Condensed Interim Financial Statements

June 30, 2025

Management responsibility

Management of the Bank of Canada (the Bank) is responsible for the preparation and fair presentation of these condensed interim financial statements, in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* (IAS 34), and for such internal controls as management determines are necessary to enable the preparation of condensed interim financial statements that are free from material misstatement. Management is also responsible for ensuring that all other information in the Quarterly Financial Report is consistent, where appropriate, with the condensed interim financial statements.

Based on our knowledge, these unaudited condensed interim financial statements present fairly, in all material respects, the financial position, financial performance and cash flows of the Bank, as at the date of and for the periods presented in the condensed interim financial statements.

Tiff Macklem
Governor

Coralia Bulhoes, CPA
Chief Financial Officer and Chief Accountant

Ottawa, Canada
August 20, 2025

Condensed interim statement of financial position (unaudited)

(in millions of Canadian dollars)

As at	Note	June 30, 2025	December 31, 2024
Assets			
Cash and foreign deposits	3	20	20
Loans and receivables	3, 4		
Securities purchased under resale agreements		8,147	19,456
Other receivables		14	6
		8,161	**19,462**
Investments	3, 4		
Government of Canada nominal bonds—carried at amortized cost		63,969	69,436
Government of Canada bonds—carried at FVTPL*		138,794	150,488
Canada Mortgage Bonds		4,835	5,600
Other bonds		5,595	6,997
Securities lent		3,420	3,762
Shares in the Bank for International Settlements (BIS)		624	585
		217,237	**236,868**
Derivatives—indemnity agreements with the Government of Canada	3, 4	19,270	19,786
Capital assets	5		
Property and equipment		501	514
Intangible assets		123	119
Right-of-use assets		32	34
		656	**667**
Other assets	6	442	440
Total assets		**245,786**	**277,243**
Liabilities and deficiency			
Bank notes in circulation	3	121,448	121,298
Deposits	3, 4, 7		
Government of Canada		38,465	28,551
Members of Payments Canada		80,659	124,419
Other deposits		13,883	11,389
		133,007	**164,359**
Other liabilities	3, 8	267	298
Total liabilities		**254,722**	**285,955**
Deficiency	10	(8,936)	(8,712)
Total liabilities and deficiency		**245,786**	**277,243**

* Fair value through profit and loss

Tiff Macklem
Governor

Coralia Bulhoes, CPA
Chief Financial Officer and Chief Accountant

(See accompanying notes to the condensed interim financial statements.)

Condensed interim statement of net loss and comprehensive income (loss) (unaudited)

(in millions of Canadian dollars)		For the three-month period ended June 30		For the six-month period ended June 30	
	Note	2025	2024	2025	2024
Income (loss) before operating expenses					
Interest revenue					
Investments—carried at amortized cost		308	349	623	718
Investments—carried at FVTPL		467	513	892	1,005
Securities purchased under resale agreements		41	-	117	12
Other interest revenue		-	1	-	1
		816	**863**	**1,632**	**1,736**
Interest expense					
Deposits		(693)	(1,568)	(1,581)	(3,131)
Other		9	(43)	-	(118)
Net interest income (expense)		**132**	**(748)**	**51**	**(1,513)**
Other revenue		11	10	15	12
Total income (loss) before operating expenses		**143**	**(738)**	**66**	**(1,501)**
Operating expenses					
Staff costs		99	101	202	204
Bank note research, production and processing		12	1	14	2
Premises costs		12	8	22	16
Technology and telecommunications		24	30	58	59
Depreciation and amortization		19	17	39	34
Other operating expenses		11	15	23	28
Total operating expenses		**177**	**172**	**358**	**343**
Net loss		**(34)**	**(910)**	**(292)**	**(1,844)**
Other comprehensive income					
Remeasurements of the net defined-benefit liability/asset	9	60	(6)	29	101
Change in the fair value of BIS shares		8	19	39	32
Total other comprehensive income		**68**	**13**	**68**	**133**
Comprehensive income (loss)		**34**	**(897)**	**(224)**	**(1,711)**

(See accompanying notes to the condensed interim financial statements.)

Condensed interim statement of changes in deficiency (unaudited)

For the three-month period ended June 30 (in millions of Canadian dollars)

	Note	Share capital	Statutory reserve	Special reserve	Investment revaluation reserve	Actuarial gains reserve	Accumulated deficit	Total
Balance as at April 1, 2025		5	-	100	578	422	(10,075)	(8,970)
Net loss		-	-	-	-	-	(34)	**(34)**
Remeasurements of the net defined-benefit liability/asset	9	-	-	-	-	60	-	**60**
Change in the fair value of BIS shares		-	-	-	8	-	-	**8**
Balance as at June 30, 2025		5	-	100	586	482	(10,109)	(8,936)

	Note	Share capital	Statutory reserve	Special reserve	Investment revaluation reserve	Actuarial gains reserve	Accumulated deficit	Total
Balance as at April 1, 2024		5	-	100	476	431	(7,672)	(6,660)
Net loss		-	-	-	-	-	(910)	**(910)**
Remeasurements of the net defined-benefit liability/asset	9	-	-	-	-	(6)	-	**(6)**
Change in the fair value of BIS shares		-	-	-	19	-	-	**19**
Balance as at June 30, 2024		5	-	100	495	425	(8,582)	(7,557)

(See accompanying notes to the condensed interim financial statements.)

