



Canada Infrastructure Bank IMPACTFUL MOMENTUM

Annual Report 2022-23





➤ The Canada Infrastructure Bank (CIB) is an impact investor developing the next generation of infrastructure Canadians need. Our areas of focus are clean power, green infrastructure, public transit, trade and transportation and broadband. We are partnering with public, private and Indigenous groups to deliver a more resilient, sustainable and prosperous Canada.

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MESSAGE FROM THE BOARD CHAIR

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Message from the Board Chair

We all know that infrastructure is critical to our well-being and prosperity. It connects communities, powers our homes and businesses, and moves the information and goods that we depend on every day. In 2017, the *Canada Infrastructure Bank Act* established the CIB as an innovative financing tool to work with the public sector and private and institutional investors to grow and accelerate the pace of infrastructure development across the country. It was a new approach to a longstanding challenge. There were questions as to whether it would work. Today the results are clear. We have launched the CIB, established a team of experts, built a presence across the country, and made billions of dollars in investments combining our capital with that of public and private partners from coast to coast to coast. In that same time frame, the world has changed markedly around us. A pandemic sent global economies into lockdown; wildfires and storms hammered home the reality of our changing climate; and even more Canadians recognized the need to do more to make Indigenous reconciliation a reality.

As we have executed on what was originally envisioned, we have also adapted to this changing environment. We designed and delivered a Growth Plan that saw us develop new initiatives in buses and buildings, contribute to pandemic recovery and further our low-carbon objectives. We made reducing greenhouse gas (GHG) emissions a core focus of our work and created outcomes and standards to support that objective. We developed and released a Sustainability Framework that details our plans to have a positive impact through our investments and our actions.

Our mandate has expanded over the years – first, a \$1 billion target to invest in Indigenous infrastructure; then, a role in clean fuels, electric vehicle charging, small modular reactors and hydrogen; and most recently new higher targets for clean power and green infrastructure and a role to provide loans to Indigenous communities to support them in purchasing equity stakes in projects. And we are delivering on all of these imperatives.

When I look at where we are today, I am happy with the progress we have made. As of March 31, 2023, the CIB has made investment commitments of \$9.7 billion to 46 projects with a total capital value of \$27 billion. Nearly half of these commitments were made in this past fiscal year alone, which speaks to the momentum we are building.

Numbers are telling, but more meaningful is the impact of our investments. New clean electric buses on the streets of Canadian communities, infrastructure improvements in Indigenous communities, and clean power investments that will deliver capacity enhancements and

GHG reductions at the same time. I am proud that the CIB has become a trusted investment partner with a strong record of financing critical infrastructure across Canada. The CIB is operating at full speed and ready to deploy more capital, alongside public and private and institutional investors to foster economic growth and contribute to the sustainability of infrastructure in Canada.

Board renewal was an important topic during the past fiscal year. In December 2022, we welcomed the appointment of two new directors - Michael Bernstein and Andrée-Lise Méthot - who together bring a wealth of investment experience to the Board of Directors. With these new appointments, we bid farewell to James Cherry and Christopher Hickman whose terms expired. We thank them sincerely for their wise counsel and invaluable contributions to the CIB and to our Board deliberations.

I want to thank my Board colleagues for their support and collaboration and am excited for what our next five years will bring.



Tamara Vrooman

Chair of the Board of Directors



Ms. Vrooman was appointed Chairperson of the Canada Infrastructure Bank (CIB) in January 2021. In addition to her role as the Chairperson of the CIB, Tamara is also currently CEO of the Vancouver Airport Authority (YVR), Canada's second busiest airport. Prior to this, Ms. Vrooman was President & CEO of Vancity, Canada's largest community credit union, and Deputy Minister of Finance for the Province of British Columbia and Secretary to the Treasury Board and CEO of the Public Sector Employers' Council.



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

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Message from the Chief Executive Officer



It was another strong year for the CIB as we continued to invest in critical infrastructure projects for the country. We made 22 new investment commitments this past year representing \$3.2 billion in financing. We also reached financial close on 25 of the investment commitments in our portfolio. And we now have 29 projects in active construction. We are an impact investor that works with both public and private partners to get critical infrastructure built. We are fulfilling our mandate by catalyzing infrastructure that Canadians need.

Our portfolio of investment commitments since inception now stands at 46 projects and spans every region in Canada. They include large and transformational projects that will shape our collective prosperity for generations and more targeted and standardized initiatives that change lives on the ground for Canadians.

In the time since we were established, our role has become better known in the market, we have more internal expertise, and we have deepened our understanding of the types of uncertainties and specific risks that are holding projects back. That makes the CIB a more informed, more sophisticated counterparty. We have demonstrated flexibility and creativity as we developed new offerings and initiatives, invested more capital and advanced more projects.

This year, we responded quickly and definitively to the enhanced mandate for the CIB outlined in Budget 2022 to invest in clean fuels, hydrogen, carbon capture and storage, small modular reactors, and zero-emission vehicle charging. Our investment commitments this year included financing of:

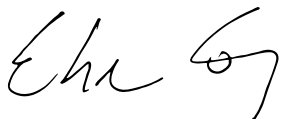
- » the Varennes Carbon Recycling facility in Quebec, will convert 200,000 tonnes of waste into biofuels and circular chemicals annually starting in 2025
- » the Darlington New Nuclear Project in Ontario to support the first phase of Canada's first small modular reactor. When fully completed, the project is expected to reduce GHG emissions by 740,000 tonnes annually between 2029 and 2050
- » FLO electric vehicle chargers to be placed across Canada, facilitating increased access to public chargers to support the ramp up of zero-emission vehicle adoption

While Budget 2022 gave us the challenge to do more at the start of this past year, Budget 2023 concluded it by expanding the role the CIB will play next year and beyond.

It increased our long-term targets for the clean power and green infrastructure sectors to \$10 billion each, building on our successful investments in battery storage, district energy, and low carbon fuels of the past 12 months. The budget also identified a role for the CIB to make loans to Indigenous communities which will support their equity participation in infrastructure projects where the CIB is also an investor. Just as we delivered on our mandate by the federal government in Budget 2022, our organization is looking forward to moving quickly on these new challenges.

All our success has been enabled by the dedication and hard work of our talented and diverse team. We continue to grow our team to support the increased pace and volume of deal making, as well as to manage our assets as our investments move into active construction and operation. We also developed and released an update on our culture and values, providing a framework on how we work and what we work towards.

This past year has been one of momentum and it would not have occurred without a CIB team that is passionate, dedicated and committed to the outcomes we are trying to achieve together for Canadians. With this team I have tremendous confidence we will continue to advance and support the critical infrastructure needed for our collective future.



Ehren Cory

Chief Executive Officer



Ehren joined the Canada Infrastructure Bank in 2020, bringing his strong leadership approach, infrastructure expertise, and a track record of delivering results by partnering with the private and public sectors. He is focused on the CIB's strategic direction to accelerate infrastructure investment in Canada and building the CIB as a results-oriented organization.



HIGHLIGHTS OF 2022-23

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> Total investment commitments at year end



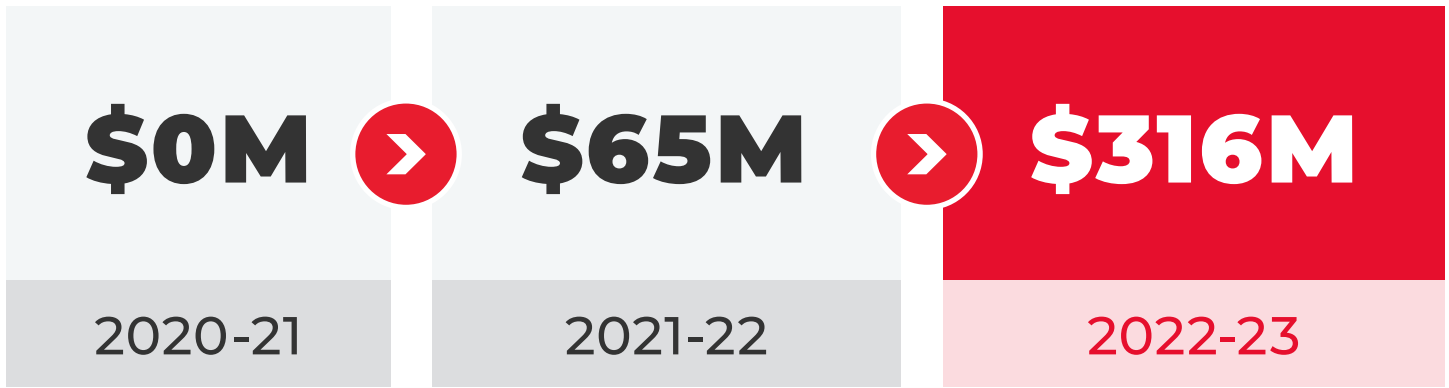
> Total financial closes at year end



> Projects in active construction at year end

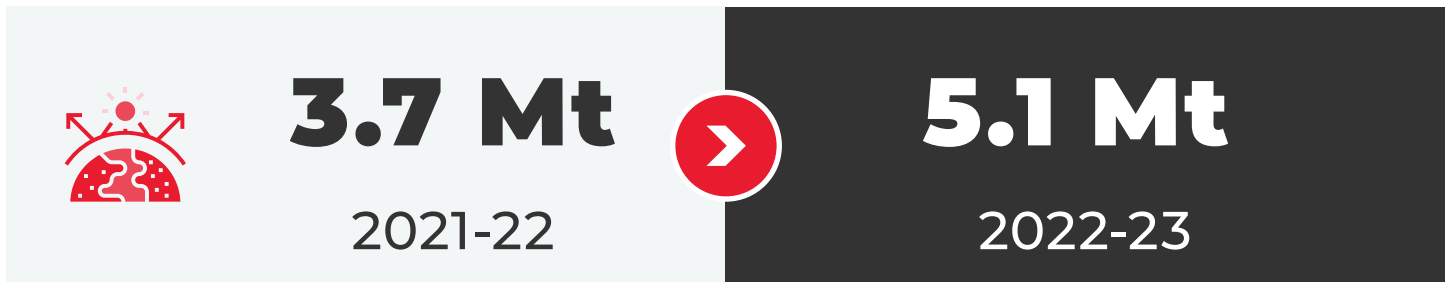


> Progress towards Indigenous target (\$1B investment)

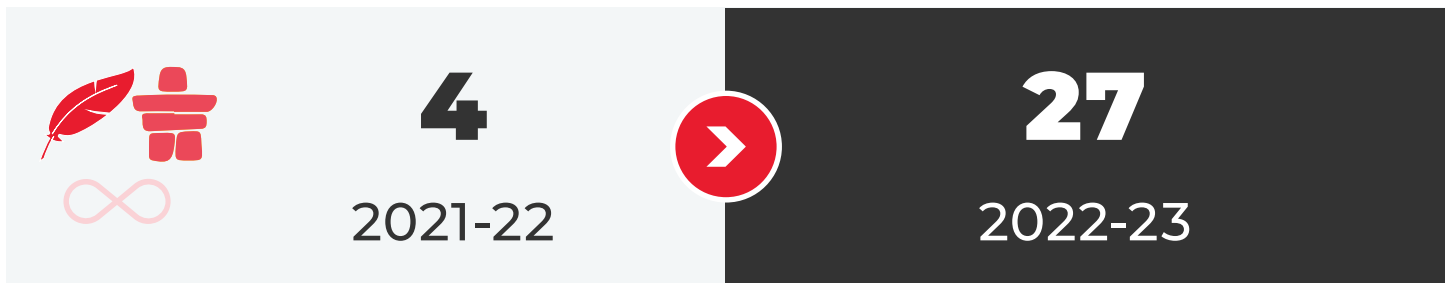


> Progress towards target outcomes
(based on investments reaching financial close at year end)

Annual GHGs reductions



Indigenous communities benefiting



Homes connected to broadband



Daily transit riders



174,000

2021-22



174,000

2022-23

Annual agriculture value added



\$60M

2021-22



\$60M

2022-23

➤ Other notable outcomes at year end

ZEBs financed



4,384

2021-22



5,366

2022-23

Acres irrigated



200,000

2021-22



200,000

2022-23

Charging stations financed



0

2021-22

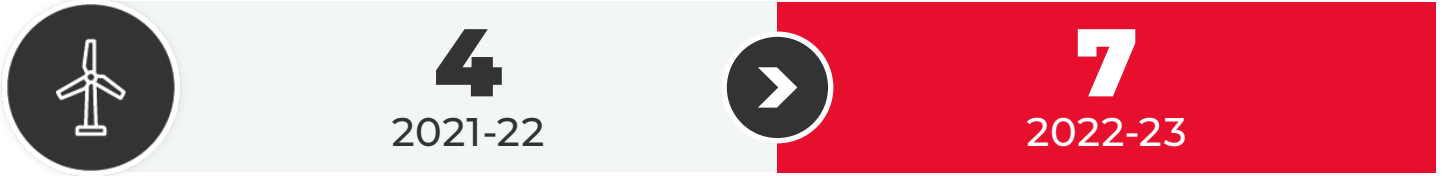


2,000

2022-23

> Investment commitments by sector at year end

Clean power



Green infrastructure



Public transit



Trade and transportation



Broadband



Results on the ground

- » We launched our \$500 million **Charging and Hydrogen Refuelling Infrastructure (CHRI)** initiative.
- » We saw the **City of Edmonton deploy 20 zero-emission buses**, which became fully operational in November 2022.
- » We also saw **zero-emission school buses** beginning operations in **Quebec**.
- » Several modernization projects that are part of our **Alberta Irrigation** investment came on stream.
- » All heat exchangers at the **Enwave Deep Lake Water Cooling project** have been installed.

A note on terminology: investment commitments and financial closes

As part of its investment process, the CIB tracks two significant milestones, investment commitments and financial closes. Both are referred to in this report.

“Investment commitment” means that the CIB and our investment partners have agreed to terms setting out the capital commitment of each party and other financial terms (e.g., length of investment, interest rates and financing structure). The capital is considered allocated to the project and no longer available for other purposes. As an indicator, investment commitment provides the best picture, as approved by the Executive team and the Board, of the overall allocation of CIB capital to projects and priority sectors. The CIB’s reporting on investment progress generally reflects its level of investment commitment.

“Financial close” means that the CIB and investment partners have completed all due diligence and entered into legally binding agreements. Financial close is the conclusion of the investment process, approved by the CIB Board or in some cases such as with zero-emission bus investments under a certain size, designated to management. CIB financing begins to flow to the project and the expected financial and public impact outcomes are included in our corporate scorecard. As an indicator, financial close, with its binding legal agreements, is the appropriate point in time for a project’s impact and outcomes to be included in our corporate scorecard. When financial close occurs, a government funding receivable is recognized on the CIB’s financial statements for the CIB’s total obligation, which is then subsequently reduced as funding to our counterparts occurs.

More information on the stages of the CIB’s investment process can be found on page 30 of this Annual Report.



THE CIB IN BRIEF

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The CIB in brief

Our purpose at the CIB is to invest, and seek to attract investment from private sector and institutional investors, in infrastructure projects that will generate revenue and be in the public interest.

As an impact investor, we focus on outcomes. We measure our returns in terms of the impact we can have to better the lives of Canadians – through taking action to address climate change, connecting Canadians and their communities, increasing economic growth, and building partnerships with Indigenous Peoples to address the infrastructure gap in their communities.

The CIB invests in five priority sectors identified by our shareholder, the Government of Canada:

- » clean power (7 CIB investment commitments as of March 31, 2023)
- » green infrastructure (17 investment commitments)
- » public transit (11 commitments)
- » trade and transportation (3 commitments)
- » broadband infrastructure (8 commitments)

Indigenous projects are an additional priority for the CIB, cutting across the five sectors with a target to invest at least \$1 billion in partnership with and for the benefit of Indigenous communities.

Catalyzing projects

Through our ability to share risk and invest for the long term, the CIB is an infrastructure catalyst – we help our partners to overcome project barriers and get more infrastructure built. Even when the benefits of infrastructure projects are clear, various uncertainties such as demand, structure or costs -- can deter investors. We work to identify and fill gaps in project financing, economics or structure that can prevent or delay new infrastructure from going ahead. By doing so, we can attract private and institutional investor partners.

The CIB invests only in projects that would not have been built, would have been significantly delayed, or would have been delivered at a smaller scale without the CIB's financing.

Our direct investment and partnership approach is distinct from government programs that

provide grants. The loans we make are repaid, lessening taxpayer contributions to each project and enabling more dollars to be directed to infrastructure over time.

Sharing our expertise

Our investment professionals are experienced, knowledgeable and bring a unique perspective to structuring investments.

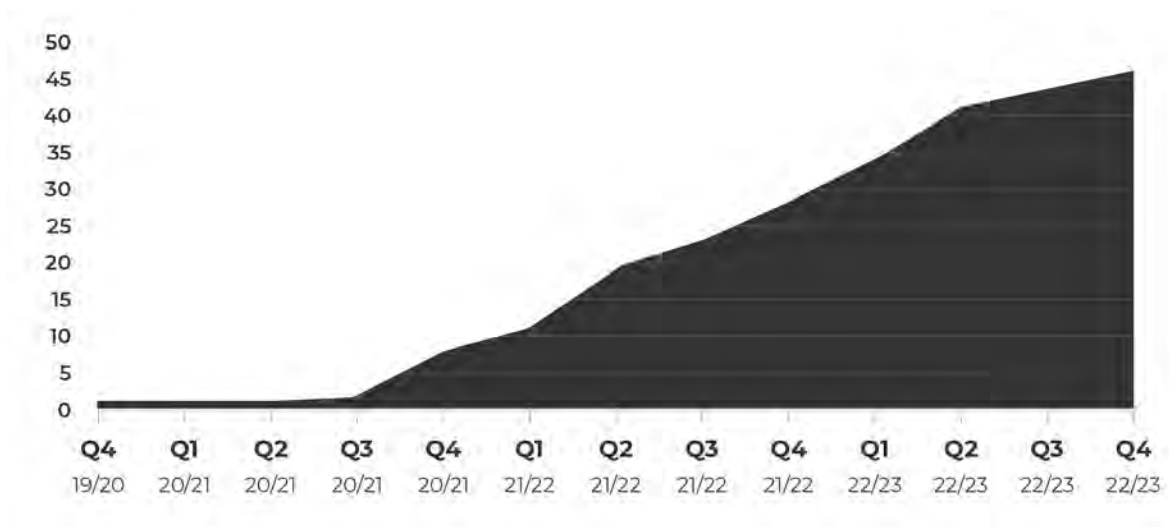
One way that the CIB differs from other lenders is that we actively share expertise and advice with federal departments, provinces, territories, municipalities and Indigenous communities. Whether it be in large scale power and transportation projects, or smaller scale district energy or Indigenous investment, we apply our insights to get transformative infrastructure built across the country.

Through our advisory, knowledge and research work, our teams collaborate internally and externally to expand sector capacity and open pathways to consider new financing models for infrastructure that will ultimately deliver greater benefits to Canadians.

Growing momentum

Since our establishment five years ago, we have grown our roster of experts, built relationships across Canada and beyond, scaled up our portfolio and accelerated the pace of our investments. We have achieved significant growth across all our priority sectors and across all regions. We have also worked alongside a growing number of Indigenous partners and communities. As of March 31, 2023, the CIB has made total investment commitments of \$9.7 billion to projects with a total capital cost of \$27 billion. We have reached financial close on 42 projects and attracted \$8.6 billion in private and institutional investment.

➤ Cumulative investment commitments by quarter



Our culture and values

The CIB plays a unique role in project finance. Like other investors, we seek opportunities to deploy capital, conduct rigorous diligence on those opportunities and must demonstrate results to our Board and shareholder. However, we measure our results more broadly than just financial returns. As a Crown corporation, we work in the interest of Canadians, and achieve outcomes that deliver on public policy priorities.

People who come to work at the CIB are drawn by both our function as an investing organization and our role to contribute to positive outcomes for the country. In 2022-23, we updated our values to better reflect our shared purpose:



Make it better, for Canada

- » Our commitment to Canadians is at the forefront of everything we do, and we measure our returns based on impact and positive outcomes for Canada.



Break new ground

- » We are flexible and innovative – we think creatively and push the pace to get things done.



Be the best of public and private

- » We bridge the gap between both worlds, bringing accountability and commercial discipline to public problems to enhance the lives of Canadians.



Celebrate our differences

- » We recognize that our distinct skills, backgrounds, and knowledge make us stronger – everyone brings something to the table, and we can all learn from each other.

CIB investments*

Public transit	Clean power	Green infrastructure	Broadband	Trade & transportation
Autobus Séguin School ZEBs	Atlin Hydroelectric Expansion	Algoma Steel Retrofit	Arrow Technology Group	Alberta Irrigation
British Columbia School ZEBs	Bekevar Wind Power	Ameresco Retrofits	Manitoba Fibre	Kahkewistahaw Landing
Calgary ZEBs	Darlington Small Modular Reactor	Avenue Living Energy Retrofits	Ontario Rural Broadband	Infrastructure
City of Brampton ZEBs	Enwave District Energy	BMO Retrofits		Tshiuetin Railway
City of Edmonton ZEBs	Lulu Island District Energy	Dream Retrofits		
City of Ottawa ZEBs	Markham District Energy	Enerkem Varennes		
Durham Region ZEBs	Oneida Energy Storage	Carbon Recycling		
Montréal-Trudeau International Airport REM Station		FLO EV Charging		
Quebec School ZEBs		Grasswoods Urban Reserve Wastewater		
Réseau express métropolitain (REM)		Kingsett Capital Royal York Retrofits		
		Johnson Controls Retrofits		
		Modern Niagara Retrofits		
		Noventa Energy Retrofits		
		Port Stalashen Wastewater Treatment Plant		
		SOFIAC Retrofits		
		Toronto Western Hospital Retrofit		
		University of Toronto Retrofits		

Indigenous infrastructure

Arrow Technology Group Broadband	Oneida Energy Storage
Atlin Hydroelectric Expansion	Netmizaaggamig Nishnaabeg Reserve Extension
Kahkewistahaw Landing Infrastructure	Port Stalashen Wastewater Treatment Plant
Bekevar Wind Power	Tshiuetin Railway
Grasswoods Urban Reserve Wastewater	

*List does not include investment commitments not yet announced as of the publication of this report.

List of MOUs, project acceleration and advisory engagements

Project acceleration	Advisory engagements
Calgary-Banff Rail	East Central Alberta Shortline Rail
Georgina Island Fixed Link	Alberta Highway 697 Toll Bridge
Kivalliq Hydro-Fibre Link	MD of Acadia and Special Areas Irrigation
Newfoundland and Labrador Fixed Link	New Westminster Rail Bridge
Pirate Harbour Wind Farm	Taltson Hydroelectricity Expansion
Contrecoeur Port Terminal	VIA High Frequency Rail
East Central Alberta Shortline Rail	Atlantic Loop

Map





MANAGEMENT'S DISCUSSION & ANALYSIS

Management's discussion & analysis

The purpose of management's discussion and analysis (MD&A) is to explain, through the eyes of management, how the Canada Infrastructure Bank performed in the fiscal year ended March 31, 2023, its financial position at year-end, and its outlook. This MD&A is intended to complement and supplement the information provided in the financial statements and accompanying note disclosures. It is approved by the Board of Directors.

