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# Canada Infrastructure Bank

Second Quarter (Q2)  
Fiscal Year 2023-24 Financial Report

Unaudited

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

**CIB**  **BIC**

Canada Infrastructure Bank | Banque de l'infrastructure du Canada

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# 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 September 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.<sup>1</sup>

## Investments

The CIB made three new investment commitments in the second quarter, providing \$146 million of CIB financing towards \$296 million worth of projects. Each of these projects, in the clean power and trade & transportation priority sectors, are Indigenous Community Infrastructure Initiative (ICII) projects and each also reached financial close. Since inception, the CIB has now made total investment commitments of \$10.1 billion to nearly \$28.9 billion worth of projects. Details of the new investments include:

- » An investment of \$79 million in the Deerfoot and Barlow Solar project in Alberta. To support Western Canada's largest urban solar project, this financing is expected to provide enough green electricity to power approximately 16,500 homes. Located in southeast Calgary, the 64-megawatt solar energy facilities include two sites – the 37-megawatt Deerfoot site and the 27-megawatt Barlow site. Through CIB financing and in partnership with ATCO Ltd., the project supports the energy transition and economic opportunities for the Chiniki and Goodstoney First Nations who benefit as majority owners. This project is the CIB's first ICII clean power investment to reach financial close.

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<sup>1</sup> *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.

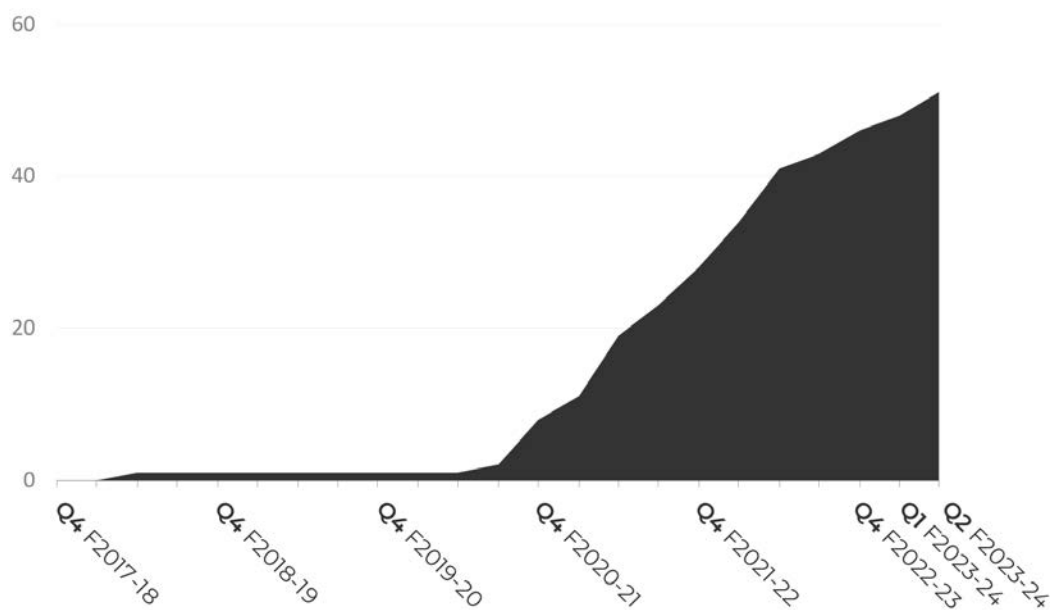
*Investment Commitment* refers to when the CIB and partners have agreed to a set of agreed upon terms (aka a "term sheet") that sets out the capital commitment of each party and other financial terms of an investment, such as length, interest rates and financing structure. At this time, the investment 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.

- » An investment of \$15 million towards infrastructure upgrades at the Enoch Cree Nation Reserve in Alberta. This financing will support significant road upgrades to the on-reserve road. The ICII trade and transportation project will provide Enoch Cree Nation access to affordable capital to accelerate, and future-proof their community's infrastructure needs and help ensure the community can continue to invest in its many other social and economic priorities.
- » An investment of \$52 million in the Thompson Regional Airport Terminal in Manitoba to facilitate construction of a new air terminal building, new civil works (taxiways, aprons, access roads and parking lots); and the extension of sewer lines. Thompson Regional Airport is Manitoba's third busiest and serves as a regional trade and transportation hub to a significant Indigenous community catchment area. The airport currently connects 37 northern communities (~65,000 people), 15 of which are Indigenous and only accessible by air or winter roads. These communities rely upon the airport to access essential goods and services, including retail trade, medical, social, educational and fire suppression services. This ICII project represents the CIB's first trade and transportation investment to reach financial close in Manitoba.