Condensed interim statement of changes in deficiency (unaudited)

For the six-month period ended June 30 (in millions of Canadian dollars)

	Note	Share capital	Statutory reserve	Special reserve	Investment revaluation reserve	Actuarial gains reserve	Accumulated deficit	Total
Balance as at January 1, 2025		5	-	100	547	453	(9,817)	(8,712)
Net loss		-	-	-	-	-	(292)	**(292)**
Remeasurements of the net defined-benefit liability/asset	9	-	-	-	-	29	-	**29**
Change in the fair value of BIS shares		-	-	-	39	-	-	**39**
Balance as at June 30, 2025		5	-	100	586	482	(10,109)	(8,936)

	Note	Share capital	Statutory reserve	Special reserve	Investment revaluation reserve	Actuarial gains reserve	Accumulated deficit	Total
Balance as at January 1, 2024		5	-	100	463	324	(6,738)	(5,846)
Net loss		-	-	-	-	-	(1,844)	**(1,844)**
Remeasurements of the net defined-benefit liability/asset	9	-	-	-	-	101	-	**101**
Change in the fair value of BIS shares		-	-	-	32	-	-	**32**
Balance as at June 30, 2024		5	-	100	495	425	(8,582)	(7,557)

(See accompanying notes to the condensed interim financial statements.)

Condensed interim statement of cash flows (unaudited)

(in millions of Canadian dollars)

	For the three-month period ended June 30		For the six-month period ended June 30	
	2025	2024	2025	2024
Cash flows from operating activities				
Interest received	2,042	2,163	2,396	2,630
Other revenue received	5	3	11	7
Interest paid	(694)	(1,640)	(1,587)	(3,254)
Payments to or on behalf of employees and to suppliers	(137)	(139)	(319)	(314)
Net decrease in deposits	(8,428)	(35,670)	(31,352)	(37,716)
Net maturities of securities purchased under resale agreements—overnight repos	-	-	19,456	-
Net payments on securities sold under repurchase agreements	-	(415)	-	(2,788)
Proceeds from maturity of Government of Canada bonds—carried at FVTPL	2,182	22,260	12,053	29,413
Proceeds from maturity of other bonds	1,305	1,773	1,440	1,959
Net cash provided by (used in) operating activities	**(3,725)**	**(11,665)**	**2,098**	**(10,063)**
Cash flows from investing activities				
Net acquisition of securities purchased under resale agreements—term repos	(4,132)	-	(8,147)	-
Proceeds from maturity of Government of Canada nominal bonds	3,245	8,325	5,429	11,350
Proceeds from maturity of Canada Mortgage Bonds	500	250	500	250
Additions of property and equipment	(8)	(9)	(11)	(14)
Additions of intangible assets	(11)	(6)	(17)	(13)
Net cash provided by (used in) investing activities	**(406)**	**8,560**	**(2,246)**	**11,573**
Cash flows from financing activities				
Net increase (decrease) in bank notes in circulation	4,136	3,111	150	(1,505)
Payments on lease liabilities	(1)	(1)	(2)	(2)
Net cash provided by (used in) financing activities	**4,135**	**3,110**	**148**	**(1,507)**
Increase in cash and foreign deposits	**4**	**5**	**-**	**3**
Cash and foreign deposits, beginning of period	16	12	20	14
Cash and foreign deposits, end of period	**20**	**17**	**20**	**17**

(See accompanying notes to the condensed interim financial statements.)

Notes to the condensed interim financial statements of the Bank of Canada (unaudited)

For the six-month period ended June 30, 2025

1. The business of the Bank of Canada

The Bank of Canada (the Bank) is the nation's central bank. The Bank is a corporation established under the *Bank of Canada Act*, is wholly owned by the Minister of Finance on behalf of the Government of Canada and is exempt from income taxes. The Bank does not offer banking services to the public. Its mandate is to promote the economic and financial welfare of Canada. The Bank's activities and operations are undertaken in support of this mandate and not with the objective of generating revenue or profits. The address of the Bank's registered head office is 234 Wellington Street, Ottawa, Ontario.

The Bank's five core functions are the following:

- **Monetary policy**: The Bank conducts monetary policy to preserve the value of money by keeping inflation low, stable and predictable.
- **Financial system**: The Bank promotes safe, sound and efficient financial systems, within Canada and internationally, and conducts transactions in financial markets in support of these objectives.
- **Funds management**: The Bank provides funds management services for the Government of Canada, the Bank itself and other clients. The Bank is the fiscal agent for the government, providing treasury-management services and administering and advising on the public debt and foreign exchange reserves.
- **Currency**: The Bank has the exclusive right to issue Canadian bank notes. It designs and issues Canada's bank notes, oversees the note distribution system and ensures a supply of quality notes that are readily accepted and secure against counterfeiting.
- **Retail payments supervision**: The Bank supervises payment service providers to build confidence in the safety and reliability of their services and protect users from specific risks.

