CREDIT OPINION
12 November 2025

Update

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RATINGS

Winnipeg, City of

Domicile	Winnipeg, Manitoba, Canada
Long Term Rating	Aa2
Type	Senior Unsecured - 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.

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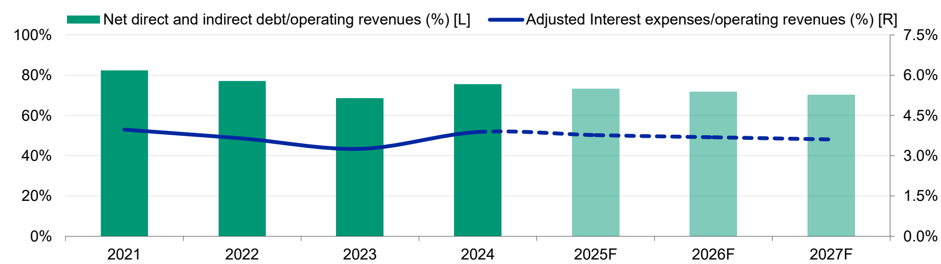
City of Winnipeg (Canada)

Update to credit opinion

Summary

The credit profile of the City of Winnipeg (Aa2 stable) reflects a stable institutional framework and a highly diversified economy which supports a reliable tax base. Revenue stability from property taxes and user fees cushions the city against major fiscal volatility. Liquidity and long-term investment levels, including reserves, remain strong and provide solid coverage of debt and expenses. Operating challenges include wage and general cost inflation, social spending needs, and the impact of unpredictable weather on operations. We expect only modest reductions in the debt burden, as the city's debt mitigation efforts are balanced by the continued need to issue debt to fund the long-term capital plan.

Exhibit 1
We project Winnipeg's debt burden to remain near current levels with continued strong debt affordability
(years ending Dec 31)



Sources: City of Winnipeg and Moody's Ratings

Credit strengths

» Strong sector diversity and consistent population increase bolster economic expansion

» Sound governance and management and a mature institutional framework

» High levels of long-term liquidity and strong debt affordability

Credit challenges

» Significant social and weather-related costs pressure operating results

» Increasing capital spending requires continued debt issuance

Rating outlook
The stable outlook reflects the city's capacity to preserve its fiscal performance over the next 18-24 months thanks to largely predictable sources of income, along with strong economic performance that benefits from industry diversity and high levels of immigration. These will help the city balance the risks of high levels of infrastructure and social spending needs.

Factors that could lead to an upgrade
Upward rating pressure would result from a significant decline in the city's debt burden or rising liquidity and long-term investment levels resulting in rising debt and expense coverage ratios.

Factors that could lead to a downgrade
Downward rating pressure would result from sustained decline in the operating margin, or a significant increase in debt levels to support rising capital spending.

Key indicators

Exhibit 2
City of Winnipeg

(Year Ending 12/31)	2022	2023	2024	2025F	2026F	2027F
Net Direct and Indirect Debt/Operating Revenue (%)	77.1	68.5	75.6	73.3	71.8	70.2
Primary Operating Balance/Operating Revenue (%)	12.5	19.3	17.0	15.8	14.6	13.5
Interest Payments/Operating Revenue (%)	3.6	3.3	3.9	3.8	3.7	3.6
Debt Service/Total Revenue (%)	3.3	3.5	3.3	4.9	4.4	4.2
Capital Spending/Total Expenditures (%)	21.6	28.8	28.4	24.7	23.6	22.5

Sources: City of Winnipeg and Moody's Ratings

Profile
Winnipeg is the largest and capital city of the Province of Manitoba (Aa2 stable) and serves as its key economic and administrative center. The city benefits from a diverse economy mainly centered around manufacturing, transportation, finance, and public administration. Winnipeg's fiscal flexibility is supported by a broad tax base and prudent financial management, with stable revenue streams from property taxes and user fees. The city's strategic location as a transportation hub, combined with a growing population despite recent federal immigration caps and strong institutional presence, underpins its economic resilience.

Detailed credit considerations
Winnipeg's Aa2 rating combines a baseline credit assessment (BCA) aa2 for the city of and our assessment of a high likelihood of extraordinary support from the Province of Manitoba in the event that the city faced acute liquidity stress.

