Department of Finance Canada
Financial statements (Unaudited)

For the year ended March 31, 2025

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Statement of Management Responsibility including Internal Control over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2025, and all information contained in these financial statements rests with the management of the Department of Finance Canada (the department). These financial statements have been prepared by management using the Government of Canada's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada*, and included in the department's *Departmental Results Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the department and through conducting an annual risk-based assessment of the effectiveness of the system of internal control over financial reporting.

The system of internal control over financial reporting is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments. A risk-based assessment of the system of internal control over financial reporting for the year ended March 31, 2025 was completed in accordance with the Treasury Board Policy on Financial Management and the results and action plans are summarized in the Annex.

The effectiveness and adequacy of the department's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the department's operations, and by the Departmental Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The financial statements of the department have not been audited.

Chris Forbes, Deputy Minister
Ottawa, Canada
September 5, 2025

Christopher Veilleux, Chief Financial Officer

Department of Finance Canada
Statement of Financial Position (unaudited)
As at March 31

(in thousands of dollars)	2025	2024
Liabilities		
Deposit liabilities (note 4)	375,485	804,038
Accounts payable and accrued liabilities (note 5)	424,669	257,579
Taxes payable under tax collection agreements (note 6)	11,049,001	16,532,788
Notes payable to international organizations (note 7)	309,774	90,746
Matured debt (note 8)	626,184	666,695
Unmatured debt (note 9)	1,481,328,421	1,371,902,243
Foreign exchange accounts liabilities (note 16)	47,697,433	44,105,895
Derivatives (note 10)	22,859,484	29,722,713
Long-term annuity liability (note 11)	1,431,208	1,589,512
Employee future benefits (note 12)	3,102	2,947
Total gross liabilities	**1,566,104,761**	**1,465,675,156**
Liabilities owed on behalf of government (note 13)	(309,774)	(90,746)
Total net liabilities	**1,565,794,987**	**1,465,584,410**
Financial assets		
Cash awaiting deposit to the Consolidated Revenue Fund	105	-
Due from Consolidated Revenue Fund	8,625,417	7,408,500
Cash held as collateral (note 14)	3,456,729	2,293,763
Coin inventory	12,845	12,778
Accounts receivable (note 15)	787,065	565,122
Taxes receivable under tax collection agreements (note 6)	23,432,488	21,357,707
Foreign exchange accounts assets (note 16)	201,361,875	180,140,246
Derivatives (note 10)	1,741,012	2,901,514
Loans to Crown corporations (note 17)	104,838,397	93,810,372
Other loans receivable (note 18)	9,012,785	5,925,096
Investment in Canada Mortgage Bonds (note 19)	36,557,462	7,580,211
Investments and capital share subscriptions (note 20)	287,700	-
Total gross financial assets	**390,113,880**	**321,995,309**
Financial assets held on behalf of government (note 13)	(14,208,330)	(9,156,577)
Total net financial assets	**375,905,550**	**312,838,732**
Departmental net debt	**1,189,889,437**	**1,152,745,678**
Non-financial assets		
Tangible capital assets (note 24)	6,698	7,334
Prepaid expenses	-	-
Total non-financial assets	**6,698**	**7,334**
Departmental net financial position	**(1,189,882,739)**	**(1,152,738,344)**
Departmental net financial position is comprised of:		
Accumulated net cost of operations after government financing and transfers	(1,178,001,139)	(1,127,536,411)
Accumulated net remeasurement (losses) gains	(11,881,600)	(25,201,933)
Departmental net financial position	**(1,189,882,739)**	**(1,152,738,344)**

Contractual obligations (note 25); contingent liabilities (note 26).
The accompanying notes are an integral part of these financial statements.

Chris Forbes, Deputy Minister
Ottawa, Canada. September 5, 2025

Christopher Veilleux, Chief Financial Officer

Department of Finance Canada
Statement of Operations and Departmental Net Financial Position (unaudited)
For the Year Ended March 31

(in thousands of dollars)	2025 Planned results	2025	2024
Expenses			
Economic and Fiscal Policy	139,584,476	140,808,325	129,947,260
Internal Services	78,632	83,159	88,236
Total expenses	**139,663,108**	**140,891,484**	**130,035,496**
Revenues			
Investment income	7,411,985	8,534,016	6,226,106
Interest on bank deposits	403,134	818,088	489,883
Fees for risk exposure	126,788	162,756	111,660
Sale of domestic coinage	115,956	95,873	94,418
Net foreign currency gain	-	508,724	210,305
Other income	78,341	73,854	67,609
Revenues earned on behalf of government (note 29)	(8,136,204)	(10,193,310)	(7,199,981)
Total revenues	**-**	**1**	**-**
Net cost of operations before government funding and transfers	**139,663,108**	**140,891,483**	**130,035,496**
Government funding and transfers			
Net cash provided by (to) government		89,184,346	41,092,266
Change in due from Consolidated Revenue Fund		1,216,917	1,438,906
Services provided without charge by other government departments (note 27)		25,492	29,946
Net cost of operations after government funding and transfers		**50,464,728**	**87,474,378**
Accumulated net cost of operations after government funding and transfers - beginning of year		**(1,127,536,411)**	**(1,040,062,033)**
Accumulated net cost of operations after government funding and transfers - end of year		**(1,178,001,139)**	**(1,127,536,411)**

Segmented information (note 28).

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

Department of Finance Canada
Statement of Remeasurement Gains and Losses (unaudited)
For the Year Ended March 31

(in thousands of dollars)	2025	2024
Accumulated remeasurement losses - beginning of year	**25,201,933**	**24,802,219**
Remeasurement (gains) losses arising during the year		
Derivatives	(13,320,333)	399,714
Net remeasurement (gains) losses	**(13,320,333)**	**399,714**
Accumulated remeasurement losses - end of year	**11,881,600**	**25,201,933**

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

Department of Finance Canada
Statement of Change in Departmental Net Debt (Unaudited)
For the Year Ended March 31

(in thousands of dollars)	2025	2024
Net cost of operations after government funding and transfers	**50,464,728**	**87,474,378**
Changes due to non-financial assets		
Tangible capital assets	(636)	(869)
Prepaid expenses	-	(4)
Total change due to non-financial assets	**(636)**	**(873)**
Net remeasurement (gains) losses	**(13,320,333)**	**399,714**
Net increase in departmental net debt	**37,143,759**	**87,873,219**
Departmental net debt beginning of year	**1,152,745,678**	**1,064,872,459**
Departmental net debt end of year	**1,189,889,437**	**1,152,745,678**

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

Department of Finance Canada
Statement of Cash Flows (Unaudited)
For the Year Ended March 31

(in thousands of dollars)	2025	2024
Operating activities		
Net cost of operations before government funding and transfers	140,891,483	130,035,496
Non-cash items:		
Unrealized foreign exchange (losses) gains	(8,970,679)	519,890
Unrealized foreign exchange gains (losses) on the foreign exchange accounts	8,831,772	377,862
Effective interest	(15,487,046)	(16,253,541)
Long-term annuity liability		
Adjustment to the department's obligation	1,500	-
Net accretion of long-term annuity liability	(28,100)	(30,274)
Total long-term annuity liability	(26,600)	(30,274)
Services provided without charge by other government departments	(25,492)	(29,946)
Amortization of discounts on loans to Crown corporations	154,175	116,154
Amortization of discounts on other loans and investments	498,676	9,170
Amortization of tangible capital assets	(636)	(915)
Change in cash collateral pledged to and by counterparties	1,595,786	249,100
Other variations in Statement of Financial Position:		
Net increases (decreases) in assets	2,074,848	6,130,382
Net decreases (increases) in liabilities	5,312,275	(8,732,694)
Payment of long-term annuity liability	184,904	137,973
Cash used in operating activities	**135,033,466**	**112,528,657**
Capital investment activities		
Acquisition of tangible capital assets, net of proceeds of disposal	-	46
Cash used in capital investment activities	**-**	**46**
Investing activities		
Investment in Canada Mortgage Bonds	28,827,924	7,607,826
Repayments from Canada Mortgage Bonds	(582,529)	(48,866)
Investments in foreign exchange accounts	39,273,513	41,234,304
Repayments from foreign exchange accounts	(30,302,699)	(30,547,577)
Issuance of loans to Crown corporations	72,096,490	64,875,952
Repayment of loans to Crown corporations	(61,222,640)	(57,107,255)
Issuance of other loans and investments	-	-
Repayment of other loans and investments	(22,953)	(66,484)
Cash used in (provided by) investing activities	**48,067,106**	**25,949,900**
Financing activities		
Issuance of Canadian currency under swap contracts	10,759,920	17,603,320
Repayment of Canadian currency under swap contracts	(8,812,577)	(9,808,214)
Issuance of foreign currency under swap contracts	(10,766,777)	(17,602,918)
Repayment of foreign currency under swap contracts	9,025,991	10,896,041
Issuance of debt	(994,782,064)	(796,063,412)
Repayment of debt	901,181,136	699,023,752
Investments in foreign exchange accounts	(1,468,446)	(1,697,014)
Repayments of foreign exchange accounts	946,591	262,108
Cash provided by financing activities	**(93,916,226)**	**(97,386,337)**
Net cash provided by (to) the Government of Canada	**89,184,346**	**41,092,266**

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

Notes to the Financial Statements (Unaudited)

1. Authority and objectives

The Department of Finance Canada (the department) is established under the *Financial Administration Act* as a department of the Government of Canada (the government).

The department is responsible for the overall stewardship of the Canadian economy. This includes preparing the annual federal budget, as well as advising the government on economic and fiscal matters, tax and tariff policy, social measures, security issues, financial stability and Canada's international commitments. The department plays an important central agency role, working with other departments to ensure that the government's agenda is carried out and that ministers are supported with high-quality analysis and advice.

The department's responsibilities include the following:

- preparing the federal budget and the Update of Economic and Fiscal Projections;
- developing tax and tariff policy and legislation;
- managing federal borrowing on financial markets;
- designing and administering major transfers of federal funds to the provinces and territories;
- developing financial sector policy and legislation;
- representing Canada in various international financial institutions and groups; and
- preparing the *Annual Financial Report of the Government of Canada* and, in cooperation with the Treasury Board of Canada Secretariat and the Receiver General for Canada, *the Public Accounts of Canada*.

To achieve its strategic outcome the department articulates its plans and priorities based on its core responsibility of Economic and Fiscal Policy, determined in accordance with the Departmental Results Framework, and its Internal Services functions.

Economic and Fiscal Policy: To develop the federal budget and *Economic and Fiscal Update*, as well as provide analysis and advice to the government on economic, fiscal and social policy; federal-provincial relations, including the transfer and taxation payments; the financial sector; tax policy; and international trade and finance.

Internal Services: Internal Services are those groups of related activities and resources that the federal government considers to be services in support of programs and/or required to meet the corporate obligations of an organization. Internal Services are comprised of the following 10 service categories: acquisition management, communications, financial management, human resources management, information management, information technology, legal, management and oversight, materiel management, and real property management.

2. Summary of significant accounting policies

These financial statements have been prepared using the government's accounting policies which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Measurement basis

These financial statements have been prepared on a historical cost basis, except for the following:

- financial instruments, other than derivatives, are measured at cost or amortized cost; and
- derivatives are measured at fair value.

The department's significant accounting policies are as follows:

a) Parliamentary authorities

The department is financed by the government through parliamentary authorities. Financial reporting of authorities provided to the department does not parallel financial reporting under generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the *Statement of Operations and Departmental Net Financial Position* (Statement of Operations) and the *Statement of Financial Position* are not necessarily the same as those provided through authorities from the Parliament of Canada. Note 3 provides a reconciliation between these financial statements and the parliamentary authorities provided to the department.

The planned results presented in the *Statement of Operations* are the amounts reported in the *Future-oriented Statement of Operations* included in the *2024-25 Departmental Plan*.

b) Net cash provided by government

The department operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF, and all cash disbursements made by the department are paid from the CRF. The net cash provided (to) by government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the government and with Crown corporations.

c) Due from Consolidated Revenue Fund

Amounts due from the CRF result from timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the department is entitled to draw from the CRF without further authorities to discharge its liabilities.

d) Financial instruments

Classification and measurement

The department classifies its financial instruments according to their measurement bases, in the following categories: i) cost or amortized cost; and ii) fair value.

Financial instrument classification as at March 31, 2025 is summarized in the following table.

(in thousands of dollars)	**Currency[1]**	**Classification / measurement**	**Carrying value**
Financial liabilities			
Deposit liabilities	CAD / Foreign	Cost or amortized cost	375,485
Accounts payable and accrued liabilities	CAD	Cost or amortized cost	424,669
Foreign exchange accounts	Foreign	Cost or amortized cost	47,697,433
Matured debt	CAD	Cost or amortized cost	626,184
Unmatured debt			
Domestic debt	CAD	Cost or amortized cost	1,451,771,599
Foreign debt	Foreign	Cost or amortized cost	29,556,822
Long-term annuity liability	CAD	Cost or amortized cost	1,431,208
Notes payable to international organizations	Foreign	Cost or amortized cost	309,774
Derivatives			
Cross-currency swaps	CAD / Foreign	Fair value	5,398,199
Foreign exchange forward contracts	Foreign	Fair value	184,434
Indemnity agreements with the BOC	CAD	Fair value	17,276,851
Financial assets			
Cash held as collateral	CAD / Foreign	Cost or amortized cost	3,456,729
Accounts receivable	CAD	Cost or amortized cost	787,065
Foreign exchange accounts	Foreign	Cost or amortized cost	201,361,875
Loans to Crown corporations	CAD	Cost or amortized cost	104,838,397
Other loans receivables	CAD / Foreign	Cost or amortized cost	9,012,785
Investment in Canada Mortgage Bonds	CAD	Cost or amortized cost	36,557,462
Derivatives			
Cross-currency swaps	CAD / Foreign	Fair value	1,741,012
Foreign exchange forward contracts	Foreign	Fair value	-
Indemnity agreements with the BOC	CAD	Fair value	-
Investments and capital share subscriptions	Foreign[2]	Cost or amortized cost	287,700

[1] Exchange gains and losses of financial instruments denominated in a foreign currency, including the exchange gain or loss component of changes in fair value, are recognized directly in the Statement of Operations.

[2] Investments and capital share subscriptions denominated in foreign currencies are non-monetary financial instruments carried at the historical exchange rate.

Recognition and derecognition

Financial assets and liabilities are recognized when the department becomes party to the contractual provisions of instruments.

Purchases and sales of securities through a recognized exchange or securities market are recognized at the trade date.

For financial instruments measured at cost or amortized cost, transaction costs are included in the carrying value upon initial recognition, while for instruments measured at fair value, transactions costs are expensed.

The department derecognizes a financial liability, or parts thereof, when the liability is extinguished through payment of the obligation or the department is otherwise legally released from the liability.

Statement of remeasurement gains and losses

The Statement of Remeasurement Gains and Losses records changes in the fair value of financial instruments classified in the fair value category until the instruments are derecognized. When instruments are derecognized, the accumulated remeasurement gains or losses are removed from the Statement of remeasurement gains and losses and reclassified to the Statement of operations.

Effective interest method

Interest revenue and interest expense are determined using the effective interest method.

The effective interest method allocates interest revenue and expense over the life of the related instrument. Under the effective interest method, interest revenue and expense is calculated by applying the effective interest rate to the carrying amount of the instrument. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the instrument or, when appropriate, a shorter period to the net carrying amount of the instrument.

Fair value measurements

Fair value measurements for financial instruments in the fair value category are classified according to a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy classifies fair value measurements in one of three levels, as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1, which are observable for the assets or liabilities either directly or indirectly (e.g., interest rates, credit spreads); and
- Level 3: unobservable inputs for the assets or liabilities that are not based on observable market data (e.g., market participant assumptions).

The department uses observable market inputs to measure fair value where such inputs exist. A financial instrument is classified based on the lowest level input that is considered significant to the fair value measurement.

e) Foreign currency transactions

Transactions involving foreign currencies are translated into Canadian dollars using rates of exchange in effect at the time of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect at the year-end date. Gains and losses resulting from foreign currency transactions are included in revenues or expenses in the Statement of Operations.

