



# Third Quarter (Q3) 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 December 31, 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.

## Business Performance

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

### Investments

The CIB continued its established pace of investment activity in the third quarter, making two new investment commitments to provide approximately \$265 million of CIB financing towards \$657 million worth of projects. These projects support the need for critical infrastructure while achieving lasting outcomes for Canadians through reductions in GHG emissions and providing critical, sustainable public transportation options. Since inception, the CIB has now made total investment commitments of \$8.6 billion to nearly \$25 billion worth of projects.

The CIB made an investment commitment to finance the procurement of zero-emission buses (ZEBs) by the City of Calgary, which subsequently closed in January for up to \$165 million in financing. The CIB's investment will facilitate the purchase of 259 ZEBs, thereby reducing GHG emissions by approximately 12,200 tonnes per year and providing residents with a green public transportation option.

The CIB also made an investment commitment during the quarter of \$100 million in the green infrastructure sector, which is expected to be announced in the coming quarters.

During the quarter, the CIB reached financial close on a number of existing investment commitments, including \$8.1 million for the Arrow Technology Group Broadband project, where the CIB's financing will

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

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

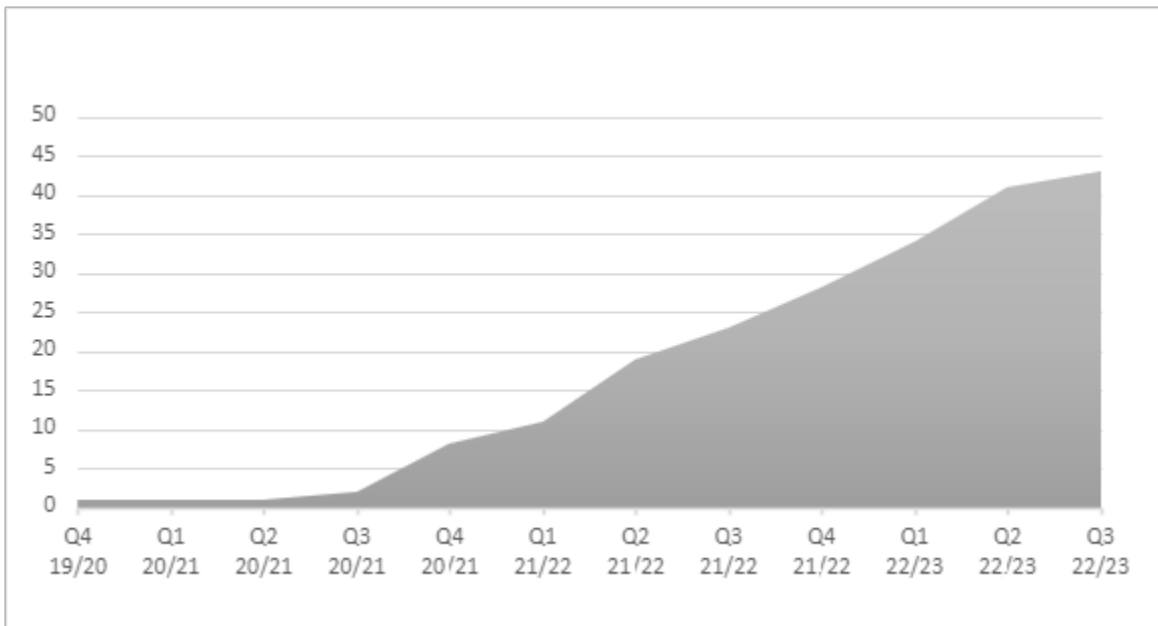
allow broadband connectivity to expand in unserved and underserved communities at a quicker pace, and \$7.9 million for critical Netmizaaggamig Nishnaabeg infrastructure required for commercial and residential development that will improve living standards on reserve. The CIB also reached financial close on two additional investments for up to \$240 million.

For two projects that have reached financial close, the CIB’s investment amount decreased during the quarter:

- The CIB’s financial commitment to the Algoma Steel Retrofit project has been reduced to now sit at \$27.4 million versus \$220 million at financial close in November 2021. Private capital will replace the CIB’s funding of the project.
- The City of Edmonton was able to purchase 20 zero emission buses for less than budget, resulting in \$13.2 million being deployed versus a credit facility of \$14.4 million. The remainder of the CIB’s commitment has been cancelled as the City of Edmonton has completed the intended scope of the project and the availability period for the CIB facility has passed.

At the end of the quarter the CIB portfolio included 43 investment commitments, 27 of which have reached financial close. As detailed in chart below, overall growth of the CIB portfolio continues at a pace consistent with that since the launch of the CIB’s Growth Plan in October 2020.

