

Canada Infrastructure Bank

First Quarter (Q1)
Fiscal Year 2023-24 Financial Report

Unaudited

Canada Infrastructure Bank is a Crown Corporation wholly owned by the Government of Canada



Table of Contents

Message to Reader	3
Management Discussion & Analysis (MD&A)	4
Management's Responsibility for Financial Information	18
Condensed Interim Statement of Financial Position (unaudited)	19
Condensed Interim Statement of Operations and Accumulated Surplus (unaudited).....	20
Condensed Interim Statement of Change in Net Financial Assets (unaudited).....	21
Condensed Interim Statement of Cash Flows (unaudited)	22
Notes to the Financial Statements.....	23

Message to Reader

These quarterly condensed interim financial statements were prepared on the basis of the Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board (PSAB) by the Chartered Professional Accountants of Canada and must be read in conjunction with the March 31, 2023, annual audited financial statements and with the narrative discussion included in this quarterly financial report.

The same accounting policies and methods of computation have been followed in these condensed interim quarterly financial statements as compared with the most recent annual audited financial statements.

These condensed interim quarterly statements follow the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations. There is no requirement for an audit or review of the financial statements included in the quarterly financial report and therefore these statements have not been audited or reviewed by an external auditor.

From time to time, the CIB makes written or oral forward-looking statements and may do so in this quarterly financial report. These forward-looking statements include, but are not limited to, statements about objectives and strategies for achieving objectives, as well as statements about outlooks, plans, expectations, anticipations, estimates and intentions. By their very nature, forward-looking statements involve numerous factors and assumptions, and they are subject to inherent risks and uncertainties, both general and specific. These uncertainties give rise to the possibility that predictions, forecasts, projections, and other elements of forward-looking statements will not be achieved. A number of important factors could cause actual results to differ materially from the expectations expressed.

Management Discussion & Analysis (MD&A)



This MD&A presents readers with management's view of corporate strategy and performance and should be read in conjunction with the unaudited financial statements for the quarter ending June 30, 2023. Figures are expressed in Canadian dollars unless stated otherwise.

Overview of CIB

The Canada Infrastructure Bank (CIB) is an impact investor focused on accelerating infrastructure investments to create benefits for Canadians.

The purpose of the CIB, as set out in the *Canada Infrastructure Bank Act* ("CIB Act"), is to "invest, and seek to attract investment from private sector investors and institutional investors, in infrastructure projects in Canada or partly in Canada that will generate revenue and that will be in the public interest by, for example, supporting conditions that foster economic growth or by contributing to the sustainability of infrastructure in Canada."

Parliament has authorized funding of not more than \$35 billion in aggregate (or any greater aggregate amount that may be authorized from time to time under an appropriation Act) to the CIB and the authority to invest in infrastructure transactions. Of the \$35 billion, the Government of Canada expects the CIB to prudently manage its portfolio so the net fiscal expense will remain under \$15 billion.

The CIB works closely with the Government of Canada on advancing infrastructure investments as set out in the Minister's Statement of Priorities and Accountabilities (SPA).

The CIB makes investments in five priority sectors as set out in the SPA: clean power, green infrastructure, public transit, trade and transportation and broadband. As an impact investor, the CIB is focused on achieving outcomes through its investments to address climate change, connect Canadians and their communities, increase economic growth, and build partnerships with Indigenous Peoples.

Bringing together partners from across the Canadian infrastructure landscape, the CIB acts as a catalyst to fill gaps in financing, economics or structure that can prevent new infrastructure projects from going ahead. In this way, the CIB helps get more infrastructure built. The CIB's direct investment and partnership approach complements, yet is distinct from, government programs.

The CIB's professional and independent Board supervises the direction of the organization with the ultimate responsibility for approving investment decisions. The CIB management team works with public sponsors and private and institutional partners to catalyze investment opportunities in our priority sectors.

Business Performance

The following tables and commentary provide a snapshot of our investment portfolio's progress over the past quarter and in total since inception. They include details on the composition and progress of our portfolio, including a breakdown by sector, region and in accordance with CIB targets and outcomes. For the purposes of this MD&A, the CIB's portfolio includes projects that have reached financial close and those to which the CIB has made an investment commitment.¹

Investments

The CIB made two new investment commitments in the first quarter to provide \$261 million of CIB financing towards \$555 million worth of projects. These projects, both of which are progressing towards financial close are in the public transit and green infrastructure priority sectors. Since inception, the CIB has now made total investment commitments of \$10 billion to nearly \$28 billion worth of projects.

The federal government's Canadian Critical Minerals Strategy, unveiled in December 2022, positioned the CIB as a complementary financing source to accelerate the development of Canada's critical mineral resources and supply chains. On June 14, 2023, the CIB announced its plan to invest in critical mineral enabling infrastructure. The CIB will collaborate with government, Indigenous partners and private investors to finance infrastructure which unlocks mineral deposits required for the green and digital economy.