The department elects to recognize all exchange gains and losses resulting from foreign currency transactions in the Statement of Operations including those exchange gains and losses arising prior to settlement or derecognition.

f) Revenues

- Revenues are reported on an accrual basis.
- Interest income is recognized using the effective interest method.
- Interest on bank deposits is recognized as revenue when earned.
- Investment income other than interest income is recognized as revenue in accordance with the terms and conditions of underlying agreements or relevant legislation, as applicable.
- Sales of domestic coinage are recognized in the period in which the sales occur.
- Net foreign currency gains are determined by reference to prevailing exchange rates at the time of the transaction and at the year-end date, as applicable, on foreign-currency denominated items.
- Fees for risk exposure are recognized when earned and are determined by reference to the terms of the guarantee program or underlying contract.
- Uncashed Receiver General cheques, warrants and bank account cheques for all departments and agencies are recognized as revenue of the department if they remain outstanding for 10 years after the date of issue.
- Unclaimed matured bonds are recognized as revenue if they remain unredeemed for 15 years after the date of call or maturity, whichever is earlier.
- Unclaimed bank balances are recognized as revenue when there has been no owner activity in relation to the balance for a period of 40 years for balances under $1,000, and for 100 years for balances over $1,000.
- Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.
- Revenues earned on behalf of government are non-respendable revenues which are not available to discharge the department's liabilities. While the Deputy Minister of the department is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are presented as a reduction of the department's gross revenues.

g) Expenses

- Expenses are reported on an accrual basis.
- Interest expense is recognized using the effective interest method. For debt classified as cost or amortized cost, transaction costs (including debt issuance costs), if any, are included net in the carrying amount at initial recognition and amortized to interest expense using the effective interest method. Debt servicing costs are expensed as incurred and presented in interest and other costs.
- Transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established therefore. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses when enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.
- Operating expenses are recognized as incurred.
- The cost of domestic coinage sold is recognized in the period in which the related sale occurs.
- Net foreign currency losses are determined by reference to prevailing exchange rates at the time of the transaction and at the year-end date, as applicable, on foreign-currency denominated items.
- Vacation pay and compensatory leave are accrued as they are earned by employees under their respective terms of employment.
- Services provided without charge by other Government departments for accommodation, employer contributions to health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.
- Expenses include amortization of tangible capital assets used in operations, which are amortized on a straight-line basis over the estimated useful life of the assets.

h) Employee future benefits

Employee future benefits include pension benefits and severance benefits.

Pension benefits: Eligible employees participate in the Public Service Pension Plan (the plan), a multiemployer pension plan sponsored and administered by the government. The department’s financial obligation with regard to the plan is limited to its contributions. The department’s contributions to the plan are charged to expenses in the year incurred and represent the department’s total obligation to the plan. Actuarial surpluses or deficiencies are recognized in the financial statements of the government, the plan sponsor.

Severance benefits: The accumulation of severance benefits for voluntary departures ceased for applicable employee groups. The remaining obligation for employees who did not withdraw benefits in cash is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the government as a whole.

i) Coin inventory

Coin inventory is valued at the lower of cost and net realizable value. Cost is determined using the average cost method.

j) Accounts receivable

Accounts receivable are stated at the lower of amortized cost and net recoverable value. A valuation allowance is recorded for accounts receivable where recovery is considered uncertain.

k) Foreign exchange accounts

Short-term deposits, marketable securities, and special drawing rights held in the foreign exchange accounts are recorded at amortized cost using the effective interest method. Purchases and sales of securities are recognized at the trade date. Write-downs to reflect other than temporary impairment in the fair value of securities, if any, are included in the net foreign currency gain or loss in the Statement of Operations.

Subscriptions to, allocation of special drawing rights by, notes payable to, and loans receivable from the International Monetary Fund are recorded at cost.

l) Loans receivable

Loans receivable, including loans to Crown corporations and other loans receivable, are initially recorded at cost and, where applicable, are adjusted to reflect the concessionary terms of those loans made on a long-term, low interest, and/or interest-free basis. An allowance for valuation is used to reduce the carrying value of loans receivable to the amount that approximates their net recoverable value. The allowance is determined based on estimated probable losses that exist for the remaining portfolio.

Loans receivable are measured at amortized cost subsequent to initial recognition.

When the terms of a loan are concessionary, such as those provided with low or no interest, the loan is initially recorded at its estimated net present value, with an immediate loss recognized in the Statement of Operations. The resulting discount is amortized to revenue to reflect the change in the present value of loans outstanding.

m) Investments and capital share subscriptions

Investments and capital share subscriptions are recorded at cost, net of valuation allowances. Allowances are determined based on a combination of expected return and likelihood of capital recovery. Given their nature, investments in certain international institutions are not expected to generate direct financial returns, and hence are not expected to be recovered. In such cases, allowances for non-recovery are established against the investments.

n) Derivative financial instruments

Derivative financial instruments (derivatives) are financial contracts that derive their value from underlying changes in interest rates, foreign exchange rates, fair values or other specified financial measures. The derivatives to which the department is party include cross-currency swap agreements, foreign exchange forward contracts, and certain indemnity agreements between the department and the Bank of Canada under which the department will receive (reimburse) any gains (losses) the Bank incurs on dispositions of securities by the Bank under the Government of Canada Bond, Corporate Bond and Provincial Bond Purchase Programs (bond purchase programs).

Derivatives are measured at fair value in the Statement of Financial Position, with changes in fair value, except for any related exchange gain or loss components, recognized in the Statement of Remeasurement Gains and Losses. Exchange gains or losses are recognized in the Statement of Operations. When derivatives are derecognized, any cumulative gain or loss, other than that relating to foreign exchange, is transferred from the Statement of Remeasurement Gains and Losses to the Statement of Operations.

In the Statement of Operations, interest income and expense on cross-currency swaps are presented in interest on unmatured debt.

For cross-currency swaps where domestic debt has been converted into foreign debt, any exchange gains or losses are offset by the exchange gains or losses on foreign currency investments held by the Exchange Fund Account. For foreign exchange forward contracts, any exchange gains or losses are offset by the exchange gains or losses on loan balances with the International Monetary Fund.

Embedded derivatives

Embedded derivatives are recognized separately from host contracts and accounted for as derivatives assets or liabilities when all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the combined instrument is not measured at fair value.

o) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are initially recorded in the Statement of Financial Position at their acquisition cost. The department does not capitalize intangibles; works of art and historical treasures that have cultural, aesthetic or historical value; assets located on reserves as defined in the *Indian Act*; and museum collections.

Amortization of tangible capital assets is calculated on a straight-line basis over the estimated useful lives of the assets as follows.

Asset class	Amortization period
Computer hardware	3 to 10 years
Informatics software	3 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Machinery and equipment	5 to 10 years
Motor vehicles	3 to 5 years

p) Debt

Debt is initially recognized in the Statement of Financial Position at the net proceeds received from issuance and net of transaction costs, which include debt issuance costs, if any.

Resulting premiums and discounts are amortized using the effective interest method over the period to maturity.

For each series of real-return bonds issued, semi-annual interest and the principal payable upon maturity are indexed to the cumulative change in the consumer price index (CPI) for Canada relative to the CPI applicable to the original issue date of the series.

The estimated future cash flows of interest and principal are revised as at each reporting period using the latest available CPI applicable to each series. The carrying amount of the real-return bonds liability recognized in the Statement of Financial Position is adjusted to be the present value of the revised cash flows as at each reporting date, discounted using the effective interest rate. The resulting adjustment to the carrying amount of the liability is recognized as a gain or loss in Interest on unmatured debt in the Statement of Operations.

Debt that has reached its contractual maturity but which has not yet been repaid is reclassified at its face value from unmatured debt to matured debt.

Exchange or repurchase of debt

When a marketable bond is exchanged or repurchased, and the transaction results in an extinguishment of the debt, the difference between the carrying amount of the debt and the net consideration paid is recognized in the Statement of Operations.

An extinguishment occurs on the repurchase of bonds, or when there is an exchange of bonds with an existing bond holder and the terms of the original debt and the replacement debt are substantially different. Exchanged bonds are considered to have substantially different terms when the discounted present value of the cash flows under the new terms, including any amounts paid on the exchange and discounted using the average effective interest rate of the original debt, is at least 10% different from the discounted present value of the remaining cash flows of the original debt.

If an exchange of bonds with an existing bond holder does not result in an extinguishment, the carrying amount of the debt is adjusted for any amounts paid on the exchange, and the unamortized premiums or discounts relating to the original debt and arising on the exchange transaction are amortized over the remaining term to maturity of the replacement debt. The effective interest method is used to amortize unamortized premiums or discounts.

q) Long-term annuity liability

The long-term annuity liability is measured at amortized cost in the Statement of Financial Position using the effective interest method. At initial recognition, the long-term annuity liability was measured as the present value of estimated future net cash flows, discounted using the applicable rates as at the date of initial recognition. Changes in estimated future cash flows adjust the long-term annuity liability by the present value of the changes, discounted using the original effective interest rate, with a corresponding adjustment recognized in the Statement of Operations. Interest expense from the accretion of the liability each period is recognized as an expense in the Statement of Operations. For presentation purposes, the adjustments in estimated future cash flows and interest expense are included in transfer payments expense in the segmented information note (note 28).

r) Collateral under cross-currency swap agreements

Where the government receives collateral from a swap counterparty in the form of cash, deposit liabilities are recognized in the Statement of Financial Position until the collateral is either returned to the counterparty or the counterparty defaults under the swap agreement. Collateral received by the government in the form of securities pledged by a counterparty are not recognized as assets. Collateral provided by the government in the form of cash is recorded as a separate asset, cash held as collateral, in the Statement of Financial Position. Where the government posts collateral in the form of securities, the securities remain recognized in the Statement of Financial Position.

s) Deposit liabilities

Deposits that are repayable on demand, and collateral in the form of cash received by the government under its cross-currency swap agreements, are recorded as deposit liabilities at cost.

t) Liabilities owed and financial assets held on behalf of government

Liabilities owed and financial assets held on behalf of government are presented in these financial statements as the Deputy Minister of the department must maintain accounting control over them. However, deductions are made for these items in arriving at the department's net liabilities and net financial assets in the Statement of Financial Position.

The classification of financial assets as being held on behalf of the government is determined based on the (i) availability of the assets to discharge the department's liabilities; and (ii) the ability to increase holdings of the assets without further authority from parliament. Financial assets that do not meet both of these criteria are considered to be held on behalf of the government. Certain liabilities that directly fund such assets are considered to be owed on behalf of the government.

u) Related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between entities under common control. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and measured at the carrying amount, except for the following:

i) services provided or received on a recovery basis are recognized as revenues and expenses, respectively, on a gross basis and measured at the exchange amount; and
ii) certain services received on a without-charge basis are recognized as expenses at the estimated cost of the services received.

v) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occurs or fails to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

Provisions for liabilities arising under the terms of a loan guarantee program are established when it is likely that a payment will be made and an amount can be estimated.

w) Contingent assets

Contingent assets are possible assets which may become actual assets when one or more future events occurs or fails to occur. If the future confirming event is likely to occur, the contingent asset is disclosed in the notes to the financial statements.

x) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses. At the time of preparation of these statements, management believes these estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, valuation allowances for loans receivable, valuation allowances for investments and capital share subscriptions, discounts on loans receivable, accruals of taxes receivable and taxes payable under tax collection agreements, the liability for employee future benefits, the estimated future cash flows of the long-term annuity liability, and the fair value of financial instruments. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and any necessary adjustments are recognized or disclosed in the financial statements in the year they become known.

3. Parliamentary authorities

a) Reconciliation of net cost of operations with authorities used

The department's net cost of operations before government funding and transfers in the Statement of Operations is reconciled with the current-year authorities used by the department in the following table.

(in thousands of dollars)	2025	2024
Net cost of operations before government funding and transfers	**140,891,483**	**130,035,496**
Adjustments for items affecting net cost of operations but not affecting authorities		
Transfer payment accruals	(182,800)	(39,206)
Allowances for concessionary terms and valuation on loans, investments and advances	(146,194)	1,200,403
Services provided without charge by other government departments	(25,492)	(29,946)
Inventory charged to program expense	67	(322)
Amortization of tangible capital assets	(636)	(915)
Employee future benefits	(155)	14
Other expenses not being charged to authorities	131,868	(3,777)
Total items affecting net cost of operations but not affecting authorities	**(223,342)**	**1,126,251**
Adjustments for items not affecting net cost of operations but affecting authorities		
Advances to Crown corporations and agencies	72,302,361	65,000,629
Payment of prior year accruals to address health care system pressures and COVID-19 vaccine rollout	-	2,000,000
Investment in Canada Mortgage Bonds	28,827,924	7,607,826
Loans made to international organizations	2,062,791	560,310
Loans made to National Governments	2,900,000	2,025,210
Payments to the Canada Infrastructure Bank	2,363,429	1,477,761
Payments to the Canada Growth Fund	3,000,000	1,390,000
Payments under the Hibernia Dividend Backed Annuity Agreement	184,904	137,973
Transfer payments to provinces and territories in relation to fiscal stabilization	-	576,511
Foreign exchange losses	17,056	49,502
Other	26,317	107,956
Total items not affecting net cost of operations but affecting authorities	**111,684,782**	**80,933,678**
Current year authorities used	**252,352,923**	**212,095,425**

b) Authorities provided and used

The department receives most of its funding through annual parliamentary authorities. The authorities provided to and used by the department are presented in the following table.

(in thousands of dollars)	2025	2024
Authorities provided		
Voted authorities	**162,455**	**440,784**
Statutory authorities		
Transfer payments	92,618,229	90,883,738
Interest on unmatured debt	42,185,287	36,430,208
Other interest costs	5,809,859	6,043,911
Purchase of domestic coinage	80,609	82,531
Other	2,487,567	1,716,121
Total statutory authorities	**142,181,551**	**135,156,509**
Non-budgetary authorities		
Loans to Crown corporations	72,276,361	64,980,629
Loans to National Governments	2,900,000	2,025,210
Investment in Canada Growth Fund	3,000,000	1,390,000
Investment in Canada Mortgage Bonds	28,827,924	7,607,826
Loans to international organizations	2,062,791	560,309
Payments to other organizations	26,000	20,000
Total non-budgetary authorities	**109,093,076**	**76,583,974**
Total authorities provided	**252,437,082**	**212,181,267**
Less:		
Authorities available for future years	**(68,573)**	**(68,572)**
Lapsed authorities	**(15,586)**	**(17,270)**
Current year authorities used	**252,352,923**	**212,095,425**

4. Deposit liabilities

Deposit liabilities as at March 31 are presented in the following table.

(in thousands of dollars)	2025	2024
Deposit liabilities		
Canada Hibernia Holding Corporation[1]	113,640	109,627
Canada Eldor Inc.[2]	7,188	6,933
Collateral deposits[3]	254,657	687,478
Total deposit liabilities	**375,485**	**804,038**

1 Canada Hibernia Holding Corporation (CHHC) deposit liabilities are demand deposits related to funds deposited to the CRF by CHHC to defray future decommissioning and abandonment costs that will be incurred upon closure of the Hibernia offshore oil field. Abandonment is expected to occur by 2048 based on the useful lives of the assets. Interest accrues into the deposit balance at a rate equivalent to 90% of the bi-weekly 3-month treasury bill tender rate.

2 Canada Eldor Inc. (CEI) deposit liabilities are demand deposits related to funds deposited to the CRF pursuant to subsection 129(1) of the *Financial Administration Act*. The funds will be used by CEI to pay for costs related to the decommissioning of former mine site properties in Saskatchewan and for retiree benefits of certain former employees. Interest accrues into the deposit balance at a rate equivalent to 90% of the bi-weekly 3-month treasury bill tender rate.

3 Collateral deposits are cash received from counterparties as collateral under cross-currency swap agreements.

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as at March 31 are presented in the following table.

