2021–2022

Corporate Financial Statements

British Columbia Investment
Management Company

Management's Responsibility for Financial Statements

Responsibility for the integrity and objectivity of the accompanying consolidated financial statements of the British Columbia Investment Management Corporation (the "Corporation") rests with management. The consolidated financial statements, which by necessity include some amounts that are based on management's best estimates and judgments, are prepared in accordance with International Financial Reporting Standards. In management's opinion, the consolidated financial statements have been properly prepared within the framework of the significant accounting policies summarized in the consolidated financial statements and present fairly the Corporation's financial position, financial performance and cash flows.

Systems of internal control and supporting procedures are maintained to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records maintained. The internal accounting control process includes management's communication to employees of the Corporation's policies that govern ethical business conduct.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee, which is comprised entirely of independent directors. The Audit Committee reviews the consolidated financial statements of the Corporation and recommends them to the Board for approval. The consolidated financial statements have been reviewed and approved by the Corporation's Board of Directors.

KPMG LLP, an independent auditor, has performed an audit of the consolidated financial statements, and its report follows. KPMG LLP has full and unrestricted access to the Audit Committee to discuss their audit and related findings.

Gordon J. Fyfe
Chief Executive Officer/
Chief Investment Officer

Umar Malik
Senior Vice President, Finance/
Chief Financial Officer

July 8, 2022

Independent Auditors' Report

KPMG

To the Shareholder of British Columbia Investment Management Corporation

OPINION

We have audited the consolidated financial statements of British Columbia Investment Management Corporation (the "Corporation"), which comprise:

- the consolidated statement of financial position as at March 31, 2022
- the consolidated statement of income and comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

BASIS FOR OPINION

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

OTHER INFORMATION

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in the Corporate Annual Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Corporate Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

KPMG LLP

Chartered Professional Accountants
Vancouver, Canada

July 8, 2022

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statement of Financial Position

(Expressed in thousands of dollars)
As at March 31, 2022, with comparative information for 2021

ASSETS	NOTES	2022	2021
Current assets:			
Cash and cash equivalents	4	$ 69,804	$ 64,103
Trade and other receivables	5	103,750	97,157
Prepaid expenses		9,913	10,210
Lease receivables	6(b)	2,122	2,074
Total current assets		185,589	173,544
Premises and equipment	7	99,806	107,447
Lease receivables	6(b)	4,209	6,331
Total assets		$ 289,604	$ 287,322

LIABILITIES AND SHAREHOLDER'S EQUITY	NOTES	2022	2021
Current liabilities:			
Trade and other payables	5	$ 64,208	$ 70,653
Employee benefits	8	83,668	70,710
Term loan facility	9	2,007	1,958
Contract liabilities	10	10,491	12,922
Lease liabilities	6(a)	5,820	5,622
Total current liabilities		166,194	161,865
Trade and other payables	5	203	742
Employee benefits	8	25,474	19,155
Term loan facility	9	9,107	11,114
Lease liabilities	6(a)	88,626	94,446
Total non-current liabilities		123,410	125,457
Total liabilities		289,604	287,322
Shareholder's equity:			
Retained earnings		–	–
Total equity		–	–
Total liabilities and shareholder's equity		$ 289,604	$ 287,322

Commitments	11
Derivatives	12

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Peter Milburn,
Chair, Board of Directors

Gayle Gorrill,
Chair, Audit Committee

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statement of Income and Comprehensive Income

(Expressed in thousands of dollars)
Year ended March 31, 2022, with comparative information for 2021

REVENUE	NOTES	2022	2021
Recoveries of costs	5	$ 936,790	$ 728,755
Investment income		609	629
		937,399	729,384

EXPENSES	NOTES	2022	2021
Internal:			
Salaries and benefits	5, 13	180,962	159,821
Information systems	5	39,289	38,944
Professional services		35,634	32,064
Depreciation	7	8,669	9,069
Office and business	5	5,940	4,994
Premises operations		5,473	5,115
Recruitment and training		4,616	3,882
Financing interest		2,896	3,085
External:			
Investment management	5	571,969	416,011
Professional services		77,275	50,942
Custodial		4,676	5,457
		937,399	729,384
Net income and comprehensive income		$ –	$ –

