



Canada Infrastructure Bank will partner with all levels of government, and private and institutional investors, to transform the way infrastructure is planned, funded and delivered for Canadians.

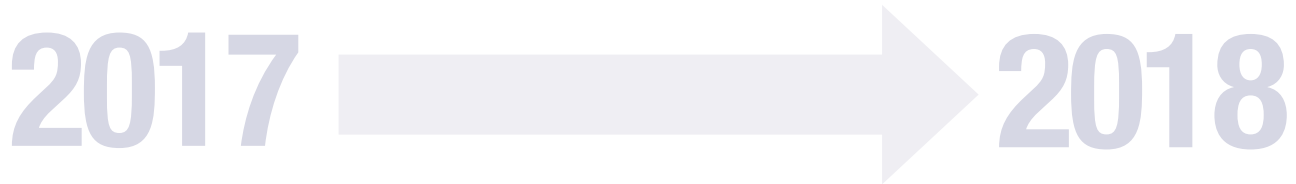
We seek to attract private-sector investment to build new revenue-generating infrastructure that is in the public interest and helps to close Canada's significant infrastructure gap.

Canada Infrastructure Bank
150 King Street West, Box #15
Toronto, ON M5H 1J9
Telephone: 1-833-551-5245
Email: contact@canadainfrastructurebank.ca

Please visit us at:
www.canadainfrastructurebank.ca

Milestones in Year One

Canada Infrastructure Bank made substantial progress to establish strong governance, leadership and operations in its first year.



Canada Infrastructure Bank established by the Government of Canada

Toronto selected for the Bank's headquarters
First corporate plan developed
Former Royal Bank executive Janice Fukakusa appointed as Chairperson and interim CEO to lead start-up activities

Independent Board of Directors appointed
Bruno Guilmette named interim Chief Investment Officer (January 1 to May 31, 2018)
Launched operations to build capability and capacity
Website launched at canadainfrastructurebank.ca

Corporate policies and by-laws adopted by Board

Pierre Lavallée appointed President and CEO;
Annie Ropar named CFO and CAO

Table of Contents

Message from the Chair.....	3
Corporate Overview	4
Governance and Accountabilities.....	4
Board of Directors	5
Executive Team	5
Management’s Discussion & Analysis	6
Strategy	7
Status of Operations	8
Financial Management	9
Financial Statements of Canada Infrastructure Bank	10

Canada Infrastructure Bank (“CIB” or the “Bank”) was established under the *Canada Infrastructure Bank Act*, which was passed in Parliament on June 22, 2017.

This annual report describes progress made against objectives noted in CIB’s initial 2017-18 to 2021-22 Corporate Plan approved by the Minister of Infrastructure and Communities, and includes audited financial statements for the 2017-18 fiscal period.

Message from the Chair

Canada Infrastructure Bank is a new and growing Crown corporation, and I am pleased to introduce our first annual report.

Canada Infrastructure Bank was created in June 2017, with a goal of enhancing federal support for major infrastructure projects. We are working to attract and leverage private capital and will co-invest strategically with private and public-sector partners to build more infrastructure that Canadians need.

Since the initial Board of Directors was appointed in November 2017, we have made considerable progress in start-up activities and will continue building our internal capacity for the three parts of our mandate – Investment, Advisory, and Data and Information. Our diverse Board is composed of professionals from the fields of business, infrastructure investing and operations, finance, law and risk management. The Board has established governance mechanisms, including four Board committees, and adopted key governance policies.

Selecting an Experienced Leader

One of the Board's most important roles in 2017-18 was its involvement in the selection of the inaugural chief executive to lead the organization. A wide-ranging search culminated in the selection of Pierre Lavallée as President and Chief Executive Officer. In addition to his investment and public-sector experience, Pierre brings decades of management and partnership building acumen to the position, and I look forward to working with him as the organization matures.

Under Pierre's leadership, Canada Infrastructure Bank will continue to recruit highly qualified employees and advisors with the expertise needed to build organizational capability and capacity in its three lines of business. Our ability to follow up on investment proposals and provide infrastructure advisory and data services to government partners will continue to grow as our capacity expands. With executive leadership in place, the organization intends to ramp up activities. Our next annual report will outline progress in each line of business.