**Growth in CIB Portfolio  
(Investment Commitments Including Financial Closes)**



As a Crown corporation with a national mandate, the CIB seeks to achieve balance across priority sectors and reflect the geographic scope and diversity of Canada. Over the course of the quarter, the

CIB made additions to its portfolio in green infrastructure and public transit in Ontario and Western Canada and continues to see relative balance across all of its priority sectors.

In addition, the CIB's investment in Netmizaaggamig Nishnaabeg infrastructure was reclassified from the trade and transportation sector to green infrastructure, as the majority of the works in this project relate to wastewater treatment infrastructure.

<b>Portfolio Composition by Sector</b>					
<b>Investments Commitments and Financial Closes</b>	<b>Life-to-date</b>				<b>Total</b>
	<b>Q4 F2021-22</b>	<b>Q1 F2022-23</b>	<b>Q2 F2022-23</b>	<b>Q3 F2022-23</b>	
Public Transit	9	1	0	1	11
Clean Power	4	1	3	0	7*
Green Infrastructure	6	3	4	1	15**
Broadband	6	0	1	0	7
Trade and Transportation	3	1	0	0	3**
<b>Total</b>	<b>28</b>	<b>6</b>	<b>8</b>	<b>2</b>	<b>43</b>

\*Total reflects removal of Lake Erie Connector as an investment commitment.

\*\*Total reflects reclassification of Netmizaaggamig Nishnaabeg from Trade and Transportation to Green Infrastructure.

## Portfolio Composition by Region

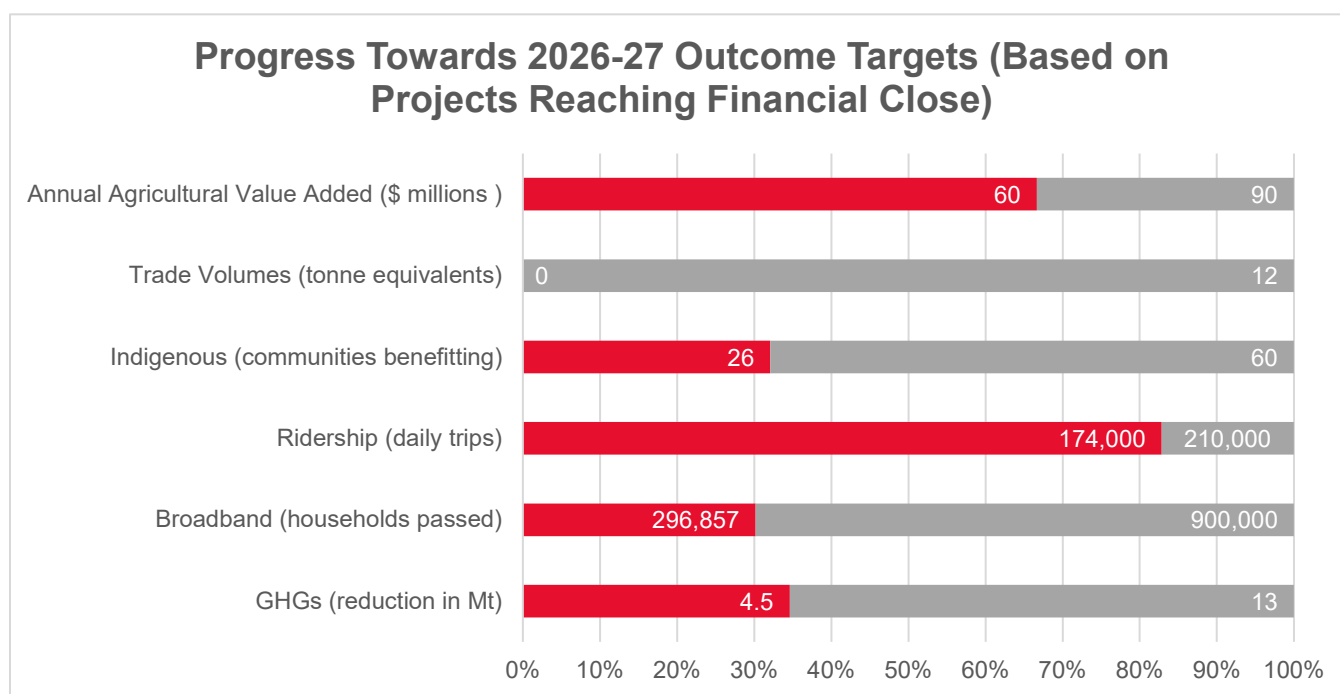
<b>Portfolio composition by Region</b>					
<b>Region</b>	<b>Life-to-date Q4</b>				<b>Total</b>
	<b>F2021-22</b>	<b>Q1 F2022-23</b>	<b>Q2 F2022-23</b>	<b>Q3 F2022-23</b>	
West	6	1	2	1	10
Ontario	12	3	5	1	20*
Quebec	6	0	1	0	7
Atlantic	1	0	0	0	1
North	0	1	0	0	1
Multiple	3	1	0	0	4
<b>Total</b>	<b>28</b>	<b>6</b>	<b>8</b>	<b>2</b>	<b>43</b>