At the end of the quarter the CIB portfolio included 51 investment commitments, 45 of which have reached financial close.

## Growth in CIB Portfolio

(Number of 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 add to the CIB's growing portfolio of infrastructure investment across all our sectors and in multiple provinces and territories across the country.

### Portfolio Composition by Sector

Sector	Life-to-date Q4 F2022-23	Q1 F2023-24	Q2 F2023-24	Total
Public transit	11	1	0	12
Clean power	7	0	1	8
Green infrastructure	17	1	0	18
Broadband	8	0	0	8
Trade & transportation	3	0	2	5
<b>Total</b>	46	2	3	51

Investment commitments including financial closes.

## Portfolio Composition by Region

Region	Life-to-date Q4 F2022-23	Q1 F2023-24	Q2 F2023-24	Total
West	12	0	2	14
Ontario	21	0	0	21
Quebec	6	0	0	6
Atlantic	1	0	0	1
North	1	0	0	1
Multiple	5	2	1	8
<b>Total</b>	<b>46</b>	<b>2</b>	<b>3</b>	<b>51</b>

Investment commitments including financial closes.

Multiple includes projects in more than one Region and includes three projects in the North.

## Results and Progress

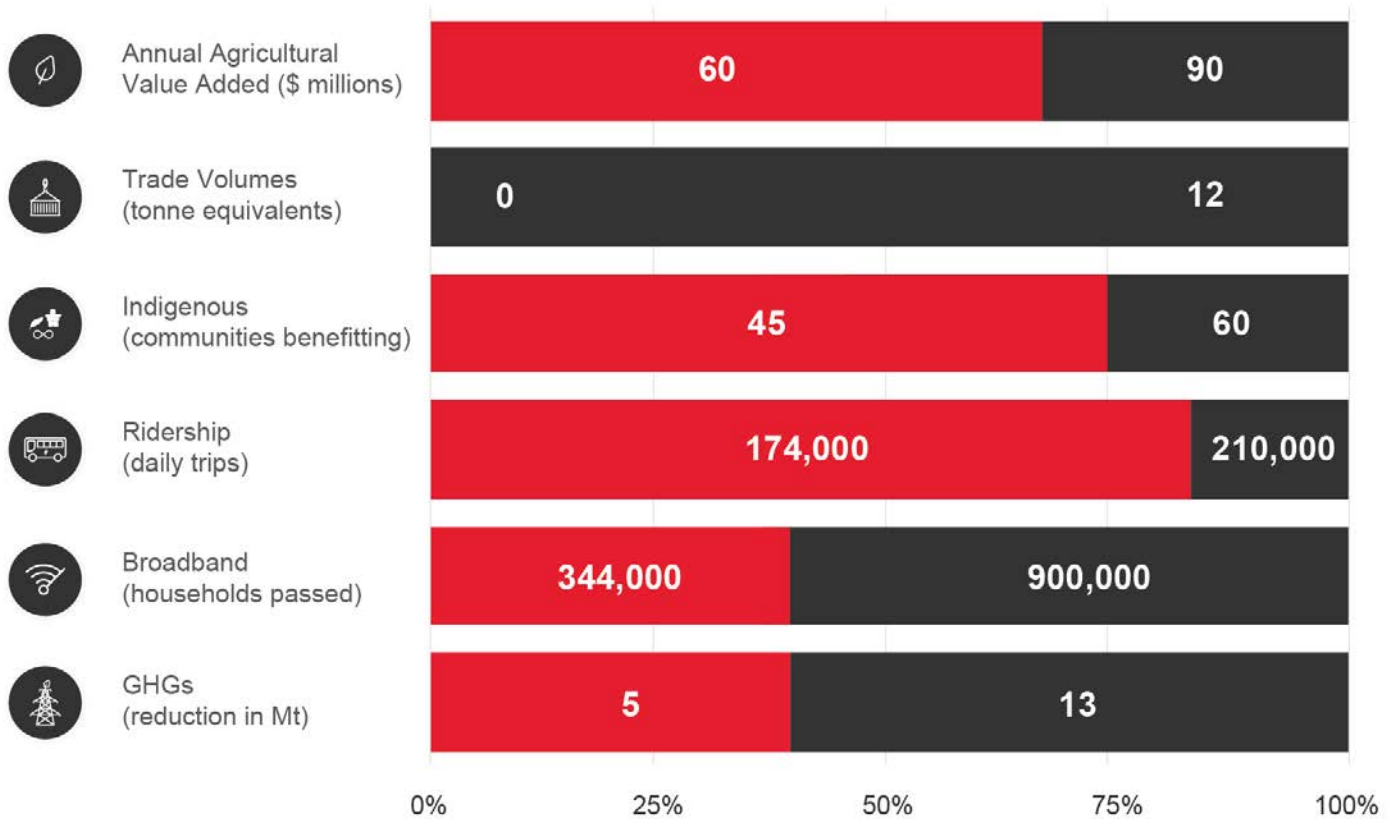
As an impact investor, the CIB is focused on achieving outcomes that are of benefit to Canadians. The CIB defines its impact in terms of the outcomes achieved in reducing GHG emissions, increasing transit ridership, connecting Canadians to broadband, the number of Indigenous communities benefitting from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