Launching a New Organization

I would like to thank our employees, independent contractors, consultants and the staff at Infrastructure Canada for their efforts in setting up initial operating and investment capabilities. This includes putting in place our physical premises as well as key corporate services capabilities, such as Finance, General Counsel, IT and accounting, external audit, and numerous other services.



In particular, I am grateful to Bruno Guilmette for his critical work in building up investment and advisory capabilities and reaching out to potential investment partners. Bruno graciously stepped down from a Board position to serve in the role of interim Chief Investment Officer from January 1 until May 31, 2018 and made great progress in developing the investment function. We welcomed Bruno back to the Board on June 1.

Attracting Investment for Canadian Infrastructure

Canada Infrastructure Bank will bring together government and private sector proponents of new infrastructure projects with private and institutional investors, to get more new, large-scale projects built for Canadians.

Such projects are large and complex, and the assets have long lifespans. Investing in this space necessitates looking far into the future. As Pierre's management team puts a solid operational foundation in place, we on the Board are committed to applying strong corporate governance principles and robust risk oversight. We will work to ensure good long-term investment decisions on behalf of Canadians.

A handwritten signature in dark ink, appearing to read 'Janice Fukakusa'.

Janice Fukakusa
Chair

Corporate Overview

Canada Infrastructure Bank (“CIB” or the “Bank”) was established in June 2017 as a federal Crown corporation operating at arm’s length from the government. It uses federal support to attract private sector and institutional investment to new revenue-generating infrastructure projects in Canada, or partly in Canada, that are in the public interest.

Headquartered in Toronto, the Bank is responsible for investing \$35 billion in federal funding in new infrastructure projects. It offers provincial, territorial, municipal and Indigenous government partners and private sector proponents an optional, new tool to access innovative financing for revenue-generating infrastructure projects. Attracting private and institutional investment to such projects will help public dollars go further to build more infrastructure for Canadians.

Governance and Accountabilities

Canada Infrastructure Bank is overseen by an independent, professional Board of Directors, appointed by the Governor in Council, and is accountable to Parliament through the Minister of Infrastructure and Communities, the designated Minister for the purposes of the *Canada Infrastructure Bank Act*. The federal government sets the Bank’s overall policy direction and conveyed its high-level priorities for Canada Infrastructure Bank through a [Statement of Priorities and Accountabilities](#), received in December 2017, that is available on the Bank’s website.

In accordance with these expectations, the Board of Directors is responsible for overseeing management, providing strategic direction and policy approvals, and approving investments recommended by management. The Board delegates to management, through the Chief Executive Officer, the authority to manage the day-to-day business, subject to its oversight.

The Chair was appointed on July 4, 2017 and was granted expanded powers to establish the organization. All other Board members were appointed in November 2017. The Board of Directors comprises appointees from across Canada with expertise in business, infrastructure investing and operations, finance, law, and risk management. (Bruno Guilmette stepped down from the Board to act as interim Chief Investment Officer as of January 1, 2018 and rejoined the

board on June 1, 2018.) Board members are appointed for terms of up to four years and can be reappointed for one or more terms.

The Board has established four committees to support its work in priority areas – Investment; Finance and Audit; Governance; and Human Resources and Compensation. The full Board serves as the Investment Committee and membership on other standing committees is noted for each Board member. Terms of reference (charters) for each committee were approved by the Board.

The board directors each receive an annual retainer of \$50,000 and the Chair \$100,000 as compensation for their duties.

Canada Infrastructure Bank is subject to the provisions of the *Canada Infrastructure Bank Act*, the by-laws of Canada Infrastructure Bank and federal legislation and policies that apply generally to Crown corporations, including the *Financial Administration Act* (FAA), the *Official Languages Act*, the *Privacy Act*, the *Access to Information Act*, the *Conflict of Interest Act*, and the *Canada Labour Code*. As a Crown corporation, the Bank is subject to Part X of the FAA. As with all Crown corporations, a summary of the Bank’s corporate plan setting out its priorities and operating and capital budgets for the year is tabled in Parliament annually and approved by government.

Board of Directors



Janice Fukakusa, Chair
Corporate Director
Member of the Finance and Audit, Governance, and Human Resources and Compensation committees*



Kimberly Baird
Corporate Director
Member of the Governance Committee



Jane Bird
Corporate Director; Senior Business Advisor with the Vancouver office of Bennett Jones LLP
Member of the Governance, and Human Resources and Compensation committees

Executive Team



Pierre Lavallée
President & Chief Executive Officer, effective June 18, 2018
Mr. Lavallée is the former Senior Managing Director & Global Head, Investment Partnerships for Canada Pension Plan Investment Board and held previous senior leadership roles.