\*Total reflects removal of Lake Erie Connector as an investment commitment

## 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.

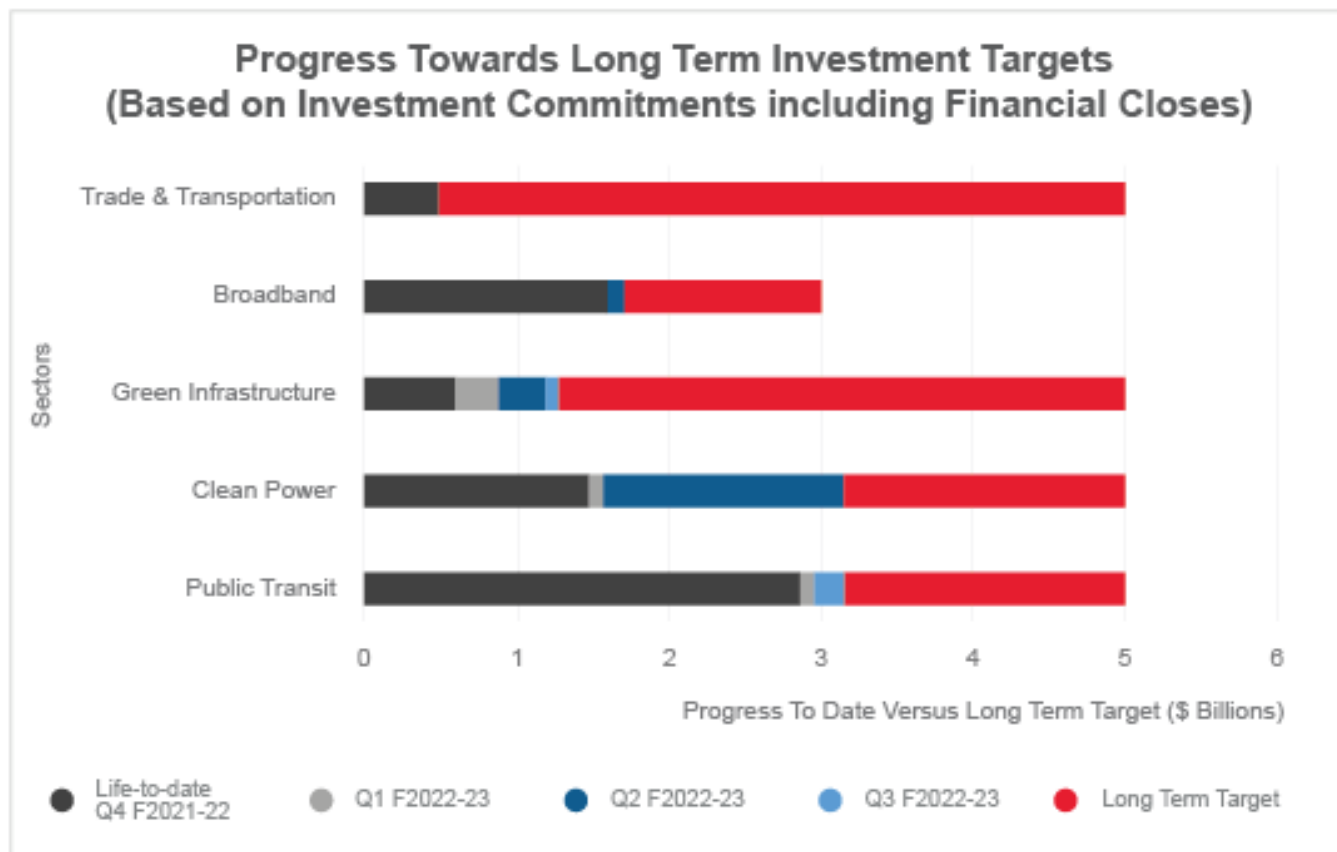
In Q3 the number of indigenous communities benefitting from CIB infrastructure investment grew by 20 as a result of reaching financial close on the Arrow Technology Group Broadband project in northern Alberta. There was also a notable increase in broadband connections; approximately 5,100 more households, in remote and Indigenous communities, will now be connected to high-speed internet.



The CIB 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. 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.





### Project Developments

One of the important ways in which the CIB provides value to Canadians is in the ability to address gaps in the financing, economics, or structure of a project. This is how the CIB enables projects which otherwise would not be built. To date, 19 projects financed by the CIB are in active construction by the proponents. For example, this includes:

- The Réseau express métropolitain which is delivering a new automated light-rail network serving the greater Montreal area including 26 stations, almost doubling the current Métro network;
- Construction of the world's largest raw wastewater energy transfer system at Toronto Western Hospital, part of the University Health Network (UHN), using thermal energy from wastewater to provide low-carbon heating and cooling;
- Work on enabling infrastructure such as road work, utilities, and broadband connectivity to support the development of the Kahkewistahaw Landing urban reserve in Saskatoon, and
- The Alberta Irrigation project which will construct modern irrigation infrastructure and significantly expand irrigable land opportunities within ten irrigation districts.

