CONDENSED INTERIM FINANCIAL STATEMENTS

September 30, 2024

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 IFRS Accounting Standards (as issued by the International Accounting Standards Board) applicable to the preparation of interim financial statements under IAS 34, *Interim Financial Reporting*. Management is also responsible for such internal controls as management determines are necessary to enable the preparation of condensed interim financial statements that are free from material misstatement. Further, Management is 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
November 13, 2024

Condensed interim statement of financial position (unaudited)

(in millions of Canadian dollars)

As at	Note	September 30, 2024	December 31, 2023
Assets			
Cash and foreign deposits	3	14	14
Loans and receivables	3, 4		
Securities purchased under resale agreements		16,006	-
Other receivables		6	6
		16,012	**6**
Investments	3, 4		
Government of Canada nominal bonds—carried at amortized cost		71,364	84,613
Government of Canada bonds—carried at fair value through profit and loss (FVTPL)		154,468	184,443
Canada Mortgage Bonds		5,620	6,685
Other bonds		7,266	8,357
Securities lent or sold under repurchase agreements		3,620	7,742
Shares in the Bank for International Settlements (BIS)		556	501
		242,894	**292,341**
Derivatives—indemnity agreements with the Government of Canada	3, 4	19,059	23,406
Capital assets	5		
Property and equipment		507	515
Intangible assets		117	110
Right-of-use assets		35	39
		659	**664**
Other assets	6	395	345
Total assets		**279,033**	**316,776**
Liabilities and deficiency			
Bank notes in circulation	3	118,834	119,430
Deposits	3, 4, 7		
Government of Canada		30,467	63,511
Members of Payments Canada		123,813	120,567
Other deposits		11,008	12,134
		165,288	**196,212**
Securities sold under repurchase agreements	3, 4	2,852	6,638
Other liabilities	3, 8	337	342
Total liabilities		**287,311**	**322,622**
Deficiency	10	(8,278)	(5,846)
Total liabilities and deficiency		**279,033**	**316,776**

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 loss (unaudited)

(in millions of Canadian dollars)

	Note	For the three-month period ended September 30		For the nine-month period ended September 30	
	Note	2024	2023	2024	2023
Loss before operating expenses					
Interest revenue					
Investments—carried at amortized cost		335	394	1,053	1,217
Investments—carried at FVTPL		494	571	1,499	1,726
Securities purchased under resale agreements		135	-	147	-
Other interest revenue		-	-	1	-
		964	**965**	**2,700**	**2,943**
Interest expense					
Deposits		(1,471)	(2,107)	(4,602)	(6,438)
Other		(52)	(153)	(170)	(480)
Net interest expense		**(559)**	**(1,295)**	**(2,072)**	**(3,975)**
Other revenue		3	3	15	12
Total loss before operating expenses		**(556)**	**(1,292)**	**(2,057)**	**(3,963)**
Operating expenses					
Staff costs		99	76	303	252
Bank note research, production and processing		3	16	5	30
Premises costs		10	11	26	27
Technology and telecommunications		32	28	91	81
Depreciation and amortization		17	18	51	54
Other operating expenses		15	18	43	54
Total operating expenses		**176**	**167**	**519**	**498**
Net loss		**(732)**	**(1,459)**	**(2,576)**	**(4,461)**
Other comprehensive income (loss)					
Remeasurements of the net defined-benefit liability/asset	9	(12)	127	89	76
Change in fair value of BIS shares		23	4	55	16
Total other comprehensive income		**11**	**131**	**144**	**92**
Comprehensive loss		**(721)**	**(1,328)**	**(2,432)**	**(4,369)**

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

Condensed interim statement of changes in deficiency (unaudited)

For the three-month period ended September 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 July 1, 2024		5	-	100	495	425	(8,582)	(7,557)
Comprehensive loss for the period								
Net loss		-	-	-	-	-	(732)	**(732)**
Remeasurements of the net defined-benefit liability/asset	9	-	-	-	-	(12)	-	**(12)**
Change in fair value of BIS shares		-	-	-	23	-	-	**23**
Balance as at September 30, 2024		**5**	**-**	**100**	**518**	**413**	**(9,314)**	**(8,278)**

	Note	Share capital	Statutory reserve	Special reserve	Investment revaluation reserve	Actuarial gains reserve	Accumulated deficit	Total
Balance as at July 1, 2023		5	-	100	452	393	(4,088)	(3,138)
Comprehensive loss for the period								
Net loss		-	-	-	-	-	(1,459)	**(1,459)**
Remeasurements of the net defined-benefit liability/asset	9	-	-	-	-	127	-	**127**
Change in fair value of BIS shares		-	-	-	4	-	-	**4**
Balance as at September 30, 2023		**5**	**-**	**100**	**456**	**520**	**(5,547)**	**(4,466)**