Figures are expressed in Canadian dollars unless stated otherwise. Figures may not add due to rounding.

Operating context

When established in 2017, the CIB was given a mandate to make infrastructure investments, forge partnerships with governments, Indigenous communities, and private and institutional investors, and build a modern results-oriented and accountable organization. The CIB would play a role to help address the infrastructure gap, support the economy and help pave the way to a more sustainable future.

These imperatives are more pressing today than ever. Many sectors, including infrastructure, faced global headwinds in 2022-23 due to a volatile and uncertain macroeconomic environment. Growth in inflation, higher interest rates, strong employment, rising energy prices and supply-chain bottlenecks were some of the factors that dampened risk appetite and raised the cost of capital over the course of the year.

At the same time, urgent priorities have not changed; these include meeting Canada's Paris Agreement commitments, diversifying our energy sources, supporting economic growth, enabling an increasingly digital economy, and closing the infrastructure gap for Indigenous communities from coast to coast to coast.

Recent federal budgets have expanded the role of the CIB. Budget 2022 broadened our scope to invest in private-sector-led projects that contribute to Canada's transition to a low-carbon economy in areas including hydrogen, carbon capture and storage and small

modular reactors. Budget 2023 built on this important energy transition role by doubling targets for investment in our clean power and green infrastructure sectors. It also announced that the CIB will provide loans to Indigenous communities to enable them to purchase equity stakes in infrastructure projects in which the bank is also investing.

Infrastructure assets are built for the long term, making sustainability a critical consideration for us when evaluating investment opportunities. Canada announced several key climate initiatives in 2022-23, including amendments to regulations that will accelerate Canada's reduction of GHG emissions from electricity generation and help achieve Canada's commitments to reduce overall GHG emissions. Canada also joined the global Net-Zero Government Initiative, committing to achieve net-zero emissions from national government operations by 2050 at the latest.

Many of the projects financed by the CIB – in clean power, public transit and green infrastructure in particular – support these aims and will contribute towards Canada's transition to a low-carbon economy.

In 2022-23, there was continued evidence globally that finding ways to finance the global transition to a low-carbon economy is of critical importance. Countries worldwide are seeking ways to crowd in private capital and establish new industries in the global energy transition, making many infrastructure sectors highly competitive. The United Kingdom's UK Infrastructure Bank made notable strides in initiating investments that will support that country's climate goals, and in the United States, Congress passed the Inflation Reduction Act of 2022 (IRA) which offers funding, programs, and incentives to accelerate the transition to a clean energy economy. It is expected to drive significant deployment of new clean electricity resources – and has other nations including Canada determining how best to compete.

Globally, development banks (both multilateral and domestic-focused like the CIB) play a key role in catalyzing private investment – particularly for those projects in the public interest that face significant economic or risk barriers.

The CIB's strategic priorities

Our strategic priorities are informed by our legislated purpose and our shareholder's priorities. The CIB has three strategic priorities which are unchanged from previous years. They continue to ensure our activities and performance are clearly focused on desired outcomes and are as follows.

Accelerating investment to modernize infrastructure

We use the CIB's unique mandate and breadth of internal expertise to make investments in revenue-generating projects at scale that leverage private and institutional capital and allow for more infrastructure to be built.

We measure success on this strategic priority in the total volume of our investment, the diversity of our portfolio across sectors and geography, progress toward the \$1 billion target for Indigenous investment and the attraction of private and institutional capital.

Delivering outcomes that benefit Canadians

New infrastructure is a means to an end. Our ultimate goal is delivering outcomes that will benefit Canadians – increasing economic growth, connecting Canadians and communities, expanding action on climate change and closing the Indigenous infrastructure gap.

All CIB investment decisions are made taking into account the expected outcomes in relation to the capital invested, risk profile and overall positioning within the CIB portfolio.

We adhere to clear criteria and thresholds that enable us to assess investment outcomes. These are detailed in our Investment Framework.

Executing as a results-focused and accountable organization






As a Crown corporation, the CIB is entrusted with investing public funds. We take this responsibility seriously and we are committed to being an efficient, effective organization that acts with integrity.

Our overall performance is measured and assessed based on the outcomes realized and investments made. Being successful rests on a critical foundation of processes, capabilities, and people. We have established a suite of measures and management initiatives to continually grow our capacity in this regard. For example, as our portfolio grows, we are focused on building the asset management expertise and capacity needed to manage these investments.

Alignment with government priorities

We pursue investment opportunities in alignment with the Government of Canada’s public policy objectives, which are communicated to the CIB board of directors in a Statement of Priorities and Accountabilities (SPA). The most recent SPA, shared with the Board Chair in February 2021, reiterated the five priority sectors and long-term targets for CIB investment. It also emphasized the role for the CIB to contribute to a clean economy, social inclusivity and to invest in Indigenous infrastructure.

➤ Priority sectors

				
Public Transit	Clean Power	Green Infrastructure	Broadband	Trade & Transportation
Long-term sector target \$5B	Long-term sector target \$10B	Long-term sector target \$10B	Long-term sector target \$3B	Long-term sector target \$5B
Sector includes: ZEBs, LRTs, BRTs, ferries, subways, commuter rail, transit-oriented development	Sector includes: zero-emission generation, small modular reactors, renewables, district energy, storage, interties, transmission	Sector includes: energy efficient retrofits, water, wastewater, carbon capture, utilization and storage, clean fuels, hydrogen, zero emission vehicle charging	Sector includes: unserved and underserved community broadband connectivity	Sector includes: agricultural infrastructure, ports, freight, highways, roads, bridges, tunnels, inter-regional and passenger rail
Indigenous Infrastructure \$1B across all priority sectors for projects in partnership with and for the benefit of Indigenous Peoples				
Project Acceleration \$500M for project development and early works to shorten critical paths to construction				

In addition to the SPA, the government can also communicate infrastructure priorities through its annual budgets and other policy documents.



THE CIB MODEL – INVESTING FOR IMPACT

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The CIB model – investing for impact

We are purpose-built to seek out and attract private sector and institutional investment over the lifecycle of an infrastructure project, bringing more capital to the table to get more projects built and achieve better outcomes for Canadians.

The CIB approach is to deploy capital to fill gaps in financing and help projects advance – for example, by accepting concessional returns, longer or more flexible financing terms, or acting as patient risk capital. We can share in risks that a private sector or institutional investor would not assume on their own. In this way, we support infrastructure projects in select sectors that would otherwise be delivered traditionally (by using government grant funding on a longer time scale), or more likely, would not be delivered at all.

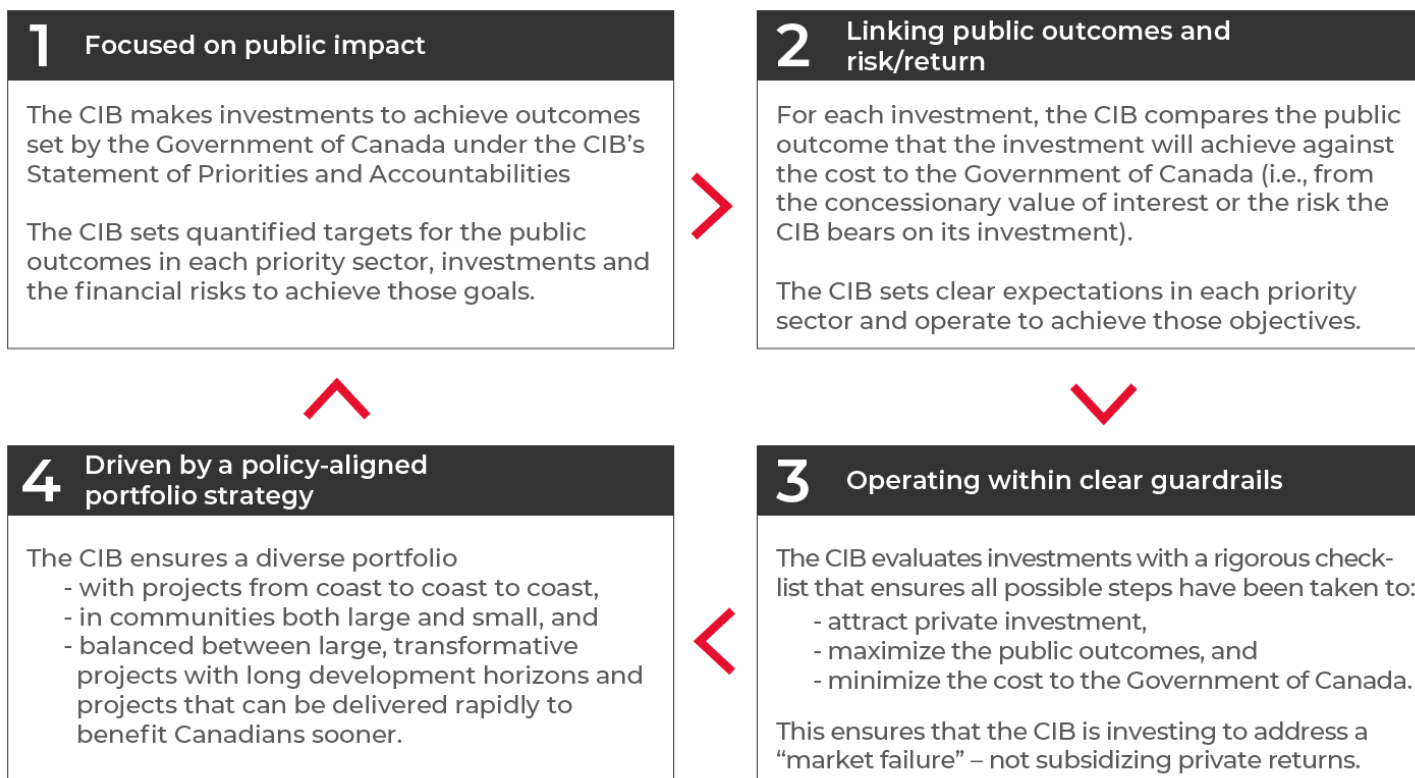
While we are disciplined in our focus on priority sectors and rigorous in our investment decision-making, we are not “one-size fits all” in our approach.

Several characteristics make the CIB model unique:

- » **We are a partner to both public and private sectors:** Our teams develop partnerships with governments at all levels, Indigenous leaders and communities, the private sector, and institutional investors, in order to customize investment solutions.
- » **We attract private capital:** We are a catalyst for private investment in projects that benefit Canadians and support economic growth. We address barriers that hold up projects, so that private and institutional investors also choose to participate.
- » **We invest in revenue-generating projects:** Many infrastructure assets deliver revenues once in operation – whether from transit fares, utility or broadband rates, or the cost savings that come from switching from diesel to electric buses. With an identified source of revenue, the CIB and private and institutional investors can provide project financing and upfront capital – allowing more infrastructure to be built, more quickly.
- » **Our investments are an alternative to taxpayer-funded grants:** Because the CIB invests in revenue-generating infrastructure, our loans are repayable and equity positions can increase in value. The CIB is building a more sustainable model of infrastructure financing, with income streams that reduce the burden on public sector balance sheets, compared to government funding through one-time grants or other transfers. Over time, these funds could be applied to an increasing portion of the CIB’s operating expenses and investments.

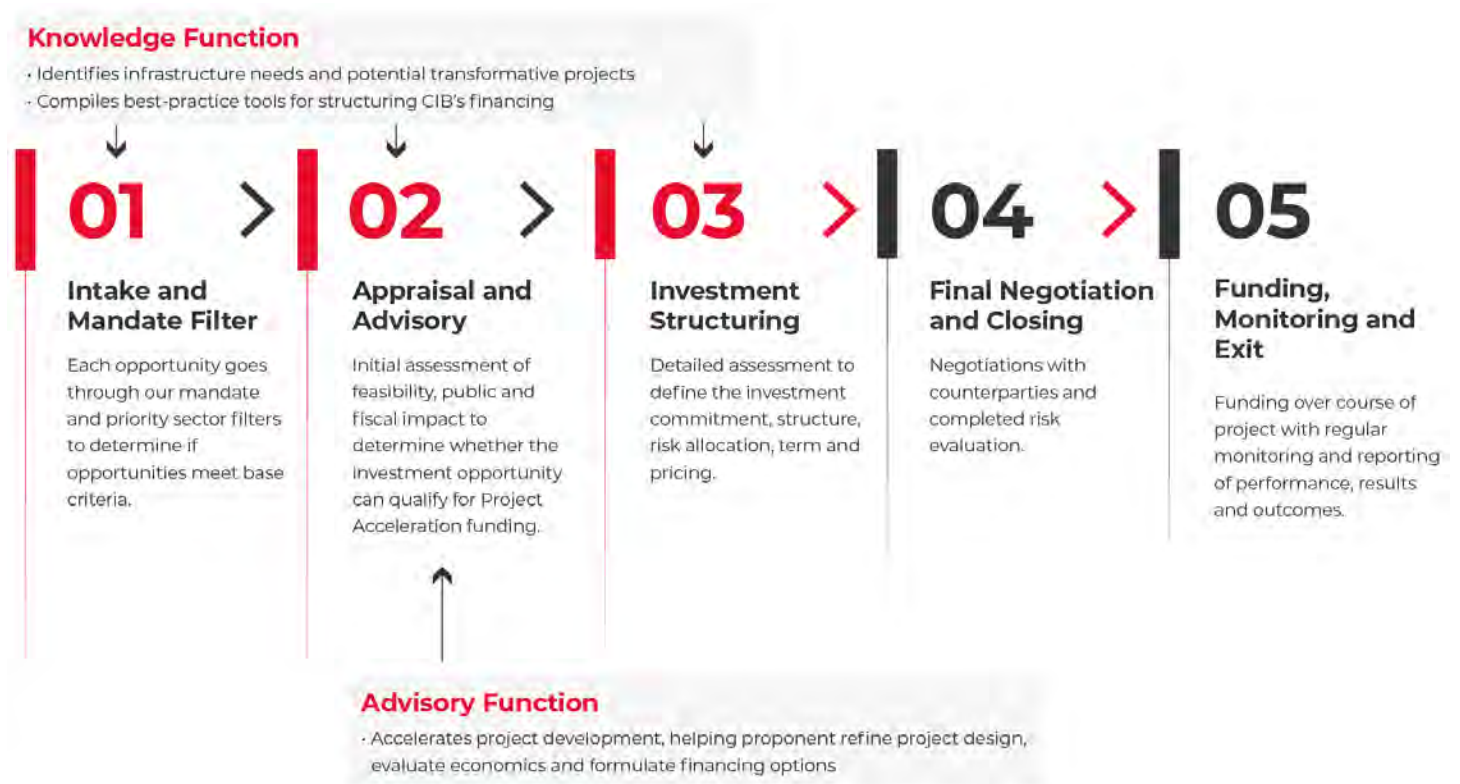
CIB investment framework

Our Investment Framework provides the evaluation criteria and thresholds for all of our investment decisions. It focuses on the relationship between investment risk and outcomes to be achieved, relative to our defined goals within sectors and the broader portfolio. The framework ensures that CIB management and our Board consider public impact outcomes when making investment decisions. The four components of the Investment Framework are shown below.



A rigorous Investment Policy and approval process governs how CIB investments are advanced. The approval process begins with the sourcing and development of projects by highly skilled and experienced investments professionals, and progressively requires the approvals of the CIB's Chief Investment Officer, the Management Investment Committee (MIC), the Investment Committee of the CIB Board and ultimately the CIB Board itself.

Projects under consideration move through a formal project development process (see below) and are tracked in internal systems.



As a project progresses through the development process, it is reviewed through our Investment Framework to ensure a consistent, analytical assessment in relation to risk and outcome is conducted. The Investment Framework is discussed in more detail below. Additional factors that may have a bearing on decisions include coordination with federal departments and programs, partner and stakeholder input, risk tolerance and communications.

The Board makes decisions based on Investment Memos that are aligned to the Investment Framework. These bring together the perspectives of each of the CIB's departments to address each consideration in the decision-making process, including investment structure and terms, an assessment of the public impact, compliance with authorities, relationship to corporate objectives and the stakeholder, coordination with federal policy and departments and reputational and communications considerations inherent in the investment.

Our Board-approved Investment Policy specifies that projects and related risks are overseen by our Management Investment Committee and the Investment Committee of the CIB Board at key decision points, with ultimate investment approval resting with the Investment Committee

of the Board (or with the MIC in certain cases where delegated). We take a systematic and disciplined approach to project origination and evaluation, with appropriate risk management.

More information about our Investment Framework and Investment Policy can be found in our **2022-23 Corporate Plan summary** on our website. **Our Investment Policy** is also available online.

Advisory services

With a combination of private and public sector expertise, we provide advisory services to project sponsors to maximize the potential impact of infrastructure development and accelerate decisions. We focus our advisory activities on opportunities that are aligned with the CIB's mandate and have the potential to generate revenue streams and attract private and institutional capital. The CIB takes on an advisory role in many of the projects in which we invest. In some cases, the CIB will enter into a formal memorandum of understanding (MOU) to govern the advisory engagement.

Chippewas of Georgina Island First Nation



The Chippewas of Georgina Island First Nation are pleased with the support we are getting from CIB to make it possible to do the necessary and important studies for our (Georgina Island) Fixed Link project. We are quite excited to be moving forward and making this long-awaited project a possibility for the health, safety and future of our members.

Donna Big Canoe

Chief, Chippewas of Georgina Island First Nation

Project acceleration

We have earmarked \$500 million to accelerate projects within our priority sectors. Examples of activities in this area include development studies, work to establish a business case, or financing of early works such as utility relocations or geotechnical assessments.

Project acceleration expenditures are made when there is a high probability that the CIB will eventually invest in a project. These efforts are intended to have a measurable impact on project development, such as faster timelines or more comprehensive due diligence, so decisions can be made sooner.

Through our accelerator program we have agreed to fund nine projects totaling \$20 million. We have provided funding to seven of the accelerator projects totaling \$4.2 million of which \$1.2 million is recoverable from projects that have reached financial close.

Sustainability at the CIB

As a Crown corporation with a mandate to invest in sustainable infrastructure, we are uniquely positioned to play a role in driving the transition to a sustainable and low-carbon economy.

Recognizing the importance of this facet of our work, in December 2022, we released a comprehensive publication on [Sustainability and Impact](#).

Key highlights from that report included:

Release of our sustainability framework

Infrastructure investments are made for the long term. As a result, the decisions made today will play a critical role in creating a greener future.

At the CIB, we know our infrastructure investments can contribute through the positive impacts that they will have, particularly in reducing GHGs, but also in promoting cleaner water, more livable communities and fostering connections.

We also know that how we work is important. Our sustainability framework is a roadmap for the organization, built on three core pillars that will guide our activities.

<p>Framework Pillar One:</p>  <p>As a sustainable investor</p>	<p>Framework Pillar Two:</p>  <p>With impact as our bottom line</p>	<p>Framework Pillar Three:</p>  <p>As a sustainable corporation</p>
<p>Our ESG due diligence</p> <p>Ensuring ESG considerations feature in our work, including:</p> <ul style="list-style-type: none"> » Indigenous impacts (including Respect for Aboriginal and Treaty Rights and the Duty to Consult) » Impact assessments and environmental reviews » Health and Safety at the CIB » Compliance with laws (e.g., integrity provisions) » Responsible procurement » Advancing ESG objectives through our role as an investor 	<p>Our sustainability framework</p> <ul style="list-style-type: none"> » Embedding Sustainability features in our Investment Framework » Linking impact objectives to our risk appetite » Ensuring consistency and alignment with our mandate 	<p>Integrity and responsible business conduct</p> <ul style="list-style-type: none"> » Promoting and living the CIB values » Updating policies regarding values, ethics and ESG (e.g., Code of Conduct; Respectful Workplace; Disclosure of Wrongdoing)
<p>ERM policy and procedures</p> <ul style="list-style-type: none"> » Integrating climate and other sustainability risks into our assessment of individual investments, as well as integrating climate risk at an enterprise level 	<p>Our portfolio strategy</p> <ul style="list-style-type: none"> » Designing our five-year rolling portfolio strategy to allocate funds across our priority sectors, to achieve our corporate objectives, including sustainability outcomes 	<p>Procurement</p>
<p>ERM policy and procedures</p> <ul style="list-style-type: none"> » Integrating climate and other sustainability risks into our assessment of individual investments, as well as integrating climate risk at an enterprise level 	<p>Creating policies to guide our sustainable investing</p> <ul style="list-style-type: none"> » Defining public impact objectives within our Corporate Plan and Objectives » Developing quantification standards for how we measure our public impact » GBA+ analysis to be undertaken for all our investments » Undertaking impact evaluation, and tracking and auditing our impact 	<p>Tracking and reducing our carbon footprint</p> <ul style="list-style-type: none"> » Calculating and tracking our scope 1, 2 and 3 GHG emissions » Establishing GHG reduction strategies, targets and goals
		<p>Diversity and Inclusion</p> <ul style="list-style-type: none"> » Supporting a D&I Committee established with identified D&I strategic priorities » Implementing Official Languages commitments and action plan

Setting out our path to net-zero

As a catalyst for infrastructure projects that result in sustainable outcomes, we have an important role to play in helping Canada achieve its 2050 emissions reduction targets and transition to a cleaner, more prosperous future.

Our investments in clean power, green infrastructure and public transit directly support Canada's transition to a net-zero economy through GHG emissions reductions or avoidance. We have set a target to make investments by 2026-27 that will lead to annual reductions of 13 megatonnes of carbon dioxide equivalent (MtCO₂e), compared to baselines where the projects had not been built. As of March 31, 2023, investments that have reached financial close are expected to deliver 5.1 MtCO₂e reductions annually.

At the same time, we recognize that measuring avoided emissions alone does not tell the whole story – like others, we must also account for and aim to reduce the absolute emissions associated with our operations and across our investment portfolio. Our Sustainability and Impact publication identified steps we are taking on our net-zero journey:

- » Beginning with the 2021-22 fiscal year, and continuing this year, measuring our operational GHG emissions and taking actions across our operations to reduce our carbon footprint
- » In 2023-24, undertaking to calculate the financed emissions of the CIB's investment portfolio
- » By 2024-25, establishing interim targets to guide investment decisions; these targets will be informed by current and evolving expertise and best practice in the areas of GHG measurement and disclosure

Climate disclosures

It is often said that “what gets measured gets done.” Progress towards sustainability goals rests on a foundation of disclosure. Our Sustainability and Impact publication in December 2022 shared the CIB's first operational carbon footprint for the 2021-2022 fiscal year and included our first formal disclosure aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Going forward, the CIB intends to include climate-related reporting as part of its annual reporting. An Appendix to this report provides a summary of and select updates to the material released in December 2022.