The CIB is also providing financing through its zero-emission bus initiative to help municipalities and school bus providers procure zero-emissions buses across Canada. The CIB has reached financial close on projects to provide financing for more than 5,000 ZEBs, including 80 ZEBs that are already in operations in Edmonton and in 12 cities throughout Quebec.

## Private and Institutional Capital

As set out in the CIB Act, “the purpose of the Bank 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.” Given the size of Canada’s infrastructure needs, it is clear that both public and private and institutional capital must be mobilized and work in concert to address that gap.

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

As of December 31, 2022, the CIB has committed to projects that have attracted \$7.9 billion in private sector and institutional financing. This private sector and institutional financing includes:

- \$700 million in Broadband
- \$1.5 billion in Clean Power
- \$1.4 billion in Green Infrastructure
- \$4.0 billion in Public Transit
- \$300 million in Trade and Transportation

## Operating Environment

Inflation and higher interest rates continue to impact the Canadian economy and business investment, similar to previous quarters this past fiscal year. This past quarter, Canada’s annual inflation rate was at 6.3% as of December of 2022, easing slightly from the 6.9% from the previous quarter, but still above market expectations of 6.7%.<sup>2</sup>

According to the Bank of Canada, it is anticipated that in 2023, growth in business investment spending will slow due to higher financing costs, which will in turn lessen demand. High interest rates coupled with the recent depreciation of the Canadian dollar, has also impacted the cost of construction, machinery and equipment.

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<sup>2</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/230117/dq230117a-eng.htm>

The CIB continues to note these developments and are monitoring them carefully as to how they are impacting potential and existing partnerships. To date, inflation and increased interest rates have not had a material effect on the performance of investments within our portfolio close, although some of our projects have seen cost increases related to COVID-19 impacts.

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

Under the CIB Act, the Minister of Infrastructure and Communities, as designated Minister, is required to undertake a review of the provisions and operations of the Act every five years and report to Parliament. The review is currently underway and the Minister of Intergovernmental Affairs, Infrastructure and Communities intends to table a report on the review in Parliament in June 2023.

## Corporate Activities

Part of the role of the CIB is to be a leader in infrastructure through partnerships and thought leadership. This past quarter, the CIB's CEO, Ehren Cory, participated in a number of external infrastructure and sustainability-related events to discuss the CIB's activities and investment mandate, including those hosted by:

- The Infrastructure Council and the Fédération des chambres de commerce du Québec
- The ON Economic Summit
- The Business Council of Alberta
- The Canadian-Council on Public-Private Partnership's Annual Conference

The CIB leadership team also participated in a number of events, showcasing the CIB's work and sharing insights with our partners and stakeholders at the Canadian Chamber of Commerce, the Indigenomics Institute and the Energy Roundtable.

As part of the CIB's efforts to help fill infrastructure gaps for Indigenous communities, on November 10, a new partnership was announced by the CIB, AFOA Canada and TD Bank Group. The partnership was created 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 developed by AFOA Canada and sponsored by the CIB and TD, will focus on risk management and project financing, contracting and asset maintenance.

On December 6, 2022, the Honourable Dominic LeBlanc, Minister of Intergovernmental Affairs, Infrastructure and Communities, announced the appointment of two new Board members to the CIB's Board of Directors: Andrée-Lise Méthot and Michael Bernstein. Ms. Méthot has had a long and distinguished career in venture capital, engineering, and corporate governance. Mr. Bernstein is a

seasoned senior executive with extensive experience in the Canadian power, infrastructure and utilities sector, including negotiating and structuring complex infrastructure investments and projects. Ms. Méthot and Mr. Bernstein were appointed in accordance with the Government of Canada's open, transparent, and merit-based selection process.

Also in December, the CIB published its first Sustainability and Impact document. The document details the CIB's net-zero goals, provides an overview of the organization's sustainability framework and initiatives to date, how the CIB is addressing the Indigenous infrastructure deficit, shares the operational carbon footprint of the CIB for the 2021-2022 fiscal year, and sets out the CIB's future plans to advance its work on sustainability and impact. The document also includes the CIB's first Task Force for Climate-Related Disclosure (TCFD) report. This disclosure meets the requirements set out in Budget 2021 and marks the beginning of annual TCFD disclosures and sustainability reporting for the CIB.

