



First Quarter (Q1) Fiscal Year 2022-23 Financial Report

Unaudited

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

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Message to Reader

These quarterly condensed interim financial statements were prepared on the basis of the Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board (PSAB) by the Chartered Professional Accountants of Canada and must be read in conjunction with the March 31, 2022 annual audited financial statements and with the narrative discussion included in this quarterly financial report.

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

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

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

Management Discussion & Analysis (MD&A)

This MD&A presents readers with management's view of corporate strategy and performance and should be read in conjunction with the unaudited financial statements for the quarter ending June 30, 2022. Figures are expressed in Canadian dollars unless stated otherwise.

Overview of CIB

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

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

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

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

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

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

The CIB is building a robust portfolio of investments over the long term in all priority sectors and across all regions of the country. As part of its overall portfolio, the CIB continues to deliver on its Growth Plan, a three-year plan announced in October 2020 to strengthen Canada's economic growth and accelerate Canada's transition to a low carbon economy.

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

Operating Environment

On March 29, 2022, the federal government released its 2030 Emission Reduction Plan (ERP), as required under the *Canadian Net-Zero Emissions Accountability Act*. The plan provides a roadmap for how Canada will meet emission reduction targets on a sector-by-sector basis to achieve GHG reductions of 40 to 45 percent below 2005 levels by 2030 and net-zero GHG emissions by 2050. Many of the plan's components align with areas that are priorities for investment by the CIB. The plan also identified a role for the CIB to invest \$500 million in zero-emission vehicle (ZEV) charging and refueling infrastructure.

On April 7, 2022, the federal budget (Budget) was released. The Budget identified an expanded role for the CIB to invest in private sector-led infrastructure projects that will accelerate Canada's transition to a low-carbon economy. It outlined five new areas of focus to be delivered within the CIB's existing priority sectors: Small Modular Reactors, Carbon Capture, Utilization and Storage, Hydrogen, Clean Fuels and Zero Emission Vehicle Charging and Refueling Infrastructure.

The CIB has begun exploratory work and anticipates making its first investment commitment later this year in at least one of these new areas of focus.

Uncertainty remains a factor in markets and trade in Canada and globally. The ongoing pandemic, the Russian invasion of the Ukraine and excess demand in the economy continue to impact inflation and supply chains, and challenge long-held assumptions that feed into business decisions.

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

Business Performance

The following tables and commentary provide a snapshot of our investment portfolio's progress over the past quarter and in total since inception. They include details on the composition and progress of our portfolio, including a breakdown by sector, region and in accordance with CIB targets and outcomes. For the purposes of this MD&A, the CIB's portfolio includes projects to which the CIB has made an investment commitment, which also includes financially closed projects¹.

Investments

Portfolio Overview - Value of CIB's Investment Commitments including Financial Closes								
<i>(in billions of Canadian dollars)</i>	Total Value		CIB	Private & Institutional Public Partners				
Life-to-date Q4 F2021-22	\$	20.9	\$	7.2	\$	7.6	\$	6.1
Q1 F2022-23		0.9		0.4		0.1		0.3
Total	\$	21.8	\$	7.6	\$	7.7	\$	6.3

Note: Numbers may not add due to rounding

The CIB continued its established pace of investment in the first quarter, making six new investment commitments to provide approximately \$400 million of CIB financing to almost \$900 million worth of projects in communities across Canada.

These projects support the need for critical infrastructure while contributing to reductions in GHG emissions and achieving other objectives including the procurement of zero emission buses and advancing investment for the benefit and with the participation of Indigenous communities.

Details of investment commitments announced during the quarter include:

- Investing up to \$120 million towards the Avenue Living Energy Retrofits project, the first CIB retrofit project to facilitate energy efficient retrofits at scale in the multi-unit residential sector. The project will optimize building performance for properties in Alberta and Saskatchewan,

¹ *Investment Commitment* refers to when the CIB and partners have agreed to a set of agreed upon terms (aka a "term sheet") that sets out the capital commitment of each party and other financial terms of an investment, such as length, interest rates and financing structure. At this time, the investment is advanced sufficiently enough for the CIB and its counterparts to each secure appropriate approvals and embark on final due diligence. In addition, the counterparty is in the final stages of securing key stakeholder agreements, all other required public funding of the project is confirmed, and there is a defined and agreed upon schedule in place to reach financial close.