As of the end of Q2, 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 September 30, 2023



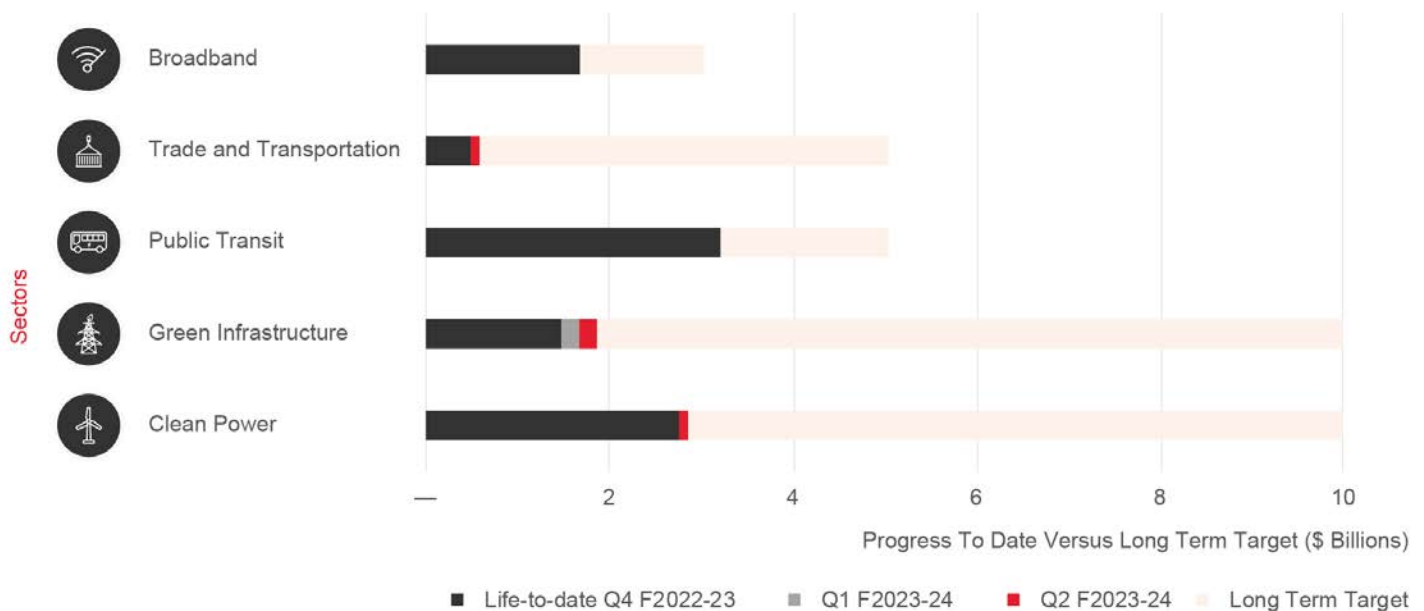
The CIB counts its progress in terms of expected outcomes once a project has reached financial close.

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 September 26, 2023. The table below relays the CIB's continued progress in this regard.