## **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.

## **Q3 F2022-23 Highlights – Investments**

As of the end of Q3 F2022-23, the CIB had investment commitments worth \$8.6 billion. Which \$7.1 billion had reached financial close. Life-to-date, the CIB has funded \$1.6 billion of the projects reaching financial close forming the basis of the \$1.7 billion loans receivable. Disbursements lag financial close amounts driven by the prudent transaction structuring approach the CIB takes to ensure that loans are drawn as construction occurs.

## **Q3 F2022-23 Highlights – Operations**

- Government investment appropriations of \$2.2 billion year-to-date ("YTD") and \$0.2 billion in Q3 were attributable to the continued growth in investments that have reached financial close.
- Government operational appropriations totaled \$51.5 million YTD and \$11.0 million in Q3 to cover cashflow needs for the ongoing operations of the business.
- \$21.2 million of interest income was realized YTD of which \$8.5 million was recorded in Q3.
- CIB operating expenses totaled \$36.4 million YTD of which \$14.9 million related to Q3.

	For the three months ended December 31		For the nine months ended December 31	
	2022	2021	2022	2021
(in millions of Canadian dollars)				
<b>Revenue</b>				
Government appropriations- investments	\$ 248.1	\$ 220.0	\$ 2,173.5	\$ 1,512.7
Government appropriations- operations	11.0	13.0	51.5	42.5
Interest income	8.5	5.5	21.2	16.7
	267.6	238.5	2,246.2	1,571.9
<b>Operating Expenses</b>				
Compensation	7.3	6.3	22.4	18.3
General and administration				
Professional fees	6.2	2.2	10.6	7.0
Administration fees	1.3	0.7	3.1	2.2
Amortization of capital assets	0.1	0.1	0.3	0.3
	14.9	9.3	36.4	27.8
<b>Non-operating expenses</b>		-		
Loan valuation allowance	0.2	-	0.6	0.4
Project development	(0.2)	0.4	0.4	0.8
Concessionary loan provision	0.2	-	0.2	-
Advisory services	-	1.4	-	7.2
	0.2	1.8	1.2	8.4
<b>Total expenses</b>	15.1	11.1	37.6	36.2
<b>Surplus</b>	\$ 252.5	\$ 227.4	\$ 2,208.6	\$ 1,535.7

## Year-to-date Highlights

### 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 or when the legal obligation to provide funding is reduced. Operating appropriations are recognized as received each quarter.

The CIB recognized \$2.2 billion of government investment appropriations YTD which is net of a \$193.8 million reduction in loan commitments mainly driven by the triggering of a pre-payment mechanism within the Algoma Steel Retrofit credit agreement and the City of Edmonton ZEBs that reached the end of the availability period drawing 92% of the credit facility.

## Interest Income:

Q3 F2022-23 YTD interest income was \$21.2 million, an increase of \$4.5 million from Q3 F2021-22 YTD driven by a \$1.6 million increase due to an increase in loans and \$2.9 million due to interest earned on cash and short-term investments from appropriations.

## Expenses

The Q3 F2022-23 YTD expenses totaled \$37.6 million (Q3 F2021-22 YTD, \$36.2 million) and consisted of operating expenses of \$36.4 million (Q3 F2021-22 YTD, \$27.8 million), project development expenses of \$0.4 million (Q3 F2021-22 YTD, \$0.8 million), concessionary loan provision expense of \$0.2 million (Q3 F2021-22 YTD, \$nil), loan valuation allowance of \$0.6 million (Q3 F2021-22 YTD, \$0.4 million), and advisory expenses related to the CIB and Via Rail Canada Joint Project Office \$nil (Q3 F2021-22 YTD, \$7.2 million).

Year-to-date operating expenses of \$36.4 million were \$8.6 million greater than Q3 F2021-22 YTD. Increases came primarily from:

- Compensation of \$22.3 million (Q3 F2021-22 YTD, \$18.3 million) due to the continued buildout of staffing across the organization required to meet demands stemming from increased deal activity, and
- Professional fees of \$10.6 million YTD that were \$3.6 million higher than the Q3 F2021-22 YTD 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 of \$0.6 million for the nine-month period ended December 31, 2022, was proportionately consistent with previous year (Q3 F2021-22 YTD, \$0.4 million). This is a general valuation allowance that is an estimate of short-term credit risk on our portfolio of assets.

YTD project development expense of \$0.4 million was slightly lower than previous year (Q3 F2021-22 YTD, \$0.8 million). This spend is allocated to early construction works on projects, to expedite the studies, technical reports and analysis required to shorten critical paths to construction for infrastructure projects already in development.

YTD concessionary loan provision expense totaled \$0.2 million (Q3 F2021-22 YTD, \$nil million). A loan discount is recorded for significantly concessionary loans which the CIB may provide as part of its investment approach to help attract private sector and institutional investment in revenue-generating infrastructure projects. The discounted value is calculated using the Government of Canada average cost of borrowing and is recognized on a prorated basis as funds are advanced.