2022-23 CORPORATE OUTCOMES AND RESULTS

Canada Infrastructure Bank | Banque de l'infrastructure du Canada

2022-23 Corporate outcomes and results

Our results in 2022-23 demonstrate a rapid expansion of new infrastructure investments across the country, and outcomes that will have a positive impact on Canadians and Indigenous communities for years to come.

Investment commitments

The CIB made 22 investment commitments in 2022-23, more than in any previous year of operations. This represented \$3.2 billion in total capital commitments.

Including previous years, our portfolio at March 31, 2023, stood at \$9.7 billion of investment commitments, leveraging \$8.6 billion in private and institutional capital. When combined with public partner investment, the CIB has catalyzed \$27 billion worth of infrastructure projects for Canadians. We are participating in infrastructure projects in every region of Canada.

While a strong indicator, an investment commitment is not an absolute guarantee of a project becoming an investment. Changes in market conditions, proponent priorities or other factors can result in a commitment not proceeding to financial close or requiring further diligence. In 2022-23 four previously counted investment commitments totaling \$879 million in potential CIB investment were removed from CIB totals as they no longer have a clear path to reaching financial close.

Partnerships across Canada



Fiscal 2022-2023 Financial Results

Projects

46

CIB Investment:

\$9.7B

Total capital value:

\$27B

Financial closes

Over the course of the year, the CIB reached financial close on 25 investment commitments.

Financial closes by sector	Prior years	2022-23	Total
Clean power	1	5	6
Green infrastructure	4	11	15
Public transit	7	4	11
Trade & transportation	3	0	3
Broadband	2	5	7
Total	17	25	42

The CIB has a target to achieve two financial closes in each sector per year. In 2022-23 the CIB achieved or surpassed this target in all sectors except trade and transportation. Projects to improve Canada's trade corridor face unique challenges mobilizing investments that contribute to the time required to close such investments. These involve complex interdependent, multimodal systems of infrastructure, regulated by various levels of government.

Construction and operations

Once a project has achieved financial close, they enter a period of construction in which proponents draw on the CIB's financing to build, commission and eventually operate vital infrastructure projects.

As of March 31, 2023, there are 29 projects financed by the CIB in active construction, and one investment in operations (Edmonton zero-emission buses). The typical availability period for CIB loans is 4.5 years, and the cash drawn on CIB facilities as of the year end was \$1.7 billion. As our portfolio matures, more projects will move from investment commitment to achieve financial close, followed by a period of making draws and beginning operations. The CIB will track and report on these developments and their benefits for Canadians. Examples of projects now starting operations include:

- » **City of Edmonton zero-emission buses**, which became fully operational in November 2022
- » **Zero-emission school buses** beginning operations in Quebec
- » Modernization projects at **Alberta Irrigation**
- » All heat exchangers at the **Enwave Deep Lake Water Cooling** project have been installed

Update on our growth plan

The CIB released its three-year \$10 billion Growth Plan in October 2020 to assist in Canada's pandemic recovery and help move the country toward a low-carbon economy. The Growth Plan set a course to invest in both large projects and smaller initiatives that could be replicated and made at a consistent, regular pace, such as accelerating the transition to zero-emission buses and financing building retrofits.

The Growth Plan recognized that many smaller-scale infrastructure projects could be transformative for communities, regions or sectors – for instance, improving or building new facilities in Indigenous communities and supporting farmers by expanding agricultural

irrigation. Smaller projects can move through the CIB's investment process rapidly and deliver benefits sooner. They can also demonstrate the feasibility of new technologies and create markets (such as a market for retrofitting buildings).

Since the launch of the Growth Plan, our portfolio has grown to 46 projects with investment commitments totaling \$9.7 billion. We are on track to reach the targeted \$10 billion in early 2023-24.

Taking action on new priorities

Successive federal budgets have recognized the value of the CIB approach and expanded the role and expectations of the organization.

Budget 2022 broadened the role of the CIB to include investing with private partners in areas such as small modular reactors, clean fuels and hydrogen, carbon capture, utilization and storage, and zero-emission-vehicle (ZEV) charging. In response, the CIB undertook extensive efforts to develop initiatives and projects in these new areas of our mandate, and progressed in less than a year to making investments in each new area, including:

- » A \$277 million loan to a biofuel and green hydrogen production facility in Varennes, Quebec, that reached financial close in January 2023.
- » Our first investment in small modular reactors and largest clean power investment to date: a \$970 million investment in Ontario Power Generation's Darlington project.
- » An investment commitment of \$220 million to FLO EV charging, through our new, \$500 million zero-emission vehicle Charging and Hydrogen Refuelling Initiative.

OPG



We know nuclear energy, including from SMRs, is an essential part of the electricity mix to help meet our climate change goals. This low-interest financing helps us advance the Darlington New Nuclear Project, paving the way for development and deployment of the next generation of nuclear power in Canada.

Ken Hartwick

OPG President and CEO

Budget 2023 also expanded the CIB's role in the priority sectors of clean power and green infrastructure. Budget 2023 increased the CIB's long-term target for clean power investments to at least \$10 billion, up from our target of \$5 billion previously, and likewise doubled the long-term target for green infrastructure investments to at least \$10 billion from \$5 billion previously.

As noted in the operating context section earlier, Budget 2023 also identified the CIB as the government's primary financing tool for supporting clean electricity generation, transmission and storage projects, and announced that the CIB will provide loans to Indigenous communities to support them in purchasing equity stakes in projects in which the bank is also investing. We are actively working on both these imperatives.

Delivering benefits to Canadians

A fundamental way that the CIB differs from a traditional investor is in how we measure the return on our capital. While a private-sector investor looks to maximize returns in the form of profits, the CIB seeks returns in the form of outcomes that benefit Canadians.

As set out in our corporate plan, we measure the returns on our investments by the extent to which a project achieves positive climate action, connectivity of Canadians, economic growth, and Indigenous infrastructure. We are willing to invest more in projects that better achieve targeted public interest outcomes, and we seek to rigorously quantify these outcomes.

To measure these outcomes and our progress over time, we use the following key performance indicators (KPIs).

- » **Climate action:** reductions in GHG emissions, consistent with Canada's 2030 and 2050 goals
- » **Connecting people and communities:** improved broadband access and increased transit ridership
- » **Economic growth:** increased trade volume and agricultural productivity
- » **Indigenous infrastructure:** closing the infrastructure deficits in Indigenous communities

We measure the expected public impact outcomes once a project has reached financial close, the point at which the CIB and its investment partners have completed all due diligence and have entered into legally binding agreements. Our targets for public impact outcomes cover a five year time horizon, reflecting the time and variability associated with making major infrastructure investments. In 2022-23 the CIB made progress on three of our five targets. Furthermore, our strong project pipeline points to future progress across all sectors, as detailed in the Sector Updates section later in this report.



CORPORATE RESULTS

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Corporate results

The tables below summarize our performance for the 2022-23 fiscal year and demonstrate we are on track to meet or exceed our long-term targets.

➤ 2022-23 performance results

Strategic priority	Outcomes	Results indicator	2022-23 Target	2022-23 Results
Investing to modernize infrastructure	Increase total infrastructure investment in Canada from the CIB and private and institutional investors	Scale of projects and diversity of portfolio	\$3.9 billion value of new CIB financial closes	\$4.6 billion
			17 new CIB financial closes	25 new financial closes
			\$4.5 billion value of new CIB investment commitments	\$3.2 billion
			19 new CIB investment commitments	22 new investment commitments
			At least 2 investments in each priority sector (financial close)	Clean power: 5 Green infrastructure: 11 Public transit: 4 Trade & transportation: 0 Broadband: 5
Executing as results-focused and accountable organization	Strengthen governance, capabilities, and process	Develop employee value proposition for attraction, retention, engagement, and development	Less than 15% turnover	19.6% turnover
			Develop a Diversity and Inclusion policy and supportive initiatives, informed by engagement with and survey of CIB employees Success measured by Diversio Diversity & Inclusion Survey	Survey score: 75
		Execute on key organizational improvements	Completion and implementation of portfolio of management operational improvement initiatives	80% complete

2026-27 (long term) Performance status

Strategic priority	Outcomes	Results indicator	2026 27 Targets	Current Status
Investing to modernize infrastructure	Increase total infrastructure investment in Canada from the CIB and private and institutional investors	Scale of projects and diversity of portfolio	6 investments reaching financial close since inception in each geographic region (i.e., West, Ontario, Quebec, Atlantic, North)	West: 13 Ontario: 20 Quebec: 7 Atlantic: 1 North: 1
			\$1.0 billion of CIB investments since inception reaching financial close in partnership with and benefits for Indigenous Peoples***	\$236 million
		Capital success factors	1x ratio of private and institutional capital to CIB capital across portfolio	0.9x*
Delivering outcomes that benefit Canadians**	Achieve public impact outcomes from project investments for climate action, connectivity of Canadians, economic growth, and Indigenous infrastructure	Deliver the Growth Plan outcomes and go beyond to result in long-term benefits from new infrastructure	Fiscal impact remains below 30% as a percentage of capital committed	18%*
			Greenhouse gas reduction: Cumulative 13Mt annual CO2e reduction	5.1Mt*
			Cumulative 210,000 daily trips on mass transit, passenger rail and other modes	174,000*
			Cumulative 900,000 underserved households passed by 50/10 MBPS broadband	341,000*
			Cumulative 60 Indigenous communities with infrastructure gaps addressed	27*+
			Contribution to economic growth, as measured by: <ul style="list-style-type: none"> » 12 million tonnes of trade volume » \$90 million total agricultural value added 	<ul style="list-style-type: none"> » 0 million in trade volume (tonnes) » \$60 million agricultural value added

*Figures based on projects reaching financial close.

**When measuring outcomes, the CIB considers a project in its entirety, irrespective of the percentage share of financing provided by the CIB.

***This includes the amount of CIB investments in projects that directly serve Indigenous communities, and a share of the CIB investment amount proportionate to the Indigenous equity participation when it invests alongside an Indigenous community in an infrastructure project

+Measure to change in 2023-24 to # of projects, with a target of 30 (number of projects at end of 2022-23 is 6).

Sector updates

Throughout 2022-23, we were active across all of our priority sectors, evaluating a deep pipeline of potential investment opportunities, advising proponents on financial aspects of projects, and ensuring that our involvement would accelerate infrastructure that delivers clear benefits for Canadians.

This section provides updates on each priority sector, as well as highlights of key transactions that came to fruition in the year.



CLEAN POWER

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Clean power

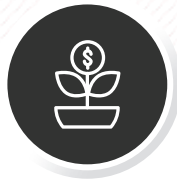
Our clean power investments expedite the construction of generation, storage and transmission capacity to reduce GHG emissions in the electricity sector, while supporting reliability and affordability for consumers. These investments contribute to the Government of Canada's climate action and net-zero economy goals, and include financing renewable power, district energy projects, and small modular reactors (SMRs).

Capital to finance the infrastructure required for decarbonizing Canada's electricity systems must be mobilized rapidly. Without significant contributions from the private sector, the capital costs will exceed the financing capacity of provincial and territorial governments.



7

investment commitments
(cumulative)



5

investment commitments
made in 2022-23



19

projects in investment
structuring

\$2.8B

committed
to date



\$10B

long term target (increased from
\$5.0 billion in Budget 2023)



➤ Progress towards long term investment targets (Based on investment commitments including financial closes)



➤ Clean generation

From wind and hydroelectric generation to small modular reactors, our investments are helping expand clean power generation capacity and cut emissions from fossil fuels.

- » In January, we reached financial close on a \$173 million loan to the 200-megawatt (MW) **Bekevar Wind Energy** facility in Saskatchewan, in partnership with **Innagreen** and **Awasis Nehiyawewini Energy Development Limited Partnership**, a **Cowessess First Nation**-owned entity. Bekevar will be the largest wind power generation facility in the province, delivering clean electricity and significantly reducing GHG emissions as the region moves from coal to renewables. When complete, the wind farm is expected to serve 100,000 homes and reduce emissions by approximately 130,000 tonnes of CO₂ equivalent (tCO₂e) per year. Indigenous contractors and workers will benefit from construction jobs and training opportunities.

- » We committed \$80 million to expand the **Atlin Hydroelectric** project in northern British Columbia, which will deliver clean power to 10 First Nation communities and seven municipalities in Yukon Territory. Our partner, the **Tlingit Homeland Energy Limited Partnership**, is owned by the **Taku River Tlingit First Nation**. The Atlin expansion project -- a new 9.2-MW hydroelectric facility and 93-kilometre transmission line – will deliver hydro power to the isolated Yukon microgrid, reducing emissions from diesel generation by approximately 29,500 tCO₂e annually. The project will also provide employment during construction and operations.
- » In August 2022 we made our largest clean power investment to date. The CIB reached financial close for a \$970 million loan to the **Darlington Small Modular Reactor (SMR)** project, delivered by **Ontario Power Generation (OPG)**. SMRs are new reactors that have a smaller footprint and shorter construction schedule compared to traditional nuclear generating stations. This project is the first of its kind in Canada. OPG is building the 300-megawatt SMR next to its existing 3,500-MW Darlington nuclear generating station in Clarington, Ont. It will provide clean baseload power to the Ontario grid, displacing a mix of new natural gas generation and imports that would be required to fill a shortfall that is forecasted to arise in the mid-2020s. Once operating, the SMR will avoid approximately 740,000 tonnes of GHG emissions annually – equivalent to the emissions of nearly 160,000 gas powered cars.

This new reactor could pave the way for similar SMR projects in other provinces, and support Canadian efforts to become a global SMR technology hub.

District energy

District energy systems are an efficient way to heat and cool buildings in a defined service area. In such systems, central energy plants generate thermal energy using boilers or heat pumps, and underground pipes deliver steam, hot water, or chilled water to buildings in the service area. Modern systems typically use sustainable energy sources.

Long-term energy savings and environmental benefits are significant, but high construction costs can deter developers. A key challenge is properly sizing a system for future needs. The CIB can help increase the initial size of a project by managing the risk of timing and size of future development. This provides economies of scale in construction and more capacity to serve future customers.

Markham District Energy



This strategic investment from the CIB is an important catalyst to support Markham District Energy's expansion plans and accelerate specific projects to reduce our carbon footprint now and advance our path towards net-zero emissions by 2050.

Bruce Ander

President and CEO

- » In September 2022, the CIB, **Markham District Energy**, and **CIBC** reached financial close on a \$288 million investment to expand district energy projects in Markham, Ont. Under the agreement, the CIB and CIBC are each investing \$135 million to help Markham District Energy deliver its 10-year growth plan, which includes building new high-efficiency energy production facilities, extending its distribution network, and investing in low-carbon fuel-switching, including Canada's largest wastewater energy recovery project. These projects are expected to help reduce emissions by more than 33,700 tCO₂e per year.
- » In Richmond, B.C., the CIB, **Lulu Island Energy Company** and **Corix Infrastructure Inc.** reached financial close on an agreement in which the CIB will provide \$175 million in financing for the **Lulu Island City Centre District Energy Utility** project. The financing will enable system expansion to more than 170 new residential and mixed-use commercial development sites in the area by 2050, using low-carbon heat recovered from a regional sewer system. When complete, the project is expected to reduce emissions by an average of 34,000 tCO₂e per year.
- » We are also providing financing to accelerate and advance six district energy projects in Toronto and Mississauga with our partners **Enwave Energy Corp.**, **Ontario Teachers' Pension Plan**, and **IFM Investors**.



» Markham District Energy



» Lulu Island Energy Company and Corix Infrastructure Inc.

➤ Advising on the Atlantic Loop

The CIB is leading the financial workstream for the Atlantic Loop, a proposed series of interprovincial transmission lines that will provide clean electricity between Quebec, Newfoundland and Labrador, New Brunswick, and Nova Scotia. The federal government is negotiating with provinces and utilities to identify a clear path to deliver the project by 2030. In our advisory role, we are helping to advance this large-scale clean power infrastructure by supporting the development of transaction structures that will mitigate rate impacts while attracting private investment.



GREEN INFRASTRUCTURE

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Green infrastructure

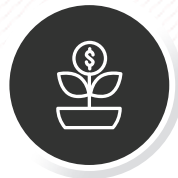
This sector covers a wide range of investment opportunities with environmental and economic benefits. Our investment team works with public sector entities (particularly provincial and large municipal governments) and private sector partners to develop and advise on the next generation of green infrastructure such as energy-saving building retrofits, new networks of clean fuels, hydrogen and electric charging infrastructure, and carbon capture, utilization and storage.

We also work closely with First Nation, Métis and Inuit communities to explore opportunities for green infrastructure projects such as water and wastewater treatment facilities that improve quality of life, advance reconciliation and further economic inclusion.



17

investment commitments
(cumulative)



12

investment commitments
made in 2022-23



11

projects in investment
structuring

\$1.5B

committed
to date

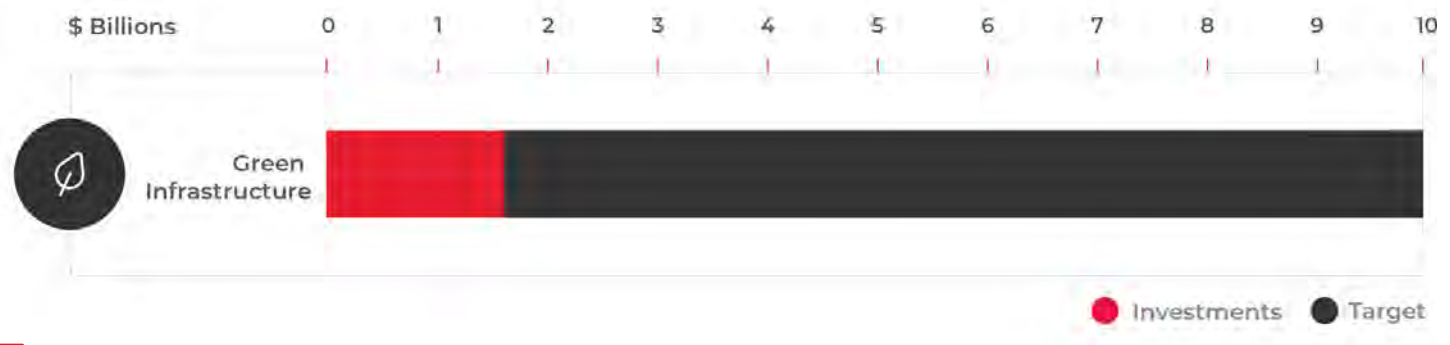


\$10B

long term target (increased from
\$5.0 billion in Budget 2023)



➤ Progress towards long term investment targets (Based on investment commitments including financial closes)



➤ Building retrofits

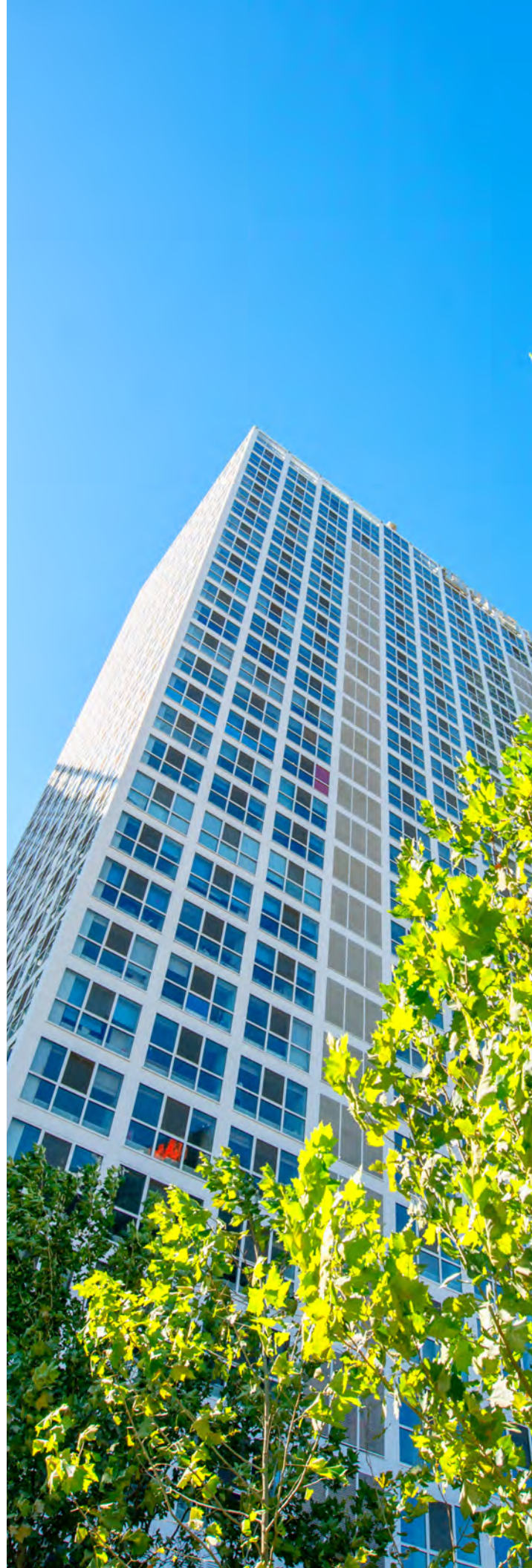
The CIB is tackling one of Canada’s largest sources of GHG emissions – buildings – by supporting public sector entities and private owners seeking to make large-scale building retrofits. Our Building Retrofit Initiative was created to drive emissions reductions as well as encourage innovative business models, bring in more private capital, and establish retrofits as a distinct asset class.

The CIB offers loans to public and private sector real estate owners and aggregators (companies that undertake many retrofit projects). The loans are repaid from energy savings accrued after the retrofits. Our investments are tailored to the anticipated GHG emissions reductions and the specific risks or barriers facing the project, such as risk around the timing and extent of cost savings. By taking a portfolio approach – pooling risks across many building retrofit projects – our investments can yield relatively predictable cost savings and demonstrate a model for private lenders to finance future waves of retrofits.

We measure success in terms of the GHG reductions that result from projects we invest in, and we have seen excellent uptake from a range of partners. Some highlights from 2022-23 included:

- » Investments with reputable energy performance contractors. The first, with IonicBlue and **Johnson Controls Inc. (JCI)**, is a \$100 million investment. IonicBlue and JCI will provide a turnkey solution for commercial, manufacturing, industrial, and multi-unit residential building owners to develop and implement decarbonization projects across Canada. This is expected to result in an average annual reduction of 73,800 tCO₂e. The second, with **Ameresco Inc.**, is a \$100 million investment that finances upfront capital costs of retrofits across Canada and is expected to result in 33,000 tCO₂e annual reductions.