David Bronconnier
Corporate Director; President and CEO of Interloq Capital Inc.
Member of the Finance and Audit Committee



James Cherry
Corporate Director
Member of the Human Resources and Compensation Committee



Michèle Colpron
Corporate Director
Member of the Finance and Audit, and Human Resources and Compensation committees*



Annie Ropar
Chief Financial Officer and Chief Administrative Officer, effective June 1, 2018
Ms. Ropar is the former CFO of Aequitas Innovations, operator of the NEO Exchange.



Bruno Guilmette⁽¹⁾
Corporate Director; President of the Advisory Committee of Plan A Capital



Christopher Hickman
Corporate Director; Chairman and Chief Executive Officer of Marco Group of Companies
Member of the Finance and Audit Committee



Poonam Puri
Corporate Director; Professor of Business Law at Osgoode Hall Law School
Member of the Finance and Audit Committee



Stephen Smith
Corporate Director; Co-Founder, Chair and Chief Executive Officer of First National Financial LP
Member of the Governance, and Human Resources and Compensation committees*



Patricia Youzwa
Corporate Director
Member of the Governance Committee

An asterisk denotes chairs of the Board's standing committees. All Board members participate on the Investment Committee.

⁽¹⁾Mr. Guilmette was appointed to the Board of Directors in November 2017 and served as interim Chief Investment Officer from January 1 to May 31, 2018. He stepped down from his Board position while serving in this role and returned to the Board on June 1, 2018.

Management's Discussion & Analysis

This MD&A presents readers with management's view of corporate strategy and performance and should be read in conjunction with the audited financial statements for the period ended March 31, 2018. Figures are expressed in Canadian dollars unless stated otherwise.



Strategy

Canada's infrastructure deficit is in the hundreds of billions according to various estimates (Boston Consulting Group, 2017). The unmet need for investment in Canada's infrastructure hinders the national economy and presents a significant challenge for all levels of government. Many private and institutional investors in Canada and worldwide invest in infrastructure assets and have developed transaction and partnership expertise. Canada Infrastructure Bank was created to bridge the public sector's need for capital by drawing in private and institutional investment to build more, new infrastructure for Canadians. Canada Infrastructure Bank's strategic objectives are to build its organizational capability and capacity; promote new models for infrastructure funding and planning; and make strategic investments and use innovative tools to build new infrastructure.

In its first year of existence, strong progress was made on establishing the Bank's governance framework and policies; launching its Toronto office, internal systems and processes; and attracting the right talent to lead the organization. In accordance with its mandate, the Bank is building capacity in all three parts of its mandate: Investment, Advisory Services, and Data and Information.

Investment

The government has set three priority areas for investment: public transit, trade and transportation, and green infrastructure. Eligible projects must align with government priorities set out in its *Investing in Canada* plan and Pan-Canadian Framework on Clean Growth and Climate Change. Projects must be revenue generating, be able to attract private-sector investment, and be in the public interest.

Canada Infrastructure Bank will work with provincial, territorial, municipal, federal, Indigenous and private-sector investor partners

to transform the way infrastructure is planned, funded and delivered in Canada by:

- engaging private-sector partners early in the planning and design process;
- advancing revenue-based business models, where appropriate; and
- co-investing with private-sector and institutional partners alongside other public-sector partners.

Advisory Services

The Bank will develop its capabilities as a centre of expertise to advise and support all levels of government in the evaluation of the most efficient means and different models through which to deliver infrastructure. This advisory role will bring greater awareness of innovative partnership models involving the private sector and their application to potential projects. The Bank will focus on building relationships with its stakeholders, including representatives from the various orders of government, private sector proponents and investors, institutional investors, Indigenous groups and others.

Data and Information

The Bank will begin working with Infrastructure Canada, Statistics Canada, and provincial, municipal, territorial and Indigenous governments in the coming year to collect and share Canadian data about infrastructure projects. In this role, the Bank can help governments and public agencies across Canada obtain access to better information and resources about revenue-generating infrastructure and potential for private-sector involvement to support informed decisions.