Baseline credit assessment
Strong sector diversity and consistent population increase bolster economic expansion
As the province's capital and largest city, Winnipeg has an advantage over other municipalities in the province for job opportunities and attracting skilled workers. The city's economy is more diverse than many Canadian municipal peers, including in health, manufacturing, accommodation, science and tech, and finance and real estate sectors. Sector concentration is low, with each sector between 5% and 15% of GDP which continues to insulate the city from cyclical downturns. The diversity of its economy continues to provide Winnipeg with access to a broad tax base with rising assessment values, which translate to predictable property tax revenues that remain largely independent of economic cycles.

Winnipeg's population reached approximately 844,000 in 2024, which the city projects will surpass 1 million by 2050. While recent federal immigration caps have slowed growth, Winnipeg remains one of the most affordable major Canadian cities with a strong employment base, which continue to attract new residents. The housing market is supported by robust housing development, particularly towards smaller units with the aim to improve densification.

Sound governance and management and a mature institutional framework

Winnipeg uses long-term capital and operating planning including 4-year budgets to identify and manage anticipated pressures. The city retains significant policy flexibility to make intra-year adjustments to its budget to account for unanticipated fiscal developments. The city's governance and management structure remains strong and includes prudent financial policies for both debt and cash management. Conservative asset management policies are intended to ensure that cash and short-term investments remain accessible and liquid.

The city relies to a large degree on its Financial Stabilization Reserve to balance operating shortfalls. Although this reserve has been drawn down in recent years to cover unanticipated cost increases (mainly snow clearing and protection services overtime), it is being replenished as part of a multi-year plan.

The institutional framework governing municipalities in Manitoba is mature and highly developed. The division of roles and responsibilities between the Province of Manitoba and the City of Winnipeg is clearly articulated. Historically, changes to the institutional framework have occurred at a measured, evolutionary pace, following discussions between both parties.

High levels of long-term liquidity and strong debt affordability

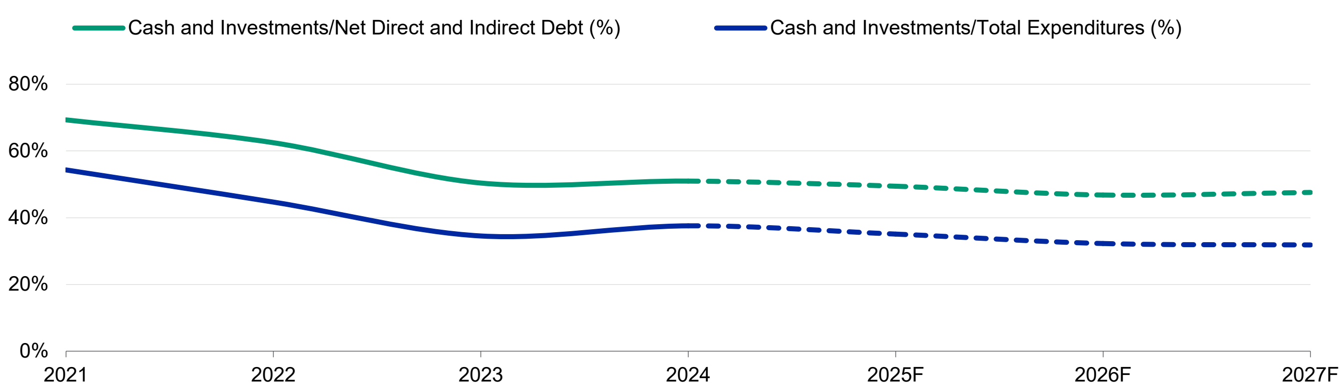
Recent strong operating results contributed to rising liquidity, including a large portion of total investments held in highly liquid cash and cash equivalent assets in order to optimize short-term investment returns. Winnipeg's liquidity ratio (cash and cash equivalents as a % of operating revenue) was 31.5% at December 31, 2024, a strong level relative to peers. We project the liquidity ratio to stabilize within the 25-30% range over the next three years. This is a continuation of a gradual trend down from the pandemic peak, indicating a return to normal liquidity management.

Overall cash and investment balances, which include unrestricted cash, cash equivalents and marketable securities, stood at CAD780 million in 2024. Cash and investments covered 51.0% of net direct and indirect debt and 37.6% of expenses in 2024. Although we expect that the nominal level of these assets will remain near current levels, coverage ratios will modestly decline given rising debt levels and expenses, to around 45-50% of net debt and 30-35% of expenses over the next two years (Exhibit 3). These coverage levels lag the majority of Canadian rated peers.

Sinking fund balances have grown consistently in recent years, growing to CAD196 million at year-end 2024, or around 15.4% of sinking fund debentures. The city also benefits from strong access to both capital markets and bank lending, which allows it to refinance maturing bonds and issue new bonds at favourable yields. The investor base is diverse both domestically and internationally.