- » Investment in retrofits of workforce housing in western Canada, with **Avenue Living**. This \$130 million investment is expected to decrease GHG emissions by more than 49 per cent. The project will focus on renewable energy generation on-site, low-carbon heating and cooling, sensors and smart thermostats, optimized air filtration, water and vapour management, and energy consumption strategies to reduce in-suite utility costs for lower-income renters.
- » We entered a first-of-its kind partnership with **Bank of Montreal** to provide a new financial product for retrofits. This will allow building owners to access a low cost loan from the CIB, via BMO, to implement decarbonization retrofits for buildings in Canada, which will lower operating costs through energy savings and potentially increase the value of the building. We expect this \$100 million investment to reduce greenhouse gas emissions of building owners by at least 30 percent.
- » With **Noventa Energy Partners**, we made a \$100 million investment in unique heat-recovery projects that will harness thermal energy in wastewater. The projects provide low-carbon heating and cooling to buildings and allow for a 70% reduction of building GHG emissions.





Zero-emission vehicle charging

Nearly one quarter of Canada's GHG emissions are produced in transportation. Transitioning from gas and diesel-powered vehicles to zero-emission vehicles (ZEVs) powered by electricity or hydrogen is a key opportunity to reduce emissions – but the lack of public charging and hydrogen refuelling infrastructure is a key barrier to ZEV adoption.

ZEV charging was added as a sub-sector to the CIB's investment activities in Budget 2022. By that fall, we had launched our \$500 million **Charging and Hydrogen Refuelling Infrastructure (CHRI)** initiative. Our financing will include features to encourage faster and wider implementation of charging and refuelling infrastructure.

In March 2023, less than a year from the time of the Budget announcement, we made our first investment commitment in EV charging: a \$220 million loan commitment to **FLO**, a Quebec City-based leader in the sector with a North American portfolio of EV charging stations and services. The project will include the buildout of a FLO owned-and-operated network of fast chargers primarily using an ultra-fast charger that can charge most EVs to 80% in 15 minutes. The chargers are intended to be installed within four years at approximately 400 sites across Canada, along qualifying transportation corridors and in urban and suburban communities.



» FLO EV Charging Render

FLO

“ With about 2,000 universal public fast charging ports currently in Canada, this extraordinary partnership comes close to almost doubling the number of public DCFCs across the country. We are pleased to have a lending partner like the CIB and look forward to working together to accelerate the expansion of fast and reliable EV charging, which is critical to Canadian EV adoption.

Louis Tremblay
President and CEO

In partnership with Natural Resources Canada (NRCan), we aim to triple the number of ZEV charging stations in Canada, contributing towards Canada’s goal of adding 50,000 new charging stations across the country.

Transitioning to low-carbon fuels

To reduce GHG emissions from hard-to-decarbonize sectors, such as petroleum extraction and refining, chemical manufacturing, steel, cement, freight haulage and transportation Canada must accelerate the development and use of carbon capture and storage (CCS), hydrogen, and clean fuels.

Many proponents of CCS and hydrogen projects seek greater certainty around the value of future carbon credits or offsets in order to make investment decisions. We engage with project proponents on potential financing that would help manage risks associated with the future value of GHG emission reductions and demand for hydrogen and clean fuels. We also work closely with federal departments, provincial governments and other Crown corporations to share information and coordinate support for projects.

Canada has natural advantages for producing hydrogen, but realizing this potential requires strong coordination between large projects – from expanding zero-emission hydrogen production to building efficient logistics systems. This is a key area where flexible financing from the CIB can accelerate projects.

In March 2023, we closed an energy transition investment in a green hydrogen/biomethanol facility led by **Enerkem** in Varennes, Quebec. This innovative plant will be Canada's largest biorefinery, using Enerkem's technology to convert non-recyclable waste into methanol that will be sold at a premium price. The CIB is providing a \$277 million loan to a joint-venture partnership between **Shell, Suncor, Proman** and the **Government of Québec** that will enable construction. The \$1.2 billion **Varennes Carbon Recycling** facility will include an electrolyzer to supply hydrogen and oxygen to produce renewable methanol for use in marine transportation and circular plastics. Commercial operations are expected to start in 2025. The facility is expected to cut more than 170,000 tCO₂e annually – equivalent to taking 50,000 cars off the road.

» Water and wastewater

Water and wastewater infrastructure is critical for safe drinking water, healthy environments, and economic growth. Municipalities, either directly or through municipally owned utilities, own and operate the vast majority of Canada's water infrastructure, including water and sewage treatment plants, piping, culverts and ditches, pumping stations, and storage facilities. In many communities this infrastructure is aging or no longer meeting standards. In Indigenous communities this situation can be even more acute, and more than 30 long-term drinking water advisories remain in effect.

In 2022-23, we continued to seek opportunities to attract private investment in the water and wastewater sector and actively coordinated with Infrastructure Canada. We executed several water and wastewater transactions in partnership with First Nations, discussed in greater detail in the Indigenous Infrastructure section of this report.



» Port Stalashen Wastewater



PUBLIC TRANSIT

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Public transit

We partner with public transit owners and service providers across the country to provide Canadians with cleaner and faster commutes. We provide innovative financing solutions for light rail transit, bus rapid transit, subways and transit-oriented development, and we specifically offer flexible financing for the purchase of zero-emission buses.

Our public transit investments, such as our investment in the Réseau express métropolitain in the Montreal area, are helping urban communities grow, reduce GHG emissions, and relieve congestion by shifting commuters out of personal vehicles.



11

investment commitments
(cumulative)



3

investment commitments
made in 2022-23



11

projects in investment
structuring

\$3.2B

committed
to date

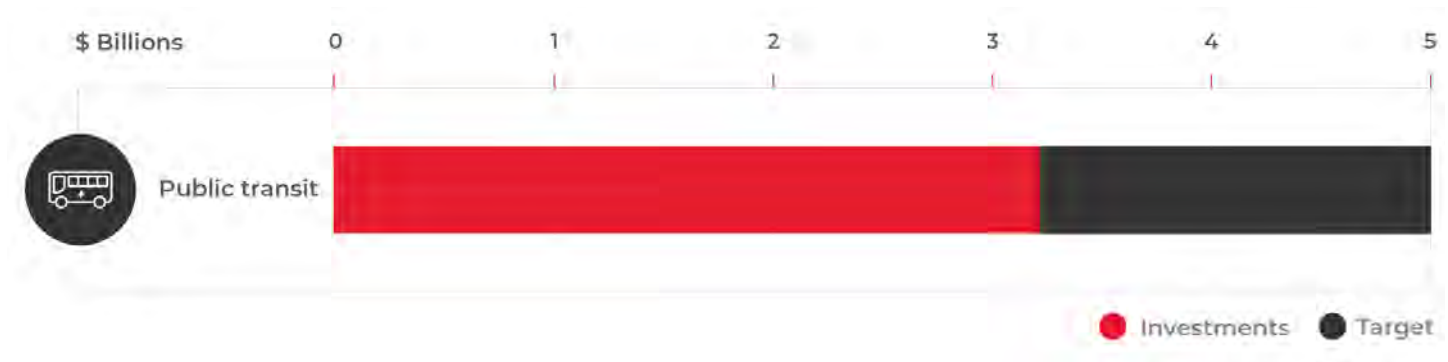


\$5B

long term target



➤ Progress towards long term investment targets (Based on investment commitments including financial closes)



➤ Zero-emission buses

We partner with public transit owners and service providers across the country to provide Canadians with cleaner and faster commutes. We provide innovative financing solutions for light rail transit, bus rapid transit, subways and transit-oriented development, and we specifically offer flexible financing for the purchase of zero-emission buses.

Our public transit investments, such as our investment in the Réseau express métropolitain in the Montreal area, are helping urban communities grow, reduce GHG emissions, and relieve congestion by shifting commuters out of personal vehicles.

Diesel buses emit significant greenhouse gases across Canada. Zero-emission buses (ZEBs) – electric battery or hydrogen fuelled – are quieter, reduce pollution and improve the transit experience for riders. Dozens of Canadian transit authorities and school boards are making the switch away from diesel.

Through direct loans to fleet operators, the CIB covers the upfront capital costs of zero-emission buses, which are double or triple the cost of diesel versions. Our loans are repaid from actual savings generated by the lower cost of operating ZEBs over their operating lives. We have committed more than \$1 billion to help transit agencies in Brampton, Edmonton, Ottawa, Durham Region and Calgary buy new vehicles, and nearly \$500 million towards school bus operators in Quebec and B.C. to modernize their fleets.

We started our ZEBs initiative by aiming to accelerate the adoption of at least 5,000 zero-emission transit and school buses. Combined, our \$1.6 billion in ZEB financing to date is expected to support the purchase of 5,300 ZEBs, exceeding our initial targets.

More than 200 vehicles are already on the road, including transit buses in Edmonton, and school buses in Quebec.

In 2022-23, we closed several new public transit investments that will reduce GHG emissions and give transit users a more comfortable ride. For example:

- » We closed our investment with the **City of Ottawa** on up to \$380 million to finance the purchase of up to 446 battery-electric buses by the end of 2027, which are estimated to save approximately 38,400 tCO₂e per year.
- » We partnered with the **City of Calgary** on a \$165 million investment toward the city's purchase of 259 battery-electric buses that will replace diesel buses, reducing GHG emissions by more than 10,000 tonnes per year.
- » We partnered with **Durham Region** on an investment of up to \$62 million to support the purchase of 98 battery electric buses, saving an estimated 6,525 tCO₂e per year.



» City of Edmonton ZEB



» Brampton Transit ZEB

City of Calgary



The partnership with the Canada Infrastructure Bank enables us to kick-start the transition of our public transit fleet from diesel to alternative fuels. It will help us lower our environmental impact while continuing to provide the service Calgarians expect.

Sharon Fleming
Director, Calgary Transit



» Durham Region ZEB



TRADE AND TRANSPORTATION

Trade and transportation

Our trade and transportation investments accelerate development of revenue-generating projects that support trade corridors and improve mobility within regions. These can include airports, ports, railways and logistic facilities, and road and bridge projects that increase the flow of people and freight, or shift these flows to lower-carbon modes of transportation.

Canada's investments in trade infrastructure have been declining relative to trade volumes since the 1980s. In its 2022 final report, the National Supply Chain Task Force projected that investments in railways and ports of nearly \$8 billion per year will be required to meet growth in Canada's population and economy.



3

investment commitments
(cumulative)



10

projects in investment
structuring

\$0.5B

committed
to date



\$5B

billion long
term target



➤ Progress towards long term investment targets (Based on investment commitments including financial closes)



Projects in this sector face unique challenges because they involve complex interdependent, multimodal systems, regulated by various levels of government. Our investments aim to expand capacity and alleviate bottlenecks, which often require financing structures that assume risks around volumes for new infrastructure. When considering trade corridor projects, we work closely with Transport Canada and Infrastructure Canada, and collaborate with provincial transport ministries to identify potential projects.

➤ Advising on port and rail upgrades

Through our project development experience, the CIB has built knowledge and processes to effectively evaluate a wide range of proposed investments in the early stages. By working from the outset to determine the potential public benefits and economic case, and refine project designs and financial structures, we help to accelerate project decisions.

We support government partners to advance a concept through front-end engineering design, engage with stakeholders, evaluate project economics, and structure financing options. Our advisory work equips government entities to engage with potential partners for financing. Even if the ultimate decision is not to proceed, a faster decision is valuable for all involved, allowing time and resources to be directed elsewhere.

Two infrastructure projects that illustrate the value of our advisory role are our engagements on the Ridley Island Export Logistics Platform and VIA High Frequency Rail project.



» **Port of Prince Rupert / Ridley Island Export Logistics Platform**

In 2022-23, we continued working with the **Prince Rupert Port Authority**, the federal government and private-sector entities to advance the development of the **Ridley Island Export Logistics Platform**. The project will include new bulk and breakbulk transload facilities, an intermodal rail yard and a container storage yard at the Port of Prince Rupert, Canada's third-largest port. These new facilities will enable the transloading of bulk commodities (such as plastic pellets, grains, specialty agriculture crops, lumber, and pulp) from rail into containers for export. The CIB has been advising on solutions that could address gaps in the project, such as uncertainty about container volumes and the revenue ramp-up period.

» **VIA High Frequency Rail**

In December 2018, the CIB was invited by **VIA Rail** and **Government of Canada** to assess the original business case for VIA's **High Frequency Rail (HFR)** project. This modernization project aims to deliver more frequent passenger train service connecting Toronto, Peterborough, Ottawa, Montréal, Trois-Rivières and Québec City. The project consists of building dedicated tracks covering more than 1,000 kilometres, which will reduce trip times, improve service reliability, and reduce emissions by getting travelers to switch from cars, planes and

buses. On September 4, 2019, the CIB and VIA Rail Canada established a Joint Project Office (JPO) where as an advisor and a potential investor, we collaborated on project due diligence and financial components, and helped to develop the proposed project's scope of work. The work of the JPO was completed on March 3, 2022. The federal government, led by Transport Canada, has started a competitive procurement process. It is in the process of identifying qualified candidates ahead of a forthcoming request for proposals. The goal is to select a private developer partner in 2024 to work with **VIA HFR**, the newly created subsidiary of VIA Rail, to design and develop the project.

As the HFR project progresses, we will continue to advise the government on the role of the private sector, with a view to facilitating a CIB investment and attracting private sector capital.

» **East Central Alberta Shortline Rail**

In 2022-23, the CIB made a contribution to accelerate consideration of a new rail line in Alberta. We agreed to work with the **Province of Alberta**, the **Special Areas and Oyen Development Corporation** and **Oyen Regional Rail Company Inc.** to explore the technical and financial feasibility of developing a shortline rail system in east central Alberta that would connect Oyen to an intermodal terminal in Alberta, which, in turn, would provide access to an export port on the West Coast. Such a shortline rail system would improve access to export markets, increase economic investment in the region, and provide additional capacity on rail systems to relieve shipping bottlenecks.

Supporting critical minerals

In December 2022, Canada released The Canadian Critical Minerals Strategy to increase the supply of responsibly sourced critical minerals that will support development of the green and digital economy. Noting that critical minerals are often located in northern and remote areas with limited access, the strategy identifies “building sustainable infrastructure” as a core focus. Investments such as roads and rail could support efforts to mine critical minerals needed in the global transition to a net-zero economy, and in 2022-23 the CIB began to explore such opportunities in collaboration with government departments.



BROADBAND

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Broadband

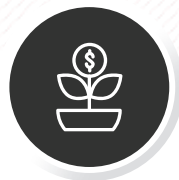
High-speed internet access is essential for learning, doing business, obtaining services such as health care and connecting with friends and family. Our broadband investments connect more rural and remote communities to these social benefits and economic opportunities.

We work on private sector broadband projects, as well as public sector programs such as Innovation, Science and Economic Development Canada's (ISED) Universal Broadband Fund and Ontario's Accelerated High-Speed Internet Program.



8

investment commitments
(cumulative)



2

investment commitments
made in 2022-23



5

projects in investment
structuring

\$1.7B

committed
to date



\$3B

billion long
term target



➤ Progress towards long term investment targets (Based on investment commitments including financial closes)



Broadband infrastructure in underserved areas is often too capital-intensive for private sector internet service providers to deliver in underserved areas. With low population density and lack of broadband infrastructure in rural and remote areas, the cost of connecting each household is very high. The CIB provides long-term debt at low cost, with flexible terms, to improve the financial feasibility and attractiveness of these projects to private investors and internet service providers. This allows broadband connectivity to expand at a quicker pace, and reduces subsidies required from government programs. We only invest in broadband projects that connect underserved Canadians, as defined by ISED.

Five broadband transactions reached financial close in 2022-23, providing capital to connect over 208,000 underserved households.

In January 2023, the CIB and **ATG Arrow Technology Group Limited Partnership** agreed to terms of an \$8.1 million loan that will help bring Indigenous-owned broadband infrastructure to northern Alberta. The new fibre optic network will connect underserved households in 20 Indigenous and four rural Alberta communities. Edmonton-based **Arrow Technology Group**, which serves companies and First Nations communities in western Canada, is responsible for construction, installation, operations and maintenance of the new service, and construction is underway. Our loan, alongside grant funding from various federal government funds, will support equitable access to online education, public services and e-commerce. This was the first broadband investment in our Indigenous Community Infrastructure Initiative.

Alexander First Nation



The internet has the power to equalize access to resources and knowledge for Indigenous communities. By providing access to the same resources and opportunities as the rest of Alberta, we can open a gateway to a brighter future for those who have previously been left behind.

George Arcand Jr.
Chief of Alexander First Nation

Construction continued on the **Manitoba Fibre** project, in which we are investing \$164 million. The project aims to provide up to 49,000 underserved households in rural Manitoba communities with dedicated fibre-to-the-home.

We also continued advisory work on the **Kivalliq Hydro-Fibre Link** project, which would bring broadband connectivity as well as hydroelectricity to five remote Inuit communities in Nunavut. More detail on our role is provided in the Indigenous Infrastructure section that follows.





INDIGENOUS INFRASTRUCTURE

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Indigenous infrastructure report

There is a substantial infrastructure gap facing Indigenous communities across Canada. Basic facilities such as water and wastewater treatment facilities, transportation links and broadband are examples of infrastructure that will improve the quality of life for Indigenous Peoples and better connect them to opportunities.

Investments in Indigenous community infrastructure have historically faced considerable barriers such as reliance on federal grant funding, a lack of private capital experience in financing Indigenous infrastructure projects, and a limited revenue base to service any financing. The remote nature of many Indigenous communities also leads to elevated costs for goods and services, including fuel and building supplies.

The CIB has a significant opportunity to help drive positive change. We are collaborating with First Nation, Métis and Inuit communities to explore and assess a wide variety of infrastructure projects that have potential to deliver sustainability benefits, advance reconciliation, and further economic inclusion through employment, training, education and commercial opportunities. To partner with Indigenous communities, we have expanded our Indigenous-focused team to include the necessary expertise to support infrastructure investment, advance reconciliation, and accelerate much-needed infrastructure projects.

Our role as investor and partner

The CIB has a target to invest at least \$1 billion across our priority sectors that will benefit and be in partnership with Indigenous communities across Canada.

We actively invest in projects alongside Indigenous communities and supports their development in three ways.

1. Through the Indigenous Community Infrastructure Initiative (ICII), the CIB provides loans to accelerate smaller community-owned infrastructure projects across our priority sectors. ICII is a unique approach to closing the infrastructure gaps with and for the benefit of Indigenous communities with features that allow for smaller projects on favourable terms and encourage direct Indigenous participation. Some projects in development under ICII include:

- » Transportation infrastructure to connect remote and rural Indigenous communities, such as our Investment in Tshiuetin Rail that connects three Innu First Nation communities in Quebec and Labrador.
 - » Investment in clean power, including our commitment to the Atlin Hydro project which will displace diesel through the delivery of clean power to the Yukon micro-grid.
 - » Green infrastructure investments that enable development of urban reserves and reserve expansion, such as our investment to support the expansion of the Netmizaaggaming Nishnaabe First Nation in northern Ontario and the Port Stalashen wastewater treatment facility with the Sechelt Indian Band in British Columbia.
 - » Broadband investments to support universal connectivity to minimum 50/10 mbps internet in Indigenous communities, such as the Arrow Technology Group investment which provides better connectivity 20 Indigenous and four rural communities in Alberta.
 - » Under ICII, we have made \$195 million in investment commitments across seven projects. Six of these have reached financial close. The outlook for additional ICII projects is strong: as of March 31, 2023, there were an additional 17 ICII projects in earlier stages or projects with long timelines, representing an additional \$843 million of potential Indigenous investment.
2. The CIB supports and encourages Indigenous participation in large-scale projects, including partnerships that ensure communities can benefit from the associated employment and investment outcomes. This recognizes the importance and impact of large-scale infrastructure and how it can benefit Indigenous communities. Examples include our Oneida Energy Storage project, where we are partnering with the Six Nations of the Grand River Development Corporation and creating internship opportunities for Six Nations community members, and the Bekevar Wind project, where we are investing in partnership with the Cowessess First Nation, Indigenous contractors and workers will benefit from available construction jobs, and First Nation members will gain access to training opportunities.

3. We also support Indigenous infrastructure by providing advisory expertise to accelerate project development and planning with the intent of advancing projects to a stage of investment readiness, as we are doing on the Kivalliq Hydro Fibre Link with the Kivalliq Inuit Association of Nunavut and the Georgina Island Fixed Link in partnership with the Chippewas of Georgina Island First Nation.

Indigenous infrastructure projects

ICII	Large scale
Achieved financial Close	
Arrow Technology Group Broadband	Oneida Energy Storage
Kahkewistahaw Landing Infrastructure	Bekevar Wind Power
Grasswoods Urban Reserve Wastewater Treatment Facility	
Netmizaaggamig Nishnaabeg Reserve Extension	
Port Stalashen Wastewater Treatment Plant	
Tshiuetin Railway	
Investment commitment	
Atlin Hydroelectric Expansion	

Project highlights from 2022-23

In 2022-23 the CIB made four Investment Commitments under ICII (Arrow Technology Group Broadband, Netmizaaggamig Nishnaabeg Reserve Extension, Port Stalashen Wastewater Treatment Plant and Grasswoods Urban Reserve Wastewater Treatment Facility). Each of these projects also reached financial close during the year.

With respect to large-scale projects with Indigenous participation, in 2022-23 the CIB made an investment commitment and reached financial close on the Bekevar Wind project. During the year, the CIB reached financial close on its investment in Oneida Energy Storage, one of the largest energy storage projects in Ontario which will provide clean, reliable power capacity by drawing and storing renewable energy during off-peak periods and releasing it to the Ontario grid when energy demand is at its peak. Combined with earlier investments and ongoing advisory work there is a robust portfolio of activity in this space. Three examples of our impact address the need for clean water systems, the importance of our advisory efforts and our broader efforts to advance inclusion in our projects:

Replacing aging water treatment plants

Water and wastewater infrastructure is critical for safe drinking water, healthy environments, and economic growth. This infrastructure, including water and sewage treatment plants, is aging and deteriorating, and the situation is worse in First Nations communities.

Through our investments, the CIB is helping to close the water infrastructure gap within First Nation, Métis and Inuit communities.

Near Saskatoon, the CIB is lending \$27.3 million to the Des Nedhe Group, the economic development company of the **English River First Nation**, to build a new wastewater treatment facility and critical infrastructure on the First Nation's **Grasswoods Urban Reserve**. When complete in 2024, the facility will advance the transition away from septic wastewater systems, reducing environmental impacts and supporting sustainable future development. It will also enable wastewater treatment services for a neighbouring rural municipality, and provide employment and training opportunities for First Nations community members. Des Nedhe Group will own and operate the facility, with initial operations and training led by **Saskatchewan Water Corporation (SaskWater)**.