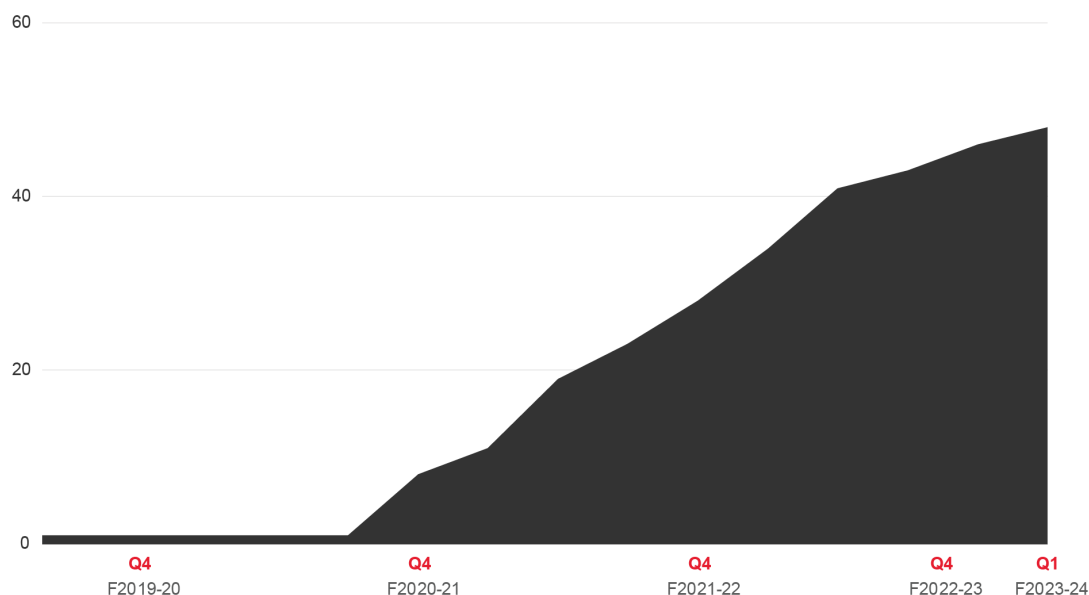
At the end of the quarter the CIB portfolio included 48 investment commitments, 42 of which have reached financial close.

¹*Financial Close* refers to the point in time when the CIB and its investment partners have completed all due diligence and have entered into legally binding agreements. Financial close is the conclusion of the investment process, approved by the Board or designate, following which the CIB begins flowing the financing to the project in accordance with the agreement. If there are adjustments to the terms of the deal between Investment Commitment and the Financial Close, CIB metrics and reporting are updated accordingly.

Investment Commitment refers to when the CIB and partners have agreed to a set of agreed upon terms (aka a "term sheet") that sets out the capital commitment of each party and other financial terms of an investment, such as length, interest rates and financing structure. At this time, the investment is advanced sufficiently enough for the CIB and its counterparts to each secure appropriate approvals and embark on final due diligence. In addition, the counterparty is in the final stages of securing key stakeholder agreements, all other required public funding of the project is confirmed, and there is a defined and agreed upon schedule in place to reach financial close.

Growth in CIB Portfolio

(Investment Commitments Including Financial Closes)



As a Crown corporation with a national mandate, the CIB seeks to achieve balance across priority sectors and reflect the geographic scope and diversity of Canada. The new investment commitments, details of which will be announced in coming months, added to the portfolio in the green infrastructure and public transit sectors and will involve infrastructure investment in multiple provinces and territories across the country.

Portfolio Composition by Sector

Sector	Life-to-date Q4 F2022-23	Q1 F2023-24	Total
Public transit	11	1	12
Clean power	7	0	7
Green infrastructure	17	1	18
Broadband	8	0	8
Trade & transportation	3	0	3
Total	46	2	48

Investment commitments and financially closed projects

Portfolio Composition by Region

Region	Life-to-date Q4 F2022-23	Q1 F2023-24	Total
West	12	0	12
Ontario	21	0	21
Quebec	6	0	6
Atlantic	1	0	1
North	1	0	1
Multiple	5	2	7
Total	46	2	48