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

(Expressed in thousands of dollars)
Year ended March 31, 2022, with comparative information for 2021

	RETAINED EARNINGS	TOTAL EQUITY
Balance, March 31, 2020	$ –	$ –
Net income and comprehensive income	–	–
Balance, March 31, 2021	–	–
Net income and comprehensive income	–	–
Balance, March 31, 2022	$ –	$ –

See accompanying notes to consolidated financial

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statement of Cash Flows

(Expressed in thousands of dollars)
Year ended March 31, 2022, with comparative information for 2021

	NOTES	2022	2021
Cash flows provided by (used in):			
Operations:			
Net income and comprehensive income		$ –	$ –
Items not involving cash:			
Depreciation		8,669	9,069
		8,669	9,069
Changes in non-cash items:			
Trade receivables		(6,593)	138,665
Prepaid expenses		297	(5,025)
Trade payables and other payables		(6,984)	(144,824)
Employee benefits		19,277	13,547
Contract liabilities		(2,431)	1,973
Net cash provided by operating activities		12,235	13,405
Investments:			
Premises and equipment additions		(1,028)	(658)
Net cash used in investing activities		(1,028)	(658)
Financing:			
Repayment of term loan facility		(1,958)	(1,911)
Repayment of lease liabilities		(3,548)	(3,448)
Net cash used in financing activities		(5,506)	(5,359)
Increase in cash and cash equivalents		5,701	7,388
Cash and cash equivalents, beginning of year		64,103	56,715
Cash and cash equivalents, end of year	4	$ 69,804	$ 64,103

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

1. REPORTING ENTITY:

The British Columbia Investment Management Corporation (the "Corporation" or "BCI") is a statutory corporation incorporated under section 16 of the *Public Sector Pension Plans Act*, SBC 1999 c44 (the "Act") domiciled in Canada. The address of the Corporation's office is 750 Pandora Avenue, Victoria, BC. The consolidated financial statements of BCI include the Corporation and its subsidiaries.

In accordance with the Act, the Corporation invests the money or securities of various public sector pension funds, the Province of British Columbia (the "Province"), provincial government bodies (Crown corporations and institutions) and publicly-administered trust funds.

The estimated market value of assets managed by the Corporation as of March 31, 2022 was $211 billion (2021 – $200 billion). Of that, approximately $163 billion (2021 – $154 billion) is invested on behalf of pension funds and $48 billion (2021 – $46 billion) on behalf of other BCI clients. These assets are held by BCI as an agent for investment for its clients and may consist of units in one or more pooled investment portfolios whose assets are held in trust by BCI. BCI annually prepares separate audited financial statements for each pooled investment portfolio with more than one unitholder. Neither assets held in trust by BCI in the pooled investment portfolios, nor assets held by BCI as agent for investment for its clients, are consolidated in these financial statements.

2. BASIS OF PREPARATION:

(A) STATEMENT OF COMPLIANCE: The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and were authorized for issue by the Board of Directors on July 8, 2022.

(B) BASIS OF MEASUREMENT: The consolidated financial statements have been prepared on the historical cost basis except long-term employee benefits which are measured at the present value of the expected future benefit payments.

(C) FUNCTIONAL AND PRESENTATION CURRENCY: The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented has been rounded to the nearest thousand dollars, unless otherwise indicated.

(D) USE OF ESTIMATES AND JUDGMENTS: The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

2. BASIS OF PREPARATION (CONTINUED):

(D) USE OF ESTIMATES AND JUDGMENTS (CONTINUED):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Corporation applies judgement to determine whether an arrangement contains a lease. The evaluation requires the Corporation to determine whether a contract conveys the right to direct the use of an identified asset, the supplier has a substantive substitution right, the Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period and whether renewal options are reasonably certain of being exercised. For those arrangements considered to be a lease, further judgement is required to determine the lease term and the rate implicit in the lease.