(in thousands of dollars)	2025	2024
Accounts payable and accrued liabilities		
Accounts payable - external parties[1]	232,911	21,867
Accounts payable - other Government departments and agencies	20,422	25,223
Accrued liabilities[2]	171,336	210,489
Total accounts payable and accrued liabilities	**424,669**	**257,579**

1 The majority of accounts payable to external parties as at March 31, 2025 relates to $212 million payable for transfer payments to provinces and territories (2024 - majority relates to $13 million accrual for salaries).

2 The majority of accrued liabilities as at March 31, 2025 relates to $160 million of accrued interest on the department's special drawing rights allocations with the International Monetary Fund (2024 - majority relates to $200 million of accrued interest).

6. Taxes payable and receivable under tax collection agreements

The Canada Revenue Agency (CRA), an agency of the government, collects and administers personal income taxes, corporate taxes, harmonized sales tax, sales tax, goods and services tax, and cannabis and vaping products excise duties on behalf of certain provinces, territories and Indigenous governments pursuant to various tax collection agreements. The department ultimately transfers the taxes collected directly to the participating provinces, territories and Indigenous governments in accordance with established payment schedules.

Taxes payable under tax collection agreements

Given that the government reports information on a fiscal year basis, while tax information is calculated on a calendar year basis, there can be transactions related to several tax years during any given fiscal year. Taxes payable therefore include amounts assessed, estimates of assessments based upon cash received, adjustments from reassessments, and adjustments relating to previous tax years payable to provincial, territorial and Indigenous governments.

The changes in taxes collectible and payable to provinces, territories and Indigenous governments under tax collection agreements during 2025 were as follows.

(in thousands of dollars)	March 31, 2024	Receipts and other credits	Payments and other charges	March 31, 2025
Taxes payable under tax collection agreements				
Corporate taxes	9,161,139	36,517,154	35,106,911	10,571,382
Personal income taxes	7,001,865	108,692,811	110,700,496	4,994,180
Harmonized Sales Tax	4,112	43,763,213	48,783,149	(5,015,824)
First Nations Goods and Services Tax	-	39,548	39,548	-
First Nations Sales Tax	-	9,912	9,912	-
Cannabis Excise Duties[1]	365,672	956,188	902,278	419,582
Vaping Products Excise Duties[2]	-	130,362	50,681	79,681
Total taxes payable under tax collection agreements	**16,532,788**	**190,109,188**	**195,592,975**	**11,049,001**

1 All provinces and territories, except Manitoba, have entered into Coordinated Cannabis Taxation Agreements (CCTAs) with the government. Under the CCTAs, the Minister of Finance of Canada and the provincial and territorial ministers have agreed that the additional provincial excise duty rates on cannabis products will be 3 times the federal excise duty rates (excluding the provincial sales tax adjustment).

2 All Provinces and territories, except Newfoundland and Labrador, Nova Scotia, Saskatchewan, and British Columbia have entered into Coordinated Vaping Product Taxation Agreements (CVPTA) with the federal government for the implementation of an additional provincial duty. Under the CVPTA, the Minister of Finance of Canada and the provincial and territorial ministers have agreed that the additional duty rates will be at the same fixed proportion as the corresponding federal vaping duty rates.

Taxes receivable under tax collection agreements

Taxes receivable under tax collection agreements include taxes collected or collectible by the CRA on behalf of provincial, territorial or Indigenous governments that have not yet been remitted to the department.

The changes in taxes receivable under tax collection agreements during 2025 were as follows.

(in thousands of dollars)	March 31, 2024	Receipts and other credits	Settlements with the CRA	March 31, 2025
Taxes receivable under tax collection agreements				
Corporate taxes	9,575,895	36,517,154	35,225,913	10,867,136
Personal income taxes	14,433,248	108,692,811	107,426,048	15,700,011
Harmonized Sales Tax	(2,761,130)	43,763,213	44,229,535	(3,227,452)
First Nations Goods and Services Tax	2,531	39,548	39,376	2,703
First Nations Sales Tax	827	9,912	9,932	807
Cannabis Excise Duties	312,905	956,188	1,029,668	239,425
Vaping Products Excise Duties	-	130,362	58,390	71,972
Provincial benefit programs[1]	(206,569)	(7,952,149)	(7,936,604)	(222,114)
Total taxes receivable under tax collection agreements	**21,357,707**	**182,157,039**	**180,082,258**	**23,432,488**

[1] Provincial benefit programs include benefit amounts paid by the CRA directly to recipients on behalf of provincial governments. Transfers to the provincial governments are ultimately reduced by these amounts.

7. Notes payable to international organizations

Notes payable to international organizations are non-interest bearing demand notes issued in lieu of cash in respect of subscriptions and contributions. The notes may be presented for encashment according to the terms of the related agreements.

Notes payable to international organizations as at March 31 are presented in the following table.

(in thousands of dollars)	2025	2024
Notes payable to international organizations		
Asian Infrastructure Investment Bank	57,280	53,924
International Bank for Reconstruction and Development	34,500	32,478
Multilateral Investment Guarantee Agency	4,615	4,344
European Bank for Reconstruction and Development[1]	213,379	-
Total notes payable to international organizations	**309,774**	**90,746**

[1] Notes payable to the European Bank for Reconstruction and Development relate to capital share subscriptions which have been recognized and fully provisioned as at March 31, 2025. The capital share subscriptions are payable in 5 annual instalments, commencing April 2025.

8. Matured debt

Matured debt consists of debt that has matured but has not yet been redeemed.

The balance of matured debt as at March 31 is presented in the following table.

(in thousands of dollars)	**2025**	**2024**
Matured debt		
Retail debt[1]	624,699	665,179
Marketable bonds[2]	1,485	1,516
Total matured debt	**626,184**	**666,695**

1 Retail debt matured between 2010 and 2021 (2024 - between 2010 and 2021). Retail debt includes Canada Savings Bonds, which are redeemable on demand by the holder. As at March 31, 2025, all retail debt has reached maturity. In 2025, $40.5 million bonds were redeemed.

2 Marketable bonds matured between 2011 and 2016 (2024 - between 2010 and 2016). In 2025, the marketable bonds that were redeemed matured in 2010.

9. Unmatured debt

The department borrows mostly in the domestic market, but also borrows in international markets on behalf of the government.

Domestic debt

Domestic debt consists of treasury bills, marketable bonds and retail debt denominated in Canadian dollars.

Treasury bills consist of non-callable Government of Canada discount instruments. Treasury bills are issued with terms to maturity of 3 months, 6 months, or 12 months; the Government of Canada may also issue treasury bills with terms to maturity ranging from 1 day to 3 months for cash management purposes (cash management bills).

Domestic marketable bonds consist of non-callable Government of Canada bonds paying a fixed rate of interest semi-annually. As at March 31, 2025, outstanding domestic marketable bonds have remaining terms to maturity ranging from within 1 year to 40 years (2024 – within 1 year to 41 years). Certain marketable bonds (real return bonds) pay semi-annual interest based on a real rate of interest (interest payments are adjusted for changes in the consumer price index). At maturity real return bondholders will receive, in addition to a coupon interest payment, a final payment equal to the sum of the principal amount and the inflation compensation accrued from the original issue date.

Foreign debt

Foreign debt is issued by the government under its foreign currency borrowing program. Foreign debt consists of marketable bonds, negotiable medium-term bills and Canada bills.

Foreign marketable bonds are either issued in US dollars or euros to provide long-term foreign funds. As at March 31, 2025, outstanding foreign marketable bonds have remaining terms to maturity ranging from within 1 year to 5 years (2024 - within 1 years to 5 years).

Canada bills are short-term certificates of indebtedness issued in the US money market. These discount instruments mature not more than 270 days from issuance.

Unmatured debt as at March 31 is presented in the following table.

(in thousands of dollars)			**2025**	**2024**
	Face value	**Unamortized (discounts) / premiums and accrued interest**	**Carrying value**	**Carrying value**
Unmatured debt				
Domestic debt				
Treasury bills[1]	285,200,000	(2,688,114)	282,511,886	263,150,342
Marketable bonds	1,091,829,307	2,417,424	1,094,246,731	1,013,713,118
Real-return marketable bonds	71,215,126[2]	3,797,856	75,012,982	73,792,474
Total domestic debt	**1,448,244,433**	**3,527,166**	**1,451,771,599**	**1,350,655,934**
Foreign debt				
Canada bills	4,209,704	(17,202)	4,192,502	2,158,060
Marketable bonds	25,173,750	190,570	25,364,320	19,088,249
Total foreign debt	**29,383,454**	**173,368**	**29,556,822**	**21,246,309**
Total unmatured debt	**1,477,627,887**	**3,700,534**	**1,481,328,421**	**1,371,902,243**
			Fair value	**Fair value**
Domestic debt			1,429,950,584	1,289,340,741
Foreign debt			29,478,590	20,561,129

[1] Treasury bills include $93.8 billion (2024 - $93.8 billion) in 3-month bills, $61.3 billion (2024 - $58.8 billion) in 6-month bills, and $130.1 billion (2024 - $114.8 billion) in other bills.

[2] The face value of real-return marketable bonds as presented is the principal amount of the bonds adjusted for the inflation compensation accrued as at March 31, 2025 using the applicable CPI as at that date.

Contractual maturities of unmatured debt by currency, at face value, are as follows.

(in thousands of dollars)	Face value Canadian dollars	US dollars	Total
Contractual maturities of unmatured debt			
2026	471,572,858	9,244,454	480,817,312
2027	169,063,940	5,034,750	174,098,690
2028	66,360,841	-	66,360,841
2029	60,500,000	5,754,000	66,254,000
2030	90,898,959	9,350,250	100,249,209
2031 to 2065	589,847,835	-	589,847,835
Total contractual maturities of unmatured debt	**1,448,244,433**	**29,383,454**	**1,477,627,887**

The average effective annual interest rates of unmatured debt as at March 31 are as follows.

	2025	2024
	%	%
Average effective annual interest rates of unmatured debt		
Treasury bills	3.24	5.04
Marketable bonds - domestic	2.63	2.39
Canada bills	4.29	5.28
Marketable bonds - foreign	3.31	2.43

10. Derivative financial instruments

Derivatives as at March 31 are presented in the following table.

(in thousands of dollars)	2025 Carrying amount	2025 Level in the fair value hierarchy[1]	2024 Carrying amount
Derivative financial instruments			
Liabilities			
Bank of Canada bond purchase programs indemnity agreements	17,276,851	2	25,591,739
Cross-currency swaps	5,398,199	2	4,124,891
Foreign exchange forward contracts	184,434	2	6,083
	22,859,484		**29,722,713**
Assets			
Bank of Canada bond purchase programs indemnity agreements	-	2	-
Cross-currency swaps	1,741,012	2	2,871,772
Foreign exchange forward contracts	-	2	29,742
	1,741,012		**2,901,514**

[1] Transfers may occur between fair value hierarchy levels as a result of changes in market activity or the availability of quoted market prices or observable inputs. There were no transfers of financial instruments between levels for the year ended March 31, 2025.

Bank of Canada bond purchase program indemnity agreements

The department and the Bank of Canada have entered into indemnity agreements which are accounted for as derivatives. Under the terms of these agreements, the department has indemnified the Bank of Canada for any losses incurred by the Bank on the disposition of securities under the Bank's Government of Canada Bond, Provincial Bond and Corporate Bond purchase programs (bond purchase programs). The Bank of Canada will also pay to the department any realized gains it earns on the disposition of securities under the bond purchase programs. The bond purchase programs were introduced by the Bank of Canada during fiscal year 2020-21 to support the liquidity and proper functioning of debt markets during the COVID-19 pandemic. No consideration was paid by either party upon entering into the agreements.

The fair value of the bond purchase program indemnity agreement derivatives is calculated as the difference between the fair value and the amortized cost of the securities held by the Bank of Canada under the bond purchase programs as at March 31. The fair value is equivalent to the amount accruing to (from) the department under the derivatives if the securities were disposed of at their fair value by the Bank of Canada as at March 31. The department determines fair value using the prices of the bonds held by the Bank as at March 31, which are quoted market prices for identical bonds, and, of less significance, the Bank of Canada's amortized cost of the bonds. The department classifies the fair value measurement for the bond purchase program indemnity agreement derivatives as Level 2 in the fair value hierarchy.

Details of the securities held by the Bank of Canada under the bond purchase programs as at March 31 are presented in the following table. Fair value represents the gain (loss) that would have been realized (sustained) by the ministry for the derivatives if the Bank of Canada had disposed of the securities on March 31.

(in thousands of dollars)	Securities held by the Bank of Canada under the bond purchase programs: Bank of Canada amortized cost	Securities held by the Bank of Canada under the bond purchase programs: Fair value	Fair value of Department of Finance indemnity agreement derivatives (net)
Bond purchase program indemnity agreements			
As at March 31, 2025			
Government of Canada bonds	162,958,236	146,033,489	**(16,924,747)**
Provincial bonds	8,276,839	7,924,780	**(352,059)**
Corporate bonds	12,598	12,553	**(45)**
Total bond purchase program indemnity agreements	**171,247,673**	**153,970,822**	**(17,276,851)**
As at March 31, 2024			
Government of Canada bonds	206,732,377	181,960,691	**(24,771,686)**
Provincial bonds	9,974,521	9,155,505	**(819,016)**
Corporate bonds	55,790	54,753	**(1,037)**
Total bond purchase program indemnity agreements	**216,762,688**	**191,170,949**	**(25,591,739)**

The fair value of the indemnity agreement derivatives (net) relates to certain securities that are in a gain position and certain securities that are in a loss position, are presented in the following table.

(in thousands of dollars)	Fair value of Department of Finance indemnity agreement derivatives (net) — Relating to securities held by the Bank of Canada in: Gain position	Relating to securities held by the Bank of Canada in: Loss position	Fair value (net)
Bond purchase program indemnity agreements			
As at March 31, 2025			
Government of Canada bonds	-	(16,924,747)	**(16,924,747)**
Provincial bonds	-	(352,059)	**(352,059)**
Corporate bonds	-	(45)	**(45)**
Total bond purchase program indemnity agreements	**-**	**(17,276,851)**	**(17,276,851)**
As at March 31, 2024			
Government of Canada bonds	--	(24,771,686)	**(24,771,686)**
Provincial bonds	--	(819,016)	**(819,016)**
Corporate bonds	--	(1,037)	**(1,037)**
Total bond purchase program indemnity agreements	**--**	**(25,591,739)**	**(25,591,739)**

As at March 31, 2025, the bonds held by the Bank of Canada that are subject to the indemnity agreements had the following maturity profile, stated in terms of the fair value of the associated indemnity derivative:

	Fair value			
(in thousands of dollars)	**Government of Canada bonds**	**Provincial bonds**	**Corporate bonds**	**Total**
Bond purchase program indemnity agreements				
Remaining term to maturity				
Within 1 year	37,485,423	1,598,830	12,553	39,096,806
1 to 3 years	20,192,647	2,062,872	-	22,255,519
3 to 5 years	16,060,921	2,380,239	-	18,441,160
5 to 10 years	32,848,966	1,882,839	-	34,731,805
Over 10 years	39,445,532	-	-	39,445,532
Total bond purchase program indemnity agreements	**146,033,489**	**7,924,780**	**12,553**	**153,970,822**

Losses paid and gains received by the department under the bond purchase program indemnity agreements in 2025 were nil (2024 - negligible).

Cross-currency swaps

The government has entered into cross-currency swap agreements with various counterparties to facilitate the management of its debt structure. The terms and conditions of the swaps are established using International Swaps and Derivatives Association (ISDA) master agreements with each counterparty.

Cross-currency swaps are used primarily to fund foreign-denominated asset levels in the foreign exchange accounts. Government debt is issued at both fixed and variable interest rates and may be denominated in Canadian dollars, US dollars, euros or British pounds sterling. Using cross-currency swaps, Canadian dollar and foreign currency debt are converted into US dollars or other foreign currencies with either fixed interest rates or variable interest rates. As a normal practice, the government's swap positions are held to maturity.

At inception of a cross-currency swap, the department and the counterparty exchange amounts in different currencies on which interest, in the currencies exchanged, will be received and paid over the term of the swaps. In this exchange, the department pays to the counterparty an amount in one currency (generally the Canadian dollar) and receives from the counterparty an amount in another currency (generally either the US dollar, euro, Japanese yen or British pound sterling). Over the term of the swap, the department is entitled to receive interest in the currency paid to the counterparty at inception (generally the Canadian dollar) and is obligated to pay interest in the currency received from the counterparty at inception (generally either the US dollar, euro, Japanese yen or British pound sterling).

