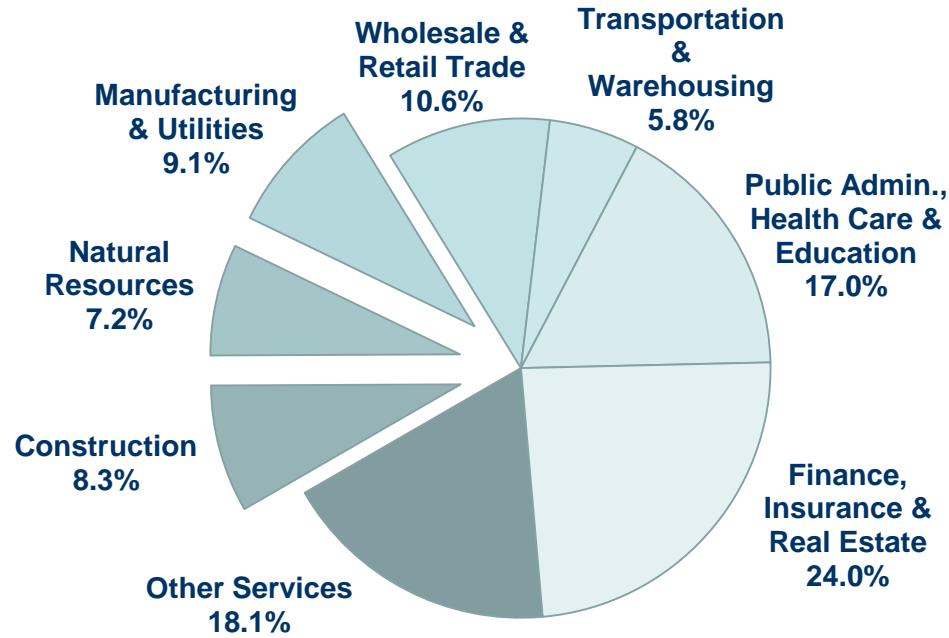


Province of British Columbia



BC's Diversified Economy

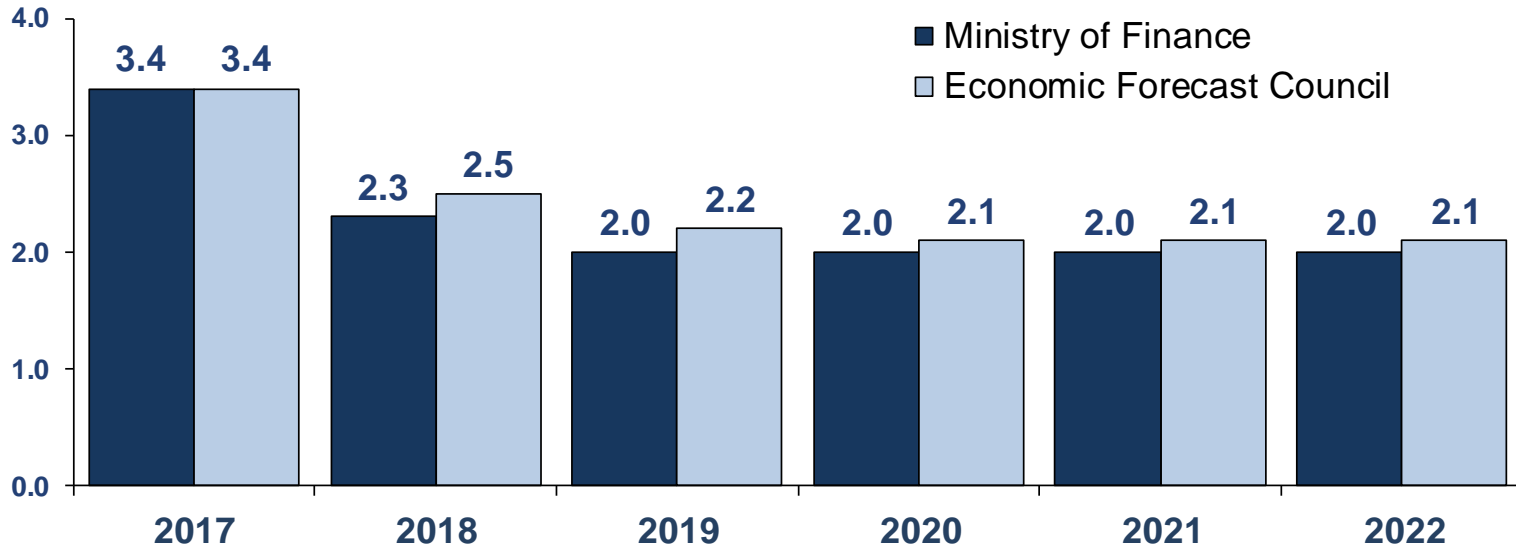
Share of BC GDP at basic prices (chained \$2007) by major industry, 2016



Source: Statistics Canada (may not add to 100 per cent due to rounding)

Prudent Economic Forecast

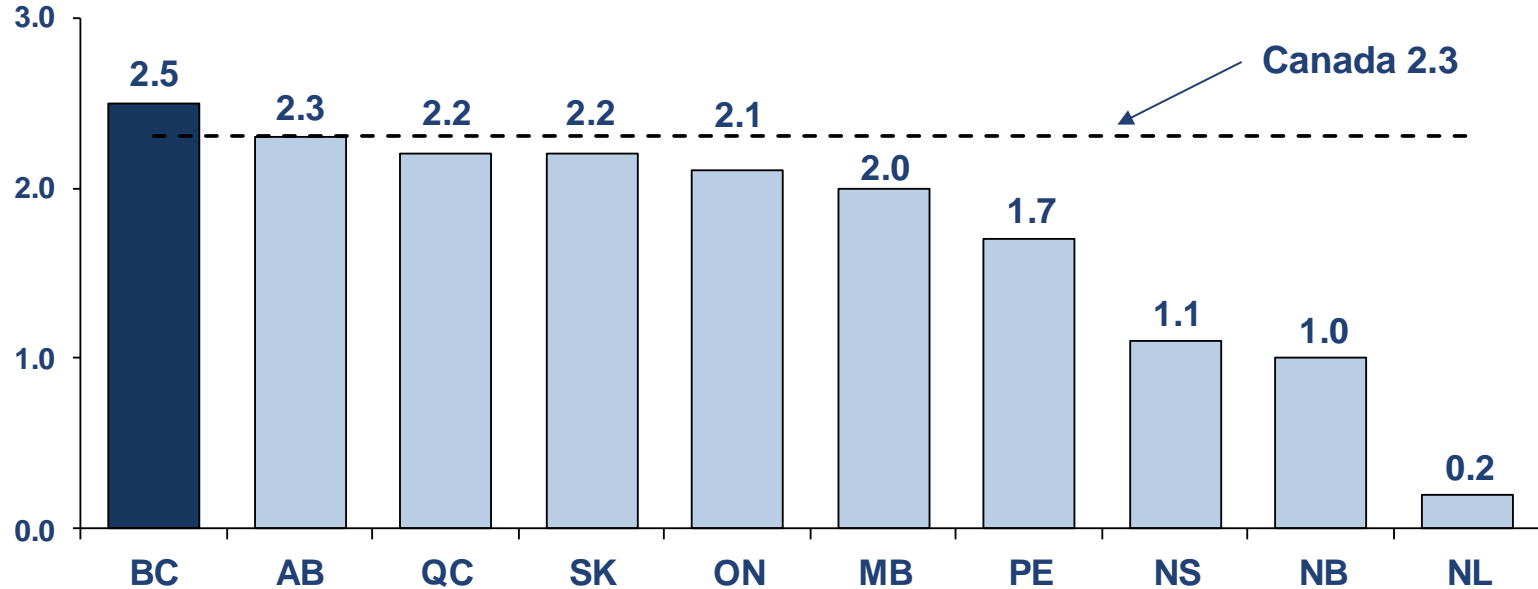
BC real GDP (annual per cent change)