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(A) BASIS OF CONSOLIDATION: Subsidiaries are consolidated in the Corporation's financial statements from the date that control commences until the date that control ceases.

The Corporation consolidates entities when all three of the following characteristics are present:

- Where the Corporation exerts power over the relevant activities of the entity. Power exists if the Corporation has decision making authority over those activities that significantly influence the entity's returns.
- Where the Corporation has exposure or rights to variability of returns of the entity. Exposure exists if the Corporation's returns vary as a result of the performance of the entity.
- Where there exists a linkage between power and returns as described above. A linkage exists when the Corporation can use its power over the activities of the entity to generate returns for itself.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(A) BASIS OF CONSOLIDATION (CONTINUED):

In the normal course of operations, the Corporation utilizes subsidiary and structured entities to facilitate the management of investment assets:

(i) **Subsidiary entities:** The Corporation establishes subsidiary entities as part of its investment strategy. In all cases, the Corporation holds 100% of the voting shares of these subsidiary entities. The Corporation has power over the relevant activities of these entities, is exposed to variability in returns from these entities, and uses its power to generate these returns. Accordingly, these entities are consolidated into the Corporation. However, in all cases, these subsidiaries earn nominal income that is not material to the operations of the Corporation.

(ii) **Structured entities:** In the normal course of its operations, the Corporation establishes various structured entities, such as pooled investment portfolios and their subsidiary entities, through its role as investment manager. The Corporation's control over these entities is established either by regulation, or ownership of voting shares, or both. The Corporation has power over the relevant activities of the structured entities; however, in all cases, the Corporation has no exposure or rights to variability of returns in these structured entities. Accordingly, these entities do not meet the criteria for control and are not consolidated.

(B) CASH AND CASH EQUIVALENTS: Cash and cash equivalents include cash and money market funds with original maturities of three months or less. Cash and cash equivalents are held at amortized cost on the consolidated statement of financial position.

(C) FINANCIAL INSTRUMENTS:

(i) **Recognition and measurement:** Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Corporation becomes a party to the contractual provisions of the instrument. The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(C) FINANCIAL INSTRUMENTS (CONTINUED):

(i) Recognition and measurement (continued): Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position only when the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Corporation may irrevocably elect to measure financial assets that otherwise meet the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Corporation has not classified any of its financial assets as FVTPL or FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Corporation may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

The Corporation has not classified any of its financial liabilities as FVTPL.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(C) FINANCIAL INSTRUMENTS (CONTINUED):

(ii) Amortized cost: Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Corporation classifies cash and cash equivalents, trade and other receivables, trade and other payables and term loan facility as amortized cost.

(D) PREMISES AND EQUIPMENT INCLUDING RIGHT-OF-USE ASSETS:

(i) Measurement: Items of premises and equipment, including right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognized within the consolidated statement of income and comprehensive income.

(ii) Depreciation: Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognized in the consolidated statement of income and comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of premises and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	10–25 years
Furniture and equipment	10 years
Computers and related software	5 years

Leasehold improvements and interests are depreciated on a straight-line basis over the anticipated life of the lease term.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(E) LEASES: When the Corporation is a lessee, at the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- the supplier has a substantive substitution right;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period; and
- the Corporation has the right to direct the use of the asset. The Corporation has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

For contracts that contain a lease the Corporation recognizes a right-of-use asset, presented under premises and equipment in the consolidated statement of financial position, and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of premises and equipment.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, when there is a change in future lease payments arising from a change in a rate used to determine those payments, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. The Corporation recognizes interest expense, using the effective interest rate method, as financing interest.

The Corporation does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(E) LEASES (CONTINUED):

When the Corporation is a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. The Corporation recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of investment income.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, if this is the case, the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Corporation is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Corporation applies the exemption described above, then it classifies the sub-lease as an operating lease.

(F) SHARE CAPITAL: The capital of the Corporation is one share with a par value of ten dollars and is classified as equity. The share is issued to and registered in the name of the Minister of Finance and must be held by that Minister on behalf of the Government of British Columbia.