Status of Operations

As with other Crown corporations, the Bank is required under the *Financial Administration Act* (FAA) to submit an annual Corporate Plan, with operating and capital budgets, for approval by the federal government. The Bank's inaugural Corporate Plan, available on its website, provided an overview of required start-up activities, including key early-stage operational objectives:

- establish temporary office space;
- plan for a permanent head office location;
- appoint a Board of Directors and Chief Executive Officer; and
- hire other priority staff and engage external service providers, as appropriate, to ramp up internal capacity.

Performance Against Objectives

Canada Infrastructure Bank made substantial progress on these objectives. Between the Chairperson's appointment in July 2017 and March 31, 2018, the focus was on establishing a strong foundation for governance and operations. The Board of Directors was appointed in November 2017. Temporary office space was leased in Toronto's financial district and the Bank opened an office in late 2017. Larger facilities were secured for the Bank's permanent head office in the same complex at 150 King Street West, Toronto.

An organizational structure was developed and recruitment of high-quality leaders and other expert staff for key functions was a top priority. Pierre Lavallée was appointed the Bank's inaugural President and Chief Executive Officer, effective June 18, 2018. Annie Ropar was named Chief Financial Officer and Chief Administrative Officer, effective June 1, 2018. During the executive selection process, the Board, Chair (as acting CEO) and interim CIO laid the groundwork for important functional capabilities, including governance mechanisms, investment and risk management.

In addition to the Board of Directors, the Bank had approximately 20 staff and external service providers engaged as of March 31, 2018 to initiate the Bank's core capabilities and corporate services in such areas as financial and accounting systems, legal services and counsel, information technology, communications, and human resources. A full human resources and staffing plan is being developed. The Bank will continue to recruit and on-board new staff in senior roles, as well as experienced investment and finance professionals.

The Bank will increase its outreach activities in 2018-19 and will evaluate project proposals as it continues building its capacity.

Performance Measurement

The results and level of performance that the Bank achieves will be directly tied to its mandate. A comprehensive performance measurement framework is being developed for management and reporting purposes.

Outlook

A key focus in the 2018-19 fiscal year will be delivering on the Bank's three business lines. For its Investment role, the Bank will continue analysis of individual projects and potential investments, as appropriate. Robust structures and methodologies will be established for all stages of the investment process, from intake to exit. The Bank will further establish its Advisory and Data and Information capabilities, continuing its engagement with key institutions nationally and internationally.

Financial Management

As an agency entrusted with investing public funds, Canada Infrastructure Bank adopts best practices for financial management supporting the careful and effective stewardship of its financial resources.

The financial statements are prepared in accordance with International Financial Reporting Standards, which provide a market-based approach to financial information in the industry in which the Bank operates. The statements are jointly audited by the Auditor General of Canada and an external independent auditor appointed by the Governor in Council. BDO Canada LLP has been appointed as the Bank's external auditor for 2017-18.

Total operating expenses for 2017-18, including professional fees, facilities expenses, personnel and other costs, were \$2.2 million. This amount is below the total appropriation of \$11.4 million provided by the government for operations, due to timing of anticipated expenditures.

Risk Management

The Bank is developing an enterprise risk management framework and reporting guidelines in addition to defining the investment risk framework, which will be completed in the 2018-2019 fiscal year.

Financial Statements of Canada Infrastructure Bank

For the period from inception on June 22, 2017 to March 31, 2018

Contents

Management's Responsibility For Financial Information.....	11
Independent Auditors' Report.....	12
Statement of Financial Position	13
Statement of Income and Comprehensive Income.....	14
Statement of Changes in Shareholder's Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements.....	17

Management's Responsibility For Financial Information

Management is responsible for the preparation of the Financial Statements of Canada Infrastructure Bank ("CIB") in accordance with International Financial Reporting Standards. The information contained therein normally includes amounts requiring estimations that have been made based upon informed judgement as to the expected results of current transactions and events. Management is responsible for ensuring consistency of the financial information presented elsewhere in this annual report, with the Financial Statements. In discharging its responsibility for the integrity, fairness and quality of the Financial Statements and for the accounting systems from which they are derived, management maintains a system of internal control designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The external auditors have full and free access to the Audit Committee of the Board of Directors, which is responsible for overseeing and reviewing management's

internal control and reporting responsibilities. The Board of Directors, through the Audit Committee, which is entirely composed of independent directors, is responsible for reviewing and approving the audited Financial Statements. CIB's independent auditors, BDO Canada LLP, Chartered Professional Accountants, and the Auditor General of Canada have audited CIB's Financial Statements and their report indicates the scope of their audit and their opinion on the Financial Statements.