On the West Coast, the **shíshálh Nation Government District (sNGD)** has owned and operated a wastewater treatment plant on shíshálh Nation lands near Sechelt, B.C., for 26 years.

Grasswoods Urban Reserve Wastewater Treatment Facility



Innovative business ventures like the one we're creating between Des Nedhe Group, English River First Nation and our partners have the power to not just drive revenue in the short term, but most importantly, support long-term self-determination for the community.

Sean Willy

*President and Chief Executive Officer,
Des Nedhe Group*

The plant had limited capacity, and had reached its end of life. Maintenance was both costly and difficult, as some parts used in the plant were no longer made. We agreed, with the sNGD, to lend more than \$6 million to support a new **Port Stalashen Wastewater Treatment Plant**. The new plant will enable economic growth, protect the ocean environment, and safeguard public health. It will serve 91 residential units already connected to the retiring plant and, with greater capacity than the old plant, a similar number of units on septic systems can be connected.

In northern Ontario, we finalized a \$7.9 million loan to support the **Netmizaaggamig Nishnaabeg** community (formerly Pic Mobert First Nation) in building critical infrastructure, including extensions of road, electrical and water services, that will enable new development on an expansion of the reserve. Netmizaaggamig Nishnaabeg added over 1,000 hectares of land to its Pic Mobert North reserve, on which this project will be situated. The CIB financing is helping to establish fully serviced building lots for multi-family affordable and social



» Grasswoods Urban Reserve Water Treatment Facility

housing, market and staff housing and commercial use to improve living standard and attract more off-reserve First Nation members to the community.

Advancing inclusion and reconciliation

Our work with Indigenous Peoples goes beyond investment and advisory work. We also are focused on Indigenous inclusion in various ways. For example:

- » We partnered with the Aboriginal Financial Officers Association (AFOA) to develop project finance training to build capacity for Indigenous communities. AFOA Canada collaborated with the CIB and TD Bank to develop a project financing certification program that will strengthen Indigenous Peoples' and communities' abilities to structure and manage large infrastructure projects. The new certification program will include modules on risk management, project financing, contracting and asset maintenance.
- » We meet regularly with communities to build the relationships and organizations that are critical for successful Indigenous investment. CIB team members promote Indigenous inclusion across the sectors in which we invest and are often featured at key conferences on infrastructure and economic reconciliation.
- » We review procurement processes and best practices to support Indigenous inclusion in selected consultants and service providers. When it comes to due diligence on deals, for example, we ask the legal and technical firms we work with to include Indigenous experts and people with Indigenous experience on their teams. It is important that the vendors we engage have the understanding and context required to meet the needs of the deal diligence and collaborate with Indigenous communities.
- » CIB hiring practices target opportunities to grow a diverse workforce that is inclusive of First Nation, Metis and Inuit people across various teams.

Delivering results

To monitor progress toward our \$1 billion target, we track the amount of investment commitments made in projects that will deliver direct benefits to Indigenous communities. As of March 31, 2023, the CIB had made investment commitments of \$316 million in projects alongside, and for the benefit of, Indigenous communities. These include projects under the ICII and a share of other projects when there is Indigenous equity participation, as is the case with our Oneida Energy Storage investment.

To measure the impact of our work, the CIB has tracked the number of Indigenous communities directly benefiting from the CIB's ICII projects. Based on the projects that have reached financial close, 27 communities have directly benefitted from CIB investment

Developing a new approach to track Indigenous impact

To the end of 2022-23, we have measured the impact of Indigenous investment by the number of Indigenous communities that benefitted from our investment. While this has helped to understand the impact we are having, the measure has limitations – some investments such as a wastewater treatment plant may benefit only one community, while others such as a broadband network may benefit dozens. We are engaging with Indigenous partners to develop an updated approach to assessing, measuring and tracking the benefits of CIB-financed infrastructure projects.

Looking ahead: Enabling Indigenous co-investment

While Indigenous communities have been able to negotiate the ability to purchase ownership stakes in infrastructure projects, they often lack access to affordable capital to make this happen.

In Budget 2023, the federal government announced that the CIB will provide loans to Indigenous communities to support their purchase of equity stakes in infrastructure projects in which the bank is also investing. These loans will be sourced from the CIB's existing funding envelope. The CIB is well positioned to take on this role with a pipeline of projects in which Indigenous communities are seeking capital for equity participation.



SUPPORTING THE INVESTMENT PROCESS

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Supporting the investment process

A centre of expertise

The CIB's knowledge and research activities are an additional way to have a positive impact on the evolution of infrastructure investment in Canada. Participating in and supporting high-quality research related to our mandate does more than support our overall corporate and investment objectives – it helps inform and develop projects undertaken with our partners, promotes informed policy and investment choices in the sector, and positions the CIB as a centre of expertise and leading voice in helping to solve Canada's infrastructure challenges. Our knowledge and research activities take place across a spectrum, ranging from commercially oriented activities that yield insights on markets and CIB investment opportunities, to publicly oriented work that can inform governments, industry and infrastructure sponsors on issues, challenges and solutions. The CIB puts greater emphasis on research initiatives that shape our internal investment strategy and catalyze or accelerate projects in our priority sectors than on general infrastructure topics. The research that we support with expert third parties is publicly available.

In 2022-23, we supported the following research projects:

- » **Secure Smart Cities: Making Municipal Critical Infrastructure Cyber Resilient** (Cybersecure Policy Exchange at Toronto Metropolitan University) – This study examined the challenges and needs of municipalities to secure their critical infrastructure from cyber threats, considered the policy landscape, and produced a set of recommendations.
- » **Green Retrofit Economy Study** (Delphi Group and the Canada Green Building Council) – This study identified how to scale up retrofits, including industrial, commercial, and large residential buildings, and examined workforce capacity and supply chains. It listed barriers, opportunities and key recommendations.

- » **Land Value Capture** (University of Toronto) – In April 2023, the University of Toronto’s Infrastructure Institute released a research paper supported by the CIB, entitled Land Value Capture Study – Paying for Transit-Oriented Communities. Land value capture recognizes that transit leads to increased value for landowners in the vicinity and leverages “value uplift” – fees, changes and levies on landowners for reinvestment in the community. The study identified various land value capture tools, looked at the policy landscape, and examined options for revenue flows to fund public services. Among the findings, the study outlined how the CIB could play a key role in sharing risk and leveraging private capital to expand land value capture.

We are supporting or pursuing other research on topics that align to our investment priorities, including electricity capacity and electricity transmission, trade bottlenecks, investments to adapt to and mitigate the impacts of climate change, and the development of hydrogen hubs.

Managing our assets

In keeping with the growth of our portfolio, we have a dedicated asset management team to work with counterparties on executing terms of our agreements, actively monitor investment performance, and perform other activities related to managing the portfolio.

Monitoring investment performance entails collecting relevant information and measuring performance over the life of the investment, including tracking construction, financial performance and impact outcomes, and monitoring risk. We ensure that CIB investments are contributing to expected outcomes and that risks are appropriately monitored, measured and, where appropriate, mitigated. The team also identifies opportunities for additional impact and value-creation activities.

Investment outlook

We regularly engage with private investors, commercial lenders and other national and global infrastructure players to understand the appetite for investments in different project types and specific projects.

Through this work we have developed a pipeline of potential investments in each of our priority sectors, several of which are in the appraisal and investment structuring stages of the CIB investment process.

The table on the next page provides an overview of projects in the later stages of our investment process. For context, the table captures prospective projects in investment structuring (Stage 3), those in investment commitment and final diligence (Stage 4) and those that have reached financial close (Stage 5).

Stage 3 projects are a leading indicator of potential investment commitments, and at fiscal year-end amounted to more than \$14 billion in potential CIB capital to deploy, which exceeds the \$9.7 billion in investment commitments made to date.

 Projects in progress and pipeline (as of March 31, 2023)

	Stage 3: Investment structuring and commitment	Stage 4: final negotiations and closing	Stage 5: Funding monitoring and exit	Total (Stage 3-5)
Sector	Investments where the CIB has assessed the opportunity; determined it is likely to meet its investment criteria and is in negotiations on a term sheet. Not all of these investments will ultimately reach Stage 5.	Investments where the CIB has executed a term sheet with the project partner and is in the final stages of due diligence and closing	Investments where the CIB has executed an investment agreement and reached financial close with the project partner	
	#	#	#	
Public transit	11	0	11	22
Clean power	19	1	6	26
Green infrastructure	11	2	15	28
Broadband	5	1	7	13
Trade and transportation	10	0	3	13
Total	56	4	42	102



CORPORATE ACTIVITIES AND OPERATIONS

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Corporate activities and operations

In the five years since the CIB was created, our organization has grown in terms of staffing, capabilities and maturity, enabling the accelerating pace and broader scope of our activities. Initially, we focused on building our investment teams, as they were foundational to our role as an impact investor. Recently we have grown the staff complement in other critical functions to ensure our investment teams are well supported and set up for success.

The CIB offices are located in Toronto, with additional staff located in Montreal and Calgary to build relationships and support our activities across the country. As of March 31, 2023, the CIB had 122 employees, compared to 92 a year earlier. We are continuing to build our capabilities in investments and key business functions including asset management, information technology, communications, and strategy. This is critical to support the greater volume of investment activity at the CIB and ensure prudent and responsible management of our growing portfolio. In January 2023, after extensive engagement within the organization, we refreshed our culture statement to emphasize our aspiration of making an impact. We also updated our organizational values which are:

- » **Make it better, for Canada**
- » **Break new ground**
- » **Be the best of public and private**
- » **Celebrate our differences**

A lot of organizations talk about making a difference. At the CIB, we actually do it every day. We are a flexible and diverse team of problem-solvers with a unified purpose: we put our heads together to creatively drive transactions that address some of our country's most complex infrastructure challenges.

Regardless of one's role or level, at the CIB, everyone has a voice and people listen.

Diversity and Inclusion

We are committed to providing CIB employees with an inclusive, equitable, and respectful workplace and environment – one in which our employees can bring a range of knowledge, ideas, and approaches and perform at their highest level. We strive to create a positive employee experience by focusing on attracting diverse candidates – talented individuals with diverse backgrounds and experiences -- and providing development opportunities and experiences that make the CIB a place to learn and grow.

Our Diversity and Inclusion (D&I) Committee, established in the fall of 2021, acts as a discussion and advisory body on D&I related policies, programs, and initiatives. The committee is composed of diverse individuals from across the organization whose efforts are augmented by the work of three sub-committees relating to recruitment and retention, talent management, and education. In 2022-23, our D&I Committee was also consulted in the development of our multi-year Accessibility Plan (see below).

We conducted an employee engagement survey in February 2023 and received a strong engagement score that bettered the benchmark of our peer group. In those areas strongly correlated to organizational engagement, including executive leadership effectiveness, diversity and inclusion, and organizational culture, the CIB scored highly. Going forward, we will continue to focus on these areas of strength as well as broaden our efforts on growth and development initiatives, the hybrid work/employee experience, and total rewards transparency.

Committed to accessibility

We are committed to creating a barrier-free experience for all persons with disabilities, including our employees, clients, suppliers and other stakeholders. Our multi-year Accessibility Plan, released in December 2022, is our strategy and roadmap for meeting our accessibility commitments and goals. In developing the plan, we were guided by the following guiding principles:

- » integrate accessibility and disability inclusion into our organizational D&I strategy
- » take deliberate action to create a barrier-free experience for persons with disabilities

- » embody the Government of Canada’s “Nothing without us” strategy by actively consulting persons with disabilities in key decisions and the implementation of our plan
- » create a culture of inclusion by integrating accessibility into our day-to-day behaviours
- » raise awareness of the importance of accessibility and inclusion of persons with disabilities

Through consultations and research in developing our Accessibility Plan, we unearthed opportunities to:

- » increase the CIB’s representation and inclusion across a wider range of disabilities
- » improve accessibility in our recruitment, onboarding and employment processes
- » ensure accessibility of our workspaces by establishing an accessibility standard
- » provide training to leaders, people managers and employees and expand internal communication about accessibility
- » ensure our website, digital assets, client documents, meetings and events are accessible

Our Accessibility Plan contains detailed actions to eliminate barriers and improve accessibility. The plan is available on our website or by request in various formats (large print, braille, audio, and electronic formats compatible with adaptive technology).

Hybrid work environment

The CIB operated under our business continuity plan from March 2020 until late March 2022, with employees working remotely during the COVID-19 pandemic period. At the start of 2022-23, we began a gradual return to normal operations with an ongoing focus on health and safety.

We have officially adopted a hybrid work environment for all employees. We believe in the power of teams being together in person, but we also value the flexibility that comes with remote work. Our employees work in the CIB’s offices an average of three days per week. The hybrid environment supports our employees with the option to work remotely, while promoting cross-functional and team collaboration on the days when we convene in the office.

Transparency

We are committed to being open and transparent with Canadians about our operations, investments and decision-making processes, while respecting the confidentiality of commercially sensitive information.

Our corporate plan identifies multi-year corporate objectives and planned actions that are aligned with our strategic priorities. We publish a summary of our corporate plan each year. We are accountable to our shareholder and to Canadians for achieving the planned results. We discuss our performance during our annual public meetings, in quarterly financial reports, our 2022 Sustainability and Impact report, and annual reports.

Key corporate policies on the CIB's operations and decision-making processes, including its Procurement Policy, Investment Policy and Code of Conduct, are available on the CIB's website in the [About Us](#) section. The same section also includes current and archived reports and public meeting materials, travel and hospitality expense reports for board members and executives, and annual reports on the Privacy Act and Access to Information Act.



RISK MANAGEMENT

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Risk management

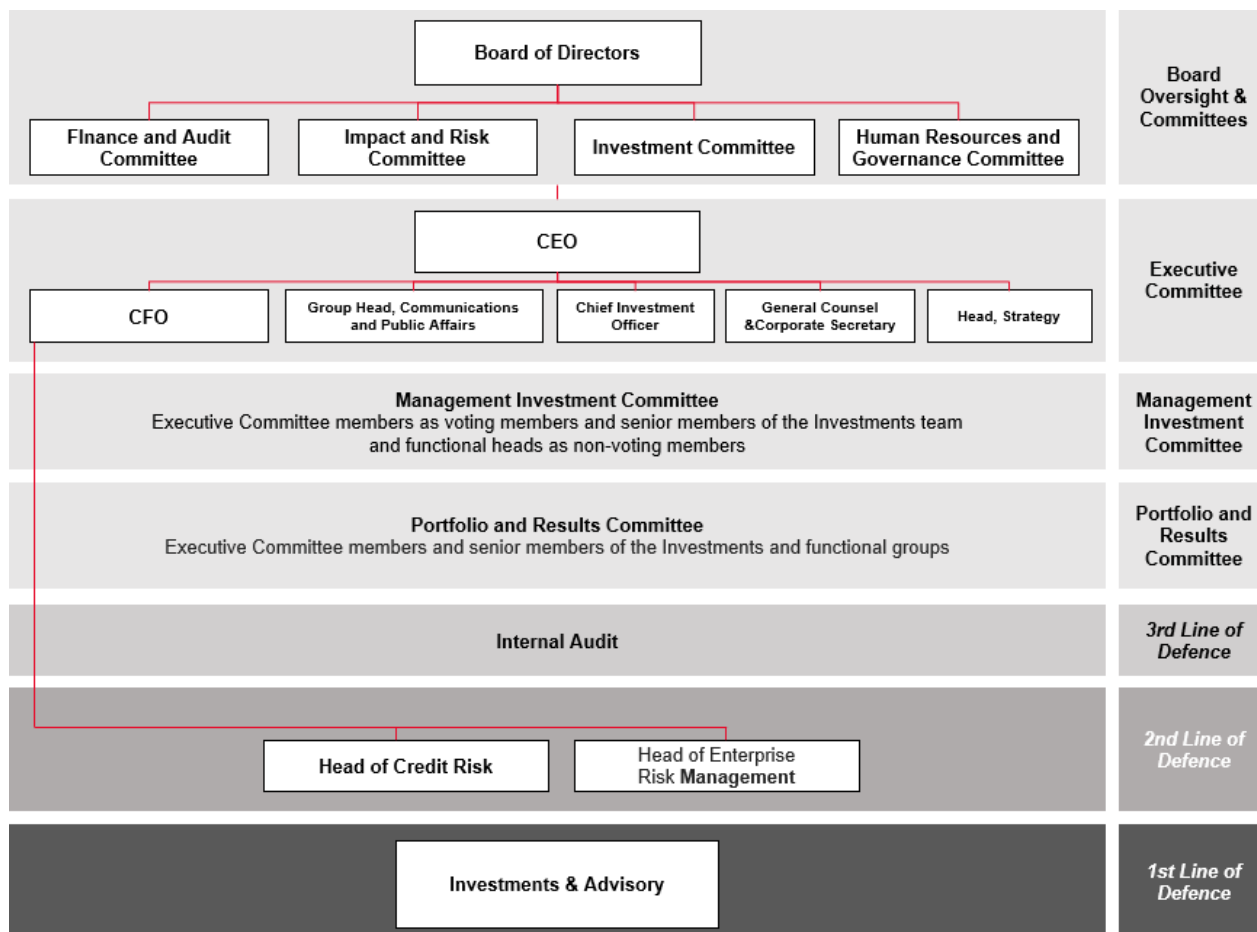
The CIB was created as a risk-taking institution. Assuming risk is an essential part of our business, given our specific mandate and business model, which differ materially from those of traditional financial institutions.

Our mandate is to finance revenue-generating projects that are in the public interest, and the nature of our activities requires us to assume higher risks than those the private sector is willing or able to accept. By assuming higher risk, we are able to attract greater private sector investment allocation to Canadian infrastructure projects, helping to advance projects that otherwise would not proceed.

We therefore look at risk differently than other investors do. We don't price our investments solely for risk -- we price and structure our participation to deliver and, where possible maximize, public impact outcomes. The measurement of risk against a project's expected public impact outcome is evaluated at the management level and put forward for recommendation to the Board.

Risk governance

Risk governance is well established at the CIB. We use the three lines of risk governance (or three lines of defence) model, illustrated below. This is supported by an enterprise risk management (ERM) framework, risk management processes and procedures, and risk management training.



The CIB’s Investments team (as the first line) is responsible for implementing the Investment Policy, which sets out the parameters, guidelines and investment decision-making process designed to ensure appropriate risk-taking. Our legal, finance, credit risk, strategy and communications teams also have roles in risk management through, for example, due diligence of investment opportunities, documentation of risks and mitigants, and participation in decision making.

In addition, during 2022-23, we restructured our risk function, replacing a Head of Risk with a Head of Credit Risk and Head of Enterprise Risk (the second line), recognizing that these two areas are distinct from each other.

The CIB maintains an independent internal audit service (the third line) to ensure effective internal controls and processes, and this function reports directly to the Finance and Audit Committee of the Board.

As described in the Governance section of this annual report, the Management Investment Committee (MIC) reviews and recommends the Investment Policy to the Board for approval; monitors compliance with the policy, parameters and approval limits established by the Board;

and reviews investment proposals for recommendation to the Board or approves proposals within specific parameters and approval limits.

The CIB's ERM program is focused on identifying, assessing, mitigating and monitoring risks that may represent both threats and opportunities when it comes to meeting our objectives. Through the ERM program, management tracks potential issues on a risk register and provides quarterly enterprise risk dashboards to the Impact & Risk Committee of the Board. These include reporting on the CIB's top and emerging risks, performance against risk appetite, and key risk indicators.

We are in the process of building a strong risk culture with the goal of addressing and mitigating potential challenges early and efficiently to support informed, risk-based decision making.

Our organization is expanding in size and scope. We are considering a wider range of potential investment opportunities and building a growing portfolio of assets. Our ERM practices, credit policies and procedures, and employee training are evolving to keep pace with this growth and increasing maturity, and we will continue aligning with best practices and leading global risk frameworks.

Investment risk

Since 2021-22, the CIB's Investment Framework has governed our investment decisions. It provides the evaluation criteria and thresholds for all our investment decisions and focuses on the relationship between investment risk and public impact outcomes to be achieved.

Our Board-approved Investment Policy specifies that projects and related risks are overseen by our MIC and the Investment Committee of the Board at key decision points, under the oversight of the full CIB Board. We take a systematic and disciplined approach to project origination and evaluation, with appropriate risk management.

As an investor, we face risks commonly associated with investment activity. These include partnership risks such as commercial disputes or an inability to attract partner investment into projects; credit risk; and macroeconomic risks, such as interest rate fluctuations, that can affect CIB assets.

We have established target capital allocation ranges by priority sector – not by geography or fiscal year. Given the nature of the CIB mandate, we will always have a more concentrated set

of risk exposures than would be typical for an infrastructure investment portfolio of similar size. Sectoral and industry concentration risks are an unavoidable consequence of our strategic focus on priority sectors, and our role in the marketplace.

To assess risks, we use an internal risk rating methodology applicable to project finance transactions. This provides for a consistent approach to risk rating transactions. With respect to corporate borrowers, the CIB uses an industry standard corporate debt rating system.

Fiscal impact

Of the \$35 billion that the CIB has been allocated to participate in infrastructure transactions, the Government of Canada anticipates expensing \$15 billion against the fiscal framework. The CIB seeks to maximize the infrastructure it delivers and our resulting outcomes within this envelope.

The CIB does not make grants, where the total expense can be estimated with accuracy at the time of decision. Instead, it makes investments which have a distribution of outcomes. The CIB's risk function estimates the provisionary losses on its investments prepared at the time of the investment decision and are regularly reviewed over the life of the investment. This estimate is primarily based on construction risk, operational and financial structuring risk factors and evolves through the life of the transaction in response to the performance of the investment, and ultimately results in the return or loss of the CIB's capital. Like any investment, there is a likelihood that actual investment financial performance will diverge from expectations.

The CIB is also starting to assess unexpected provisionary losses that capture the extent to which losses exceed expected levels under various scenarios. The bank's mandate creates exposures with a higher level of uncertainty around inherent project risks, thereby raising the possibility of higher loss estimates. Unexpected losses will continue to be re-evaluated to reflect current market conditions, and inherent risks in investments and credit quality, all factors that change over the life of a transaction. The CIB's current and potential future investments are often in sectors in their technological infancy not traditionally serviced by other financial institutions. Risk factors are, therefore, not easily quantified and the application of standard measures of volatility is challenging. Accounting standards do not allow the full, upfront recognition of these risks within the CIB's financial statements. For financial reporting

purposes, credit deterioration is captured through a general valuation allowance that is applied to each loan and is based on a short-term estimate of portfolio credit risk that is monitored on an ongoing basis and adjusted with changes in credit risk. A specific valuation allowance is established in instances of known impairment events that would reduce their expected recoverability. Together these represent the loan valuation allowance provision that is recorded against the loan receivable.