YTD advisory expense of \$nil was \$7.2 million lower than Q3 F2021-22 YTD, 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.

### Quarter Highlights

The CIB recognized \$248 million of government investment appropriations in the third quarter driven by investments reaching financial close, offset by a \$9.3 million in loan reductions, as discussed in the Business Performance section of this MD&A. This compares to \$220 million in Q3 F2021-22.

Q3 F2022-23 interest income was \$8.5 million, an increase of \$3.0 million from Q3 F2021-22. \$6.4 million (Q3 F2021-22, \$5.5 million) of income was earned from financing activities and \$2.1 million (Q3 F2021-22, \$0.1 million) was earned on cash and short-term investments from appropriations.

Q3 F2022-23 expenses of \$15.1 million were \$4.0 million higher than Q3 F2021-22. Operating costs were \$14.9 million, an increase of 5.6 million from Q3 F2021-22 primarily from compensation of \$7.3 million (Q3 F2021-22 \$6.3 million) as a result of build out of staffing, and, professional fees of \$6.2 million (Q3 F2021-22 \$2.2 million) from due diligence related to increased project activity offset by a reduction in project development expenses of \$(0.2) million (Q3 F2021-22, \$0.3 million) as a result of capitalization and advisory expenses related to the joint operation \$nil (Q3 F2021-22, \$1.4 million).

Advisory expenses related to the VIA Rail Canada project delivery office are recognized as a related party receivable in F2022-23 as these expenses are expected to be repaid upon the permanent establishment of the VIA subsidiary. Details related to expenses align with year-to-date as provided above.

### Note on Subsequent Events

Subsequent to the end of Q3 F2022-23, the CIB reached financial close on \$615 million worth of projects in the green infrastructure, public transit and clean power sectors.

### 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 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 Q3, the CIB had 42 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. This is an increase of 3 over the number of projects in this stage at the end of Q2.

<b>Portfolio Outlook by Sector</b>	
<b>Priority Sector</b>	<b>Opportunities in Advanced Due Diligence</b>
Public Transit	9
Clean Power	13
Green Infrastructure	6
Broadband	7
Trade and Transportation	7
<b>Total</b>	<b>42</b>





# 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

February 15, 2023

**Condensed Interim Statement of Financial Position (unaudited)**

As at	Note	December 31, 2022	March 31, 2022
(in thousands of Canadian dollars)			
<b>Financial assets</b>			
Cash		\$ 181,400	\$ 45,540
Government funding receivable	5	5,270,859	3,430,322
Loans receivable	4	1,680,561	1,457,743
HST receivable		1,333	1,997
Related party accounts receivable	9	14,628	-
Interest receivable		1,062	-
		7,149,843	4,935,602
<b>Liabilities</b>			
Accounts payable and accrued liabilities	7	15,534	10,641
Deferred liabilities		3,810	3,076
		19,344	13,717
<b>Net financial assets</b>		<b>7,130,499</b>	<b>4,921,885</b>
<b>Non-Financial assets</b>			
Tangible capital assets	6	2,218	1,949
Prepaid expenses and advances		187	420
		2,405	2,369
<b>Accumulated surplus</b>		<b>\$ 7,132,904</b>	<b>\$ 4,924,254</b>

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 December 31		For the nine months ended December 31	
		Budget	2022	2021	2022	2021
<b>Revenue</b>						
Government appropriations - investments		\$ 1,990,000	\$ 248,092	\$ 220,000	\$ 2,173,487	\$ 1,512,700
Government appropriations - operations		79,430	11,000	13,000	51,500	42,500
Interest income		35,474	8,479	5,478	21,222	16,687
		<b>2,104,904</b>	<b>267,571</b>	<b>238,478</b>	<b>2,246,209</b>	<b>1,571,887</b>
<b>Expenses</b>						
Compensation		32,200	7,219	6,292	22,347	18,279
General and administration	8	31,230	7,643	3,011	14,017	9,529
Project development		16,000	(146)	336	418	765
Concessionary loan provision		-	189	-	189	-
Loan valuation allowance	4	3,118	159	-	588	440
		<b>82,548</b>	<b>15,064</b>	<b>9,639</b>	<b>37,559</b>	<b>29,013</b>
<b>Advisory services</b>		-	-	1,471	-	7,223
<b>Surplus</b>		<b>2,022,356</b>	<b>252,507</b>	<b>227,368</b>	<b>2,208,650</b>	<b>1,535,651</b>
Accumulated surplus, beginning of period		4,924,254	6,880,397	3,019,212	4,924,254	1,710,929
<b>Accumulated surplus, end of period</b>		<b>\$ 6,946,610</b>	<b>\$ 7,132,904</b>	<b>\$ 3,246,580</b>	<b>\$ 7,132,904</b>	<b>\$ 3,246,580</b>