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

decreasing GHG emissions by more than 49 percent, and enhancing functionality and comfort for occupants;

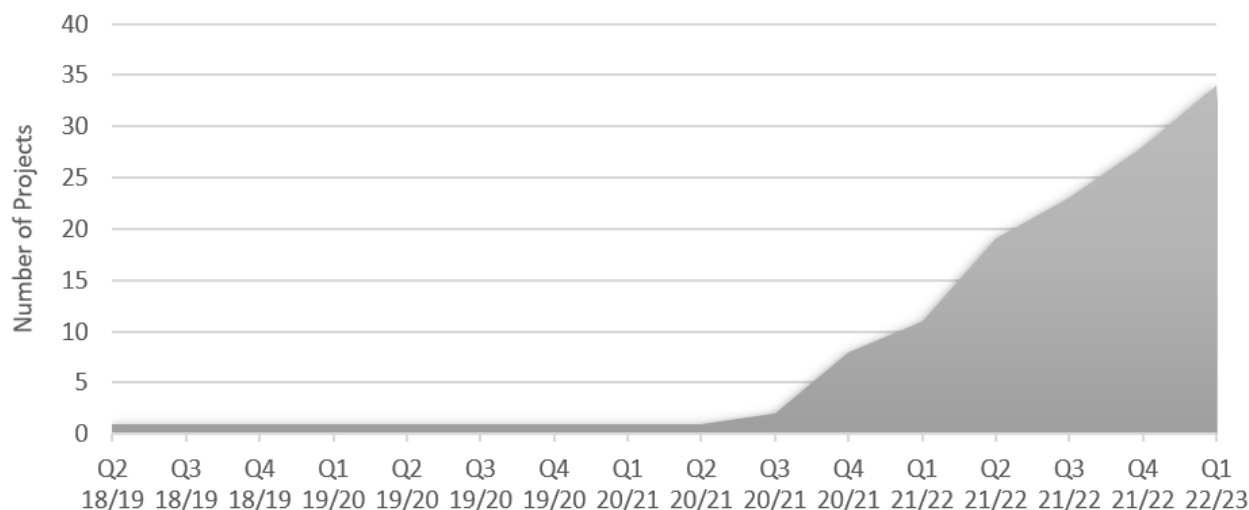
- Investing up to \$68 million towards Durham Region’s zero-emission bus (ZEB) initiative, which will support Durham Region Transit’s (DRT) purchase of up to 100 battery electric buses by 2027, to help provide green transit solutions for the region;
- Investing up to \$80 million towards the Atlin Hydroelectric Expansion Project, which will close an infrastructure gap in northern Canada by providing access to more reliable and cleaner energy for 10 Yukon First Nation communities and seven additional municipalities which currently rely on diesel generators for electricity reliability in winter months. This project is another example of the CIB’s Indigenous Community Infrastructure Initiative in action, and
- Investing up to \$56 million towards the University of Toronto Retrofit project, noting that the campus has aging infrastructure, including a 120-year-old district energy system. The University’s St. George Campus is expected to double in size by 2050, and this investment aims to retrofit the campus to reduce annual emissions by 50%.

The CIB made two additional investment commitments during the quarter totaling \$107 million which will be announced in the future in accordance with the timing requirements of the CIB and its partners.

Also this quarter we have made public an agreement with Arrow Technology group based on an investment commitment reached in Q4 F2021/22 to invest up to \$10 million towards new broadband infrastructure serving Indigenous and rural communities in Alberta. The new broadband service will close an infrastructure gap for at least 17 Indigenous and one rural community in Alberta.

At the end of the quarter the CIB portfolio included 17 projects that have reached Financial Close, along with an additional 17 projects to which the CIB has made an Investment Commitment. As detailed in chart below, overall growth of the CIB portfolio continues at a pace consistent with that of investment since the launch of the CIB’s Growth Plan in October 2020.

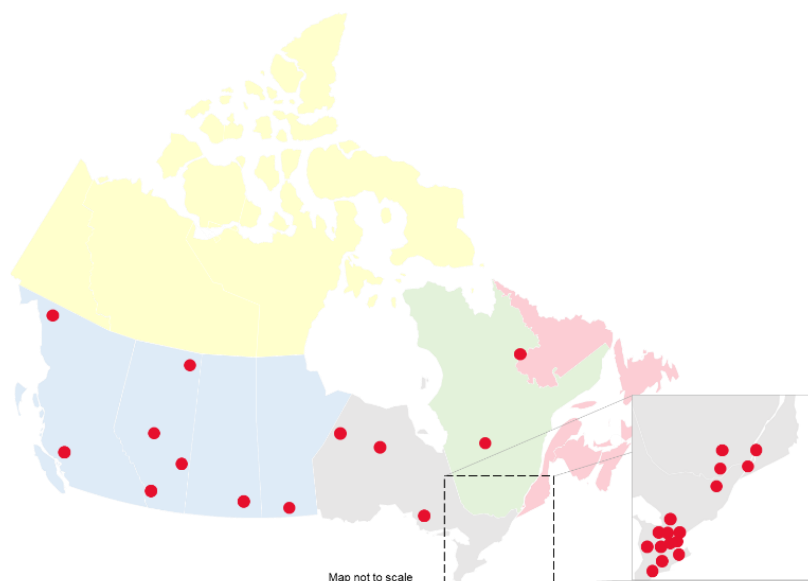
Growth in CIB Portfolio (Investment Commitments Including Financial Closes)



The CIB continues to build a portfolio of investments across all of its priority sectors and in all regions of the country.