The face value of the bank notes in circulation is a liability on the Bank's balance sheet. The Bank invests the proceeds from issuing bank notes and generates interest income, referred to as seigniorage, on these assets. This income provides a stable and constant source of funding for the Bank's operations and enables the Bank to function independently of government appropriations. As described in Note 10, when the Bank generates net income, it makes remittances to the Receiver General for Canada in accordance with the requirements of the *Bank of Canada Act* and the *Budget Implementation Act, 2023, No. 1*.

2. Basis of preparation

Compliance with accounting standards

These condensed interim financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) applicable to the preparation of interim financial statements under IAS 34, *Interim Financial Reporting*. These financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the Bank's audited financial statements for the year ended December 31, 2024. When necessary, the condensed interim financial statements include amounts based on informed estimates and the judgment of management. The results of operations for the interim period reported are not necessarily indicative of results expected for the year.

The Audit and Finance Committee of the Board of Directors approved the condensed interim financial statements on August 20, 2025.

Fiscal agent and custodial activities

Responsibility for the operational management of the Government of Canada's financial assets and liabilities is borne jointly by the Bank (as fiscal agent for the Government of Canada) and the Department of Finance Canada. In its role as fiscal agent, the Bank provides transactional and administrative support to the Government of Canada in certain areas, consistent with the requirements of section 24 of the *Bank of Canada Act*. Also in this role, the Bank does not bear the risks and rewards of the related financial assets and liabilities. These assets, liabilities and related revenues and expenses are not included in the condensed interim financial statements of the Bank, except for the costs incurred by the Bank to fulfill its fiscal-agent role, as discussed in Note 11.

The Bank provides securities safekeeping and other custodial services to foreign central banks, international organizations and other government-related entities. Under the terms governing these services, the Bank is indemnified against losses. Any assets and income that are managed under these services are excluded from the Bank's condensed interim financial statements because they are not assets or income of the Bank.

Functional and presentation currency

The Bank's functional and presentation currency is the Canadian dollar. The amounts in the notes to the condensed interim financial statements of the Bank are in millions of Canadian dollars, unless otherwise stated.

Seasonality

The total value of bank notes in circulation fluctuates throughout the year as a function of the seasonal demand for bank notes. Such demand is typically at its lowest level in the first quarter and peaks in the second and fourth quarters around holiday periods. The Bank may purchase securities under resale agreements (SPRAs) to offset the increased bank note liability during periods of high seasonal demand.

Material accounting policies

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those disclosed in the Bank's financial statements for the year ended December 31, 2024.

Certain accounting policies require judgments and estimates, some of which relate to uncertain matters. Changes in the judgments and estimates in the material accounting policies discussed in the Bank's 2024 annual financial statements could have a substantial impact on the financial results. Significant judgment and estimates are used in the measurement of financial instruments (Note 3) and employee benefits (Note 9). No significant changes have occurred with respect to the Bank's significant accounting estimates since the 2024 annual financial statements.

3. Financial instruments

The Bank's financial instruments are classified and subsequently measured as follows:

Financial instruments as at June 30, 2025	Classification and subsequent measurement	Carrying value	Fair value
Financial assets			
Cash and foreign deposits	Amortized cost	20	*
Loans and receivables			
Securities purchased under resale agreements	Amortized cost	8,147	*
Other receivables	Amortized cost	14	*
		8,161	*
Investments			
Government of Canada nominal bonds—primary market	Amortized cost	63,969	58,960
Government of Canada bonds—secondary market			
Nominal bonds	FVTPL†	134,443	134,443
Real return bonds	FVTPL†	4,351	4,351
		138,794	**138,794**
Canada Mortgage Bonds	Amortized cost	4,835	4,607
Other bonds			
Provincial bonds	FVTPL†	5,589	5,589
Corporate bonds	FVTPL†	6	6
		5,595	**5,595**
Securities lent			
Government of Canada nominal bonds—secondary market	FVTPL†	2,221	2,221
Provincial bonds	FVTPL†	1,199	1,199
		3,420	**3,420**
Shares in the BIS	FVOCI‡	624	624
		217,237	**212,000**
Derivatives—indemnity agreements with the Government of Canada	FVTPL†	19,270	19,270
Financial liabilities			
Bank notes in circulation	Face value	121,448	*
Deposits	Amortized cost	133,007	*
Other financial liabilities	Amortized cost	80	*

* Approximates carrying value due to their nature or term to maturity.
† Fair value through profit and loss
‡ Fair value through other comprehensive income

Fair value hierarchy of financial instruments

Financial instruments are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities, which represent actual and regularly occurring arm's-length market transactions

Level 2: Inputs other than quoted prices included in Level 1, which are observable for the assets or liabilities either directly (e.g., prices for similar instruments, prices from inactive markets) or indirectly (e.g., interest rates, credit spreads)

Level 3: Unobservable inputs for the assets or liabilities that are not based on observable market data as a result of inactive markets (e.g., market participant assumptions)

Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in a current arm's-length transaction between knowledgeable, willing parties. The fair value hierarchy requires the use of observable market inputs wherever such inputs exist. In measuring fair value, a financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered. Transfers may occur between levels of the fair value hierarchy as a result of changes in market activity or the availability of quoted market prices or observable inputs. The Bank's policy is to record transfers of assets and liabilities between the different levels of the fair value hierarchy using the fair values as at the end of each reporting period.