In addition, Budget 2023, 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)



### 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 risk profile of a project. This is how the CIB enables projects which otherwise would not be built. To date, 36 projects financed by the CIB are in active construction by the proponents. For example, this includes:

- » **Bekevar Wind Energy**, a clean power investment in Saskatchewan; began construction in early 2023 and is progressing as planned. CIB staff were recently joined on-site by the Chief of the Cowessess First Nation, who was accompanied by Nation elders, to talk about the community benefits of this investment including delivering clean electricity to 100,000 homes and reducing GHG emissions by approx. 130,000 tonnes per year.
- » **Enwave District Energy**, a clean power investment for several sites in Toronto and Mississauga, reached financial close in September 2021 with construction continuing to power low-emissions heating and cooling in the GTA over the next 10 years. All heat exchangers at the Enwave Deep Lake Water Cooling project have been installed and commissioned. The CIB has started funding Enwave's Western expansion project, an expansion of Enwave's existing infrastructure underneath downtown Toronto. It involves an extension of Enwave's chilled water system, and the development of a new high efficiency hot water loop, servicing more than 50 buildings.

- » **Port Stalashen Wastewater Treatment Plant**, a green infrastructure and indigenous infrastructure project in British Columbia, reached financial close in September 2022, with construction underway to protect the coastal environment, shift 91 residential units and connect 88 buildings from septic wastewater systems and enable future development.

Projects have also started operations. For example, the CIB's first investment commitment, Réseau express métropolitain (REM), and the largest public transit project undertaken in Québec in the last fifty years, began operations on its first of four branches in July 2023. This investment supports sustainable development and reduced greenhouse gas emissions. Once fully in service, REM will contribute to decreasing 2.5 million tonnes of greenhouse gases (GHGs) through twenty-five years of operation. The project will also help reduce vehicle congestion in and around Montreal.

On September 13, 2023, CDPQ Infra announced it had increased its investment in the REM project by \$1.65 billion to address cost increases associated with the global pandemic, the Mount Royal Tunnel and condition of the underground vault, and optimization, upgrades and improvements. The cost increase and equity commitment was anticipated and incorporated in our most recent review of the project. The infusion is consistent with the CIB's goal of drawing in private partners to assume increased risk in transactions of this nature. The level of risk and impact for the CIB remains relatively unchanged.

## Private and Institutional Capital

Given the size of Canada's infrastructure needs, 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 to achieve outcomes for Canadians. Private and institutional capital can contribute to a project at the outset as a share of debt or equity, and 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 September 30, 2023, the CIB has committed to projects that have attracted \$9.9 billion in private sector and institutional financing.

Private sector and institutional financing includes:

- » \$0.9 billion in Broadband
- » \$1.5 billion in Clean Power
- » \$2.0 billion in Green Infrastructure
- » \$5.2 billion in Public Transit
- » \$0.3 billion in Trade and Transportation

## Operating Environment

Inflation and higher interest rates continue to impact the Canadian economy and business investments. Canada's annualized inflation rose from 2.8% in June peaking to 4.0% in August and retreating slightly to 3.8% in September.<sup>2</sup>

According to the Bank of Canada, inflation is starting to ease as a result of lower energy prices and smaller price increases. At the same time, underlying inflationary pressures remain due to consumer spending on services. As the effects of higher interest rates continue to spread through the economy, and with declines in energy prices and improved supply chains, inflation is projected to remain steady around 3.5% until the middle of 2024, returning to a target of 2% in 2025.<sup>3</sup>

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<sup>2</sup> Statistics Canada – [Consumer Price Index, September 2023](#)

<sup>3</sup> Bank of Canada – [Monetary Policy Report - October 2023](#)

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 or repayment profiles in response to changes in prevailing interest rates.

The CIB maintains a robust and dynamic pipeline, but continued tightening of supply chains, higher construction costs and higher interest rates are decelerating the general pace of investments. Of the CIB's existing projects, many remain in early-stage construction, and cost increases have yet to have any material effect on the performance of our portfolio. Cost increases are largely expected to be absorbed by contingencies built into project budgets as well as commitments from our counterparties to fund cost overruns or mitigated through fixed-price contracts. The CIB continues to monitor risks and the impact to existing and potential portfolio holdings.

## 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, highlighted the role of the Bank at Federation of Canadian Municipalities Big City Mayor's Caucus and the opening of Phase 1 of REM's automated light rail service, with Prime Minister Justin Trudeau, Quebec Premier François Legault and other dignitaries.