Pierre Lavallée
President & Chief
Executive Officer



Annie Ropar
Chief Financial Officer
& Chief Administrative
Officer

August 16, 2018



Independent Auditors' Report

To the Minister of Infrastructure and Communities

Report on the Financial Statements

We have audited the accompanying financial statements of Canada Infrastructure Bank, which comprise the statement of financial position as at 31 March 2018, and the statement of income and comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the 283 day period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canada Infrastructure Bank as at 31 March 2018, and its financial performance and its cash flows for the 283 day period then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the transactions of Canada Infrastructure Bank that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Infrastructure Bank Act* and the by-laws of Canada Infrastructure Bank.

Mary Katie Kerrigan,
CPA, CA
Principal
for the Auditor General
of Canada

16 August 2018
Ottawa, Canada

Chartered Professional
Accountants
Licensed Public
Accountants

16 August 2018
Mississauga, Canada

Statement of Financial Position

As at March 31, 2018

	2018
Assets	
Current assets:	
Cash	\$ 9,681,705
HST receivable	205,573
	9,887,278
Non-current assets:	
Property and equipment (note 6)	17,726
	\$9,905,004
Liabilities and Shareholder's Equity	
Current liabilities:	
Accounts payable and accrued liabilities (note 7)	\$ 646,554
Deferred government funding related to operating expenditures	7,107,128
	7,753,682
Non-current liabilities:	
Accrued rent	98,692
Deferred government funding related to capital expenditures	2,010,600
	2,109,292
Equity:	
Share capital	100
Retained earnings	41,930
	\$ 9,905,004

Commitments (note 11)

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

On behalf of the Board:



Janice Fukakusa,
Chair



Michèle Colpron, Director,
Chair, Finance and Audit Committee

August 16, 2018

Statement of Income and Comprehensive Income

For the 283 day period from inception on June 22, 2017 to March 31, 2018

	2018
Revenue:	
Interest income	\$ 41,930
Expenses:	
Professional fees	1,274,707
Compensation	389,454
Premises and equipment	404,194
Communications	100,568
Travel	51,911
Information technology	10,922
Administration	10,899
Depreciation	5,517
	2,248,172
Net loss before government funding	(2,206,242)
Government funding:	
Parliamentary appropriations	2,248,172
	41,930
Net income and comprehensive income	41,930

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

Statement of Changes in Shareholder's Equity

For the 283 day period from inception on June 22, 2017 to March 31, 2018

	Share capital	Retained earnings	2018 Total
Balance, June 22, 2017	\$ –	\$ –	\$ –
Issue of common shares	100	–	100
Net income	–	41,930	41,930
Balance, March 31, 2018	\$ 100	\$ 41,930	\$ 42,030

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

Statement of Cash Flows

For the 283 day period from inception on June 22, 2017 to March 31, 2018

	2018
Cash provided by (used in):	
Operating activities:	
Net income	\$ 41,930
Items not involving cash:	
Depreciation	5,517
Accrued rent	98,692
Changes in non-cash operating working capital balances:	
Increase in HST receivable	(205,573)
Increase in accounts payable and accrued liabilities	646,554
Increase in deferred government funding related to operating expenditures	7,107,128
Total cash provided by operating activities	7,694,248
Financing activities:	
Share issuance	100
Total cash provided by financing activities	100
Investing activities:	
Acquisitions of property and equipment	(23,243)
Deferred government funding related to capital expenditures	2,010,600
Total cash provided by investing activities	1,987,357
Net increase in cash during the period	9,681,705
Cash, beginning of the period	-
Cash, end of the period	\$ 9,681,705

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

Notes to the Financial Statements

For the 283 day period ended March 31, 2018

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

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

CIB’s head office is located at 150 King Street West, Suite 2309, Toronto, Ontario M5H 1J9, Canada.

CIB’s objectives are 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.

