STANDARD & POOR'S CANADIAN RATINGS

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Municipal Finance Authority of British Columbia's C$150 Mil Authorized CP Program Rated 'A-1+'

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TORONTO (Standard & Poor's) Oct. 20, 2003--Standard & Poor's Ratings Services today said it assigned its 'A-1+' global scale and 'A-1(High)' Canadian national scale short-term debt ratings to the Municipal Finance Authority of British Columbia's (MFABC) authorized C$150 million commercial paper program. The existing ratings on MFABC, including the long-term issuer credit and senior unsecured debt ratings, remain unchanged. The outlook is stable.

The new rating on the MFABC's proposed C$150 million (authorized) CP program is supported by the authority's historically conservative management approach to financial operations, its demonstrated access to capital, even in times of difficult market conditions, and its available credit facilities that backstop and mitigate rollover risk associated with short-term maturities. Moreover, the authority has reached an agreement with one of its bank syndicate members to segregate that credit line to specifically stand behind MFABC CP obligations.

The introduction of the short-term CP program does not alter the aggregate portfolio liquidity available to the MFABC, because the program replaces current short-term borrowings made through banking channels in an effort to provide more cost-effective short-term borrowing for municipal members.

"The assignment of Standard & Poor's highest short-term rating is reflective of the strong long-term credit profile of the MFABC, as there is a linkage between high-quality long-term credit ratings and a high short-term rating on the same entity," said Standard & Poor's credit analyst Paul Calder.

The 'AAA' credit rating on the MFABC primarily reflects the relatively low debt burden and high liquidity position of the authority's municipal loan obligors--on an aggregate portfolio basis. MFABC debt ratios, such as debt, net of sinking fund balances, to market value of taxable assessment, and municipal liquid financial asset balances to debt, on a consolidated basis, are solid and comparable with other similarly rated municipal peers.

The ratings also reflect the strong legal framework supporting the authority's loan portfolio, including mandatory debt service reserve fund (DSRF) contributions by borrowing members, and an internal policy that requires immediate replenishment, via the provincial property tax base, for any drawdown of the MFABC DSRF. This statutory ability to levy taxes following a DSRF draw is unencumbered by any senior government or regulatory body, though subject to timing constraints associated with the tax levy process. Moreover, the authority's internal policy to immediately replenish the DSRF following any such draw establishes a de facto joint and several liability (regarding MFABC indebtedness) among all underlying municipal obligors. Accordingly, MFABC's access to the full taxing power of municipal members ostensibly creates a large overcollateralization of MFABC debt obligations.

These credit enhancements are applicable and available for the benefit of short-term CP obligations and provide further support for Standard & Poor's short-term rating.

The stable outlook reflects Standard & Poor's expectation that the authority will be able to refinance maturing CP obligations without interruption, given its strong credit quality, access to capital, substantial credit facility commitments, and own-source liquidity that stand behind the CP program. Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Credit Ratings Actions.