Portfolio Composition by Sector			
Investment Commitments including Financial Closes	Life-to-date		Total
	Q4 F2021-22	Q1 F2022-23	
Public Transit	9	1	10
Clean Power	4	1	5
Green Infrastructure	6	3	9
Broadband	6	0	6
Trade and Transportation	3	1	4
Total	28	6	34

Portfolio Composition by Region



Region	Life-to-date		Total
	Q4 F2021-22	Q1 F2022-23	
West	6	1	7
Ontario	12	3	15
Quebec	6	0	6
Atlantic	1	0	1
North	0	1	1
Multiple	3	1	4
Total	28	6	34

Results and Progress

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

Progress Towards Outcome Targets (based on projects reaching financial close)			
	Life-to-date Q4 F2021-22	Q1 F2022-23	Total
GHGs	3.7MT	0	3.7MT
Broadband	135K	0	135K
Ridership	174K	0	174K
Indigenous	4	0	4
Trade Volumes	nil	0	nil
Agricultural Value Added	\$60M	0	\$60M

The CIB only counts its progress in terms of expected outcomes once a project has reached financial close, the point in time at which the CIB and its investment partners have completed all due diligence and have entered into legally binding agreements. As the CIB did not reach financial close on an investment commitment in the first quarter, these totals remain unchanged from the end of last fiscal year. The outlook for financial closes over the course of the year remains strong, driven by the number of investment commitments that have not yet reached financial close, as well as the additional projects that are in earlier stages in the development pipeline.

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

Progress Towards Long Term Investment Targets (Based on Investment Commitments including Financial Closes)



Note: Numbers may not add due to rounding

Corporate Activities

On April 26, the CIB's Chief Executive Officer, Ehren Cory, provided a spring market update on the CIB's progress so far and vision for moving forward, at a virtual event hosted by the Canadian Council for Public and Private Partnerships. The event was an opportunity for external stakeholders to engage with the CIB's CEO, ask questions and provide feedback on the market update.

The CIB held its annual public meeting on June 15, which was hosted by Board Chair, Tamara Vrooman, and CEO, Ehren Cory. The event provided our stakeholders with an overview of the CIB's fiscal 2021-22 results, discussion of the impact of the CIB's investments, and its outlook for future investment. It was followed by a Q&A session.

Part of the role for the CIB is to act as a centre of expertise related to infrastructure in which private and institutional investors may participate. To this end, two research projects supported by the CIB released findings to help inform the sponsors of priority infrastructure:

- The *Green Retrofit Economy Study*, conducted by the Delphi Group and the Canada Green Building Council, identified how Canada can scale up retrofits for large buildings, including industrial, commercial, and large residential buildings by examining the workforce capacity and supply chains.
- The *Secure Smart Cities: Making Municipal Critical Infrastructure Cyber Resilient* study conducted by the Cybersecure Policy Exchange at Toronto Metropolitan University, examined the unique challenges and needs of Canada's municipalities for securing their critical infrastructure from cyber threats.

This past quarter the CIB's 2021-2022 to 2025-26 and 2022-2023 to 2026-27 Corporate Plans were approved by Her Excellency the Governor General in Council, and the CIB's Annual Report for the 2021-22 fiscal year was submitted to the Minister of Intergovernmental Affairs, Infrastructure and Communities. Corporate Plan summaries and the Annual Report will proceed to be tabled in the House of Commons by the Minister in accordance with provisions as set out in the *Financial Administration Act*.

Financial Overview

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

Effective April 1, 2021, the CIB adopted the Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board (PSAB) by the Chartered Professional Accountants of Canada.