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

Condensed interim statement of changes in deficiency (unaudited)

For the nine-month period ended September 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, 2024		5	-	100	463	324	(6,738)	(5,846)
Comprehensive loss for the period								
Net loss		-	-	-	-	-	(2,576)	(2,576)
Remeasurements of the net defined-benefit liability/asset	9	-	-	-	-	89	-	89
Change in fair value of BIS shares		-	-	-	55	-	-	55
Balance as at September 30, 2024		5	-	100	518	413	(9,314)	(8,278)

	Note	Share capital	Statutory reserve	Special reserve	Investment revaluation reserve	Actuarial gains reserve	Accumulated deficit	Total
Balance as at January 1, 2023		5	-	100	440	444	(1,086)	(97)
Comprehensive loss for the period								
Net loss		-	-	-	-	-	(4,461)	(4,461)
Remeasurements of the net defined-benefit liability/asset	9	-	-	-	-	76	-	76
Change in fair value of BIS shares		-	-	-	16	-	-	16
Balance as at September 30, 2023		5	-	100	456	520	(5,547)	(4,466)

(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 September 30		For the nine-month period ended September 30	
	2024	2023	2024	2023
Cash flows from operating activities				
Interest received	499	726	3,129	3,855
Other revenue received	8	1	15	12
Interest paid	(1,511)	(2,239)	(4,765)	(6,919)
Payments to or on behalf of employees and to suppliers	(123)	(128)	(437)	(471)
Net increase (decrease) in deposits	6,792	(25,445)	(30,924)	(73,868)
Acquisition of securities purchased under resale agreements	(753,149)	-	(831,225)	(12)
Proceeds from maturity of securities purchased under resale agreements	737,143	-	815,219	12
Net payments on securities sold under repurchase agreements	(998)	(7,145)	(3,786)	(6,815)
Proceeds from maturity of Government of Canada bonds—carried at FVTPL	7,936	25,121	37,349	61,927
Proceeds from maturity of other bonds	406	1,231	2,365	2,246
Net cash used in operating activities	**(2,997)**	**(7,878)**	**(13,060)**	**(20,033)**
Cash flows from investing activities				
Proceeds from maturity of Government of Canada nominal bonds	2,106	7,865	13,456	22,064
Proceeds from maturity of Canada Mortgage Bonds	-	-	250	-
Additions of property and equipment	(12)	(13)	(26)	(30)
Additions of intangible assets	(8)	(9)	(21)	(20)
Net cash provided by investing activities	**2,086**	**7,843**	**13,659**	**22,014**
Cash flows from financing activities				
Net increase (decrease) in bank notes in circulation	909	33	(596)	(1,981)
Payments on lease liabilities	(1)	-	(3)	(3)
Net cash provided by (used in) financing activities	**908**	**33**	**(599)**	**(1,984)**
Decrease in cash and foreign deposits	**(3)**	**(2)**	**-**	**(3)**
Cash and foreign deposits, beginning of period	17	13	14	14
Cash and foreign deposits, end of period	**14**	**11**	**14**	**11**

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

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

For the nine-month period ended September 30, 2024

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, issues and distributes Canada's bank notes, oversees the note distribution system and ensures a supply of quality notes that are readily accepted and secure against counterfeiting. The face value of these notes 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.
- **Retail payments supervision**: Effective November 1, 2024, the Bank supervises payment service providers to build confidence in the safety and reliability of their services and protect users from specific risks.

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) 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, 2023. 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 November 13, 2024.

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 issue securities purchased 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, 2023.

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 2023 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 2023 annual financial statements.

3. Financial instruments

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

Financial instruments as at September 30, 2024	Classification and subsequent measurement	Carrying value	Fair value
Financial assets			
Cash and foreign deposits	Amortized cost	14	*
Loans and receivables			*
Securities purchased under resale agreements	Amortized cost	16,006	*
Other receivables	Amortized cost	6	*
		16,012	
Investments			
Government of Canada nominal bonds—primary market	Amortized cost	71,364	66,975
Government of Canada bonds—secondary market			
Nominal bonds	FVTPL	150,081	150,081
Real return bonds	FVTPL	4,387	4,387
		154,468	**154,468**
Canada Mortgage Bonds	Amortized cost	5,620	5,301
Other bonds			
Provincial bonds	FVTPL	7,239	7,239
Corporate bonds	FVTPL	27	27
		7,266	**7,266**
Securities lent or sold under repurchase agreements			
Government of Canada nominal bonds—secondary market	FVTPL	2,854	2,854
Provincial bonds	FVTPL	766	766
		3,620	**3,620**
Shares in the BIS	FVOCI	556	556
		242,894	**238,186**
Derivatives—indemnity agreements with the Government of Canada	FVTPL	19,059	19,059
Financial liabilities			
Bank notes in circulation	Face value	118,834	*
Deposits	Amortized cost	165,288	*
Securities sold under repurchase agreements	Amortized cost	2,852	*
Other financial liabilities	Amortized cost	144	*

* Approximates carrying value due to their nature or term to maturity.