(G) REVENUE: The Corporation's revenues comprise the following:

(i) Recoveries of costs: The Corporation provides investment management services to pooled investment portfolios as defined and legislated under the Act and to its clients as contracted under funds investment management agreements (collectively, the "Management Contracts"). The Corporation's performance obligations in connection with investment management services are satisfied over time through the rendering of services that have the same pattern of transfer to pooled investment portfolios and clients as costs are incurred. As set forth in the Management Contracts, the transaction prices allocated to performance obligations are equal to costs incurred. Contract liabilities recorded in the consolidated statement of financial position relate to the Corporation's future period performance obligations and are recognized in the consolidated statement of income and comprehensive income in the period when the performance obligations have been satisfied.

(ii) Investment income: Investment income is recorded on an accrual basis and includes interest income on cash and cash equivalents and lease receivables.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(H) EMPLOYEE BENEFITS:

(i) **Defined benefit plans:** The Corporation and its employees contribute to the Public Service Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan in accordance with the Act. The British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies. Due to insufficient information relating to the Corporation's share of the Plan's assets and liabilities, the Corporation accounts for the Plan as if it were a defined contribution plan. The Corporation's annual cost is represented by contributions required for the respective year.

The Plan operates under joint trusteeship between the employers and the Plan members, who share in the risks and rewards associated with the Plan's unfunded liability or surplus. The most recent actuarial valuation as of March 31, 2020 indicated that the Plan was 110% funded.

(ii) **Annual incentive plan:** The Corporation provides an incentive to employees through an annual incentive plan ("AIP"). At the end of each fiscal year, eligible employees are entitled to an AIP Award. AIP is accrued for eligible employees based on the achievement of corporate objectives, investment performance and individual efforts. The estimated payments relating to the current year, which will be paid out in the next fiscal year, are recorded as a current liability.

(iii) **Long term incentive plan:** The Corporation provides a retention incentive to employees in senior staff positions through a long-term incentive plan ("LTIP"). At the end of each fiscal year, eligible employees are entitled to an LTIP Total Award. Each Total Award vests in three equal installments over a three-year period. LTIP is accrued for eligible employees at an amount equal to one third of the estimated aggregate pay-out for the current year and each of the following two years. The estimated payments relating to current and previous years, which will be paid out in years beyond the next fiscal year, are recorded as a long-term liability.

(iv) **Long service retiring allowance:** Employees hired prior to October 31, 2007 are entitled to a long service retiring allowance ("LSRA") as provided for under their terms of employment. As employees render the services necessary to earn the benefit, the Corporation estimates and accrues the future obligation for retiring allowances.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(I) FOREIGN CURRENCY TRANSACTIONS: Transactions denominated in foreign currencies are translated by applying the exchange rate prevailing on the date of the transaction. At each reporting date, all monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the closing exchange rate. Any resulting translation adjustments are recorded in net income or loss.

(J) TAXATION: The Corporation is an agent of the government of British Columbia, and is, accordingly, immune from income taxes.

4. CASH AND CASH EQUIVALENTS:

2022	CANADIAN DOLLARS	US DOLLARS	TOTAL
Cash in bank	$ 12,805	$ 2,521	$ 15,326
Short-term money market instruments	48,829	5,649	54,478
	$ 61,634	$ 8,170	$ 69,804

2021	CANADIAN DOLLARS	US DOLLARS	TOTAL
Cash in bank	$ 14,488	$ 1,541	$ 16,029
Short-term money market instruments	46,065	2,009	48,074
	$ 60,553	$ 3,550	$ 64,103

Short-term money market instruments consist of units in pooled investment portfolios managed by the Corporation, specifically the Canadian Money Market Fund and the US Money Market Fund.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

5. RELATED PARTY TRANSACTIONS:

Province of British Columbia: The Corporation is related to all Province of British Columbia ministries, agencies and Crown corporations through common ownership. Transactions with these entities are in the normal course of operations and are recorded at the exchange amounts as follows:

	2022	2021
Recoveries of costs	$ 739	$ 850
Salaries and benefits	1,732	1,770
Information systems	2	70
Office and business	40	4
Trade and other payables	220	25

Pension Plans: The Corporation is related to the College, Municipal, Public Service and Teachers' pension plans and the British Columbia Pension Corporation. The pension plan boards appoint members to the BCI board and BCI provides investment management services to various public sector pension funds, the Province of British Columbia, provincial government bodies and publicly administered trust funds. Transactions with these entities are in the normal course of operations and consist of the recovery of costs that are recorded at the exchange amounts.