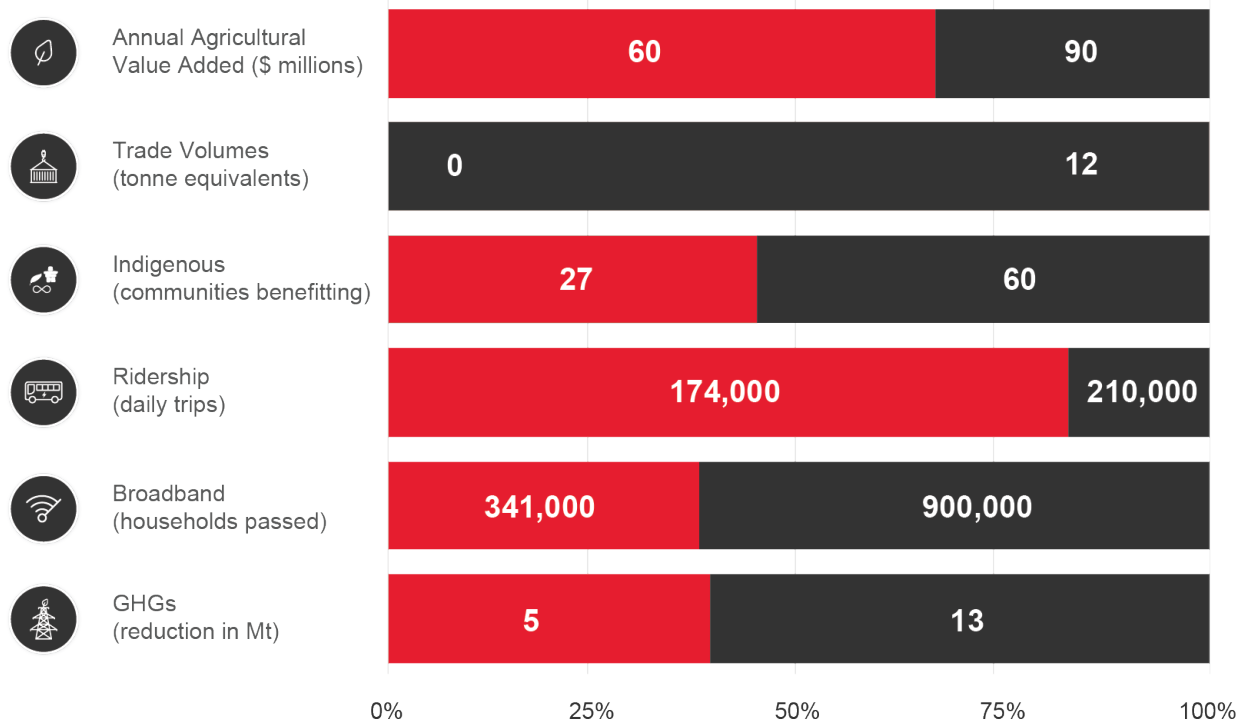
Results and Progress

As an impact investor, the CIB is focused on achieving outcomes that are of benefit to Canadians. The CIB defines its impact in terms of the outcomes achieved in reducing GHG emissions, increasing transit ridership, connecting Canadians to broadband, the number of Indigenous communities benefitting from investments, and trade as measured in the volume of goods and agricultural value added.

As of the end of Q1 the CIB continues to make steady progress towards meeting its long-term outcome targets.

➤ Progress Towards 2026-27 Outcome Targets

(Based on Projects Reaching Financial Close) as at June 30, 2023



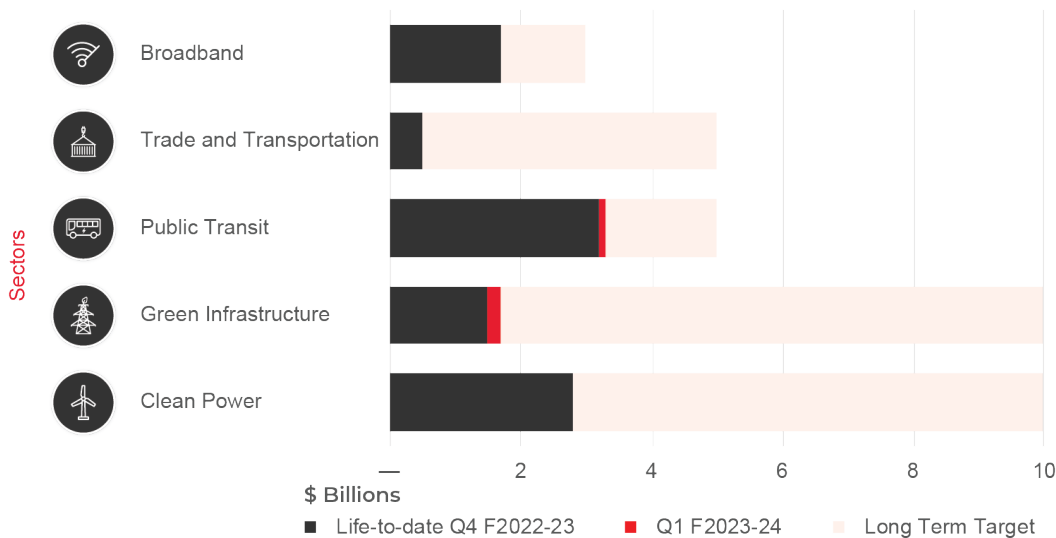
The CIB counts its progress in terms of expected outcomes once a project has reached financial close.

The CIB also tracks its portfolio in relation to the long-term sector targets that have been articulated in the Minister’s Statement of Priorities and Accountabilities letter to the Chair of the Board, issued on February 3, 2021. The table below relays the CIB’s continued progress in this regard.

In addition, the 2023 Budget, released on March 28, 2023, announced an increase in both the clean power and green infrastructure investment targets for the CIB, from \$5 billion to \$10 billion in each sector. The increase in targets is reflected in the table.

Progress Towards Long Term Investment Targets

(Based on Investment Commitments Including Financial Closes)



Project Developments

One of the important ways in which the CIB provides value to Canadians is in the ability to address gaps in the financing, economics, or structure of a project. This is how the CIB enables projects which otherwise would not be built. To date, 32 projects financed by the CIB are in active construction by the proponents. For example, this includes:

- » The Réseau express métropolitain (REM) which is delivering a new automated light-rail network serving the greater Montreal area including 26 stations, almost doubling the current Métro network. On July 31, CDPQ Infra opened the portion of the REM between Brossard and Gare Centrale stations;
- » A significant number of Alberta irrigation modernization projects underway (with 12 already completed), and
- » Work on enabling infrastructure such as road work, utilities, and broadband connectivity to support the development of the Kahkewistahaw Landing urban reserve in Saskatoon.

Projects have also started to enter into operations. For example, the CIB provides financing for more than 5,000 zero-emission buses (ZEBs), and of these, there are now over 300 ZEBs that are already in operation in Edmonton and in 12 communities throughout Quebec, and installation of heat exchangers has taken place as part of our investment in Enwave's deep lake water cooling district energy project.

Private and Institutional Capital

Given the size of Canada's infrastructure needs, it is clear that both public and private and institutional capital must be mobilized and work in concert to address that gap.

To fulfil this mandate, the CIB actively seeks out private sector and institutional investment, bringing critical capital to the table to get more infrastructure projects built and achieve outcomes for Canadians. Private and institutional capital can contribute to a project at the outset as a share of debt or equity. It can also be invested at later points in the lifecycle of a project, for example based on achieved cost savings or revenue streams.

As of June 30, 2023, the CIB has committed to projects that have attracted \$8.8 billion in private sector and institutional financing. This private sector and institutional financing includes:

- » \$0.9 billion in Broadband;
- » \$1.5 billion in Clean Power;
- » \$2.0 billion in Green Infrastructure;
- » \$4.1 billion in Public Transit, and
- » \$0.3 billion in Trade and Transportation.