FVTPL is fair value through profit and loss; FVOCI is 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 carried at fair value, classified in accordance with the hierarchy described above.

	Level 1	Level 2	Level 3	Total
As at September 30, 2024				
Government of Canada nominal bonds—secondary market	1,769	148,312	-	**150,081**
Government of Canada real return bonds	-	4,387	-	**4,387**
Provincial bonds	-	7,239	-	**7,239**
Corporate bonds	-	27	-	**27**
Securities lent or sold under repurchase agreements				
Government of Canada nominal bonds—secondary market	643	2,211	-	**2,854**
Provincial bonds	-	766	-	**766**
Shares in the BIS	-	-	556	**556**
Total	**2,412**	**162,942**	**556**	**165,910**

The table below presents the comparative fair value as at December 31, 2023.

	Level 1	Level 2	Level 3	Total
As at December 31, 2023				
Government of Canada nominal bonds—secondary market	-	180,156	-	**180,156**
Government of Canada real return bonds	-	4,287	-	**4,287**
Provincial bonds	-	8,286	-	**8,286**
Corporate bonds	-	71	-	**71**
Securities lent or sold under repurchase agreements				
Government of Canada nominal bonds—secondary market	-	6,652	-	**6,652**
Provincial bonds	-	1,090	-	**1,090**
Shares in the BIS	-	-	501	**501**
Total	**-**	**200,542**	**501**	**201,043**

The following table shows the transfers that occurred between levels of the fair value hierarchy during the three- and nine-month periods ended September 30, 2024. The transfers from Level 2 to Level 1 are primarily a result of changes in market activity.

	For the three-month period ended September 30, 2024		For the nine-month period ended September 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—secondary market	2,412	-	20,900	-
Government of Canada real return bonds	-	-	-	-
Provincial bonds	-	-	-	-
Total	**2,412**	**-**	**20,900**	**-**

The table below presents the transfers that occurred during the corresponding three- and nine-month periods in 2023.

	For the three-month period ended September 30, 2023		For the nine-month period ended September 30, 2023	
	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—secondary market	-	-	212,704	209,509
Government of Canada real return bonds	-	-	3,828	3,762
Provincial bonds	-	-	6,975	6,793
Total	-	-	**223,507**	**220,064**

Derivatives—indemnity agreements with the Government of Canada

	Related asset		Derivatives—indemnity agreements with the Government of Canada	Derivative asset position	Derivative liability position
	Amortized cost	Fair value	Fair value	Fair value	Fair value
Government of Canada bonds—secondary market	175,899	157,322	18,577	18,577	-
Provincial bonds	8,486	8,005	481	481	-
Corporate bonds	28	27	1	1	-
Balance as at September 30, 2024	**184,413**	**165,354**	**19,059**	**19,059**	-

The table below presents the comparative values as at December 31, 2023.

	Related asset		Derivatives—indemnity agreements with the Government of Canada	Derivative asset position	Derivative liability position
	Amortized cost	Fair value	Fair value	Fair value	Fair value
Government of Canada bonds—secondary market	213,713	191,095	22,618	22,618	-
Provincial bonds	10,162	9,376	786	786	-
Corporate bonds	73	71	2	2	-
Balance as at December 31, 2023	**223,948**	**200,542**	**23,406**	**23,406**	**-**

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

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2024	2023	2024	2023
Government of Canada bonds—secondary market	(5,288)	5,345	(4,041)	2,911
Provincial bonds	(257)	109	(305)	33
Corporate bonds	-	-	(1)	(2)
Derivatives—indemnity agreements	5,545	(5,454)	4,347	(2,942)
Total	-	-	-	-

Net unrealized gains and losses arising from financial instruments carried at FVTPL during the three- and nine-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 nine-month periods ended September 30, 2024, were $nil ($nil for the three- and nine-month periods ended September 30, 2023).

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 September 30, 2024 ($nil as at December 31, 2023). There are no significant past due or impaired amounts as at September 30, 2024 ($nil as at December 31, 2023).