Supporting information

Fair value of financial instruments

The following table shows the Bank's financial assets, classified in accordance with the hierarchy described above.

As at June 30, 2025	Level 1	Level 2	Level 3	Total
Government of Canada nominal bonds—primary market	-	58,960	-	**58,960**
Government of Canada nominal bonds—secondary market	-	134,443	-	**134,443**
Government of Canada real return bonds	-	4,351	-	**4,351**
Canada Mortgage Bonds	-	4,607	-	**4,607**
Provincial bonds	-	5,589	-	**5,589**
Corporate bonds	-	6	-	**6**
Securities lent				
Government of Canada nominal bonds—secondary market	-	2,221	-	**2,221**
Provincial bonds	-	1,199	-	**1,199**
Shares in the BIS	-	-	624	**624**
Total	**-**	**211,376**	**624**	**212,000**

The table below presents the comparative fair value as at December 31, 2024.

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Government of Canada nominal bonds—primary market	-	64,494	-	**64,494**
Government of Canada nominal bonds—secondary market	-	146,127	-	**146,127**
Government of Canada real return bonds	-	4,361	-	**4,361**
Canada Mortgage Bonds	-	5,290	-	**5,290**
Provincial bonds	-	6,975	-	**6,975**
Corporate bonds	-	22	-	**22**
Securities lent				
Government of Canada nominal bonds—secondary market	-	2,796	-	**2,796**
Provincial bonds	-	966	-	**966**
Shares in the BIS	-	-	585	**585**
Total	**-**	**231,031**	**585**	**231,616**

The following table shows the transfers that occurred between levels of the fair value hierarchy during the three- and six-month periods ended June 30. The transfers in these periods are primarily a result of changes in market activity.

	For the three-month period ended June 30, 2025		For the six-month period ended June 30, 2025	
	Level 2 to Level 1	Level 1 to Level 2	Level 2 to Level 1	Level 1 to level 2
Government of Canada nominal bonds—primary market	-	58,960	60,206	58,960
Government of Canada nominal bonds—secondary market	-	136,664	139,325	136,664
Government of Canada real return bonds	-	4,351	4,494	4,351
Canada Mortgage Bonds	-	4,607	4,626	4,607
Provincial bonds	-	6,454	6,513	6,454
Total	**-**	**211,036**	**215,164**	**211,036**

The table below presents the transfers that occurred during the corresponding three- and six-month periods in 2024.

	For the three-month period ended June 30, 2024		For the six-month period ended June 30, 2024	
	Level 2 to Level 1	Level 1 to Level 2	Level 2 to Level 1	Level 1 to level 2
Government of Canada nominal bonds—primary market	-	-	-	-
Government of Canada nominal bonds—secondary market	-	-	18,488	-
Government of Canada real return bonds	-	-	-	-
Canada Mortgage Bonds	-	-	-	-
Provincial bonds	-	-	-	-
Total	**-**	**-**	**18,488**	**-**

Derivatives—indemnity agreements with the Government of Canada

As at June 30, 2025	Amortized cost	Fair value	Derivatives—indemnity agreements with the Government of Canada
Government of Canada bonds—secondary market	159,931	141,015	18,916
Provincial bonds	7,142	6,788	354
Corporate bonds	6	6	-
Total	**167,079**	**147,809**	**19,270**

The table below presents the comparative values as at December 31, 2024.

As at December 31, 2024	Amortized cost	Fair value	Derivatives—indemnity agreements with the Government of Canada
Government of Canada bonds—secondary market	172,600	153,284	19,316
Provincial bonds	8,411	7,941	470
Corporate bonds	22	22	-
Total	**181,033**	**161,247**	**19,786**

Net unrealized losses (gains) on financial instruments carried at FVTPL

	For the three-month period ended June 30		For the six-month period ended June 30	
	2025	2024	2025	2024
Government of Canada bonds—secondary market	1,991	(907)	(400)	1,247
Provincial bonds	2	(81)	(116)	(48)
Corporate bonds	-	-	-	(1)
Derivatives—indemnity agreements with the Government of Canada	(1,993)	988	516	(1,198)
Total	**-**	**-**	**-**	**-**

Net unrealized gains and losses arising from financial instruments carried at fair value through profit and loss (FVTPL) during the three- and six-month periods are equal to the change in fair value of the derivatives shown in the tables above. Realized gains and losses in the three- and six-month periods ended June 30, 2025, were $nil ($nil for the three- and six-month periods ended June 30, 2024).

Expected credit losses

The Bank's debt instruments at amortized cost consist of Canadian sovereign debt and fully collateralized instruments with an equivalent credit rating of A- or higher.