CIB currently receives appropriations from the Government of Canada. Parliament has authorized \$35 billion over 11 years, as needed, and the requisite authorities to participate in complex infrastructure deals in new and innovative ways to attract private sector and institutional investment to revenue-generating infrastructure projects that are in the public interest but would have not been otherwise economically viable.

CIB is not an agent of Her Majesty, the Queen in Right of Canada, except when, (i) giving advice about investments in infrastructure projects to ministers of Her 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 activity conducive to the carrying out of its purpose that the Governor in Council may, by order, specify. CIB is also named in Part I of Schedule III to the FAA.

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

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

2. Basis of preparation:

CIB has prepared its Financial Statements in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (the “IASB”) and adopted by the Accounting Standards Board (the “AcSB”).

The Financial Statements have been prepared on a historical cost basis except when a specific IFRS required fair value measurement as explained in the accounting policies below.

The Financial Statements are presented in Canadian dollars, which is CIB’s functional currency.

3. Significant accounting policies:

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

a. Financial instruments:

The Corporation early adopted IFRS 9, Financial Instruments with a date of initial application of June 22, 2017. IFRS 9 replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets.

Financial assets and financial liabilities are recognized when CIB becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when the related contractual obligation is extinguished, discharged or cancelled, or when it expires.

Financial instruments are recognized and derecognized using settlement date accounting.

On initial recognition, financial instruments are measured at fair value. Fair value on initial recognition includes transaction costs directly attributable to the acquisition or issue of financial instruments, except for financial instruments carried at fair value through profit or loss, for which transaction costs are recognized in net income in the period when they are incurred.

Financial instruments are measured in subsequent periods either at fair value or at amortized cost using the effective interest rate method, depending on the financial instrument classification.

Accounts payable and accrued liabilities are subsequently measured at amortized cost.

b. Property and equipment:

Property and equipment are carried at cost less accumulated depreciation, and accumulated impairment losses, if any.

The cost of an item of property and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management.

Property and equipment are depreciated using the declining-balance method, as follows:

Asset	Rate
Computer and telecommunications equipment	55%
Furniture, fixtures and equipment	20%

The residual values and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial reporting date.

These assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, irrespective of whether there is any indication of impairment. When impairment tests indicate that the carrying amount of an asset (or group of assets) is greater than its estimated recoverable amount, the carrying amount is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

c. Accrued rent:

Accrued rent consists of free rent embedded in the lease for office space amortized over the term of the lease.

d. Interest income:

Interest income derived from cash balances is recognized in the statement of income and comprehensive income in the year it is earned.

e. Government funding:

CIB's primary source of funding is parliamentary appropriations received from the Government of Canada. Parliamentary appropriations are recognized as government funding in the statement of income and other comprehensive income on a systematic basis over the periods in which CIB recognizes as expenses the related costs for which the appropriations are intended to compensate.

Unused parliamentary appropriations at year end can exist because of delayed timing of expenditures to which those appropriations relate, and therefore the amounts are recorded as deferred government funding on the statement of financial position and are carried forward to future periods. The appropriations are recognized into income as the corresponding expenditures are incurred.

4. Future accounting changes:

At the date of authorization of these Financial Statements, certain new standards, amendments and interpretations to existing standards had been published by the IASB but were not yet effective and had not been early adopted by CIB. These standards include IFRS 15, Revenue from Contracts with Customers, and IFRS 16, Leases, described below. Certain other new standards, amendments and interpretations have been issued but are not expected to have a material impact on CIB's Financial Statements.

IFRS 15, Revenue from Contracts with Customers

On May 28, 2014, the IASB issued a new standard, IFRS 15, Revenue from Contracts with Customers, replacing IAS 18, Revenue. The new standard is effective for annual periods beginning on or after January 1, 2018. The core principle of the standard is that an entity will recognize revenue when it transfers promised goods or services to customers, in an amount that reflects the consideration to which the entity is expected to be entitled in exchange for those goods or services.

CIB is currently assessing the impact of the adoption of IFRS 15, the implementation of which is not expected to have a material impact on the Financial Statements.

IFRS 16, Leases

On January 13, 2016, the IASB issued a new standard, IFRS 16, Leases, which supersedes IAS 17, Leases and related interpretations. The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The standard provides a single lessee accounting model requiring lessees to recognize assets and liabilities for all leases, unless the lease term is 12 months or less, or if the underlying asset has a low value. Lessors will continue classifying leases as operating or finance, since IFRS 16's approach to lessor accounting is substantially unchanged from IAS 17.