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

- » Association of Power Producers of Ontario's Ontario Energy Conference
- » Atlantic Economic Council's panel on Financing Infrastructure Projects in Atlantic Canada
- » Australia-Canada Economic Leadership Forum
- » International Project Finance Association
- » World Petroleum Congress

This quarter, the CIB welcomed our new Minister of Housing, Infrastructure and Communities, Sean Fraser and received the updated [Statement of Priorities and Accountabilities](#) to guide the CIB as an infrastructure investor, advisor, and centre of expertise.

The CIB's 2022-23 Annual Report was tabled by the Minister in Parliament early in Q3 and will be posted publicly 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.

## Q2 F2023-24 Highlights

- » Government investment appropriation revenues were \$141.3 million (\$141.3 million year-to-date, "YTD") due to three financial closes in the quarter (\$9,469.3 million life-to-date).
- » Government operational appropriations totaled \$15.5 million (\$40.5 million YTD) to cover cashflow needs for the ongoing operations of the business.
- » \$12.0 million of interest income realized (\$22.2 million YTD).
- » CIB operating expenses totaled \$12.1 million for the quarter (\$25.2 million YTD).

	For the three months ended September 30		For the six months ended September 30	
(in thousands of Canadian dollars)	2023	2022	2023	2022
<b>Revenue</b>				
Government appropriations – investments	\$ 141,329	\$ 1,934,585	\$ 141,329	\$ 1,925,395
Government appropriations – operations	15,500	21,500	40,500	40,500
Interest income	12,028	6,666	22,175	12,743
	<b>168,857</b>	<b>1,962,751</b>	<b>204,004</b>	<b>1,978,638</b>
<b>Operating expenses</b>				
Compensation	8,564	7,236	17,526	15,128
General and administration				
Professional fees	2,146	1,109	4,948	4,362
Administration	1,217	757	2,477	1,783
Amortization of capital assets	154	118	279	229
	<b>12,081</b>	<b>9,220</b>	<b>25,230</b>	<b>21,502</b>
<b>Non-operating expenses</b>				
Project development	259	394	674	564
Loan valuation allowance/ (recovery)	815	89	1,553	429
	<b>1,074</b>	<b>483</b>	<b>2,227</b>	<b>993</b>
<b>Total expenses</b>	<b>13,155</b>	<b>9,703</b>	<b>27,457</b>	<b>22,495</b>
<b>Surplus</b>	<b>\$ 155,702</b>	<b>\$ 1,953,048</b>	<b>\$ 176,547</b>	<b>\$ 1,956,143</b>

## Year-to-date 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 \$141.3 million of government investment appropriations YTD (Q2 F2022-23 YTD, \$141.3 million), net of a \$4.6 million reduction in an existing loan due to restricted payments. The CIB continues to make progress towards meeting its short-term goal of 20-30 investment commitments and \$3.0 billion to \$5.0 billion of financial closes.

Interest income: Q2 F2023-24 YTD interest income was \$22.2 million (Q2 F2022-23 YTD, \$12.7 million). \$15.0 million (Q2 F2022-23 YTD, \$11.8 million) of income was from financing activities and \$7.2 million (Q2 F2022-23 YTD, \$0.9 million) was earned on cash and short-term investments from appropriations.

### Expenses

The Q2 F2023-24 YTD expenses totaled \$27.5 million (Q2 F2022-23 YTD, \$22.5 million) and consisted of:

- » Operating expenses of \$25.2 million (Q2 F2022-23 YTD, \$21.5 million).
- » Project development expenses of \$0.7 million (Q2 F2022-23 YTD, \$0.6 million).
- » Loan valuation allowance of \$1.6 million (Q2 F2022-23 YTD, \$0.4 million).

Year-to-date operating expenses of \$25.2 million were \$3.7 million greater than Q2 F2022-23 YTD. Increases were primarily due to:

- » Compensation of \$17.5 million (Q2 F2022-23 YTD, \$15.1 million) increased year-over-year due to the continued buildout of staffing across the organization required to meet demands stemming from increased deal activity and portfolio growth.
- » General and administration expenses of \$7.7 million (Q2 F2022-23 YTD, \$6.4 million) mainly comprised of:



- » Professional fees of \$4.9 million (Q2 F2022-23 YTD, \$4.4 million), which were net of capitalized transaction costs of \$3.1 million (Q2 F2022-23 YTD, \$1.3 million) and were related to due diligence, asset management and general corporate activities.
- » Administration fees of \$2.5 million (Q2 F2022-23 YTD, \$1.8 million), which included increases related to premises and equipment, information technology expenses and travel and communication, due to growth in operations.