For the year ended March 31, 2022, the Corporation received $1,134,454 (2021 – $1,055,584) in recoveries of costs from sub-lease of offices to British Columbia Pension Corporation.

QuadReal Property Group Limited Partnership ("QuadReal LP"): QuadReal LP provides asset management, property management and investment advisory services to real estate and real estate debt pooled investment portfolios. BCI provides administrative services to QuadReal LP on a cost recovery basis. Transactions with QuadReal LP are in the normal course of operations and are recorded at the exchange amounts as follows:

	2022	2021
Recoveries of costs	$ 26,082	$ 22,514
Investment management	494,404	316,601
Trade and other receivables	18,890	2,536

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

5. RELATED PARTY TRANSACTIONS (CONTINUED):

(A) LEASES AS A LESSEE:

The Corporation leases office space under various leases which expire in 2025, and 2038 subject to various renewal options contained within the lease agreements.

During the year ended March 31, 2016, the Corporation entered into an arm's length lease agreement to rent office space in a head office building at 750 Pandora Avenue, Victoria, BC. The lease took effect in March 2018, following completion of construction of the new building.

Subsequent to the execution of the lease, bcIMC Realty Corporation invested in the 750 Pandora Avenue office development project, becoming a 50% co-owner. bcIMC Realty Corporation is wholly owned through a pooled investment portfolio managed by the Corporation.

The initial term of the building lease is for twenty years, with three renewal options of five years each.

The Corporation discounted lease payments related to the office leases using the incremental borrowing rate determined for each lease. At March 31, 2022, the weighted average rate applied is 2.67% (2021 – 2.67%).

6. LEASES

(A) LEASES AS A LESSEE:

Continuity of liabilities arising from leases:

	2022	2021
Balance, beginning of year	$ 100,068	$ 105,542
Payments	(5,622)	(5,474)
Balance, end of year	94,446	100,068
Current portion	5,820	5,622
Non-current portion	$ 88,626	$ 94,446

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

6. LEASES (CONTINUED):

(A) LEASES AS A LESSEE (CONTINUED):

Lease liabilities are payable as follows:

	2022	2021
Less than 1 year	$ 8,265	$ 8,212
Between 1 and 5 years	30,479	32,192
More than 5 years	76,811	83,363
Total undiscounted lease liabilities	115,555	123,767
Less future interest expense	(21,109)	(23,699)
Total lease liabilities	$ 94,446	$100,068

During the year ended March 31, 2022, the Corporation recognized $2,590,489 (2021 - $2,731,681) of interest expense related to lease liabilities

(B) LEASES AS A LESSOR: The Corporation has three signed agreements to sub-lease the vacated office space on Jutland Road that took effect in April 2018.

The Corporation discounted lease payments receivable from sub-leases using the interest rate implicit in the lease of 2.33%.

Continuity of receivables arising from sub-leases:

	2022	2021
Balance, beginning of year	$ 8,405	$ 10,431
Payments	(2,074)	(2,026)
Balance, end of year	6,331	8,405
Current portion	2,122	2,074
Non-current portion	$ 4,209	$ 6,331

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

6. LEASES (CONTINUED):

(B) LEASES AS A LESSOR (CONTINUED):

Sub-lease assets are receivable as follows:

	2022	2021
Less than 1 year	$ 2,243	$ 2,243
Between 1 and 5 years	4,299	6,542
Total undiscounted lease receivables	6,542	8,785
Less unearned interest income	(380)	(597)
Total lease receivables	$ 6,331	$ 8,405

During the year ended March 31, 2022, the Corporation recognized $169,420 (2021 – $217,129) of interest income related to lease receivables.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