The interest rates at which interest is to be received and paid are independent of each other and may be either fixed or variable. At maturity of a cross-currency swap, the department re-exchanges with the counterparty by paying the currency amount received at inception (generally either the US dollar, euro, Japanese yen or British pound sterling) and receiving the currency amount paid at inception (generally the Canadian dollar).

The fair value of cross-currency swaps represents the estimated amounts that the government would receive or pay if the contracts were terminated on March 31, based on market factors as at that date. The fair values are established by discounting the expected future cash flows of the swaps, calculated from the contractual or notional amounts and year-end market interest and exchange rates. A positive (negative) fair value indicates that the government would receive (make) a net payment if the agreements were terminated on March 31. Overall, the department classifies the fair value measurement for cross-currency swaps as level 2 in the fair value hierarchy.

The remaining terms to maturity of the cross-currency swaps outstanding as at March 31, 2025 range from within 1 year to 10 years (2024 - within 1 year to 10 years). The fair value of cross-currency swaps as at March 31, 2025, stated in terms of maturity date and currency of the payable-legs of the swaps, are as follows.

	Fair value					
	Receivable-leg currency	**Payable-leg currency**				
(in thousands of dollars)	**CAD**	**USD**	**Euro**	**Yen**	**Pound Sterling**	**Total**
Cross-currency swaps						
Year of maturity						
2026	9,740,557	(3,532,879)	(291,842)	(761,750)	(4,746,730)	407,356
2027	12,863,723	(7,727,936)	(1,843,974)	(1,039,416)	(2,961,763)	(709,366)
2028	5,613,374	(3,883,110)	(1,938,769)	-	-	(208,505)
2029	11,133,044	(11,679,443)	(285,703)	-	-	(832,102)
2030	8,785,154	(4,764,008)	(3,237,561)	(821,714)	-	(38,129)
2031 to 2035	69,767,595	(50,292,054)	(12,021,171)	(3,771,371)	(5,959,440)	(2,276,441)
Total cross-currency swaps	**117,903,447**	**(81,879,430)**	**(19,619,020)**	**(6,394,251)**	**(13,667,933)**	**(3,657,187)**

The notional amounts and weighted average rates for the payable and receivable legs of cross-currency swaps as at March 31, 2025 are presented in the following table.

	Payable-leg currency			
(in thousands of stated currency)	**USD**	**Euro**	**Yen**	**Pound Sterling**
Payable-legs				
Fixed-rate				
Total foreign-currency notional amount	(40,162,188)	(13,427,000)	(695,000,000)	(7,594,000)
Weighted average fixed rate	2.10%	0.71%	(0.33%)	2.04%
Variable-rate				
Total foreign-currency notional amount	(18,317,000)	-	-	-
Weighted average variable rate	4.41%	0%	0%	0%
Total				
Total foreign-currency notional amount	(58,479,188)	(13,427,000)	(695,000,000)	(7,594,000)
Weighted average rate	2.82%	0.71%	(0.33%)	2.04%
Receivable-legs (fixed-rate)				
Total Canadian-dollar notional amount	76,871,981	19,798,718	7,024,218	13,483,436
Weighted average rate	2.23%	2.11%	2.42%	2.18%

Foreign exchange forward contracts

In the foreign exchange accounts, the government funds certain loans to the International Monetary Fund (IMF), which are denominated in special drawing rights (SDRs) with US dollars or SDRs. Since the currency value of the SDR is based upon a basket of key international currencies (the US dollar, euro, Japanese yen, British pound sterling and Chinese renminbi), a foreign exchange mismatch results whereby fluctuations in the value of the loan assets are not equally offset by fluctuations in the value of the related funding liabilities. The government enters into forward contracts to hedge the resulting foreign exchange risk. Under the department's foreign exchange forward contracts, on a stated future date the department is entitled to receive from the counterparty a fixed amount of a foreign currency (generally US dollars), and is obligated to pay to the counterparty a fixed amount of another foreign currency (generally either euros, yen, pound sterling or renminbi).

The fair values of the foreign exchange forward contracts represent the estimated amounts that the government would receive or pay if the contracts were terminated on March 31, 2025, based on market factors as at that date. The fair values are established by discounting the expected future cash flows of the forward contracts, calculated from the contractual or notional amounts and year-end market interest and exchange rates. A positive (negative) fair value indicates that the Government would receive (make) a payment if the agreements were terminated on March 31, 2025.

The forward contracts outstanding had remaining terms to maturity of under 1 month as at March 31, 2025 (2024 - under 2 months).

The notional amount of the forward contracts outstanding as at March 31, 2025, are presented in the following table.

	Receivable (payable) notional amount				
(in thousands of stated currency)	**USD**	**Euro**	**Yen**	**Pound sterling**	**Renminbi**
Foreign-currency forward contracts					
USD receivable / euro payable	1,885,280	(1,815,832)			
USD receivable / yen payable	423,273		(65,348,700)		
USD receivable / pound sterling payable	480,554			(392,859)	
USD receivable / renminbi payable	729,964				(5,340,310)
Total foreign-currency forward contracts	**3,519,071**	**(1,815,832)**	**(65,348,700)**	**(392,859)**	**(5,340,310)**
Total foreign-currency forward contracts translated to Canadian dollars	**5,062,184**	**(2,825,086)**	**(626,840)**	**(730,139)**	**(1,057,433)**

11. Long-term annuity liability

The government and the province of Newfoundland and Labrador entered into the Hibernia Dividend Backed Annuity Agreement (HDBA) effective April 1, 2019. Under the HDBA, both parties are obligated to make certain payments through 2056. The department's obligation under the HDBA is to pay Newfoundland and Labrador each year a stated annual payment, which over the entire term of the HDBA total $3.3 billion, less the provincial taxes payable to Newfoundland and Labrador in respect of that year by Canada Hibernia Holding Corporation (CHHC). The government indirectly owns all of the issued and outstanding shares of CHHC through the Canada Development Investment Corporation (CDEV), a wholly-owned federal Crown corporation.

Newfoundland and Labrador is obligated under the HDBA to pay the Government of Canada eight fixed annual payments of $100 million each, starting in 2045 and ending in 2052. At the government's discretion, the payments may be made by way of set-off against (i) the taxes payable to Newfoundland and Labrador under tax collection agreements; or (ii) the department's obligation otherwise payable.

Amounts recognized in the financial statements

The long-term annuity liability as at March 31 is presented in the following table.

(in thousands of dollars)	**2025**	**2024**
Long-term annuity liability		
Department of Finance obligation	1,926,508	2,075,612
Provincial obligation	(495,300)	(486,100)
Total long-term annuity liability	**1,431,208**	**1,589,512**

Interest expense of $37.3 million (2024 - $39.7 million) and interest revenue of $9.2 million (2024 - $9.4 million) were recognized in the Statement of Operations. In 2025, changes in the estimated future cash flows under the long-term annuity liability resulted in a decrease in the carrying value and corresponding reduction of expenses of $1.5 million (2024 – nil).

Contractual payments

The estimated contractual payments to be made (received) by the department under the long-term annuity arrangement are presented in the following table.

	Estimated contractual payments		
(in thousands of dollars)	**Department of Finance obligation**	**Provincial obligation**	**Net**
Long-term annuity liability			
2026	222,532	-	222,532
2027	207,510	-	207,510
2028	173,981	-	173,981
2029	166,688	-	166,688
2030	139,955	-	139,955
2031 to 2056	1,390,825	(800,000)	590,825
Total long-term annuity liability	**2,301,491**	**(800,000)**	**1,501,491**

12. Employee future benefits

a) Pension benefits

The department's employees participate in the public service pension plan (the plan), a defined benefit pension plan sponsored and administered by the government. Pension benefits accrue up to a maximum period of 35 years at a rate of 2% per year of pensionable service, multiplied by the average of the best 5 consecutive years of earnings. Benefits under the plan are integrated with Canada/Québec Pension Plan benefits and are indexed to inflation. The department's financial obligations with regard to the plan is limited to its contributions.

Employees and the department both make contributions to the plan. Employees who were existing plan members as at December 31, 2012 (group 1 employees) are subject to different *Public Service Superannuation Act* rules and contribution rates (employee and employer rates) than those who became plan members on or after January 1, 2013 (group 2 employees).

The expense related to the plan was $11.2 million (2024 - $9.7 million). For group 1 members, the expense represents approximately 1.02 times the employee contributions (2024 - 1.02) and, for group 2 members, approximately 1.00 times the employee contributions (2024 - 1.00 times).

b) Severance benefits

Severance benefits provided to the department's employees were previously based on an employee's eligibility, years of service and salary upon termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees were given the option to be paid the full or partial value of benefits earned or to collect the full or remaining value of benefits upon departure from the public service. All settlements for immediate cash-out are complete. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligation for severance benefits during the year were as follows.

(in thousands of dollars)	2025	2024
Accrued severance benefits obligation, beginning of year	**2,947**	**2,961**
Expense recognized	674	278
Benefits paid	(519)	(292)
Accrued severance benefits obligation, end of year	**3,102**	**2,947**

13. Liabilities owed and financial assets held on behalf of government

a) Liabilities owed on behalf of government

Notes payable to international organizations are used in lieu of cash to fund investments in those entities. Since the investments are considered to be financial assets held on behalf of government, the notes payable funding those investments are considered to be liabilities owed on behalf of the government.

b) Financial assets held on behalf of government

Financial assets held on behalf of government include amounts related to non-respendable revenues, such as accounts receivable, as well as other loans receivable and investments and capital share subscriptions which, if repaid, could not be used to discharge other liabilities.

The liabilities owed and financial assets held on behalf of government as at March 31 are presented in the following table.

(in thousands of dollars)	2025	2024
Liabilities owed on behalf of government		
Notes payable to international organizations	309,774	90,746
Total liabilities owed on behalf of government	**309,774**	**90,746**
Financial assets held on behalf of government		
Cash awaiting deposit to the Consolidated Revenue Fund	105	-
Accounts receivable	787,065	565,122
Foreign exchange accounts – accrued net revenue from the Exchange Fund Account	4,149,340	2,951,158
Other loans receivable	8,738,329	5,628,503
Investment in Canada Mortgage Bonds – accrued interest income	245,791	11,794
Investments and capital share subscriptions	287,700	-
Total financial assets held on behalf of government	**14,208,330**	**9,156,577**

14. Cash held as collateral

Cash held as collateral is cash deposited by the government as credit support under collateral agreements with financial institutions. Interest is received on the balance. As at March 31, 2025 the department had pledged total collateral of $ 3,456.7 million (2024 - $2,293.8 million) in the form of cash.

15. Accounts receivable

Accounts receivable as at March 31 are presented in the following table.

(in thousands of dollars)	2025	2024
Accounts receivable		
Accrued interest income – loans to Crown corporations	489,492	447,834
Accrued investment income	277,475	89,163
Receivables - Other government departments and agencies	22,617	30,326
Receivables - External parties	1,337	1,529
Employee advances	18	25
Gross accounts receivable	790,939	568,877
Allowance for doubtful accounts	(3,874)	(3,755)
Net accounts receivable	**787,065**	**565,122**

16. Foreign exchange accounts

The foreign exchange accounts represent the largest component of the official international reserves of the government and consist of the following as at March 31, stated in terms of carrying value:

	Carrying value	
(in thousands of dollars)	2025	2024
Foreign exchange accounts		
Assets		
Investments held in the Exchange Fund Account		
Investments held in the Exchange Fund Account	172,899,797	156,022,793
Marketable securities pledged as collateral	541,877	441,439
Accrued net revenue payable to the CRF	4,149,340	2,951,158
Total investments held in the Exchange Fund Account (a)	177,591,014	159,415,390
Subscriptions to the International Monetary Fund (b)	21,070,375	19,756,919
Loans receivable from the International Monetary Fund		
New Arrangements to Borrow	-	-
Bilateral Borrowing Agreement	-	-
Resilience and Sustainability Trust	789,704	473,956
Poverty Reduction and Growth Trust	1,910,782	493,981
Total loans receivable from the International Monetary Fund (c)	2,700,486	967,937
Total foreign exchange accounts assets	**201,361,875**	**180,140,246**
Liabilities		
Notes payable to the International Monetary Fund (d)	(15,741,194)	(14,438,001)
Special drawing rights allocations (e)	(31,640,239)	(29,667,894)
Exchange fund account – due to broker	(316,000)	-
Total foreign exchange accounts liabilities	**(47,697,433)**	**(44,105,895)**
Total foreign exchange accounts (net)	**153,664,442**	**136,034,351**

a) Investments held in Exchange Fund Account

The Exchange Fund Account is operated pursuant to Section 19 of the *Currency Act*. Total advances to the Exchange Fund Account are limited to US$150 billion.

The total investments held in the Exchange Fund Account as at March 31 are presented in the following table.

(in thousands of dollars)	**2025**	**2024**
Investments held in the Exchange Fund Account		
	Carrying value	
US dollar cash on deposit	8,705,636	11,709,822
US dollar short-term deposits	1,414,215	218,443
US dollar marketable securities	92,964,452	77,648,880
Euro cash on deposit	106,960	552,430
Euro marketable securities	20,298,712	18,344,381
British pound sterling cash on deposit	743,433	431,477
British pound sterling short-term deposits	188,289	-
British pound sterling marketable securities	13,595,077	12,128,036
Japanese yen cash on deposit	282,494	92,644
Japanese yen marketable securities	6,517,031	6,297,527
Special drawing rights (e)	32,774,715	31,991,750
Total investments held in Exchange Fund Account	**177,591,014**	**159,415,390**
	Fair value[1]	
Total investments held in Exchange Fund Account	**173,748,279**	**153,707,363**

[1] The fair value measurements for the investments held in the Exchange Fund Account are classified as level 2 in the fair value hierarchy.

Collateral pledged

As part of its operations, the Exchange Fund Account is required to pledge collateral with respect to credit facilities granted by its European clearing house. Collateral pledged must have a fair value of a minimum of US$250 million, post a reduction applied to the value of an asset commensurate with its risk, in equivalent securities. As at March 31, 2025, the Exchange Fund Account had pledged collateral of marketable securities having a carrying value of $542 million and fair value of $529 million (2024 - carrying value of $441 million and fair value of $419 million).

b) Subscriptions to the International Monetary Fund

Subscriptions to the IMF consist of Canada's subscription ("quota") to the capital of the IMF, an organization of 191 member countries that operates in accordance with its Articles of Agreement.

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of SDRs, a unit of account defined in terms of a "basket" of the following 5 currencies: the US dollar, euro, Japanese yen, British pound sterling and Chinese renminbi.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR value of the IMF's holdings of Canadian dollars.

Subscriptions to the IMF during 2025 increased by $1,313 million (2024 – decreased by $286.1 million) due to foreign exchange revaluation.

c) Loans receivable from the International Monetary Fund

Loans receivable from the IMF consist of loans made to trusts established by the IMF and interest-bearing loans under Canada's multilateral and bilateral lending arrangements with the IMF. The purpose of these arrangements is to provide temporary resources to the IMF, to support low-income and middle-income countries, promote economic growth, and safeguard the stability of the international monetary system.

There are two outstanding lending arrangements with the IMF outside of the quota system: the New Arrangements to Borrow (NAB) and the temporary Bilateral Borrowing Agreement (BBA). Collectively, the outstanding loans under multilateral and bilateral arrangements with the IMF cannot exceed SDR 13 billion or any other amount that may be fixed by the Governor in Council at any given time. Commitments under the NAB and BBA fall within this limit. Amounts advanced under these arrangements are considered part of the Official International Reserves of Canada.

Canada also lends to two trusts established by the IMF: the Resilience and Sustainability Trust (RST) and the Poverty Reduction and Growth Trust (PRGT). For these trusts, the total revolving loan authority pursuant to the *Bretton Woods and Related Agreements Act* is set at SDR 1 billion, or such greater amount as may be fixed by the Governor in Council. The amount was fixed at SDR 4.2 billion by the Governor in Council on February 19, 2024.