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, and 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 2023 annual financial statements.

Concentration of credit risk

For SPRAs, 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 the end of the reporting period was $16,219 million, representing 101% of the carrying value of the collateralized securities ($nil as at December 31, 2023).

The Bank's investment portfolio represents 87% of the carrying value of its total assets (92% as at December 31, 2023). 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 September 30, 2024, the Bank's investments included securities lent or sold under repurchase agreements in the form of loaned provincial bonds with a fair market value of $766 million ($1,090 million as at December 31, 2023). The fair value of collateral held totalled $807 million, representing 105% of the fair value of the securities loaned ($1,143 million as at December 31, 2023, representing 105%).

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 nine-month period ended September 30	2024	2023
Interest revenue on real return bonds	10 / (10)	10 / (10)
Interest expense on deposits from members of Payments Canada	223 / (223)	331 / (331)
Interest expense on other deposits	21 / (21)	20 / (20)

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, securities sold under repurchase agreements 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 September 30, 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	14		-	-	-	**14**
Loans and receivables	-	16,012	-	-	-	**16,012**
Investments						
Government of Canada nominal bonds at amortized cost	-	2,241	12,282	23,803	45,169	**83,495**
Government of Canada nominal bonds at FVTPL	-	3,652	33,203	60,252	91,255	**188,362**
Government of Canada real return bonds	-	56	56	1,176	3,896	**5,184**
Canada Mortgage Bonds	-	34	817	4,673	275	**5,799**
Provincial bonds	-	100	1,718	4,717	2,308	**8,843**
Corporate bonds	-	5	22	-	-	**27**
Shares in the BIS*	556	-	-	-	-	**556**
	570	**22,100**	**48,098**	**94,621**	**142,903**	**308,292**
Financial liabilities						
Bank notes in circulation	(118,834)	-	-	-	-	**(118,834)**
Deposits						
Government of Canada	(30,467)	-	-	-	-	**(30,467)**
Members of Payments Canada	-	(123,813)	-	-	-	**(123,813)**
Other deposits	(11,008)	-	-	-	-	**(11,008)**
Securities sold under repurchase agreements	-	(2,852)	-	-	-	**(2,852)**
Other financial liabilities	-	(144)	-	-	-	**(144)**
	(160,309)	**(126,809)**	-	-	-	**(287,118)**
Net maturity difference	**(159,739)**	**(104,709)**	**48,098**	**94,621**	**142,903**	**21,174**

* 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 September 30, 2024, 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, 2023).

The table below presents the comparative maturity analysis as at December 31, 2023.

As at December 31, 2023	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	14	-	-	-	-	**14**
Loans and receivables	-	6	-	-	-	**6**
Investments						
Government of Canada nominal bonds at amortized cost	-	3,123	13,373	31,950	49,304	**97,750**
Government of Canada nominal bonds at FVTPL	-	7,440	35,390	83,333	101,376	**227,539**
Government of Canada real return bonds	-	-	110	1,167	3,851	**5,128**
Canada Mortgage Bonds	-	24	1,120	4,852	912	**6,908**
Provincial bonds	-	216	1,641	5,227	3,516	**10,600**
Corporate bonds	-	17	34	22	-	**73**
Shares in the BIS*	501	-	-	-	-	**501**
	515	**10,826**	**51,668**	**126,551**	**158,959**	**348,519**
Financial liabilities						
Bank notes in circulation	(119,430)	-	-	-	-	**(119,430)**
Deposits						
Government of Canada	(63,511)	-	-	-	-	**(63,511)**
Members of Payments Canada	-	(120,567)	-	-	-	**(120,567)**
Other deposits	(12,134)	-	-	-	-	**(12,134)**
Securities sold under repurchase agreements	-	(6,638)	-	-	-	**(6,638)**
Other financial liabilities	-	(138)	-	-	-	**(138)**
	(195,075)	**(127,343)**	**-**	**-**	**-**	**(322,418)**
Net maturity difference	**(194,560)**	**(116,517)**	**51,668**	**126,551**	**158,959**	**26,101**