YTD project development “Accelerator” expense was \$0.7 million (Q2 F2022-23 YTD, \$0.6 million) and included funds used to subsidize the cost of work required by the CIB delivering on its financing programs, public and private sector funding for early stage and development projects that require assistance to complete feasibility studies, front end engineering and design that will materially progress them towards viability and in which there is a reasonable likelihood of a future CIB investment. Note that timing of funding is difficult to predict as these projects are in early stages and may be impacted by external factors such as pending government approvals that are outside of the CIB’s control.

The loan valuation allowance expense was \$1.6 million for the six-month period ended September 30, 2023, versus \$0.4 million Q2 F2022-23 YTD, and comprised of a general valuation allowance that is an estimate of short-term credit risk on our portfolio of assets.

### Quarter Highlights

The CIB recognized \$141.3 million of government investment appropriations in the second quarter driven by investments reaching financial close. This compares to \$1,934.6 million in Q2 F2022-23, which was significantly greater due to the larger size and number of investments reaching financial close, driven by timing.

Q2 F2023-24 interest income was \$12.0 million, an increase of \$5.3 million from Q2 F2022-23. \$7.8 million (Q2 F2022-23, \$5.9 million) of income was earned from financing activities and \$4.2 million (Q2 F2022-23, \$0.8 million) was earned on cash and short-term investments from appropriations.

Q2 F2023-24 expenses of \$13.2 million were \$3.5 million higher than Q2 F2022-23. Operating costs increased \$2.9 million from Q2 F2022-23 primarily from \$1.4 million increase in compensation as a result of build out of staffing and \$1.0 million increase in professional fees from due diligence, asset management and corporate initiatives.

## 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. At the end of Q2, the CIB is pursuing 65 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	12
Clean power	20
Green infrastructure	17
Broadband	6
Trade & transportation	10
<b>Total</b>	<b>65</b>



# Financial Statements

# 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*

*November 15, 2023*

# Condensed Interim Statement of Financial Position (unaudited)

As at	Note	September 30, 2023	March 31, 2023
(in thousands of Canadian dollars)			
<b>Financial assets</b>			
Cash		\$ 166,344	\$ 121,353
Interest receivable		1,459	310
Government funding receivable	5	7,168,417	7,546,298
Loans receivable	4	2,242,052	1,755,711
HST receivable		2,952	1,820
Related party accounts receivable	9	15,351	5,708
		<b>9,596,575</b>	9,431,200
<b>Liabilities</b>			
Accounts payable and accrued liabilities	7	8,111	18,010
Deferred liabilities		3,552	3,897
		<b>11,663</b>	21,907
<b>Net financial assets</b>			
		<b>9,584,912</b>	9,409,293
<b>Non-financial assets</b>			
Tangible capital assets	6	2,605	2,018
Prepaid expenses and advances		618	277
		<b>3,223</b>	2,295
<b>Accumulated surplus</b>			
		\$ <b>9,588,135</b>	\$ 9,411,588

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

# Condensed Interim Statement of Operations and Accumulated Surplus (unaudited)

(in thousands of Canadian dollars)	Note	Year 2 F2022-23	For the three months ended September 30		For the six months ended September 30	
		Budget	2023	2022	2023	2022
<b>Revenue</b>						
Government appropriations – investments		\$4,800,000	\$ 141,329	\$ 1,934,585	\$ 141,329	\$ 1,925,395
Government appropriations – operations		91,160	15,500	21,500	40,500	40,500
Interest income		60,927	12,028	6,666	22,175	12,743
		<b>4,952,087</b>	<b>168,857</b>	1,962,751	<b>204,004</b>	1,978,638
<b>Expenses</b>						
Compensation		39,700	8,564	7,236	17,526	15,128
General and administration	8	35,460	3,517	1,984	7,704	6,374
Project development		16,000	259	394	674	564
Loan valuation allowance	4	510,585	815	89	1,553	429
		<b>601,745</b>	<b>13,155</b>	9,703	<b>27,457</b>	22,495
<b>Surplus</b>						
		<b>4,350,342</b>	<b>155,702</b>	1,953,048	<b>176,547</b>	1,956,143
Accumulated surplus, beginning of period		9,411,588	9,432,433	4,727,349	9,411,588	4,924,254
<b>Accumulated surplus, end of period</b>		<b>\$ 13,761,930</b>	<b>\$ 9,588,135</b>	\$ 6,680,397	<b>\$ 9,588,135</b>	\$ 6,880,397