The carrying value of loans receivable from the IMF changed during the years ended March 31 as described in the following table.

	Carrying value				
(in thousands of dollars)	Opening Balance	Issuance of loans	Repayment of loans	Foreign exchange revaluation	Closing Balance
Loans receivable from the International Monetary Fund (IMF)					
Year ended March 31, 2025					
New Arrangements to Borrow	-	-	-	-	-
Bilateral Borrowing Agreement	-	-	-	-	-
Resilience and Sustainability Trust	473,956	275,849	-	39,899	789,704
Poverty Reduction and Growth Trust	493,981	1,299,446	-	117,355	1,910,782
Total loans receivable from the IMF	**967,937**	**1,575,295**	**-**	**157,254**	**2,700,486**
Year ended March 31, 2024					
New Arrangements to Borrow	67,453	-	(66,484)	(969)	-
Bilateral Borrowing Agreement	-	-	-	-	-
Resilience and Sustainability Trust	413,597	66,413	-	(6,054)	473,956
Poverty Reduction and Growth Trust	-	493,896	-	85	493,981
Total loans receivable from the IMF	**481,050**	**560,309**	**(66,484)**	**(6,938)**	**967,937**

New Arrangements to Borrow (NAB)

Canada's current participation in the NAB is governed by the October 2020 NAB Decision, effective from January 2021 to December 2025. Canada's maximum commitment under the NAB as at March 31, 2025 is SDR 7,747.4 million or $14,807.6 million (2024 - SDR 7,747.4 million or $13,884.9 million). Previous lending provided under NAB was fully reimbursed in 2024. As at March 31, 2025, there are no amounts outstanding under this arrangement.

Bilateral Borrowing Agreement (BBA)

Canada participates in the BBA, which further increases the financial resources the IMF can borrow from member countries. Canada's commitment under the BBA as at March 31, 2025 is SDR 3,532 million or $6,750.7 million (2024 - SDR 3,532 million or $6,330.1 million). As at March 31, 2025, no lending (2024 - nil) had been provided to the IMF under the BBA.

Resilience and Sustainability Trust (RST)

Canada entered into an agreement with the RST in September 2022 to lend SDRs to the RST, up to the equivalent of $2 billion. Drawings upon the facility may be made by the RST through November 30, 2030. The RST helps low-income and vulnerable middle-income countries address longer-term challenges, such as those related to climate change and pandemic preparedness.

RST loan account

Under the agreement, during the year, Canada lent SDR 149 million (2024 – SDR 37 million) to the RST loan account, an amount equivalent to $275.8 million (2024 - $66.4 million). The loan earns interest, which is paid quarterly, and has a maturity date of December 2043.

RST deposit account

Under the agreement, in October 2022, Canada deposited with the RST SDR 227.5 million, an amount equivalent to $400 million. The amount deposited by Canada earns interest, which is paid quarterly, and matures November 30, 2050. Further, Canada's deposit, and amounts deposited by other contributors to the RST, are invested by the RST, with investment gains and losses being allocated to Canada's deposit on a pro-rata basis.

Contribution to RST reserve account

Under the agreement, in October 2022 Canada made a contribution of SDR 22.7 million, an amount equivalent to $40 million, to the RST reserve account, which is meant to cover the RST's credit and liquidity risk, and administration costs. Canada's contribution to the RST reserve account does not earn interest, has no fixed maturity, and was recognized as a transfer payment expense.

Poverty Reduction and Growth Trust (PRGT)

PRGT loan account

Canada lends funds to the PRGT, which provides financial assistance to qualifying low-income countries as authorized by the *Bretton Woods and Related Agreements Act*. Of Canada's SDR 2 billion revolving commitment to the PRGT loan account, the total outstanding loans included in the foreign exchange accounts as at March 31, 2025, are SDR 299.7 million or $572.9 million (2024 - SDR 275.6 million or $493.9 million). During the year, Canada lent SDR 24.08 million or $45.3 million, and had a foreign exchange revaluation of $33.7 million.

PRGT deposit and investment account

Under the agreement, during the year, Canada provided a loan to the PRGT deposit and investment account of SDR 700 million or $1,254.2 million (2024 – nil) and had an increase of $83.7 million in foreign exchange revaluation. The amount lent by Canada earns interest and matures March 15, 2034. Further, Canada's loan, and amounts lent by other contributors to the PRGT, will be invested by the IMF, with investment gains and losses being allocated to Canada's loan on a pro-rata basis.

d) Notes payable to the International Monetary Fund (IMF)

Notes payable to the IMF are non-marketable, non-interest bearing notes issued by the government to the IMF. These notes are payable on demand and are subject to redemption or reissue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one quarter of 1% of Canada's subscription) held on deposit at the Bank of Canada.

Notes payable to the IMF increased during 2025 by $1,303.2 million (2024 – increase of $384.8 million) due to $205.9 million in net issuances (2024 – net issuances of 1,434.9 million) and an increase of $1,097.3 in foreign exchange revaluation (2024 – decrease of $1,050.1 million).

e) Special drawing rights allocations (SDRs)

Special drawing rights allocations represent the SDRs allocated to Canada by the IMF. They represent a liability of Canada as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total. The SDR is an international currency created by the IMF and allocated to countries participating in its Special Drawing Rights Department.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF or have been advanced to the Exchange Fund Account.

As at March 31, 2025, SDR allocations to Canada are SDR 16,554.0 million, which translated into Canadian dollars of $31,640.2 million at that date (2024 - SDR 16,554.0 million or $29,667.9 million), an increase of $1,972.3 million during the year due to foreign exchange revaluation (2024 – decrease of $429.7 million).

17. Loans to Crown corporations

Loans to Crown corporations as at March 31 are presented in the following table.

(in thousands of dollars)			2025	2024
	Face value	Unamortized discounts	Carrying value	Carrying value
Loans to Crown corporations				
Farm Credit Canada (FCC)	47,545,000	(41,997)	47,503,003	43,097,226
Business Development Bank of Canada (BDC)	33,811,000	(10,187)	33,800,813	29,490,425
Canada Mortgage and Housing Corporation (CMHC)	23,536,660	(2,079)	23,534,581	21,222,721
Total loans to Crown corporations	**104,892,660**	**(54,263)**	**104,838,397**	**93,810,372**
			Fair value	
Total loans to Crown corporations			**104,606,333**	**91,308,130**

The interest rates on loans to Crown corporations are presented in the following table, classified by term to maturity at inception (short-term or long-term) and type of interest rate (fixed or floating).

(in thousands of dollars or percentage as indicated)	March 31, 2025		March 31, 2024	
	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
Loans to Crown corporations				
Short-term loans				
Carrying value	6,190,114	20,471,000	2,539,545	17,746,500
Weighted average interest rate	3.16%	2.74%	4.96%	4.93%
Long-term loans				
Carrying value	61,227,546	17,004,000	59,125,893	14,427,000
Weighted average interest rate	2.77%	2.75%	2.46%	4.93%

The carrying value of loans to Crown corporations changed during the years ending March 31 as described in the following table.

	Carrying value				
(in thousands of dollars)	**Opening Balance**	**Issuance of loans**	**Repayment of loans**	**Amortization of discounts**	**Closing Balance**
Loans to Crown corporations					
Year ended March 31, 2025					
FCC	43,097,226	14,659,376	(10,316,500)	62,901	47,503,003
BDC	29,490,425	31,553,743	(27,260,000)	16,645	33,800,813
CMHC	21,222,721	25,883,371	(23,646,140)	74,629	23,534,581
	93,810,372	**72,096,490**	**(61,222,640)**	**154,174**	**104,838,397**
Year ended March 31, 2024					
FCC	40,268,265	12,986,047	(10,228,500)	71,414	43,097,226
BDC	26,864,222	35,011,335	(32,388,500)	3,368	29,490,425
CMHC	18,793,034	16,878,570	(14,490,255)	41,372	21,222,721
	85,925,521	**64,875,952**	**(57,107,255)**	**116,154**	**93,810,372**

Contractual maturities of outstanding loans to Crown corporations, at face value, are as follows.

	Face value			
(in thousands of dollars)	**FCC**	**BDC**	**CMHC**	**Total**
Loans to Crown corporations				
2026	9,711,000	23,794,000	3,065,249	36,570,249
2027	7,462,000	3,449,000	512,993	11,373,993
2028	6,710,000	3,463,000	486,107	10,709,107
2029	4,671,000	2,181,000	776,044	7,628,044
2030	3,023,000	265,000	1,987,558	5,275,558
2031 and thereafter	15,968,000	659,000	16,708,709	33,335,709
Total loans to Crown corporations	**47,545,000**	**33,811,000**	**23,536,660**	**104,892,660**

18. Other loans receivable

Other loans receivable as at March 31 are presented in the following table.

(in thousands of dollars)			2025	2024
	Face value	**Unamortized discounts**	**Carrying value**	**Carrying value**
Other loans receivable				
Government business enterprises				
Canada Lands Company CLC Limited (Canada Lands) (a)	246,662	(828)	245,834	268,221
Parc Downsview Park Inc. (b)	43,000	(14,378)	28,622	28,372
Total government business enterprises	**289,662**	**(15,206)**	**274,456**	**296,593**
Provincial and territorial governments				
Federal-provincial (fed-prov) fiscal arrangements (c)	206,623	(11,296)	195,327	275,357
Winter Capital Projects Fund (d)	2,900	-	2,900	2,900
Municipal Development and Loan Board (e)	315	-	315	315
Total provincial and territorial governments	**209,838**	**(11,296)**	**198,542**	**278,572**
National government loans (f)	**9,842,420**	**(770,100)**	**9,072,320**	**6,092,353**
International and other				
International Monetary Fund (IMF) – Poverty Reduction and Growth Trust (PRGT) (g)	1,253,802	-	1,253,802	1,226,040
International Development Association (IDA) – concessional partner loan (h)	827,743	(94,100)	733,643	676,235
Orphan Well Association (i)	200,000	(12,825)	187,175	185,756
International Finance Corporation (IFC) – Catalyst Fund (j)	75,000	-	75,000	75,000
Canadian Commercial Bank (k)	42,202	-	42,202	42,202
Global Environment Facility (l)	10,000	-	10,000	10,000
Total international and other	**2,408,747**	**(106,925)**	**2,301,822**	**2,215,233**
Total other loans receivable before allowance for valuation	**12,750,667**	**(903,527)**	**11,847,140**	**8,882,751**
Allowance for valuation		(2,834,355)	(2,834,355)	(2,957,655)
Total other loans receivable	**12,750,667**	**(3,737,882)**	**9,012,785**	**5,925,096**

The currencies in which other loans receivable are denominated and the Canadian dollar equivalent as at March 31, 2025, stated in terms of face value, are presented in the following table.

	Face value	
(in thousands of stated currency)	Foreign currency amount	CAD equivalent
Other loans receivable		
Currency of denomination		
Special drawing rights	655,982	1,253,802
Canadian dollars	10,076,703	10,076,703
United States dollars	987,252	1,420,162
Total other loans receivable	**11,719,937**	**12,750,667**

The carrying value of other loans receivable changed during the years ending March 31 as described in the following tables.

	Carrying value					
(in thousands of dollars)	Opening Balance	Issuance of loans[1]	Repayment of loans	Discount amortization	Foreign exchange and other revaluation	Closing Balance
Other loans receivable						
Year ended March 31, 2025						
Government business enterprises (GBE)						
Canada Lands (a)	268,221	-	(22,953)	566	-	245,834
Parc Downsview Park Inc. (b)	28,372	-	-	250	-	28,622
Total GBE	**296,593**	**-**	**(22,953)**	**816**	**-**	**274,456**
Provinces and territories						
Fed-prov fiscal arrangements (c)	275,357	-	(83,615)	3,585	-	195,327
Winter Capital Projects Fund (d)	2,900	-	-	-	-	2,900
Muni Dev & Loan Board (e)	315	-	-	-	-	315
Total provinces and territories	**278,572**	**-**	**(83,615)**	**3,585**	**-**	**198,542**
National government loans (f)	**6,092,353**	**2,753,000**	**-**	**192,250**	**34,717**	**9,072,320**
International and other						
IMF – PRGT (g)	1,226,040	-	(51,813)	-	79,575	1,253,802
IDA – concessional partner loan (h)	676,235	-	-	8,900	48,508	733,643
Orphan Well Association (i)	185,756	-	-	1,419	-	187,175
IFC – Catalyst Fund (j)	75,000	-	-	-	-	75,000
Canadian Commercial Bank (k)	42,202	-	-	-	-	42,202
Global Environment Facility (l)	10,000	-	-	-	-	10,000
Total international and other	**2,215,233**	**-**	**(51,813)**	**10,319**	**128,083**	**2,301,822**
Total other loans receivable before allowance for valuation	**8,882,751**	**2,753,000**	**(158,381)**	**206,970**	**162,800**	**11,847,140**

[1] Issuances of loans are stated net of discounts for concessionary terms, if any, recognized at inception. In the year ended March 31, 2025, total discounts for concessionary terms of $147 million were recognized for the national government loans.

(in thousands of dollars)	Opening Balance	Issuance of loans[1]	Repayment of loans	Discount amortization	Foreign exchange and other revaluation	Closing Balance
	Carrying value					
Other loans receivable						
Year ended March 31, 2024						
Government business enterprises (GBE)						
Canada Lands (a)	266,745	-	-	1,476	-	268,221
Parc Downsview Park Inc. (b)	28,135	-	-	237	-	28,372
Total GBE	**294,880**	**-**	**-**	**1,713**	**-**	**296,593**
Provinces and territories						
Fed-prov fiscal arrangements (c)	303,147	43,658	(75,517)	4,069	-	275,357
Winter Capital Projects Fund (d)	2,900	-	-	-	-	2,900
Muni Dev & Loan Board (e)	315	-	-	-	-	315
Total provinces and territories	**306,362**	**43,658**	**(75,517)**	**4,069**	**-**	**278,572**
National government loans (f)	**4,307,441**	**1,685,210**	**-**	**98,100**	**1,602**	**6,092,353**
International and other						
IMF – PRGT (g)	1,290,893	-	(46,640)	-	(18,213)	1,226,040
IDA – concessional partner loan (h)	670,530	-	-	4,180	1,525	676,235
Orphan Well Association (i)	184,345	-	-	1,411	-	185,756
IFC – Catalyst Fund (j)	75,000	-	-	-	-	75,000
Canadian Commercial Bank (k)	42,202	-	-	-	-	42,202
Global Environment Facility (l)	10,000	-	-	-	-	10,000
Total international and other	**2,272,970**	**-**	**(46,640)**	**5,591**	**(16,688)**	**2,215,233**
Total other loans receivable before allowance for valuation	**7,181,653**	**1,728,868**	**(122,157)**	**109,473**	**(15,086)**	**8,882,751**

[1] Issuances of loans are stated net of discounts for concessionary terms, if any, recognized at inception. In the year ended March 31, 2024, total discounts for concessionary terms of $340 million were recognized for the national government loans.

Government business enterprises

The Canada Lands Company CLC Limited and Parc Downsview Park Inc. are wholly owned subsidiaries of the Canada Lands Company Limited, a self-financing federal Crown corporation incorporated under the *Canada Business Corporations Act*.

a) Canada Lands Company CLC Limited

Canada Lands Company CLC Limited has acquired an interest in a number of real properties from the government in consideration for the issuance of promissory notes, which bear no interest and are repayable from the proceeds of the sale of the properties in respect of which they were issued.

b) Parc Downsview Park Inc.

Parc Downsview Park Inc. owns a unique urban recreational green space located in Toronto, Ontario. The loan receivable from Parc Downsview Park Inc. is non-interest bearing and repayable in full on July 31, 2050.