Exhibit 3

Coverage ratios remain strong but will modestly decline given rising debt and expenses
(years ending Dec 31)



Sources: City of Winnipeg and Moody's Ratings

Winnipeg maintains strong debt affordability despite carrying a higher debt burden than many municipal peers. The city maintains internal debt limits to curb the rise of debt, including maintaining net debt at below 100% of revenue. Interest expense increased to 3.9% in 2024 from 3.3% in 2023, due a CAD200 million debt issuance during the year to support its capital plan. We expect interest burden to remain under 4% over the next 3 years as new debt is issued but interest rates continue to moderate given the Bank of Canada's easing monetary policy. These levels compare favourably against similarly rated peers.

Significant social and weather-related costs pressure operating results

The city faces financial pressures from due to rising costs in several areas, including higher prices for goods and services, increased energy costs, and growing interest expense. As labor contracts come up for renewal, we expect that unions will push for wage increases to keep up with the rising cost of living. Social challenges, particularly homelessness, have intensified adding to costs related to emergency services, shelters, and outreach programs. Offsetting some of these pressures are rebounding transit revenues as ridership has returned to pre-pandemic levels by the third quarter of 2024.

These challenges are compounded by recurring weather related costs, especially related to snow clearing which has often contributed to budget shortfalls. The unpredictability of extreme weather, both summer heat and winter cold, necessitates sustained investment in emergency response infrastructure.

These financial challenges are partly mitigated through efficiency savings (hiring and salary freezes) and managing own-source revenues including property tax rates. For 2025, the city approved a 5.95% property tax increase, significantly higher than previous increases.

Increasing capital spending requires continued debt issuance

The need to grow and to maintain the city's capital infrastructure in good condition requires continued high levels of capital spending. The multi-year capital plan for 2025–2029 totals CAD3.3 billion, with a focus on infrastructure renewal, transit, and recreation. The largest capital project remains the renewal of the North End Sewage Treatment Plant. The project's cost estimate has grown significantly to CAD3.04 billion (from CAD2.38 billion), now including phase 3 and expanded scope to accommodate population growth. We expect that rising capital costs will continue to weigh on capital expenses or may need to be scaled down to stay within budget.

To fund these infrastructure needs, the city plans to issue nearly CAD100 million in new debt in 2025 and an additional CAD310 million from 2026 to 2030 for transit, solid waste disposal and sewage, after issuing CAD200 million in 2024. While this will increase the city's debt, the city has scaled back the total notional value of its anticipated debt issues, and as a result the growth in debt will slow compared to our previous forecasts. Following the CAD200 million issuance, the debt burden rose to 75.6% in 2024 from 68.5% in 2023. We expect it to remain around this level over the next three years, as anticipated increases in debt are balanced by growth in operating revenue.

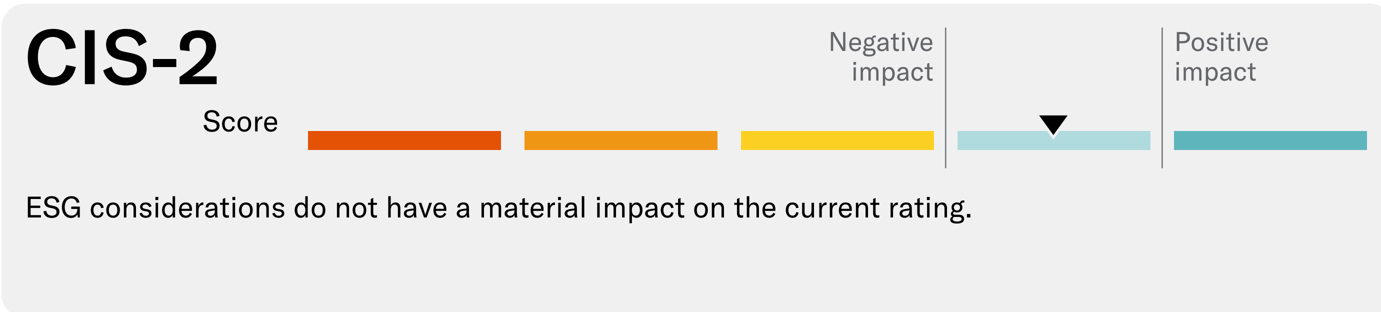
Extraordinary support considerations

We assign a high likelihood of extraordinary support from the Province of Manitoba, reflecting our assessment of the incentive provided by the risk to the province's reputation as the regulator of municipalities and incentive for the provincial government to minimize the risk of potential disruptions to capital markets if Winnipeg were to default.