Operating Environment

Inflation and higher interest rates continue to impact the Canadian economy and business investment, although recent data are starting to show a notable reduction as Canada's annualized inflation rate fell in June 2023 to 2.8% from a high of 8.1% in June 2022.²

According to the Bank of Canada, inflation is easing as a result of lower energy prices and smaller price increases. At the same time, there remain underlying inflationary pressures due to consumer spending on services. The Bank of Canada anticipates that inflation will remain in the 3% range for the next year before declining gradually to the 2% target in mid 2025.

Inflation has played a role in increasing costs of projects. To date, cost increases have not had a material effect on the performance of investments within our portfolio as these increases have been absorbed by contingency built into project budgets as well as commitments from our counterparties to fund cost overruns. The CIB continues to monitor risks and anticipate the impact to existing and potential portfolio holdings. Although the impact has been immaterial

² <https://www150.statcan.gc.ca/n1/daily-quotidien/230718/dq230718a-eng.htm?indid=3665-1&indgeo=0>.

to date, general economic and capital markets factors can continue to influence some projects. These factors include rising interest rates, real estate valuations/vacancies, trade volumes, shipping costs, commodity prices and rising wages.

One of the ways that the CIB supports the advancement of infrastructure is by deploying capital to fill in gaps in project financing, including through the accepting of concessional returns and offering flexible financing terms. As broader economic conditions change, the CIB retains the flexibility to structure its participation in investments to fill gaps that can prevent projects from proceeding, including establishing pricing in response to changes in prevailing interest rates.

Under the *CIB Act*, the designated Minister is required to undertake a review of the provisions and operations of the Act every five years and report to Parliament. This review was launched in June 2022 by the Minister and included an examination of the CIB's activities to date along with public engagement and outreach activities. The review was finalized with the Minister's tabling of the Legislative Review of the *Canada Infrastructure Bank Act 2017-2022 Report* in Parliament in June 2023. The Review concluded that "no legislative amendments are necessary, and the Bank remains well-positioned to advance a range of projects across its priority sectors."

The CIB contributed to the review by making its own submission to the process. The submission included an overview of the CIB's role and how it helps to address infrastructure challenges through crowding in private and institutional capital and focusing on impact. It also provided perspective on the growth of the CIB over its initial years and the prospects for future investment, and insight on how the CIB can become a sustainable financing vehicle. The CIB also indicated no need for change to its legislation.

Budget 2023 was introduced by the Minister of Finance on March 28, 2023, and included several measures related to the CIB. In addition to the increases in investment targets for clean power and green infrastructure already mentioned in this report, Budget 2023 also identified the CIB as the government's primary financing tool for supporting clean electricity generation, transmission and storage projects, and announced that the CIB will provide loans to Indigenous communities to support them in purchasing equity stakes in projects in which the bank is also investing. In sum, these Budget measures will help direct proponents to engage on the potential for CIB financing and create new opportunities for investment.

Corporate Activities

The CIB continues to actively engage with the infrastructure community including governments, Indigenous communities, and market participants. This past quarter, the CIB's CEO, Ehren Cory, travelled to Saskatchewan and B.C. to connect with potential partners, highlight the role of the Bank and also conduct site visits of existing CIB investments. Highlights of his time included:

- » Meeting with Federal, Provincial and Territorial Ministers responsible for infrastructure;
- » Visiting the Kahkewistahaw Landing Infrastructure and Bekevar Wind project sites, and
- » Meeting with the Saskatchewan Chamber of Commerce.

The CIB team was also actively participating in a variety of conferences and events, with senior representatives attending events including:

- » the Atlantic Provinces Economic Council Major Projects Conference;
- » the First Nation Power Authority's Cleaner Energy Forum;
- » the Retrofit Canada conference, and
- » participation at the Federation of Canadian Municipalities Annual Conference in Toronto.

On April 18, the CIB issued its Spring Market Update in conjunction with the Canadian Council for Public-Private Partnerships. The update, including a session with CEO Ehren Cory, highlighted the progress of CIB investment across sectors and jurisdictions and shared latest results in relation to outcome targets.

On June 13, the CIB held its Annual Public Meeting to share results of the past year and answer questions. Approximately 160 individuals registered for and attended the virtual format meeting. In addition, the CIB's Annual Report was submitted to the Minister on June 30, and will be tabled by the Minister in Parliament in accordance with provisions of the *Financial Administration Act*.

Financial Overview

As a Crown Corporation entrusted with investing public funds, the CIB adopts best practices for financial management and is an effective steward of its financial resources.

The financial statements are prepared in accordance with the Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board (PSAB) which align the CIB's reporting framework with its business objectives, to take risk and/or provide concessionary pricing to investments as outlined in its investment approach.

Q1 F2023-24 Highlights

- » Government investment appropriation revenues were \$nil as there were no financial closes in the quarter (life-to-date, \$9,328 million).
- » Government operational appropriations totaled \$25 million in Q1 to cover cashflow needs for the ongoing operations of the business.
- » \$10 million of interest income realized.
- » CIB operating expenses totaled \$13 million.

For the three months ended June 30

(in thousands of Canadian dollars)	2023	2022
Revenue		
Government appropriations – investments	\$ -	\$ (9,190)
Government appropriations – operations	25,000	19,000
Interest income	10,147	6,077
	35,147	15,887
Operating expenses		
Compensation	8,962	7,892
General and administration		
Professional fees	2,802	3,253
Administration	1,260	1,026
Amortization of capital assets	125	111
	13,149	12,282
Non-operating expenses		
Project development	415	170
Loan valuation allowance/(recovery)	738	340
	1,153	510
Total expenses	14,302	12,792
Surplus	\$ 20,845	\$ 3,095

Quarter Highlights

Revenue

Government Appropriation revenues: The Government of Canada provides funding for the CIB to advance its priorities and deliver on its mandate. Consistent with the CIB's financial reporting framework, a government receivable is created at the time an investment reaches financial close and an investment government appropriation is recorded as revenue. The government receivable is then reduced when appropriations funding is received to fulfil project funding requirements or when the legal obligation to provide funding is reduced. Operating appropriation revenues are recognized as received each quarter.