<u>Provincial and territorial governments</u>

c) Federal-Provincial fiscal arrangements

Amounts receivable under federal-provincial fiscal arrangements represent net overpayments in respect of transfer payments to provinces under the *Constitutions Acts 1867 to 1982*, the *Federal-Provincial Arrangements Act,* and other statutory authorities. These loans are non-interest bearing and will be repaid by reducing transfer payments in subsequent years.

d) Winter Capital Projects Fund

Loans have been made to provinces, provincial agencies and municipalities to assist in the creation of employment. The loans bear interest at rates from 7.4% to 9.5% per year and are repayable either in annual installments over 5 to 20 years, or at maturity.

e) Municipal Development and Loan Board

Loans have been made to provinces and municipalities to augment or accelerate municipal capital works programs. The loans bear interest at rates from 5.25% to 5.38% per year and are repayable in annual or semiannual installments over 15 to 50 years.

<u>National governments</u>

f) National government loans

International Monetary Fund Administered Account

In January 2024, the government agreed to provide $2.4 billion in financial support to Ukraine under the *Bretton Woods and Related Agreements Act* and various Orders in Council. During the year, $400 million was disbursed (2024 - $2 billion). The loan was provided through the Administered Account for Ukraine at the International Monetary Fund.

Extraordinary Revenue Acceleration (ERA) Mechanism

In June 2024, the government, alongside other G7 members, agreed to provide financial support to Ukraine under the Extraordinary Revenue Acceleration (ERA) mechanism. These loans are to be serviced and repaid through extraordinary revenues stemming from the immobilization of Russian sovereign assets (RSAs). Canada agreed to loan $5 billion to the Government of Ukraine under this mechanism and disbursed $2.5 billion in March 2025. The remaining $2.5 billion was disbursed after year end, in June and July 2025.

These loans were provided on either Commercial Interest Reference Rates (CIRR), the government’s average borrowing rate, or concessional rates and have repayment terms ranging from 5 to 30 years.

International and other organizations

g) International Monetary Fund Poverty Reduction and Growth Trust

Canada has made loans denominated in SDR to the IMF's Poverty Reduction and Growth Trust in order to provide assistance to qualifying low-income countries as authorized by the *Bretton Woods and Related Agreements Act*. The total revolving loan authority relating to the Poverty Reduction and Growth Trust pursuant to the *Bretton Woods and Related Agreements Act* is set at 1 billion SDR, or such greater amount as may be fixed by the Governor in Council. The amount was fixed at 4.2 billion SDR by the Governor in Council on February 19, 2024.

h) International Development Association (IDA) – concessional partner loan

Canada provided a concessional partner loan of US$575.4 million under the IDA's concessional partner loan program. The loan bears interest at 1.2% per year. Loan principal is repayable in 40 equal semi-annual instalments beginning in 2027 and ending in 2047. At Canada's request and with agreement of the IDA, the loan may be converted into Canadian dollars, which would entail a modification to the interest rate, and would require the payment by Canada of a transaction fee and the reimbursement of any fees, costs or losses incurred by the IDA.

i) Orphan Well Association

Canada made an unconditionally repayable contribution of $200 million to the Alberta Oil and Gas Orphan Abandonment and Reclamation Association Canada (the Orphan Well Association) to support the association's efforts in cleaning up oil and gas properties. The contribution does not bear interest and is repayable in 16 equal quarterly instalments starting in 2032 and ending in 2035. Earlier repayment is permitted.

j) International Finance Corporation Catalyst Fund

Canada has provided financing for the IFC's Catalyst Fund, as authorized by the *Bretton Woods and Related Agreements Act* and various appropriation acts. The Catalyst Fund supports private sector engagement in climate change mitigation and adaptation activities through the provision of concessional and commercial financing arrangements.

k) Canadian Commercial Bank (CCB)

Canada has provided financial assistance in respect of the CCB as authorized by the *Canadian Commercial Bank Financial Assistance Act*. The amounts reported as other loans receivable represent the government's participation in the loan portfolio that was acquired from the CCB and the purchase of outstanding debentures from existing holders.

l) Global Environment Facility (GEF)

Canada has provided funding for developing countries in the areas of ozone, climate change, biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act* and various appropriation acts. Advances to the GEF are made in non-negotiable, non-interest bearing demand notes that are later encashed.

19. Investment in Canada Mortgage Bonds

The Canada Mortgage Bond (CMB) program was implemented in 2001. Under this program, bonds are issued by Canada Housing Trust (CHT), a special purpose trust created by Canada Mortgage and Housing Corporation (CMHC) and sold to investors in denominations as low as $1,000. The proceeds of the bonds are used to purchase mortgages packaged into newly issued National Housing Act Mortgage Backed Securities from approved sellers. Canada Mortgage Bonds including accrued interest, timely payment of semi-annual interest and principal at maturity issued by the Trust carry the full faith and credit of the Government of Canada through CMHC.

The federal government acquired $28.8 billion of CHT-issued Canada Mortgage Bonds in 2025 (2024 - $7.5 billion). The government will purchase up to an annual maximum of $30 billion under this program. The investments bear interest at rates from 2.90% to 4.001% per annum (2024 - 3.72% to 3.99% per annum).

The investment in Canada Mortgage Bonds as at March 31 is presented in the following table.

(in thousands of dollars)			**2025**	**2024**
	Face value	**Unamortized (discounts) / premiums and accrued interest**	**Carrying value**	**Carrying value**
Investment in Canada Mortgage Bonds	36,250,000	307,462	36,557,462	7,580,211
			Fair value	**Fair value**
Investment in Canada Mortgage Bonds			37,209,750	7,588,255

Contractual maturities of outstanding loans to Canada Mortgage Bonds, at face value, are as follows.

(in thousands of dollars)	**Face Value**
Investment in Canada Mortgage Bonds	-
2026	-
2027	-
2028	-
2029	-
2030	15,500,000
2031 and thereafter	20,750,000
Total Investment in Canada Mortgage Bonds	**36,250,000**

20. Investments and capital share subscriptions

Investments and capital share subscriptions as at March 31 are presented in the following table.

(in thousands of dollars)			2025	2024
	Face value	**Valuation allowances**	**Carrying value**	**Carrying value**
Capital share subscriptions				
International Development Association (IDA)	15,670,767	(15,670,767)	-	-
International Bank for Reconstruction and Development (IBRD)	805,062	(805,062)	-	-
International Finance Corporation (IFC)	325,644	(325,644)	-	-
European Bank for Reconstruction and Development (EBRD)	481,243	(481,243)	-	-
Asian Infrastructure Investment Bank (AIIB)	257,200	(257,200)	-	-
Multilateral Investment Guarantee Agency (MIGA)	13,827	(13,827)	-	-
Total capital share subscriptions	**17,553,743**	**(17,553,743)**	**-**	**-**
Investments				
International Bank for Reconstruction and Development (IBRD) Hybrid Capital	287,700	-	287,700	-
Total investments	**287,700**	**-**	**287,700**	**-**
Total investments and capital share subscriptions	**17,841,443**	**(17,553,743)**	**287,700**	**-**

Changes in the carrying value for investments and capital share subscriptions are as follows.

(in thousands of dollars)	**Carrying value, beginning of year**	**Purchases**	**Valuation allowances**	**Carrying value, end of year**
Investments and capital share subscriptions				
Year ended March 31, 2025				
IDA	-	486,916	(486,916)	-
EBRD	-	202,694	(202,694)	-
IBRD Hybrid Capital	-	287,700	-	287,700
Total year ended March 31, 2025	**-**	**977,310**	**(689,610)**	**287,700**
Year ended March 31, 2024				
IDA	-	486,917	(486,917)	-
Total year ended March 31, 2024	**-**	**486,917**	**(486,917)**	**-**

Capital Share Subscriptions

Certain capital share subscriptions have both a paid-in portion and a portion which is callable, as summarized in the following table. Only under certain circumstances, such as an investee's inability to otherwise meet its obligations, would the department be required to pay some or all of the callable portion.

		2025			2024		
(in thousands of stated currency)		Paid-in	Callable	Total	Paid-in	Callable	Total
Capital share subscriptions							
IDA	CAD	15,670,767	-	**15,670,767**	15,183,851	-	**15,183,851**
IBRD	USD	619,498	7,879,841	**8,499,339**	619,498	7,879,841	**8,499,339**
IFC							
Cumulative cash contributions	USD	257,280	-	**257,280**	257,280	-	**257,280**
Designated paid-in capital	USD	538,857	-	**538,857**	538,857	-	**538,857**
Total IFC	USD	796,137	-	**796,137**	796,137	-	**796,137**
EBRD	EUR	350,000	807,640	**1,157,640**	212,850	807,640	**1,020,490**
AIIB	USD	199,100	796,300	**995,400**	199,100	796,300	**995,400**
MIGA	USD	10,732	45,802	**56,534**	10,732	45,802	**56,534**

International Development Association (IDA)

Canada's contributions and subscriptions to the IDA (part of the World Bank Group) are authorized by the *Bretton Woods and Related Agreements Act* and various appropriation acts. The contributions and subscriptions to the IDA are used to lend funds to developing countries at highly favourable terms.

International Bank for Reconstruction and Development (IBRD)

Canada's subscription to the capital of the IBRD (part of the World Bank Group) is authorized by the *Bretton Woods and Related Agreements Act* and various appropriation acts. The IBRD provides loans, guarantees, risk management products and advisory services to middle-income and creditworthy low-income countries, and also coordinates responses to regional and global challenges.

International Finance Corporation (IFC)

Canada's subscription to the capital of the IFC (part of the World Bank Group) is authorized by the *Bretton Woods and Related Agreements Act* and various appropriation acts. The IFC works to further economic development by encouraging the growth of productive private enterprise, particularly in less developed areas.

European Bank for Reconstruction and Development (EBRD)

Canada's subscription to the capital of the EBRD is authorized by the *European Bank for Reconstruction and Development Agreement Act* and various appropriation acts. The EBRD provides financing for well-structured and financially robust projects of all sizes, with the objective of making economies more competitive, well governed, green, inclusive, resilient, and integrated. Each payment to the EBRD is comprised of cash and a promissory note.

Asian Infrastructure Investment Bank (AIIB)

Canada is a member of the AIIB pursuant to the *Asian Infrastructure Investment Bank Agreement Act* and as noted in various appropriation acts. The AIIB invests in infrastructure and other productive sectors in Asia and promotes regional cooperation in addressing development challenges. Canada issued a note payable to the AIIB in consideration for its paid-in capital contribution.

On June 14, 2023, the Government of Canada halted all government-led activity at the Asian Infrastructure Investment Bank until further notice and initiated a review of Canada's involvement in the Bank. This review is ongoing.

Multilateral Investment Guarantee Agency (MIGA)

Canada's subscription to the capital of the MIGA (part of the World Bank Group) is authorized by the *Bretton Woods and Related Agreements Act* and various appropriation acts. The MIGA provides political risk insurance and credit enhancement for projects in developing countries covering all regions of the world.

Investments

International Bank for Reconstruction and Development (IBRD) Hybrid Capital

On February 19, 2025, the Government of Canada acquired hybrid capital from the IBRD for an amount of $200 million USD. The purchase is authorized by the *Bretton Woods and Related Agreements Act* and various appropriation acts. Hybrid capital is an instrument with perpetual maturity that has characteristics of both debt and equity and does not represent capital stock or any ownership interest in IBRD.

21. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The department is mainly exposed to credit risk through its loans to Crown corporations, other loans receivable, investments held in the Exchange Fund Account, investments in Canada Mortgage Bonds (CMB), and derivatives. The department is also exposed to credit risk through its loan guarantees and money market purchase program indemnity agreements.

For loans, the maximum exposure to credit risk is the principal and accrued interest amount outstanding, less any valuation allowances recognized. For investments, the department considers its maximum exposure to credit risk to be the carrying amount of the investments held. For swaps and foreign currency forward contracts, the department considers the maximum exposure to credit risk to be the positive net carrying amount of contracts, aggregated by counterparty. For the Bank of Canada purchase program indemnities, the maximum exposure to credit risk is considered to be, for bond purchase program indemnities (derivatives), the Bank of Canada's amortized cost, and for the money market purchase program indemnities (contingent liabilities), the principal and accrued interest outstanding of the subject securities as at March 31, 2025. The department considers the maximum exposure to credit risk for loan guarantees is the total amounts guaranteed, including any undrawn amounts subject to the guarantee.

The maximum exposure to credit risk as at March 31, 2025 is presented in the following table for the department's most significant exposures to credit risk.

(in thousands of dollars)	Maximum exposure to credit risk	Carrying amount
Assets		
Loans to Crown corporations	104,838,397	104,838,397
Other loans receivable	9,012,785	9,012,785
Investments held in Exchange Fund Account	133,375,174	133,375,174
Investment in Canada Mortgage Bonds	36,557,462	36,557,462
Liabilities		
Derivatives[1]		
Bank of Canada bond purchase program indemnity agreements	171,247,673	17,276,851
Cross-currency swaps and foreign exchange forward contracts	3,841,621	3,841,621
Contingent Liabilities		
Mortgage or hypothecary insurance protection	278,726,828	-
Loan guarantees		
International Bank for Reconstruction and Development	169,743	-
Bank of Canada – money market purchase program indemnity agreements	-	-
Contractual obligations		
Loan commitments	1,089,833	-

[1] The amounts presented in the above table for derivatives combine the maximum exposure to credit risk for derivatives presented as assets and those presented as liabilities.

Loans to Crown corporations

The department considers the credit risk arising from loans to Crown corporations to be minimal. The Crown corporations to which the department has loaned funds are Canadian federal enterprise Crown corporation, whose long-term credit ratings are AAA.

Other loans receivable

The department has made loans to Canadian federal government business enterprises, provincial and territorial governments, national governments and international and other organizations. The department may assume credit risk related to other loans receivable to support various policy objectives of the Government of Canada. Valuation allowances for collectability are applied accordingly to reflect these accounts at their net recoverable value. In assessing the credit risk of other loans receivable, and establishing valuation allowances for collectability, the department considers the nature of the counterparty and the terms and conditions of the other loan. Of the total face value of $12,750.7 million outstanding as at March 31, 2025 (2024 - $9,846.3 million), unamortized discounts of $903.5 million (2024 - $963.5 million) and valuation allowances for collectability of $2,834.4 million (2024 - $2,957.7 million) were recognized.

Investments held in the Exchange Fund Account

As specified in the Statement of Investment Policy for the Government of Canada governing the Exchange Fund Account, to help achieve the objective of preserving capital value, an entity must be deemed to have a credit rating of A- or higher to be eligible for investment in the Exchange Fund Account. As of March 31, 2025, the majority of Exchange Fund Account investments are given a rating of AAA by external credit rating agencies, as indicated in the following table. The external ratings are based on the second highest rating among those provided by Moody's Investors Service, Standard & Poor's (S&P), Fitch Ratings and Dominion Bond Rating Service.

	Maximum exposure to credit risk	
(in thousands of dollars)	**2025**	**2024**
Investments held in the Exchange Fund Accounts		
Credit rating		
AAA	108,023,458	92,372,155
AA+	4,734,585	4,121,256
AA	7,850,220	11,465,549
AA-	5,712,787	162,337
A+	6,933,988	6,297,527
A	7,511	-
A-	112,625	-

Concentrations of credit risk occur when a significant proportion is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political or other conditions. The Exchange Fund Account may hold fixed income securities of highly rated sovereigns, central banks, government-supported entities and supranational organizations. The Exchange Fund Account may also make deposits and execute other transactions, up to prescribed limits, with commercial financial institutions that meet the same rating criteria.

The following table presents the concentration of credit risk of the marketable securities held by the Exchange Fund Account as at March 31, by type of issuer and stated in terms of the carrying amount of the securities.