Sources: BC Ministry of Finance, Economic Forecast Council

Private Sector Economic Growth Expectations

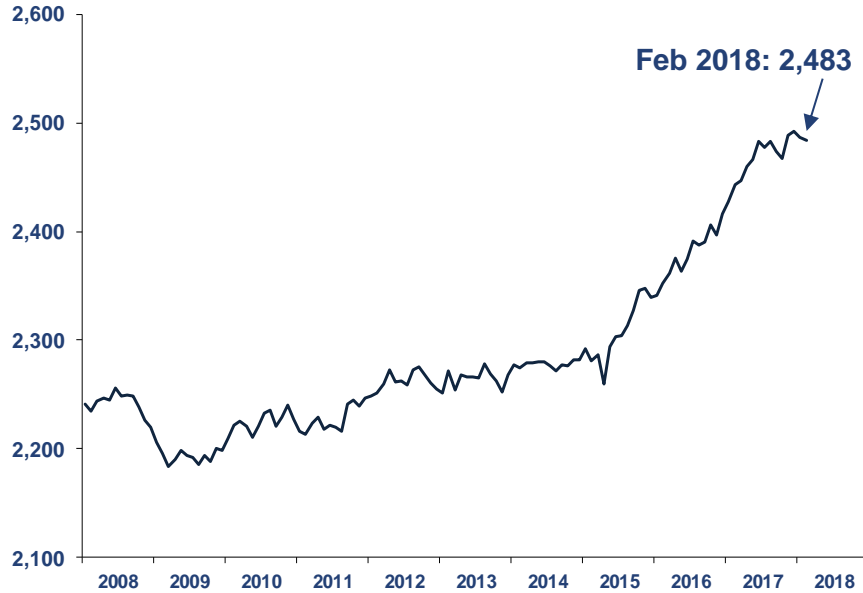
Forecast annual growth in 2018 real GDP (per cent)



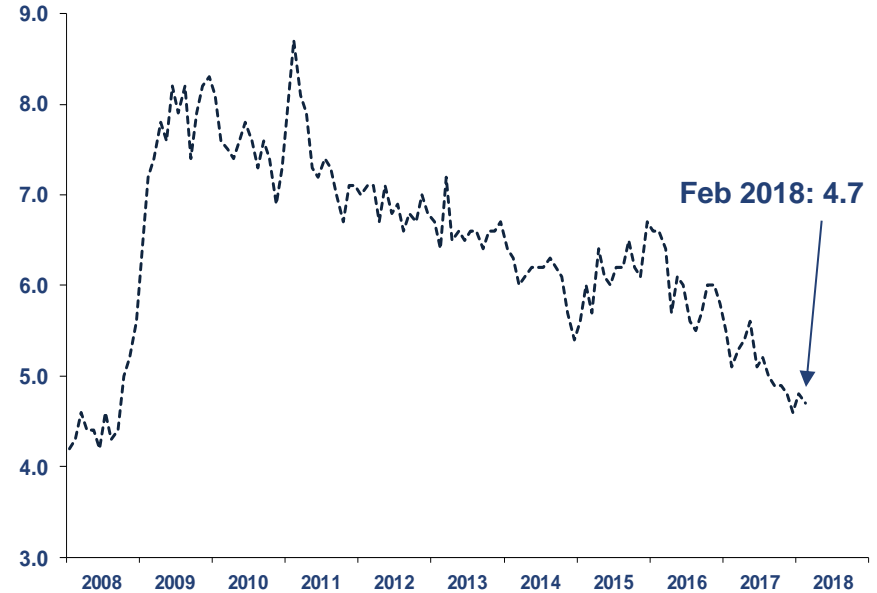
Source: Private Sector Average (subset of the Economic Forecast Council: BMO, RBC, CIBC, TD, Scotiabank and IHS Markit) as of March 23, 2018.

BC Labour Market

BC employment (thousands, sa)



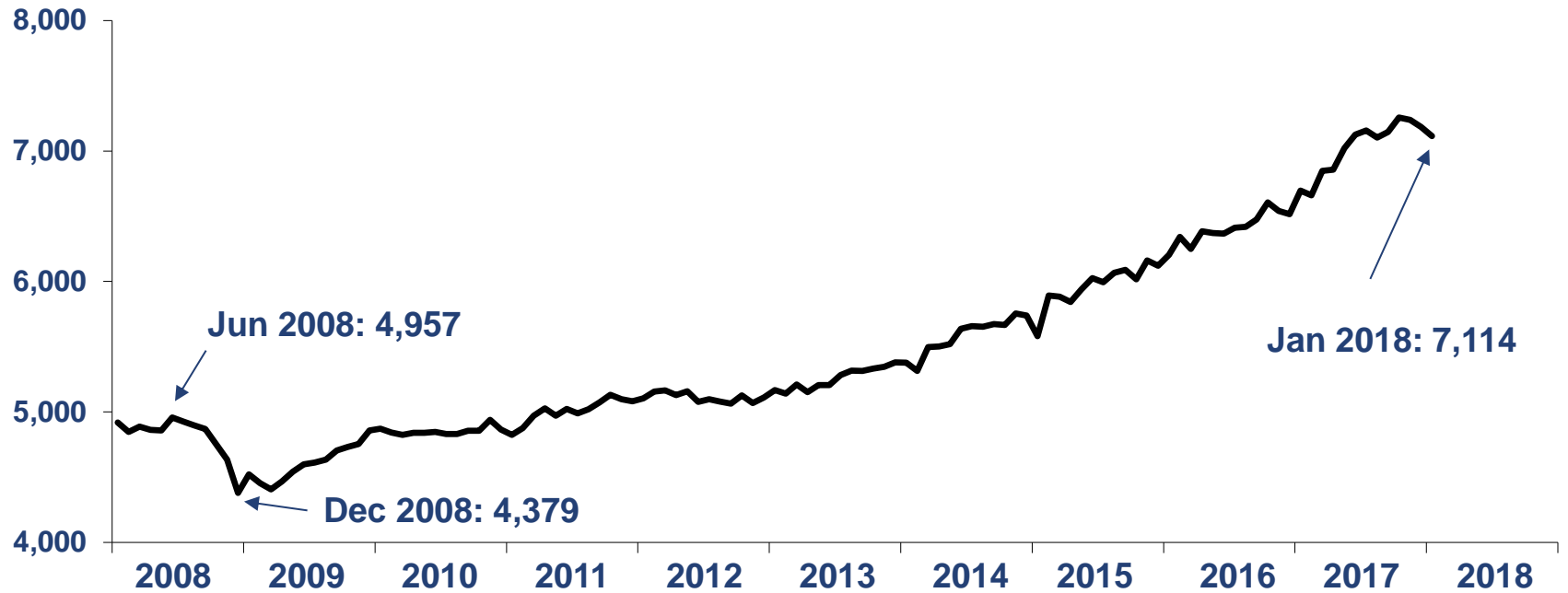
BC unemployment rate (per cent, sa)