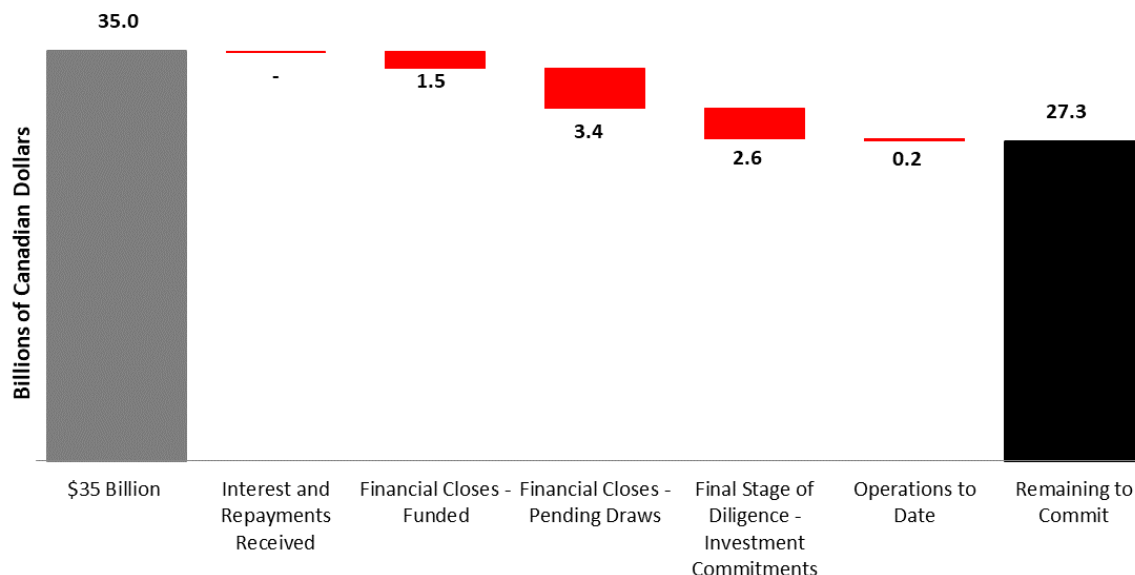
Q1 F2022-23 Highlights – Investments

- 6 investment commitments totaling \$0.4 billion (34 totaling \$7.6 billion life-to-date)

- No financial closes for the first quarter (17 totaling \$4.9 billion life-to-date)
- \$61.7 million funded to existing investments (\$1.5 billion life-to-date)

As part of the *CIB Act*, Parliament has authorized funding of not more than \$35 billion to the CIB and the authority to invest in infrastructure transactions. Of the \$35 billion, the Government of Canada expects the CIB to prudently manage its portfolio so the net fiscal expense will remain under \$15 billion.

Deployment of \$35 Billion



As of the end of Q1 F2022-23, the CIB had investment commitments worth \$7.6 billion of which \$4.9 billion have reached financial close. Life-to-date, the CIB has funded \$1.5 billion of the projects reaching financial close forming the basis of the \$1.5 billion investment receivable. As at June 30, 2022, the unfunded portion of the investments that reached financial close was \$3.4 billion and is recognized as a receivable from the government. Investment commitments that have not yet reached financial close and are in final stage of diligence total \$2.6 billion as at June 30, 2022. The remaining \$27.3 billion is expected to reach financial close by the end of F2027-28.

Fiscal Impact – Use of \$15 Billion

The CIB was allocated \$15 billion as fiscal expense against our \$35 billion statutory appropriation, to catalyze projects that benefit Canadians. The CIB’s fiscal expense is expected to cover i) operating expenses, ii) concessionary pricing relative to the Government of Canada’s borrowing rates and iii) expected lifetime anticipated losses plus any specific impairment charges, all offset by any financial returns on investments, including principal and interest.

As part of our investment framework, we are refining our expected lifetime of anticipated losses, a non-GAAP credit risk methodology for calculating our expected credit loss. Expected lifetime of anticipated losses is similar to the lifetime expected credit loss that the CIB previously reported under International

Financial Reporting Standards (IFRS), and is an important metric to the CIB, as it helps us manage against our total fiscal expense.

Included in the expected lifetime of anticipated losses is the general valuation allowance, which is based on short term risk of our loan receivable. As per PSAS, only general valuation allowances and specific valuation allowances (i.e. impairment) are recognized in the CIB's financial statements. As at June 30, 2022, we determined a general valuation allowance of \$15.4 million (March 31, 2022 \$15.1 million). No specific valuation allowance was recognized for June 30, 2022 (March 31, 2022, nil).