All of the Bank's financial assets subject to impairment assessments are Stage 1 and considered to have a low credit risk. No transfers of financial instruments occurred between stages during the reporting period. The Bank did not record any provision for expected credit losses on these financial instruments as at June 30, 2025 ($nil as at December 31, 2024). There are no significant past due or impaired amounts as at June 30, 2025 ($nil as at December 31, 2024).

4. Financial risk management

The Bank maintains a comprehensive risk management and control framework to manage its risks. The Executive Council oversees enterprise risk management and the implementation of sound management processes to safeguard the Bank. The Board of Directors has an oversight role in the Bank's performance of risk management.

The Bank is exposed to financial risks associated with its financial instruments, including credit, market and liquidity risks. The Financial Risk Office monitors and reports on the financial risks related to the Bank's statement of financial position. The following is a description of those risks and how the Bank manages its exposure to them.

Credit risk

Credit risk is the possibility of loss due to the failure of a counterparty or guarantor to meet payment obligations in accordance with agreed-upon terms.

The Bank is exposed to credit risk through its cash and foreign deposits, investments, and advances to members of Payments Canada as well as through market transactions in the form of SPRAs and loans of securities, if any. The maximum exposure to credit risk is estimated to be the carrying value of those items. The Bank is also exposed to credit risk through the execution of foreign currency contracts, consistent with the disclosures in the 2024 annual financial statements.

Concentration of credit risk

SPRAs consist of either overnight repos or term repo operations. The balance as of June 30, 2025, is composed of term repo operations of one- and three-month maturities. Collateral is taken in accordance with the Bank's publicly disclosed eligibility criteria and margin requirements, both of which are available on its website. Strict eligibility criteria are set for all collateral, and the credit quality of collateral is managed through a set of restrictions based on asset type, term to maturity and credit attributes, including ratings of the securities pledged. The Bank monitors collateral positions regularly and requires counterparties to pledge additional collateral as risk increases. The fair value of collateral pledged to the Bank against these financial instruments as at June 30, 2025, was $8,368 million, representing 103% of the carrying value of the collateralized securities ($19,713 million as at December 31, 2024, representing 101%).

The Bank's investment portfolio represented 88% of the carrying value of its total assets as at June 30, 2025 (85% as at December 31, 2024). The credit risk associated with this portfolio is low. This is because the Bank's securities held are primarily direct obligations of the Government of Canada or are fully guaranteed by the Government of Canada, which holds a credit rating of AAA with most credit agencies and has no history of default.

As at June 30, 2025, the Bank's investments included securities lent in the form of Government of Canada bonds and provincial bonds with a fair market value of $3,420 million ($3,762 million as at December 31, 2024). The fair value of collateral held totalled $3,514 million, representing 103% of the fair value of the securities loaned ($3,811 million as at December 31, 2024, representing 101%).

Market risk

Market risk is the potential for adverse changes in the fair value or future cash flows of a financial instrument due to changes in market variables, such as interest rates, foreign exchange rates and market prices. It is composed of interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Bank's exposure to interest rate risk arises from fluctuations in the future flows of cash and foreign deposits held by the Bank and deposits held at the Bank by other institutions. These instruments are subject to variable interest rates. The Bank also carries interest rate risk associated with fluctuations in future cash flows from Government of Canada real return bonds, which are linked to inflation. The remainder of the Bank's financial assets and liabilities either have fixed interest rates or are non-interest-bearing, including Government of Canada deposits, which ceased accruing interest effective May 16, 2022.

The table below shows the effect of an increase (decrease) in interest rates of 25 basis points on the interest expense or revenue on Government of Canada real return bonds, deposits of members of Payments Canada and other deposits. This represents substantially all the Bank's interest rate risk exposure.

For the six-month period ended June 30	2025	2024
Interest revenue on Government of Canada real return bonds	6 / (6)	6 / (6)
Interest expense on deposits from members of Payments Canada	124 / (124)	146 / (146)
Interest expense on other deposits	17 / (17)	14 / (14)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The currency risk is not considered to be significant because the Bank's net foreign currency exposure relative to its total assets is small.

The Bank is exposed to currency risk primarily by holding shares in the Bank for International Settlements (BIS). These shares are denominated in special drawing rights (SDRs). The SDR serves as the unit of account for the International Monetary Fund, and its value is based on a basket of five major currencies: the euro, the US dollar, the British pound, the Japanese yen and the Chinese renminbi. SDRs are translated into Canadian-dollar equivalents at the rates prevailing on the date when the fair value is determined.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from changes in interest and exchange rates).

The Bank is exposed to other price risk through its investment in the BIS. The fair value of these shares is estimated based on the net asset value of the BIS, less a discount of 30%. Accordingly, the fair value fluctuations of these shares reflect movements in the net asset value of the BIS and in exchange rates.

The securities held at FVTPL expose the Bank to fluctuations in market prices. However, all these securities are fully indemnified for realized losses beyond amortized cost, while realized gains are fully remitted back to the Government of Canada. Fluctuations in market prices for the FVTPL instruments are offset by equivalent fair value fluctuations of the derivatives. Therefore, the Bank bears no net price risk related to the securities.