Source: Statistics Canada

BC Retail Sales

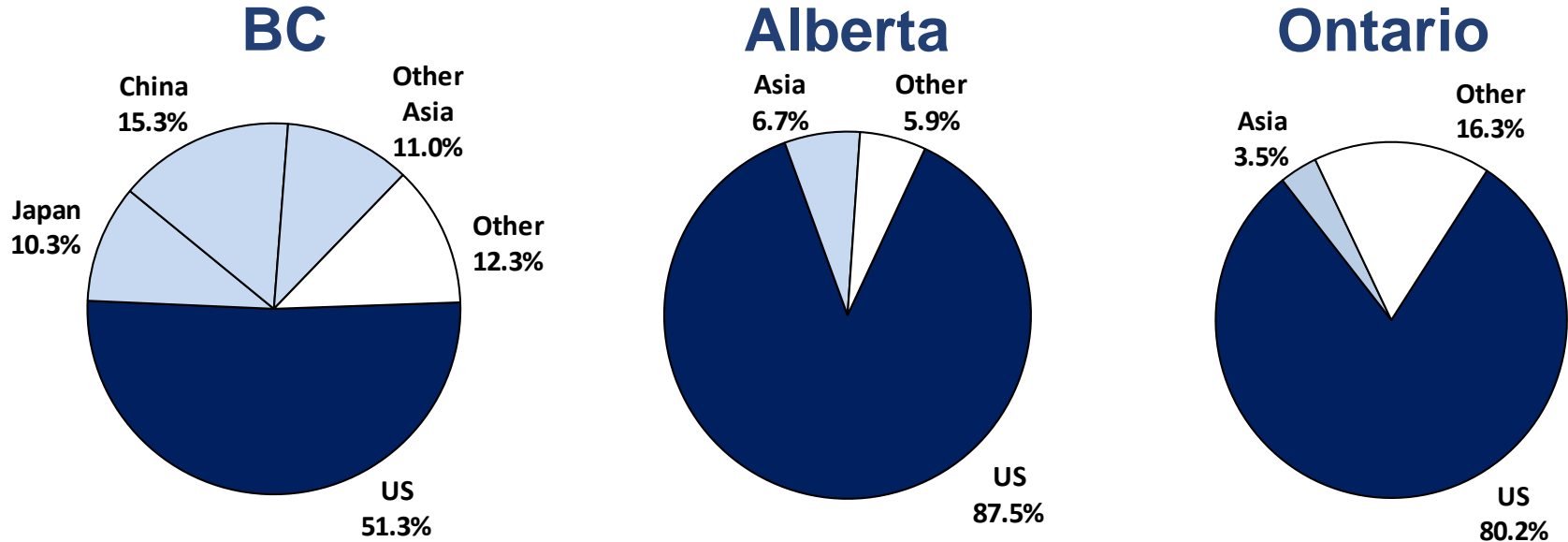
BC retail sales (\$ millions, sa)



Source: Statistics Canada

BC Trade Diversity

Annual share of international goods exports by province, 2017



Source: BC Stats (may not add to 100 per cent due to rounding)

Operating Plan

\$ millions

| | Budget | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Forecast | Estimate | Plan | Plan |
| | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| Revenue | 52,069 | 54,193 | 57,559 | 58,646 |
| Expense excluding Contingencies and Priority Initiatives | (51,218) | (53,074) | (54,662) | (55,760) |
| Contingencies Vote | (600) | (550) | (750) | (750) |
| Priority Initiatives | - | - | (1,366) | (1,252) |
| Total Expense | <u>(51,818)</u> | <u>(53,624)</u> | <u>(56,778)</u> | <u>(57,762)</u> |
| Surplus before Forecast Allowance | 251 | 569 | 781 | 884 |
| Forecast Allowance | <u>(100)</u> | <u>(350)</u> | <u>(500)</u> | <u>(600)</u> |
| Surplus | <u>151</u> | <u>219</u> | <u>281</u> | <u>284</u> |

Comprehensive Housing Strategy

30–point plan to address housing affordability

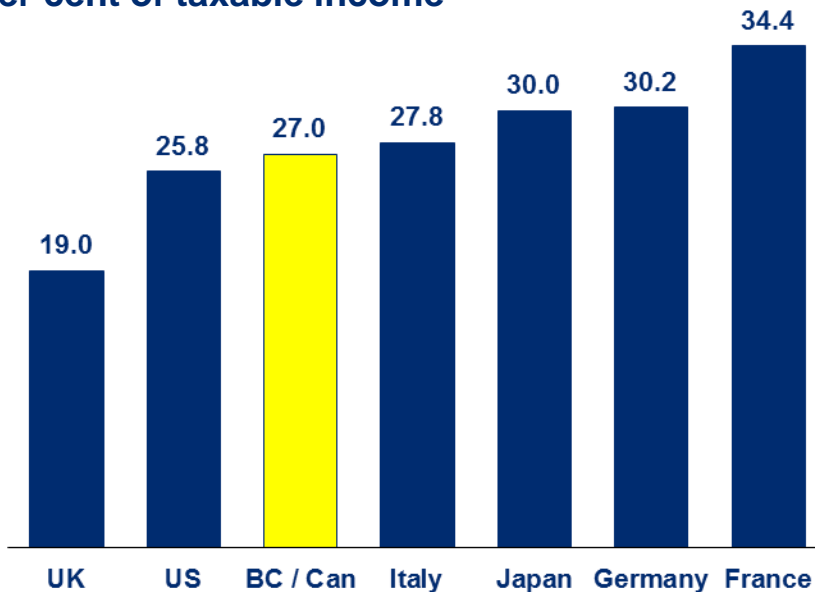
- **Stabilizing the market**
 - introducing a new speculation tax
 - enhancing the existing additional property transfer tax
 - increasing fairness
- **Addressing tax evasion and closing loopholes**
- **Building the homes people need**
- **Improving affordability and strengthening protection for renters**