CIB is currently assessing the impact of the adoption of IFRS 16. IFRS 16 will require CIB to evaluate if a lease asset and liability should be recognized for its leases currently classified as operating leases (Note 11).

5. Significant accounting judgements, estimates and assumptions:

Preparation of the financial statements as per IFRS requires management to make judgements and use estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, management reviews these assumptions regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

The classification of the deferred government funding as current versus non-current is based on anticipated spending which may be subject to timing differences.

6. Property and equipment:

	Cost	Accumulated depreciation	2018 Net book value
Computer and telecommunications equipment	\$ 18,243	5,017	\$ 13,226
Furniture, fixtures and equipment	5,000	500	4,500
	\$ 23,243	\$ 5,517	\$ 17,726

No property and equipment was impaired as at March 31, 2018.

7. Accounts payable and accrued liabilities:

	2018
Accounts payable	\$21,990
Accrued compensation	250,000
Accrued professional fees	307,127
Other	67,437
	\$ 646,554

8. Capital management:

CIB defines capital that it manages as the aggregate of its equity, which is comprised of retained earnings and its share capital.

The Corporation's objectives in managing capital are as follows:

- To safeguard its ability to continue as a going concern;
- To fund its asset base; and
- To fulfil its mission and objectives for the Government of Canada to the benefit of Canadians.

CIB manages its capital by reviewing formally, on a regular basis, the actual results against set budgets, and shares this information with its Finance and Audit Committee and Board of Directors. CIB's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on an annual basis. CIB makes adjustments to its capital management strategy in light of general economic conditions, the risk characteristics of the underlying assets and working capital requirements. CIB is not subject to externally imposed capital requirements.

9. Related party transactions:

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business under the same terms and conditions that apply to unrelated parties and as such the transactions approximate fair value. CIB's transactions with government related entities that were individually significant are government funding (note 3(e)) which are approved in the form of a statutory authority and obtained through drawdown requests made to the Department of Finance.

Other related parties of CIB consist mainly of key management personnel of the Corporation or close members of these individuals over which the Corporation has significant influence.

Key management personnel compensation

Key management personnel are defined as those officers having authority and responsibility for planning, directing and controlling the activities of CIB, including members of the Board of Directors. The total compensation of Board members and other members of key management, during the period was \$385,000.

10. Financial instruments and risk management:

CIB is exposed to a variety of financial risks: market risk, liquidity risk and credit risk. CIB's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential effects on the Corporation's financial performance.

a. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. CIB's key market risk relates to interest rate risk. CIB is not currently exposed to any significant market risk due to the liquid nature of the cash asset on the statement of financial position as at the end of the period.

b. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset. Liquidity risk is low since CIB does not have debt instruments to service and receives regular funding from the Government of Canada. CIB manages its liquidity risk by preparing and monitoring forecasts of cash flows for anticipated operating and investing activities. Also, the Board of Directors reviews and approves CIB's operating and capital budgets.

CIB's accounts payable and accrued liabilities are due within 3 months or less of the period end.

c. Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to CIB. As a means of mitigating risk of financial loss from defaults, CIB has adopted a practice of only extending credit to creditworthy counterparties. CIB's exposure and the creditworthiness of its counterparties are continuously monitored.

CIB is exposed to credit risk through its cash and the maximum exposure to credit risk of CIB at March 31, 2018 was the carrying value of these assets.

11. Commitments:

On August 31, 2017, CIB entered into long term leases for both office and storage space located at 150 King Street West. The term of each lease is 10 years and commences on June 1, 2018, with combined future commitments as follows:

2019	2020	2021	2022	2023	Thereafter	Total
\$ 256,442	\$ 307,730	\$ 307,730	\$ 307,730	\$ 307,730	\$ 1,689,848	\$ 3,177,210

CIB has the option to extend the office lease for two (2) further consecutive terms of five (5) years each.

CANADA 
INFRASTRUCTURE BANK

Canada Infrastructure Bank
150 King Street West, Box #15
Toronto, ON M5H 1J9
Telephone: 1-833-551-5245
Email: contact@canadainfrastructurebank.ca

Please visit us at:
www.canadainfrastructurebank.ca