

FITCH AFFIRMS PROVINCE OF BRITISH COLUMBIA, CANADA'S RATING AT 'AAA'; OUTLOOK STABLE

Fitch Ratings-New York-06 April 2017: Fitch Ratings has affirmed the Province of British Columbia's Long-Term Foreign and Local Currency Long-term Issuer Default Rating (IDR) at 'AAA' and Short-term IDR at 'F1+'. Fitch has also affirmed the province's senior unsecured Long- and Short-term debt at 'AAA' and 'F1+', respectively. The Rating Outlook for the Long-term IDRs and long-term rating on the senior unsecured debt is Stable.

Fitch plans to review British Columbia's ratings again later this year following parliamentary elections on May 9, 2017 and when the newly constituted legislative assembly acts upon a final budget for fiscal year (FY) 2018.

SECURITY

--Senior unsecured obligations of the province.

KEY RATING DRIVERS

BROAD, SLOWLY GROWING ECONOMY: British Columbia's diverse economy continues its pace of steady economic growth, ahead of the Canadian average. Employment growth accelerated in 2016 and the provincial government is forecasting modest GDP growth, albeit below pre-recession growth rates. Prudently, the government's budget includes expense contingencies and forecast allowances around cautious economic forecasts to ensure the provincial budget remains balanced.

COMMITMENT TO FISCAL BALANCE: British Columbia has maintained balanced budgets for four consecutive years and anticipates continued balance through its three-year fiscal plan for fiscals 2018 to 2020. The province estimates a C\$1.5 billion surplus for the recently ended fiscal year, including a C\$350 million forecast allowance. The current three-year fiscal plan projects tax and medical services plan premium reductions contributing to more modest surpluses through fiscal 2020.

MANAGEABLE DEBT BURDEN: The province's debt burden remains manageable with continued pay-down of operating debt. The province anticipates slightly accelerating its pace of debt issued for capital projects, but retains sufficient capacity at the current rating level. The government projects the taxpayer-supported debt-to-GDP ratio declined in fiscal 2017, but will essentially stabilize through the three-year fiscal plan.

RATING SENSITIVITIES

FUNDAMENTAL CREDIT CHARACTERISTICS: British Columbia's ratings are sensitive to shifts in the province's commitment to maintaining balanced fiscal operations over the fiscal plan outlook period and continued moderation of debt levels.

CREDIT PROFILE

British Columbia's 'AAA' rating primarily reflects conservative financial management practices resulting in stable fiscal performance and a well-managed liability profile. Provincial economic

performance has been generally positive since the recession, and is likely to exceed national performance in the near to medium term.

For additional information on the province of British Columbia please see "Fitch Affirms Province of British Columbia, Canada at 'AAA'; Outlook Stable" dated April 15, 2016 and available at www.fitchratings.com.

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In addition to the sources of information identified in the Tax-Supported Rating Criteria, this action was additionally informed by information from Statistics Canada and the Canada Department of Finance.

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Additional information is available on www.fitchratings.com

Applicable Criteria

International Local and Regional Governments Rating Criteria - Outside the United States (pub. 18 Apr 2016)

<https://www.fitchratings.com/site/re/878660>

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