Q1 F2022-23 Highlights – Operations

- Government appropriations – investments of \$(9.2) million driven by zero financial closes (17 totaling \$4.9 billion life-to-date), and a \$9.2 million reduction due to a reduction in our loan commitment amount with one of our borrowers
- Government appropriations – operations of \$19.0 million to cover expenses incurred
- \$6.1 million of interest income realized
- CIB operating expenses of \$12.3 million

	For the three months ended June 30	
	2022	2021
<i>(in millions of Canadian dollars)</i>		
Revenue		
Government appropriations- investments	\$ (9.2)	\$ 30.0
Government appropriations- operations	19.0	15.0
Interest income	6.1	5.5
	15.9	50.5
Operating Expenses		
Compensation	7.9	5.9
General and administration		
Professional fees	3.3	2.9
Administration	1.0	0.7
Amortization of capital assets	0.1	0.1
	12.3	9.6
Non-operating expenses		
Loan valuation allowance	0.3	0.4
Project development	0.2	0.1
Advisory services	-	3.5
	0.5	4.0
Total expenses	12.8	13.6
Surplus	\$ 3.1	\$ 36.9

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 quarter.

The CIB did not recognize any government appropriations for investments during Q1 F2022-23. The decrease of \$39 million compared to Q1 F2021-22 is due to zero investments reaching financial close in Q1 F2022-23 (1 in Q1 F2021-22) and recognition of a \$9.2 million reduction as a result of a pre-payment mechanism within the credit agreement with one of our borrowers that reduced our loan commitment amount.

Interest Income: Interest income was \$6.1 million, an increase of \$0.6 million from Q1 F2021-22. \$5.9 million (Q1 F2021-22, \$5.5 million) of income was from financing activities and \$0.2 million (Q1 F2021-22, \$nil) earned on cash and short-term investments from appropriations.

Expenses

Expenses to June 30, 2022, totaled \$12.8 million (Q1 F2021-22, \$13.6 million) and consisted of operating expenses of \$12.3 million (Q1 F2021-22, \$9.6 million), loan valuation allowance of \$0.3 million (Q1 F2021-22, \$0.4 million), project development expenses of \$0.2 million (Q1 F2021-22, \$0.1 million) and advisory expenses related to the joint operation \$nil (Q1 F2021-22, \$3.5 million).

Operating Expenses: The CIB's operating expenses of \$12.3 million in Q1 F2022-23 were \$2.7 million higher than Q1 F2021-22. Increases came primarily from compensation of \$7.9 million (Q1 F2021-22, \$5.9 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 \$4.4 million (Q1 F2021-22, \$3.7 million).

Included in G&A were professional fees of \$3.3 million that were \$0.4 million higher than the Q1 F2021-22 primarily driven by 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.

The loan valuation allowance expense was \$0.2 million for the three-month period ended June 30, 2022 (Q1 F2021-22, \$0.4 million). This is a general valuation allowance that is an estimate of short-term credit risk on our portfolio of assets.

Project development expense of \$0.2 million (Q1 F2021-22, \$0.1 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.

Advisory expense of \$nil in Q1 F2022-23 was \$3.5 million lower than Q1 F2021-22, due to research expenses previously incurred by the CIB and VIA Rail Canada Joint Project Office which concluded on March 3, 2022. The CIB agreed to make funding available after March 3, 2022, 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.

Note on Subsequent Events

Subsequent to the end of Q1 F2022-23, proponents of the Lake Erie Connector announced a suspension of development activities and commercial negotiations related to the project. The CIB is in

discussion with the proponent to assess the implications of this development. In addition, there was a reduction to our government funding receivable of \$173.0 million due to a reduction in a loan commitment in the green infrastructure sector as a result of the triggering of a pre-payment mechanism within the credit agreement with one of our borrowers.

Outlook

The CIB continues to seek out opportunities for investment, and to build partnerships which bring in private and institutional capital for long-term infrastructure investments for Canadians, aiming to reach \$35 billion in financial closes by F2027-28.

The outlook for CIB investment remains positive based on the following:

- The CIB's ongoing efforts to engage with partners and identify investment opportunities have resulted in a robust roster of projects that are in various stages of our investment process. At the end of Q1, the CIB had 37 additional opportunities that it is pursuing that are in a stage of investment structuring with the intent to finalize terms to be able to make an investment commitment.

Portfolio Outlook by Sector	
Priority Sector	Opportunities in Investment Structuring
Public Transit	3
Clean Power	14
Green Infrastructure	6
Broadband	9
Trade and Transportation	5
Total	37

- Canada continues to face an infrastructure deficit that is beyond the capacity of governments alone to address. Opportunities to crowd in private capital need to be part of a broader array of approaches to address the gap.
- Canada has set clear targets to achieve emission reductions of 40%-45% below 2005 levels by 2030, and net zero by 2050. This contributes to drive a strong demand for new infrastructure in areas such as transit, clean power and green infrastructure that can lead to emission reduction.
- The Government of Canada has identified new areas of activity for CIB investment, including carbon capture, utilization and storage, hydrogen, clean fuels, small modular reactors and zero emission vehicle charging and refueling infrastructure.