Childcare and Early Learning

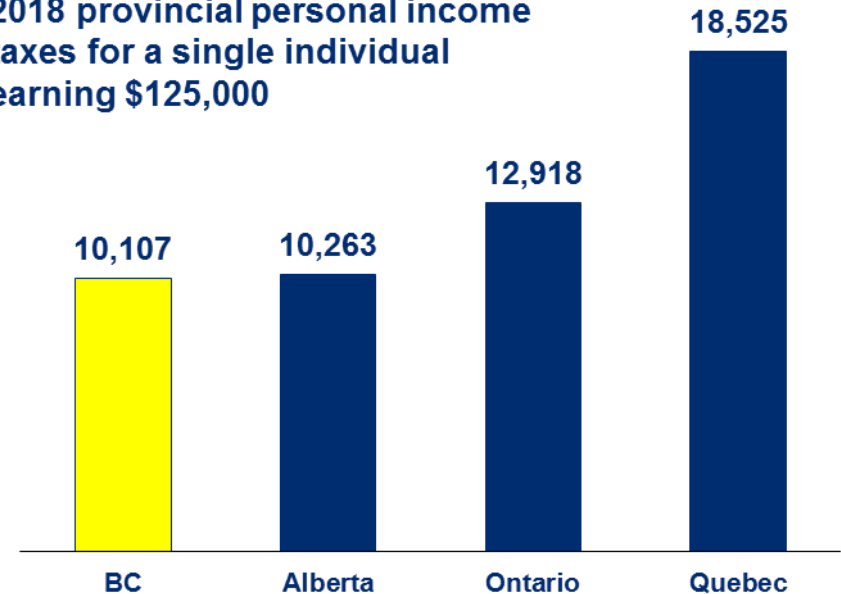
- **On the path to deliver universal, quality childcare**
- **Comprehensive plan with over \$1 billion investment intended to:**
 - **address affordability;**
 - **increase access; and**
 - **provide training and resources for Early Childhood Educators**

Competitive Income Taxes

Corporate Income Tax Per cent of taxable income



Personal Income Tax 2018 provincial personal income taxes for a single individual earning \$125,000



Rates reflect combined central and sub-central corporate income tax rates from OECD Tax Database for 2017, except for the US and BC/Canada. The US rate is calculated by the BC Ministry of Finance using the central government rate in the US *Tax Cuts and Jobs Act* for 2018 combined with the sub-central rate from the OECD Tax Database for 2017. The BC/Canada rate reflects the provincial rate change announced in *Budget 2017 Update*. Japan's central government rate will decrease from 23.4 to 23.2 effective April 1, 2018. This change is not reflected in the table.

Source: BC Ministry of Finance

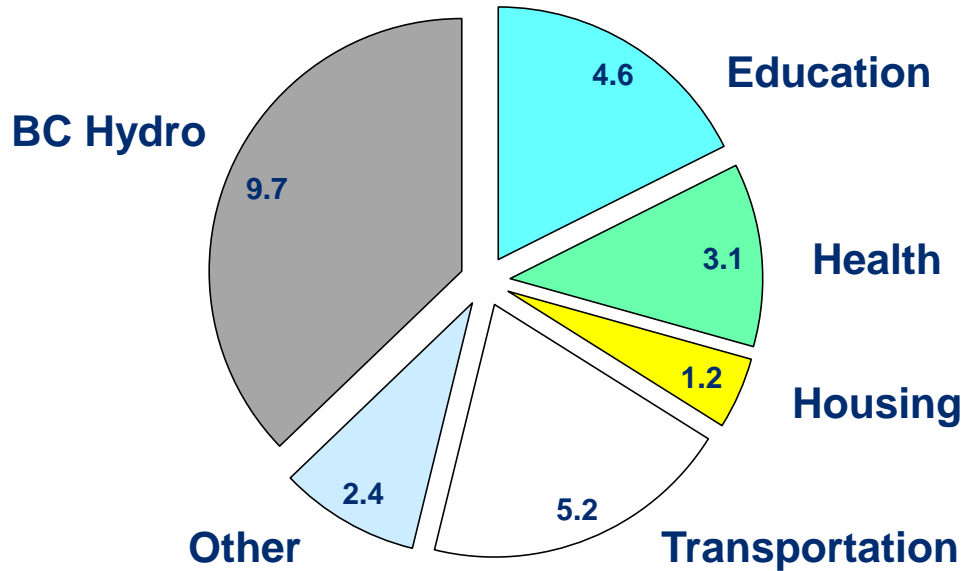
Improving Fairness

- **Small business corporate income tax rate reduced**
- **Sales tax on electricity paid by businesses phased out**
- **Sales tax on luxury vehicles increased**
- **Medical Services Plan (MSP) premiums**
 - **50 per cent cut in 2018**
 - **eliminated in 2020**
- **Elimination of MSP premiums funded by a new employer health tax**

Capital Spending Allocations

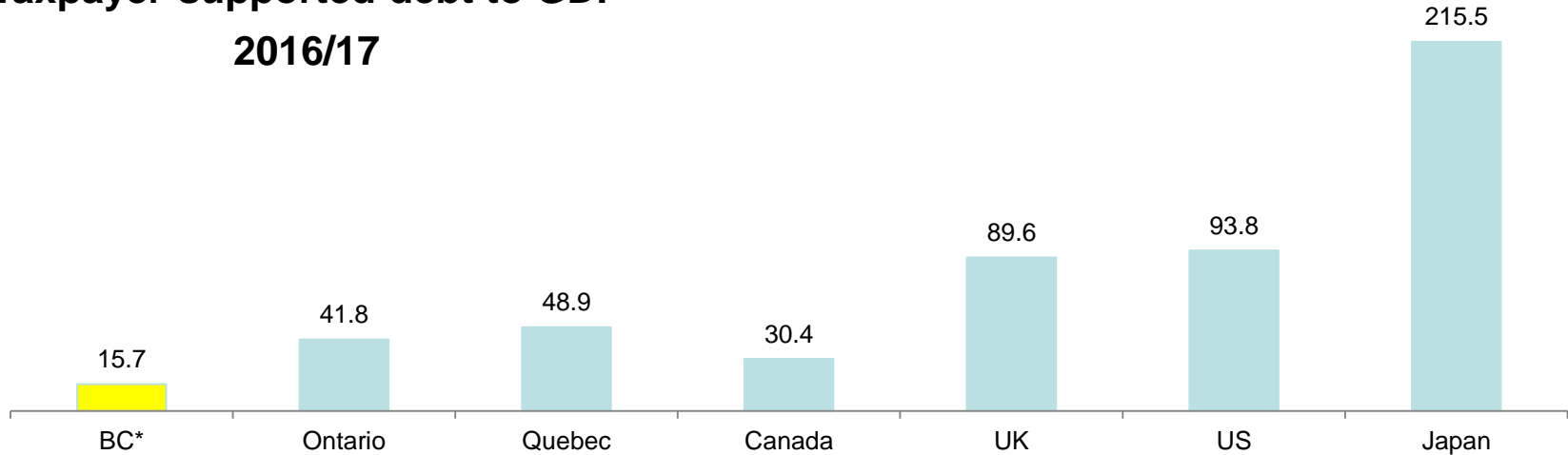
Three-year infrastructure spending totals \$26.2 billion