The CIB recognized \$nil of government investment appropriation during Q1 F2023-24. The \$9.2 million variance from prior year is due primarily to a prior year loan commitment reduction. The reduction resulted from a pre-payment mechanism within the credit agreement with one of our borrowers that reduced our loan commitment amount in Q1 F2022-23.

Interest Income: Interest income was \$10.1 million, an increase of \$4.1 million from Q1 F2022-23. \$7.2 million (Q1 F2022-23, \$5.9 million) of income was from financing activities and \$2.9 million (Q1 F2022-23, \$0.2 million) earned on cash and short-term investments from appropriations.

Expenses

Expenses to June 30, 2023, totaled \$14.3 million (Q1 F2022-23, \$12.8 million) and consisted of operating expenses of \$13.1 million (Q1 F2021-22, \$12.3 million), project development expenses of \$0.4 million (Q1 F2022-23 YTD, \$0.2 million), and loan valuation allowance of \$0.7 million (Q1 F2022-23, \$0.3 million).

Q1 F2023-24 operating expenses of \$13.1 million were \$0.9 million greater than Q1 F2022-23. Increases were primarily due to:

- » Compensation of \$9.0 million (Q1 F2022-23, \$7.9 million) due to the continued buildout of staffing across the organization required to meet demands stemming from increased deal activity and portfolio growth, and
- » General and administration expenses of \$4.2 million (Q1 F2022-23, \$4.4 million), including professional fees of \$2.8 million (Q1 F2022-23, \$3.3 million), primarily related to due diligence activities. Included in due diligence is an assessment of the scope, design, risks and viability of the proposed construction and technological activity. Professional fees were reduced by capitalization of transaction costs \$1.5 million (2022-23 - \$nil million).

The loan valuation allowance expense was \$0.7 million for the three-month period ended June 30, 2023 (Q1 F2022-23, \$0.2 million), and comprised of a general valuation allowance that is an estimate of short-term credit risk on our portfolio of assets.

Project development expense of \$0.4 (Q1 F2022-23, \$0.2 million) was for spend allocated to early construction works on projects, to expedite the studies, technical reports and analysis required to shorten critical paths to construction for infrastructure projects already in development.

Outlook

The CIB continues to seek out opportunities for investment, and to build partnerships which bring in private and institutional capital for long-term infrastructure investments for Canadians. The outlook for CIB investment remains positive based on efforts to engage with partners and identify investment opportunities that have resulted in a robust roster of projects that are in various stages of our investment process. At the end of Q1, the CIB is pursuing 63 opportunities that are in a stage of investment structuring with the intent to finalize terms to be able to make an investment commitment.

Portfolio Outlook by Sector

Priority Sector	Opportunities in Advanced Due Diligence
Public transit	11
Clean power	21
Green infrastructure	14
Broadband	6
Trade & transportation	11
Total	63



FINANCIAL STATEMENTS

Canada Infrastructure Bank | Banque de l'infrastructure du Canada

Management's Responsibility for Financial Information

Management is responsible for the preparation and fair presentation of these condensed interim quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in the quarterly financial report is consistent, where appropriate, with the quarterly condensed interim financial statements.

These statements have been prepared in accordance with the Public Sector Accounting Standards. They have not been audited or reviewed by an external auditor. Based on our knowledge, these quarterly condensed interim financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



A handwritten signature in black ink, appearing to read 'Ehren Cory'.

Ehren Cory

Chief Executive Officer



A handwritten signature in black ink, appearing to read 'Evelyn Joerg'.

Evelyn Joerg

Chief Financial Officer

August 10, 2023

Condensed Interim Statement of Financial Position (unaudited)

As at	Note	June 30, 2023	March 31, 2023
(in thousands of Canadian dollars)			
Financial assets			
Cash		\$ 142,400	\$ 121,353
Interest receivable		1,372	310
Government funding receivable	5	7,277,347	7,546,298
Loans receivable	4	2,005,394	1,755,711
HST receivable		2,480	1,820
Related party accounts receivable	9	15,382	5,708
		9,444,375	9,431,200
Liabilities			
Accounts payable and accrued liabilities	7	11,401	18,010
Deferred liabilities		3,723	3,897
		15,124	21,907
Net financial assets			
		9,429,251	9,409,293
Non-financial assets			
Tangible capital assets	6	2,689	2,018
Prepaid expenses and advances		493	277
		3,182	2,295
Accumulated surplus		\$ 9,432,433	\$ 9,411,588

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Operations and Accumulated Surplus (unaudited)

	Note	Year 2 F2022-23	For the three months ended June 30	
(in thousands of Canadian dollars)		Budget	2023	2022
Revenue				
Government appropriations - investments		\$ 4,800,000	\$ -	\$ (9,190)
Government appropriations - operations		91,160	25,000	19,000
Interest income		60,927	10,147	6,077
		4,952,087	35,147	15,887
Expenses				
Compensation		39,700	8,962	7,892
General and administration	8	35,460	4,187	4,390
Project development		16,000	415	170
Loan valuation allowance	4	510,585	738	340
		601,745	14,302	12,792
Surplus		4,350,342	20,845	3,095
Accumulated surplus, beginning of year		9,411,588	9,411,588	4,924,254
Accumulated surplus, end of year		\$ 13,761,930	\$ 9,432,433	\$ 4,927,349

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Change in Net Financial Assets (unaudited)

	Year 2 F2022-23	For the three months ended June 30	
(in thousands of Canadian dollars)	Budget	2023	2022
Surplus	\$ 4,350,342	\$ 20,845	\$ 3,095
Change in tangible capital assets – acquisition	(152)	(796)	(410)
Change in tangible capital assets – amortization	463	125	111
Change in prepaid expenses and advances	-	(216)	143
Net financial assets, beginning of year	9,409,293	9,409,293	4,921,885
Net financial assets, end of period	\$ 13,759,946	\$ 9,429,251	\$ 4,924,824

The accompanying notes are an integral part of these financial statements.