7. PREMISES AND EQUIPMENT:

	FURNITURE AND EQUIPMENT	COMPUTER AND RELATED SOFTWARE	LEASEHOLD IMPROVEMENTS AND INTERESTS	RIGHT-OF USE ASSETS – BUILDINGS	TOTAL
Cost:					
Balance, April 1, 2020	$ 5,753	$ 8,514	$ 20,326	$ 98,295	$ 132,888
Additions	–	658	–	–	658
Balance, March 31, 2021	5,753	9,172	20,326	98,295	133,546
Additions	–	216	812	–	1,028
Balance, March 31, 2022	$ 5,753	$ 9,388	$ 21,138	$ 98,295	$ 134,574
Accumulated depreciation:					
Balance, April 1, 2020	$ 1,427	$ 6,287	$ 4,023	$ 5,293	$ 17,030
Depreciation for the year	575	1,116	2,033	5,345	9,069
Balance, March 31, 2021	2,002	7,403	6,056	10,638	26,099
Depreciation for the year	574	720	2,030	5,345	8,669
Balance, March 31, 2022	$ 2,576	$ 8,123	$ 8,086	$ 15,983	$ 34,768
Carrying amounts:					
March 31, 2021	$ 3,751	$ 1,769	$ 14,270	$ 87,657	$ 107,447
March 31, 2022	3,177	1,265	13,052	82,312	99,806

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

8. EMPLOYEE BENEFITS:

CURRENT:

	2022	2021
Employee benefits	$ 9,240	$ 9,952
Annual incentive plan (AIP)	54,455	44,900
Long term incentive plan (LTIP)	19,911	15,708
Long service retiring allowance (LSRA)	62	150
	$ 83,668	$ 70,710

NON-CURRENT:

	2022	2021
Long term incentive plan (LTIP)	$ 24,738	$ 18,448
Long service retiring allowance (LSRA)	736	707
	$ 25,474	$ 19,155

9. TERM LOAN FACILITY:

In July 2017, the Corporation secured a bank term loan facility to fund tenant leasehold improvements at the Corporation's new head office located at 750 Pandora Avenue, Victoria, BC.

Interest is charged at a fixed rate of 2.5% per annum, payable quarterly in arrears. The loan principal and interest are payable in equal quarterly instalments of $566,000 until completion of the loan repayment at June 30, 2027.

At March 31, 2022, the fair value of the term loan facility is $10,915,997 (2021 – $13,145,234). There have been no defaults or breaches of the loan terms during the year. Movements in the carrying amount of the term loan facility are presented below:

	2022	2021
Carrying amount, beginning of year	$ 13,072	$ 14,983
Repayment	(1,958)	(1,911)
Carrying amount, end of year	11,114	13,072
Current portion	2,007	1,958
Non-current portion	$ 9,107	$ 11,114

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

10. CONTRACT LIABILITIES:

	2022	2021
Balance, beginning of year	$ 12,922	$ 10,949
Net change in performance obligations during the period	(2,431)	1,973
Balance, end of year	$ 10,491	$ 12,922

11. COMMITMENTS:

PREMISES: Future minimum payments for operating costs which are variable in nature, based on total rentable area of the lease agreements for office space, are as follows:

	2022	2021
Less than 1 year	$ 6,058	$ 5,692
Between 1 and 5 years	22,661	23,607
More than 5 years	68,304	73,416
	$ 97,023	$ 102,715

The Corporation has sub-leased its former location effective April 2018, resulting in the following net future payments for operating costs:

2022	GROSS	ASSIGNED	NET
Less than 1 year	$ 6,058	$ 1,649	$ 4,409
Between 1 and 5 years	22,661	3,298	19,363
More than 5 years	68,304	–	68,304
	$ 97,023	$ 4,947	$ 92,076

2021	GROSS	ASSIGNED	NET
Less than 1 year	$ 5,692	$ 1,539	$ 4,153
Between 1 and 5 years	23,607	4,947	18,660
More than 5 years	73,416	–	73,416
	$ 102,715	$ 6,486	$ 96,229

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

11. COMMITMENTS (CONTINUED):

SOFTWARE AGREEMENT: The Corporation has entered into various subscription agreements for software and real-time market data.