\$ billions



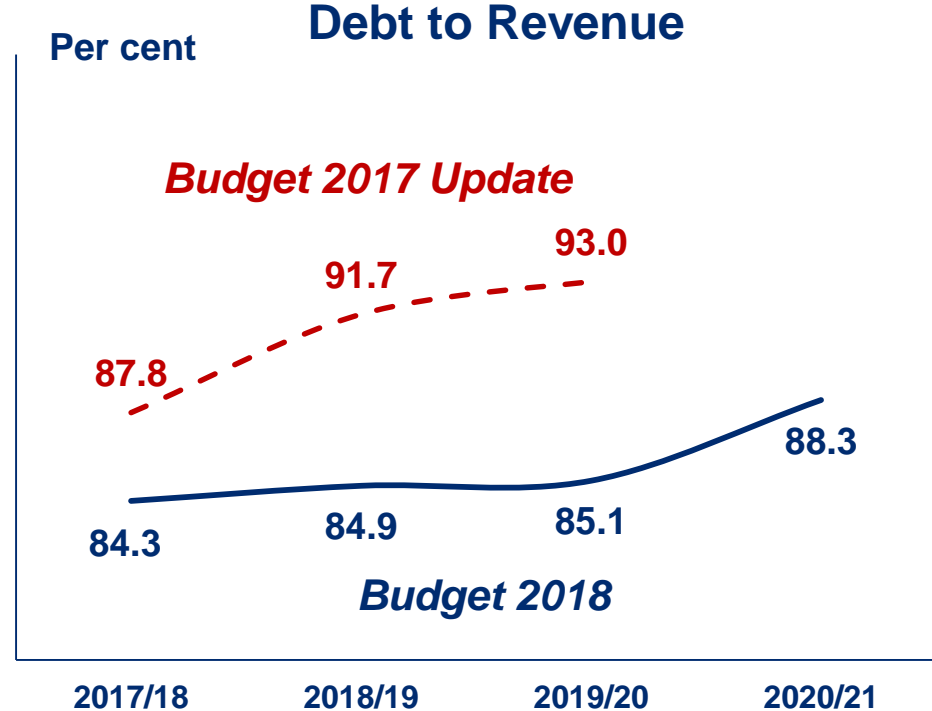
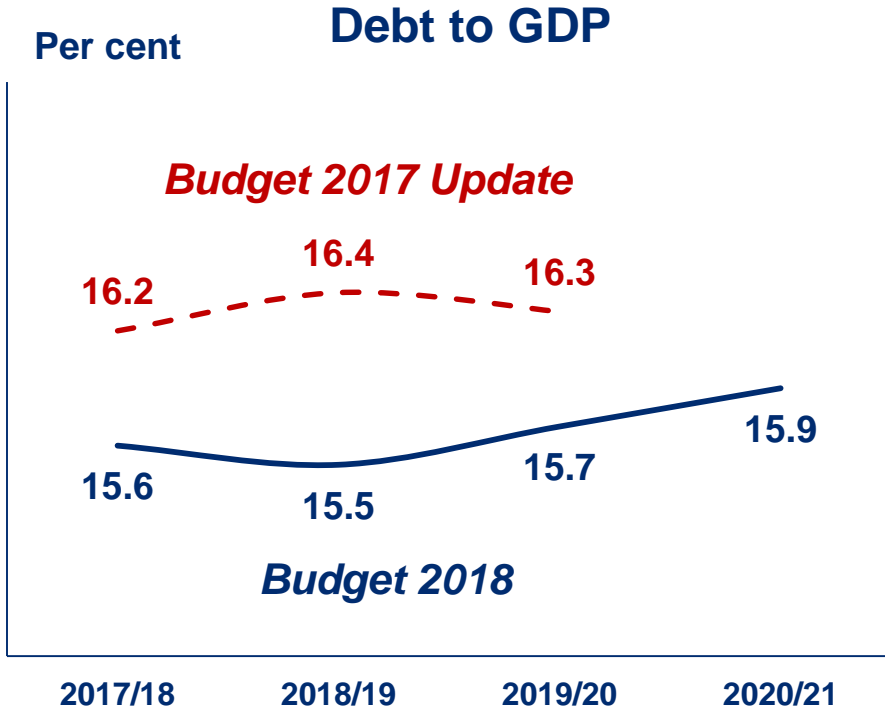
Affordable Debt

Taxpayer-supported debt to GDP 2016/17



Source: Moody's; *BC Budget 2018

Debt Affordability



Risks

- **Global trade uncertainty**
- **Product reform of provincial public auto insurance**
- **New compensation mandate**
- **Rising interest rates**

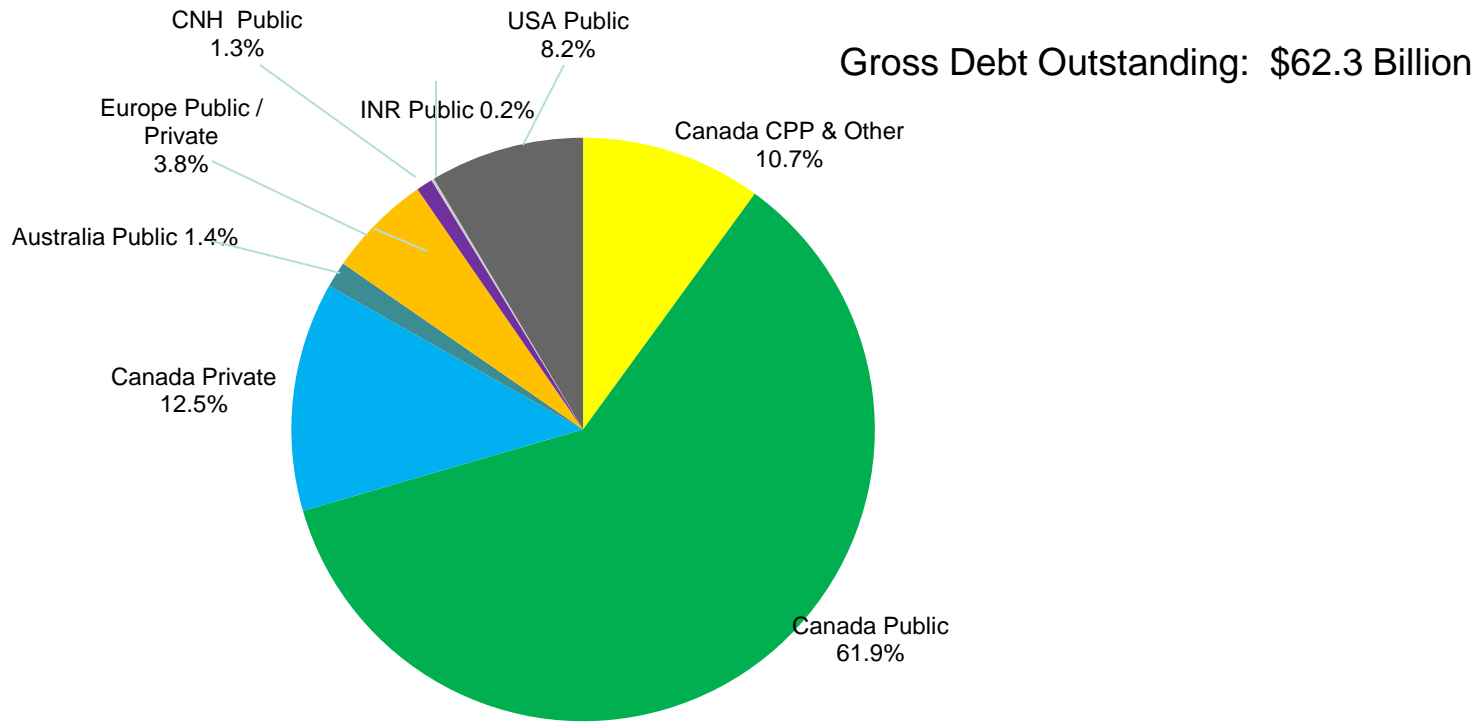
Prudence Remains Important

- **Prudent economic growth outlook**
- **Contingencies Vote**
 - totals \$2,050M over the ensuing 3 years
- **Forecast Allowance**
 - totals \$1,450M over the ensuing 3 years
- **Priority Initiatives**
 - totals \$2,618M over the last 2 years