Condensed Interim Statement of Cash Flows (unaudited)

For the three months ended June 30,	Note	2023	2022
(in thousands of Canadian dollars)			
Cash provided by (used in):			
Operating activities:			
Surplus		\$ 20,845	\$ 3,095
Items not involving cash:			
Capitalized interest paid in kind	4	(5,708)	(5,866)
Amortization of tangible capital assets	6	125	111
Loan valuation allowance/(recovery)	4	738	340
Accretion of concessionary loan provision	4	(3)	-
Changes in non-cash working capital			
Government funding receivable	5	268,951	81,020
Related party accounts receivable		(9,674)	(2,473)
Interest receivable		(1,062)	-
Transaction costs	4	(1,544)	44
HST receivable		(660)	(550)
Prepaid expenses and advances		(216)	143
Accounts payable and accrued liabilities	7	(6,609)	(3,803)
Deferred liabilities		(174)	(55)
Principal repayment	4	9	-
Loan disbursements	4	(243,175)	(61,730)
Total cash provided by operating activities		21,843	10,276
Capital activities:			
Acquisition of tangible capital assets	6	(796)	(410)
Total cash used in capital activities		(796)	(410)
Net increase in cash during the year		21,047	9,866
Cash, beginning of year		121,353	45,540
Cash, end of period		\$ 142,400	\$ 55,406

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. Act of Incorporation, Objective and Operations of the Corporation:

The Canada Infrastructure Bank (“CIB” or the “Corporation”) is a Crown Corporation established by an Act of Parliament (the *Canada Infrastructure Bank Act* (the “CIB Act”) on June 22, 2017. The CIB is incorporated in Canada and wholly owned by the Government of Canada. The CIB was nominally capitalized with 10 shares issued at a par value of \$10 per share (actual dollars), or total share capital of \$100 (actual dollars).

The CIB’s purpose is to invest and seek to attract investment from private sector investors and institutional investors, in infrastructure projects in Canada or partly in Canada that will generate revenue and that will be in the public interest by, for example, supporting conditions that foster economic growth or by contributing to the sustainability of infrastructure in Canada.

The CIB develops projects in partnership with federal, provincial, territorial, municipal and Indigenous sponsors and the private sector. As part of this, the CIB also engages in project development, with the objective to expedite studies, technical reports and analysis required to shorten critical paths to investment. Project development also encompasses project acceleration which includes spend on early construction works in order to accelerate high impact infrastructure projects in which the CIB expects to make a long-term investment.

As set out in the *CIB Act*, the CIB also has a mandate to provide advisory services to “provide advice to all levels of governments with regard to infrastructure projects” and to “act as a centre of expertise on infrastructure projects in which private sector investors or institutional investors are making a significant investment.” In keeping with this role, the CIB provides advice on how projects may be structured to optimize delivery outcomes in the public interest while attracting private and institutional investment and generating revenue.

The CIB receives appropriations from the Government of Canada. Parliament has authorized funding of not more than \$35 billion in aggregate (or any greater aggregate amount that may be authorized from time to time under an appropriation Act) to the CIB and the authority to invest in infrastructure transactions. Of the \$35 billion, the Government of Canada will allow up to \$15 billion against the fiscal framework which aims to catalyze projects that benefit Canadians and will provide the flexibility and scope for the CIB to use its capital to innovate and take more risk than the market will take.

The CIB will execute a wide breadth of financial instruments, including loans, equity investments, and where appropriate, loan guarantees to projects that will mobilize private investment where otherwise no investment would occur. The decision on the use of different types of financial instruments will depend on a transaction's unique characteristics. The CIB model is aimed at mobilizing and leveraging private sector and institutional investment and attaching its returns to the usage and revenue risk of infrastructure projects. To crowd-in private sector and institutional investment, support may be provided at below market rates, with more flexible terms or on a subordinated basis. Separately, the CIB is expected to make investments in projects that are in the public interest in the priority areas of: public transit, clean power, green infrastructure, broadband, and trade and transportation.

The CIB is not an agent of His Majesty, the King in Right of Canada, except when, (i) giving advice about investments in infrastructure projects to ministers of His Majesty in right of Canada, to departments, boards, commissions and agencies of the Government of Canada and to Crown Corporations as defined in subsection 83(1) of the *Financial Administration Act* (Canada) (the "FAA"); (ii) collecting and disseminating data in accordance with the *CIB Act*; (iii) acting on behalf of the Government of Canada in the provision of services or programs, and the delivery of financial assistance, as provided under the *CIB Act*; and (iv) carrying out any Canada Infrastructure activity conducive to the carrying out of its purpose that the Governor in Council may, by order, specify. The CIB is also named in Part I of Schedule III to the FAA.

The CIB is exempt from Federal Income Tax under Section 149(1)(d) of the *Income Tax Act*.

The CIB is accountable for its affairs to Parliament through the Minister of Housing, Infrastructure and Communities.