	Carrying value									
(in thousands of stated currency or percentage as indicated)	**USD**		**Euro**		**Yen**		**Pound sterling**		**Total**	
Marketable securities held by the Exchange Fund Account										
As at March 31, 2025										
Sovereign	57,485,048	62%	8,958,348	44%	6,517,031	100%	8,098,816	59%	81,059,243	61%
Sub-sovereign	3,955,806	4%	827,447	4%	-	0%	571,031	4%	5,354,284	4%
Supranational	20,590,555	22%	6,231,895	31%	-	0%	3,615,104	27%	30,437,554	23%
Implicit agencies	10,933,043	12%	4,280,924	21%	-	0%	1,310,126	10%	16,524,093	12%
Total marketable securities held by the Exchange Fund Account	**92,964,452**	**100%**	**20,298,614**	**100%**	**6,517,031**	**100%**	**13,595,077**	**100%**	**133,375,174**	**100%**
As at March 31, 2024										
Sovereign	49,800,536	64%	7,669,423	42%	6,297,527	100%	5,738,660	47%	69,506,146	60%
Sub-sovereign	3,732,432	5%	1,237,820	7%	-	0%	644,231	5%	5,614,483	5%
Supranational	15,530,527	20%	4,908,590	27%	-	0%	4,332,811	36%	24,771,928	22%
Implicit agencies	8,585,385	11%	4,528,548	24%	-	0%	1,412,334	12%	14,526,267	13%
Total marketable securities held by the Exchange Fund Account	**77,648,880**	**100%**	**18,344,381**	**100%**	**6,297,527**	**100%**	**12,128,036**	**100%**	**114,418,824**	**100%**

Investment in Canada Mortgage Bonds

The department considers the credit risk associated with the investment in CMBs to be minimal. CMBs have a credit rating of AAA, the same rating as Government of Canada Bonds and CMHC’s debt securities. Investments Canada Mortgage Bonds are fully guaranteed by CMHC.

Bank of Canada purchase program indemnity agreements

The credit ratings of the securities held by the Bank of Canada as at March 31 under its purchase program indemnity agreements and indemnified by the department are presented in the following table according to the associated maximum exposure to credit risk. The credit ratings are based on published Standard & Poor's credit ratings and standalone credit profiles.

	Maximum exposure to credit risk	
(in thousands of dollars)	**2025**	**2024**
Bank of Canada indemnity agreements		
Credit ratings of securities held by the Bank of Canada		
Derivatives - bond purchase programs		
AAA	162,958,236	206,732,377
AA- to AA+	7,277,230	8,880,862
A- to A+	1,002,062	1,122,472
BBB- to BBB+	10,145	26,977
Contingent liabilities – money market purchase programs	-	-

Cross-currency swaps and foreign exchange forward contracts

For cross-currency swaps and foreign exchange forward contracts, the department manages its exposure to credit risk by dealing with counterparties with acceptable credit ratings. Credit risk is also managed through collateral provisions in cross-currency swap and foreign exchange forward contracts. The government participates in a 2-way collateral program in accordance with Credit Support Annex (CSA) agreements for its cross-currency swap portfolio. Under the CSA agreements, the department and the counterparty are required to provide collateral, either in the form of securities or cash (CAD or USD), based on the terms and conditions of the agreements, such as when the fair value of a contract exceeds a minimum threshold. The collateral pledged to the government by a counterparty could be liquidated to mitigate credit losses in the event of that counterparty’s default.

The following table presents the notional principal amounts of swap and foreign exchange forward contracts grouped by published S&P credit ratings and standalone credit profiles at year-end.

	Notional amount	
(in thousands of dollars)	2025	2024
Swap and foreign exchange forward contracts		
Credit rating		
A+	27,514,666	37,190,222
A	80,315,893	64,310,294
A-	23,201,346	20,104,671
Total swap and foreign exchange forward contracts[1]	**131,031,905**	**121,605,187**

[1] Swap notional amounts are stated in terms of the foreign payable-leg notional amounts outstanding, translated into Canadian dollars as at March 31.

Collateral pledged by the government and by counterparties under 2-way CSA agreements as at March 31 is presented in the following table.

	Nominal amount		Fair value	
(in thousands of dollars)	Posted by Government of Canada	Posted by counterparties	Posted by Government of Canada	Posted by counterparties
As at March 31, 2025				
Cash	3,456,729	254,657	3,456,729	254,657
Securities	-	4,005,960	-	4,137,968
Total	**3,456,729**	**4,260,617**	**3,456,729**	**4,392,625**
As at March 31, 2024				
Cash	2,293,763	687,478	2,293,763	687,478
Securities	-	3,795,555	-	3,869,625
Total	**2,293,763**	**4,483,033**	**2,293,763**	**4,557,103**

The department does not have a significant concentration of credit risk with any individual institution and does not anticipate any counterparty credit loss with respect to its cross-currency swap and foreign exchange forward contracts.

22. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and 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 interest rate risk or currency risk.

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 department is exposed to currency risk through fluctuations in foreign-denominated future cash flows, namely those related to investments in the Exchange Fund Account, foreign debt, loans to international organizations and derivatives including collateral.

Currency risk of Exchange Fund Account

Currency risk is managed using a strategy of matching the currency and the duration of the Exchange Fund Account assets and the related foreign currency borrowings of the government. As at March 31, the impact of exchange rate changes affecting the Exchange Fund Account assets and the liabilities funding the assets naturally offset each other, resulting in no significant impacts to the government’s net debt. Assets related to the IMF are only partially matched by related foreign currency borrowings, as the assets are denominated in SDR; however, foreign exchange risks relating to loans to the IMF have been mitigated by entering into foreign exchange forward contracts.

The majority of the Exchange Fund Account foreign currency assets and liabilities are held in 4 currency portfolios: US dollar, euro, British pound sterling, and Japanese yen. The following table presents the net impact to the Exchange Fund Account, and the related foreign-denominated debt, cross-currency swaps and foreign exchange forward contracts of a 1% appreciation in the Canadian dollar as at March 31, as compared to the US dollar, euro, British pound sterling and the Japanese yen.

	(Loss) gain net impact of 1% appreciation in Canadian dollar against foreign currencies as at March 31	
(in thousands of dollars)	**2025**	**2024**
Foreign currency		
US dollar	(7,338)	(2,049)
Euro	596	2,101
British pound sterling	(4,497)	(4,313)
Japanese yen	(2,278)	(1,197)
Total foreign currency	**(13,517)**	**(5,458)**

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 market interest rates.

The department's exposure to interest rate risk principally arises from fluctuations in the fair value of the Bank of Canada bond purchase program indemnity derivatives and cross-currency swaps, and future cash flows related to variable-rate cross-currency swaps, loans to Crown corporation and assets held by the Exchange Fund Account, because of changes in market interest rates. Interest rate risk for the Exchange Fund Account is managed using a strategy of matching the duration of the assets with the related borrowings. Other interest-bearing assets and liabilities bear fixed rates of interest. Although subject to interest rate risk because the fair value of these instruments will be affected by changes in market interest rates. There is no impact on the consolidated financial statements as these financial instruments are measured at cost or amortized cost.

The table below shows the effect of an increase in interest rates of 100 basis points (bps) as at March 31, 2025.

(in thousands of dollars)	Net impact of +100 bps shift in interest rates
Derivatives[1]	
Bank of Canada bond purchase program indemnity agreements	(7,829,024)
Cross-currency swaps	(1,557,660)
Interest revenue (expense)	
Loans to Crown corporations with variable interest rates	374,750
Cross-currency swaps	(263,490)

[1] The net impact of a 100 basis point increase in interest rates on derivatives is the net impact on the fair value of derivative assets and liabilities as at the reporting date.

Inflation risk

The department is exposed to inflation risk through its real return bonds, as interest and principal payments are adjusted for changes in the consumer price index (CPI). If the CPI applicable to real return bonds were to increase by 5% at March 31, 2025, the carrying amount of the bonds as at that date would increase by $3,831 million (2024 - $3,769 million), with the adjustment recognized immediately as an expense charge. Such a change would also increase annual coupon payments by $81 million (2024 - $79 million). A decrease in the CPI would have the opposite effect, by decreasing the carrying amount of the bonds, with the adjustment recognized immediately as income, and by decreasing annual interest expense.

23. Liquidity risk

Liquidity risk is the risk that the department will encounter difficulty in meeting obligations associated with financial liabilities**.**

To discharge its financial liabilities, the department may access, with the authority of parliament, the Consolidated Revenue Fund (CRF) of the Government of Canada (the aggregate of all public moneys that are one deposit at the credit of the government). The department also has the ability to borrow on behalf of the Government of Canada for its purposes and the government's requirements overall.

Authority to borrow

The Government of Canada has access to multiple active borrowing programs, including those in the domestic Canadian market and those in foreign currency markets. Through the *Borrowing Authority Act* ("BAA") and the *Financial Administration Act* ("FAA"), parliament authorizes the Minister of Finance to borrow money on behalf of His Majesty in right of Canada.

Subject to limited exceptions, borrowings undertaken by the Minister – together with amounts borrowed by agent Crown corporations and Canada Mortgage Bonds guaranteed by the Canada Mortgage and Housing Corporation – may not exceed the maximum amount specified in the BAA, which was $2,126,000 million for the period from April 1, 2024 to March 31, 2025 ($1,831,000 million for the period from April 1, 2023 to March 31, 2024).

Debt management and liquidity strategy

In conjunction with the Bank of Canada, the department manages the government's unmatured debt and associated risks. The fundamental objectives of debt management are to raise stable and low-cost funding to meet the financial obligations and liquidity needs of the Government of Canada.

Liquidity risk for the Government of Canada is managed centrally. Under its prudential liquidity plan, the government's overall liquidity levels are managed to normally cover at least one month of net projected cash flows, including coupon payments and debt refinancing needs. The one-month requirement is a forward-looking measure that changes daily due to daily actual cash balances and new projected cash requirements.

The government holds liquid financial assets in the form of domestic cash deposits, including $20 billion in cash expressly designed for prudential liquidity, and foreign exchange reserves to safeguard its ability to meet payment obligations in situations where normal access to funding markets may be disrupted or delayed. Further, proceeds of the Government's foreign currency borrowings are held in the Exchange Fund Account to provide liquidity and provide funds needed to promote orderly conditions for the Canadian dollar in foreign exchange markets.

Maturity analysis of financial liabilities

The following table presents a maturity analysis of the department's financial liabilities. The balances in the table may not correspond to the balances in the Statement of Financial Position because the table presents estimated cash flows on an undiscounted basis.

(in thousands of dollars)	On demand	Within 90 days	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial liabilities						
Deposit liabilities	375,485	-	-	-	-	**375,485**
Accounts payable and accrued liabilities	13,432	407,338	3,899	-	-	**424,669**
Notes payable to international organizations	96,395	42,676	-	170,703	-	**309,774**
Matured debt	626,184	-	-	-	-	**626,184**
Unmatured debt	-	209,714,348	300,358,808	486,945,615	724,262,141	**1,721,280,912**
Derivatives[1]	-	7,975,769	9,444,890	51,560,287	81,342,667	**150,323,613**
Long-term annuity liability	-	-	222,532	688,134	590,825	**1,501,491**
Total financial liabilities	**1,111,496**	**218,140,131**	**310,030,129**	**539,364,739**	**806,195,633**	**1,874,842,128**

[1] Maturities for undiscounted cash flows of derivative receivables consist of $7,683 million within 90 days, $9,705 million within 3 to 12 months, $47,454 million within 1 to 5 years, and $74,328 million in more than 5 years for a total of $139,170 million.

24. Tangible capital assets

The change in tangible capital assets during 2025 is presented in the following table.

(in thousands of dollars)	Informatics equipment	Informatics software	Leasehold improvements	Machinery and equipment	Motor vehicles	Total
Cost						
Balance, March 31, 2024	3,697	63	11,565	2,747	46	18,118
Acquisitions	-	-	-	-	-	-
Adjustments[1]	-	-	-	236	-	236
Disposals and write-offs	-	-	-	-	-	-
Balance, March 31, 2025	**3,697**	**63**	**11,565**	**2,983**	**46**	**18,354**
Accumulated amortization						
Balance, March 31, 2024	3,601	63	4,461	2,653	6	10,784
Amortization	75	-	463	89	9	636
Adjustments[1]	-	-	-	236	-	236
Disposals and write-offs	-	-	-	-	-	-
Balance, March 31, 2025	**3,676**	**63**	**4,924**	**2,978**	**15**	**11,656**
Net book value						
Balance, March 31, 2024	96	-	7,104	94	40	7,334
Net change	(75)	-	(463)	(89)	(9)	(636)
Balance, March 31, 2025	**21**	**-**	**6,641**	**5**	**31**	**6,698**

[1] Adjustments include capital asset transfers from Other Government Departments.

25. Contractual obligations

The nature of the department’s activities may result in large multi-year contracts and obligations whereby the department will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows.

(in thousands of dollars)	2026	2027	2028	2029	2030	2031 and thereafter	Total
Contractual obligations							
Transfer payments							
International Development Association	66,970	76,720	78,340	75,520	70,330	341,970	709,850
African Development Fund	23,301	23,197	23,046	23,441	23,008	263,990	379,983
Total contractual obligations	**90,271**	**99,917**	**101,386**	**98,961**	**93,338**	**605,960**	**1,089,833**

26. Contingent liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into 3 categories as follows.

a) Callable share capital

The department has subscribed to callable share capital in certain international organizations. In the event of the capital being called, the likelihood of which is low, payments to these organizations would be required. Callable share capital as at March 31 is presented in the following table.

(in thousands of dollars)	**2025**	**2024**
Callable share capital		
International Bank for Reconstruction and Development	11,335,152	10,670,881
European Bank for Reconstruction and Development	1,256,533	1,179,834
Asian Infrastructure Investment Bank	1,145,478	1,078,350
Multilateral Investment Guarantee Agency	65,886	62,025
Total callable share capital	**13,803,049**	**12,991,090**

b) Loan guarantees

Mortgage or hypothecary insurance protection

The *Protection of Residential Mortgage or Hypothecary Insurance Act* (PRMHIA), which came into force on January 1, 2013, authorizes the Minister of Finance to provide protection in respect of certain mortgage or hypothecary insurance contracts written by approved mortgage insurers. As at March 31, 2025 there are two approved mortgage insurers under the PRMHIA: Sagen Mortgage Insurance Company Canada and Canada Guaranty Mortgage Insurance Company.

Under the PRMHIA, payments in respect of the guarantee would only be required if a winding-up order were made in respect of an approved mortgage insurer. Where this is the case, the Minister would honour lender claims for insured mortgages in default, subject to: (a) any proceeds the beneficiary has received from the underlying property or the insurer's liquidation, and (b) a deductible of 10% of the original principal amount of the insured mortgage.

As of March 31, 2025, the aggregate outstanding principal amount of loans that are guaranteed under the PRMHIA is estimated at $317.4 billion (2024 - $305.4 billion). Any payment by the Minister is subject to a deductible equal to 10% of the original principal amount of these loans, or $38.7 billion (2024 - $37.2 billion). No provision has been made in these accounts for payments under the guarantee.

International Bank for Reconstruction and Development (IBRD)

In 2017, pursuant to section 8.3(1) of the *Bretton Woods and Related Agreements Act*, the Minister of Finance, by order of the Governor in Council, authorized a partial loan guarantee in the amount of US$118 million to the IBRD in respect of a US$1,443.8 million loan entered into between the IBRD and the Republic of Iraq. Under this guarantee, the department would make payment to the IBRD in the event that the Republic of Iraq is more than 6 months late in meeting a scheduled interest or principal payment to the IBRD. The department would only be required to pay a pro-rata share of the loan repayment that is past due, up to the fixed aggregate amount of US$118 million or $169.7 million translated at the March 31, 2025 exchange rate.

In the event that any portion of the guarantee is called, Canada would receive a claim from the IBRD against the Republic of Iraq and would have the option to pursue recovery. As at March 31, 2025, no losses are anticipated with respect to this guarantee and no provision has been made (2024 - no losses anticipated and no provision made).

c) Bank of Canada money market purchase program indemnity agreements

In addition to the bond purchase program indemnity agreements accounted for as derivatives, the department and the Bank of Canada have entered into indemnity agreements for the Bank's Provincial Money Market and Commercial Paper Purchase Programs (money market purchase programs). These programs were introduced by the Bank of Canada to support the liquidity and proper functioning of debt markets during the COVID-19 pandemic. The Bank of Canada discontinued further purchases under the Provincial Money Market purchase program effective November 16, 2020, and discontinued the Commercial Paper purchase program effective April 2, 2021. The programs can be restarted by the Bank of Canada if necessary.

Under the money market purchase program agreements, the department has indemnified the Bank of Canada for any losses incurred by the bank on the money market securities not being paid in full by the issuers. The department is not obligated to pay for any losses or entitled to any gains sustained by the Bank of Canada on the disposition of securities under the money market purchase programs. No consideration was paid by either party upon entering into the agreements.