After its initial start-up phase, the CIB is achieving a more established profile among Canadian governments and investors. The growth in investment commitments and financial closes in F2021-22 has reinforced awareness of the CIB and showcased the positive outcomes that working with the CIB can generate.

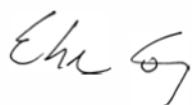
Financial Statements of the Canada Infrastructure Bank

First Quarter F2022-23

Management's Responsibility for Financial Information

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

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



Ehren Cory

Chief Executive Officer



Evelyn Joerg

Chief Financial Officer

August 11, 2022

Condensed Interim Statement of Financial Position (unaudited)

As at	Note	June 30, 2022	March 31, 2022
(in thousands of Canadian dollars)			
Financial assets			
Cash		\$ 55,406	\$ 45,540
Government funding receivable	5	3,349,302	3,430,322
Loans receivable	4	1,524,955	1,457,743
HST receivable		2,547	1,997
Related party accounts receivable	9	2,473	-
		4,934,683	4,935,602
Liabilities			
Accounts payable and accrued liabilities	7	6,838	10,641
Deferred liabilities		3,021	3,076
		9,859	13,717
Net financial assets			
		4,924,824	4,921,885
Non-Financial assets			
Tangible capital assets	6	2,248	1,949
Prepaid expenses and advances		277	420
		2,525	2,369
Accumulated surplus		\$ 4,927,349	\$ 4,924,254

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

Condensed Interim Statement of Operations and Accumulated Surplus (unaudited)

(in thousands of Canadian dollars)	Note	F2022-23	For the three months ended June 30	
		Budget	2022	2021
Revenue				
Government appropriations - investments	5	\$ 1,990,000	\$ (9,190)	\$ 30,000
Government appropriations - operations		79,430	19,000	15,000
Interest income		35,474	6,077	5,499
		2,104,904	15,887	50,499
Expenses				
Compensation		32,200	7,892	5,912
General and administration	8	31,230	4,390	3,696
Project development		16,000	170	124
Loan valuation allowance	4	3,118	340	360
		82,548	12,792	10,092
Advisory services		-	-	3,513
Surplus		2,022,356	3,095	36,894
Accumulated surplus, beginning of year		4,924,254	4,924,254	1,710,929
Accumulated surplus, end of period		\$ 6,946,610	\$ 4,927,349	\$ 1,747,823

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

(in thousands of Canadian dollars)	F2022-23	For the three months ended June 30,	
	Budget	2022	2021
Surplus	\$ 2,022,356	\$ 3,095	\$ 36,894
Change in tangible capital assets - acquisition	(306)	(410)	(15)
Change in tangible capital assets - amortization	57	111	85
Change in prepaid expenses and advances	-	143	26
Net financial assets, beginning of year	4,921,885	4,921,885	1,708,846
Net financial assets, end of period	\$ 6,943,992	\$ 4,924,824	\$ 1,745,836

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

Condensed Interim Statement of Cash Flows (unaudited)

	Note	For the three months ended June 30,	
		2022	2021
(in thousands of Canadian dollars)			
Cash (used in) provided by:			
Operating activities:			
Surplus		\$ 3,095	\$ 36,894
Items not involving cash:			
Interest income accrued on loan receivable	4	(5,866)	(5,481)
Amortization of tangible capital assets	6, 8	111	85
Loan valuation allowance	4	340	360
Changes in non-cash working capital			
Government funding receivable	5	81,020	21,000
Accounts receivable		(2,473)	-
Transaction costs	4	44	-
HST receivable		(550)	(629)
Prepaid expenses and advances		143	26
Accounts payable and accrued liabilities		(3,803)	(2,206)
Deferred liabilities		(55)	(304)
Loan disbursements	4	(61,730)	(51,000)
Total cash provided by (used in) operating activities		10,276	(1,255)
Capital activities:			
Acquisition of tangible capital assets	6	(410)	(15)
Total cash in capital activities		(410)	(15)
Net increase/(decrease) in cash during the year		9,866	(1,270)
Cash, beginning of year		45,540	1,695
Cash, end of the period		\$ 55,406	\$ 425