Liquidity risk

Liquidity risk is the potential for loss if the Bank is unable to meet its financial obligations as they become due. Liabilities due on demand include bank notes in circulation, Government of Canada deposits and other deposits, with the remaining liabilities (deposits of members of Payments Canada and other financial liabilities) due within 90 days.

Bank notes in circulation provide a stable source of long-term funding for the Bank. The Bank is the ultimate source of liquid funds to the Canadian financial system and has the power and operational ability to create Canadian-dollar liquidity in unlimited amounts at any time. This power is exercised within the Bank's commitment to keeping inflation low, stable and predictable.

The following table presents a maturity analysis of the Bank's financial assets and liabilities. The balances in this table do not correspond to the balances in the statement of financial position because the table presents all cash flows on an undiscounted basis. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period.

As at June 30, 2025	Due on demand	Within 90 days	Within 4 to 12 months	Within 1 to 5 years	In more than 5 years	Total
Financial assets						
Cash and foreign deposits	20	-	-	-	-	**20**
Loans and receivables	-	8,161	-	-	-	**8,161**
Investments						
Government of Canada nominal bonds at amortized cost	-	6,220	7,679	22,486	38,807	**75,192**
Government of Canada nominal bonds at FVTPL		19,746	24,132	49,687	77,688	**171,253**
Government of Canada real return bonds	-	-	113	1,150	3,849	**5,112**
Canada Mortgage Bonds	-	24	283	4,665	-	**4,972**
Provincial bonds	-	401	844	5,702	478	**7,425**
Corporate bonds	-	7	-	-	-	**7**
Shares in the BIS*	624	-	-	-	-	**624**
	644	**34,559**	**33,051**	**83,690**	**120,822**	**272,766**
Financial liabilities						
Bank notes in circulation	(121,448)	-	-	-	-	**(121,448)**
Deposits						
Government of Canada	(38,465)	-	-	-	-	**(38,465)**
Members of Payments Canada	-	(80,659)	-	-	-	**(80,659)**
Other deposits	(13,883)	-	-	-	-	**(13,883)**
Other financial liabilities	-	(80)	-	-	-	**(80)**
	(173,796)	**(80,739)**	**-**	**-**	**-**	**(254,535)**
Net maturity difference	**(173,152)**	**(46,180)**	**33,051**	**83,690**	**120,822**	**18,231**

* The Bank's investment in shares in the Bank for International Settlements (BIS) has no fixed maturity.

Cash flows associated with the indemnity agreements are settled monthly after disposition of related securities. Where securities are held to maturity, no cash flows are associated with the indemnity agreements. As at June 30, 2025, the Bank had not disposed of any securities related to the indemnity agreements that had not been settled, and, therefore, no indemnity agreement cash flows are presented above ($nil as at December 31, 2024).

The table below presents the comparative maturity analysis as at December 31, 2024.

As at December 31, 2024	Due on demand	Within 90 days	Within 4 to 12 months	Within 1 to 5 years	In more than 5 years	Total
Financial assets						
Cash and foreign deposits	20	-	-	-	-	**20**
Loans and receivables	-	19,462	-	-	-	**19,462**
Investments						
Government of Canada nominal bonds at amortized cost	-	2,243	10,579	23,636	44,796	**81,254**
Government of Canada nominal bonds at FVTPL		10,034	24,368	59,905	90,402	**184,709**
Government of Canada real return bonds	-	-	112	1,156	3,850	**5,118**
Canada Mortgage Bonds	-	24	1,022	4,445	272	**5,763**
Provincial bonds	-	158	1,734	4,886	1,965	**8,743**
Corporate bonds	-	10	13	-	-	**23**
Shares in the BIS*	585	-	-	-	-	**585**
	605	**31,931**	**37,828**	**94,028**	**141,285**	**305,677**
Financial liabilities						
Bank notes in circulation	(121,298)	-	-	-	-	**(121,298)**
Deposits						
Government of Canada	(28,551)	-	-	-	-	**(28,551)**
Members of Payments Canada	-	(124,419)	-	-	-	**(124,419)**
Other deposits	(11,389)	-	-	-	-	**(11,389)**
Other financial liabilities	-	(107)	-	-	-	**(107)**
	(161,238)	**(124,526)**	**-**	**-**	**-**	**(285,764)**
Net maturity difference	**(160,633)**	**(92,595)**	**37,828**	**94,028**	**141,285**	**19,913**

* The Bank's investment in shares in the Bank for International Settlements (BIS) has no fixed maturity.