British Columbia's Public Sector Pension Risk Management

- Defined Benefit/Defined Contribution hybrid plan design
- Joint trusteeship
- Sound funding and actuarial policies set by the trustees
- Strong pension plan governance
- 102-108% funded on a funded or actuarial basis

Gross Market Debt Outstanding by Source as at February 28, 2018



Debt Management

- **\$7.9 billion borrowing program for 2018/2019**
- **\$6.0 billion to \$6.9 billion in outer years**
- **Manageable borrowing program**
- **Will rely on province's significant access to domestic and international capital markets**

Disclosure Statements

Certain statements used in this presentation are “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements concerning the Province’s budgetary and program plans, fiscal outlook, expectations of future economic and trade conditions, and plans for pension risk management and debt management, and other statements that are not historical or current fact. These statements are based on the Province’s current estimates or projections and therefore you should not place undue reliance on them. Forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the state of our economy or fiscal position to differ materially from the forecasts and economic outlook expressed or implied by any forward-looking statements. In addition, such statements are based on a number of assumptions that are subject to change. We refer you to the Province’s filings with the U.S. Securities and Exchange Commission for a discussion of the various factors that may affect the Province’s economy. Forward-looking statements speak only as of the date they are made. The Province undertakes no obligation to update any forward-looking statements except as required by law.

Appendix

Quick Facts on British Columbia

- **Population of 4.8 million**
- **364,764 sq. mi on west coast of Canada; third-largest province; size of France and UK combined**
- **Borders the Pacific Rim**
- **Strategic ports for North America trade**
- **Parliamentary system of government**
- **2016 nominal gross domestic product: C\$264 Billion (13% of Canadian economy)**

Priority Investments

Over \$3.6 billion in new investments in support of:

- **improving affordability;**
- **improving and enhancing services; and**
- **building a strong, sustainable economy**

Working with Indigenous Peoples

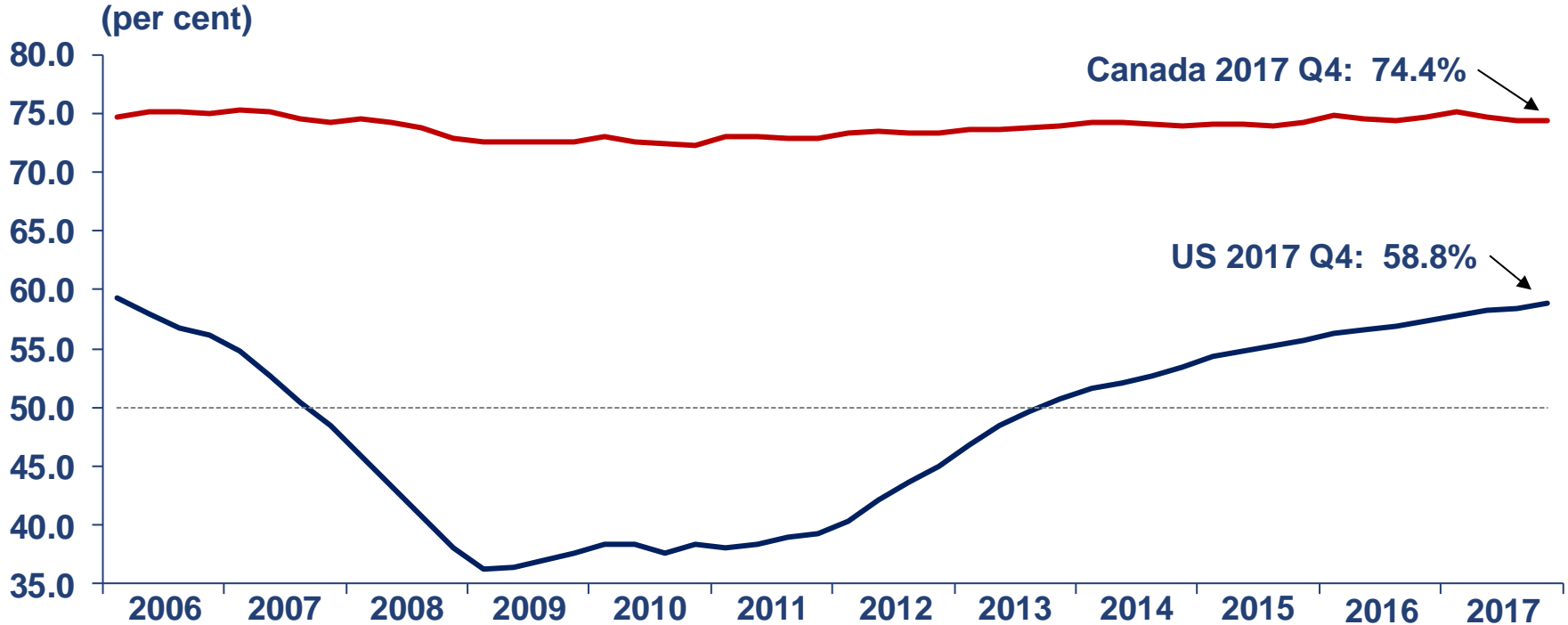
Commitment to carve a path toward reconciliation:

- **\$201 million over three years for:**
 - Indigenous housing;
 - Indigenous Skills Training Program; and
 - Aboriginal Friendship Centres
- **\$50 million supporting the revitalization of Indigenous languages**

Canadian Mortgage Rules

- Maximum amortization period of 25 years for insured mortgages
- Minimum down payment of 5 per cent for any insured mortgage for homes priced below \$500,000
- An additional 10 per cent down payment is required for the portion of a home price between \$500,000 and \$1,000,000
- Maximum refinancing of 80 per cent of the value of the home
- Interest rate stress test required for both insured and non-insured mortgages
- Maximum borrowing of 65 per cent of the value of the property through a non-amortizing home equity line of credit
- Federally-backed mortgage insurance is available only for homes with a purchase price of less than \$1 million
- Insurance is mandatory for down payments below 20 per cent