For accounting purposes, investments are recognized at cost unless the concessionary terms are significant and exceed 25% of the face value of the loan using the Government of Canada borrowing as the discount rate. Where a loan is deemed to be significantly concessionary relative to the face value by discounting using the Government of Canada average cost of borrowing, it is recognized at a cost equivalent to the face value less the discount on a prorated basis as funds are advanced. The recorded value of the loan at the date of issue is its face value offset by the discount which is subsequently amortized to revenue in a rational and systematic manner over the term of the loan using the effective interest rate (“EIR”) method. The discount would initially be expensed and then subsequently amortized by increasing the loan balance and crediting revenue.

The CIB is consistently refining its analysis to ensure it maximizes the impact of its investment activities which remain within the fiscal expense envelope established by the Government of Canada.

Project development risks

We invest in infrastructure projects that are procured and delivered by our partners, and can face project development risk, such as delays or cost inflation.

Proponents must lead their projects through development and manage the associated risks and challenges. Decisions on whether to proceed with a project, and how to manage risks, are usually made by the project sponsor, rather than the CIB. Major projects may fall behind their original schedule for many reasons, including coordination of funding sources and supply chain disruptions, and costs may increase due to labour and/or material shortages.

We structure CIB investment agreements recognizing these dynamics and include provisions in financing agreements that protect CIB investments while enabling the project to proceed.

When an investment reaches financial close, our Asset Management team monitors risks in construction, operations, maintenance, lifecycle and financial performance on an ongoing basis.



GOVERNANCE

Canada Infrastructure Bank | Banque de l'infrastructure du Canada

Governance

The CIB is a federal Crown corporation established under the Canada Infrastructure Bank Act and subject to federal legislation and policies that apply generally to Crown corporations, including Part X of the Financial Administration Act. The CIB is accountable to Parliament through the Minister of Intergovernmental Affairs, Infrastructure and Communities (the Minister).

Legislative review

The Minister undertakes a review of the legislative provisions and operations of the CIB Act every five years. The first review since the CIB Act came into force was launched in June 2022 and the CIB provided input into this exercise.

The legislative review sets out to assess:

- » whether the policy premises and context that underpinned the creation of the CIB are still sound and pertinent;
- » whether the CIB's legislated mandate and authorities to support its operations remain relevant in the context of an evolving policy and infrastructure landscape; and
- » whether changes or clarifications are needed to position the CIB going forward.

The Minister tabled a report on the review in Parliament in June 2023.



BOARD OF DIRECTORS

Canada Infrastructure Bank | Banque de l'infrastructure du Canada

Board of Directors

In accordance with the Financial Administration Act and the CIB's by-laws, the CIB board of directors (the Board) is responsible for the supervision of the management of the businesses, activities and other affairs of the corporation.

The CIB is governed by an independent Board composed of the Board Chair and not fewer than eight, but not more than 11, other directors.

The Board Chair is appointed by the Governor in Council on the advice of the Minister for a term that the Governor in Council considers appropriate. Each director is appointed by the Governor in Council for terms not to exceed four years. All directors are eligible for reappointment when their term expires. In December 2022, the Minister appointed Michael Bernstein and Andrée-Lise Méthot to the Board for four-year terms, replacing James Cherry and Christopher Hickman, whose terms had expired.

As of March 31, 2023, the Board was composed of 11 directors, including the Board Chair. Collectively, the directors possess a balance of professional skills, infrastructure expertise and investment experience, and reflect gender, linguistic, cultural and regional diversity. Women make up 64% of the Board, and 18% of directors self-identify as a member of a “designated group” as defined in the Employment Equity Act (Canada), including visible minorities, persons with disabilities, and Indigenous Peoples. Moreover, 35% of the directors use French as their first official language spoken or are bilingual (English-French).



● Female ● Male



● West ● Ontario ● Québec ● Atlantic

The table below sets out the board members, their appointment dates, and terms. Director biographies and corporate governance policies applicable to the Board, including charters, policies and the Code of Conduct for Directors, are available on the CIB's website.

Director	Location	Appointment date	Term
Tamara Vrooman Chair	Vancouver, British Columbia	January 27, 2021	4 years
Kimberley Baird	Delta, British Columbia	November 16, 2017	2 years*
Michael Bernstein	Toronto, Ontario	December 2, 2022	4 years
Jane Bird	Vancouver, British Columbia	November 16, 2017	4 years*
David Bronconnier	Calgary, Alberta	November 16, 2017	3 years*
Michèle Colpron	Saint-Lambert, Québec	November 16, 2017	4 years*
Bruno Guilmette	Montréal, Québec	June 1, 2018	4 years*
Andrée-Lise Méthot	Frelighsburg, Québec	December 2, 2022	4 years
Poonam Puri	Toronto, Ontario	November 16, 2017	3 years*
Stephen Smith	Toronto, Ontario	November 16, 2017	4 years*
Patricia Youzwa	Regina, Saskatchewan	November 16, 2017	3 years*

** Although their terms have expired, these directors continue to hold office until their successor is appointed or until renewed, as permitted under the Canada Infrastructure Bank Act.*

Board competency profile

The Board has developed and maintains a Board Competency Profile based on the knowledge areas, types of expertise, core competencies, gender diversity and geographical representation required by individual directors and the Board as a whole. The Board Competency Profile articulates to the shareholder the desired mix of experience, expertise and other attributes required by the Board and any gaps to inform the director appointment process.

Skills and experience	Definition
Senior leadership experience	Experience as a senior executive of a public company, Crown corporation or other major organization; experience in developing and implementing a strategic plan within a major organization.
Accounting/ financial literacy	Experience as a senior financial officer of a public company, Crown corporation or major organization or experience in financial accounting and reporting, and corporate finance (familiarity with internal financial controls, Canadian GAAP, and/or Public Sector Accounting Standards).
Risk management	Experience or strong understanding of enterprise risk management systems, procedures and practices, including internal risk controls, risk assessments and reporting.
Talent management/ compensation	Experience in, or strong understanding of, executive compensation programs and benefits, talent management/retention, leadership development, diversity and inclusion, and succession planning.
Government/ Public sector	Experience in, or strong understanding of, the workings of federal, provincial, territorial, municipal and/or Indigenous governments; knowledge of public policy and the regulatory environment in Canada in the context of highly regulated industries.
Governance	Experience as a board member of a public company, Crown corporation or other major organization; experience with leading corporate governance practices and overseeing a culture of accountability and transparency.
Relationships with Indigenous communities	Experience in, or strong understanding of, community relations and building partnerships and positive relationships with Indigenous groups to enhance economic and social development.
Project finance and investments	Experience in structuring and executing public private partnerships, project financings and complex transactions with private sector and institutional investors, and other entities in both the private and public sectors.
Project development	Experience in a major organization in the power/utilities, transportation or infrastructure sectors with responsibility for large-scale, long-term project development.
Project management/ construction	Experience in managing and executing large scale infrastructure projects through to operations; strong understanding of construction and construction-related risks, mitigation and overall management.
Environment/ climate change	Strong understanding of strategy, execution and compliance with sustainable development practices, including as it pertains to environmental practices, climate change and sustainability reporting.

Board responsibilities

The Board is responsible for the overall governance of the corporation in accordance with the Canada Infrastructure Bank Act and its by-laws. The Board has adopted a charter to promote its effectiveness, including with respect to the following:

- » oversee the management of the businesses, activities and other affairs of the corporation
- » approve the corporate plans and budgets that set out the corporation's strategic direction in alignment with the Minister of Intergovernmental Affairs, Infrastructure and Communities' Statement of Priorities and Accountabilities
- » approve the corporation's annual reports and quarterly financial reports
- » set performance targets and monitor the corporation's progress and results
- » appoint the Chief Executive Officer, set his annual performance objectives and evaluate his performance
- » approve the enterprise risk management (ERM) framework and ensure that the principal risks of the corporation's business are identified and well-managed
- » approve the investment policy governing the decision-making with respect to the corporation's investment activities
- » oversee the corporation's talent management practices, culture and ethical conduct
- » ensure the highest standards of corporate governance and Board effectiveness are respected

The Board has established a regular process for evaluating its performance. This process includes evaluating the performance of the Board Chair, Board committees, and the contributions of individual directors. Assessments are conducted through surveys, and director interviews conducted by the Board Chair. The outcomes from the last assessment completed in early 2022 are reported in the 2021-22 Annual Report. With several new Directors recently joining the Board, the next assessment will occur during the 2023-24 financial year.

Board committees and reports

The Board is supported by four standing committees. All directors serve on at least one Board committee and the Board Chair is an ex-officio member of all committees.

The table below sets out the highlights from the delegated responsibilities completed for each of the Board Committees over the financial year. The Board also reviewed and updated the membership of the Board Committees following the appointment of the new directors. Board Committee memberships are reported as of April 1, 2023.

Charters for the Board and each of the committees can be found at www.cib-bic.ca.

Finance and Audit Committee

Members	<ul style="list-style-type: none"> » Michèle Colpron (chair) » Michael Bernstein » Dave Bronconnier » Bruno Guilmette » Tamara Vrooman (ex officio) <p>All members are financially literate with regards to the corporation's accounting and financial issues, and the chair is a financial expert.</p>
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Highlights for 2022-23 financial year

Financial reporting and internal Controls	<ul style="list-style-type: none"> » Oversaw the CIB's annual and quarterly financial reporting process and recommended the quarterly and annual financial reports for approval by the board » Reviewed significant areas of accounting and disclosure judgment and key audit matters, including allowances for credit losses and adjustments made to expected credit losses » Reviewed disclosure controls and procedures and internal controls over financial reporting as well as received updates on the control environment, including associated risks and corrective actions
External audit	<ul style="list-style-type: none"> » Discussed with the external auditors, their responsibilities in performing the audit, their determination of areas of significant audit risk, and reviewed and approved the annual audit plan and associated fees for BDO Canada LLP (as joint external auditor) » Discussed with the external auditors key accounting risks and judgments made by management » Received written confirmation from the Auditor General of Canada and BDO Canada LLP of their independence » Assessed BDO Canada LLP's effectiveness and recommended to the board for recommendation to the Minister the appointment of BDO Canada LLP as the joint external auditor for the 2022-23 financial year
Internal audit	<ul style="list-style-type: none"> » Reviewed and approved the annual internal audit plan and monitored its execution » Reviewed quarterly reports of internal audit activities, findings and recommendations, including management responses. » Assessed the Internal Auditor's performance
Legal and compliance	<ul style="list-style-type: none"> » Received updates from the General Counsel & Corporate Secretary on legal matters and compliance with federal legislation and policies that apply generally to Crown corporations, including with respect to disclosures of wrongdoing, access to information and procurement activities » Reviewed and approved updates to significant compliance policies for business continuity planning and travel and hospitality
Oversight of finance function	<ul style="list-style-type: none"> » Received updates on operational activities, including with respect to build out of the asset management, credit risk functions, as well as IT strategy and roadmap to effectively support the organization's activities
Other	<ul style="list-style-type: none"> » Held separate in camera sessions at the end of each meeting with the external auditors, the internal auditor, and the Chief Financial Officer

Human Resources and Governance Committee

Members	<ul style="list-style-type: none"> » Stephen Smith (Chair) » Jane Bird » Kimberley Baird » Poonam Puri » Tamara Vrooman (ex officio)
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Highlights for 2022-23 financial year

HR Strategy and policies	<ul style="list-style-type: none"> » Received reports on the HR initiatives, including the CIB's employee value proposition and professional development and learning initiatives to motivate and retain high performance employees » Received update on the inaugural Accessibility Action Plan adopted under the Accessible Canada Act » Monitored the CIB's organizational structure, recruitment activities and employee turnover » Reviewed and discussed the results of the employee surveys on engagement and diversity and inclusion
CEO compensation and performance	<ul style="list-style-type: none"> » Reviewed the performance assessment of the CEO against the corporate and individual objectives for the 2021-22 financial year and recommended to the Board the CEO's performance rating for recommendation to the shareholder » Held joint meeting with the Impact and Risk Committee to review and recommended to the Board the short-term and long-term performance objectives and metrics for the 2023-24 to 2027-28 planning period and made recommendations to the Board
Executive and employee compensation and succession planning	<ul style="list-style-type: none"> » Reviewed and approved the total bonus pool for employees, including incentive compensation and merit pay increases for executive officer » Reviewed with the CEO the performance of members of the executive management team and approved their total compensation » Reviewed with the CEO the succession and talent management plans for executive officers and other senior leaders » Received updates on the recruitment and offer of employment for the Head, Human Resources position
Corporate governance	<ul style="list-style-type: none"> » Reviewed the Board's corporate governance policies and recommended to the Board updates to the Board and Committee Charters, as well as the Code of Conduct for Directors » Reviewed amendments to the Investment Committee Charter to improve the effectiveness of the Committee's operations
Board succession planning	<ul style="list-style-type: none"> » Reviewed the advice to the Minister with respect to the Board's succession to inform the Minister's process to move forward appointments and re-appointments to the Governor in Council
Oversight of corporate policies	<ul style="list-style-type: none"> » Received reports from the General Counsel & Corporate Secretary and approved updates to the CIB's Compliance Policy Framework, as well as the Conflict of Interest Policy for Employees and the Health and Safety Policy » Received reporting provided under the Access to Information Act, the Privacy Act, and the Public Servants Disclosure Protection Act

Impact and Risk Committee

Members	» Patricia Youzwa (Chair)
	» Michael Bernstein
	» Jane Bird
	» Kimberley Baird
	» Andrée-Lise Méthot
	» Tamara Vrooman (ex officio)

Highlights for 2022-23 financial year

Portfolio allocation and impact objectives	» Held joint meeting with the Human Resources and Governance Committee to review and recommend to the Board for approval the portfolio allocation and long-term impact objectives included in the corporate plan for the 2023-24 to 2027-28 planning period
Investment programs and initiatives	<ul style="list-style-type: none"> » Reviewed and recommended to the Board new investment initiatives from Budget 2022, including the Charging and Hydrogen Refuelling Infrastructure Initiative and project acceleration initiative to accelerate private sector-led infrastructure projects to transition to a low-carbon economy » Received reports from management on annual review of investment programs and recommended to the Board updates to the Building Retrofits Initiative
Portfolio reporting	<ul style="list-style-type: none"> » Reviewed quarterly portfolio reports describing the performance of the CIB's investments and portfolio towards the corporate objectives and the long-term public impact outcomes set out in the corporate plan » Reviewed reports on asset management activities for closed investments, including financing provided, project schedule and milestones
Public impact and sustainability	<ul style="list-style-type: none"> » Reviewed and approved the measurement standard for quantifying greenhouse gas emission reductions for infrastructure projects » Received updates from management on the CIB's approach to measure impacts for Indigenous community infrastructure projects » Reviewed and recommended to the Board the CIB's Sustainability and Impact Report, including disclosure of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)
Risk Management	<ul style="list-style-type: none"> » Received management presentations on risk management activities, including initiatives underway to improve the risk function and reporting of fiscal impact » Reviewed and recommended to the Board the updates to the Enterprise Risk Management Framework and Policy and received update on the work plan and deliverables to mature the ERM function and reporting, including updates to the risk register, risk appetite statements and key risk indicators

Investment Committee

Members

- » Bruno Guilmette (Chair)

The Investment Committee is comprised of all directors and operates as a “Committee of the whole Board”.

Highlights for 2022-23 financial year

Investment activities

- » Reviewed and recommended to the Board for approval 43 investment memorandums, including preliminary investment proposals (for investment commitments), backstop commitments and final investment commitments for projects proceeding towards financial close
- » Received an update on the CIB’s response to managing exposures to increased fiscal impact in projects due to the rising interest rate environment
- » Received reports from the Chief Investment Officer on investments approved under the investment authorities delegated by the Board to the Management Investment Committee
- » Reviewed investment structure and approach to invest in large-scale transmission projects in the Clean Power priority sector

Investment policy

- » Reviewed and recommended to the Board amendments to the Investment Policy to incorporate the investment framework for making investment decisions and the update the decision-making process for previously approved investment commitments and for projects that meet specified conditions

Project development and monitoring closed investments

- » Received status updates on project milestones and deliverables with respect to significant advisory mandates and project acceleration requests
- » Received regular updates from the Chief Investment Officer on the status of projects received and under assessment, including projects that were deemed out of mandate and updates on projects expected to reach a major milestone over the coming quarters
- » Received reports from management on deep dives into specific regions, sectors, themes, including Energy Transition, Indigenous infrastructure projects, projects in Western Canada, projects in Atlantic Canada
- » Received reports from the Chief Financial Officer and Head of Finance and Asset Management on the annual review of infrastructure projects financed by the CIB

Meeting attendance

The table below shows the total attendance of the directors for regular and special meetings of the Board and each committee during the 2022-23 fiscal year. The Board resumed in-person meetings for the regularly scheduled Board and Committee meetings in June and November 2022 following the easing of COVID-19 public health restrictions. The remaining meetings were held by videoconference to reduce travel expenditures.

	Board	Investment Committee	Finance and Audit Committee	Impact and Risk Committee	Human Resources and Governance Committee
Tamara Vrooman	11/12	12/13	4/4	5/6	4/5
Kimberley Baird	10/12	4/5	-	5/6	5/5
Michael Bernstein	3/3	5/5	-	-	-
Jane Bird	11/12	5/5	-	6/6	5/5
Dave Bronconnier	12/12	13/13	4/4	-	-
James Cherry	6/8	-	3/3	4/4	-
Michèle Colpron	10/12	13/13	4/4	-	-
Bruno Guilmette	11/12	12/13	-	-	-
Christopher Hickman	6/8	6/8	3/3	-	-
Andrée-Lise Méthot	3/3	3/5	-	-	-
Poonam Puri	10/12	3/5	-	-	5/5
Stephen Smith	7/12	10/13	-	-	5/5
Patricia Youzwa	12/12	13/13	-	6/6	-
Total	12	13	4	6	5

Notes:

- » Andrée-Lise Méthot and Michael Bernstein were appointed on December 2, 2022, replacing James Cherry and Christopher Hickman who were on the Board since the CIB's inception and whose terms had expired.
- » Prior to December 2022, the Investment Committee was comprised of Bruno Guilmette (Chair); Dave Bronconnier; Michèle Colpron; Christopher Hickman; Stephen Smith; Patricia Youzwa; and Tamara Vrooman (ex officio). All other directors were entitled to receive notice of meetings and participate in the meetings. Board meetings immediately followed the Investment Committee meetings.

Orientation and development

The Human Resources and Governance Committee is responsible for overseeing the orientation of new directors appointed to the Board and the development of directors. Upon joining the Board, new directors are provided with a reference manual containing corporate and other information to familiarize themselves with the CIB, its organization and operations. In addition, one-on-one meetings are arranged with each executive officer to provide an overview of their areas of responsibility.

The Board also ensures that ongoing development opportunities are made available to directors. Current development opportunities include regular presentations by management, such as focused presentations on specific regions or sectors, and opportunities to interact with project proponents on the CIB's role to help advance and invest in infrastructure projects that deliver public outcomes. Board working dinner sessions are held along with the regularly scheduled in-person meetings to strengthen the directors' collegial working relationship; to meet with stakeholders; and to meet the CEO and other members of senior management.

During the 2022-23 financial year, the Board received an education session facilitated by external legal counsel on the duties and responsibilities of directors in response to cyber security incidents. The CIB also maintains corporate memberships with the Institute of Corporate Directors and the Global Risk Institute and directors may voluntarily participate in any of the continuing education seminars offered by these institutions.

Ethical conduct and avoiding conflicts of interest

The Board is responsible for promoting the highest ethical standards of professional conduct, including developing and monitoring policies and practices for the CIB that are beyond reproach regarding values and ethics as well as preventing and managing against conflicts of interest. Directors are expected to carry out their roles in accordance with the Code of Conduct for Directors, which incorporates the Conflict of Interest Act and the requirements in the Financial Administration Act relating to conflicts of interest. Each year, they must confirm in writing that they have read, understood and complied with the Code of Conduct for Directors.

The Human Resources and Governance Committee has established and monitors procedures to resolve conflicts of interest. Directors are required to complete an annual questionnaire disclosing their business and personal relationships. In advance of each Investment Committee meeting, the Corporate Secretary provides a list of active projects for review to report any standing declarations of interest in respect of a project under evaluation. Board documents are also screened to flag counterparties listed in the standing declarations of directors so that transaction documents are withheld from the director who has declared an interest in a party related to that transaction. In addition, at the beginning of each Investment Committee meeting, directors are required to review the agenda and the project list and inform the Corporate Secretary if they have an interest in any matter brought before the meeting. In the event of a real, potential or perceived conflict of interest, the director will recuse themselves from the meeting when the project is discussed and will not participate in the decision or vote on the transaction.

Board remuneration

Pursuant to the CIB Act, the rate of any remuneration paid to the Board Chair and the other directors is fixed by the Governor in Council.

For the fiscal year ending March 31, 2023, the remuneration rates are as follows:

- » **Directors: \$40,000 – 50,000 per annum**
- » **Board Chair: \$85,000 – 100,000 per annum**

The Board Chair and other directors are not entitled to any performance-based bonuses or other incentives. Board members are reimbursed for reasonable out-of-pocket expenses while performing their duties related to the CIB, including travel, accommodation, and meals. Monthly travel and hospitality expenses reimbursed to Board members are posted on the CIB's website under [Reports & Transparency](#).

Executive and management committees

The Board has delegated to the Chief Executive Officer (CEO) the authority to manage the day-to-day business and affairs of the CIB.

Under the direction of the CEO, the **Executive Committee** leads the CIB's operations and activities to execute corporate strategy and objectives, implements organizational policies and procedures, and executes direction from the Board of Directors. The Executive Committee includes the:

- » Chief Investment Officer, who is responsible for advisory and investment strategy and activities, capital deployment and asset management
- » Chief Financial Officer, who is responsible for corporate finance, asset management, risk, information technology and administration
- » Group Head, Communications and Public Affairs, who is responsible for communications, and media and stakeholder relations
- » General Counsel & Corporate Secretary, who is responsible for legal affairs, the corporate secretariat, compliance and regulatory activities
- » Group Head, Strategy, who is responsible for sector and portfolio allocations and strategy (including sustainability), public outcomes and impacts, corporate outcomes and reporting, and knowledge and research

The CEO has also established two management committees to provide advice and support corporate decision-making.