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

(in thousands of Canadian dollars)	F2022-23	For the three months ended December 31,		For the nine months ended December 31,	
	Budget	2022	2021	2022	2021
<b>Surplus</b>	\$ 2,022,356	\$ 252,507	\$ 227,368	\$ 2,208,650	\$ 1,535,651
Change in tangible capital assets - acquisition	(306)	(134)	(12)	(627)	(43)
Change in tangible capital assets - amortization	57	129	88	358	260
Change in prepaid expenses and advances	-	54	(31)	233	(24)
Net financial assets, beginning of period	4,921,885	6,877,943	3,017,277	4,921,885	1,708,846
<b>Net financial assets, end of period</b>	<b>\$ 6,943,992</b>	<b>\$ 7,130,499</b>	<b>\$ 3,244,690</b>	<b>\$ 7,130,499</b>	<b>\$ 3,244,690</b>

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

## Condensed Interim Statement of Cash Flows (unaudited)

Note	For the three months ended December 31,		For the nine months ended December 31,	
	2022	2021	2022	2021
(in thousands of Canadian dollars)				
<b>Cash provided by (used in):</b>				
<b>Operating activities:</b>				
Surplus	\$ 252,507	\$ 227,368	\$ 2,208,650	\$ 1,535,651
Items not involving cash:				
Interest income accrued on loans receivable	4 (5,697)	(5,418)	(16,949)	(16,555)
Interest receivable	(652)	-	(1,062)	-
Amortization of tangible capital assets	6,8 130	88	359	260
Loan valuation allowance	4 159	-	588	440
Concessionary loan provision	4 189	-	189	-
Accretion of concessionary loan provision	4 (2)	-	(2)	-
Principle repayment	4 32	-	32	-
Changes in non-cash working capital				
Government funding receivable	(248,092)	(171,040)	(1,840,537)	(1,373,551)
Related party accounts receivable	(7,069)	-	(14,628)	-
Transaction costs	4 (314)	(482)	(1,609)	(1,846)
HST receivable	1,902	2,532	664	1,453
Prepaid expenses and advances	54	(31)	233	(24)
Accounts payable and accrued liabilities	5,457	1,173	4,892	(386)
Deferred liabilities	324	459	734	564
Loan disbursements	4 (130,442)	(30,709)	(205,067)	(120,910)
<b>Total cash provided by (used in) operating activities</b>	<b>(131,514)</b>	<b>23,940</b>	<b>136,487</b>	<b>25,096</b>
<b>Capital activities:</b>				
Acquisition of tangible capital assets	6 (134)	(12)	(627)	(43)
Total cash used in capital activities	(134)	(12)	(627)	(43)
Net increase/(decrease) in cash during the year	(131,648)	23,928	135,860	25,053
Cash, beginning of period	313,048	2,820	45,540	1,695
<b>Cash, end of the period</b>	<b>\$ 181,400</b>	<b>\$ 26,748</b>	<b>\$ 181,400</b>	<b>\$ 26,748</b>

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

## Notes to the Financial Statements

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

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

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

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

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

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

The CIB will execute a wide breadth of financial instruments, including loans, equity investments, and where appropriate, loan guarantees to projects that will mobilize private investment where otherwise no investment would occur. The decision on the use of different types of financial instruments will depend

on a transaction's unique characteristics. The CIB model is aimed at mobilizing and leveraging private sector and institutional investment and attaching its returns to the usage and revenue risk of infrastructure projects. To crowd-in private sector and institutional investment, support may be provided at below market rates, with more flexible terms or on a subordinated basis. Separately, the CIB is expected to make investments in projects that are in the public interest in the priority areas of: public transit, clean power, green infrastructure, broadband, and trade and transportation.

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

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

The CIB is accountable for its affairs to Parliament through the Minister of 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.

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

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 December 31, 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 recognized on April 1st Accumulated surplus, to restate in PSAS	466,737
<b>Accumulated surplus as at April 1, 2021, as restated in PSAS</b>	<b>1,710,929</b>
Increase in accumulated surplus as reported under IFRS for the nine months ending December 31, 2021	96,198
Year-to-date appropriation adjustment to recognize as revenue	1,398,433
Year-to-date adjustment from ECL to general valuation allowance	40,959
Year-to-date adjustment to deferred assets	61
<b>Accumulated surplus as at December 31, 2021, as restated in PSAS</b>	<b>\$ 3,246,580</b>

### 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 F2022-23 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	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. The loans may be unsecured or secured through projected future revenues or physical assets.