Owner's Equity as a Share of Residential Assets

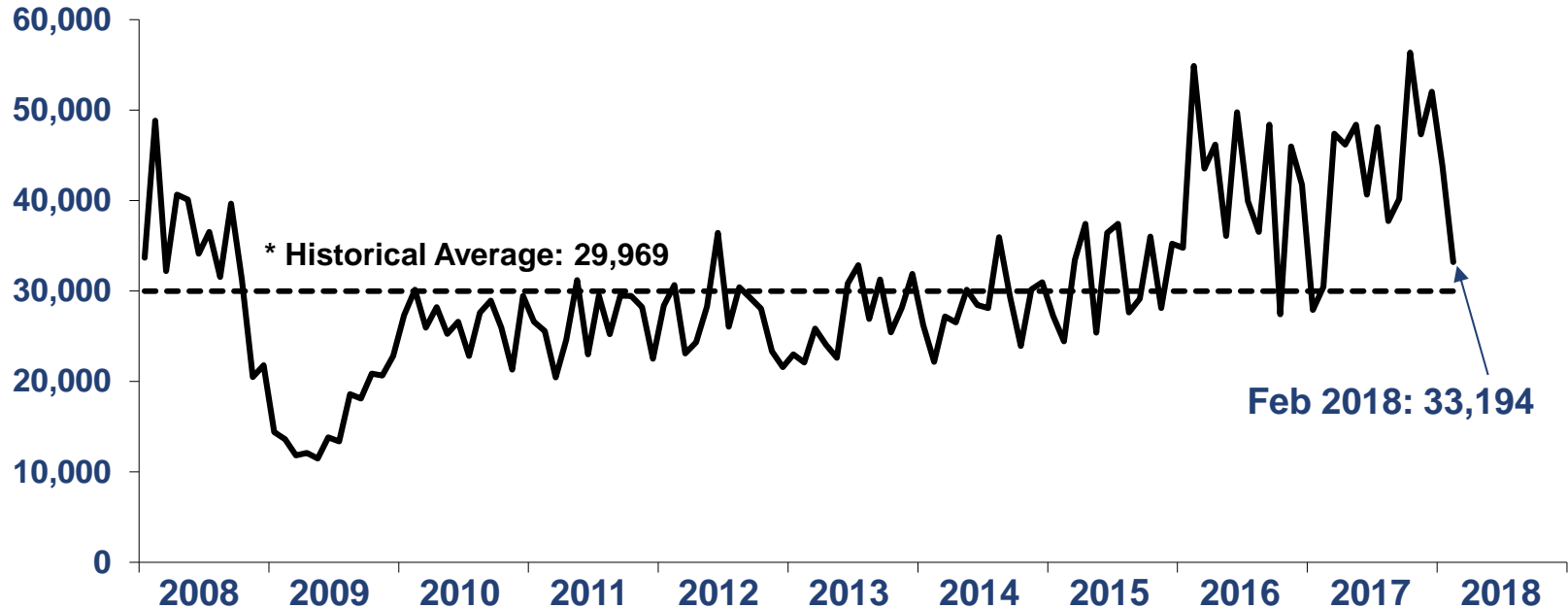


Sources: Statistics Canada, St. Louis Federal Reserve

Note: Canada includes the value of non-residential real estate owned by households

BC Housing Starts

BC housing starts (annualized units, sa)

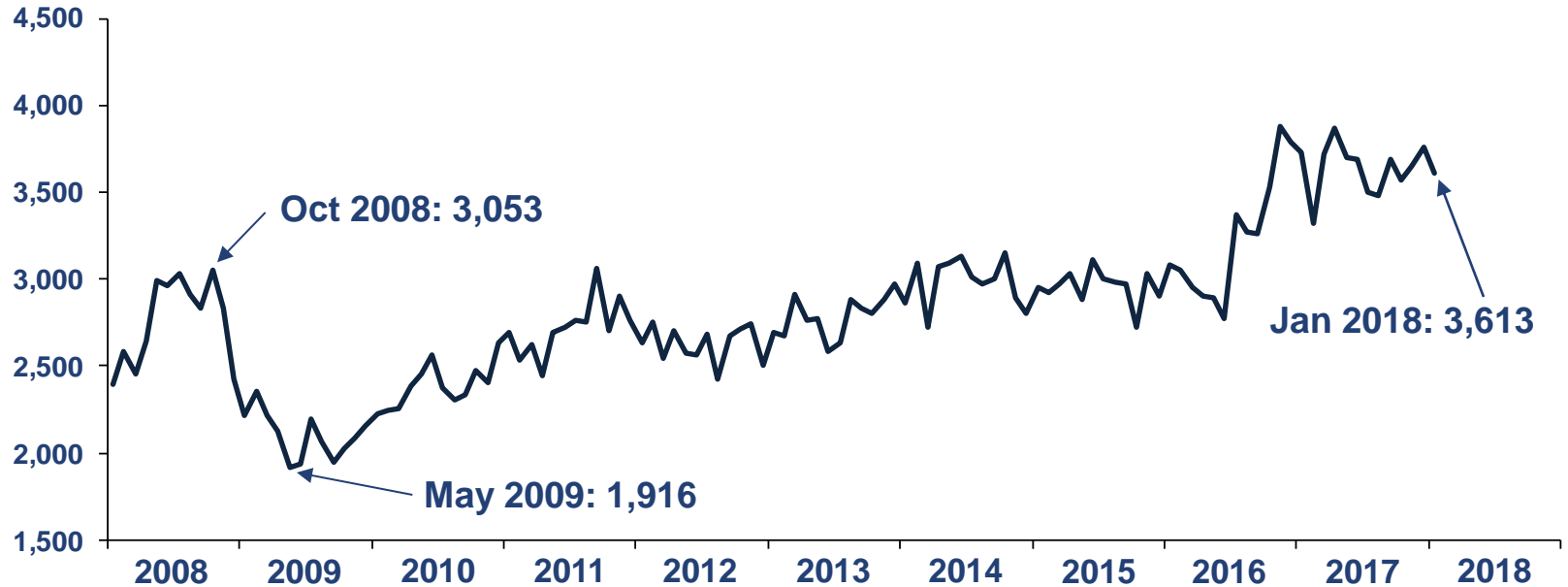


* Historical Average (January 1990 to December 2017)