The **Management Investment Committee (MIC)** comprises members of the Executive Committee and is responsible for managing the CIB's investment activities within the authorities of the Canada Infrastructure Bank Act, the permitted activities in the CIB's approved corporate plans and the parameters established by the Board. The MIC reviews infrastructure projects at

various stages and recommends investment proposals that achieve the CIB's targeted public impact outcomes and fiscal impact to the Investment Committee of the Board. Every investment decision or activity requiring Board approval must first be recommended for approval by the MIC. The MIC may also approve investment proposals within the parameters, conditions and authorities delegated by the Board. The MIC has adopted terms of reference setting out the approval, review, and governance process for investment decisions and investment activities. The **Portfolio and Results Committee (PRC)** is comprised of senior leaders and serves as a cross-functional advisory and decision-making body with respect to matters related to the CIB's strategy, investment focus areas, corporate targets and performance indicators, and organizational development initiatives. With regards to the PRC's decision-making responsibilities, the committee reviews, provides advice and recommends proposals to the Board's Impact and Risk Committee on the CIB's investment strategies and initiatives, having regard to the CIB's mandate and authorities, expected public impact outcomes, materials risks and key performance indicators. The PRC also acts as an advisory body with regards to the CIB's progress against its corporate objectives and the performance of the investment portfolio against the targeted short-term and long-term public impact outcomes in the approved corporate plan.



COMPENSATION PROGRAM

Compensation program

The CIB has adopted a market-competitive compensation program which reflects the best practices of Crown corporations and other comparable organizations.

This section provides information on the principles considered and the key elements of the CIB's compensation program.

Compensation principles

The CIB's compensation program is a key factor in attracting, motivating and retaining the talent needed to deliver our mandate and strategy. In searching for qualified employees with expertise in infrastructure project development and investment, as well as supporting roles in risk management, finance, legal and asset management, we compete with other large investment managers and financial institutions in Canada.

To effectively recruit and develop the right talent in a competitive marketplace and ensure that the CIB's compensation practices are fair and appropriate, the compensation program is based on the following principles:

- » Be market competitive
- » Foster performance and continuous growth
- » Support our diverse workforce
- » Enable transparency

Benchmarking

We conduct and periodically update a benchmarking review of roles across the organization. This review ensures that the total compensation package remains competitive and aligned with the CIB's market for talent. The benchmark group includes organizations in the financial services industry and the broader public sector. Due to the CIB's unique mandate, there are no direct industry peers in the Canadian market based on similar investment mandates and operations. To assist with the review of competitive pay information, we review annual total compensation surveys from compensation consulting firms.

The CIB targets total compensation at the 50th percentile of the benchmark group. We have established compensation bands for each level of seniority in the investments and functional groups to provide management the flexibility to set total direct compensation for each employee, relative to the median, based on the employee's skills and experience.

The CIB's approach is to place greater emphasis of total compensation in the form of base salary (and therefore provide a lower incentive target percentage for incentive-based awards) relative to the market, with correspondingly lower levels of incentive upside for outperformance. Financial organizations in the benchmark group generally place significant weight on short-term investment returns in measuring total incentive awards, whereas the CIB's objective is to deploy capital to infrastructure projects that deliver positive long-term economic and social outcomes for Canadians and their communities.

Components of total compensation

The CIB's compensation program includes three components: base salary, performance-based incentive compensation, and benefits.

1. **Base salary**

The CEO's rate of remuneration and conditions of employment are fixed by the Governor in Council on the recommendation of the Board. In making its recommendation, the Board is to consider the skills required for the position and the remuneration paid to persons in comparable positions. The base salary for the CEO is within the range of \$510,000 – \$600,000 per annum (OIC 2020-0835). Any increase to the base salary of the CEO requires the approval of the Governor in Council.

Employees (other than the CEO) receive a base salary for carrying out their day-to-day responsibilities. Salaries reflect each employee's level of responsibility, skills, experience and market competitiveness. Salary reviews are overseen by the Human Resources and Governance Committee and are carried out periodically and informed by a market review of the benchmark group and other relevant comparable organizations. As of March 31, 2023, the median base salary for executive officers (other than the CEO) was \$293,550.

2. **Performance-based incentive compensation**

The CIB's performance-based incentive compensation includes an annual short-term incentive award for all employees, as well as a long-term incentive award for the CEO, executive officers and other senior-level employees.

a. Annual short-term incentive award

The CEO's short-term incentive award is set at 50% of base salary for performance that meets objectives (based on a mix of corporate and individual objectives), with the possibility of up to 100% of base salary for outstanding performance in several areas of significance and in extraordinarily challenging circumstances. The recommended performance rating and short-term incentive award paid to the CEO is approved by the Governor in Council, having regard to the recommendation made by the Board to the Minister.

Employees are eligible to participate in the CIB's performance-based incentive plan. The incentive plan target for each employee is determined based on a percentage of the employee's base salary earned during the preceding financial

year in alignment with market practices for comparable positions. For executive officers other than the CEO, incentive plan award targets ranged from 30% to 110% of the executive's base salary. Each employee establishes annual individual performance objectives that reflect individual and organizational priorities and are approved by the CEO. At financial year-end, the employee's performance is evaluated in relation to the achievement of the objectives and the employee's personal objectives and actions in contributing to the CIB's values and culture. This evaluation informs recommendations regarding incentive compensation payments that are presented to the Human Resources and Governance Committee for approval. The CEO also provides a performance rating for each executive officer based on the achievement of corporate and individual objectives. A significant portion of the short-term incentive award paid to the CEO and executive officers (80%) is tied to the achievement of organizational corporate objectives documented in the corporate plan and 20% is tied to the achievement of individual objectives. For the 2022-23 financial year, the CIB's corporate performance was assessed at 110% due to the performance exceeding corporate objectives in several areas. The table on page 46 describes the results achieved for the annual corporate objective scorecard for the 2022-23 financial year.

b. Long-term incentive award

The CEO's long-term incentive award consists of an annual granting of potential amounts, based upon an evaluation of the achievement of annual long-term objectives (the "Grant") and an evaluation to determine the final award at the end of a three-year performance period (the "Payout"), as further described in the table below: Senior-level employees, including all executive officers, are required to defer a portion of their incentive award over three years. The table on the next page describes the breakdown of the incentive award deferred for each executive officer (other than the CEO).

	Annual incentive award	Mandatory deferral
Chief Investment Officer; Chief Financial Officer	60%	40%
Group Head, Communications and Public Affairs; Group Head, Strategy	80%	20%
General Counsel & Corporate Secretary	90%	10%

At the end of the three-year performance period, the CIB's performance is evaluated against a set of pre-approved corporate objectives measuring the CIB's successful delivery on its mandate and public outcomes. Pay-outs can range from 0 to 1.5x the amount of the incentive award deferred for the three-year performance period.

3. Benefits

The CIB offers a voluntary group registered retirement savings plan, and a group non-registered savings plan where the CIB matches employee contributions up to a limit. The CIB does not offer a defined contribution or defined benefit pension plan. All employees, including the CEO, are eligible to participate in the savings plans.

Employees have access to comprehensive benefits, including health and dental care, disability, critical illness, life insurance. They also have access to a health care spending account, an employee-assistance program and other programs and tools to optimize health and well-being.

Compensation of key management personnel

Key management personnel are defined as those officers having authority and responsibility for planning, directing and controlling the activities of the CIB, including members of the Board of Directors. The following table presents the compensation expense of key management personnel.

For the year ended March 31	2023	2022
Salaries and short-term employee benefits	\$ 4,058	\$ 3,064
Post-employment benefits	206	155
Other long-term benefits	529	580
(in thousands of Canadian dollars)	\$ 4,793	\$ 3,799

The CIB's disclosure of the compensation paid to directors and officers complies with the reporting requirements for Crown corporations in the Financial Administration Act and is aligned with the policies, guidelines and directives established by the Treasury Board of Canada Secretariat, including guidance with respect to the preparation of corporate plans and annual reports. Individual total compensation paid to the CIB, other officers and employees is personal information and protected in accordance with provisions of the Access to Information Act and the Privacy Act.



FINANCIAL HIGHLIGHTS

Canada Infrastructure Bank | Banque de l'infrastructure du Canada

Financial Highlights

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.

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 was appointed as the CIB's external auditor for 2022-2023.

Highlights

- » In F2022-23, 25 of our investment commitments advanced to financial close totaling **\$4,651.0 million** (life-to-date, **42 projects totaling \$9,328.0 million**)
- » **\$261.0 million** funded in 2022-23 (**\$1,670.5 million life-to-date**)
- » Government investment appropriations related to investments of **\$4,448.9 million** recognized as revenue, reflecting total financial closes for the year
- » **\$29.7 million** of interest income realized
- » CIB operating expenses of **\$46.0 million**

For the year ended March 31 (in millions of Canadian dollars)	2023		2022
Revenue		Actual	Actual
Government appropriations - investments		\$ 4,448.9	\$ 3,188.5
Government appropriations - operations	79.4	51.5	50.5
Interest income	35.5	29.7	22.7
	4,014.9	4,530.1	3,261.7
Operating expenses			
Compensation	32.2	30.2	23.9
General and administration			
Professional fees	21.2	10.7	9.7
Administration	9.5	4.6	2.6
Amortization of capital assets	0.5	0.5	0.4
	63.4	46.0	36.6
Non-operating expenses			
Loan valuation allowance/ (recovery)	359.2	(4.9)	0.8
Project development	16.0	1.5	1.4
Concessionary loan provision	-	0.2	-
Advisory services	-	-	9.6
	375.2	(3.2)	11.8
Total expenses	438.6	42.8	48.4
Net revenue	\$ 3,576.3	\$ 4,487.3	\$ 3,213.3

Versus prior year

Revenue

Government appropriations: 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. Operating appropriations are recognized as received each year.

The CIB recognized \$4,500.4 million of government appropriations in fiscal year 2022-23, an increase of \$1,261.4 million compared to the prior year due to investments reaching financial close (25 in 2022-23 vs. 15 in 2021-22).

Interest income: Interest income was \$29.7 million, an increase of \$7.0 million from the previous year. \$24.6 million (2021-22 \$22.5 million) of income was from financing activity and \$5.1 million (2021-22 \$0.2 million) was earned on cash and short-term investments from appropriations. Interest income earned on investments in the year was comparable to the prior period and \$5.8 million lower than plan which anticipated deploying capital at a higher rate.

Expenses

Expenses for 2022-23 totaled \$42.8 million (2021-22 \$48.4 million) and consisted of operating expenses of \$46.0 million (2021-22, \$36.6 million), loan valuation recovery of \$4.9 million (2021-22, \$0.8 million loan valuation expense), project development expenses of \$1.5 million (2021-22 \$1.4 million) and advisory expenses related to the joint operation planning activities for the VIA HFR project of \$nil (2021-22, \$9.6 million).

The CIB's operating expenses of \$46.0 million in 2022-23 were \$9.4 million higher than the prior year. Increases year over year came primarily from compensation of \$30.2 million (2021-22, \$23.9 million) due to the continued buildout of staffing across the organization required to meet demands stemming from increased deal activity, as well as general and administration expense ("G&A") of \$15.8 million (2021-22, \$12.7 million).

Included in G&A were professional fees of \$10.7 million that were \$1.0 million higher than the prior year primarily due to due diligence activities for projects. Included in due diligence is an assessment of the scope, design, risks and viability of the proposed construction and technological activity. In addition, professional fees for non-transaction activities such as the

investment, accounting and risk management frameworks, contributed to the increase year over year. Professional fees were reduced by capitalization of transaction costs \$8.7 million (2021-22 - \$2.8 million) related to projects reaching financial close.

There was a loan valuation allowance recovery of \$4.9 million for the year (2021-22 \$0.8 million loan valuation expense). This is a general valuation allowance that is an estimate of short-term credit risk on our portfolio of assets. In 2022-23 an updated ECL model resulted in a favourable adjustment to a provision related to the public transit sector from a change in Probability of Default curves and Loss Given Default factors.

Project development expense of \$1.5 million (2021-22 \$1.4 million) was for spend on early construction works to expedite the studies, technical reports and analysis required to shorten critical paths to construction for infrastructure projects already in development.

The concessionary loan provision of \$0.2 million (2021-22 \$nil) was for loans that are significantly concessionary to the Government of Canada average cost of borrowing.

Advisory expense of \$nil in 2022-23 was \$9.6 million lower than the prior year and relates to the CIB and VIA Rail Canada Joint Project Office. The decrease year over year was primarily related to the research phase of the project concluding on March 3, 2022. The CIB and Transport Canada signed an agreement effective March 4, 2022, whereby the CIB agreed to make funding available, for the activities of a VIA Rail Canada project delivery office, which will be repaid upon the permanent establishment of a VIA subsidiary. The outstanding balance of accounts payable to vendors on behalf of the VIA Rail Canada project delivery office is approximately \$3.1 million (March 31, 2022, \$nil) and the receivable from the VIA Rail Canada project delivery office is \$5.7 million (March 31, 2022, \$nil).

Versus budget

Revenue

Government appropriations are \$521.0 million greater than plan as deals reaching financial close of \$4,651.0 million outpaced the plan of \$3,900.0 million. Projects reaching financial close are recognized as appropriation revenue and a government receivable. The receivable is reduced by cash appropriations for project funding requirements of which the CIB received \$333.0 million in F2022-23 compared to plan of \$1,990.0 million.

Interest income was \$5.8 million lower than the plan which anticipated deploying capital at a higher rate.

Expenses

Operating expenses were \$17.4 million lower than budget, mainly driven by G&A that was \$15.4 million below budget due to \$10.5 million from lower-than-expected professional fees of \$10.7 million (budget, \$21.2 million). When the capitalization of transaction costs of \$8.7 million (budget, \$-million) relating to professional fees for deals that reached financial close are added back to expense, the favourable variance to budget is \$2.3 million. In addition, administrative cost of \$4.6 million (budget, \$9.5 million) was \$4.9 million lower than plan in part due to reduced travel a reflection of post pandemic behavior and a contingency provision that was not required.

Project development expense was \$1.5 million (budget, \$16.0 million). This is for spend on early construction works to expedite the studies, technical reports and analysis required to shorten critical paths to construction for infrastructure projects already in development. Permitting, government, community and stakeholder engagement have an impact on timing and resulted in funding being lower than planned.

The loan valuation allowance was a recovery of \$4.9 million versus a budgeted expense of \$359.2 million. The variance to budget was due to contingency provisioning planned but not incurred. The budget included contingency for fair value allowances and specific valuation allowance in case of impairment events that were not required. In addition, the current year provisioning was impacted by a refinement to the calculation of project loss estimates. This included an improvement of the credit rating approach and refinement of industry data used in determining loss estimates which resulted in a recovery related to historical projects.

Operating efficiency

For the year ended March 31 (in millions of Canadian dollars)	2023	2022	\$ Change
Committed assets	\$ 9,700	\$ 7,200	\$ 2,500
Operating expenses	46.0	36.6	9.4
Non-operating expenses			
Loan valuation allowance/(recovery)	(4.9)	0.8	(5.7)
Project development	1.5	1.4	0.1
Concessionary loan provision	0.2	-	0.2
Advisory services	-	9.6	(9.6)
	\$ (3.2)	\$ 11.8	\$ (15.0)
Expenses as a percentage of committed assets			
Operating expenses	0.5%	0.5%	0.0%
Non-operating expenses			
Loan valuation allowance/(recovery)	-0.1%	0.0%	-0.1%
Project development	0.0%	0.0%	0.0%
Concessionary loan provision	0.0%	0.0%	0.0%
Advisory services	0.0%	0.1%	-0.1%
	-0.1%	0.1%	-0.2%

The CIB's operating expenses are 0.5% of committed assets and are equivalent to last year as committed assets grew at a similar rate as expenses. Total non-operating expenses, which include loan valuation allowance, advisory services for the joint project office (JPO) with VIA Rail for the HFR project, project development expenses, and concessionary loan provision are -0.1% of committed assets and are 0.2% lower than last year primarily as a result of the loan valuation recovery and lower professional fees related to HFR advisory services as the research phase of the project ramped down and the expiration of the JPO extension agreement in March 2022.



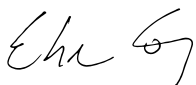
FINANCIAL STATEMENTS

Canada Infrastructure Bank | Banque de l'infrastructure du Canada

Financial Statements

➤ Management's responsibility for financial information

Management is responsible for the preparation of the statement of financial position, statement of operations and accumulated surplus, statement of change in net financial assets, statement of cash flows and related notes (collectively the “Financial Statements”) of the Canada Infrastructure Bank (“CIB” or the “Corporation”) in accordance with the Public Sector Accounting Standards; and for ensuring compliance with applicable authorities. The information contained therein normally includes amounts requiring estimations that have been made based upon informed judgment 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 controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, proper records are maintained, and compliance with applicable authorities. The external auditors have full and free access to the Finance and 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 Finance and Audit Committee, which is entirely composed of independent directors, is responsible for reviewing and approving the audited Financial Statements. The CIB's independent auditors, BDO Canada LLP, Chartered Professional Accountants, and the Auditor General of Canada have audited the CIB's Financial Statements and their report indicates the scope of their audit and their opinion on the Financial Statements.



Ehren Cory

Chief Executive Officer

June 20, 2023



Evelyn Joerg

Chief Financial Officer



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada



INDEPENDENT AUDITORS' REPORT

To the Minister of Intergovernmental Affairs, Infrastructure and Communities

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Canada Infrastructure Bank (the Corporation), which comprise the statement of financial position as at March 31, 2023, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2022-23 Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We obtained the 2022-23 Annual Report prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of Canada Infrastructure Bank coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canada Infrastructure Bank Act* and the by-laws of Canada Infrastructure Bank.

In our opinion, the transactions of Canada Infrastructure Bank that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for Canada Infrastructure Bank's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Canada Infrastructure Bank to comply with the specified authorities.

Auditors' Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Mathieu Le Sage, CPA
Principal
for the Auditor General of Canada

Ottawa, Canada
June 20, 2023



Chartered Professional Accountants,
Licensed Public Accountants

Toronto, Canada
June 20, 2023

Statement of financial position

As at March 31	Note	2023	2022
(in thousands of Canadian dollars)			
Financial assets			
Cash		\$ 121,353	\$ 45,540
Interest receivable		310	-
Government funding receivable	4	7,546,298	3,430,322
Loans receivable	3	1,755,711	1,457,743
HST receivable		1,820	1,997
Related party accounts receivable	8	5,708	-
		9,431,200	4,935,602
Liabilities			
Accounts payable and accrued liabilities	6	18,010	10,641
Deferred liabilities		3,897	3,076
		21,907	13,717
Net financial assets			
		9,409,293	4,921,885
Non-financial assets			
Tangible capital assets	5	2,018	1,949
Prepaid expenses and advances		277	420
		2,295	2,369
Accumulated surplus		\$ 9,411,588	\$ 4,924,254

Contractual obligations (Note 10)

The accompanying notes are an integral part of these Financial Statements.

On behalf of the Board:



Michèle Colpron

Chair, Finance and Audit Committee

June 20, 2023



Tamara Vrooman

Chair, Board of Directors

Statement of operations and accumulated surplus

For the year ended March 31	Note	2023		2022
(in thousands of Canadian dollars)		Budget	Actual	
Revenue				
Government appropriations - investments	4	\$ 3,900,000	\$ 4,448,926	\$ 3,188,535
Government appropriations - operations		79,430	51,500	50,500
Interest income		35,474	29,712	22,658
		4,014,904	4,530,138	3,261,693
Expenses				
Compensation		32,200	30,225	23,973
General and administration	7	31,230	15,763	12,674
Project development		16,000	1,479	1,360
Concessionary loan provision		-	189	-
Loan valuation allowance/ (recovery)	3	359,202	(4,852)	808
		438,632	42,804	38,815
Advisory services		-	-	9,553
		438,632	42,804	48,368
Annual surplus		3,576,272	4,487,334	3,213,325
Accumulated surplus, beginning of year		4,924,254	4,924,254	1,710,929
Accumulated surplus, end of year		\$ 8,500,526	\$ 9,411,588	\$ 4,924,254

The accompanying notes are an integral part of these Financial Statements.

Statement of change in net financial assets

For the year ended March 31	2023		2022
(in thousands of Canadian dollars)	Budget	Actual	Actual
Annual surplus	\$ 3,576,272	\$ 4,487,334	\$ 3,213,325
Change in tangible capital assets – acquisitions	(217)	(535)	(388)
Change in tangible capital assets – amortization	468	466	382
Change in prepaid expenses and advances	-	143	(280)
Net financial assets, beginning of year	4,921,885	4,921,885	1,708,846
Net financial assets, end of year	\$ 8,498,408	\$ 9,409,293	\$ 4,921,885

The accompanying notes are an integral part of these Financial Statements.

Statement of cash flows

For the year ended March 31	Note	2023	2022
(in thousands of Canadian dollars)			
Cash provided by (used in):			
Operating activities:			
Annual surplus		\$ 4,487,334	\$ 3,213,325
Items not involving cash:			
Capitalized interest paid in kind	3	(23,083)	(22,246)
Amortization of tangible capital assets	5	466	382
Loan valuation allowance/(recovery)	3	(4,852)	808
Concessionary loan provision	3	189	-
Accretion of concessionary loan provision	3	(4)	-
Changes in non-cash working capital			
Government funding receivable	4	(4,115,976)	(3,022,822)
Related party accounts receivable		(5,708)	-
Interest receivable		(310)	-
Transaction costs	3	(8,688)	(2,826)
HST receivable		177	945
Prepaid expenses and advances		143	(280)
Accounts payable and accrued liabilities	6	7,369	1,937
Deferred liabilities		821	989
Principal repayment	3	40	-
Loan disbursements	3	(261,570)	(125,979)
Total cash provided by operating activities		76,348	44,233
Capital activities:			
Acquisition of tangible capital assets	5	(535)	(388)
Total cash used in capital activities		(535)	(388)
Net increase in cash during the year		75,813	43,845
Cash, beginning of year		45,540	1,695
Cash, end of year		\$ 121,353	\$ 45,540

The accompanying notes are an integral part of these Financial Statements.

Notes to the financial statements

For the year ended March 31, 2023

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 Intergovernmental Affairs, Infrastructure and Communities.

2. Summary of significant accounting policies:

a. **Basis of preparation:**

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (“PSAS”) established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada.

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 2023 is sourced from the projections and estimates of year one of the 2022-23 to 2026-27 approved Corporate Plan.

c. **Cash:**

Cash includes funds deposited in bank accounts on a short-term basis with financial institutions that are chartered banks in Canada. As per the CIB Act, the Minister of Finance may pay to the Corporation not more than \$35 billion (or any greater aggregate amount that may be authorized from time to time under an appropriation Act).

The CIB makes appropriation requests from the Department of Finance periodically which are in line with the CIB’s approved Corporate Plan and based on forecasts for anticipated needs that can deviate from what actually gets disbursed and therefore contributes to the cash balance.

d. **Government funding:**

Government appropriations are recognized in the period the transfer is authorized and all eligibility criteria have been met. A receivable is recognized when the CIB gains control of the resources that meet the definition of an asset and when it is expected that the inflow of resources will occur, and their value can be reliably measured. Operating and capital appropriations are recognized when the cash is received. Investment appropriations are recognized at the time an investment achieves financial close (i.e., binding agreements with counterparties have been entered into).

e. Financial instruments:

Loans receivable

Loans are initially recorded at cost, which is when cash is disbursed, and subsequently measured at amortized cost less loan valuation allowances and write-offs.