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

As at	December 31, 2022			March 31, 2022		
	Carrying amount	LVA	Loans receivable (net)	Carrying amount	LVA	Loans receivable (net)
Public Transit	\$ 1,382,299	\$ (14,770)	\$ 1,367,529	\$ 1,344,113	\$ (14,512)	\$ 1,329,601
Clean Power	100,001	(65)	99,936	4,210	(8)	4,202
Green Infrastructure	23,565	(97)	23,468	8,540	(85)	8,455
Broadband	63,706	(70)	63,636	41,268	(69)	41,199
Trade & Transportation	126,629	(637)	125,992	74,662	(376)	74,286
<b>Total</b>	<b>\$ 1,696,200</b>	<b>\$ (15,639)</b>	<b>\$ 1,680,561</b>	<b>\$ 1,472,793</b>	<b>\$ (15,050)</b>	<b>\$ 1,457,743</b>

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

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

As at	December 31, 2022	March 31, 2022
Opening balance	\$ 1,457,743	\$ 1,307,500
Drawdowns	205,067	125,979
Capitalized interest paid in kind	16,949	22,246
Transaction costs (net of amortization)	1,609	2,826
Concessionary loan provision <sup>1</sup>	(189)	-
Accretion of concessionary loan provision <sup>1</sup>	2	-
Principal repayment	(32)	-
Loan valuation allowance	(588)	(808)
<b>Loans receivable</b>	<b>\$ 1,680,561</b>	<b>\$ 1,457,743</b>

<sup>1</sup> Associated to loans that are significantly concessionary. Refer to Note 3 for further information.

The loan valuation allowance consists of the general loan valuation allowance which totals, \$15.6 million as at December 31, 2022 (March 31, 2022 - \$15.1 million) and the specific loan valuation allowance of \$nil as at December 31, 2022 (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	December 31, 2022
2023	\$ 841
2024	8,805
2025	8,782
2026	11,791
2027 and thereafter	1,583,827
<b>Outstanding loans receivable principle and repayments</b>	<b>\$ 1,614,046</b>

## 5. Government funding receivable:

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

The details of the government funding receivable are as follows:

As at	December 31, 2022	March 31, 2022
Opening balance	\$ 3,430,322	\$ 407,500
New investment contractual agreements	2,367,263	3,188,535
Government appropriations received - investments	(332,950)	(165,713)
Investment commitment reduction	(193,776)	-
<b>Government funding receivable</b>	<b>\$ 5,270,859</b>	<b>\$ 3,430,322</b>

## 6. Tangible capital assets:

	Leasehold improvements	Computer software	Computer hardware	Furniture & equipment	Total
<b>Cost:</b>					
Balance at beginning of year	\$ 1,545	\$ 830	\$ 318	\$ 365	\$ 3,058
Additions	20	502	95	10	627
Balance at end of period	1,565	1,332	413	375	3,685
<b>Accumulated depreciation:</b>					
Balance at beginning of year	482	182	254	191	1,109
Amortization expense	116	169	46	27	358
Balance at end of period	598	351	300	218	1,467
<b>Carrying amounts</b>					
Balance at December 31, 2022	\$ 967	\$ 981	\$ 113	\$ 157	\$ 2,218

	Leasehold improvements	Computer software	Computer hardware	Furniture & equipment	Total
<b>Cost:</b>					
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
<b>Accumulated depreciation:</b>					
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
<b>Carrying amounts</b>					
Balance at March 31, 2022	\$ 1,063	\$ 648	\$ 64	\$ 174	\$ 1,949

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

#### 7. Accounts payable and accrued liabilities:

As at	December 31, 2022	March 31, 2022
Accrued compensation	\$ 6,400	\$ 6,519
Accrued professional fees	4,166	2,553
Accounts payable	788	332
Accounts payable on behalf of VIA development office	4,180	-
Advisory services	-	1,237
	\$ 15,534	\$ 10,641

#### 8. General and administrative expenses:

	For the three months ended December 31,		For the nine months ended December 31,	
	2022	2021	2022	2021
Professional fees	\$ 6,197	\$ 2,205	\$ 10,559	\$ 7,012
Administration fees	1,316	718	3,099	2,257
Amortization of capital assets	130	88	359	260
<b>General and administrative expenses</b>	<b>\$ 7,643</b>	<b>\$ 3,011</b>	<b>\$ 14,017</b>	<b>\$ 9,529</b>

## 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 9<sup>th</sup>, 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 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 \$14.6 million as at December 31, 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	December 31, 2022	March 31, 2022
Public Transit	\$ 1,516,194	\$ 1,158,691
Clean Power	1,781,125	595,995
Green Infrastructure	274,823	468,062
Broadband	1,459,556	788,529
Trade & Transportation	406,777	458,777
Undrawn committed capital	5,438,475	3,470,054
Amounts advanced (cash basis)	1,614,046	1,408,979
<b>Total financial closes</b>	<b>\$ 7,052,521</b>	<b>\$ 4,879,033</b>

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 December 31, 2022, the CIB reached financial close on deals in the green infrastructure (\$277 million), public transit (\$165 million) and clean power (\$173 million) sectors resulting in a \$615 million government funding receivable. No amounts have been funded to date.