Source: Canada Mortgage and Housing Corporation

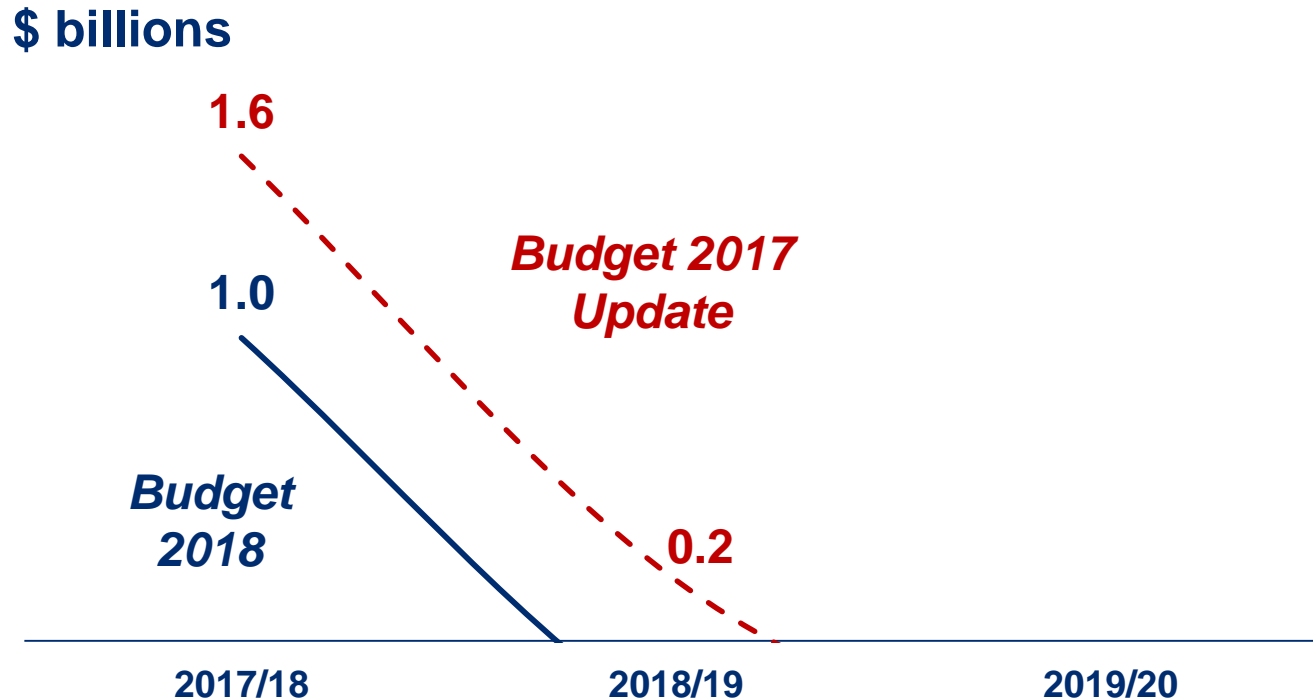
BC Exports

BC international merchandise exports (\$ millions, sa)



Source: BC Stats

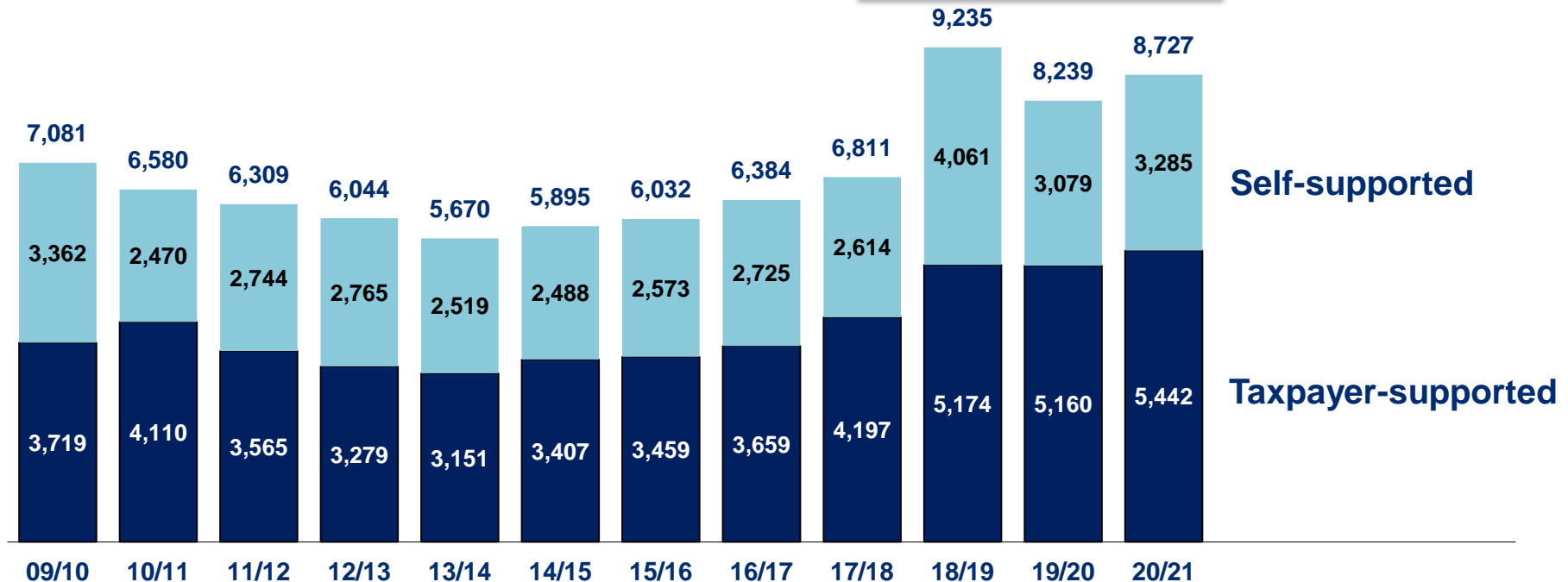
Operating Debt Eliminated



Record Level Capital Spending

\$ millions

Budget 2018 Plan

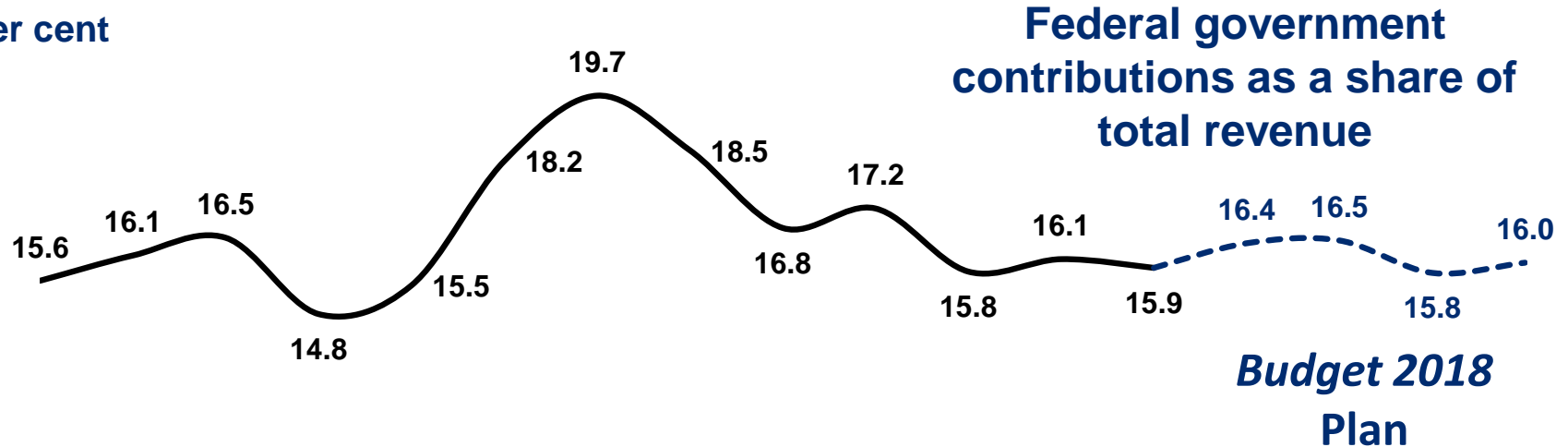


Pension Plan Positions

| Pension Plan | Number of Members (thousands) | Most recent Valuation | Funding Basis (millions) | Accrued Basis (millions) |
|----------------|----------------------------------|-----------------------|-----------------------------|-----------------------------|
| Teachers' | 94 | Dec 31, 2014 | \$449 102% | (\$704) 96% |
| College | 26 | Aug 31, 2015 | \$154 104% | \$162 105% |
| Municipal | 321 | Dec 31, 2015 | \$2,224 105% | \$1,034 103% |
| Public Service | 123 | Mar 31, 2017 | \$1,896 108% | \$2,486 114% |

Federal Government Contributions

Per cent



04/05 05/06 06/07 07/08 08/09 09/10 10/11 11/12 12/13 13/14 14/15 15/16 16/17 17/18 18/19 19/20 20/21