by our aa-score. Overall, BCI has good liquidity and risk management practices, which to date have mitigated a very modest level of leverage that creates refinancing and counterparty risks. In addition, BCI hedges currency risks within its investment portfolios. Approximately two-thirds of BCI's investment portfolio is in USD or CAD, which aligns with its creditor obligations, much of which is denominated in CAD.

Support, structural and other considerations

Extraordinary support represents the probability that a government sponsor of a government-related issuer (GRI) would provide financial support, or other contractual protections, to a GRI to avoid a default on its debt obligations. The expectation of a continuation of ordinary support does not constitute extraordinary support and is instead considered in our assessment of the GRI's BCA. As noted, BCI has legal status as an asset manager for investments related to a number of public sector pension plans as well as insurance and special purpose funds of BC. We believe the asset manager is a key element of the province's social retirement program and is therefore an important contributor to the BC economy. In our view, a default of BCI would be politically embarrassing to the Province of BC, which would likely have implications on the province's own ability to access debt markets. As such, we believe the Province of BC would provide extraordinary support, financial or otherwise, to BCI if necessary.

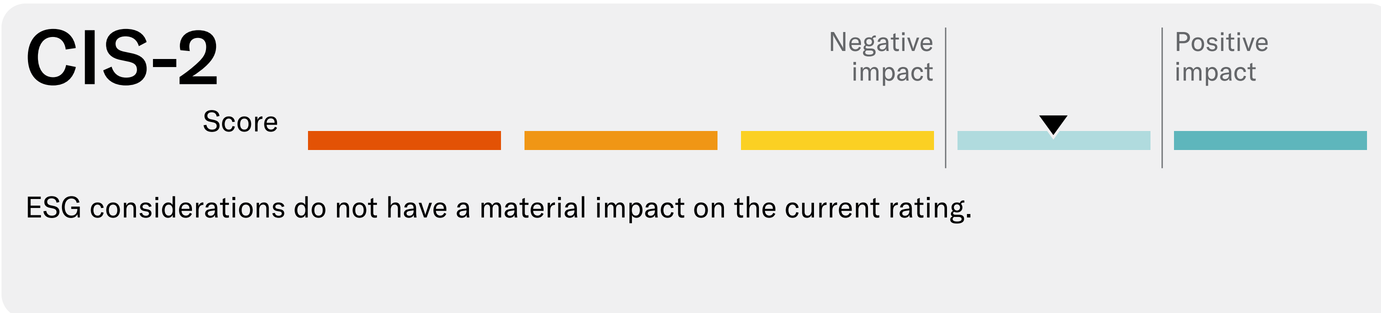
Under the Public Sector Pension Plans Act (1999), BCI may borrow or raise money for its purposes subject to approval of its Board. On a gross asset base of CAD203.9 billion as of 31 December 2024, BCI Combined Funds had net assets of CAD176.4 billion, which is effectively a loss absorbing cushion for the benefit of creditors. Assets of BCI's Combined Funds include CAD71.0 billion of liquid assets, comprising CAD1.3 billion of cash and receivables, CAD60.7 billion of Canadian Government bonds, CAD4.1 billion of money market investments and CAD4.9 billion of securities purchased under reverse repurchase agreements. This compares to debt liabilities comprising amounts payable under repurchase agreements of CAD20.2 billion, derivative liabilities of CAD2.4 billion, and other payables of CAD1.0 billion. To date, BCI has employed a modest amount of leverage, with BCI effectively having very high capitalization, which provides creditors with a material buffer against any future asset value deterioration.

Adjusting for nettable, but not offset, repurchase agreements, BCI's leverage ratio was 2.7% as of 31 December 2024.

ESG considerations

British Columbia Investment Management Corp's ESG credit impact score is CIS-2

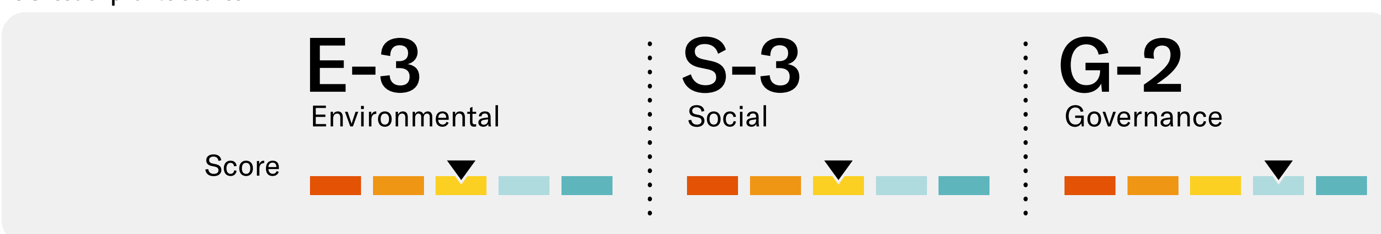
Exhibit 7
ESG credit impact score



Source: Moody's Ratings

British Columbia Investment Management Corporation's (BCI) **CIS-2** reflects the limited impact of ESG considerations on the current rating.

Exhibit 8
ESG issuer profile scores



Source: Moody's Ratings

Environmental

BCI faces moderate environmental risk, primarily because of its investment portfolio's exposure to carbon transition and physical climate risks from BCI's commercial real estate and energy assets. BCI is committed to assist and influence sectors with elevated carbon transition risks.

Social

BCI faces high industry-wide exposure to social risks, primarily from changes in unemployment or immigration rates, which can impact contribution cash flows. However, in contrast to a pension fund, BCI does not have direct exposure to an aging population because it is not responsible for making benefit payments nor in managing pension benefit obligations, both of which are the responsibility of its pension plan depositors. This also reduces the impact of a privacy or data breach because BCI does not warehouse beneficiary data.

Governance

BCI faces limited governance risks, with its governance practices and risk management framework in line with the Canadian financial services sector, including a defined risk appetite statement as well as risk and performance benchmarks. BCI's board of directors is largely independent, although three of its seven board members are appointed by the Ministry of Finance of the Province of British Columbia; however, two of those appointees must be representatives of BCI clients.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

Exhibit 9

		Historical			Assigned	
	Factor Weights	Historic Ratio	Initial Score	Assigned Score	Key driver #1	Key driver #2
Funding Ratio*						
Net Assets / PBO	*40%*	100.0%	aaa	aaa		
Liquidity						
Liquidity Inflows / Outflows	*20%*	172.0%	aa3	aa3	Asset Encumbrance	
Asset Quality						
High Risk Assets / Gross Assets	*20%*	59.0%	baa1	baa1	Operational Risk	
Financial Policy						
Financial Policy	*20%*	aa	aa	aa	Conservative Policies	
Financial Profile Outcome	***100%***		**aa2**	**aa2**		
Qualitative Notching						
Political Independence				0		
Corporate Behavior				0		
Scorecard-Indicated Outcome Before Constraint				aa2		
Consideration of:						
Sovereign Constraint (Y/N)				Yes		
Sovereign Rating				Aaa	Canada	
Sponsor Constraint (Y/N)				Yes		
Sponsor Rating				Aa2	Province of BC	
Scorecard-Indicated Outcome				aa2		

Source: Moody's Ratings

Ratings

Exhibit 10

Category	Moody's Rating
BRITISH COLUMBIA INVESTMENT MANAGEMENT CORP	
Outlook	Stable
Baseline Credit Assessment	aa2
Issuer Rating -Dom Curr	Aaa
Senior Unsecured -Dom Curr	Aaa

Source: Moody's Ratings

REPORT NUMBER 1479187

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454