5. Capital assets

Capital assets consists of property and equipment, intangible assets and right-of-use assets. The changes to the balance for the period are as follows:

	Property and equipment	Intangible assets	Right-of-use assets	Total
Cost				
Balances as at December 31, 2023	871	229	63	**1,163**
Additions	45	28	-	**73**
Disposals	(41)	(21)	(1)	**(63)**
Transfers to other asset categories	-	-	-	**-**
Balances as at December 31, 2024	**875**	**236**	**62**	**1,173**
Additions	11	17	-	**28**
Disposals	-	-	-	**-**
Transfers to other asset categories	-	-	-	**-**
Balances as at June 30, 2025	**886**	**253**	**62**	**1,201**
Accumulated depreciation / amortization				
Balances as at December 31, 2023	(356)	(119)	(24)	**(499)**
Depreciation / amortization	(46)	(19)	(4)	**(69)**
Disposals	41	21	-	**62**
Transfers to other asset categories	-	-	-	**-**
Balances as at December 31, 2024	**(361)**	**(117)**	**(28)**	**(506)**
Depreciation / amortization	(24)	(13)	(2)	**(39)**
Disposals	-	-	-	**-**
Transfers to other asset categories	-	-	-	**-**
Balances as at June 30, 2025	**(385)**	**(130)**	**(30)**	**(545)**
Carrying amounts				
Balances as at December 31, 2024	**514**	**119**	**34**	**667**
Balances as at June 30, 2025	**501**	**123**	**32**	**656**

As at June 30, 2025, the Bank had total commitments outstanding of $11 million for property and equipment and $26 million for intangible assets ($5 million and $4 million, respectively, as at December 31, 2024).

6. Other assets

Other assets is composed of bank note inventory (production materials, including the polymer substrate and ink); any net defined-benefit asset related to the Bank of Canada pension plans; and all other non-financial assets, which are primarily prepaid expenses.

Composition of other assets

As at	Note	June 30, 2025	December 31, 2024
Bank note inventory		3	3
Net defined-benefit asset	9	396	387
All other assets		43	50
Total other assets		**442**	**440**

7. Deposits

Deposits is composed of deposits by the Government of Canada, members of Payments Canada and others.

Deposits from the Government of Canada consist of $18,465 million for operational balances and $20,000 million held for the prudential liquidity-management plan ($8,551 million and $20,000 million, respectively, as at December 31, 2024). Deposits from members of Payments Canada are composed of deposits from domestic banks, authorized foreign banks and other deposit-taking institutions.

Other deposits is composed of due-on-demand deposits from financial market infrastructure institutions, other central banks, government institutions and foreign official institutions as well as unclaimed balances. Some of the deposits are interest-bearing, depending on the agreement between the Bank and the depositor.

8. Other liabilities

Other liabilities consists of the net defined-benefit liability for the other employee benefit plans and for the Bank of Canada pension plans, if any; lease liabilities; accounts payable; accrued liabilities and provisions.

Composition of other liabilities

As at	Note	June 30, 2025	December 31, 2024
Defined-benefit liabilities—other benefit plans	9	151	154
Lease liabilities		35	37
All other liabilities		81	107
Total other liabilities		**267**	**298**

9. Employee benefits

The changes to the net defined-benefit asset (liability) for the six-month and yearly periods are as follows:

	Pension benefit plans (funded)		Other benefit plans (unfunded)	
	For the six-month period ended June 30, 2025	For the year ended December 31, 2024	For the six-month period ended June 30, 2025	For the year ended December 31, 2024
Opening balance at beginning of period	**387**	**301**	**(154)**	**(155)**
Bank contributions	4	8	-	-
Current service cost	(26)	(52)	(2)	(4)
Past service cost	-	-	-	(1)
Net interest income (cost)	8	9	(4)	(7)
Administration costs	(2)	(3)	-	-
Net benefit payments and transfers	-	-	5	8
Net remeasurement gains (losses)	25	124	4	5
Closing balance at end of period	**396**	**387**	**(151)**	**(154)**
Net defined-benefit asset	396	387	-	-
Net defined-benefit liability	-	-	(151)	(154)
Net defined-benefit asset (liability)	**396**	**387**	**(151)**	**(154)**

The composition of the net defined-benefit asset for the Bank's pension plans is presented in the table below:

As at	June 30, 2025	December 31, 2024
Fair value of plan assets	2,535	2,493
Defined-benefit obligation	(2,139)	(2,106)
Net defined-benefit asset	**396**	**387**

Expenses for the employee benefit plans are presented in the table below:

	For the three-month period ended June 30		For the six-month period ended June 30	
	2025	2024	2025	2024
Expenses				
Pension benefit plans	11	10	20	20
Other benefit plans	3	3	6	6
Total benefit plan expenses	**14**	**13**	**26**	**26**

Contributions for the pension benefit plans are presented in the table below:

	For the three-month period ended June 30		For the six-month period ended June 30	
	2025	2024	2025	2024
Contributions				
Employer contributions	2	1	4	4
Employee contributions	9	7	18	15
Total contributions	**11**	**8**	**22**	**19**

The Bank remeasures its defined-benefit obligations and the fair value of plan assets at interim periods. The discount rate is determined by reference to Canadian AA-rated corporate bonds with terms to maturity approximating the duration of the obligation, according to guidance issued by the Canadian Institute of Actuaries. The net defined-benefit asset or liability is measured using the discount rates in effect as at the period end, which are shown in the table below:

As at	June 30, 2025	December 31, 2024
Pension benefit plans	4.9%	4.8%
Other benefit plans	4.3% to 5.0%	4.2% to 4.8%

During the second quarter and the first six months of 2025, the Bank recorded remeasurement gains of $60 million and $29 million, respectively, in other comprehensive income (remeasurement losses of $6 million and remeasurement gains of $101 million, respectively, for the three- and six-month periods ended June 30, 2024). The gains and losses are mainly the result of changes in the discount rates used to value the obligations.