Where a loan is deemed to be significantly concessionary relative to the face value by discounting using the Government of Canada average cost of borrowing, it is recognized at a cost equivalent to the face value less the discount on a prorated basis as funds are advanced. The recorded value of the loan at the date of issue is its face value offset by the discount which is subsequently amortized to revenue in a rational and systematic manner over the term of the loan using the effective interest rate ("EIR") method. The discount would initially be expensed and then subsequently amortized by increasing the loan balance and crediting revenue.

Eligible transaction costs are included as part of the initial carrying value of the loan and amortized to income, based on the EIR method.

Other financial assets/liabilities

The CIB's cash, related party accounts receivable, accounts payable and accrued liabilities are measured at amortized cost.

Impairment of financial assets

At each reporting date, the CIB assesses all financial assets or groups of financial assets to determine whether there is any credit deterioration or objective evidence of impairment both of which contribute to a valuation allowance that is recorded to have the financial asset reflect its expected net recoverable value. The valuation allowance reflects collectability and the risk of loss based on past events, current circumstances, and all available information at the date of the preparation of the Financial Statements. The general valuation allowance applies to loans receivable and is based on a short-term estimate of portfolio credit risk that is monitored on an ongoing basis and adjusted with changes in credit risk. A reduction to the general valuation allowance would lead to a recovery. A specific valuation allowance is established in instances of known impairment events (by extension write-offs) that applies to all financial assets that would reduce their expected recoverability. If the specific valuation allowance subsequently decreases, the impairment would not be reversed. Recovery of amounts written off would be recognized as revenue only when received.

f. 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 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.

g. Tangible capital assets:

Tangible capital assets are carried at cost less accumulated amortization, and accumulated impairment losses, if any.

The cost of a tangible capital asset includes its purchase price and any costs directly attributable to acquisition, construction, development, or betterment of the tangible capital asset, including installing the asset at the location and in the condition necessary for its intended use.

The cost of tangible capital assets in use is amortized over their estimated useful lives, as follows:

Assets	Amortization method	Rate
Leasehold improvements	Straight-line	Lesser of lease term & useful life
Computer software	Straight-line	5 years
Computer hardware	Declining balance	55%
Furniture and equipment	Declining balance	20%

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

When conditions indicate that a tangible capital asset no longer contributes to the CIB's ability to provide goods and services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-down is then accounted for as an expense in the Statement of Operations and Accumulated Surplus.

h. Deferred liabilities:

Deferred liabilities consist of accrued long-term performance incentives which are time-based deferrals of incentive compensation earned as well as accrued rent or leasehold improvements related to the lease for office space amortized over the term of the lease.

i. Interest income:

Interest income includes interest on loans receivable recognized when earned and based on the carrying value of the loan using the EIR method as well as interest derived from cash balances in the year it is earned. The interest earned and recognized as revenue may differ from the interest receipt for certain investments that have interest being paid in kind and capitalized, increasing the outstanding loan balance. Refer to Note 2(e) for the impact to interest income when a loan is deemed to be significantly concessionary. The EIR method calculates the amortized cost of a financial asset and allocates the interest income over the relevant period in interest income in the Statement of Operations and Accumulated Surplus. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. When calculating the EIR, the CIB estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all costs paid or received that are an integral part of the effective interest rate, such as transaction costs and other premiums or discounts.

j. Leases:

The CIB enters into operating leases for its office accommodation and storage space which are recorded on a straight-line basis over the term of the lease.

k. Inter-entity transactions and related party transactions:

Inter-entity transactions are transactions between commonly controlled entities of the Government of Canada and are recorded at the carrying amount unless they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, which requires inter-entity transactions to be recorded at the exchange amount.

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

➤ 3. 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 March 31	2023			2022		
	Carrying amount	LVA	Loans receivable (net)	Carrying amount	LVA	Loans receivable (net)
Public transit	\$ 1,398,935	\$ (9,398)	\$ 1,389,537	\$ 1,344,113	\$ (14,512)	\$ 1,329,601
Clean power	125,994	(117)	125,877	4,210	(8)	4,202
Green infrastructure	32,323	(97)	32,226	8,540	(85)	8,455
Broadband	80,471	(131)	80,340	41,268	(69)	41,199
Trade & transportation	128,186	(455)	127,731	74,662	(376)	74,286
Total	\$ 1,765,909	\$ (10,198)	\$ 1,755,711	\$ 1,472,793	\$ (15,050)	\$ 1,457,743

The portfolio weighted average effective interest rate for projects the CIB has funded to date is approximately 1.6% (March 31, 2022 – 1.6%) over an average weighted term of 13.8 years (March 31, 2022 – 13.2 years).

Of these loans, \$15.0 million relates to municipalities (March 31, 2022 – \$nil) and \$0.6 million relates to Indigenous governments (March 31, 2022 – \$nil).

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

As at March 31	2023	2022
Opening balance	\$ 1,457,743	1,307,500
Drawdowns	261,570	125,979
Capitalized interest paid in kind	23,083	22,246
Transaction costs (net of amortization)	8,688	2,826
Concessionary loan provision	(189)	-
Accretion of concessionary loan provision	4	-
Principal repayment	(40)	-
Loan valuation recovery/(allowance)	4,852	(808)
Loans receivable	\$ 1,755,711	\$ 1,457,743

The loan valuation allowance consists of the general loan valuation allowance of \$10.2 million as at March 31, 2023 (March 31, 2022 – \$15.1 million) and the specific loan valuation allowance of \$nil as at March 31, 2023 (March 31, 2022 – \$nil).

The value of physical assets held as security is \$7.2 million (March 31, 2022 – \$1.8 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:

For the year ended,	March 31, 2023
2024	\$ 9,810
2025	29,163
2026	20,769
2027	28,963
2028 and thereafter	1,664,810
Outstanding loans receivable principal repayments	\$ 1,753,515

4. 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 March 31	2023	2022
Opening balance	\$ 3,430,322	\$ 407,500
New investment contractual agreements	4,651,036	3,188,535
Government appropriations received – investments	(332,950)	(165,713)
Reductions, post financial close ¹	(202,110)	-
Government funding receivable	\$ 7,546,298	\$ 3,430,322

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

5. Tangible capital assets:

	Leasehold improvements	Computer software	Computer hardware	Furniture & equipment	Total
Balance at beginning of year	\$ 1,545	\$ 830	\$ 318	\$ 365	\$ 3,058
Additions	164	122	174	75	535
Balance at end of year	1,709	952	492	440	3,593

Accumulated amortization:

Balance at beginning of year	482	182	254	191	1,109
Amortization expense	162	178	83	43	466
Balance at end of year	644	360	337	234	1,575

Carrying amounts

Balance at March 31, 2023	\$ 1,065	\$ 592	\$ 155	\$ 206	\$ 2,018
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	Leasehold improvements	Computer software	Computer hardware	Furniture & equipment	Total
Cost:					
Balance at beginning of year	\$ 1,533	\$ 495	\$ 277	\$ 365	\$ 2,670
Additions	12	335	41	-	388
Balance at end of year	1,545	830	318	365	3,058

Accumulated amortization:

Balance at beginning of year	328	49	202	148	727
Amortization expense	154	133	52	43	382
Balance at end of year	482	182	254	191	1,109

Carrying amounts

Balance at March 31, 2022	\$ 1,063	\$ 648	\$ 64	\$ 174	\$ 1,949
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No tangible capital asset was impaired as at March 31, 2023 (March 31, 2022 – \$nil).

➤ 6. Accounts payable and accrued liabilities:

As at March 31	2023	2022
Accrued compensation	\$ 8,111	
Accrued professional fees	5,674	2,553
Accounts payable	1,134	332
Advisory services	-	1,237
	14,919	10,641
Related party accounts payable (Note 8)	3,091	-
Accounts payable and accrued liabilities	\$ 18,010	\$ 10,641

➤ 7. General and administrative expenses:

For the year ended March 31	2023	2022
Professional fees	\$ 10,665	\$ 9,703
Administration fees	4,632	2,589
Amortization of capital assets	466	382
General and administrative expenses	\$ 15,763	\$ 12,674

➤ 8. 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 (Note 2(d)) 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, and the CIB's Joint Project Office with VIA Rail Canada, a Crown corporation.

On September 4, 2019, the CIB and VIA Rail Canada, a Crown Corporation, and a related party, established a Joint Project Office operating out of the VIA Rail offices in Montreal, Quebec, to undertake de-risking, due diligence, pre-procurement, and planning activities for the VIA Rail high frequency rail project. Matters were addressed on a consensus basis equally between the CIB and VIA Rail. On June 9, 2021, the CIB and VIA Rail Canada signed an amendment to extend the term of the Joint Venture Agreement to March 3, 2022, from the original expiry date of September 3, 2021. The CIB and Transport Canada signed an agreement effective March 4, 2022, whereby, the CIB has agreed to make funding available, for the activities of a VIA Rail Canada project delivery office on an interim basis, which will be repaid upon the permanent establishment of a VIA subsidiary. The outstanding balance of accounts payable to vendors on behalf of the VIA Rail Canada project delivery office is approximately \$3.1 million (March 31, 2022 – \$nil) and the receivable from the VIA Rail Canada project delivery office is \$5.7 million as at March 31, 2023 (March 31, 2022 – \$nil).

9. Financial instruments and risk management:

The CIB is exposed to a variety of financial risks: market risk, liquidity risk and credit risk. The 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. The CIB's Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework and approves the Corporation's risk management policies. The Corporation's enterprise risk management framework is established to identify the risks faced by the Corporation.

The Corporation's Impact and Risk Committee oversees how management monitors compliance with the Corporation's enterprise risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Corporation.

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. The key market risk relates to interest rates which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The interest rate on the CIB's loans receivable are fixed at time of financial close or in some cases variable with some having limited

correlation to the Government of Canada borrowing rate at a future date. For the year ended March 31, 2023, there were no funds advanced to projects that had a variable interest rate (March 31, 2022 – \$nil).

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 the CIB does not have debt instruments to service and receives regular funding from the Government of Canada. The CIB manages its liquidity risk by preparing and monitoring forecasts of cash flows for anticipated operating, capital, and investing activities. Also, the Board of Directors reviews and approves the CIB’s operating, capital, and investment budgets.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities.

	Carrying amount	Contractual cash flow	F2024	F2025	F2026	F2027	F2028
	\$ 18,010	\$ 18,010	\$ 18,010	\$ -	\$ -	\$ -	\$ -
Long-term performance incentives	2,611	2,611	1,253	884	474	-	-
	\$ 20,621	\$ 20,621	\$ 19,263	\$ 884	\$ 474	\$ -	\$ -

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the CIB. As the CIB’s business is to invest in project financing structures (which normally involves a limited liability special purpose vehicle), the CIB endeavours to mitigate risk of financial loss from defaults by including contractual terms and conditions which attempt to protect the CIB’s interest to the extent possible and monitoring the credit risk on projects on a continuous basis.

Monitoring of credit risk typically involves credit risk analysis which is performed by the management of the CIB using best practices for each transaction considered for financing by the CIB. Qualitative and quantitative risk factors are taken into consideration for each

infrastructure project, both, during the construction / deployment and the operations phase, as applicable, as well as specific legal and financial structure risk factors. Risk factors may include the following data as applicable:

Risks	Risk exposure	Mitigating factors
Construction risk / deployment risk	Schedule and cost overruns, design and technology, engineering, procurement, and construction (EPC) contractor and suppliers	Security from the contactor and suppliers, schedule buffer, construction contingencies
Operating risk	Revenue estimation/ volatility, operation and lifecycle cost escalation, Operations and Maintenance contractor, changes in regulation	Covenants, budget contingencies, reserves (such as debt service and maintenance reserve accounts), security from the O&M provider
	High debt, subordination, low recovery	Bankruptcy remote structures, step-in rights, equity interest.

As described in Note 2(e), the CIB uses a general valuation and specific valuation allowance to recognize risk on its portfolio of assets. The general valuation allowance is calculated on a short-term basis and represents a general reserve of uncollectible amounts against the loan portfolio as at the reporting date. The allowance is estimated based on an internal credit rating for each investment that considers an assessment of risk factors outlined in the table above, along with the mitigating terms and conditions included in each loan agreement. In addition, the general valuation allowance incorporates short-term economic uncertainty and historical losses from loans with similar credit risk.

For specific valuation allowances, the CIB assesses whether a specific loan is credit impaired at each reporting date. The CIB considers a financial asset to be credit impaired when objective evidence of impairment exists and the borrower is unlikely to pay its credit obligations to the CIB in full, without recourse by the CIB to actions such as realizing collateral (if any is held). Refer to Note 3 for a breakdown of the allowance by sector.

Subsequent to closing of a transaction by the CIB, the credit exposures are regularly monitored by assessing the above-mentioned factors. Monitoring is event driven during construction (Lenders Technical Advisor reports, etc.) and compliance is monitored regularly. Full reviews are done annually via the credit review process with more regular monitoring warranted

in the event of covenant breaches or any other issues or impairment events impacting the transaction. As at March 31, 2023, there were no amounts past due (March 31, 2022 – \$nil). The CIB is exposed to credit risk as 77% of the amounts advanced relate to one borrower (March 31, 2022 – 91%) but only represents 14% of total financial closes (March 31, 2022 – 26%).

10. 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 have 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 offices and storage spaces meet the classification of an operating lease. The CIB recognizes these lease expenses straight-lined over the lease terms. The cumulative annual payments for each of the next five years and thereafter are as follows:

As at	March 31	
2024	\$	765
2025		720
2026		595
2027		612
2028 and thereafter		4,031
Total lease commitments	\$	6,723

b. Financial closes:

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

As at March 31	2023	2022
Public transit	\$ 1,869,511	\$ 1,158,691
Clean power	2,624,477	595,995
Green infrastructure	1,367,231	468,062
Broadband	1,592,561	788,529
Trade & transportation	405,741	458,777
Undrawn financial closes	7,859,521	3,470,054
Amounts advanced (cash basis)	1,670,549	1,408,979
Reductions, post financial close	(202,110)	-
Total financial closes	\$ 9,327,960	\$ 4,879,033

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



APPENDIX

UPDATES TO THE DECEMBER 2022 TCFD REPORT

Appendix – updates to the December 2022 TCFD report

The framework developed by the Task Force on Climate-related Financial Disclosures (TCFD) has been widely adopted by organizations and governments worldwide. Budget 2021 mandated TCFD or equivalent disclosures for all Crown corporations with assets over \$1 billion, beginning in the 2022 calendar year.

The CIB's first TCFD disclosure was produced in late 2022 and included in our December 2022 Sustainability and Impact report.

Going forward, the CIB plans to include TCFD disclosures as part of its Annual Report. To align to this reporting cycle, this appendix summarizes the December disclosure and in specific instances updates it. For example, it includes the CIB's carbon footprint for the 2022-23 fiscal year. For a full review of each component of our disclosure please refer to the December document, Sustainability and Impact at the CIB. A full update of our TCFD disclosure will be featured in our 2023-24 Annual Report.

We are continuing to build and mature our climate-related data capabilities. In future years we expect to gradually add more components and details to enhance the robustness of our disclosure and gain more insight into our operations and strategy.

Governance

Summary of December 2022 disclosure

The CIB's Board of Directors and Executive Committee oversee the organization's climate-related strategy, portfolio allocation and environment, social and governance (ESG) direction. The organization is structured to ensure a streamlined governance procedure and due diligence. Collectively, the directors bring knowledge and expertise related to ESG and sustainability issues, through their experience on other boards of directors, and understanding of strategy, risk management, legal, infrastructure project development and finance, and human resources matters. The Governance section of this Annual Report provides comprehensive details about the directors, their responsibilities, and competencies.

The Board of Directors has established four committees to support the Board in carrying out oversight responsibilities – Impact and Risk, Human Resources and Governance, Finance and Audit and Investment. Each has carriage of aspects of sustainability and climate oversight within their responsibilities.

The Board has delegated to the Chief Executive Officer (CEO) the authority to manage the day-to-day business and affairs of the CIB. The CEO has established three management committees to provide advice and support the CEO's decision-making responsibilities: the Executive Committee, Management Investment Committee, and Portfolio and Results Committee. The roles of these committees are also discussed in the Governance section of this Annual Report.

A Sustainability Working Group was established in March 2022. This working group is chaired by the Senior Director, Corporate Planning, Policy and Research and comprises of members from each of our business and functional groups. The role of working group is to identify, review, advise and provide feedback on matters related to the CIB's sustainability initiatives. The working group acts as the hub for all sustainability-related initiatives for the organization.

Strategy

Summary of December 2022 disclosure

The CIB has developed our business strategies and investment portfolio with considerable regard to the impact and opportunities associated with climate.

Our priority investment sectors as determined by our shareholder, the Government of Canada, include sectors (clean power, green infrastructure, public transit) which are integral to emissions reductions and the transition to a net-zero economy. Three key factors that set the context for the CIB's strategy are its role as an impact investor, its position as a relatively new organization seeking to catalyze new investments, and its approach to investment in which it seeks to provide minimal financial support to projects in order for them to proceed. In Budget 2023, released this past March, the government raised the CIB's long-term targets for investment in clean power and green infrastructure from \$5 billion to \$10 billion each, and identified the CIB as the government's primary financing tool for supporting clean electricity generation, transmission, and storage projects.

In executing on our strategy, we consider the impacts of climate-related risks and opportunities over the short term, medium term and long term. In the short term, the CIB sees significant opportunity to invest in projects in support of climate transition. Over the medium term, the CIB faces exposure to impacts of climate change on its assets and operations, and over the long term, the CIB expects its investment portfolio to continue to be shaped by climate related imperatives, for example with an increasing focus on resiliency and adaptation.

Updates

The CIB is advancing efforts to enhance its strategy development. The following climate-focused initiatives are in initial stages to inform our strategic decisions through the development of scopes for each category of work and securing resources:

- » Scenario analysis – Assessing our strategy across multiple warming scenarios and responding and mitigating accordingly
- » Physical and transition risk assessment – Building a defined process for assessing physical risk, the potential for damage to our assets from a changing climate, and transition risk, the financial risk of loss from a transition to a lower-carbon economy – at the individual investment and portfolio level
- » Portfolio carbon metrics – Creating a plan and process to measure our financed emissions (scope 3 emissions), and the capability to report on the overall emissions level of our portfolio, consistent with other asset managers

Risk management

Summary of December 2022 disclosure

The CIB identifies climate-related risks as part of the due diligence phase in our integrated investment framework. Assuming some level of risk is an essential part of doing business, given the context of our specific mandate and business model, which differ materially from those of traditional financial institutions.

Compared to other financial institutions, the CIB typically has longer-term lending horizons, therefore more significant climate impacts could be realized and need to be anticipated and monitored.

Going forward, we continue to develop our climate risk approach to i) assess and measure impact on our counterparty based on the relevant risks identified, ii) allow the CIB to collect relevant data and utilize information management systems to enable analysis and comparisons of different investments and sectors across the portfolio, iii) stress testing exposures for current and potential environment scenarios at portfolio level, and iv) implement a risk mitigation strategy (whenever possible).

Metrics and targets

Summary of December 2022 disclosure

As an investing organization, the CIB appreciates and understands the critical role that metrics and targets play in investment strategy and decisions.

Solid metrics inform management and the Board in terms of a project's impact, outcomes and level of risk. At a portfolio level, the compilation of metrics and establishment of targets align with the organization's strategy and document its performance in relation to objectives, climate risk and opportunity.

For its investment portfolio, the CIB established a target to achieve 13Mt of annual GHG reduction across its portfolio of investments by 2026-27 as compared to objective baselines. As of September 30, 2022, the CIB's investments were expected to achieve 4.3 Mt in annual GHG reductions.

The CIB is committed to ensuring it plays its part in reducing carbon emissions. This means understanding the impact of our activities and looking for ways in which we can manage and reduce the GHG emissions associated with our work.

In 2022 we took the first step on this effort by developing the CIB's first GHG operational carbon emissions footprint. The initial GHG footprint for the 2021-22 fiscal year was 69.6 tonnes. The figure was comprised of our activities related to building heating, electricity as well as business-related transportation. These emissions were calculated in accordance with the Greenhouse Gas Protocol, a comprehensive global standardized framework to measure and manage GHG emissions developed out of a 20-year partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

In considering the CIB footprint, the December disclosure noted several factors that would lead to higher expected operational emissions in future years.

- » The CIB is continuing to expand its staffing and operations as a result of business demand and growth
- » During the 2021-22 fiscal year, travel was significantly reduced as a result of the COVID-19 pandemic
- » Going forward, business operations are resuming a more traditional footing, including a return to office and increasing business travel

Updates

The CIB continues to make investments that are generating progress towards its GHG reduction target. As of March 31, 2023, the CIB's investments will achieve 5.1 Mt of reduced GHG emissions in relation to objective baselines, an increase from the 4.3 Mt figure previously reported in December.

For the 2022-23 fiscal year, the CIB's overall operational GHG emissions were 117.2 tonnes, or 0.94 tonnes per employee. While overall emissions increased in line with expectations given CIB growth and the return to more traditional business practices, the increase on a per employee basis was less in percentage terms than the percentage increase overall.

The CIB's GHG emissions are broken out into two categories:

Office emissions

35.5 tonnes of CO₂e emissions came from our office operations, which is 0.002665 tonnes per square foot. The CIB's office-related emissions consist of both purchased electricity and heat and are provided to the CIB by the building operator. This was an increase from 25.9 tonnes in 2021-22 largely driven by expansion of office space in our Calgary office. In 2023-24 the CIB will be increasing the size of its Toronto office which is expected to lead to a further increase in this figure next year.

The CIB has committed to seek ways to minimize our footprint, including through the purchase of renewable energy certificates (RECs) for any residual emissions associated with our electricity that have not already been offset by the building owner. In 2022-23 those residual emissions accounted for 12.2 tonnes that the CIB will address through RECs.

Travel

81.7 tonnes of CO₂e came from our air travel. Emissions for travel were derived based on assumptions associated with standard GHG totals per km of flight based on use of fuel per passenger/km. This was an increase from 43.8 tonnes in 2021-22.

In 2022-23, business operations began to return to pre-pandemic levels and norms. Business travel is an essential part of the CIB's investment activity, to form relationships with the communities we work with, to negotiate complex transactions and to ensure the CIB plays the role of an active investor.

CIB policy requires justification for travel over virtual meetings, and directs that where practical, economic and efficient travel arrangements that reduce GHGs will be prioritized (e.g., train as opposed to air travel).

	2021-22	2022 23	Percentage increase
Overall Emissions	69.6	117.2	68.4%
Per Employee	0.66	0.94	42.2%

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