2. Basis of preparation:

a) Basis of accounting:

These unaudited Condensed Interim Quarterly Financial Statements have been prepared in accordance with Public Sector Accounting Standards (“PSAS”) established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. The accounting policies used in these statements are consistent with those disclosed in the most recent annual audited financial statements dated March 31, 2023. These interim condensed financial statements do not include all of the disclosures required for annual financial statements and should be read in conjunction with the Corporation’s audited financial statements for its fiscal year ended March 31, 2023.

The Financial Statements and notes are presented in thousands of Canadian dollars unless otherwise stated.

b) Budget figures:

Budget information is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. Budget data presented for F2023-24 is sourced from the projections and estimates of year two of the 2022-23 to 2026-27 approved Corporate Plan.

c) Measurement uncertainty:

In preparing the Financial Statements in accordance with PSAS, management is required to make subjective judgments, estimates and assumptions that affect the carrying amounts of certain assets and liabilities, and the reported amounts of revenues and expenses recorded during the period. Significant changes in the underlying assumptions could result in significant changes to these judgments and estimates. Consequently, management reviews these assumptions regularly. Revisions to accounting judgments and estimates are recognized prospectively – i.e., in the period in which the judgments and estimates are revised and in any future period affected. Management uses assumptions in determining the CIB’s loan valuation allowance such as the CIB’s internal credit rating methodology and other primary factors as described in Note 9 to the Corporation’s annual audited Financial Statements for the year ended March 31, 2023, and estimates the timing of expected drawdowns and repayments which impact the effective interest rate on loans. Where actual results differ from estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

3. Significant accounting policies:

The accounting policies in these Interim Financial Statements are consistent with those disclosed in Note 2 to the Corporation's annual audited Financial Statements for the year ended March 31, 2023.

4. Loans receivable:

The portfolio of loans may be subject to a number of terms and conditions including restrictive covenants and be subordinate to senior debt or rank pari passu with other lenders.

The following table sets out the amounts related to the loans receivable and their associated loan valuation allowance ("LVA") by sector:

As at	June 30, 2023			March 31, 2023		
	Carrying amount	LVA	Loans receivable (net)	Carrying amount	LVA	Loans receivable (net)
Public transit	\$ 1,412,138	\$ (9,759)	\$ 1,402,379	\$ 1,398,935	\$ (9,398)	\$ 1,389,537
Clean power	258,738	(263)	258,475	125,994	(117)	125,877
Green infrastructure	134,929	(273)	134,656	32,323	(97)	32,226
Broadband	82,345	(185)	82,160	80,471	(131)	80,340
Trade & transportation	128,179	(455)	127,724	128,186	(455)	127,731
Total	\$ 2,016,329	\$ (10,935)	\$ 2,005,394	\$ 1,765,909	\$ (10,198)	\$ 1,755,711

The portfolio weighted average effective interest rate for projects the CIB has funded to date is approximately 1.7% (March 31, 2023 – 1.6%) over an average weighted term of 14.9 years (March 31, 2023 – 13.8 years).

Of these loans, \$15.0 million relates to municipalities (March 31, 2023 – \$15.0 million) and \$0.6 million relates to Indigenous governments (March 31, 2023 – \$0.6 million).

The following table presents the changes in the CIB loans receivable carrying amount:

As at	June 30, 2023	March 31, 2023
Opening balance	\$ 1,755,711	\$ 1,457,743
Drawdowns	243,175	261,570
Capitalized interest paid in kind	5,708	23,083
Transaction costs (net of amortization)	1,544	8,688
Concessionary loan provision	-	(189)
Accretion of concessionary loan provision	3	4
Principal repayment	(9)	(40)
Loan valuation recovery/(allowance)	(738)	4,852
Loans receivable	\$ 2,005,394	\$ 1,755,711

The loan valuation allowance consists of the general loan valuation allowance of \$10.9 million as at June 30, 2023 (March 31, 2023 – \$10.2 million) and the specific loan valuation allowance of \$nil as at June 30, 2023 (March 31, 2023 – \$nil).

The value of physical assets held as security is \$11.7 million (March 31, 2023 – \$7.2 million). The remaining loans are generally expected to be recovered through future revenues of the project and equity interests in special purpose vehicles.

The following table illustrates the outstanding loan receivable principal repayments expected for the next five years and thereafter, not including interest or transaction costs:

As at	June 30, 2023
2024	\$ 9,811
2025	37,627
2026	38,108
2027	43,422
2028 and thereafter	1,873,420
Outstanding loans receivable principal repayments	\$ 2,002,388

5. Government funding receivable:

Consistent with the original funding process established with the Government of Canada, the CIB receives funding through government appropriations for operating expenditures, capital, including tangible capital assets that are subject to amortization, and to fund investments once financial closes have occurred.

The details of the government funding receivable are as follows:

As at	June 30, 2023	March 31, 2023
Opening balance	\$ 7,546,298	\$ 3,430,322
New investment contractual agreements	-	4,651,036
Government appropriations received – investments	(268,951)	(332,950)
Reductions, post financial close ¹	-	(202,110)
Government funding receivable	\$ 7,277,347	\$ 7,546,298

¹ Reductions may occur post financial close for certain projects due to changes in project scope or mechanisms within the project agreements that reduce the final loan amounts.