ESG considerations

Winnipeg, City of's ESG credit impact score is CIS-2

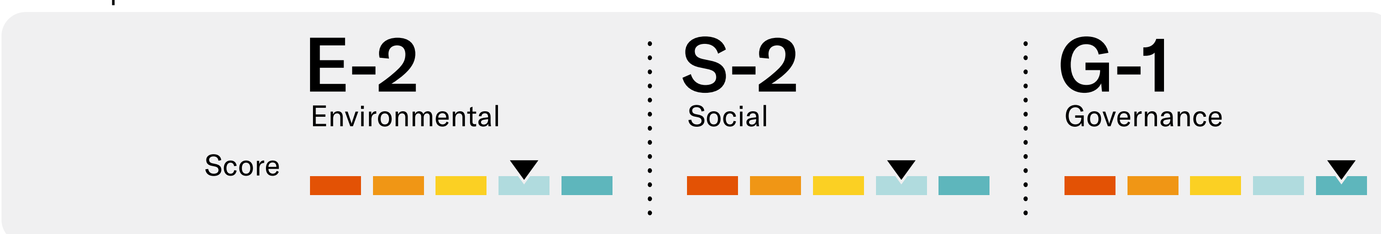
Exhibit 4
ESG credit impact score



Source: Moody's Ratings

The **CIS-2** Credit Impact Score for Winnipeg reflects a low impact of ESG considerations on the ratings.

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

The **E-2** issuer profile score (IPS) reflects a low exposure to environmental risks. Although the city is susceptible to floods and severe weather, including snow, that have resulted in significant mitigation expenses, the city manages these risks prudently through its budgeting process and allocations from reserves.

Social

The **S-2** social IPS reflects mitigated risks related to the city's provision of public emergency services including police and paramedic, but these services do not face material risks given predictable demographic trends which allows for long-term forecasting of service requirements.

Governance

The **G-1** issuer profile score reflects the city's prudent financing planning including multi-year budget forecasts. This provides the city the ability to identify potential pressures and allows for sufficient time to adjust plans accordingly to mitigate any credit implications. Financial reports are transparent and timely with adherence to strict policies on debt and investment management.

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

The assigned BCA of aa2 is in line with the BCA scorecard-indicated outcome of aa2. For details about our rating approach, please refer to the Regional and Local Governments methodology.

Exhibit 6

Winnipeg, City of

Regional & Local Governments

Baseline Credit Assessment – Scorecard	Score	Value	Sub-factor Weighting	Sub-factor Score	Factor Weighting	Total
Factor 1: Economy					**25%**	**0.98**
Regional Income [1]	3.52	53571.16	15%	0.53		
Economic Growth	6.00	a	5%	0.30		
Economic Diversification	3.00	aa	5%	0.15		
Factor 2: Institutional Framework and Governance					**30%**	**0.60**
Institutional Framework	1.00	aaa	15%	0.15		
Governance	3.00	aa	15%	0.45		
Factor 3: Financial Performance					**20%**	**0.81**
Operating Margin [2]	4.89	16.95%	10%	0.49		
Liquidity Ratio [3]	0.50	31.45%	5%	0.03		
Ease of Access to Funding	6.00	a	5%	0.30		
Factor 4: Leverage					**25%**	**1.70**
Debt Burden [4]	5.43	75.55%	15%	0.81		
Interest Burden [5]	8.82	3.88%	10%	0.88		
Preliminary BCA Scorecard-Indicated Outcome (SIO)						**(4.09) aa3**
Idiosyncratic Notching						**0.0**
Preliminary BCA SIO After Idiosyncratic Notching						**(4.09) aa3**
Sovereign Rating Threshold						**Aaa**
Operating Environment Notching						**1.5**
BCA Scorecard-Indicated Outcome						**(2.59) aa2**
Assigned BCA						**aa2**

[1] Regional GDP per capita in terms of purchasing power parity (PPP) terms, in international dollars
[2] Primary Operating Balance / Operating Revenue
[3] Cash and Cash Equivalents / Operating Revenue
[4] Net Direct and Indirect Debt / Operating Revenue
[5] Interest Payments / Operating Revenue
Source: Moody's Ratings; Fiscal 2024.

Ratings

Exhibit 7

Category	Moody's Rating
WINNIPEG, CITY OF	
Outlook	Stable
Baseline Credit Assessment	aa2
Senior Unsecured -Dom Curr	Aa2

Source: Moody's Ratings

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CLIENT SERVICES

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