Future minimum subscription payments based on current estimates are as follows:

	2022	2021
Less than 1 year	$ 9,485	$ 3,857
Between 1 and 5 years	8,832	9,429
	$ 18,317	$ 13,286

12. DERIVATIVES:

Derivative financial instruments are financial contracts that are settled at a future date. The value of such instruments is derived from changes in the value of the underlying assets, interest or exchange rates. Derivative financial instruments do not, typically, require an initial net investment. Derivative financial instruments can be listed or traded over-the-counter ("OTC"). OTC instruments consist of those that are bilaterally negotiated and settled, and those that are cleared ("OTC cleared") by a central clearing party.

The Corporation enters into derivative transactions for the benefit of its clients and pooled investment portfolios to manage exposure to currency fluctuations, to enhance returns, or to replicate investments synthetically. As the Corporation does not have any economic interests in these derivative contracts, the contracts are not recognized in these financial statements.

As at March 31, 2022, the various forward currency, equity and fixed income contracts entered into on behalf of clients or pooled investment portfolios had an unrealized gain of $658,760,717 on a notional value of $112,065,434,270 (2021 – an unrealized gain of $1,283,357,906 on a notional value of $83,430,164,641).

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

12. DERIVATIVES (CONTINUED):

Notional values under the current agreements are as follows:

	2022	2021
Equity derivatives:		
Listed:		
Futures	$ 19,939	$ 16,695
OTC:		
Swaps	49,853,580	35,887,855
Options	681,591	5,250,909
Currency derivatives:		
OTC:		
Forwards:		
US dollar	33,119,226	24,867,972
British pound	1,678,437	1,867,383
Australian dollar	977,772	1,085,269
Euro	1,981,732	1,728,772
Other currencies	1,126,936	1,331,270
Interest rate derivatives:		
Listed:		
Futures	750,117	1,011,638
OTC:		
Swaps	21,876,104	10,382,402
Total	$ 112,065,434	$ 83,430,165

There were no OTC-cleared contracts outstanding at March 31, 2022 or March 31, 2021.

Notional values do not represent the potential gain or loss associated with the market or credit risk of such transactions. Rather, they serve as the basis upon which the cash flows and the fair value of the contracts are determined.

The outstanding derivative contracts were entered into with thirteen (2021 – sixteen) counterparties. The terms of the agreements provide for right of offset with each counterparty. Net counterparty receivables and payables at March 31 are:

	2022	2021
Receivables	$ 659,671	$ 1,365,593
Payables	(910)	(82,235)
	$ 658,761	$ 1,283,358

The Corporation posted collateral of $166,246,895 (2021 – $48,689,278) to secure the payable position.
The counterparties for swap contracts are limited to those with at least an A- credit rating.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

13. SALARIES AND BENEFITS:

	2022	2021
Salaries	$ 83,147	$ 78,529
Annual incentive plan	54,650	44,800
Long term incentive plan	26,068	19,272
Benefits:		
Health	4,469	5,345
Pension	7,586	6,951
Insurance and other	5,042	4,924
	$ 180,962	$ 159,821

14. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The fair value of the Corporation's financial instruments which includes cash and cash equivalents, trade and other receivables, and trade and other payables, approximates their carrying value due to the short-term to maturity of these instruments. The fair value of the Corporation's outstanding term loan facility is disclosed in Note 9.

Fair value measurements are classified into a three level hierarchy based on the significance of the inputs used in making the fair value measurements. Level 1 measurements are determined by reference to quoted prices in active markets for identical assets and liabilities. Level 2 measurements include those measured using inputs that are based on observable market data, either directly or indirectly. Level 3 measurements are based on unobservable inputs.

The Corporation's financial assets and liabilities, which are measured at amortized cost are considered Level 2 because while observable prices are available, they are not quoted in an active market.