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 September 30		For the six months ended September 30	
	Budget	2023	2022	2023	2022
(in thousands of Canadian dollars)					
<b>Surplus</b>	<b>\$4,350,342</b>	<b>\$ 155,702</b>	\$ 1,953,048	<b>\$ 176,547</b>	\$ 1,956,143
Change in tangible capital assets – acquisition	(152)	(70)	(83)	(866)	(493)
Change in tangible capital assets – amortization	463	154	118	279	229
Change in prepaid expenses and advances	-	125	36	(341)	179
Net financial assets, beginning of period	9,409,293	9,429,251	4,924,824	9,409,293	4,921,885
<b>Net financial assets, end of period</b>	<b>\$13,759,946</b>	<b>\$9,584,912</b>	\$ 6,877,943	<b>\$9,584,912</b>	\$ 6,877,943

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

# Condensed Interim Statement of Cash Flows (unaudited)

	Note	For the three months ended September 30		For the six months ended September 30	
		2023	2022	2023	2022
(in thousands of Canadian dollars)					
<b>Cash provided by (used in):</b>					
<b>Operating activities:</b>					
Surplus		\$ 155,702	\$ 1,953,048	\$ 176,547	\$ 1,956,143
Items not involving cash:					
Capitalized interest paid in kind	4	(5,801)	(5,668)	(11,509)	(11,252)
Amortization of tangible capital assets	6	154	118	279	229
Loan valuation allowance	4	815	89	1,553	429
Accretion of concessionary loan provision	4	(3)	-	(6)	-
Changes in non-cash working capital					
Government funding receivable	5	108,930	(1,673,465)	377,881	(1,592,445)
Related party accounts receivable		31	(5,086)	(9,643)	(7,559)
Interest receivable		(87)	(128)	(1,149)	(410)
Transaction costs	4	(1,548)	(1,339)	(3,092)	(1,295)
HST receivable		(472)	(688)	(1,132)	(1,238)
Prepaid expenses and advances		(125)	36	(341)	179
Accounts payable and accrued liabilities	7	(3,290)	3,238	(9,899)	(565)
Deferred liabilities		(171)	465	(345)	410
Principal repayment	4	792	-	801	-
Loan disbursements	4	(230,913)	(12,895)	(474,088)	(74,625)
<b>Total cash provided by operating activities</b>		<b>24,014</b>	<b>257,725</b>	<b>45,857</b>	<b>268,001</b>
<b>Capital activities:</b>					
Acquisition of tangible capital assets	6	(70)	(83)	(866)	(493)
<b>Total cash used in capital activities</b>		<b>(70)</b>	<b>(83)</b>	<b>(866)</b>	<b>(493)</b>
Net increase in cash during the year		<b>23,944</b>	257,642	<b>44,991</b>	267,508
Cash, beginning of period		<b>142,400</b>	55,406	<b>121,353</b>	45,540
<b>Cash, end of period</b>		<b>\$ 166,344</b>	\$ 313,048	<b>\$ 166,344</b>	\$ 313,048

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	September 30, 2023			March 31, 2023		
	Carrying amount	LVA	Loans receivable (net)	Carrying amount	LVA	Loans receivable (net)
Public transit	\$ 1,427,942	\$ (10,221)	\$ 1,417,721	\$ 1,398,935	\$ (9,398)	\$ 1,389,537
Clean power	436,737	(504)	436,223	125,994	(117)	125,877
Green infrastructure	152,495	(328)	152,167	32,323	(97)	32,226
Broadband	107,320	(224)	107,096	80,471	(131)	80,340
Trade & transportation	129,308	(473)	128,835	128,186	(455)	127,731
<b>Total</b>	<b>\$ 2,253,802</b>	<b>\$ (11,750)</b>	<b>\$ 2,242,052</b>	<b>\$ 1,765,909</b>	<b>\$ (10,198)</b>	<b>\$ 1,755,711</b>

The portfolio weighted average effective interest rate for projects the CIB has funded to date is approximately 1.8% (March 31, 2023 – 1.6%) over an average weighted term of 15.9 years (March 31, 2023 – 13.8 years).