* 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, 2022	844	205	63	**1,112**
Additions	37	29	-	**66**
Disposals	(10)	(5)	-	**(15)**
Transfers to other asset categories	-	-	-	**-**
Balances as at December 31, 2023	**871**	**229**	**63**	**1,163**
Additions	26	21	-	**47**
Disposals	(3)	-	(1)	**(4)**
Transfers to other asset categories	-	-	-	**-**
Balances as at September 30, 2024	**894**	**250**	**62**	**1,206**
Accumulated depreciation / amortization				
Balances as at December 31, 2022	(322)	(100)	(19)	**(441)**
Depreciation and amortization expense	(44)	(24)	(5)	**(73)**
Disposals	10	5	-	**15**
Transfers to other asset categories	-	-	-	**-**
Balances as at December 31, 2023	**(356)**	**(119)**	**(24)**	**(499)**
Depreciation and amortization expense	(34)	(14)	(3)	**(51)**
Disposals	3	-	-	**3**
Transfers to other asset categories	-	-	-	**-**
Balances as at September 30, 2024	**(387)**	**(133)**	**(27)**	**(547)**
Carrying amounts				
Balances as at December 31, 2023	**515**	**110**	**39**	**664**
Balances as at September 30, 2024	**507**	**117**	**35**	**659**

As at September 30, 2024, the Bank had total commitments outstanding of $6 million for property and equipment and $4 million for intangible assets ($12 million and $5 million, respectively, as at December 31, 2023).

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 benefit plans; and all other non-financial assets, which are primarily prepaid expenses.

Composition of other assets

As at	Note	September 30, 2024	December 31, 2023
Bank note inventory		1	-
Net defined-benefit asset	9	359	307
All other assets		35	38
Total other assets		**395**	**345**

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 $10,467 million for operational balances and $20,000 million held for the prudential liquidity-management plan ($43,511 million and $20,000 million, respectively, as at December 31, 2023). 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 surplus payable to the Receiver General for Canada, if any; any net defined-benefit liability for both the pension benefit plans and other employee benefit plans; lease liabilities; accounts payable; accrued liabilities and provisions.

Composition of other liabilities

As at	Note	September 30, 2024	December 31, 2023
Net defined-benefit liability	9		
Pension benefit plans		-	6
Other benefit plans		155	155
Lease liabilities		38	42
All other liabilities		144	139
Total other liabilities		**337**	**342**

9. Employee benefits

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

	Pension benefit plans (funded)		Other benefit plans (unfunded)	
	For the nine-month period ended September 30, 2024	For the year ended December 31, 2023	For the nine-month period ended September 30, 2024	For the year ended December 31, 2023
Opening balance at beginning of period	**301**	**414**	**(155)**	**(146)**
Bank contributions	6	22	-	-
Current service cost	(40)	(38)	(3)	(4)
Past service cost	-	-	-	(1)
Net interest income (cost)	7	20	(5)	(7)
Administration costs	(2)	(3)	-	-
Net benefit payments and transfers	-	-	6	8
Net remeasurement gains (losses)	87	(114)	2	(5)
Closing balance at end of period	**359**	**301**	**(155)**	**(155)**
Net defined-benefit asset	359	307	-	-
Net defined-benefit liability	-	(6)	(155)	(155)
Net defined-benefit asset (liability)	**359**	**301**	**(155)**	**(155)**

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

As at	September 30, 2024	December 31, 2023
Fair value of plan assets	2,466	2,345
Defined-benefit obligation	(2,107)	(2,044)
Net defined-benefit asset	**359**	**301**

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

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2024	2023	2024	2023
Expenses				
Pension benefit plans	15	6	35	16
Other benefit plans	2	2	8	8
Total benefit plan expenses	**17**	**8**	**43**	**24**

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

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2024	2023	2024	2023
Contributions				
Employer contributions	2	2	6	22
Employee contributions	7	6	22	21
Total contributions	**9**	**8**	**28**	**43**

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	September 30, 2024	December 31, 2023
Discount rate		
Pension benefit plans	4.7%	4.6%
Other benefit plans	4.3% to 4.8%	4.6%

The Bank recorded net remeasurement gains of $89 million during the nine-month period ended September 30, 2024 (remeasurement gains of $77 million for the nine-month period ended September 30, 2023). The gains are mainly the result of an increase in the fair value of the plans' assets and increases in 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. 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 was established at that time, 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), which consist solely of the Bank's investment in the BIS. As at September 30, 2024, the investment revaluation reserve had a balance of $518 million ($463 million as at December 31, 2023).

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 September 30, 2024, the actuarial gains reserve had a balance of $413 million ($324 million as at December 31, 2023).

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 two years, the mandate of the Bank allows for sufficient cash flows to continue operations and meet its obligations. As at September 30, 2024, the Bank had an accumulated deficit balance of $9,314 million ($6,738 million as at December 31, 2023).

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 September 30, 2024, no balance in withheld remittances was outstanding to the Receiver General for Canada ($nil as at December 31, 2023).

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 Bank of Canada Pension Plan and recovers the cost of these services.