There were no outstanding securities held by the Bank of Canada under the money market purchase programs as at March 31, 2025 (2024 – nil). No losses were paid by the department under the money market purchase program indemnity agreements in 2025 (2024 - nil).

27. Related party transactions

The Department is related as a result of common ownership to all government departments, agencies, and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

The department enters into transactions with these entities in the normal course of business and on normal trade terms. The department also receives common services without charge from other government departments as disclosed below.

a) Common services received without charge from other government departments

The services received without charge from other government departments have been recorded as expenses in the Statement of Operations and Departmental Net Financial Position as follows

(in thousands of dollars)	**2025**	**2024**
Services received without charge		
Accommodation	13,069	17,224
Employer's contribution to the health and dental insurance plans	10,684	10,850
Legal services	1,739	1,872
Total services received without charge	**25,492**	**29,946**

The government has centralized some of its administrative activities for efficiency, cost-effectiveness and economic delivery of programs to the public. In certain cases, the government uses central agencies and common service organizations whereby one organization performs services for others without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada (PSPC) and audit services provided by the Office of the Auditor General, are not included in the Statement of Operations and Departmental Net Financial Position.

b) Other transactions with related parties

Other transactions with related parties are summarized in the following table.

(in thousands of dollars)	**2025**	**2024**
Expenses - other government departments and agencies		
Interest on superannuation and other accounts	4,663,428	4,808,602
Contributions to employee benefit plans	17,466	16,308
Professional and special services	10,134	9,559
Information	558	355
Repair and maintenance	453	249
Rentals	440	128
Other expenses	249	184
Salaries and wages (recoveries)	(1,421)	(1,023)
Total expenses – other government departments and agencies	**4,691,307**	**4,834,362**
Revenues – other government departments and agencies	**807**	**880**

28. Segmented information

The department's segments include its core responsibility of Economic and Fiscal Policy and the Internal Services functions which support that responsibility. Segmented information is based on the same accounting policies described in the summary of significant accounting policies (note 2). The following table presents expenses and revenues for segments by major object of expense and type of revenue.

			Total	
(in thousands of dollars)	**Economic and Fiscal Policy**	**Internal Services**	**2025**	**2024**
Expenses				
Transfer payments				
Provinces and territories (a)	91,940,480	-	91,940,480	87,892,678
International organizations	538,451	-	538,451	595,336
National Governments	146,406	-	146,406	(1,199,792)
Non-profit organizations	400	-	400	350
Total transfer payments	**92,625,737**	**-**	**92,625,737**	**87,288,572**
Interest and other costs				
Interest on unmatured debt (b)	42,176,398	-	42,176,398	36,423,914
Interest on superannuation and other accounts (c)	5,809,860	-	5,809,860	6,043,911
Other interest and costs	8,887	-	8,887	6,293
Total interest and other costs	**47,995,145**	**-**	**47,995,145**	**42,474,118**
Operating expenses (d)	106,899	83,035	189,934	189,727
Cost of domestic coinage sold	80,542	-	80,542	82,854
Other expenses	2	124	126	225
Total expenses	**140,808,325**	**83,159**	**140,891,484**	**130,035,496**
Revenues				
Investment income				
Exchange Fund Account net revenues	4,149,340	-	4,149,340	2,951,157
Loans to Crown corporations - interest	3,210,086	-	3,210,086	2,946,329
Investment in Canada Mortgage Bonds - interest	731,888	-	731,888	19,251
Other interest	442,702	-	442,702	309,369
Total investment income	**8,534,016**	**-**	**8,534,016**	**6,226,106**
Interest on bank deposits	818,088	-	818,088	489,883
Fees for risk exposure	162,756	-	162,756	111,660
Sale of domestic coinage	95,873	-	95,873	94,418
Net foreign currency gain (loss)	508,756	(32)	508,724	210,305
Unclaimed cheques and other	73,853	1	73,854	67,609
Revenues earned on behalf of government	(10,193,342)	32	(10,193,310)	(7,199,981)
Total revenues	**-**	**1**	**1**	**-**
Net cost of operations	**140,808,325**	**83,158**	**140,891,483**	**130,035,496**

a) Transfer payments to provinces and territories

Transfer payments to provinces and territories are paid pursuant to the *Federal Provincial Fiscal Relations Act, Budget Implementation Acts* and other statutory authorities. Transfer payments to provinces and territories are presented in the following table.

(in thousands of dollars)	**2025**	**2024**
Transfer payments to provinces and territories		
Canada Health Transfer	52,070,384	49,431,244
Fiscal Equalization	25,252,833	23,962,511
Canada Social Transfer	16,908,791	16,416,302
Quebec Abatement	(7,541,631)	(7,103,367)
Territorial Financing	5,158,965	4,834,418
COVID-19 support for cleaning up inactive oil and gas wells	(136,582)	(12,877)
Statutory Subsidies	44,920	44,586
Hibernia Net Profit Interest	-	280,166
Other transfer payments to provinces and territories	147,000	-
Long-term annuity liability		
Interest expense	37,300	39,695
Adjustment to the department’s obligation	(1,500)	-
Total long-term annuity liability	35,800	39,695
Total transfer payments to provinces and territories	**91,940,480**	**87,892,678**

b) Interest on unmatured debt

Interest on unmatured debt includes interest incurred, amortization of debt discounts/premiums and net interest on cross-currency and interest rate swaps. Interest on unmatured debt by class of debt is presented in the following table.

(in thousands of dollars)	**2025**	**2024**
Interest on domestic debt		
Treasury bills	11,807,092	11,308,994
Marketable bonds		
Marketable bonds (fixed rate nominal bonds)	26,410,655	20,836,006
Real return marketable bonds		
Current period interest expense	1,443,783	1,416,516
Consumer price index adjustments	1,392,614	2,064,533
Total real return marketable bonds	2,836,397	3,481,049
Total marketable bonds	29,247,052	24,317,055
Total interest on domestic debt	**41,054,144**	**35,626,049**
Interest on foreign debt		
Canada bills	147,573	172,541
Marketable bonds	653,626	442,140
Total interest on foreign debt	**801,199**	**614,681**
Net interest on cross-currency swaps	**321,055**	**183,184**
Total interest on unmatured debt	**42,176,398**	**36,423,914**

c) Interest on superannuation and other accounts

The department funds interest on all interest bearing specified purpose accounts established by Government departments and agencies, including superannuation accounts and retirement compensation arrangement accounts established for the benefit of public service employees and members of the Royal Canadian Mounted Police and the Canadian Forces, the Canada Pension Plan Account, and other accounts. Interest on superannuation and other accounts is presented in the following table.

(in thousands of dollars)	**2025**	**2024**
Interest on superannuation and other accounts		
Superannuation accounts	4,389,436	4,529,418
Other specified purpose accounts	206,753	218,384
Retirement compensation arrangement accounts	75,362	76,424
Special drawing rights allocations	1,116,958	1,197,030
Canada Pension Plan Account	21,351	22,655
Total interest on superannuation and other accounts	**5,809,860**	**6,043,911**

d) Operating expenses

The following table presents details of operating expenses.

(in thousands of dollars)	2025	2024
Operating expenses		
Salaries and wages	122,957	119,221
Contributions to employee benefit plans	28,150	27,159
Accommodation	13,069	17,224
Professional and special services	16,707	16,296
Information services	2,713	2,300
Rentals	2,400	2,070
Machinery and equipment	857	1,672
Amortization of tangible capital assets	636	915
Transportation and telecommunications	1,980	2,579
Repairs and maintenance	466	264
Other subsidies and payments	(1)	27
Total operating expenses	**189,934**	**189,727**

29. Revenues earned on behalf of government

Revenues earned on behalf of government represent revenues which the department cannot re-spend to fund other departmental activities. The following table presents details of revenues earned on behalf of government.

(in thousands of dollars)	2025	2024
Revenues earned on behalf of government		
Exchange Fund Account net revenues	4,149,340	2,951,157
Loans to Crown corporations - interest	3,210,086	2,946,329
Investment in Canada Mortgage Bonds - interest	731,888	19,251
Interest on bank deposits	818,088	489,883
Fees for risk exposure	162,756	111,660
Sale of domestic coinage	95,873	94,418
Net foreign currency gain	508,724	210,305
Unclaimed cheques and other	73,853	67,609
Other interest	442,702	309,369
Total revenues earned on behalf of government	**10,193,310**	**7,199,981**

30. Comparative information

Comparative figures have been reclassified where necessary to conform to the current year's presentation.

Department of Finance Canada

Annex to the *Statement of Management Responsibility Including Internal Control over Financial Reporting of the Department of Finance Canada for Fiscal Year 2024-25 (unaudited)*

1. INTRODUCTION

This document provides summary information on the measures taken by the Department of Finance Canada (the Department) to maintain an effective system of internal control over financial reporting (ICFR), as well as information on internal control management, assessment results and related action plans.

Detailed information on the Department's authority, mandate and core responsibilities can be found in the 2024-25 *Departmental Plan* and the 2024-25 *Departmental Results Report.*

2. DEPARTMENTAL SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING

2.1 Internal control management

The Department has a well-established governance and accountability structure to support departmental assessment efforts and oversight of its system of internal control. A departmental internal control framework approved by the Deputy Minister and the Chief Financial Officer (CFO) is in place, which includes:

- Accountability structures relating to internal control management to support sound financial management, including clear roles and responsibilities for employees in their areas of responsibility for control management;
- On going communication and training on statutory requirements, policies and procedures for sound financial management and control;
- A group dedicated to ICFR under the direction of the CFO with a primary focus on maintaining documentation in support of business processes and associated key risks and control points;
- A risk based internal audit plan which includes audits and reviews related to business processes assessed under the *Policy on Financial Management*;
- An *Office of Values and Ethics* to provide service and guidance on values and ethics issues, discuss ethical dilemmas in accordance with the *Values and Ethics Code for the Public Sector, Policy on Conflict of Interest and Post Employment.* In addition, the *Department of Finance Code of Conduct* underlines the need for employees to avoid, and if necessary, resolve conflicts of interest between their official duties and their personal interests. Mandatory annual reporting is an important feature of the code;
- A *Disclosure Protection Officer*, housed within the *Office of Values and Ethics*, to facilitate protected disclosures of wrongdoing in accordance with the *Public Servants Disclosure Protection Act*;
- Monitoring and regular updates on internal control management plus assessment results and action plans presented to the Departmental Audit Committee (DAC) and senior management; and
- Advice is provided by the DAC to the Deputy Minister on the adequacy and functioning of the Department’s risk management, control and governance frameworks and processes.

2.2 Service arrangements relevant to the financial statements

The Department relies on other departments and agencies for certain information or transactions that are recorded in its financial statements, as follows:

Common-to-government arrangements:

- Public Services and Procurement Canada administers the payment of salaries, the procurement of goods and services, and provides accommodation services;
- Shared Services Canada provides information technology (IT) infrastructure services;
- Department of Justice Canada provides legal services; and
- Treasury Board of Canada Secretariat (TBS) provides information on public service insurance and centrally administers payment of the employer's share of contributions toward statutory employee benefit plans.

Specific departmental arrangements:

- The Bank of Canada has shared responsibility with the Department for maintaining the financial records and accounts for the domestic debt of Canada, Exchange Fund Account of Canada, and the purchase of Canada Mortgage Bonds, for which the Bank acts as fiscal agent. These responsibilities include ensuring all related financial systems and processes are effectively designed and operating;
- Canada Revenue Agency (CRA) provides the financial information used by the Department to determine taxes receivable from CRA under tax collection agreements, including accrual-based methodologies to determine amounts receivable at year-end;
- TBS provides financial management and accounting services for operating expenses, managed through a shared-services arrangement; and
- TBS provides the Department and other departments with its SAP financial system platform, where financial transactions are captured and recorded. As the service provider, TBS is responsible for ensuring that IT-general controls over the SAP environment, including TBS infrastructure services, are designed and operating effectively. The Department retains responsibility of certain IT-general controls within the SAP environment, such as user access controls and segregation of duties.

Readers of this annex may refer to the annexes of the above-noted departments and agencies for a greater understanding of the systems of internal control over financial reporting related to these specific services.

3. DEPARTMENTAL ASSESSMENT RESULTS FOR THE 2024 TO 2025 FISCAL YEAR

The following table summarizes the status of the ongoing monitoring activities according to the previous fiscal year's rotational plan.

Progress during the 2024-25 fiscal year

Previous fiscal year's rotational ongoing monitoring plan for the current fiscal year	Status
Transfer Payments	Completed as planned; no remedial actions required
Domestic Debt	Completed as planned; no remedial actions required
Crown Borrowing	Completed as planned; no remedial actions required
International Organizations	Completed as planned; no remedial actions required
Official International Reserves	Completed as planned; no remedial actions required
Canada Mortgage Bonds	Completed as planned; no remedial actions required
Domestic Coinage	Completed as planned; no remedial actions required

In the 2024-25 fiscal year, in addition to the progress made in ongoing monitoring, the department tested the operating effectiveness of controls implemented for travel expenditures.

The key findings from the current fiscal year's assessment activities are summarized in subsection 3.

3.1 New or significantly amended key controls

In the current year, there were no significantly amended key controls in existing processes that required a reassessment.

3.2 On-going monitoring of key controls:

The Department assesses the design and operating effectiveness[1] of its high-risk business processes on an annual basis as part of its rotational on-going monitoring of key controls. This means that key controls are tested on a rotational basis for medium and low-risk business processes.

The Department conducts walkthroughs throughout the fiscal year and selects transaction samples for testing. The testing validates that the controls in place are effective and operating as designed. The extent of testing is determined by the frequency of the control being performed.

Based on the testing, the key controls that were tested have performed as intended.

Operating Expenses

Operating expenditures are not considered a key control area for the Department because they are not material. That said, since 2016, the Department continues to use an industry-standard data analytics software to assess operating expenditures for anomalies from a compliance and/or process efficiency standpoint. The objective of this analysis is to detect operational and/or compliance risk.

The following table summarizes the areas within operating expenditures that are analyzed and the frequency:

Operating Expense	Frequency
Acquisition Card Transactions	Monthly
Contracts	Quarterly
Travel Expenditures	Quarterly
Accounts Payable	Quarterly
Financial Transactions	Quarterly

***Service arrangements relevant to the financial statements* (IT General Controls)**

TBS provides the Department and other departments with its SAP financial system platform where financial transactions are captured and recorded. Each year, an annual audit (CSAE 3416[2]) by an external auditor is performed to assess the design and operating effectiveness of the IT general controls at TBS.

[1] Design effectiveness refers to whether or not controls are in place and aligned and balanced with the risks they aim to mitigate. Operating effectiveness refers to testing undertaken to determine whether key controls have been functioning over a period of time.
[2] The Canadian Standard on Assurance Engagements 3416 (CSAE 3416), Reporting on Controls at a Service Organization, provides the department with the assurance that the service-provider is maintaining effective and efficient internal controls related to financial, informational, or security reporting. This examination formally designated as CICA 5970 is the Canadian equivalent of the American Institute of CPAs (AICPA) SSAE 16 audit compliance standards.

In 2024-25, the CSAE 3416 report is unqualified. This result is significant for the Department's reliance on the SAP system, as it provides assurance that the financial information in it has not been compromised or modified in any way.

4. DEPARTMENTAL MONITORING PLAN OF KEY CONTROLS

4.1 Monitoring plan for the next fiscal year and subsequent years

The Department's rotational on-going monitoring plan of key controls over the next three years is based on an annual validation of high-risk processes and controls as shown in the following table:

Key Control Areas	Assessed level of risk	2025-26	2026-27	2027-28
Transfer Payments	High	X	X	X
Domestic Debt	High	X	X	X
Crown Borrowing	High	X	X	X
International Organizations	High	X	X	X
Official International Reserves	High	X	X	X
Canada Mortgage Bonds	High	X	X	X
Domestic Coinage	Medium	-	X	X
Payroll Expenditures	Low	-	X	X
Budgeting and Forecasting	Medium	X	-	X
Costing	Low	-	X	X
Procurement	Medium	X	-	X