15. FINANCIAL RISK MANAGEMENT:

In the ordinary course of operations, the Corporation may be exposed to risk arising from its financial instruments as follows:

(A) CREDIT RISK: Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's cash equivalents and trade and other receivables.

The Corporation's cash and cash equivalents consist of units in money market investment portfolios managed by the Corporation and are held with high quality financial institutions. Trade and other receivables relate primarily to fees and receivables from pooled investment portfolios managed by the Corporation and are generally short-term in nature.

The Corporation's role as fund manager for the pooled investment portfolios and the highly liquid nature of the Corporation's cash and cash equivalents mitigates credit risk.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

15. FINANCIAL RISK MANAGEMENT (CONTINUED):

(B) LIQUIDITY RISK: Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation operates on a cost recovery basis and recovers all of its expenses through the pooled investment portfolios and segregated client accounts it manages on a timely basis. Accordingly, management does not believe that the Corporation is exposed to significant liquidity risk.

The following table shows contractual maturities of the Corporation's liabilities as at March 31:

MARCH 31, 2022	WITHIN 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	TOTAL
Trade and other payables	$ 64,208	$ 203	$ –	$ –	$ 64,411
Employee benefits	9,240	–	–	–	9,240
AIP /LTIP	74,366	24,738	–	–	99,104
LSRA	62	285	305	146	798
Term loan facility	2,007	9,107	–	–	11,114
Contract liabilities	10,491	-	–	–	10,491
Lease liabilities	5,820	22,240	26,935	39,451	94,446
	$ 166,194	$ 56,573	$ 27,240	$ 39,597	$ 289,604

MARCH 31, 2021	WITHIN 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	TOTAL
Trade and other payables	$ 70,653	$ 742	$ –	$ –	$ 71,395
Employee benefits	9,952	–	–	–	9,952
AIP /LTIP	60,608	18,448	–	–	79,056
LSRA	150	232	279	196	857
Term loan facility	1,958	8,336	2,778	–	13,072
Contract liabilities	12,922	–	–	–	12,922
Lease liabilities	5,622	23,362	20,582	50,502	100,068
	$ 161,865	$ 51,120	$ 23,639	$ 50,698	$ 287,322

(C) CURRENCY RISK: Currency risk is the risk that the Corporation's financial instruments will fluctuate in value from changes in value of foreign currencies in relation to the Canadian dollar. The Corporation does not hold significant net financial assets nor have significant net financial obligations denominated in currencies other than Canadian dollars. Cash and cash equivalents denominated in US dollars are disclosed in Note 4.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

15. FINANCIAL RISK MANAGEMENT (CONTINUED):

(D) INTEREST RATE RISK: Interest rate risk refers to the effect on the fair value or future cash flows of financial instruments of fluctuations in both long-term and short-term nominal and real interest rates. The Corporation's cash equivalents are in units of money market investment portfolios that are interest rate sensitive; however, the underlying financial instruments re-price on a frequent basis. Other financial assets and liabilities have a short term to maturity or have fixed rates of interest, limiting exposure to interest rate risk.

16. CAPITAL MANAGEMENT:

The Corporation's objectives in managing capital are to ensure compliance with the Act, whereby the Corporation must recover its operating costs and capital expenditures from amounts charged to the funds, persons, organizations and other clients or from investment income. The Corporation is not subject to any internal or external restrictions on its capital.

17. UNCERTAINTIES RELATED TO COVID-19:

On March 11, 2020, the outbreak of the novel strain of the coronavirus ("COVID-19") was declared a pandemic by the World Health Organization ("WHO") prompting many national, regional, and local governments to implement preventative or protective measures. As a result, COVID-19 and the related restrictive measures have had a significant financial and market impact including significant volatility in equity prices, interest rates, bond yields, and foreign exchange rates. BCI continues to monitor its operations, liquidity and capital resources and is actively working to minimize the current and future impact of COVID-19. The duration and impact of COVID-19 is unknown at this time; as such, it is not reasonably possible to evaluate the impact of the pandemic on the Corporation in future periods.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
750 Pandora Ave, Victoria B.C. V8W 0E4 CANADA / **BCI.ca**