Of the loan receivable balance, \$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	September 30, 2023	March 31, 2023
Opening balance	\$ 1,755,711	\$ 1,457,743
Drawdowns	474,088	261,570
Capitalized interest paid in kind	11,509	23,083
Transaction costs (net of amortization)	3,092	8,688
Concessionary loan provision	-	(189)
Accretion of concessionary loan provision	6	4
Principal repayment	(801)	(40)
Loan valuation recovery/(allowance)	(1,553)	4,852
<b>Loans receivable</b>	<b>\$ 2,242,052</b>	<b>\$ 1,755,711</b>

The loan valuation allowance consists of the general loan valuation allowance of \$11.8 million as at September 30, 2023 (March 31, 2023 – \$10.2 million) and the specific loan valuation allowance of \$nil as at September 30, 2023 (March 31, 2023 – \$nil).

The value of physical assets held as security is \$15.4 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	September 30, 2023
2024	\$ 9,811
2025	45,072
2026	38,108
2027	50,959
2028 and thereafter	2,094,360
<b>Outstanding loans receivable principal repayments</b>	<b>\$ 2,238,310</b>

## 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	September 30, 2023	March 31, 2023
Opening balance	\$ 7,546,298	\$ 3,430,322
New investment contractual agreements	145,886	4,651,036
Government appropriations received – investments	(519,210)	(332,950)
Reductions, post financial close <sup>1</sup>	(4,557)	(202,110)
<b>Government funding receivable</b>	<b>\$ 7,168,417</b>	<b>\$ 7,546,298</b>

<sup>1</sup>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
<b>Cost:</b>					
Balance at beginning of year	\$ 1,709	\$ 952	\$ 492	\$ 440	\$ 3,593
Additions	552	-	77	237	866
Balance at end of period	2,261	952	569	677	4,459
<b>Accumulated amortization:</b>					
Balance at beginning of year	644	360	337	234	1,575
Amortization expense	99	95	53	32	279
Balance at end of period	743	455	390	266	1,854
<b>Carrying amounts</b>					
Balance at September 30, 2023	\$ 1,518	\$ 497	\$ 179	\$ 411	\$ 2,605
	Leasehold improvements	Computer software	Computer hardware	Furniture & equipment	Total
<b>Cost:</b>					
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
<b>Accumulated amortization:</b>					
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
<b>Carrying amounts</b>					
Balance at March 31, 2023	\$ 1,065	\$ 592	\$ 155	\$ 206	\$ 2,018

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

## 7. Accounts payable and accrued liabilities:

As at	September 30, 2023	March 31, 2023
Accrued compensation	\$ 5,414	\$ 8,111
Accrued professional fees	2,075	5,674
Accounts payable	622	1,134
	<b>8,111</b>	14,919
Related party accounts payable (Note 9)	-	3,091
<b>Accounts payable and accrued liabilities</b>	<b>\$ 8,111</b>	\$ 18,010

## 8. General and administrative expenses:

	For the three months ended September 30		For the six months ended September 30	
	2023	2022	2023	2022
Professional fees	\$ 2,146	\$ 1,109	\$ 4,948	\$ 4,362
Administration fees	1,217	757	2,477	1,783
Amortization of capital assets	154	118	279	229
<b>General and administrative expenses</b>	<b>\$ 3,517</b>	\$ 1,984	<b>\$ 7,704</b>	\$ 6,374

## 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 \$nil (March 31, 2023 – \$3.1 million) and the receivable from VIA HFR-VIA TGF, Inc is \$15.4 million as at September 30, 2023 (March 31, 2023 – \$5.7 million). The Memorandum of Agreement with Transport Canada terminated on July 31, 2023.

## 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:

**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 are segregated between amounts advanced and undrawn in the table below:

As at	September 30, 2023	March 31, 2023
Public transit	\$ 1,851,964	\$ 1,869,511
Clean power	2,379,183	2,624,477
Green infrastructure	1,262,840	1,367,231
Broadband	1,565,768	1,592,561
Trade & transportation	471,564	405,741
Undrawn financial closes	7,531,319	7,859,521
Amounts advanced (cash basis)	2,144,637	1,670,549
Reductions, post financial close	(206,667)	(202,110)
<b>Total financial closes</b>	<b>\$ 9,469,289</b>	<b>\$ 9,327,960</b>

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

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