6. Tangible capital assets:

	Leasehold improvements	Computer software	Computer hardware	Furniture & equipment	Total
Cost:					
Balance at beginning of year	\$ 1,709	\$ 952	\$ 492	\$ 440	\$ 3,593
Additions	526	-	37	233	796
Balance at end of period	2,235	952	529	673	4,389
Accumulated amortization:					
Balance at beginning of year	644	360	337	234	1,575
Amortization expense	44	48	24	9	125
Balance at end of period	688	408	361	243	1,700
Carrying amounts					
Balance at June 30, 2023	\$ 1,547	\$ 544	\$ 168	\$ 430	\$ 2,689

	Leasehold improvements	Computer software	Computer hardware	Furniture & equipment	Total
Cost:					
Balance at beginning of year	\$ 1,545	\$ 830	\$ 318	\$ 365	\$ 3,058
Additions	164	122	174	75	535
Balance at end of period	1,709	952	492	440	3,593
Accumulated amortization:					
Balance at beginning of year	482	182	254	191	1,109
Amortization expense	162	178	83	43	466
Balance at end of period	644	360	337	234	1,575
Carrying amounts					
Balance at March 31, 2023	\$ 1,065	\$ 592	\$ 155	\$ 206	\$ 2,018

No tangible capital asset was impaired as at June 30, 2023 (March 31, 2023 – \$nil).

7. Accounts payable and accrued liabilities:

As at	June 30, 2023	March 31, 2023
Accrued compensation	\$ 2,984	\$ 8,111
Accrued professional fees	3,221	5,674
Accounts payable	1,235	1,134
	7,440	14,919
Related party accounts payable (Note 9)	3,961	3,091
Accounts payable and accrued liabilities	\$ 11,401	\$ 18,010

8. General and administrative expenses:

For the three months ended June 30	2023	2022
Professional fees	\$ 2,802	\$ 3,253
Administration fees	1,260	1,026
Amortization of capital assets	125	111
General and administrative expenses	\$ 4,187	\$ 4,390

9. Related party transactions:

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies, and Crown corporations. Key management personnel are defined as officers having authority and responsibility for planning, directing and controlling the activities of the CIB and their close family members, including members of the Board of Directors. The Corporation enters into transactions with these entities and individuals in the normal course of business. The CIB's transactions with government-related entities that are individually significant are government funding which is approved in the form of a statutory authority, as well as the CIB's annual Corporate Plan, and obtained through drawdown requests made to the Department of Finance to support the CIB's Memorandum of Agreement with Transport Canada which provides a bridge loan to support the activities of the VIA HFR Project.

The CIB and Transport Canada signed a Memorandum of Agreement effective March 4, 2022, whereby, the CIB has agreed to make funding available, for the activities of a Transport Canada project delivery office on an interim basis, which will be repaid upon the permanent establishment and operations of a VIA subsidiary, VIA HFR-VIA TGF, Inc, which happened on November 29, 2022 and July 1, 2023, respectively. The outstanding balance of accounts payable to vendors on behalf of the VIA HFR-VIA TGF, Inc is approximately \$4.0 million (March 31, 2023 – \$3.1 million) and the receivable from VIA HFR-VIA TGF, Inc is \$15.4 million as at June 30, 2023 (March 31, 2023 – \$5.7 million). On July 31, 2023, the Memorandum of Agreement with Transport Canada will terminate.

10. Financial instruments and risk management:

The treatment of financial instruments and risk management in these Interim Financial Statements are consistent with those disclosed in Note 9 to the Corporation's annual audited Financial Statements for the year ended March 31, 2023.

11. Contractual obligations:

a) Leasing commitments:

The CIB currently maintains three leases for offices located in Toronto, Montreal, and Calgary.

- » Toronto office: On August 31, 2017, the CIB entered into a long-term lease agreement for both office and storage space. The term of both leases is 10 years and commenced on June 1, 2018. The CIB has the option to extend the office lease for two further consecutive terms of five years each. On October 25, 2022, the CIB entered into a lease expansion and amending agreement whereby the original terms of the Toronto lease were amended for additional premises to the original rentable area. The additional premises has a term of 5 years, commencing on June 1, 2023, and expires co-terminously with the original lease term, on the same terms and conditions as the original lease.

- » Montreal office: On April 22, 2020, the CIB entered into a lease agreement with a term of 2 years, commencing on July 1, 2020, and automatically extending on a month-to-month basis. On December 7, 2022, the CIB entered into a lease amendment agreement whereby the original terms of the Montreal lease were amended to include additional premises to the original rentable area. The amended agreement has a term of 2 years, commencing on January 1, 2023, with the same terms and conditions as the original lease and automatically extending on a month-to-month basis.
- » Calgary office: On January 20, 2023, the CIB entered into a lease agreement with a term of 5 years, commencing on October 1, 2023.

The CIB does not receive substantially all of the benefits and risks incident to ownership, and therefore the office and storage space meet the classification of an operating lease. The CIB recognizes these lease expenses straight-lined over the lease terms. The cumulative annual payments for each of the next five years and thereafter are as follows:

As at	June 30, 2023
2025	\$ 720
2026	595
2027	612
2028	617
2029 and thereafter	3,413
Total lease commitments	\$ 5,957

b) Financial closes:

The CIB has committed to lend funds towards infrastructure project investments when it has completed all due diligence and has entered into binding agreements with its counterparties. The expected timing and amount of future drawdown requests is variable as they are generally based on the reimbursement of eligible project costs incurred. Total financial closes is segregated between amounts advanced and undrawn in the table below:

As at	June 30, 2023	March 31, 2023
Public transit	\$ 1,861,936	\$ 1,869,511
Clean power	2,478,001	2,624,477
Green infrastructure	1,280,006	1,367,231
Broadband	1,590,662	1,592,561
Trade & transportation	405,741	405,741
Undrawn financial closes	7,616,346	7,859,521
Amounts advanced (cash basis)	1,913,724	1,670,549
Reductions, post financial close	(202,110)	(202,110)
Total financial closes	\$ 9,327,960	\$ 9,327,960

Amounts in this table do not factor in interest being capitalized as payment in kind or loan valuation allowances.



Contact us
contact@cib-bic.ca

1-833-551-5245
Canada Infrastructure Bank
150 King Street West,
Suite 2309, P.O. Box 15
Toronto, ON M5H 1J9

Follow us