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

Notes to the Financial Statements

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

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

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

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

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

The CIB receives appropriations from the Government of Canada. Parliament has authorized not more than \$35 billion until fiscal year-end 2027-28, and the requisite authorities to participate 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 Her Majesty, the Queen in Right of Canada, except when, (i) giving advice about investments in infrastructure projects to ministers of Her Majesty in right of Canada, to departments, Boards, commissions and agencies of the Government of Canada and to Crown Corporations as defined in subsection 83(1) of the *Financial Administration Act* (Canada) (the “FAA”); (ii) collecting and disseminating data in accordance with the *CIB Act*; (iii) acting on behalf of the Government of Canada in the provision of services or programs, and the delivery of financial assistance, as provided under the *CIB Act*; and (iv) carrying out any 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. Basis of preparation:

Basis of Accounting

These unaudited Condensed Interim Quarterly Financial Statements have been prepared in accordance with Public Sector Accounting Standards (PSAS) established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The accounting policies used in these statements are consistent with those disclosed in the most recent annual audited financial statements dated March 31, 2022. These interim condensed financial statements do not include all of the disclosures required for annual financial statements and should be read in conjunction with the Corporation’s audited financial statements for its fiscal year ended March 31, 2022.

Effective April 1, 2021, the CIB adopted PSAS as issued by the PSAB. The 2021-22 quarterly comparative figures which were presented under IFRS have been restated using estimates that reflect conditions at that time. The key adjustments for the period ending June 30, 2021, resulting from the adoption of these standards are as follows:

Summary of financial adjustments:

Accumulated surplus as at April 1, 2021, as previously reported under IFRS	\$ 1,244,192
Adjustments previously recongized on April 1st Accumulated surplus, to restate in PSAS	466,737
Accumulated surplus as at April 1, 2021, as restated in PSAS	1,710,929
Increase in accumulated surplus as reported under IFRS for the quarter ending June 30, 2021	56,499
Q1 appropriation adjustment to recognize as revenue	(19,266)
Q1 adjustment from ECL to general valuation allowance	(360)
Q1 adjustment to leases	21
Accumulated surplus as at June 30, 2022, as restated in PSAS	\$ 1,747,823

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

Budget figures:

Budget information is reflected in the Statements of Operations and Accumulated Surplus and the Statements of Change in Net Financial Assets. Budget data is presented for F2022-23 and is sourced from the approved 2022-23 Corporate Plan and from year two contained within the approved 2020-21 Corporate Plan.

As a result of the April 1, 2021 transition to PSAS, certain items in the 2022-23 Corporate Plan required adjustment to align with the change in reporting as outlined in Note 3. The main adjustments are as follows:

Approved Corporate Plan 2022-23	F2022-23	
	Previously approved	As adjusted
Loan valuation allowance	\$ (359,202)	\$ (3,118)

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 and other primary factors as described in Note 11 to the Corporation's annual audited Financial Statements for the year ended March 31, 2022, 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.

Continued uncertainty exists in the global economy due to the COVID-19 pandemic, global supply chain challenges and rising interest rates. The increased uncertainty has had a limited impact on loan valuation allowance estimates and assumptions used in determining the reported value of assets and liabilities. The CIB has considered the impact of these uncertainties on the valuation of its assets and has determined that no impairments are required. Actual credit losses could differ materially from those reflected on the Financial Statements.

3. Significant accounting policies:

The accounting policies in these Interim Financial Statements are consistent with those disclosed in Note 3 to the Corporation's annual audited Financial Statements for the year ended March 31, 2022.

4. Loans receivable:

The portfolio of loans may be subject to a number of terms and conditions including restrictive covenants and be subordinate to senior debt or rank pari passu with other lenders. All loans below are secured through projected future revenues of the projects.

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

As at	June 30, 2022		March 31, 2022	
	Carrying amount	LVA	Carrying amount	LVA
Public Transit	\$ 1,349,750	\$ (14,572)	\$ 1,344,113	\$ (14,512)
Clean Power	14,020	(28)	4,210	(8)
Green Infrastructure	8,552	(84)	8,540	(85)
Broadband	41,257	(70)	41,268	(69)
Trade & Transportation	126,766	(636)	74,662	(376)
Subtotals	1,540,345	(15,390)	1,472,793	(15,050)
Loans receivable (net)	\$ 1,524,955	\$ (15,390)	\$ 1,457,403	\$ (15,050)

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 13.9 years (March 31, 2022 – 13.2 years).

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

As at	June 30, 2022	March 31, 2022
Opening balance	\$ 1,457,743	\$ 1,307,500
Drawdowns	61,730	125,979
Capitalized interest paid in kind	5,866	22,246
Transaction costs (net of amortization)	(44)	2,826
Loan valuation allowance	(340)	(808)
Loans receivable	\$ 1,524,955	\$ 1,457,743

The loan valuation allowance consists of the general loan valuation allowance of \$15.4 million (March 31, 2022 – \$15.1 million) and the specific loan valuation allowance of \$nil (March 31, 2022 – \$nil).