10. Deficiency

The Bank manages its capital to ensure compliance with the *Bank of Canada Act*. No capital requirements were externally imposed as at the end of the reporting period.

The Bank's deficiency is composed of the following elements:

Share capital

The authorized capital of the Bank is $5 million divided into 100,000 shares with a par value of $50 each. The shares are fully paid and have been issued to the Minister of Finance, who holds them on behalf of the Government of Canada.

Statutory reserve

The statutory reserve is accumulated out of net income until it reaches the stipulated maximum amount of $25 million, consistent with the requirement of section 27 of the *Bank of Canada Act*. In 2022, the statutory reserve was reduced to $nil. If the Bank's reserve fund is less than the paid-up capital, one-third of surplus income is to be allocated to the reserve fund, and the residual amount is to be paid to the Receiver General for Canada. When the reserve fund is not less than the paid-up capital, one-fifth of the surplus income is to be allocated to the reserve fund until that fund reaches an amount five times the paid-up capital, and the residual amount is to be paid to the Receiver General.

Special reserve

Pursuant to section 27.1 of the *Bank of Canada Act*, the special reserve's purpose is to offset potential unrealized valuation losses due to changes in the fair value of the Bank's investment portfolio. An initial amount of $100 million has been established, and the reserve is subject to a ceiling of $400 million.

The amount held in the special reserve is reviewed regularly for appropriateness using value-at-risk analysis and scenario-based stress tests and may be amended, following a resolution passed by the Board of Directors.

Investment revaluation reserve

The investment revaluation reserve represents the net unrealized fair value gains of the Bank's financial assets classified and measured at fair value through other comprehensive income (FVOCI). These assets consist solely of the Bank's investment in the BIS. As at June 30, 2025, the investment revaluation reserve had a balance of $586 million ($547 million as at December 31, 2024).

Actuarial gains reserve

The actuarial gains reserve accumulates the net actuarial gains and losses recognized on the Bank's post-employment defined-benefit plans subsequent to its transition to IFRS Accounting Standards. As at June 30, 2025, the actuarial gains reserve had a balance of $482 million ($453 million as at December 31, 2024).

Accumulated deficit

The net income of the Bank, less any allocation to reserves, is considered ascertained surplus and is transferred to the Receiver General for Canada, consistent with the requirement of section 27 of the *Bank of Canada Act*. However, the *Budget Implementation Act, 2023, No. 1* temporarily requires the Bank to apply any of its ascertained surplus to the accumulated deficit until the earlier of the following events occurs: either the accumulated deficit is equal to zero, or the ascertained surplus applied to the accumulated deficit is equal to the losses that the Bank incurred from the purchase of securities as part of the Government of Canada Bond Purchase Program. Despite the losses in the last three years, the mandate of the Bank allows for sufficient cash flows to continue operations and meet its obligations. As at June 30, 2025, the Bank had an accumulated deficit balance of $10,109 million ($9,817 million as at December 31, 2024).

The Bank withholds from its remittance to the Receiver General for Canada, per the remittance agreement with the Minister of Finance, an amount equal to any increase in cumulative net unrealized losses on financial assets that are classified and measured at FVOCI, unrealized remeasurements of the net defined-benefit asset or liability on defined-benefit plans, and other unrealized or non-cash losses arising from changes in accounting standards or legislation. Any decrease in previously withheld cumulative net unrealized non-cash losses is added to the remittance. As at June 30, 2025, no balance in withheld remittances was outstanding to the Receiver General for Canada ($nil as at December 31, 2024).

11. Related parties

Persons or entities are considered related parties to the Bank if they are:

- under common ownership to the Government of Canada;
- a post-employment benefit plan for the benefit of Bank employees; or
- a member of key management personnel, which includes members of the Executive Council, the Governing Council or the Board of Directors, and their families.

Government of Canada

The Bank is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. To achieve its monetary policy objectives, the Bank maintains a position of structural and functional independence from the Government of Canada through its ability to fund its own operations without external assistance, and through its management and governance.

In the normal course of its operations, the Bank enters into transactions with related parties, and material transactions and balances are presented in these condensed interim financial statements. Not all transactions between the Bank and government-related entities have been disclosed, as permitted by the partial exemption available to wholly owned government entities in International Accounting Standard 24 *Related Party Disclosures* (IAS 24).

The Bank provides funds management, fiscal agent and banking services to the Government of Canada, as mandated by the *Bank of Canada Act*, and does not recover the costs of these services.

Bank of Canada Pension Plan

The Bank provides management, investment and administrative support to the Pension Plan and recovers the cost of these services.