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

As at	June 30, 2022
2023	\$ 841
2024	3,212
2025	8,201
2026	10,699
2027 and thereafter	1,447,756
Outstanding loans receivable principle and repayments	\$ 1,470,709

5. Government funding receivable:

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

The details of the government funding receivable are as follows:

As at	June 30, 2022	March 31, 2022
Opening balance	\$ 3,430,322	\$ 407,500
New investment contractual agreements	-	3,188,535
Government appropriations received - investments	(71,830)	(165,713)
Investment commitment reduction	(9,190)	-
Government funding receivable	\$ 3,349,302	\$ 3,430,322

6. Tangible capital assets:

	Leasehold improvements	Computer software	Computer hardware	Furniture & equipment	Total
Cost:					
Balance at beginning of year	\$ 1,545	\$ 830	\$ 318	\$ 365	\$ 3,058
Additions	-	389	21	-	410
Balance at end of period	1,545	1,219	339	365	3,468
Accumulated depreciation:					
Balance at beginning of year	482	182	254	191	1,109
Amortization expense	38	54	10	9	111
Balance at end of period	520	236	264	200	1,220
Carrying amounts					
Balance at June 30, 2022	\$ 1,025	\$ 983	\$ 75	\$ 165	\$ 2,248

	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 period	1,545	830	318	365	3,058
Accumulated depreciation:					
Balance at beginning of year	328	49	202	148	727
Amortization expense	154	133	52	43	382
Balance at end of period	482	182	254	191	1,109
Carrying amounts					
Balance at March 31, 2022	\$ 1,063	\$ 648	\$ 64	\$ 174	\$ 1,949

No tangible capital asset was impaired as at June 30, 2022 (March 31, 2022 – \$nil).

7. Accounts payable and accrued liabilities:

As at	June 30, 2022	March 31, 2022
Accrued compensation	\$ 2,568	\$ 6,519
Accrued professional fees	2,598	2,553
Accounts payable	172	332
Accounts payable on behalf of VIA development office	1,500	-
Advisory services	-	1,237
	\$ 6,838	\$ 10,641

8. General and administrative expenses:

For the three months ended June 30	2022	2021
Professional fees	\$ 3,253	\$ 2,857
Administration fees	1,026	754
Amortization of capital assets	111	85
General and administrative expenses	\$ 4,390	\$ 3,696

9. Related party transactions:

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies, and Crown corporations. Key management personnel are defined as officers having authority and responsibility for planning, directing and controlling the activities of the CIB and their close family

members, including members of the Board of Directors. The Corporation enters into transactions with these entities and individuals in the normal course of business. The CIB's transactions with government-related entities that are individually significant are government funding which is approved in the form of a statutory authority, as well as the CIB's annual Corporate Plan, and obtained through drawdown requests made to the Department of Finance 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 9th, 2021, the CIB and VIA Rail Canada signed an amendment to extend the term of the Joint Venture Agreement to March 3rd, 2022 from the original expiry date of September 3, 2021. The CIB has agreed to make funding available after March 3, 2022, 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 is approximately \$2.5 million as at June 30th, 2022 (March 31, 2022, \$nil).

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

10. Financial instruments and risk management:

The treatment of financial instruments and risk management in these Interim Financial Statements are consistent with those disclosed in Note 11 to the Corporation's annual audited Financial Statements for the year ended March 31, 2022.

11. Contractual obligations:

a) Leasing commitments:

On August 31, 2017, the CIB entered into long-term leases for both office and storage space located at 150 King Street West. The term of each lease is 10 years and commenced on June 1, 2018. The CIB has the option to extend the office lease for two further consecutive terms of five years each. The CIB does not receive substantially all of the benefits and risks incident to ownership, and therefore the office and storage space would meet the classification of an operating lease. The CIB recognizes the lease expenses straight-lined over the lease terms.

b) Financial closes:

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

As at	June 30, 2022	March 31, 2022
Public Transit	\$ 1,158,691	\$ 1,158,691
Clean Power	586,265	595,995
Green Infrastructure	468,062	468,062
Broadband	788,529	788,529
Trade & Transportation	406,777	458,777
Undrawn committed capital	3,408,324	3,470,054
Amounts advanced (cash basis)	1,470,709	1,408,979
Total financial closes	\$ 4,879,033	\$ 4,879,033

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

12. Subsequent event:

Subsequent to quarter end our government funding receivable was reduced by \$173.0 million due to a reduction in a loan commitment amount in the green infrastructure sector. The reduction was a result of the triggering of a pre-payment mechanism within the credit agreement with one of our borrowers.